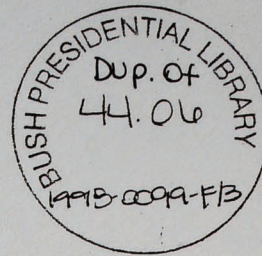


THE WHITE HOUSE
WASHINGTON



MEMORANDUM OF TELEPHONE CONVERSATION

SUBJECT: Telephone Call to Margaret Thatcher, Prime Minister of the United Kingdom

PARTICIPANTS: The President
Margaret Thatcher, Prime Minister
Notetaker: Stephen E. Benko, NSC Staff

DATE, TIME AND PLACE: August 31, 1990, 6:46 - 7:03 a.m.
Kennebunkport, Maine

The President: Margaret, how have you been. We're back here in Kennebunkport. (S)

Prime Minister Thatcher: Just fine, George. I'm going to see Governor Sununu today. (S)

The President: He had very good talks with Gorbachev and Shevardnadze. (S)

Prime Minister Thatcher: I'm going to be seeing King Hussein in half an hour. (S)

The President: I wanted to share a few thoughts with you. The sanctions are having good effect. I just hung up with King Fahd. He says he has reports that people in Iraq are becoming quite dissatisfied with what Saddam has done. This is also what Ozal of Turkey told me. I'm a little disappointed with Tunisia and Libya, although not surprised. We must tighten enforcement of the sanctions. (S)

But if neither diplomacy or sanctions work, we need to review our options. I have not changed my thinking on our goals, even though we keep hearing from some of negotiating proposals that stop short of the UN mandate. I am worried by talk of elections, or anything that does not restore the legitimate rulers of Kuwait. (S)

Prime Minister Thatcher: I agree totally. Our strategy is the same as ever. We need to maintain the sanctions and tighten them, following up with every person or country which breaks them. That's the weapon we need to get him out. We can't rule out the military option, but that's way, way ahead. In the

meantime, we must use the embargo. We couldn't have predicted two months ago that we'd be where we are now, and we can't predict where we'll be two months from now. (S)

The President: There's another point I wanted to raise with you. I hope it doesn't complicate your life. Yesterday the hostages issue came up at a press conference, and I made the statement that our policy wouldn't change because of the hostages. This may be distressful to some of the hostage families, but I wanted you to know about it. I feel very strongly about it. It's important to get that message to Saddam Husayn. (S)

Prime Minister Thatcher: Yes, it's very important. There should be no negotiations. The UN has said what must be done. Saddam Husayn must get out. We must not fall into the trap of negotiations. (S)

The President: I believe Perez de Cuellar has the same views. Do you think so? (S)

Prime Minister Thatcher: Yes I do. Although some of his staff has been saying to him that Saddam has released women and children and therefore there should be a conciliatory gesture on our side. They may be trying to soften him up. (S)

(b)(1)

The President: We have to stop this ship if it comes from Iraq. (S)

Prime Minister Thatcher: Yes, it has to be stopped. (S)

The President:

(b)(1)

(b)(1)

The President: This is very interesting. I'll tell Cheney or Scowcroft. (S)

I want to shift to King Hussein. He came here, and was very distraught -- caught. I believe he feels trapped. He called me with what he thought was good news, that is, the release of the women and children. Well, it was promised, but it hasn't happened in four days now. I don't trust Saddam Husayn. King Hussein asked me to kind of cool it and reciprocate. But I feel that when a hostage is released and people ask "what are you going to do to show good faith?" that it's impossible -- when they undo one-third or one-fourth or one-seventh of what they should never have done. I'm afraid the Gulf states, Mubarak and others, are very upset with Hussein. (S)

Prime Minister Thatcher: This wrong must be righted. (S)

The President: We can't have any of these arguments about age-old decisions about Kuwait. (S)

Prime Minister Thatcher: Absolutely. (S)

The President: Margaret, I wanted to talk about the announcement I made yesterday. Would you be willing to talk to Nick Brady? We're trying to get a coordinated approach to economic assistance. I spoke to Kohl yesterday. I saw the statement that you made up in Finland, which we all appreciated. Britain has already responded, but we'd like to explain how we want to coordinate paying for transport and other things. I don't want this mission to have the appearance that we're coming hat in hand to beg. The mission is for coordination and consultation. I'd appreciate it if you could see Brady. (S)

Prime Minister Thatcher: Yes, of course. It's important to coordinate aid to those states which are suffering. Others can contribute to support the military effort, for example, Saudi Arabia. But the Germans have said they are quite willing to contribute heavily financially. (S)

The President: That's good news. The Saudis and the free Kuwaitis are ready to step up now. The Kuwaitis are back in control of their financial assets, and have said they'll help. (S)

Prime Minister Thatcher: I'd be delighted to see Nick. This afternoon I will tell Governor Sununu about my meeting with King Hussein. Saddam Husayn will be the loser. (S)

The President: Thanks very much. We need to think about how we get this off dead center if there is no provocation, or if the sanctions don't hurt a lot. We can't do anything now; all our forces are not in place yet. (S)

Prime Minister Thatcher: It won't be difficult. But if it goes on for a long time, we'll have to look at the military options. (S)

You know, George, I'll be in the States at the end of September in New York for the Children's meeting. I could stop in at Washington then if it was needed. (S)

The President: That's a must. Anthony can give us the details. I'm participating in the Children's event, although I'm not sure what it will achieve -- but it will be a good way to get some talks in. (S)

Prime Minister Thatcher: Our strategy is absolutely right. We must stick together. (S)

The President: Tell Governor Sununu that the President told you to tell you, privately, a very sensitive message. I don't want to get into it over the phone now, but get him off in a corner and ask him to tell you in person. (S)

Prime Minister Thatcher: Yes, I will. (S)

The President: All right. King Hussein is a long time friend but he's under a lot of pressure now. He promised to enforce the UN embargo but said he needed a clarification of the humanitarian clause. I'm afraid he hasn't done it yet. (S)

Prime Minister Thatcher: Yes, he needs to have things made quite clear to him. I'll talk to him about it and make certain he understands it. (S)

The President: I'm sure you will. Thanks so much. (U)

Prime Minister Thatcher: God bless. Thanks for phoning. (U)

--End of conversation--

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