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ADD-ON #2

THE WHITE HOUSE

WASHINGTON

December 28, 1984

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with British Prime Minister Margaret Thatcher (U)

PARTICIPANTS:

- The President
- The Vice President
- Secretary Shultz
- Robert C. McFarlane
- Ambassador Price
- Assistant Secretary Burt
- Peter R. Sommer, NSC
  
- Mrs. Thatcher
- Ambassador Wright
- Robin Butler, Principal Private Secretary to Mrs. Thatcher
- Charles Powell, Private Secretary to Mrs. Thatcher

DATE, TIME AND PLACE: December 22, 1984, Camp David  
 10:40 a.m. - 11:10 a.m., Private Meeting, Aspen Lodge  
 11:20 a.m. - 1:25 p.m., Expanded Meeting and Lunch, Laurel Lodge

Private Meeting: The President and Mrs. Thatcher, Plus Note-takers:

After exchanging pleasantries, Mrs. Thatcher praised the President's reelection, calling it a fantastic victory. She asked him how it felt to win by such an overwhelming margin. The President said it was an honor to win by such a margin and joked that someone had said there is only one thing he could ask for from Santa Claus -- it was Minnesota, the only state he had lost. (U)

Mrs. Thatcher emphasized that the President's victory was even more impressive given that he had so significantly changed U.S. policies. Such a wide victory was an endorsement of the President's policies and a clear call for a continuation of these policies. She was pleased the President was keeping his same foreign policy, noting it made no sense to break-up a good team. The President agreed and observed that many serve at considerable personal and financial sacrifice. (U)

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 By MS, NARA, Date 9/5/02  
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Turning to the Geneva talks, the President said since the Soviets had fared so poorly in recent months in the propaganda battles associated with disarmament talks, he feared that they were looking at Geneva as mainly a propaganda forum. This is one of the reasons they launched such an attack against what has become commonly known as "Star Wars." He emphasized that Star Wars was not his term and was clearly not what he had in mind. He continued that there has never been a weapon for which another weapon against it had not been developed. Therefore, in view of all the advances in technology, he asked for a study of new defensive systems. Its aim would strictly be to strengthen deterrence. So far, initial research has been promising and, as he had stated many times, if it proves successful he would be willing to put this new technology into international hands. The President said we are not violating the ABM treaty and have no intention of doing so. The new Strategic Defense Initiative also had a moral context. We must search for ways to build a more stable peace. Our goal is to reduce, and eventually eliminate nuclear weapons. Chernenko now claims that this is also a Soviet goal. We have told them if they are really serious about reductions, we are ready. Gromyko had told him, said the President, that we cannot continue to sit on two mountains of weapons. The President said he replied, "let us then begin to lower and eventually eliminate these mountains." (C)

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The President continued that he was simply amazed how closely Mrs. Thatcher's remarks to Gorbachev had accorded with what he told Gromyko. He had made similar points, said the President, on immigration restrictions, underscoring that these restrictions make it especially difficult for the U.S. -- with its many political groups with ties to the old country -- to improve relations with the Soviets. He had made it clear to Gromyko that he could better deal with the Soviets with the support of the American people. The President then returned to his concern that the Soviets will use the Geneva talks primarily as a propaganda forum. He hoped, however, that the Soviets would treat these talks seriously; as he had told Gromyko the U.S. and the Soviet Union have a joint responsibility to see that war does not happen. (C)

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The private meeting ended at 11:10 a.m.

Expanded Session in Laurel Lodge

In opening the expanded session, the President said he thought it would be appropriate to quote a remark the Queen had made to him during the course of the campaign. When the Queen was in Canada and he was in Michigan, the Queen had called to say she was sure there will never be a a wider divide between the U.S. and Great Britain "than the river that currently divides us." Smiling, the President and Mrs. Thatcher both agreed with the Queen's remark.

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Saying he wished to extend Mrs. Thatcher a special Christmas welcome to Camp David, the President said he was pleased with Mrs. Thatcher's support for the oft misunderstood SDI program. He noted that currently envisioned strategic defense weapons are not nuclear systems; many people have the mistaken impression that they are. General Eisenhower had spoken about how every advance in weapons of war is offset by another technological development. We owe it to future generations to see if we cannot develop a strategic defense that would move us away from this horrible threat of destroying the world. As he had told the Prime Minister in the private meeting, the initial research is promising, but we do not have any final answers. (C)



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The President said we need to address the points Mrs. Thatcher had raised and to reach agreement on SDI, a program he called worth pursuing. He noted that experts continue to tell him that research is promising and SDI may be feasible. We have obviously not made a decision on production or deployment and these questions would have to be addressed at the appropriate time. We cannot and should not, however, continued the President, have to go on living under the threat of nuclear destruction. We must eliminate the threat posed by strategic nuclear weapons. My ultimate goal is to eliminate nuclear weapons. The Soviets are now beginning to echo this same view. He said he told Gromyko that the U.S. is not seeking superiority, but we will not let the Soviets achieve superiority. He recognized that the Soviets have great respect for our technology. They also must be concerned about our economic strength. It will be especially difficult for them to keep spending such vast sums on defense. Such spending is in neither of our interests. (C)

The President continued that he also recognized the great losses the Soviets suffered in World War II -- 20 million or more -- and accepted their obsession with security. But it doesn't make sense, as my predecessor did, to propose unilateral reductions, such as cancelling the B-1 bomber. Common sense tells us that one needs negotiating tools when bargaining with the Soviets, or anyone else for that matter. We in the West have great strength -- Europe alone has four times the GNP of the Soviet Union. We must deal with the Soviets from a position of strength. But we also know that in a nuclear war there would be no winners. (S)

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The President agreed and said he is trying to convince the Soviets that we mean them no harm. He often thought that the basic system in Russia has not changed fundamentally, i.e., that their current communist system is another form of the aristocratic system that ruled Russia under the Czar. Gandhi had once said the Soviets believe more in survival than in communism. (C)

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Secretary Shultz stressed our concern is that the current situation is not balanced. The Soviets have many more offensive nuclear systems than foreseen under Salt I. The defensive side

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is covered under the ABM treaty, but we have essentially dropped the notion of deploying a defensive system around cities and bases. The Soviets, however, have deployed an ABM system around Moscow -- this is permitted under the treaty -- and now they are also devoting considerable resources toward the development of other defensive systems. For example, they have a large phased array radar under construction, which we believe is a treaty violation. The Soviets have positioned themselves to break out from the conditions imposed the treaties. Their emphasis on defensive systems puts us in an unequal position. Our view is that there is an imbalance; our SDI research is designed to contribute to enhancing deterrence. (S)

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Secretary Shultz interjected that we cannot just sit back and let the Soviets build up a significant advantage in defensive systems. Mrs. Thatcher said if she was a Soviet, she would take steps to improve my already significant civil defense program. (S)

At the President's request, National Security Advisor McFarlane expanded on the U.S. SDI program. Calling Mrs. Thatcher's questions and criticisms thoughtful and well-reasoned, McFarlane underscored that her remarks are based on the assumption that offensive deterrence in its present form can and will endure. This may not be true. In recent years the character of Soviet offensive systems have changed dramatically; they are more mobile and carry increased warheads, making verification a near impossible task. The future suggests that the Soviets will rely far more on mobile systems, as well as cruise missiles. (S)

McFarlane continued that our dilemma has been what to do to restore the strategic balance. The President has underway a significant strategic modernization program but this has encountered both moral and political difficulties, as evidenced by the M-X debate in Congress. The preferred course would be to reduce offensive systems. As the President has stated, this is our goal and the President ultimately hopes to eliminate nuclear weapons. McFarlane observed that our current dilemma -- one over which the President expressed concern several years ago -- is our inability to match the Soviet offensive build up. This is why the President asked us to examine other alternatives. Emerging technologies suggest that a new defensive system may be feasible. This is a searching question: can you have an absolute defense against incoming missiles, whether they be nuclear, chemical, or biological? (C)



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Calling the Prime Minister's questions good ones, McFarlane replied that we are concerned about nuclear deterrence becoming unstable and our goal is to strengthen deterrence. Given technological advances -- there have been some remarkable technology developments -- it is prudent and responsible for the President to undertake the SDI research effort. (S)

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McFarlane commented that we need to better inform the British government on the extensive Soviet strategic defense effort. They have made great strides with their SA-10 and SAX-12 systems; the potential for what is called break-out is high. The President's SDI program is designed to maintain the strategic balance and thereby enhance deterrence. Shultz stated that we may be moving from a situation where we have mutually assured destruction to mutually assured defense. (S)

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McFarlane agreed and noted that there still remain several points where there is a difference of nuance. We believe that there is a strategic imbalance and the President's SDI program can contribute to strengthening deterrence. Deterrence as we know it today may no longer meet our future needs. We are willing to negotiate and discuss strategic systems with the Soviets, but neither of us can be expected to completely restructure our nuclear forces. He reemphasized that the President's goal is to enhance deterrence by maintaining a military balance. (C)

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The President replied that we are eager to make further progress on liberalizing the current aviation regime. We do feel that Congress would reject a proposal to waive treble damages. However, there are ways to lower air fares without having to face an anti-trust suit. Increased competition is in both our interests and we do favor the denationalization of British Airways. The President said it was time to break for lunch. (C)

The expanded session concluded at 12:15 p.m.

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During the cocktail session before lunch, the President, Mrs. Thatcher, and Ambassador Price discussed civil aviation at some length. Both the President and Ambassador Price stressed that more competition would benefit both our countries and that there is no need to eliminate treble damages in order for our airlines to operate free of litigation in a more competitive environment.

~~Redacted~~ Ambassador Price said there has not been one successful suit during the 15 years the current system has been

in existence. But if this is the final roadblock to privitization, why did the British Government just not set aside an indemnity fund to protect against any possible legal loss.

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Secretary Shultz replied that our understanding is different. We believe adequate procedures are available under U.S. law and our Bermuda II agreement to provide protection against antitrust suits. The procedures will and have worked. Ambassador Price added that British Airways chief executives have indicated to him that they can work within the framework of existing laws and regulations. He noted that the British government, in signing the Bermuda II agreement, knew it did not override or take the place of U.S. antitrust laws. Moreover, under the current system, there has not been one antitrust suit in 15 years when the airlines followed the established procedures. Not budging,

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The President replied that we shared Mrs. Thatcher's view about more reasonable leadership in Israel. We have had problems with Hussein because of Congressional hesitation about arms sales to Jordan. We do not intend and could not impose an American peace plan on the Middle East. We do, however, remain committed to the positions set forth in my September 1st Middle East initiative; these positions are based on UN Resolution 242, and are fully consistent with the Camp David Accord. We seek an equitable settlement and agree that it is important to get the peace process started again while Peres is in power.

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Shultz said that we detect the same general trends, but noted that Saudi Arabia recently delivered





Returning to SDI, Shultz said he wished to reiterate that the goal of our initiative is to maintain and strengthen deterrence. We are trying to enhance survivability, and any system that would be developed would be used to defend the U.S. and its Allies. SDI is not a departure from deterrence. ~~Redacted~~ ~~Redacted~~ ~~Redacted~~

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Mrs. Thatcher then circulated a brief statement she planned to make at the outset of her press conference following the lunch. She indicated that it had been worked out by our respective staffs during the course of the lunch, and wished to draw the President's attention to four specific points. They are: (1) the U.S. and Western aim is to maintain balance, i.e., not achieve superiority, while taking account of Soviet developments; (2) SDI-related deployment, in view of treaty obligations, would be a matter for negotiations; (3) the overall aim is to enhance, not undercut, deterrence; and (4) East-West negotiations should aim to achieve security at reduced levels of offensive systems. The President replied that we agree with these points and said he hoped they would quell reports of disagreement between us. (C)

Mrs. Thatcher said she wished to say a word about the situation in Ethiopia, where Britain has tried to be of some help, mostly in providing internal air-lift. The President said he is proud of the U.S. effort, which had both a public and private component. One U.S. Congressman in particular had played a key role in helping meet the Ethiopian needs. He gave me, said the President, a graphic description of the dire results of the famine. We are determined to continue our efforts despite a clear lack of willingness by the Ethiopian authorities to give us credit for our assistance. (U)

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The President commented that we appreciate the continued British military presence in Belize. He then turned to Nicaragua which he said a former Sandinista leader described as a militarily occupied country. If the U.S. had the same percent of its population under arms as the Nicaraguans, we would have an armed forces of 25 million strong. ~~Redacted~~ ~~Redacted~~ ~~Redacted~~ ~~Redacted~~ ~~Redacted~~

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President replied that this was true and, referring to our concern that one of these ships had contained MIG aircraft, noted the problems we encounter -- partially because of periods of lost visibility -- in detecting what precise cargoes these ships carry. ~~Redacted~~ ~~Redacted~~ ~~Redacted~~ ~~Redacted~~ ~~Redacted~~ ~~Redacted~~ ~~Redacted~~ ~~Redacted~~ ~~Redacted~~ ~~Redacted~~

Mrs. Thatcher said she wished to address the situation in Northern Ireland. Despite reports to the contrary, she and Garrett FitzGerald were on good terms and we are working toward making progress on this difficult question. The President said making progress is important, and observed that there is great Congressional interest in this matter. Indeed, Tip O'Neill has sent him a personal letter, asking him to appeal to Mrs. Thatcher to be reasonable and forthcoming. (U)

The President noted it was time to close the discussions, which he had highly valued. He added that he looked forward to seeing Mrs. Thatcher in February and understood that our staffs are arranging a date. Mrs. Thatcher thanked the President for the warm pre-Christmas reception, and said she looked forward to an early reunion. (U)

The Working Lunch concluded at 1:25 p.m.