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MEMORANDUM

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NATIONAL SECURITY COUNCIL

ACTION

July 12, 1983

MEMORANDUM FOR WILLIAM P. CLARK

THROUGH: CHARLES P. TYSON

FROM: PETER R. SOMMER *Peter*

SUBJECT: Background for Howe Meeting, Thursday, July 14;  
3:30 p.m., Oval Office

Attached is a memorandum from you to the President (Tab I) in preparation for the visit of British Foreign Secretary, Sir Geoffrey Howe. His visit, which is partially a get-acquainted session, is expected to focus on broader East-West political and economic questions. Howe will likely underline Mrs. Thatcher's personal concern over our recent decision to restrict the import of speciality steel.

Your memo to the President tracks with Secretary Shultz's memo, but also notes that Howe may raise speciality steel and recommends that the President applaud Britain's sizable increases in defense spending. Britain's annual Defense White Paper, released last week, recommitted Britain to significant real increases in defense spending.

RECOMMENDATION

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

Approve \_\_\_\_\_ Disapprove \_\_\_\_\_

Jack Matlock *JM* concurs.

- Tab I Memo to President
- Tab A State memo
- Tab B Howe Bio

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NLRR F01-050/#22749 S  
BY RW NARA DATE 1/13/11

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THE WHITE HOUSE  
WASHINGTON

4770

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MEETING WITH BRITISH FOREIGN SECRETARY SIR GEOFFREY HOWE

DATE: July 14, 1983  
LOCATION: Oval Office  
TIME: 3:30 - 4:00 p.m.  
FROM: WILLIAM P. CLARK

I. PURPOSE

To review international issues with Foreign Secretary Howe, the first member of Mrs. Thatcher's new Cabinet to visit Washington.

II. BACKGROUND

Sir Geoffrey Howe, who served as the Chancellor of the Exchequer in Mrs. Thatcher's first government, was named Foreign Secretary in the extensive Cabinet reshuffle that followed her convincing June 9 election victory. His visit is billed as partially a get-acquainted session. Given his previous experience, Howe may focus on international economic issues, but we expect him to concentrate as well on broader East-West political questions.

We expect Howe to emphasize the same point Genscher made, i.e., success in arms negotiations will depend on our continued firmness, coupled with willingness to adjust our negotiating position. The British view is that continued flexibility is crucial to maintaining public support for INF. You should express our appreciation for the Thatcher government's firm support for both tracks of NATO's INF decision, which includes deployment in the U.K. in December.

Howe will likely review the importance to the world economy of sustaining the U.S. recovery. He told the Vice President in London that the international financial community would be watching anxiously to see how the U.S. deals with its deficit. You may wish to ask him about Britain's approach to controlling public spending and borrowing.

Howe may also cite Mrs. Thatcher's personal displeasure with our decision to restrict the import of speciality steel. A number of British firms will be especially hard hit, which is bad news for a country with its highest unemployment rate since the 1930's. You should stress that our decision was based on a finding under U.S. trade law and that it does not signal a change in our support of the Williamsburg Declaration.

Although he has not yet immersed himself deeply in the Middle East, and Britain has publicly supported our policies, Howe will likely express disappointment over the lack of overall progress. You should encourage continued British participation in the MNF.

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NLRR FD-050/# 22750

BY RW NARA DATE 11/3/11

Public opposition to the U.S. policy in Central America is strong in Britain. Indeed, along with INF arms control it was one of the two central issues the Vice President confronted on his recent European tour. But the Thatcher government does recognize our broad interests in the area and we doubt that Howe will unduly focus on Central America. The British have interests of their own in Belize (including a military garrison they plan to withdraw essentially for financial reasons). You should encourage continued British military presence in Belize, both as a contribution to regional stability, and as an important symbol of Britain's sharing of what in NATO terminology is called "out of area" defense.

Last week the British government released its annual Defense White Paper which again called for a significant real increase in defense spending. Since coming to office in 1979 the Thatcher government has increased defense spending, after inflation, by nearly 20 percent. You should applaud Mrs. Thatcher's effort to stay the defense course.

Your suggested talking points are attached. State's briefing memo is at Tab A. At Tab B is a message from our Embassy in London, which gives a concise overview of Britain's domestic climate and outlines Howe's interests. Howe's bio is at Tab C.

III. PARTICIPANTS

U.S.       The President  
            Vice President  
            Secretary Shultz  
            William P. Clark  
            Robert C. McFarlane  
            Richard Burt  
            Peter R. Sommer, NSC

Meese, Baker, Deaver will attend at their discretion.

U.K.       Geoffrey Howe, British Foreign Secretary  
            Ambassador Oliver Wright  
            Anthony Acland, Permanent Under Secretary of the  
                    Foreign Office  
            Brian Fall, Howe's Private Secretary

IV. PRESS PLAN

Photo opportunity at beginning of meeting.

V. SEQUENCE OF EVENTS

3:00 p.m.       Photo opportunity/Meeting in Oval Office  
4:00 p.m.       Meeting adjourns.

Tab A       State briefing memo  
Tab B       Embassy London Report  
Tab C       Howe's bio

Prepared by:  
Peter R. Sommer

TALKING POINTS FOR SIR GEOFFREY HOWE

-- Welcome to the White House. Congratulations to Mrs. Thatcher and you on your overwhelming victory. Your return to office gives a shot in the arm to the West. We look forward to an even closer working relationship.

-- We view your victory and Chancellor Kohl's win in Germany as a boost to our efforts to seek arms reductions. Your victories make it difficult for the Soviets to divide us. It is only through unity and firmness that we will achieve the desired results.

-- Let me ensure you of my personal commitment to deep reductions, and of our willingness to adjust our negotiating position, should circumstances merit it. We applaud your support on both tracks of the INF decision. Delays in deployment would hurt negotiating prospects.

-- The Vice President found Central America to be a central public issue during his recent European tour. He told me he encountered almost as many Central American as European specialists (joke). Our cause is noble. We appreciate your support. We also encourage continued British military presence in Belize, both to enhance regional stability, and as a symbol-- particularly important to our Congress--of sharing what NATO calls "out of area" defense. In the U.S. many call this region our backyard, but I prefer to call it our front yard.

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BY RW NARA DATE 1/13/11

-- Please convey to Mrs. Thatcher our appreciation for your continued commitment to a strong defense. I understand that your recent Defense White Paper reconfirmed significant annual real increases in defense spending. We applaud your determination.

-- (If asked) I know of your interest in international economics. We do not have a high interest policy. And I am determined to lower our deficits. Our Congress, however, sometimes has other ideas, and compounds the problem with what we call domestic add-ons. How are you tackling the public spending/borrowing problem that confronts all of us?

-- (If asked) Our speciality steel decision was based on a finding under U.S. trade law. It does not signal a change in our support of the Williamsburg Declaration.

-- (If asked) We are also disappointed by the slow pace of progress in the Middle East peace process. The removal of all foreign forces is of highest priority. But until an agreement is reached, the MNF must remain in Lebanon. We urge you to extend British participation in the MNF.

22752  
MEETING WITH SIR GEOFFREY HOWE JULY 14, 1983

-- WELCOME. CONGRATULATIONS ON VICTORY. SHOT IN THE ARM TO WEST. THATCHER AND KOHL VICTORIES BOOST TO ARMS REDUCTION EFFORTS. PERSONAL COMMITMENT TO DEEP REDUCTIONS AND FLEXIBLE NEGOTIATING POSITION. APPLAUD BRITISH SUPPORT ON BOTH TRACKS OF INF DECISION, AND ESPECIALLY APPRECIATIVE OF RESOLUTENESS ON DEPLOYMENT IN BRITAIN.

-- IN CENTRAL AMERICA OUR CAUSE IS NOBLE. RECOGNIZE NEED TO EXPLAIN OUR POLICY PUBLICLY. APPRECIATE BRITISH SUPPORT. ENCOURAGE CONTINUED BRITISH MILITARY PRESENCE IN BELIZE, BOTH TO ENHANCE REGIONAL STABILITY AND AS A SYMBOL OF SHARING WHAT NATO CALLS "OUT-OF-

AREA" DEFENSE, BUT WHAT IS OUR FRONT YARD. 2.

-- APPLAUD RECENT RECONFIRMATION, IN ANNUAL DEFENSE WHITE PAPER, TO SIGNIFICANT REAL INCREASES IN DEFENSE SPENDING. PLEASE CONVEY OUR APPRECIATION TO MRS. THATCHER.

-- (IF ASKED) NO HIGH INTEREST POLICY. DETERMINED TO LOWER OUR DEFICITS. PROBLEMS WITH CONGRESS--DOMESTIC ADD-ONS. HOW IS BRITAIN TACKLING THE PUBLIC SPENDING/BORROWING PROBLEM?

-- (IF ASKED) SPECIALITY STEEL DECISION BASED ON A FINDING UNDER U.S. TRADE LAW. DOES NOT SIGNAL A LESSENING IN OUR SUPPORT OF WILLIAMSBURG DECLARATION.

3.  
-- (IF ASKED) SHARE DISAPPOINTMENT AT SLOW PACE OF PROGRESS IN MIDDLE EAST. URGE BRITISH TO CONTINUE PARTICIPATION IN MNF.

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NLRR FoI-050/#22752  
BY RW NARA DATE 11/3/11

22753

DEPARTMENT OF STATE  
BRIEFING PAPER

THE PRESIDENT'S MEETING WITH  
UK FOREIGN SECRETARY SIR GEOFFREY HOWE  
THURSDAY, JULY 14, 3:30 PM

I. SETTING

The visit of British Foreign Secretary Sir Geoffrey Howe is the first by a member of Prime Minister Thatcher's new government since the June 9 general elections. Although new to his job as Foreign Secretary, Sir Geoffrey is well known to US leaders through his service as Chancellor of the Exchequer in the previous government. He was last in the United States for the Williamsburg Summit.

Howe is a trusted advisor to Prime Minister Thatcher -- something his predecessor was not. He thinks as she does and owes much to her patronage. Sir Geoffrey is a seasoned expert in international economic matters, and his appointment reflects not only the special confidence Thatcher has in his abilities, but also the importance she attaches to international economic relations and recovery.

In addition to his conversations with you, Howe will be meeting with Vice President Bush with whom he had extensive discussions in London during the Vice President's recent European trip. In the morning, he will have held wide ranging talks with Secretary Shultz. He is also planning calls on Secretaries Regan and Weinberger and key congressional leaders.

Relations with our closest ally continue to be generally excellent. Mrs. Thatcher's reelection assures continued HMG support for Alliance policies on INF modernization and arms control, including cruise missile deployments in the UK. HMG has also given valuable support to our Middle East peace initiative and our efforts to achieve a settlement in Namibia. Nevertheless, many in Britain are concerned about the general tone of East-West relations, the prospects for a US-Soviet arms control agreement, and the future of the Middle East. Britons also share the anxiety of other Europeans about the size of the US deficit. HMG seeks to remove its garrison from Belize because of costs, other military requirements, and the risk of a UK military conflict with Guatemala.

II. OBJECTIVES

- 1. Affirm US Commitment to Arms Control and Appreciation for UK Firmness.

Howe believes that the West must demonstrate its determination to seek reductions in nuclear weapons. He views the results of the British and German elections as strengthening the credibility of the West and helping to

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position us to press the Soviets on arms control. At the same time, HMG views continued evidence of US flexibility in arms control negotiations as crucial to maintaining public support for INF deployment. The British strongly back the US negotiating position.

2. Underscore US Determination to Keep Interest Rates Down and Sustain Economic Recovery.

Noting that as Chancellor of the Exchequer he had raised consumption taxes to bring down deficits, Howe told the Vice President that the international financial community would be watching anxiously to see how the US deals with the problem of controlling its deficit. He noted that even a modest success would reassure the financial markets.

3. Express Appreciation for British Support of our Middle East Initiatives and Urge Them to Continue.

Although their public posture has been very supportive, the British are concerned over the outlook for withdrawal of foreign troops from Lebanon and the increase in Israeli settlements on the West Bank. HMG must soon decide whether or not to extend participation by British forces in the MNF in Lebanon.

4. Reassure Howe that We Seek a Peaceful Solution in Central America and Press HMG to Maintain Garrison in Belize.

Public opposition to US policy in Central America is strong in Britain. HMG recognizes our broad interest in this area and would especially welcome a peaceful solution to the present struggle. The British have interests of their own in Belize (including a military garrison they would like to withdraw), and do not want to see their former colony engulfed by the conflict. We want to see a continued British military presence in Belize to deter any possible Guatemalan threat.

III. PARTICIPANTS

US  
The President  
Secretary Shultz  
Assistant Secretary Burt

UK  
Foreign Secretary Howe  
Ambassador Wright  
Sir Antony Acland, Permanent  
Under Secretary of State  
Brian Fall, Howe's Private  
Secretary

NATIONAL SECURITY COUNCIL  
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SUBJECT: FOREIGN SECRETARY HOWE'S JULY 13-14 VISIT TO  
- WASHINGTON: THE BACKGROUND IN BRITAIN

1. CONFIDENTIAL - ENTIRE TEXT.
2. ONE MONTH AFTER THE ELECTIONS, BRITISH POLITICS HAVE RUN THROUGH THE POST-MORTEM AND LAPSED INTO INTROSPECTION. THE COMMONS ARE DISCUSSING HANGING AND SEAT BELTS. FRANCIS PYM MADE A ONE-DAY SPLASH DEMANDING THAT THATCHER THINK ABOUT ALL THE PEOPLE AND NOT ONLY THOSE WHO CAN STAND ON THEIR OWN FEET; BUT MOMENTARILY INTEREST IN THE BACKBENCH CHALLENGE HAS RECEDED UNDER THE WEIGHT OF THE TORY MAJORITY. POLITICS ARE FOCUSED ON THE QUESTION OF LABOR PARTY LEADERSHIP. KINNOCH APPEARS TO HAVE THE TOP SLOT SEWED UP, BUT THAT WON'T BE SETTLED UNTIL OCTOBER. FOR NOW, THERE IS A LETDOWN AFTER THE ELECTION, A DESIRE FOR REST IN AUGUST, AND AN AWARENESS THAT POLITICS AND PARLIAMENT WILL NOT REALLY GET DOWN TO BUSINESS UNTIL THE AUTUMN.
3. AGAINST THIS BACKGROUND NEW MINISTERS ARE DIGGING INTO THEIR PORTFOLIOS. MOST ARE TAKING TIME IN STAKING OUT NEW DIRECTIONS. BASICALLY, THATCHERISM IS MOVING FORWARD ALONG PREVIOUSLY DEFINED LINES, AT MODEST SPEED.
4. THE UNDERLYING PREOCCUPATIONS AT THE MOMENT ARE PUBLIC SPENDING AND THE SUBSEQUENT NEED FOR MORE PUBLIC BORROWING. WITH THATCHER'S ECONOMIC ACOLYTES PUSHED TO THE FORE, HER NEW TEAM FINDS THIS A FAMILIAR, IF CONTENTIOUS, AREA OF FOCUS. DOMESTICALLY, A FLARE OF DANGER HAS BEEN FIRED BY THE NEW CHANCELLOR, NIGEL LAWSON, WHO HAS CALLED FOR SIGNIFICANT CUTBACKS IN SPENDING TO HOLD DOWN PUBLIC BORROWING. BEYOND THE FEARS FOR THE NATIONAL HEALTH SERVICE, MANY WONDER WHETHER THIS PRESAGES MORE SUBSTANTIAL CUTS, AND WHETHER A HIDDEN AGENDA, FORESEEN BEFORE THE ELECTIONS, IS ABOUT TO SURFACE. CLEARLY, THE GOVERNMENT UNDERSTATED ITS BORROWING NEEDS IN THE RUN-UP TO THE ELECTION, AND THE FISCAL FACTS ARE UNPLEASANT.
5. INTERNATIONALLY, AS WELL, MANY OF THE INITIAL CONCERNS OF THE NEW THATCHER TEAM ARE PRIMARILY WITH THE ECONOMY. GEOFFREY HOWE IS VERY MUCH ONE OF THE PRIME MINISTER'S

SELECT INNER GROUP, AND CAN BE EXPECTED TO KEEP IN STEP WITH HER THINKING AND HER GOALS. THE EC, THE OGP AND THE UK REBATE HAVE TAKEN MANY OF HIS EARLY DAYS AS FOREIGN SECRETARY. ONE OF HIS PRINCIPAL OBJECTIVES IN THE COMING YEAR WILL BE TO WORK TOWARD A LONG-TERM SOLUTION OF THE COMMUNITY'S FINANCING.

6. THE UNITED STATES IS AT THE CENTER ON OTHER ISSUES, AND ECONOMIC AND TRADE MATTERS WILL BE HIGH ON THE AGENDA FOR HOWE IN WASHINGTON. THE U.S. DEFICIT IS A PET PREOCCUPATION AND HOWE WILL REITERATE BRITISH CONCERN ABOUT THE IMPACT ON EUROPE. HE WILL RAISE, AS WELL SPECIALITY STEEL, UNITARY TAXATION, AND BRITISH CONCERNS ABOUT PROTECTIONISM.

7. ON OTHER INTERNATIONAL ISSUES, HOWE HAS BEEN READING IN THROUGH A SERIES OF INTERNAL REVIEWS ON:  
-- REMNANTS OF EMPIRE -- HMG APPEARS TO BE MOVING CAUTIOUSLY, DEALING WITH ISSUES AS THEY ARISE, E.G., HONG KONG, WHERE THE TALKS ENTERED A NEW STAGE JULY 12; GIBRALTAR, WHERE THE IMMEDIATE WORRY IS UNEMPLOYMENT.  
-- ARMS CONTROL: HOWE, STILL LEARNING, IS PARTICULARLY INTERESTED IN EFFECTIVE PUBLIC EXPOSITION OF WESTERN POLICIES.  
-- THE MIDDLE EAST AND AFRICA: HOWE HAS YET TO IMMERSE HIMSELF DEEPLY AND WILL BE WORKING FROM BRIEFS: ON BRITISH MNF RENEWAL AND PROSPECTS FOR THE REAGAN INITIATIVE IN THE MIDDLE EAST, AND ON HOW BRITAIN CAN SUPPORT OUR EFFORTS ON ANGOLA.

8. IN SUM, HOWE WILL BE GOING TO WASHINGTON WITH CLEAR IDEAS AND A FULL AGENDA ON ECONOMIC ISSUES, BUT VERY MUCH TO LISTEN AND TO LEARN ABOUT OTHER AREAS. WITH

THE VICE PRESIDENT, HOWE TALKED EAGERLY ABOUT THE INTERNATIONAL ECONOMIC SCENE, AND THEN, WITH A WARY EYE ON THE SPECIALISTS AROUND HIM, ADMITTED THE NEED TO GO ON TO OTHER SUBJECTS LEST THEY ACCUSE HIM OF HAVING REMAINED IN SPIRIT AT THE EXCHEQUER. LOUIS  
BT

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BY RW NARA DATE 1/13/11