

WHITE HOUSE SITUATION ROOM

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PRT: PRESIDENT IN EDUCATION AND LOCAL TAXES -- ALL AIMED AT

<PREC? IMMEDIATE <CLAS? SECRET REIGN P <DTG? 081823Z JUL 87 HER
LIST OF PRIORITIES AS WELL -- AS WE SAW AT THE EC SUMMIT LAST
FM AMEMBASSY LONDON IATED HER ELEVEN COLLEAGUES BY STICKING TO
HER GUNS ON THE NEED FOR A DISCIPLINED BUDGET.

TO RUEHC/SECSTATE WASHDC IMMEDIATE 3503

INFO RUFHOL/AMEMBASSY BONN 5195

RUEHBS/AMEMBASSY BRUSSELS 8000

RUFHCP/AMEMBASSY COPENHAGEN 0811

RUFHFR/AMEMBASSY PARIS 0214

RUFHRO/AMEMBASSY ROME 7335

RUFHTH/AMEMBASSY THE HAGUE 5014

RUFHNA/USMISSION USNATO 7603

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DECLASSIFIED

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BY RW NARA DATE 11/19/99

~~SECRET~~ SECTION 01 OF 03 LONDON 14433

EXDIS

FOR THE PRESIDENT AND THE SECRETARY FROM AMBASSADOR PRICE
S/S PLEASE PASS TO SECRETARY WEINBERGER; BRUSSELS ALSO FOR USEC
E. O. 12356: DECL: OADR

TAGS: PREL, PARM, NATO, ETRD, UK

SUBJECT: PRIME MINISTER THATCHER'S VISIT TO WASHINGTON

1. S - ENTIRE TEXT
2. I SPOKE WITH THE PRIME MINISTER OVER THE WEEKEND ABOUT HER JULY 17 VISIT TO WASHINGTON, AND SUBSEQUENTLY TALKED TO HER PRIVATE SECRETARY CHARLES POWELL. IN HER VIEW THE VISIT IS PARTLY SYMBOLIC. THE PRIME MINISTER WANTED HER FIRST FOREIGN TRIP AFTER THE ELECTION TO BE TO THE UNITED STATES, SINCE SUPPORT FOR THE U. S. AND FOR PRESIDENT REAGAN WAS HER HIGHEST FOREIGN POLICY PRIORITY. THIS WILL BE A THEME SHE WILL STRESS IN THE MANY MEDIA APPEARANCES SHE PLANS TO PACK IN DURING HER STAY IN WASHINGTON.
3. SINCE HER SMASHING VICTORY ON JUNE 11, THE PRIME MINISTER HAS BEEN PREOCCUPIED LARGELY WITH DOMESTIC AFFAIRS. HER GOVERNMENT HAS MOVED QUICKLY TO PUT FORWARD PROPOSALS FOR

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RADICAL REFORMS IN EDUCATION AND LOCAL TAXES -- ALL AIMED AT FURTHER CONSOLIDATING THE TRANSFORMATIONS SHE HAS ACHIEVED IN HER FIRST EIGHT YEARS. BUT FOREIGN POLICY REMAINS HIGH ON HER LIST OF PRIORITIES AS WELL -- AS WE SAW AT THE EC SUMMIT LAST WEEK, WHEN SHE INFURIATED HER ELEVEN COLLEAGUES BY STICKING TO HER GUNS ON THE NEED FOR A DISCIPLINED BUDGET. AGENDA FOR WASHINGTON

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4. THE PRIME MINISTER TOLD ME SHE WANTS TO COVER THREE MAIN SUBJECTS IN HER TALKS WITH THE PRESIDENT AND SECRETARIES SHULTZ AND WEINBERGER: EAST-WEST RELATIONS AND ARMS CONTROL; THE MIDDLE EAST, INCLUDING THE GULF, THE PEACE PROCESS AND SYRIA; AND INTERNATIONAL TRADE AND ECONOMIC ISSUES. IN ADDITION SHE MAY WANT TO TOUCH ON SOUTHERN AFRICA AND THE U.S. BUDGET DEFICIT. EAST-WEST/ARMS CONTROL

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5. THIS WILL BE THE NUMBER ONE AREA ON THE PRIME MINISTER'S MIND. SHE WANTS TO FIND OUT ABOUT THE PRESIDENT'S APPROACH TO THE NEXT SUMMIT WITH GORBACHEV AND TO OFFER HER VIEWS ABOUT HOW TO HANDLE THE SOVIETS IN THE MONTHS AHEAD. SHE WILL ARGUE THAT

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THE NEXT SUMMIT SHOULD NOT BE STRICTLY AN ARMS CONTROL EVENT, BUT SHOULD FOCUS ON REGIONAL ISSUES AND HUMAN RIGHTS AS WELL. SHE IS WORRIED THAT GORBACHEV WILL SPRING SOME SORT OF RADICAL NEW ARMS CONTROL PROPOSAL AT A SUMMIT AND WILL UNDERSCORE THE NEED TO STICK WITH THE PRIORITIES THAT SHE AND THE PRESIDENT AGREED UPON AT CAMP DAVID LAST NOVEMBER.

6. AS FOR THE SPECIFIC ARMS CONTROL ISSUES, MRS. THATCHER WILL PROBABLY PUT ON RECORD AGAIN HER CONDITIONS FOR SUPPORTING THE DOUBLE ZERO OPTION IN INF, STRESSING IN PARTICULAR THE NEED FOR NEW DEPLOYMENTS (SUCH AS F-111'S AND SEA-LAUNCHED CRUISE MISSILES) TO COMPENSATE FOR THE ELIMINATION OF CRUISE AND PERSHING. THE PRIME MINISTER SEES THE ROAD AHEAD IN THE INF TALKS AS FAIRLY CLEAR-CUT: SHE IS, AS ALWAYS, HIGHLY SUSPICIOUS OF THE RUSSIANS, AND SEES STRINGENT VERIFICATION MEASURES AS ABSOLUTELY VITAL TO AN INF ACCORD.

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7. THE PRIME MINISTER MAY ALSO TALK ABOUT THE NEED TO PRESS AHEAD ON A 50 PERCENT REDUCTION IN STRATEGIC WEAPONS IN TANDEM WITH AN AGREEMENT THAT PROVIDES THE SOVIETS SUFFICIENT "PREDICTABILITY" ABOUT SDI. I DO NOT, HOWEVER, HAVE THE IMPRESSION SHE WILL BE PUSHING ANY NEW IDEAS IN THIS AREA. SHE WILL, OF COURSE, REITERATE HER VIEW THAT WE SHOULD STOP TALKING ABOUT THE ABOLITION OF NUCLEAR WEAPONS -- WHICH SHE BELIEVES IS IMPOSSIBLE. TO CONTINUE TO RAISE THE PROSPECT OF A NUCLEAR-FREE WORLD, IN THE PRIME MINISTER'S VIEW, WOULD BE DETRIMENTAL TO EUROPEAN SECURITY INTERESTS. IT WOULD BE PARTICULARLY UNHELPFUL IN DEALING WITH THE SENSITIVITIES OF THE GERMANS AND BONN'S DEMAND FOR NEGOTIATIONS ON NUCLEAR SYSTEMS BELOW THE RANGE OF 500 KILOMETERS (WHICH THATCHER ADAMANTLY OPPOSES). MIDDLE EAST

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8. THE PRIME MINISTER'S PRIORITY CONCERN IN THE REGION IS THE PERSIAN GULF, AND I UNDERSTAND THAT SHE HAS WRITTEN THE PRESIDENT PREVIEWING HER THOUGHTS IN THIS REGARD. SHE IS VERY SUPPORTIVE OF THE REFLAGGING OF KUWAITI SHIPS, SEEING THE PRESIDENT'S DECISION AS COURAGEOUS AND CORRECT. AT THE SAME TIME, SHE BELIEVES WE (AND IRAQ AND KUWAIT) SHOULD AVOID BEING TOO PROVOCATIVE IN THE GULF. GIVEN THE HISTORY OF U.S. ACTION AGAINST LIBYA LAST YEAR, SHE ALSO IS A BIT CONCERNED THAT WE MIGHT CONSIDER PREEMPTIVE STRIKES AGAINST IRAN (E.G. AGAINST THE SILKWORM MISSILES) AS A POSSIBLE OPTION. MRS. THATCHER WANTS TO PUSH AHEAD FOR A UN SECURITY COUNCIL RESOLUTION ON THE

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WAR THAT INCLUDES AN ARMS EMBARGO AGAINST ANY PARTY WHICH REFUSES TO COMPLY. SHE UNDERSTANDS, HOWEVER, THAT IT MAY BE DIFFICULT TO GET THE SOVIETS AND CHINESE TO GO ALONG, AND WOULD PROBABLY HAVE MORE SYMBOLIC THAN PRACTICAL EFFECT.

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9. ON THE PEACE PROCESS, MRS. THATCHER STRONGLY SUPPORTS THE EFFORTS OF ISRAELI FOREIGN MINISTER PERES AND KING HUSSEIN TO CONVENE AN INTERNATIONAL CONFERENCE. SHE BELIEVES THERE CURRENTLY IS A WINDOW OF OPPORTUNITY FOR SIGNIFICANT PROGRESS ON THE PEACE PROCESS THAT SHOULD NOT BE MISSED. DURING HIS RECENT VISIT, PERES CONVINCED THATCHER TO ISSUE A VERY SUPPORTIVE STATEMENT ON THE CONFERENCE. WE UNDERSTAND SHE PROMISED PERES THAT SHE WOULD PRESS IN WASHINGTON FOR STRONGER U.S. PUBLIC SUPPORT FOR THE CONFERENCE. WE EXPECT SHE WILL MAKE THE SAME COMMITMENT TO KING HUSSEIN WHEN HE SEES HER IN LONDON EARLY NEXT WEEK.

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10. THATCHER ALSO BELIEVES WE NEED TO BE REALISTIC ABOUT THE INEVITABILITY OF SOVIET PARTICIPATION IN AN INTERNATIONAL CONFERENCE. WHILE SHE COMPLETELY AGREES THAT THE SOVIET ROLE MUST BE CONTAINED IN A WAY THAT ENSURES THAT NEITHER MOSCOW NOR ITS CLIENTS CAN SCUTTLE THE GOAL OF DIRECT NEGOTIATIONS WITHIN THE FRAMEWORK OF A CONFERENCE, SHE BELIEVES THIS SHOULD BE VIEWED AS A MANAGEMENT PROBLEM RATHER THAN AN IDEOLOGICAL PROBLEM.

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11. ON SYRIA, THE PRIME MINISTER UNDERSTANDS WHY THE PRESIDENT DECIDED TO SEND DICK WALTERS TO DAMASCUS. HOWEVER, SHE IS LIKELY TO PRESS FOR MORE SPECIFIC EVIDENCE OF SYRIA'S NEW EFFORT TO DISSOCIATE ITSELF FROM TERRORISM -- E.G., DISMISSAL OF SYRIAN OFFICIALS IMPLICATED IN THE HINDAWI AFFAIR, CLOSURE OF ABU NIDAL CAMPS IN LEBANON, AND EXPULSION OF OTHER TERRORIST GROUPS FROM SYRIA -- BEFORE BRITAIN WILL AGREE TO STEPS TO END SYRIA'S ISOLATION. AT THE SAME TIME, SHE SEES THE HANDWRITING ON THE WALL WITH GROWING EC PRESSURE TO EASE RESTRICTIONS ON DAMASCUS. WE EXPECT THAT HER TACTIC WILL BE TO TRY TO MANAGE THE GRADUAL EASING OF SYRIA'S ISOLATION, AND TO LET OTHER GOVERNMENTS TAKE THE LEAD.

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TRADE AND ECONOMIC QUESTIONS

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12. ON INTERNATIONAL TRADE, MRS. THATCHER WILL VOICE HER OPPOSITION TO THE CURRENT TRADE BILLS IN CONGRESS AND SEEK ASSURANCES THAT SHE AND THE PRESIDENT ARE OF ONE MIND IN OPPOSING SUCH PROTECTIONIST MEASURES. (I TOLD HER PRIVATE SECRETARY THAT IN MY VIEW THE PRESIDENT WOULD ALMOST CERTAINLY VETO PROTECTIONIST LEGISLATION AND THAT HIS VETO WOULD BE SUSTAINED.) SHE WILL ALSO WANT TO DISCUSS THE BROAD ECONOMIC SCENE IN ORDER TO GAUGE CURRENT U.S. THINKING. IN THIS REGARD, SHE MAY TELL THE PRESIDENT HE SHOULD BITE THE BULLET AND RAISE TAXES (SOME WHITEHALL OFFICIALS ARE PRESSING HER TO DO THIS).

SOUTHERN AFRICA

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13. THE PRIME MINISTER MAY WANT TO HAVE A BRIEF DISCUSSION OF SOUTHERN AFRICA. BRITAIN RECENTLY INCREASED SECURITY ASSISTANCE TO MOZAMBIQUE, AND SHE THINKS MOZAMBIQUE PRESIDENT CHISSANO DESERVES OUR SUPPORT. IN ADDITION, SHE SUGGESTED TO ZIMBABWE'S ROBERT MUGABE LAST WEEK THAT THE UK WOULD CONSIDER SELLING FIGHTER AIRCRAFT OF A TYPE THAT MUGABE PREVIOUSLY

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BELIEVED HE COULD OBTAIN ONLY FROM THE SOVIET UNION. THE PRIME
 MINISTER MAY BE LOOKING FOR ENCOURAGEMENT THAT THE MEASURES SHE
 HAS TAKEN FOR MOZAMBIQUE AND ZIMBABWE -- TO COUNTER SOVIET
 THREATS IN THE REGION -- REMAIN CONSISTENT WITH U. S. OBJECTIVES

IN THE REGION.

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14. IN TERMS OF THE WIDER PROBLEM OF SOUTH AFRICA, SHE BELIEVES THE WEST NEEDS TO GET BACK INTO THE DIALOGUE. SHE IS AWARE OF SECRETARY SHULTZ'S DESIRE FOR A DECLARATION OF PRINCIPLES, BUT BELIEVES THIS WOULD GET US ABSOLUTELY NOWHERE. IN HER VIEW, DISCREET DIPLOMATIC CONTACTS WILL BE MORE EFFECTIVE IN STIMULATING MOVEMENT THAN DECLARATORY STATEMENTS.

15. ON SANCTIONS, MRS. THATCHER WAS STRUCK BY THE FACT THE MUGABE DID NOT PRESS THE ARGUMENT THAT BRITAIN SHOULD IMPOSE SANCTIONS AGAINST SOUTH AFRICA -- INDEED, HE DIDN'T EVEN RAISE THE SUBJECT. SHE IS MINDFUL OF THE PRESIDENT'S REQUIREMENT TO REPORT TO CONGRESS THIS FALL AND HOPES THAT HE WILL RESIST CONGRESSIONAL PRESSURES FOR NEW MEASURES. THIS WOULD ONLY COMPLICATE HER OWN POSITION AT THE COMMONWEALTH HEADS OF GOVERNMENT MEETING IN OCTOBER.

A HECTIC SCHEDULE

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16. IN ADDITION TO HER MANY OFFICIAL MEETINGS, THATCHER WILL HAVE A VERY HEAVY MEDIA SCHEDULE DURING HER BRIEF VISIT. SHE WILL BE INTERVIEWED ON FOUR BREAKFAST SHOWS AS WELL AS TAPE AN INTERVIEW FOR ONE OF THE SUNDAY MORNING NEWS BROADCASTS. AFTER WASHINGTON, THE PRIME MINISTER WILL MAKE A BRIEF VISIT TO JAMAICA FOR A MEETING WITH PRESIDENT SEAGA. IT IS THEREFORE CONCEIVABLE SHE MAY RAISE CARIBBEAN ISSUES IN ADDITION TO THE ABOVE TOPICS.

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ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
226493	MEMO	GEORGE SHULTZ TO RR <i>R 11/18/2019 M6995/1</i>	1	7/7/1987	B1
226494	CABLE	RE. IRAN/IRAQ AND SHIPPING IN THE GULF <i>R 11/18/2019 M6995/1</i>	2	7/7/1987	B1
226495	CABLE	RE. IRAN/IRAQ AND SHIPPING IN THE GULF [COPY OF DOC. 226494] <i>R 11/18/2019 M6995/1</i>	2	7/7/1987	B1
226497	CABLE	080510Z JUL 87 <i>R 11/18/2019 M6995/1</i>	9	7/8/1987	B1
226498	CABLE	LONDON 14433 <i>R 11/18/2019 M6995/1</i>	6	7/8/1987	B1
226499	MEMO	GEORGE SHULTZ TO RR <i>R 9/29/2022 M6995/1</i>	1	7/8/1987	B1
226500	PAPER	RE. CARLUCCI TALKING POINTS	6	ND	B1
226502	REPORT	RE. PERSIAN GULF OIL PIPELINES: ALTERNATIVES TO THE STRAIT OF HORMUZ	14	7/1/1987	B1
226503	MEMO	SHULTZ TO RR <i>R 11/18/2019 M6995/1</i>	1	7/9/1987	B1

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