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WITHDRAWAL SHEET

Ronald Reagan Library

Collection: EXECUTIVE SECRETARIAT, NSC: RECORDS
COUNTRY FILE

Archivist: cas/cas

File Folder: United Kingdom vol. III 4/1/82 - 7/31/82 [6 of 6]
Box 91327 *W*

Date: September 4, 1998

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
1. memo	James Rentschler to William Clark re interim response to Mrs. Thatcher on the Middle East 1 p. <i>R 7/21/00 598-002 #388</i>	6/16/82	P1
2. memo	Clark to the President re above 1 p. (attachment to item #1) <i>R " " #389</i>	nd	P1
3. draft letter	Reagan to Thatcher 1 p. (attachment to item #1) <i>R " " #390</i>	nd	P1
4. cable	151140z 3 p. <i>D " " #391</i>	6/15/82	P1
5. memo	Roger Robinson to Clark re President's talking points to Thatcher re John Brown Ltd. 2 p. (3971) <i>R 7/21/00 598-002 #392</i>	6/8/82	P1
6. note	Alexander Haig to the President (attachment to item #5) 1 p. <i>R 6/12/02 NLSS98-002 #393</i>	6/8/82	P1
7. memo	Haig to the President re your meeting with UK PM Thatcher 6/9/82 4 p. <i>D 6/12/02 NLSS98-002 #394</i>	nd	P1
8. memo	2 p. copy of item #5 <i>R 7/21/00 598-002 #395</i>	6/8/82	P1
9. memo	4 p. copy of item #7 <i>D 6/12/02 NLSS98-002 #396</i>	nd	P1
10. note	1 p. original of item 6 <i>R " " #397</i>	6/8/82	P1
11. memo	Robinson to Clark thru Norman Bailey re John Brown engineering 1 p. (3937) <i>R 7/21/00 598-002 #398</i>	6/3/82	P1
12. cable	011738z 2 p. attachment to item #11 <i>D 6/12/02 NLSS98-002 #399</i>	6/1/82	P1

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P-1 National security classified information [(a)(1) of the PRA].
- P-2 Relating to appointment to Federal office [(a)(2) of the PRA].
- P-3 Release would violate a Federal statute [(a)(3) of the PRA].
- P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA].
- P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA].
- P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA].

C. Closed in accordance with restrictions contained in donor's deed of gift.

Freedom of Information Act - [5 U.S.C. 552(b)]

- F-1 National security classified information [(b)(1) of the FOIA].
- F-2 Release could disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA].
- F-3 Release would violate a Federal statute [(b)(3) of the FOIA].
- F-4 Release would disclose trade secrets or confidential commercial or financial information [(b)(4) of the FOIA].
- F-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA].
- F-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA].
- F-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA].
- F-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA].

WITHDRAWAL SHEET

Ronald Reagan Library

Collection: EXECUTIVE SECRETARIAT, NSC: RECORDS
COUNTRY FILE

Archivist: cas/cas

File Folder: United Kingdom vol. III 4/1/82 - 7/31/82 [6 of 6]
Box 91327 *20*

Date: September 7, 1998

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
13. memo	Rentschler and Roger Fontaine to Clark re your breakfast meeting with FM Pym 1 p. (2825)	1/22/82	P1
14. paper	<i>R 7/21/00 598-002 #400</i> re exploratory points for discussion with Pym 2 p. (attachment to item #13)	nd	P1
15. memo	Dennis Blair to Clark re message to Thatcher on Falklands Islands 1 p.	1/15/82	P1
16. profile sheet	1 p. attachment to item #15	4/15/82	P1
17. cable	<i>R " " #403</i> 120219z 3 p.	4/12/82	P1, <i>P5</i>

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MEMORANDUM

THE WHITE HOUSE
WASHINGTON

~~CONFIDENTIAL~~ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: WILLIAM P. CLARK

SUBJECT: Interim Response to Mrs. Thatcher on the Middle East

Your letter to Mrs. Thatcher (Tab A) provides an interim response to her June 15 letter on the Middle East and agrees in principle to her suggestion that U.S. and UK officials get together to consider next steps. We will ensure that the details of this idea are staffed through State and other Departments as appropriate. (C)

RECOMMENDATIONOK No

— — That you approve release of the message to Mrs. Thatcher at Tab A.

Attachment:

Tab A Message to Mrs. Thatcher
Tab B Incoming letter, June 15

Prepared by:
James M. Rentschler

~~CONFIDENTIAL~~

Classified/Extended by WPClark
Review June 16, 2112
Reason: NSC 1.13 (a)

BY Cts 598-002 #389
DATE 7/2/00

4W

4172

MEMORANDUM

NATIONAL SECURITY COUNCIL

~~CONFIDENTIAL~~

June 16, 1982

ACTION

MEMORANDUM FOR WILLIAM P. CLARK

FROM: JAMES M. RENTSCHLER

SUBJECT: Interim Response to Mrs. Thatcher on the Middle East

Your memorandum to the President (Tab I) recommends that he approve a short interim response (Tab A) to the letter Mrs. Thatcher sent yesterday (Tab B) concerning the Middle East and her suggestion that UK and U.S. officials get together to consider next steps. (C)

Geoff Kemp concurs (and will help ensure follow-up with State).

RECOMMENDATION

OK No

— That you sign the memorandum to the President at Tab I.

OBE final sent.

Attachments:

- Tab I Memorandum to the President
- Tab A Interim response to Mrs. Thatcher
- Tab B Incoming letter, June 15

~~CONFIDENTIAL~~

Classified/Extended by WPClark
Review June 16, 2112
Reason: NSC 1.13(a)

598-002 #388
CTS *7/21/80*

CABINET LINE

Dear Margaret:

I ~~much~~ appreciate the information you shared with me in your June 15 letter based on your talks with Prince Saud and the London visit of Hassan Ali. The concerns you express over developments in the Middle East parallel mine in many respects. For that reason I welcome the idea of our officials getting together to discuss next steps in the region and shall be back in touch with you shortly on specific details. In the meantime, I remain grateful for your views concerning this tragic situation; our discussion at Number Ten last week could hardly have been more timely.

Sincerely,

[Ronald Reagan]

The Right Honorable
Margaret Thatcher, M.P.
Prime Minister
London

D SSI ED /RELEASED
598-002 #390
CAS 7/21/00

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THIS FORM MARKS THE FILE LOCATION OF ITEM NUMBER 4 LISTED ON THE
WITHDRAWAL SHEET AT THE FRONT OF THIS FOLDER.

~~SECRET~~

3971

MEMORANDUM

NATIONAL SECURITY COUNCIL

June 8, 1982

~~SECRET~~

ACTION

MEMORANDUM FOR WILLIAM P. CLARK

FROM: ROGER W. ROBINSON *RWR*

SUBJECT: President's Talking Points to Prime
Minister Thatcher on John Brown Ltd.

I was asked by John Poindexter to comment on the attached note (Tab I) from Secretary Haig to the President concerning Mrs. Thatcher's anticipated request to release G.E. rotors to John Brown Engineering (turbine manufacturing subsidiary). Consistent with my memo to you of June 3, I continue to respectfully disagree with the way in which Secretary Haig has framed his comments on this matter. Secretary Haig makes the comment that the language we received on East-West credits . . . "does not justify such a decision ~~/to release rotors/~~ at this time." You will recall that in the May 24 NSC meeting, the President strongly indicated he did not wish to link the release of any equipment covered by the December 30 sanctions to the credit restraint initiative -- only to consider whether or not to impose extraterritorial controls. Regrettably there have been a number of press reports speculating on our willingness to lift the sanctions on oil and gas equipment for progress on credits, which may have in turn misled our allies, including the UK, that we are contemplating such a trade off. As for progress on restraining East-West credits, I fully concur with Secretary Haig's view that the language received is "ambiguous and weak." For your information, I have attached three recent articles touching on the credit initiative (Tab II) which I believe are reflective of the media's view.

I would, therefore, recommend that the President indicate that we do not contemplate any loosening of the December 30 sanctions in the near future and perhaps review the stated preconditions in order to prudently temper Mrs. Thatcher's expectations in this connection.

In lieu of our inability to secure a meaningful allied agreement on credits, I seek your guidance concerning the preparation of a brief options paper for interagency comment as a prelude to an NSC meeting on the December 30 sanctions in the near future.

~~SECRET~~

Review June 8, 1988

~~SECRET~~

DECLASSIFIED
NLS 518-002 #392
BY *CAS* NARA, DATE *7/21/06*

RECOMMENDATION:

That I prepare a brief options paper for interagency comment as a prelude to an NSC meeting on the December 30 sanctions.

Approve

[Handwritten initials]

Disapprove

Presume draft for Judge's review prior to interagency circulation.

cc: Richard Pipes
Paula Dobriansky
Norman Bailey

THE SECRETARY OF STATE
WASHINGTON

June 8, 1982

Mr. President:

Mrs. Thatcher raised with you at Versailles the question of British turbines for the East-West gas pipeline and the impact of our sanctions on John Brown, Ltd. She insisted that John Brown would go bankrupt with some 400 employees being released as a result. While there are some differences of opinion on this, Mrs. Thatcher clearly views this issue seriously and hoped that you would announce a decision to release the turbines during your visit to the UK. Clearly the language we received on East-West credits at Versailles -- while going far beyond anything previously achieved -- does not justify such a decision at this time. Since the issue may come up again at a NATO Summit, I suggest that you tell Mrs. Thatcher that the Versailles language on credits is ambiguous and weak and that you will need to consider this issue after your return to Washington.



DECLAS
NLS 598-002 #393
BY LOJ NARA, DATE 6/12/02 /RELEASED

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WITHDRAWAL SHEET AT THE FRONT OF THIS FOLDER.

ESSAY

Dissareagan

By William Safire

VERSAILLES, France, June 6 — At one of the first economic summits, a British Prime Minister was photographed frolicking in the surf when his constituents back home in London were freezing. Reminded of this predecessor's gaffe last week by Newsday reporter Pat Sloyan, Prime Minister Thatcher mock-seriously proposed a maxim for summiteers: "Never disrobe at a summit."

Unfortunately, this year it is the American President who seems to be standing around without his clothes.

Mr. Reagan was stripped of his dignity first when American officials eager to get right with Latin America let it be known he would tell Mrs. Thatcher (on the anniversary of D-Day, no less) not to win decisively in the Falklands. Before he could open his mouth, that redoubtable lady told him she could not believe such reports were true. So he shut up; aides then pretended Mr. Reagan never intended to make any suggestion.

Eager to show off his foreign-affairs mastery, he was then denuded by a Secretary of State more eager to prove his own. Without informing the President, Secretary Haig decided to take a step away from the British in the U.N.; because he is evidently not on telephone speaking terms with our U.N. Ambassador — whom he considers a mere "company commander" unworthy of communication with Supreme Headquarters — he then botched his change of order by passing it through labyrinthine channels. That left the President nearly naked, the next morning, to charges that he was not master in his own house, much less in the Atlantic alliance.

The final G-string was flicked away when his summit partners treated with cool contempt his call for significant credit restraints to the Soviet bloc. The American sherpas, who had conceded so much on currency intervention and acceptance of the gas pipeline, got next to nothing for all their concessions: a limit without limits on subsidies and loans, a paean to "commercial prudence" instead of any meaningful pressure on the oppressors of Poland.

What can President Reagan do now to recoup? In addition to keeping his cool on the Israeli rollback of the P.L.O., he is likely to take these steps:

At Westminster on Tuesday, he intends to run as Reagan. In response to the defeatism and timidity exhibited at Versailles, he plans to address the economic vulnerability of the Soviet Union, where the rate of growth of G.N.P. is less than half of what it was in the 1950's. This shrinkage of

growth, combined with the expansion of military production, puts a terrible strain on the Soviet people. A country that employs one out of five citizens in agriculture is unable to feed itself; the resulting revolutionary crisis is subject to influence from the outside.

In the draft by writers Anthony Dolan and Mark Palmer, chosen over a less hawkish outside draft, Mr. Reagan also takes aim at the weakest element in Soviet arms-control: resistance to on-site inspection. He may introduce an "open land" policy to complete the tacit "open skies" policy made possible by satellite photography. Such on-site inspection would permit thorough verification and could lead to the end of chemical weaponry.

In London, he will invoke Gladstone's optimism and Churchill on the prevention of war and the kind of people the British are (a peroration from William Faulkner may neither prevail nor even endure in the final draft). In the Bundestag in Bonn, he plans to follow a reference to Heinrich Heine "(Hine rish High nuh)" with a NATO proposal to reduce, in verifiable stages, the ground forces of each of the opposing alliances to 700,000 men, and combined ground and air force personnel to 900,000 men.

Finally, present plans call for "a new Berlin initiative" — a series of "challenges for peace" — calling on the men in the Kremlin to accept our intermediate-range missile proposal, live up to the Helsinki Final Document, and grab the mutual and balanced force reduction just proffered. He may decide to dangle a dangerous but dramatic offer to the Soviets if they accept his series of challenges: their long-sought Conference on Disarmament in Europe.

Mr. Reagan evidently thinks he can practice propaganda jujitsu on the no-nuke peace offensive; that may be a mistake. Many of our summit partners are susceptible to Soviet propaganda. Pierre Trudeau led the Versailles charge against credit restrictions, and Helmut Schmidt has been derogating pro-Reagan rallies staged by Christian Democrats. To too many Europeans, disarmament means "trust the Russians."

Mr. Reagan can redress himself after the embarrassment of Versailles by asserting personal control over what he says and the proposals made in his name. Pandering to European fears and caving in to commercial greed may go under the grandiose name of "consultation," but if Mr. Reagan wants to earn the respect of the free world he should stop following his allies and start leading them

REF ID: A100000000

Less Than Meets the Eye

"In times of economic stress," said President Reagan, "it is always tempting to seek simple solutions at the expense of others. At Versailles, we resisted the temptation." At earlier summit meetings, such an agreement to disagree would not have been viewed as much of an achievement. This time, though, the divisions of ideology and perceived interest were fundamental. No amount of good food, good wine or good will could bridge them.

At best the summit talks offered a little nothing for everyone. The Europeans complained that high American interest rates and big budget deficits radiated troubles that interfered with their economic recovery. In response, President Reagan provided a ritual defense of Reaganomics and they agreed to "intensify economic cooperation."

President Mitterrand of France pressed for concessions from America on his main grievances, exchange rate stability and North-South negotiations. The Reagan Administration is not about to intervene to reduce currency fluctuations; it is committed to a hands-off approach to exchange rates. Nor does it recognize a need for global economic negotiations. But diplomacy came first; Mr. Reagan fudged. Experts, he insisted, must first study the currency stabilization problem. And he said the United States might, with conditions, one day join in North-South negotiations.

The Europeans offered comparably vague gestures in return, pledging to "handle cautiously"

their economic relations with the Soviet Union. And they will "work for an early agreement" on limiting credit subsidies to Moscow.

Does this mean Versailles was a failure? Yes, by comparison with the Bonn summit talks of 1978, where Chancellor Schmidt of West Germany agreed to coordinate monetary and fiscal policies with his expansion-minded allies. Yes, by comparison with the Tokyo conference of 1979, where President Carter agreed to fixed limits on American oil imports. But such comparisons aren't necessarily fair.

At Bonn and Tokyo, leaders were conceding what they wanted to concede. Pressure from other countries was used as a buffer against domestic opposition. At Versailles, President Reagan wasn't looking for an excuse; he doesn't want to change his fiscal and monetary stance. This time the other leaders were on the same side as his domestic opposition. Similarly, Europe has no intention of reducing Soviet trade as long as unemployment remains high.

The best one can say for certain is that the eighth economic summit meeting did no lasting damage to an occasionally useful diplomatic institution. Perhaps Versailles even did some good, demonstrating that even in hard times the Western powers retain a common interest in looking united, even if they are not always disposed to act that way.

209

National Security Council
The White House

RECEIVED

Package # 3971

02 JUN 8 12:16

	SEQUENCE TO	HAS SEEN	ACTION
John Poindexter	<u>1</u>	<u>JK</u>	
Bud McFarlane	<u>2</u>	<u>M</u>	<u>I</u>
Jacque Hill			
Judge Clark			
John Poindexter	<u>3</u>	<u>JK</u>	<u>Done</u>
Staff Secretary	<u>4</u>	<u>PACOM TO TYSON</u>	<u>FOR JUDGE</u>
Sit Room			
<u>ROBINSON</u>	<u>5</u>		

I-Information A-Action R-Retain D-Dispatch

DISTRIBUTION

cc: VP Meese Baker Deaver

Other _____

COMMENTS

RECEIVED 08 JUN 82 15

TO CLARK

FROM ROBINSON

DOCDATE 08 JUN 82

By CAS

10/8/82

KEYWORDS: GREAT BRITAIN EAST WEST TRADE THATCHER, MARGARET
EXPORT CREDITS SANCTIONS

SUBJECT: PRES TALKING POINTS TO THATCHER ON JOHN BROWN LTD RE EAST - WEST
CREDITS

ACTION: FOR DECISION DUE: 11 JUN 82 STATUS X FILES

FOR ACTION
CLARK

FOR CONCURRENCE

FOR INFO
Pipes
Dobriansky
Bailey

Return Folder

COMMENTS

REF# LOG NSCIFID (N /)

ACTION OFFICER (S)	ASSIGNED	ACTION REQUIRED	DUE	COPIES TO
-	6/9	Paradeter approved		RP, PD, NB
Robinson	5 6/9	further action		
RWR	6/22	No further action necessary		

DISPATCH

W/ATTCH FILE CR (CV)

~~SECRET~~

3971

Darley

MEMORANDUM

NATIONAL SECURITY COUNCIL

June 8, 1982

~~SECRET~~

ACTION

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~~SECRET~~

Review June 8, 1988

~~SECRET~~

CRS

598 002 #395

ATE 7/21/00

RECOMMENDATION:

That I prepare a brief options paper for interagency comment as a prelude to an NSC meeting on the December 30 sanctions.

Approve Disapprove

*Review draft for policy content
prior to interagency consultation.*

cc: Richard Pipes
Paula Dobriansky
Norman Bailey

CIRCLE ONE BELOW

IMMEDIATE

PRIORITY

ROUTINE

CLASSIFICATION

MODE

DACOM #

DEX #

TTY #

GES ELEVEN

RELEASER

MASD

1982 JUN 21 082121Z JUN 82

3971

FROM/LOCATION/

1. RADM POINDEXTER, THE WHITE HOUSE

TO/LOCATION/TIME OF RECEIPT

1. CHARLES TYSON FOR JUDGE CLARK WINDSOR CASTLE

TOT: 082206Z JUN 82

INFORMATION ADDRESSEES/LOCATION/TIME OF RECEIPT

1. _____

2. _____

SPECIAL INSTRUCTIONS/REMARKS:

PLEASE MAKE EVERY ATTEMPT TO DELIVER TONIGHT..

ATTACHED, PRESUS TALKING POINTS, RE: JOHN BROWN LTD.

By CLS

28 JUN 1982
10/6/82

~~SECRET~~

CLASSIFICATION

82 JUN 8 10 10
SI

229

National Security Council
The White House

Package # _____

cc: [unclear] 8 P12: 18

	SEQUENCE TO	HAS SEEN	ACTION
John Poindexter	<u>1</u>	<u>✓</u>	<u>_____</u>
Bud McFarlane	<u>2</u>	<u>in</u>	<u>I</u>
Jacque Hill	<u>_____</u>	<u>_____</u>	<u>_____</u>
Judge Clark	<u>_____</u>	<u>✓</u>	<u>_____</u>
John Poindexter	<u>3</u>	<u>✓</u>	<u>_____</u>
Staff Secretary	<u>4</u>	<u>DISPATCHED</u>	<u>_____</u>
Sit Room	<u>_____</u>	<u>_____</u>	<u>_____</u>
<u>Robinson</u>	<u>5</u>	<u>_____</u>	<u>_____</u>

I-Information A-Action R-Retain D-Dispatch

DISTRIBUTION

cc: VP Meese Baker Deaver

Other _____

COMMENTS

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THIS FORM MARKS THE FILE LOCATION OF ITEM NUMBER 9 LISTED ON THE
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Failure at Versailles

The Reagan team was quick to proclaim success for its labors at the Versailles summit, apparently because it managed after months of discussion to extract some exceedingly vague promises from our allies about limiting credit subsidies to the Eastern bloc and the Soviets.

To us, however, it looks as though Mr. Reagan, following the blueprint laid out for him by the State Department, gave more than he got. And beyond the nitty-gritty of the negotiations, we think the Versailles summit once again points up the flaw in the approach favored by Secretary of State Haig and others in the administration for dealing with our European friends.

At Versailles the U.S. agreed to soften its opposition to intervention in foreign exchange markets, to formation of a new IMF committee to promote "convergence" of economic policies and to a broader role for the UN in the so-called North-South dialogue. Now we don't think the world will come to an end because of any of this. The administration and the Fed understand that intervention in foreign exchange markets could as easily become an engine for renewed inflation as for monetary stability. And not even France's Socialists, for all their talk about solidarity with the world's poor, have any real intention of turning over Western treasures to the mercies of the UN. It's even possible, we suppose, that the IMF would promote "convergence" of economic policies in the right direction, though probably only over the dead bodies of a lot of internationalist bureaucrats who like to solve all economic woes by raising taxes.

But at best this was a mess of pot-lage, in return for which we received precious little. The communique suggested the Reagan team would be for Mr. Reagan and other travelers to ponder their failure to get anything meaningful on Soviet bloc credits. For then they might start to sense that the policy of the lowest common denominator is bound to fail, and that the way to lead an alliance is to lead.

The best thing that could come of Versailles would be for Mr. Reagan and other travelers to ponder their failure to get anything meaningful on Soviet bloc credits. For then they might start to sense that the policy of the lowest common denominator is bound to fail, and that the way to lead an alliance is to lead.

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It may even prove to have been irrelevant. The implicit premise of the Haig approach is that the Reagan administration is politically out of synch with its allies. But before the ink was even dry on the Versailles documents, Germany's conservatives were delivering another electoral blow to Helmut Schmidt's ruling Social Democrats, this time in Hamburg's elections. Some observers wonder if Mr. Schmidt can last out the summer. Conservatives have also scored heavily in recent elections in France and England. The reasons for this trend are arguable, but at least it suggests that the European electorate is not an unalterable constant impervious to persuasion.

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Less Than Meets the Eye

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their economic relations with the Soviet Union. And they will "work for an early agreement" on limiting credit subsidies to Moscow.

Does this mean Versailles was a failure? Yes, by comparison with the Bonn summit talks of 1978, where Chancellor Schmidt of West Germany agreed to coordinate monetary and fiscal policies with his expansion-minded allies. Yes, by comparison with the Tokyo conference of 1979, where President Carter agreed to fixed limits on American oil imports. But such comparisons aren't necessarily fair.

At Bonn and Tokyo, leaders were conceding what they wanted to concede. Pressure from other countries was used as a buffer against domestic opposition. At Versailles, President Reagan wasn't looking for an excuse; he doesn't want to change his fiscal and monetary stance. This time the other leaders were on the same side as his domestic opposition. Similarly, Europe has no intention of reducing Soviet trade as long as unemployment remains high.

The best one can say for certain is that the eighth economic summit meeting did no lasting damage to an occasionally useful diplomatic institution. Perhaps Versailles even did some good, demonstrating that even in hard times the Western powers retain a common interest in looking united, even if they are not always disposed to act that way.

Dissareagan

By William Safire

VERSAILLES, France, June 6 — At one of the first economic summits, a British Prime Minister was photographed frolicking in the surf when his constituents back home in London were freezing. Reminded of this predecessor's gaffe last week by *Newsday* reporter Pat Sloyan, Prime Minister Thatcher mock-seriously proposed a maxim for summiteers: "Never disrobe at a summit."

Unfortunately, this year it is the American President who seems to be standing around without his clothes.

Mr. Reagan was stripped of his dignity first when American officials eager to get right with Latin America let it be known he would tell Mrs. Thatcher (on the anniversary of D-Day, no less) not to win decisively in the Falklands. Before he could open his mouth, that redoubtable lady told him she could not believe such reports were true. So he shut up; aides then-pretended Mr. Reagan never intended to make any suggestion.

Eager to show off his foreign-affairs mastery, he was then denuded by a Secretary of State more eager to prove his own. Without informing the President, Secretary Haig decided to take a step away from the British in the U.N.; because he is evidently not on telephone speaking terms with our U.N. Ambassador — whom he considers a mere "company commander" unworthy of communication with Supreme Headquarters — he then botched his change of order by passing it through labyrinthine channels. That left the President nearly naked, the next morning, to charges that he was not master in his own house, much less in the Atlantic alliance.

The final G-string was flicked away when his summit partners treated with cool contempt his call for significant credit restraints to the Soviet bloc. The American sherpas, who had conceded so much on currency intervention and acceptance of the gas pipeline, got next to nothing for all their concessions: a limit without limits on subsidies and loans, a paean to "commercial prudence" instead of any meaningful pressure on the oppressors of Poland.

What can President Reagan do now to recoup? In addition to keeping his cool on the Israeli rollback of the P.L.O., he is likely to take these steps:

At Westminster on Tuesday, he intends to run as Reagan. In response to the defeatism and timidity exhibited at Versailles, he plans to address the economic vulnerability of the Soviet Union, where the rate of growth of G.N.P. is less than half of what it was in the 1950's. This shrinkage of

growth, combined with the expansion of military production, puts a terrible strain on the Soviet people. A country that employs one out of five citizens in agriculture is unable to feed itself; the resulting revolutionary crisis is subject to influence from the outside.

In the draft by writers Anthony Dolan and Mark Palmer, chosen over a less hawkish outside draft, Mr. Reagan also takes aim at the weakest element in Soviet arms-control: resistance to on-site inspection. He may introduce an "open land" policy to complete the tacit "open skies" policy made possible by satellite photography. Such on-site inspection would permit thorough verification and could lead to the end of chemical weaponry.

In London, he will invoke Gladstone's optimism and Churchill on the prevention of war and the kind of people the British are (a peroration from William Faulkner may neither prevail nor even endure in the final draft). In the Bundestag in Bonn, he plans to follow a reference to Heinrich Heine "(Heine rish High nuh)" with a NATO proposal to reduce, in verifiable stages, the ground forces of each of the opposing alliances to 700,000 men, and combined ground and air force personnel to 900,000 men.

Finally, present plans call for "a new Berlin initiative" — a series of "challenges for peace" — calling on the men in the Kremlin to accept our intermediate-range missile proposal, live up to the Helsinki Final Document, and grab the mutual and balanced force reduction just proffered. He may decide to dangle a dangerous but dramatic offer to the Soviets if they accept his series of challenges: their long-sought Conference on Disarmament in Europe.

Mr. Reagan evidently thinks he can practice propaganda jujitsu on the no-nuke peace offensive; that may be a mistake. Many of our summit partners are susceptible to Soviet propaganda. Pierre Trudeau led the Versailles charge against credit restrictions, and Helmut Schmidt has been derogating pro-Reagan rallies staged by Christian Democrats. To too many Europeans, disarmament means "trust the Russians."

Mr. Reagan can redress himself after the embarrassment of Versailles by asserting personal control over what he says and the proposals made in his name. Pandering to European fears and caving in to commercial greed may go under the grandiose name of "consultation," but if Mr. Reagan wants to earn the respect of the free world he should stop following his allies and start leading them

37

THE SECRETARY OF STATE
WASHINGTON

June 8, 1982

Mr. President:

Mrs. Thatcher raised with you at Versailles the question of British turbines for the East-West gas pipeline and the impact of our sanctions on John Brown, Ltd. She insisted that John Brown would go bankrupt with some 400 employees being released as a result. While there are some differences of opinion on this, Mrs. Thatcher clearly views this issue seriously and hoped that you would announce a decision to release the turbines during your visit to the UK. Clearly the language we received on East-West credits at Versailles -- while going far beyond anything previously achieved -- does not justify such a decision at this time. Since the issue may come up again at a NATO Summit, I suggest that you tell Mrs. Thatcher that the Versailles language on credits is ambiguous and weak and that you will need to consider this issue after your return to Washington.



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NLS 598-002 #397
BY LOJ NARA, DATE 6/12/02

206

National Security Council
The White House

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Package # 3937

99 JUN 4 A 9:36

	SEQUENCE TO	HAS SEEN	ACTION
John Poindexter	<u>1</u>	<u>[Signature]</u>	<u>I</u>
Bud McFarlane	<u>3</u>	<u>[Signature]</u>	
Jacque Hill			
Judge Clark			
John Poindexter			
Staff Secretary			
Sit Room	<u>2</u>	<u>[Signature]</u>	<u>FROM TO TYSON FOR JUDGE</u>

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cc: VP Meese Baker Deaver

Other _____

COMMENTS

MEMORANDUM

3937

NATIONAL SECURITY COUNCIL

June 3, 1982

CONFIDENTIAL

INFORMATION

WPC HAS SEEN

MEMORANDUM FOR WILLIAM P. CLARK

THROUGH: NORMAN A. BAILEY *NB*
FROM: ROGER W. ROBINSON *RWR*

SUBJECT: Prime Minister Thatcher's Request to the President to Lift the December 30 Sanctions, Citing the Difficult Financial Position of a Major UK Firm, John Brown Engineering

We anticipate that the President will be directly approached by Mrs. Thatcher with a follow-up request to lift sanctions on an existing U.S. oil and gas equipment contract. She will cite the precarious financial position of the UK turbine manufacturer John Brown as the reason for the release of G.E. rotors. It has also consistently been the position of the UK delegation concerned with the Buckley mission that any movement on the credit issue should be accompanied by our release of the G.E. rotors. The attached cable (Tab I) clearly outlines this argument. We wish to offer the following talking points:

(1) It is our understanding that John Brown Engineering is in solid financial condition as one of its subsidiaries has been actually turning away orders for Frame V turbines and other business.

(2) Should the Alsthom-Atlantique rotors prove too costly to make John Brown's turbine supply contract with the Soviets profitable, the company reportedly has sufficient orders in its backlog to largely offset this lost business.

(3) It is possible that Prime Minister Thatcher has not been given an accurate or up-to-date report on John Brown. We recently experienced this kind of "miscommunication" between SODECO and GOJ.

Attachment
Tab I London 2090

CS *598-002 #398*
DATE 7/21/00

CONFIDENTIAL

~~CONFIDENTIAL~~

Review June 3, 1988
Classified by Norman Bailey

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RECEIVED 03 JUN 82 19

TO CLARK

FROM ROBINSON

DOCDATE 03 JUN 82

BAILEY

03 JUN 82

CXS

128 1997
10/8/98

KEYWORDS: GREAT BRITAIN

SANCTIONS

THATCHER, MARGARET

SUBJECT: LIFTING OF SANCTIONS ON JOHN BROWN ENGINEERING COMPANY

ACTION: FOR INFORMATION

DUE:

STATUS IX FILES

FOR ACTION

FOR CONCURRENCE

FOR INFO

CLARK

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RWR	S 6/14	Reopened/Recd Haij note	6/15	NB
	6/15	Action already taken - see log # 3971 - copy enclosed		

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GDS 10/8/98

THE SECRETARY OF STATE
WASHINGTON

May 21, 1982
02 MAY 21 PII 41

MEMORANDUM FOR: THE PRESIDENT
From: Alexander M. Haig, Jr. (A)
Subject: British Landing on Falklands May 21

SIT

Nicho Henderson has just given me a readout on the results of the operation today in the Falkland Islands.

As of 7:30 p.m. this evening, Henderson reports the following Argentine losses: Nine Mirages, Seven A-4s; two Pucara close ground support aircraft and two helicopters. British losses from a substantial Argentine air effort were: One Harrier, two Gazelle helicopters and five vessels damaged, including two frigates which were hit seriously but are now under tow.

The British, according to Henderson, are optimistic. They consider their losses as minimal given the high risks they ran with this operation. A beach-head, with a large force, has been established on East Falkland Island at San Carlos Cove where they now plan to operate their Harriers. (San Carlos is on a sheltered bay and has a 600-meter grass airstrip.)

Heavy Argentine air attacks are expected tomorrow on the British Task Force.

~~CONFIDENTIAL~~
GDS 5/21/88

3701

~~SECRET~~
NATIONAL SECURITY COUNCIL

~~Admin~~ Secretarial
should retain this

RECEIVED 24 MAY 82 12

TO PRESIDENT FROM HAIG, A

DOCDATE 21 MAY 82

CS

10/6/94

KEYWORDS: GREAT BRITAIN ARGENTINA
FALKLAND ISLANDS

SUBJECT: BRITISH LANDING ON FALKLANDS MAY 21

ACTION: FOR RECORD PURPOSES DUE: STATUS C FILES PA

FOR ACTION

FOR CONCURRENCE

FOR INFO

RENTSCHLER ✓

FONTAINE ✓

COMMENTS

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MEMORANDUM

THE WHITE HOUSE
WASHINGTON

WPG HAS SEEN

SECRET/SENSITIVE

April 22, 1982

INFORMATION

MEMORANDUM FOR WILLIAM P. CLARK

FROM: JIM RENTISCHLER/ROGER FONTAINE

SUBJECT: Your Breakfast Meeting with British Foreign
Minister Pym (Friday, April 23 - 8:00 p.m.)

Per your guidance earlier this evening, we have put together the attached talking points which you may wish to discuss with Francis Pym during your breakfast meeting with him tomorrow morning. The main thrust of these points -- off-the record and exploratory -- is to get the Brits focussed on an alternative approach to the crisis as a way of overcoming the present impasse. If nothing else, it may have some positive shock value.

Attachment

SECRET/SENSITIVE

Review on April 22, 2012
Extended by William P. Clark
Reason: NSC 1.13(a)

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NLS 598-002 #400
BY C/S NARA DATE 7/21/00

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TO CLARK

FROM RENTSCHLER

DOCDATE 24 APR 82

FONTAINE

24 APR 82

White
By *CAS*

10/8/9V

KEYWORDS: GREAT BRITAIN

AC

PYM, FRANCIS

SUBJECT: TALKING POINTS FOR BREAKFAST MTG W/ FOMIN PYM

ACTION: FOR INFORMATION

DUE:

STATUS IX FILES

FOR ACTION

FOR CONCURRENCE

FOR INFO

CLARK

COMMENTS

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DEPARTMENT OF STATE

Washington, D.C. 20520

2733

April 21, 1982

~~SECRET~~

MEMORANDUM FOR MR. WILLIAM P. CLARK
THE WHITE HOUSE

Subject: Proposed Presidential Meeting with British
Foreign Secretary Pym

We recommend that the President receive British Foreign Secretary Pym on Friday morning, April 23, preferably at 11:00 A.M. Pym arrives in Washington late on the morning of April 22 and will be meeting with Secretary Haig on the Falkland situation beginning at 11:30 A.M. Pym remains in the U.S. until the evening of Friday, April 23. Recommended State Department participation in the President's meeting with Pym would include only Secretary Haig.

*Bud: Cool Bremer says:
① determination of opp.
will be early afternoon today
② meeting will
include either Clark
or yourself
vpc*

L. Paul Bremer, III
Executive Secretary

Attachment:

Proposed Schedule.

Department of State
By GS

1987
10/4/94

~~SECRET~~

PROPOSED SCHEDULE FOR FOREIGN SECRETARY PYM

Thursday, April 22

- 10:10 AM -- Arrival at Dulles airport. Acting Assistant Secretary Allen Holmes will welcome Pym.
- 11:30 AM -- Meeting with Secretary Haig
- 12:30 PM -- Working luncheon hosted by Secretary Haig
- 2:30 PM -- Working sessions in Secretary Haig's conference room (to continue as long as necessary).

Friday, April 23

- 9:30 AM -- Possible second session with Secretary
- 11:30 AM -- Proposed meeting with the President.
- 7:45 PM -- Departure to London

Additional working sessions Friday afternoon may be necessary.

~~SECRET~~

CS

July 21, 1997
10/x/19 V

National Security Council
The White House

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Package # 2733

APR 22 11:18

	SEQUENCE TO	HAS SEEN	ACTION
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Jacque Hill			
Judge Clark			
John Poindexter			
Staff Secretary			
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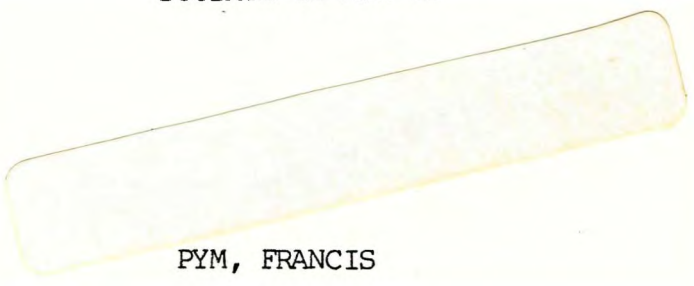
TO CLARK

FROM BREMER

DOCDATE 21 APR 82

CLS

10/8/98



KEYWORDS: GREAT BRITAIN

ARGENTINA

PYM, FRANCIS

AP

SUBJECT: REQUEST FOR APPT W/ PRES FOR BRITISH FORM SECRETARY 22 - 23 APR

ACTION: PREPARE MEMO FOR CLARK DUE: 22 APR 82 STATUS S FILES

FOR ACTION

FOR CONCURRENCE

FOR INFO

RENTSCHLER

FONTAINE

TYSON

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The White House

Package # 2647

10 15 3:2

	SEQUENCE TO	HAS SEEN	ACTION
John Poindexter	_____	_____	_____
Bud McFarlane	_____	_____	_____
Jacque Hill	_____	_____	_____
Judge Clark	_____		_____
John Poindexter	_____	_____	_____
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- 1) Clark approved
- 2) no folder

Leopoldo F.

MEMORANDUM

NATIONAL SECURITY COUNCIL

ACTION

April 15, 1982

MEMORANDUM FOR WILLIAM P. CLARK

FROM: DENNIS C. BLAIR

SUBJECT: Message to Mrs. Thatcher on Falkland Islands

In order to maintain our even-handed approach to the Falkland Islands crisis, after the President talks with General Galtieri this afternoon, he should communicate directly with Mrs. Thatcher. Because of the time difference, it makes the most sense for him to send a message to London on the Cabinet line. Mrs. Thatcher's staff will then decide whether to wake her up with it, or save it for her until the morning. In the message, the President will relay the essence of his conversation with Galtieri, and offer to talk with Mrs. Thatcher directly tomorrow morning if she thinks it necessary. (C)

In order to set this up, I should call the British Embassy this afternoon, tell them that the President will be talking with Galtieri, and that we will send a message to the Prime Minister after that conversation. (C)

I will prepare a draft of the message now which we can then alter as necessary after President and Galtieri speak. (C)

RECOMMENDATION

OK NO

That you authorize me to call the British Embassy to notify them of this plan.

*State Dept (Zagler) should
notify Brit. End of call
no full after Pres's
+ th w/ Bethune*

598-002 #402

BY: CTS SA, DATE 7/21/00

2561

RECEIVED 16 APR 82 10

TO CLARK

FROM BLAIR

DOCDATE 15 APR 82

DECLASSIFIED
BY CTS
598002 # 403
DATE 7/21/00

KEYWORDS: GREAT BRITAIN

ARGENTINA

GALTIERI, LEOPOLDO F

THATCHER, MARGARET

SUBJECT: RECOMMENDED PRES MSG TO PM THATCHER ON FALKLAND ISLANDS AFTER PRES
TALKS W/ GALTIERI

ACTION: CLARK APPROVED RECOM

DUE:

STATUS C

FILES PA

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BLAIR

RENTSCHLER

FONTAINE

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