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THE WHITE HOUSE

DECLASSIFIED IN PART

NLRR FOZ-071/1 # 29075

BY CN NARA DATE 7 81/08

MEMORANDUM OF CONVERSATION

SUBJECT:

President's Meeting with U.K. Prime Minister

Margaret Thatcher

PARTICIPANTS:

The President
The Vice President
Secretary of State Haig

National Security Affairs Advisor William P. Clark

NSC Senior Staff Member James Rentschler

Prime Minister Thatcher

British Ambassador to the United States

Sir Nicholas Henderson

Private Secretary to the Prime Minister

Clive Whitmore

Undersecretary at the Foreign and Commonwealth
Office for Defense Affairs David Gilmore
Private Assistant to the Prime Minister Coles

DATE, TIME

June 23, 1982

AND PLACE: 5:00 - 6:00 p.m. Oval Office

The President initiated the conversation by raising the sanctions extension decision. He said that he recognized that his decision might have an adverse impact on John Brown Engineering, but that United States firms, notably Caterpillar and General Electric, would also be affected. More important, the President continued, was the fact that his decision had been taken on the basis of principle: at the time he had imposed the original sanctions on December 29, he had spelled out three criteria which would determine whether or not he could lift those sanctions, keep them in effect, or even impose additional measures. In the interim, there had been absolutely no progress in any of the three areas -- lifting of martial law in Poland, release of the political prisoners, and resumption of the dialogue between the Church, government officials, and Solidarity. The President explained that because Soviet repression continued in Poland, he had no choice but to take the additional measures he had warned about six months before. He added that it would be possible to lift the sanctions as quickly as they had been imposed if we could see some favorable progress in Poland. The President further explained that he had not been pushing for public gestures on the Soviet part; as he indicated during his closing remarks at the NATO Summit, we would welcome some movement in a quiet way. We had hoped that Helmut Schmidt or Mitterrand might have been helpful in getting this message

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across, but that had not happened. The President pointed out that Secretary Haig had recently spent nine hours talking with Gromyko and had asked Gromyko why the Soviets allowed certain actions to continue, for example, a hunger strike on the part of the Pentacostalists.

Mrs. Thatcher replied

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Secretary Haig interjected that it would more likely be the French. (C)

The President reiterated that his decision had been based squarely on principle and that Western credibility was on the line. All the Soviets needed to do was to make some quiet concessions in any of the three areas he had cited. But this had not happened, and in those circumstances, it was essential to demonstrate that the U.S. is serious. Principle is important and is not, unfortunately, cost-free.

Moving to another economic matter, Mrs. Thatcher touched on

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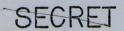
The Vice President noted that the President's commitment during his campaign was to end selective embargos which damaged the United States more than the Soviets. That was the reason why there was no grain embargo at this time.

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The President suggested that John Brown was perhaps in better shape than had been depicted. He noted that some of the company's representatives had met with the NSC staff and had indicated that although the sanctions extension decision was undesirable, they expected to weather the results. According to the information which the people from John Brown had shared with us, the unemployment would be somewhere in the range of 1700. (S)

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The President recalled that during World War II we had a kind of bulldozer with a raised blade which had proved useful in clearing terrain of mines. (U)

Secretary Haig agreed and asserted that there are all kinds of specialized equipment at Fort Belvoir for the specific purpose of mine-clearing operations. (C)

The President offered to provide assistance to the British with whatever equipment we could make available. He jocularly recalled that in times past mules were used on mine fields, but the animals were very canny and never detonated any of the mines, although it often happened that the troops marching directly in their footprints did so.

Secretary Haig noted that the Vietnamese customarily sent their prisoners into mine fields. (U)

Ambassador Henderson said that the Russian practice was to use their own men. (U)

Mrs. Thatcher laughingly suggested that she would use the Falkland sheep for that purpose. (U)-

In a more serious vein, the <u>President</u> noted the change of government that appeared to be talking place in Argentina and suggested that it was a development which might make it easier for Mrs. Thatcher to resolve, on a definitive basis, the situation in the South Atlantic. He said that he assumed that Mrs. Thatcher wanted a peace which did not have the British standing guard duty indefinitely so far from home. (C)





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Mrs. Thatcher replied

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The President replied that their reaction was understandable.

The President said that he had been very blunt in his exchange with Begin. (C)

Secretary Haig noted there had been a good deal of propaganda about the slaughter of civilians in Lebanon; however, the death toll was not as extensive as the Arabs claim. There is now an opportunity for Lebanon to get its act together. They need to assert their own independence.

The President asserted that we need to distinguish between the PLO and the Palestinians. There is evidence that many of the latter would be very happy to live under the Lebanese.

Secretary Haig commented on the effectiveness of the Israeli military activity and noted that the Israelis had knocked out 19 missile batteries without losing a single aircraft. (S)

The President asked the Secretary if we had any late word from Habib.

Secretary Haig replied that right now was a critical moment and that Habib was meeting with the Salvation Council. A deal needs to be set up with the PLO working through the Lebanese government, and Phil is looking for such a deal. (S)

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The President observed that he had told Mr. Begin in this very room that in return for American patience, we wanted some clear agreements which would deal with the Palestine problem. He further stated that the biggest hassle for us has been an attempt to create other Egypts. The President said that he believed Begin might have gone home a little more sober than when he came; in addition to the blunt exchange he had had with him in the Oval Office, Begin had had to listen to some tough talk on the Hill. (S)

Mrs. Thatcher replied

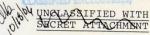
The President agreed that the situation was worrisome and added that Americans at large shared that concern. He noted that there has been a great change in American public attitudes concerning conflict in the Middle East. (c)

At that point, the meeting concluded and the President escorted Mrs. Thatcher out on the South Lawn for informal departure statements with the press. (II)

MEMORANDUM

NATIONAL SECURITY COUNCIL

SYSTEM II 90531 Add-On



ACTION

July 26, 1982

MEMORANDUM FOR MICHAEL O. WHEELER

FROM:

JAMES M. RENTSCHLER

SUBJECT:

Memcon Transmittal for June 23 Thatcher Meeting

As per the Judge's approval, your memo to Bremer (Tab I) transmits to State a copy of the memcon (Tab A) covering the President's June 23 meeting with U.K. Prime Minister Margaret Thatcher.

RECOMMENDATION

OK

NO

That you sign the memo to Bremer at Tab I.

Tab I Wheeler to Bremer memo

A - Memcon of Thatcher meeting

