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THE WHITE HOUSE

WASHINGTON

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MEMORANDUM OF CONVERSATION

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SUBJECT: Summary of President's Meeting with Prime Minister Margaret Thatcher of the United Kingdom

PARTICIPANTS: President Ronald Reagan
 Vice President George Bush
 Secretary of State Alexander M. Haig, Jr.
 Counsellor to the President Edwin Meese III
 Chief of Staff to the President, James A. Baker
 Deputy Chief of Staff to the President, Michael K. Deaver
 Assistant to the President for National Security Affairs, Richard V. Allen
 Under Secretary of State for Political Affairs, Walter J. Stoessel, Jr.
 Ambassador Lawrence S. Eagleburger
 Charge D'Affaires Edward Streater, Jr.
 US Embassy London
 Press Secretary James Brady
 Senior NSC Staff Member, Charles Tyson
 Senior NSC Staff Member, James M. Rentschler

Prime Minister Margaret Thatcher
 Secretary of State for Foreign & Commonwealth Affairs, Lord Peter Carrington
 Ambassador to the United States, Sir Nicholas Henderson
 Secretary of the Cabinet, Sir Robert Armstrong
 Permanent Under Secretary of State and Head of the Diplomatic Service, Foreign and Commonwealth Sir Michael Palliser
 Permanent Under Secretary of State, Ministry of Defense, Sir Frank Cooper
 Deputy Under Secretary Foreign and Commonwealth Office, Mr. Julian Bullard
 Principal Private Secretary to the Prime Minister Mr. Clyde Whitmore
 Chief Press Secretary in the Prime Minister's Office, Mr. Bernard Ingham
 Private Secretary to the Prime Minister, Mr. Michael Alexander
 Private Secretary to the Secretary of State for Foreign and Commonwealth Affairs, Mr. George Walden
 Head of New Foreign Office, Nicholas Fenn
 Minister, Embassy, Washington, Mr. John Fretwell

DATE, TIME February 26, 1981
 AND PLACE: 12:00 - 12:45 p.m. (Cabinet Room)

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Review 2/26/2011
 Classified and Extended by R.V. Allen
 Reason: NSC 1.13(a)

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BY RW NARA DATE 3/30/12

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The President reiterated the pleasure he felt in receiving Mrs. Thatcher. Alluding to the restricted meeting which they had just concluded, the President emphasized that there would be no surprises in our conduct of foreign policy and that the excellent relationship which we have had with Great Britain for many years would be further strengthened through close consultation. The President said that he and the Prime Minister had touched on a number of trouble spots during their earlier meeting, including the Middle East and Central America. (U)

Prime Minister Thatcher noted that there were three main subjects that she and the President had scarcely dealt with. The first of these was connected with the main issue of East-West relations, including the tactics of handling those relations in light of Brezhnev's speech, the question of Poland, where the UK felt that the danger had not yet passed and where the Communist system was confronted with a situation it could not tolerate. A second subject concerned events in Central America and South America where the United States had specialized information; the Prime Minister stated that she and her associates would profit from any views the President might wish to share with them on that subject. She noted that the non-aligned nations were against Cuba; they resent the fact that Cuba did not condemn the Soviet Union for their actions in Afghanistan and it is important that the West continue to benefit from that important development. A third important subject concerned the world recession. In that connection, the Prime Minister noted that she and the President would be going to Ottawa in July and will confront the problem of monopoly fixing of oil and judgments about what kind of relationships we can have with the countries responsible for that monopoly. The Prime Minister went on to say there was a fourth subject which occurred to her; and that concerned the possibility of a Mexican Summit. The Prime Minister said she felt that too many things were coming at once on the international agenda and it might be well to postpone a Mexico Summit. The British would prefer to go to Ottawa first, then have the other summit later. The Prime Minister said that it would be helpful if the United States could support such a postponement. The Prime Minister added that she knew how important Central America and South America were to us and how much we are exercised by developments there. (C)

The President replied that so far as Central America was concerned, he felt that it was part of the whole international problem we face today. The villain there is the same villain we face in so many other places: the export of subversion. The United States with the best of intentions

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over the past years has tried a variety of programs with our neighbors to the South. But too many of these programs were undertaken without enough sensitivity for the feelings of the people living there, so many of whom felt intimidated by the Colossus of the North. Our intentions were good, but the plans were ours, and people felt that the plans were being imposed on them. The United States wants to try a new approach. We want to bind these two continents together in a love of freedom. Our approach will not be imposing ideas from the outside. The President referred to his meeting with Mexican President Lopez Portillo, and explained that his approach to that meeting was to listen to the Mexican President's ideas. The meeting was very warm and it broke through a number of barriers. The President said he did not realize to what extent the barriers had been broken until he received as a personal gift from the Mexican President a horse. The Mexican President's awareness that riding was very important to the President resulted in a symbolic gesture of great significance. The President knows something about Lopez Portillo's interests and attitudes, and if there is a movement to postpone a Mexican Summit because of a crowded schedule, the President would rather that such an effort come from somewhere else. We have established a beach-head in Mexico. We have overcome a good deal of suspicion which begins at the level of school children. We have made many gains in our relationship with the Mexicans. (C)

Prime Minister Thatcher responded that the actual timing for a Mexican Summit will be determined by the President's availability. From what the President had just told her, she could see that having placed the US relationship with Mexico on a new basis, he would not wish to jeopardize that new relationship. It seemed clear that the President had made up his mind to go to a Mexican Summit, a view that she could quite understand. It is currently scheduled for June 11-13, and will be something of a global discussion, quite unstructured. (C)

Secretary Haig emphasized that Summit tactics will be awfully important. It is essential that the West be together, that it present a solid, coherent, unified front. Castro will be there. If there were any possibility of delaying the Mexican Summit, it would be a good idea to do so. (C)

The Prime Minister noted that since aid to the Third World will be on the Ottawa Summit agenda, it would make sense for Ottawa to be a precursor to Mexico. If expectations are built up in the Third World over prospective accomplishments in Mexico and then nothing comes of them, this would be a bad thing for the West. (C)

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Lord Carrington interjected that having talked to both Parr and Kreisky he had the strong impression that they would be very happy to postpone such a summit provided the United States in principle planned to attend. (C) 42

The President suggested that we should be in communication immediately with Lopez Portillo to determine if he could see his way clear to hosting a summit in the fall rather than in June. (C)

The Prime Minister added that the meeting would be very interesting. Some members of the Group of 77 will be there, oil-rich countries who are better off than the United Kingdom. A sponsors meeting will be held in Vienna in mid-March and some indication of participants and timing will be sought at that meeting. (C)

The President turned to Secretary Haig and told him that we should communicate to Lopez Portillo our intention to attend the Mexico Summit and to determine if it can be held in the fall. The President said he had another border meeting with Lopez Portillo scheduled for late April, but we would need to communicate with him about a Mexican Summit before then. (C)

Prime Minister Thatcher asked the President if he had considered what kind of fundamental response to be given to Brezhnev's proposal for a meeting. The Prime Minister said that she can anticipate being close--questioned on this subject every Tuesday and Thursday in the House of Commons. It is recognized, of course, that one simply cannot say "no, we will never talk". In the back of every one's mind there is the idea of "yes, of course, we must talk", but we cannot talk until every problem, every possible pitfall is carefully examined. The Soviets are skilled negotiators. We can expect them to play on the peace-loving sympathies of people. She was struck, for example, by the reference to a moratorium on Theatre Nuclear Forces. The Prime Minister said that her attitude that is when you sup with the devil you must have a long spoon. In fact you had better have a whole lot of long spoons. (C)

The President emphasized that we will be giving the proposal careful study and that we would not simply sit down at a table to discuss a single issue such as disarmament. We will want to discuss a whole lot of other things too, for example, Soviet backing of Cuban subversion. (C)

Prime Minister Thatcher agreed that enormous preparation would be required before such a meeting could take place. The answer should be "yes, in due course". (C)

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The President replied that this is the position we've taken; not a no, not a yes -- we are considering it very carefully. (C)

The Vice President asked the Prime Minister for clarification concerning the kinds of questions she was getting in Parliament, including the extent to which Afghanistan figures in them. (C) 43

The Prime Minister identified three parts of the Brezhnev speech which she found noteworthy. The first was the call for a meeting, and in that connection the West should certainly prepare a careful position on the question of Soviet troops in Afghanistan and the necessity of having them removed. The Prime Minister also noted the proposal for a moratorium on Theatre Nuclear Forces, a proposal which did not surprise the British considering the imbalance which is now in the Soviets' favor. They currently have 200 missiles targeted on Central Europe and they are adding a new one every five days. Thirdly, the Prime Minister noted, there was mention of confidence-building measures, which is Giscard's great thing. The British position is if there are to be confidence building measures, these must go back to the Urals. The Soviets are saying that if they go back to the Urals we must go back further too; however, we cannot go back any further -- we would be in the sea! (laughter) (C)

The President said that in these circumstances it was well to remember the story about Kipling's Bear -- he seemed so nice but! (U)

Secretary Haig said that before we leave the hemisphere, it would be useful to touch on the subject of Belize. He had talked to the Guatemalan foreign minister, and it seemed that Guatemala was prepared to abandon its classic demands concerning independence for Belize. The key issue appeared to be access to the sea, and this could be provided through the Cays, the series of small off-shore islands. Secretary Haig added that it was his strong impression the Guatemalans are ready to settle with Prime Minister Price, particularly if the latter's Minister of Interior, apparently an obnoxious fellow, can be kept out of the picture. (C)

Lord Carrington replied that Price has to sell the deal to his own people. The leasing of real estate is dynamite in political terms. He said he is not terribly hopeful that he can push Price much further. It is politically difficult for the UK to apply any more pressure. He suggested, however, that he would be willing to twist Price's arm provided that the President ask Secretary Haig to twist the Guatemalan's arm. (C)

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The President asked if the British would be willing to leave some forces in Belize. (C)

Lord Carrington replied that if there is an agreement with Guatemala, there would be no need for a British military presence. What the British would hope to do is train up Belize forces. (C)

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Secretary Haig said he wished to emphasize that the President was referring to our fear that without a British military presence, Belize may turn to Cuba for military support. (C)

Lord Carrington reiterated that with an agreement, he didn't think that issue would arise. (C)

The President said that he was concerned about the perceptions in Guatemala, the possibility that arms would come into Belize from Cuba and threaten Guatemala. (C)

Prime Minister Thatcher noted that even with a settlement between Belize and Guatemala, there would be training of Belize security forces. (C)

Lord Carrington agreed. He added that without a settlement, the UK will certainly need to have forces in Belize. (C)

Prime Minister Thatcher asked the President whether he thought it was a good idea to have a British military presence there. (C)

Secretary Haig replied that he thought that would be a good thing; it would deter Cuba from believing that Belize was now the issue. (C)

Lord Carrington stated in his view Price will not turn to Cuba. Price is a socialist, but he is a devout Catholic too. The Minister of Interior is a problem. Lord Carrington added that he did not think we will get an agreement. (C)

Secretary Haig said that was a disappointment. (C)

The Prime Minister emphasized that they will, however, try. She asked if we had any new information on El Salvador. (C)

The President replied that there now seemed to be a lull in the shipment of arms from outside. He did not think the lull was permanent. It was possible that the Cubans were looking for new ways to get the arms in to the guerrillas. (C)

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There is no question, however, that there is outside interference. All we are trying to do is to help in a limited way to keep the government of El Salvador viable while it pursued the reforms it has undertaken. The government armed forces are not as strong as they need to be in order to combat the guerrillas who were trained in Cuba. (C)

Prime Minister Thatcher expressed the view that the propaganda war must be handled very carefully. Leftist opinion in Europe is already agitated over the issue. She said she was wondering how best to deal with it. If the line is non-interference it is difficult to take the next step and interfere. We must be careful not to put ourselves in an exposed position. We must avoid the situation of the Soviets in Afghanistan, who intervened in favor of a particular regime. What we want to stop is the supply of arms going to guerrillas. (C)

The President noted that such propaganda is orchestrated worldwide. As an example, we suddenly see, out of the blue, young people staging demonstrations-not on the order of those we saw at the time of Vietnam, but similar. (C)

Prime Minister Thatcher said that after Ambassador Eagleburger's visit the British issued a statement condemning the outside support to guerrillas and the statement was well received. (C)

Mr. Meese suggested that Secretary Haig might want to put our overall policy in Central America in perspective, underscoring the stand we are taking against outside interference in the affairs of other nations. (C)

Secretary Haig agreed and said that it was important that we not let El Salvador become a repeat of history where social issues are the core; rather we wish to focus attention on the external aspects of the problem, which is why we say it is necessary to take the problem to the source. We do not wish to become entangled in the bloody internal affairs of a Third World country. We are trying to prevent that. We are very conscious of European sensibilities, but governments under attack are in no position to effect reform if they are being besieged by armed force, no more than the Shan of Iran was able to make social progress in the midst of a revolution. We do have to help them shore up their institutions and cut off external involvement. Without such external involvement, we are reasonably confident that the government will both survive and prosper. Marxism is not an attractive alternative to the people of El Salvador. (C)

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The President stated that proof that Marxist propaganda is false resides in the fact that the people have not risen up to support the guerrillas. (C) 46

Prime Minister Thatcher stated that additional facts about the subversion would be helpful--quantities of arms etc. (C)

Lord Carrington said that even the churches are in the propaganda battle now. (C)

Secretary Haig noted that we had some help recently from a Nicaraguan defector. He had been situated directly inside the Nicaraguan regime and has provided powerful confirmation of the Cuban-supported subversion of El Salvador. (C)

Prime Minister Thatcher expressed the plea that we do everything possible to exploit such inside information. (C)

The President noted that Prime Minister Seaga's victory in Jamaica was an encouraging thing. He pointed to an interesting bit of information which had recently developed there. There were signs of terrorism in Jamaica, and some of the weapons captured bore the same serial marks as those we left behind in Vietnam! There is obviously a central distribution point. The President expressed appreciation for British economic support to Jamaica and noted that David Rockefeller has agreed to lead a high-level mission to see what can be done to restore the Jamician economy. The President concluded the meeting by inviting his British guests to help themselves to the jar of jellybeans on the Cabinet Room table. The President explained the presence of the jellybeans grew out of a period long before he thought he would ever be in public light. Jellybeans helped him give up smoking, and as a joke his wife had put a huge jar of them in the Cabinet table in Sacramento when he was Governor. They then caught on as kind of a trademark. The city of Los Angeles had presented the President with a large jar on the table before them now. It contains thirty-five different flavors, and were very useful for fueling Cabinet meetings. The company which produced the jellybeans had benefitted so much from the publicity that it regularly provided refills--proof that the President was truly conservative. He added that among the thirty-five flavors there was even a peanut butter flavor; he said if it were not so difficult sorting through the whole pile, he would of course remove that particular flavor (laughter). (C)

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WASHINGTON, D.C. 20506

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March 9, 1981

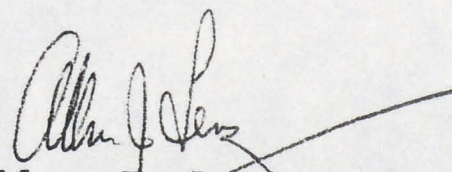
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MEMORANDUM FOR:

Mr. L. Paul Bremer, III
Executive Secretary
Department of State

SUBJECT: Memcon of President's Meeting with
Prime Minister Thatcher

Attached is the memorandum of conversation covering the President's February 26 expanded meeting with UK Prime Minister Margaret Thatcher.


Allen J. Lenz
Staff Director

Attachment

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