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THE SECRETARY OF STATE  
WASHINGTON

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November 12, 1986

MEMORANDUM FOR: THE PRESIDENT

FROM: George P. Shultz *GPS*

SUBJECT: Visit of UK Prime Minister Thatcher  
November 15, 1986

I. THE STANDING OF THE SPECIAL RELATIONSHIP

- o Mrs. Thatcher remains our best and closest friend in Europe and has continued to demonstrate her strong and decisive leadership in domestic and foreign affairs.
- o Her situation at home on both domestic and foreign policy issues is, however, not as secure as it was when she last met with you at Camp David in December 1984.
- o The UK is now in a pre-election phase in anticipation that Mrs. Thatcher will call elections sometime in 1987, although her mandate runs to June 1988.
- o From a landslide victory in 1983 which left the opposition virtually prostrate, the Tories have found themselves struggling to keep pace with an invigorated Labor Party.
- o Labor had been leading in public opinion polls, but last week two polls showed the Conservatives had regained a small lead. Nevertheless, it remains distinctly possible that Labor could win enough seats in the next election to form the government.
- o On the economic front, Mrs. Thatcher finds herself vulnerable due to the high level of unemployment, 11.6%. However, a small drop in September may indicate the start of a downward trend.
- o Overall the economy is behaving rather well. Growth this year will be in the two percent range, with many predicting brighter prospects next year. Inflation is at its lowest rate in 20 years - three percent.

Arms Control/East-West Relations

- o Uppermost in Mrs. Thatcher's mind will be her concerns that U.S. proposals on arms reductions have diverged from

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- 2 -

- o UK positions and that they undercut her politically. She will seek to bring UK and U.S. positions on security issues closer together again.
- o Her positions on defense and security issues have not changed but the UK party conferences and the proposals discussed at Reykjavik have changed the landscape around her considerably since she first proposed this meeting.
- o In September the Labor Party ratified a defense program based on unilateral nuclear disarmament and the Liberal/SDP Alliance was unable to agree on a coherent security policy. This left the Tories as the only defenders of nuclear deterrence, an advantage they looked forward to exploiting in the coming elections.
- o The extraordinary progress made in Reykjavik, specifically the proposal to eliminate offensive ballistic missiles within ten years, however, undercuts Mrs. Thatcher's commitment to deploy Trident nuclear ballistic missiles within the same time frame and tends to make the Labor Party's position respectable.
- o While Mrs Thatcher is willing to support us on INF and on the 50% reduction in strategic systems over five years with "slight reservations" and is supportive on SDI research, she fears the ten-year proposal to eliminate offensive ballistic missiles will destabilize European security, put in question the UK Trident program, and undermine her election chances.
- o Ironically, instead of being securely in your corner on security and arms control, she finds herself and the UK Trident program attacked in Parliament by Neil Kinnock and the left for being out of step with your far-reaching arms reduction proposals.
- o Mrs. Thatcher did not agree with your decision on interim restraint and may ask that the U.S. remain technically within the SALT limits.

#### Terrorism

- o UK measures against Syria following the Hindawi trial were forceful and reportedly owed their strength to Mrs. Thatcher's personal direction.
- o At the November 10 EC Foreign Ministers' meeting, 11 of the 12 announced their decisions to implement the agreed measures against Syria.

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- 3 -

- o We hope to announce a set of our own measures before Mrs. Thatcher arrives. We will want to consult with her on the 15th about further steps.

#### Middle East

- o We do not foresee any breakthroughs in the Middle East peace process in the coming months.
- o King Hussein, however, has announced a \$750 million development plan for the West Bank and Gaza. We asked the UK on November 4 to consider funding the program.
- o Plan would give Palestinians a greater economic stake in a peace settlement and strengthen King's hand in the West Bank and Gaza at the expense of Arafat and PLO.
- o Chancellor Kohl is supportive of the Jordanian effort, but other EC donors are lukewarm, not wishing to get caught in the middle of the Hussein-Arafat feud, and concerned that expanded aid should follow, not precede, a political settlement.
- o The British Foreign Office shares this general EC view, but Mrs. Thatcher may be personally more receptive to aid through Jordan in view of her close ties with King Hussein.

#### Southern Africa

- o UK, US, and FRG Africa experts (Assistant Secretary Crocker for the U.S.) met in London October 30 to consult on Western policy toward South Africa.
- o In Mozambique, Foreign Minister Chissano was chosen to succeed Machel as President.
- o We have heard that Zimbabwe and Zambia may be planning to implement sanctions against South Africa agreed to by Commonwealth. Would lead to certain SAG retaliation.

#### Argentina/Falklands

- o The Falklands may be raised because of the strong Argentine reaction to the UK's unilateral declaration on October 29 of a 150-mile Falklands fishing zone.
- o For several years we have deferred deliveries of A-4 fighter aircraft to Argentina because of Mrs. Thatcher's strong opposition.

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- 4 -

- o We consider the supply of Western military aircraft to Argentina to be important to our bilateral security relationship and our support for democracy there.
- o We understand the UK position and the political sensitivities which would be involved if we moved before the UK elections, but would not wish to agree to a request from Mrs. Thatcher to block future provision of A-4 aircraft.

#### Northern Ireland

- o November 15 is the first anniversary of the Anglo-Irish agreement and will be the culmination of Unionist demonstrations in Northern Ireland against the agreement.
- o Unless there are dramatic and unexpected developments, we do not expect Mrs. Thatcher to raise this topic.

#### II. WHAT DO WE WANT

- o To obtain Mrs. Thatcher's understanding of and support for all parts of your arms control objectives, including SDI research, the zero-zero INF solution for Europe and the elimination of offensive ballistic missiles within the ten-year time frame discussed at Reykjavik.
- o To indicate our strong support for Mrs. Thatcher and HMG policies on defense, specifically nuclear modernization and increased expenditures for defense.
- o In doing so, to ensure that she returns to London stronger politically and reassured about the direction of our policies.
- o To obtain British agreement to continuing strong measures against international terrorism, particularly in the Middle East and particularly against Syria, and for lining up international support for such measures.
- o To review proposals on the Middle East and to keep open question of providing military aircraft to Argentina.

#### III. WHAT DOES MRS. THATCHER WANT

- o Generally to strengthen her pre-election position by bringing U.S. and UK positions on arms control into harmony.
- o To obtain a strong U.S. endorsement of HMG's positions on defense and nuclear weapons, specifically the continuing

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- 5 -

need for Tridents, nuclear weapons, and offensive ballistic missiles as long as a non-nuclear imbalance exists in Europe.

- o To be seen as an important player in U.S. and Alliance decision making on arms control/defense issues and to demonstrate that you value Mrs. Thatcher's counsel on crucial strategic issues and that she and her government have influenced U.S. policy.
- o To obtain assurance that we will consult with her and other NATO leaders as we pursue our new arms control agenda and that we will take account of European concerns about the Soviet conventional advantage in Europe.
- o To obtain commitment of continued U.S. support for UK lead role in lining up European/EC measures against Syria.

IV. WHAT CAN BE ACHIEVED FROM THIS VISIT

- o Strengthen Alliance cohesion and support by reconciling your commitment to eliminate offensive ballistic missiles within ten years with Mrs. Thatcher's commitment to deploy UK Tridents within the same time frame.
- o Similarly, to find a mutually acceptable formula that addresses Mrs. Thatcher's insistence that drastic nuclear reductions such as the elimination of offensive ballistic missiles are inadvisable as long as conventional and chemical weapon imbalances exist in Europe.
- o Obtain restatement of strong British support for our positions on INF, SDI, and strategic nuclear reductions.
- o Combine these understandings in a strong agreed press treatment of US/UK unity on arms control matters supportive of U.S. positions and Mrs. Thatcher's standing in the UK.
- o Endorse a common, concerted approach toward Syria.

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PRESIDENTIAL TALKING POINTS WITH PRIME MINISTER THATCHER

- I appreciate the public support you have given to the proposals I made to General Secretary Gorbachev in Reykjavik, especially since I know some aspects of them concern you.
- I understand you are concerned with the conventional balance between the Warsaw Pact and the West, with the nature of deterrence in a world free from ballistic missiles, and with the possible effect on your own strategic modernization program which, as you know, we fully support.
- Would like to explain why I believe the proposals set forth in Iceland are in both our interests.

The Proposal in Reykjavik

- I know that, in addition to our telephone conversation on the subject, your government has been briefed in detail on the events in Reykjavik. Want to be certain that the discussion of eliminating ballistic missiles is put in context.
- At Reykjavik I told Gorbachev that we would be willing to consider any approach as long as it did not compromise our security and that of our allies or our hopes for a more stable future through increased reliance on defenses that threaten no one.
- I specifically proposed that:
  - The USSR and the United States undertake for ten years not to exercise their existing right of withdrawal from the ABM Treaty, while continuing research, development and testing, which are permitted by the Treaty, coupled with agreement that:
    - Within the first five years (and thus through 1991), the strategic offensive arms of the two sides be reduced by 50 percent.
    - During the following five years, the remaining offensive ballistic missiles of the two sides be reduced. Thus by the end of 1996, all offensive ballistic missiles of the USSR and the United States would be eliminated.
- At the end of the ten year period, either side could deploy advanced defenses.

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- The proposals we put forward were, of course, bilateral proposals, applying only to U.S. and Soviet systems. In our public and private descriptions of them we are now making it clear that we do not propose to negotiate, now or in the future, for third countries.
- We would, naturally, support you should you and the French elect to enter future negotiations, following deep U.S. and USSR reductions, on the level of British and French national nuclear forces in the context of agreements redressing the conventional imbalance which now favors the Warsaw Pact.
- The General Secretary responded to our proposal with an unacceptable counter-proposal which:
  - sought to have the U.S. accept restrictions on the SDI program well beyond those specified in the existing ABM Treaty,
  - redefined the conditions for the subsequent five-year period to involve the elimination of all strategic forces of the U.S. and the Soviet Union, and
  - did not include a positive commitment that, following the ten-year period, either side could then deploy advanced defenses.
- Despite my efforts, the Soviets persisted in holding everything we had agreed to hostage to U.S. willingness to accept restrictions on the SDI program well beyond the existing treaty restrictions. The Soviets have persisted in this stance since Reykjavik, including during the Vienna meeting between Secretary Shultz and Foreign Minister Shevardnadze.

#### Eliminating Ballistic Missiles

- At the heart of the proposal I made at Reykjavik was a willingness to join a bilateral agreement to delay any deployment of U.S. and Soviet advanced defenses against ballistic missiles until after the elimination of all U.S. and Soviet offensive ballistic missiles.
- The ten-year period (through 1996) was chosen because I will not permit the possibility of the U.S. moving to a more stable deterrent, unilaterally if need be, to slip further into the future. Foregoing the benefits of strategic defense is neither in our interest nor in yours.
- The elimination of offensive ballistic missiles is not a new objective for the U.S.
  - Emphasis on the destabilizing characteristics of fast-flying ballistic missiles has been a central theme of our arms control position for some years.



- In START, our position has long been that while each side may need nuclear forces for some time to deter conflict and underwrite its security, neither side needs fast-flying, non-recallable offensive ballistic missiles for this purpose.
- In the INF negotiations, we have also kept the focus on missiles, avoiding, for example, discussion of dual-capable, tactical aircraft.
- In 1983, when I announced the establishment of the Strategic Defense Initiative, I did so with the specific objective of making offensive ballistic missiles obsolete. Here again our focus has been on eliminating the threat posed by these fast-flying missiles.
- Eliminating ballistic missiles has been repeatedly studied and discussed both within the U.S. government and with our allies, most recently in the deliberations that led to my July 25, 1986, letter to Gorbachev.
- At the end of the ten-year period specified in our offer, if the Soviets fully comply, neither the United States nor the Soviet Union would possess any offensive ballistic missiles. Maintaining a robust SDI program will help ensure such reductions are actually carried out.
- Further, when effective advanced defenses are deployed, they should provide insurance against the return or covert retention of such missiles.
- By calling for the elimination of offensive ballistic missiles of all ranges, we also, in one step, addressed the problem of eliminating both the last 100 Soviet SS-20 warheads in Asia (a concern of our Asian allies) and the remaining shorter-range INF missiles that still would threaten our European allies, remedying the specific concern of the Germans as well as removing any remaining SRINF threat to the United Kingdom.
- Should the Soviets accept, we would face a substantially different future. I believe, however, it would be a safer future for both our nations and for the world.
- To make it so, we need to be able to answer three questions:
  - Can we have adequate strategic deterrence without United States ballistic missiles?
  - Given Soviet conventional superiority, can we maintain an adequate deterrent against Soviet conventional attack without ballistic missiles?



- Can we resist the domestic political pressure to anticipate success and curtail vital strategic modernization programs in the near term because of the possibility of future arms control agreements?
- I believe the answer to all three questions is yes.

#### Strategic Deterrence without Ballistic Missiles

- Strategic nuclear retaliatory forces, although smaller than today and of a different composition, would remain and would retain their essential role in ensuring U.S. and allied security.
- These forces would consist exclusively of bombers and cruise missiles. Our technical lead over the Soviets in cruise missiles is significant. Indeed, with the Soviet lead in ballistic missiles and our technological lead in air-breathing systems, it appears self-evident to me that elimination of ballistic missiles is clearly to our benefit.
- Unlike today, both U.S. and Soviet forces would be covered by agreements that would reduce these forces to equal levels. These equal forces will, therefore, provide a sufficient strategic retaliatory capability to deter attack on the United States or its allies while eliminating the crisis stability problems inherent in the short time of flight ballistic missiles.
- The basic concept of nuclear deterrence will not be altered by the elimination of ballistic missiles. Deterrence can best be achieved by maximizing an aggressor's uncertainty that he can achieve political objectives by force, and the certainly that he will face grave risk to things that he values most should he try.
- Elimination of ballistic missiles on both sides would, however, drastically reduce the Soviet first strike potential. Ballistic missiles are uniquely suited to be employed by an aggressor for several reasons:
  - The time between the detection of a ballistic missile attack and its arrival is so short that it reduces the options of the party attacked so that they can be largely anticipated by an aggressor.
  - Facing no defenses, there can be little doubt that, if ballistic missiles function reliably, they will arrive on target.
  - Finally, predicting the specific levels of damage they can inflict on a target is largely a matter of physics. Their effectiveness does not depend on human skill, courage or training, but only on the system's technological reliability.



- The elimination of offensive ballistic missiles would, in fact, actually strengthen nuclear deterrence because the slower pace associated with the employment of bomber and cruise missile forces makes their effective use by an aggressor in a first strike much more difficult. The effects of such an attempt are also much more uncertain. Both factors increase an attacker's risk and thus enhance deterrence.

Detering Attack on NATO Without Ballistic Missiles

- The strategic nuclear systems remaining after elimination of ballistic missiles would continue to provide the U.S. nuclear umbrella over NATO which has been one of the pillars of NATO's strategy for decades.
- The United States presently contributes to all legs of the "NATO triad": conventional forces, non-strategic nuclear forces, and strategic forces. That contribution would continue even if ballistic missiles were eliminated.
- Nuclear artillery and nuclear weapons carried by aircraft would continue to fill the twin deterrent roles of helping offset Soviet conventional superiority and serving as a link to strategic forces.
- I recognize your concern with our ability to defend against the Soviet cruise missile threat. But that threat is likely to be less severe than the existing ballistic missile threat, against which we currently have no defenses. Furthermore, while our research focus is on defense against ballistic missiles, we hope the technologies being explored for SDI will have applications against cruise missiles in the future.
- The elimination of the ballistic missile threat to the United States and to NATO should increase the credibility of the U.S. commitment to use nuclear weapons in support of the alliance and thus of NATO's ability to execute its strategy.
- In view of this, I do not believe our offer to eliminate U.S. ballistic missiles need be made contingent on improving the conventional balance in Europe, although it will be essential to continue (or accelerate) current NATO initiatives to redress the conventional imbalance, both by improving NATO's conventional capability and by seeking equitable and stabilizing conventional arms reductions agreements.
- I assure you I have every intention of retaining sufficient nuclear forces (both strategic and non-strategic) to permit the United States and its allies to maintain the deterrence which is the heart of NATO's strategy.



Not Anticipating Arms Control Agreements

- At this time, it is not clear whether the Soviet Union will accept the U.S. proposal which I made in Reykjavik. The main thrust of our national security planning and military programming cannot and will not be altered now in anticipation of such an uncertain possibility.
- If we were prematurely to adjust our current military plans and programs for either the modernization of our own ballistic missile forces or to limit the scope of our SDI program, the Soviet Union would certainly attempt to pocket these actions without a reciprocal response on their part. Unilateral action of this sort would be counterproductive and dangerous, reducing our security and that of our allies.
- Thus I have no intention of stopping or slowing essential strategic programs. I will make and announce a decision on basing the second 50 PEACEKEEPER missiles in December. My next budget will continue procurement of TRIDENT submarines and the D-5 missile, along with increased SDI funding.
- I will resist any suggestion by anyone -- including our Congress -- that we curtail strategic modernization in the fond but false hope that arms reductions agreements will make it unnecessary when, in fact, the reverse is true.
- I believe this resoluteness should ease any internal pressure on you to curtail your TRIDENT program, which, as you know, we strongly support.

The Path Ahead

- To ensure that we are prepared to exploit, fully and safely, our proposal should the Soviet Union be willing to join us in pursuing such sweeping reductions, I have requested our Joint Chiefs of Staff, to provide a plan which would permit a safe transition to the alternative future I have proposed.
- In preparing this plan, I directed the JCS to assume that, while eliminating offensive ballistic missiles, the United States will not abandon the concept of strategic nuclear deterrence and that the NATO strategy embodied in MC 14/3 will remain in effect and be fully supported by the United States.
- Thus I believe we can move to a safer world if the Soviet Union has the will to join us. We can reach that world, however, only by continuing to demonstrate the alliance cohesion we have shown over the past few years.



TALKING POINTS FOR MRS. THATCHER

-- EAST-WEST: As I said on phone, after Reykjavik, appreciate your public support. Know you also have some concerns.

-- Had hoped George's Vienna meeting with Shevardnadze would mark beginning of serious Soviet effort. Soviets, however, insisted on limiting discussions to ABM/SDI and that all issues settled except for strategic defense except for SDI testing.

-- Intend to press ahead with Soviets on arms control/other areas. Are signs Soviets may be starting to move now in Geneva. We are planning follow-up arms control expert talks

2

and next Geneva round begins January 15. Consultations/Allied solidarity remain key. That's why I highly value sessions like today's.

-- REYKJAVIK PROPOSALS: Would like to explain why our proposals -- that took into account your and others advice -- serve our interests. Have also sent Paul Nitze and other experts to brief in London.

-- You are familiar with proposals, and importance we attach to SDI. Proposals are bilateral (US-Soviet) -- we do not intend now or in future to negotiate for or accept third country constraints.

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-- Would support you and French entering negotiations following deep US/Soviet reductions and in context of redressing conventional imbalance -- but this clearly your decision. Will not push you.

-- BALLISTIC MISSILES: Elimination not new objective. Emphasis on destabilizing, fast-flying missiles central arms control theme for years. When I announced SDI did so with specific objective of making ballistic missiles obsolete.

-- Eliminating ballistic missiles often discussed with Allies -- most recently in conjunction with my July letter to Gorbachev.

-- By calling for elimination have in one step addressed problem of last 100 Soviet SS-20 warheads in Asia (Asia concern) and remaining SRINF (European concern).

-- DETERRENCE: Will not abandon nuclear deterrence. Remaining strategic nuclear forces, though smaller and of different composition, would deter an attack. Elimination of fast-flying missiles, would drastically reduce Soviet first-strike capability.

-- With Soviet lead in ballistic missiles and our significant technical lead in air-breathing systems, elimination of ballistic missiles clearly to our benefit.



5  
-- Elimination would strengthen deterrence. Slower bombers/cruise missiles make first-strike difficult. They increase attacker's uncertainty/risk, enhancing deterrence.  
-- NATO STRATEGY: Ballistic missile offer not contingent on improving conventional balance. Essential to continue/accelerate conventional improvements. But unrealistic to make correcting conventional balance prerequisite for reductions

-- Our contribution to NATO's triad will continue even if ballistic missiles eliminated. Our nuclear artillery and aircraft would continue to fill deterrent roles of helping to offset Soviet conventional superiority and serving as link to strategic forces.

6  
--Committed to retaining sufficient nuclear forces to offset Soviet conventional advantage and maintain NATO strategy.

--TRIDENT: Very uncertain whether Soviets will eventually accept Reykjavik proposals; their reaction negative so far. Will not alter US modernization programs in hope/anticipation of Soviet acceptance. In December, will announce basing decision for second 50 Peacekeeper missiles. Next budget continues Trident sub, D-5 missile procurement, increased SDI funding. Hope this will ease your internal pressures to curtail Trident. We strongly support Trident--vital to NATO. Production line will remain open.



-- PATH AHEAD: Have asked JCS to provide plan, based on NATO strategy, for safe transition to future without ballistic missiles. Can move to a safer world if Soviets have will to join us. Allied cohesion essential. Your personal help vital.

-- INTERIM RESTRAINT: Truly mutual constraint would be beneficial -- but this has been one-way street with no Soviet traffic. No interim restraint formula can substitute for agreed deep, verifiable reductions. Will no longer base modernization decisions on SALT force structure, but remain committed to restraint. Will not deploy more strategic nuclear delivery vehicles/warheads than Soviets.

-- TERRORISM: Congratulations on firm response to Syrian supported terrorism. Pleased to follow your lead; just announced our measures. Need to monitor Syrian activities closely; further steps may be necessary. Pleased you brought EC along.

-- MIDDLE EAST: Need to encourage economic growth/prosperity creating more favorable political climate for reenergized peace process. Hussein has launched ambitious/-expensive development plan for West Bank/Gaza. Believe Shamir will continue quiet cooperation Peres started. Kohl interested in supporting Hussein. Hope you will take lead in encouraging others to contribute.



9

-- SOUTHERN AFRICA: You and I agree sanctions are not answer. Prospects for restarting negotiations appear poor at this time, but there may be ways to regain initiative/hold off pressures for more sanctions. Understand our African experts had good session in London. Want to work closely with you.

-- ARGENTINA/FALKLANDS: Delicate subject. But am deeply concerned about Argentine democracy. Our interests in maintaining Argentine democracy and preventing Soviet penetration of our hemisphere, require security relationship with Alfonsin government. Need to return sooner rather than later to question of military aircraft for Argentina.

SUBJECT:

In preparation of meeting with the President at Camp David on November 10, the following is requested:

- recommended talking points by November 10
- Scope paper and bios by November 10.

10

-- PSI: Understand that British representatives will attend International Conference on Private Sector Initiatives in Paris. Met with my Board of Advisors last week. Suggested to them that private initiatives should be on agenda at Venice Economic Summit.