

CAB/WHE 002/22

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TO THE WHITE HOUSE
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**PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T35A/81**

C O N F I D E N T I A L

FOLLOWING FOR PRESIDENT REAGAN FROM THE PRIME MINISTER,
MARGARET THATCHER.

DEAR RON,

I WRITE TO THANK YOU MOST WARMLY FOR YOUR HOSPITALITY DURING MY VISIT TO WASHINGTON AND FOR THE HONOUR WHICH YOU AND NANCY DID US BY COMING TO DINE AT THE BRITISH EMBASSY. IT WAS A MOST GENEROUS GESTURE WHICH HAS BEEN VERY WELL RECEIVED IN THIS COUNTRY.

AS ALWAYS I FOUND IT VERY VALUABLE TO TALK TO YOU: IT CONFIRMED HOW SIMILARLY WE SEE MOST CURRENT PROBLEMS. I HAVE NOTED IN PARTICULAR YOUR INTENTION TO PURSUE THE ISSUES OF IMPROVED CO-OPERATION AGAINST TERRORISM AND OF A NEW GATT ROUND AT THE BONN ECONOMIC SUMMIT IN MAY. I SHALL ENSURE THAT WE PUT OUR WEIGHT BEHIND YOUR EFFORTS. AS REGARDS THE STRATEGIC DEFENCE INITIATIVE, I HOPE THAT I WAS ABLE TO EXPLAIN TO YOU CLEARLY MY PRE-OCCUPATION WITH THE NEED NOT TO WEAKEN OUR EFFORTS TO CONSOLIDATE SUPPORT IN BRITAIN FOR THE DEPLOYMENT OF CRUISE AND FOR THE MODERNISATION OF TRIDENT BY GIVING THE IMPRESSION THAT A FUTURE WITHOUT NUCLEAR WEAPONS IS NEAR AT HAND. WE MUST CONTINUE TO MAKE THE CASE FOR DETERRENCE BASED ON NUCLEAR WEAPONS FOR SEVERAL YEARS TO COME.

ON THE DOLLAR AND OTHER FINANCIAL QUESTIONS I HAD SOME VERY USEFUL DISCUSSIONS WITH JIM BAKER, GEORGE SHULTZ AND OTHERS, AS WELL AS WITH PAUL VOLCKER. I REMAIN VERY CONCERNED BY THE IMPLICATIONS OF THE CONTINUING SURGE OF THE DOLLAR. A FIRM PROGRAMME FOR THE REDUCTION OF THE BUDGET DEFICIT IS THE MOST IMPORTANT SAFEGUARD AGAINST FINANCIAL INSTABILITY AND I WISH YOU EVERY SUCCESS WITH YOUR BUDGET PROPOSALS TO CONGRESS.

I WATCHED YOUR PRESS CONFERENCE ON TELEVISION BEFORE LEAVING WASHINGTON. I ENJOYED IT ENORMOUSLY AND ADMIRERD THE WAY YOU DEALT WITH THE QUESTIONS. I WAS PARTICULARLY INTERESTED IN THE POINT YOU MADE SO FORCEFULLY THAT IT IS THE AMERICAN PEOPLE WHO HAVE CREATED THE NEW JOBS, NOT THE GOVERNMENT. THE CHART ABOUT UNEMPLOYMENT BENEFIT WHICH YOU GAVE ME EARLIER IN THE DAY WILL BE PUT TO GOOD USE OVER HERE.

DENIS JOINS ME IN SENDING WARMEST THANKS TO YOU AND NANCY FOR MAKING OUR VISIT SO ENJOYABLE AND SUCCESSFUL.

YOURS EVER
MARGARET

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