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WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name EXECUTIVE SECRETARIAT, NSC: SUBJECT FILE

Withdrawer

RBW 8/16/2011

File Folder MEMORANDUMS OF CONVERSATION - PRESIDENT
REAGAN (11/15/1981-11/30/1981)

FOIA

M10-351/M10-371

Box Number 49

JAUVERT/BROWER

6

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
116624	MEMO	RICHARD ALLEN TO RR RE. TELEPHONE CONVERSATION WITH CHANCELLOR HELMUT SCHMIDT <i>R 6/22/2015 M371/</i>	1	11/23/1981	B1
116626	MEMCON	RE. RR AND SCHMIDT CONVERSATION <i>R 6/22/2015 M371/</i>	5	11/21/1981	B1
116631	LETTER	SCHMIDT TO RR <i>R 6/22/2015 M371/</i>	6	11/15/1981	B1
116632	MESSAGE	RR TO SCHMIDT [COPY OF DOC. 116640] <i>R 6/22/2015 M371/</i>	2	ND	B1
116633	MEMCON	RE. RR AND SCHMIDT CONVERSATION <i>R 6/22/2015 M371/</i>	3	11/21/1981	B1
116634	MESSAGE	RR TO SCHMIDT [SAME TEXT AS DOC. 116640] <i>R 6/22/2015 M371/</i>	2	ND	B1
116636	CABLE	212355Z NOV 81 [SAME TEXT AS DOC. 116640] <i>R 6/22/2015 M371/</i>	2	11/21/1981	B1
116639	MEMO	ALLEN TO RR RE. MESSAGE TO SCHMIDT <i>R 6/22/2015 M371/</i>	1	11/21/1981	B1

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

B-1 National security classified information [(b)(1) of the FOIA]

B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]

B-3 Release would violate a Federal statute [(b)(3) of the FOIA]

B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]

B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]

B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]

B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]

B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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

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ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
116640	MESSAGE	RR TO SCHMIDT <i>R</i> 6/22/2015 <i>M371/</i>	2	ND	B1
116641	LETTER	SCHMIDT TO RR [COPY OF DOC. 116631] <i>R</i> 6/22/2015 <i>M371/</i>	6	11/15/1981	B1
116642	DRAFT	LETTER FROM RR TO SCHMIDT [W/NOTATIONS] <i>R</i> 6/22/2015 <i>M371/</i>	2	ND	B1
116643	LETTER	SCHMIDT TO RR [COPY OF DOC. 116631] <i>R</i> 6/22/2015 <i>M371/</i>	6	11/15/1981	B1
116644	CABLE	RE. LETTER FROM RR TO CHANCELLOR <i>R</i> 6/22/2015 <i>M371/</i>	3	11/16/1981	B1
116645	MEMCON	RE. PRESIDENT'S MEETING WITH GREEK CYPRIOT PRESIDENT SPYROS KYPRIANOU <i>R</i> 6/22/2015 <i>M371/</i>	5	12/8/1981	B1

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NSC/S PROFILE

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OF CLASSIFIED ENCLOSURE(S)

ID 8106652

RECEIVED 16 NOV 81 12

TO PRES

FROM SCHMIDT, HELMUT

DOCDATE 15 NOV 81

KEYWORDS: GERMANY F R

NATO

USSR

ECONOMICS

CANCUN SUMMIT

URGENT

SUBJECT: LTR TO PRES FM SCHMIDT RE SEVERAL ISSUES

ACTION: RECM & DRAFT REPLY

DUE: 23 NOV 81 STATUS D FILES

FOR ACTION

FOR CONCURRENCE

FOR INFO

STATE

RENTSCHLER

STEARMAN

PIPES

SHOEMAKER

BAILEY

NAU

Cleveland

COMMENTS

REF#

LOG

NSCIFID

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ACTION OFFICER (S)	ASSIGNED	ACTION REQUIRED	DUE	COPIES TO
<i>LE</i>	<i>2 1/8</i>	<i>See d sts Draft</i>		
<i>autm</i>	<i>5 1/8</i>	<i>prepare memo for allen (game)</i>		
<i>Pres</i>	<i>11/19</i>	<i>for decision</i>		
<i>Pres</i>	<i>11/23</i>	<i>follow/memo for decision</i>		
	<i>12/2</i>	<i>return to NSC/S for record purposes</i>		

DISPATCH

HW 11/16

WATCH FILE

PA (C)
bb *Clm*

c 12/2 Noted by Pres

12/2

BACK FM
DARMAN

RECEIVED

6652

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81 DEC 1 P 2: 32

JANET COLSON _____

BUD NANCE _____

DICK ALLEN _____

IRENE DERUS _____

JANET COLSON _____

BUD NANCE _____

PETER _____

CY TO VP _____

CY TO MEESE _____

CY TO BAKER _____

CY TO DEAVER _____

CY TO BRADY _____

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Comments:

~~CONFIDENTIAL~~

116624

file
12/1/81

6652

6709

MEMORANDUM

THE WHITE HOUSE
WASHINGTON
November 23, 1981

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INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: RICHARD V. ALLEN *Allen*

SUBJECT: Memorandum of Your Telephone Conversation with German Chancellor Helmut Schmidt, November 21, 1981

Attached for your information is a summary of the telephone conversation between you and Chancellor Schmidt on the eve of the Brezhnev visit to Bonn.

The main points of the conversation were as follows:

- Schmidt told you he would be very tough on substance but soft in tone in his discussions with Brezhnev.
- You requested Schmidt to impress on Brezhnev the sincerity of your proposal on intermediate-range nuclear weapons.

At Tab B is Schmidt's letter to you (November 15, 1981). At Tab C is your outgoing message to Schmidt (November 21, 1981).

Attachment

- Tab A Memorandum of Telephone Conversation
- Tab B Schmidt ltr to Pres, Nov 15, 81
- Tab C Pres Msg to Schmidt, Nov 21, 81

cc: The Vice President
Ed Meese
Jim Baker
Mike Deaver

NOV 23 1981

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Review on November 22, 1987

~~CONFIDENTIAL~~

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NLRR M3711 #116624
BY: RW NARA DATE 6/22/15

~~CONFIDENTIAL~~

116626

THE WHITE HOUSE
WASHINGTON

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NLRR M3711 #116626

BY RW NARA DATE 6/22/15

MEMORANDUM OF TELEPHONE CONVERSATION

PARTICIPANTS: President Ronald Reagan
German Chancellor Helmut Schmidt
(calling from Hamburg)

DATE, TIME November 21, 1981
AND PLACE: 3:14-3:30 p.m.

Chancellor Schmidt: Hello, Mr. President.

The President: Well, hello there, how are you, Helmut?

Chancellor Schmidt: Well, thank you very much Ronald, I'm fine. I'm spending the weekend at Hellum in Hamburg and preparing for the visit which will start tomorrow night.

The President: I thought it had already started..tomorrow night.

Chancellor Schmidt: No, it will start tomorrow night and I'm calling for two reasons, sir.

The President: All right.

Chancellor Schmidt: For one, I would like to express my gratitude for the speech which you gave in the second half of this week in front of the National Press Club. It just came in time and I'm rather thankful and have said so publicly already.

The President: Well, I know and I appreciate very much your kind words about it. I appreciate that.

Chancellor Schmidt: However, in the meantime, Ronald, you have seen a letter which I wrote you a week ago and you will perhaps also have seen some explanation by your Ambassador Arthur Burns.

The President: Now wait a minute..maybe, six days ago?

Chancellor Schmidt: Yes.

The President: Oh let me..I don't think that's reached me yet.

Chancellor Schmidt: It must have been on Monday, It was a long letter and Arthur Burns strongly..just before I put my signature

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Review on November 22, 1987

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to it just in case that the White House had any questions, I tried to explain the substance and the motivations in that letter. Now the reason for my calling is that I wanted you to tell me whether you have any advice or any need for explanation or any comments as far as the letter sent out to you what I am going to tell Mr. Brezhnev when he comes tomorrow night.

The President: Well, I think that factory of mine down there is just running slow and that they haven't gotten it to me yet.

Chancellor Schmidt: Get them going, Ronald.

The President: I'll get on the horn and find out, but I could say that the only thing is that if they seem to be saying from the other side..you know, questioning my sincerity on this and thinking we've got some kind of tricks, anything you could do to reassure them that, no, I meant what I said.

Chancellor Schmidt: Oh, surely. I surely will.

The President: All right.

Chancellor Schmidt: I surely will and I will also tell them that my own country is committed to station the Pershing II and the GLCMs by the end of 1983 if not in the meantime they get to some agreement in the Geneva talks.

The President: Good.

Chancellor Schmidt: And that he must not believe..must not be misled by propaganda things and by some young people who demonstrate in London and Amsterdam and Bonn. I will tell him that this is just a mistake to read this for the general opinion of my country, or of my government or of any other government.

The President: That is great.

Chancellor Schmidt: Pardon.

The President: I say that is great.

Chancellor Schmidt: Yeah. I will be very clear. He will get a very clear message.

The President: Good, good.

Chancellor Schmidt: On the other hand, I will be soft speaking. I will be very clear in substance but my tone will be conventional like yours was in your speech.

The President: Yes. That was deliberate with me. I thought this was not a time for harsh words.

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Chancellor Schmidt: Yes, I think so. Especially the tone in your speech, as much as the substance, was very welcome, I felt.

The President: Well, I'm pleased about that.

Chancellor Schmidt: I beg your pardon, Ron.

The President: I say, I'm very pleased to hear that.

Chancellor Schmidt: I have a little question in mind. In your speech it seemed, or rather in the directives which you gave to your people who would start negotiations in Geneva Monday next week, as if there was much time. There isn't very much time. There is a little less than two years, and this I would like to put into your conscience..that we do not waste these two years, because we have now the end of '81 and until the end of '83 when we start deployment. It's just 24 months and we need to get an agreement a little earlier, otherwise we'll deploy and then all the things will become even more complicated and difficult.

The President: Yes, and I'm going to speak to our people. We don't want it lengthened. It was from the Soviet side that some spokesman for them said, "Well we'll spend the first year on definitions and things, and then the second year we'll get down to something else." My idea was, you sit down at that table and try to wind it up, get it through as quickly as possible.

Chancellor Schmidt: Right.

The President: And I would think, just between us, that he's got some problems on his side with the economy in his country and the hunger of his people, that he might be more amenable now to not spending so much on military.

Chancellor Schmidt: It's possible, although they can make their people acquiesce to the economic hardship. On the other side, your people and my people don't like unemployment and talk loudly about it.

The President: That's right.

Chancellor Schmidt: My letter consists of two parts. The first part deals with the economic situation in Europe, and I would rather like that they show it to you.

The President: Oh, I know that I will see it. It's just, I think they have been a little slow here. With this speech and setting up the world network and everything I think their minds maybe were on that. But no, I will speak and make very sure that I get as quickly as I can your letter.

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Chancellor Schmidt: I am quite sure that Brezhnev has great economic difficulties, especially as regards feeding his own people with grain and his cattle with grain and feeding the Poles and the Rumanians and all the rest. But we've got economic difficulties as well which are quite open for him to detect and to observe. So, I think he will for the first time in the oncoming years possibly even ask for Western credits. I would not be astonished if that would happen. I would not be astonished. Not officially, but, I mean, buy machinery on a credit basis, and pay a little later and so on. I would not be astonished. I have no notice so far but I understand that his balance of payments and his current account is getting into trouble as is the current account of almost any East European country, perhaps with the exception of Hungary. Hungary seems to be okay.

The President: Uh, huh. Well, all right, we'll keep that in mind too.

Chancellor Schmidt: When he leaves on Wednesday morning, I will immediately send State Secretary von Staden to Washington to inform the State Department about the talks.

The President: Good.

Chancellor Schmidt: So you will get a first-hand report by von Staden, who is the chief permanent official in our State Department, and if you like, I would also call you by telephone on Wednesday to tell you how the talks were going, if you are interested. I'm not going to spoil your time.

The President: No. Now we may have a little problem timewise.. (a discussion followed on the time difference between Germany and California).

Chancellor Schmidt: I will ask my chief advisor to get in touch with Mr. Meese and they might work it out whether it is advisable or not.

The President: Okay.

Chancellor Schmidt: Anyway I will send my chief diplomat to inform the State Department about the talks with Brezhnev and I'm very much looking forward to seeing you early in January when I will have my holidays in Florida and you were good enough to ask me to come by for a chat.

The President: Yes, I'm looking forward to it. All right. Then I shall look forward to seeing you and thank you very much for this call and for the letter and I'll get on them right away about that.

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Chancellor Schmidt: Well, thank you, Ronnie, and if anything is in the letter which you would like to correct, there is time enough between now and tomorrow night and somebody in the White House might tell me, because the talks with Brezhnev will only open up in 24 hours.

The President: Okay. All right. I shall.

(Goodbyes from both.)

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60 - 116631
P 9

THE AMBASSADOR
OF THE
FEDERAL REPUBLIC OF GERMANY
WASHINGTON, D.C.

Dear Mr. President;

I have the honor to transmit to you the following message from Federal Chancellor Helmut Schmidt;

"Federal Republic of Germany

The Federal Chancellor

Bonn, November 15, 1981

Mr. President,

Dear Ronald,

I had hoped to meet with you personally in Cancun to talk about this autumn's main international developments and meetings. Since I was unfortunately unable to do so, I should like to discuss with you in this way some issues which are on my mind at present. I also hope to be able to talk with you by telephone before the visit to Bonn of General Secretary Brezhnev.

I was most gratified at your message from Cancun. Herr Genscher informed me of his very useful talks with you and of the highly positive contribution which you and your Government rendered to the success of this important meeting. Cancun should be a sign of hope in this world of growing political and economic problems. To a large extent, such hope rests on the co-operation in a spirit of partnership and understanding among the countries of the free world and with the developing countries of Asia, Africa and Latin

The President

The White House

Washington, D.C.

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BY RW NARA DATE 6/22/15

12

Tab II

America. The economic situation of the free world is shaky at present and gloomy as regards 1982. Inflation and at the same time unemployment in all our economies will be higher than ever in the seventies and sixties. Thus, social and political unrest can become a strategic factor in the eighties - especially so because the Soviet and the East-European governments can easily acquiesce their peoples who will also suffer.

In this situation my Government has decided that the fight against inflation must not be left to the Central Bank alone because the present interest rates are preventing fixed capital investment and thereby employment. The state, in order to finance its budget deficit was too long willing to pay high interest rates which the entrepreneur in many cases is unable to shoulder. Therefore we are reducing our deficit for fiscal year 1982 (which in Bonn runs from 1/1/1982 through 12/31/1982) by more than a quarter compared with 1981. We are strictly limiting the growth rates of expenditure and net borrowing. In this way we hope to create the conditions for a reduction of interest rates and alleviate its burden on our economy and our labour market. We have taken these steps even though the stringent savings are meeting with strong political resistance by the sections of the population affected. But we realize that we cannot solve the world-wide economic problems on our own. For this close international collaboration and mutual understanding are necessary, as we agreed in Montebello. The economic decisions of the United States as a leading economy are of especial importance in this respect. The Cancun meeting of the political leaders

of 22 states is also important, in my view, in connection with our joint endeavours to help steer the world's crisis areas towards a reliable peace in conditions of security. We need the confidence of the nations of the Third World and their leaders so as to prevent the Soviet Union exploiting and exacerbating unresolved problems to its own advantage. Like you and your Government, I clearly see that, in essential areas of foreign and security policy, the Soviet leadership does not display a willingness for co-operation. We must, however, maintain a dialogue with it because absence of communication and mutual understanding would be an additional threat to the world.

It is only possible through talks and dialogue to make the West's concepts, demands and concerns fully clear to the Soviet leadership and thus, I hope, enlarge its understanding of the international situation and its awareness of the need to exercise restraint and responsibility in international affairs, as we said in Montebello.

This is, in my view, the real purpose of the forthcoming visit to Bonn by General Secretary Brezhnev, which Herr Genscher discussed with you in Cancun. I shall therefore set great store by having an extensive exchange of views on international issues with Mr. Brezhnev and his delegation. I shall not omit to state that the presence of Soviet troops in Afghanistan as well as the Soviet Union's self-imposed international isolation, as exemplified by its absence from Cancun, are creating distrust at a time when the world needs trust and co-operation.

I shall of course not leave any doubt as to where we Germans stand and make it clear that I am holding the talks as a member of the Western Alliance which is interpreting

common western concepts and positions. I shall warn Mr. Brezhnev against the temptation to mistake propaganda for political reality. I shall state that the impression that the Soviet Union is counting on the so-called peace movements and exploiting the understandable yearning for peace for its own political purposes will only serve to strengthen the German will for resistance and not contribute to detente and co-operation. The talks will no doubt focus on arms and security issues. As on previous occasions, I shall make it clear to Mr. Brezhnev that, with its medium-range arms build-up, the Soviet Union has created an unacceptable political and military threat to the entire Alliance and to us Germans in particular - a threat which cannot go unanswered by the Alliance. I shall again state that we abide by both parts of the NATO two-track decision. In other words, the Western Allies can review the extent of modernization only if this is justified by tangible and balanced results achieved through negotiation. The talks beginning in Geneva on 30 November are to serve the purpose of agreeing on equal ceilings at the lowest possible level for land-based medium-range missiles. I shall make it clear to him that he should use the time remaining until the summer of 1983 for reaching agreement on tangible reductions in medium-range weapons since the deployment of new US medium-range weapons in Europe will without any doubt be started at the end of 1983. The Soviet Union has, therefore, the opportunity of creating the conditions for a zero solution on the basis of reciprocity by completely eliminating its arms lead.

As in their public propaganda, the Soviets will probably attempt in the talks to call into question your Government's

B

will for negotiations and readiness for dialogue. I shall strongly reject such doubts both in the talks and publicly. I shall let Mr. Brezhnev know personally that I am sure of your serious will for negotiations and that I convinced myself of it once more in an exchange of views prior to his visit. Furthermore, unless you are opposed to this idea, I should like to convince Mr. Brezhnev of the value, in fact the need, for a personal meeting with you later on. I feel that we must not leave unexploited the opportunities afforded by a personal meeting of the responsible leaders concerned. The visit by Mr. Brezhnev can, I hope and believe, be useful for the West. This holds true even if the Soviets attach other political hopes to the meeting. I shall counter Soviet doubts about the West's willingness to negotiate and Soviet illusions that the so-called peace movement in Western Europe can be exploited in order to undermine the western resolve to modernize its weapons, if necessary.

Immediately after the visit I shall inform you of my personal impressions and of Mr. Brezhnev's views. I hope to phone you on 25 November. I have asked State Secretary von Staden to go to Washington immediately after the talks on my behalf to inform you and your administration quickly and comprehensively of all the talks conducted during Mr. Brezhnev's visit to Bonn.

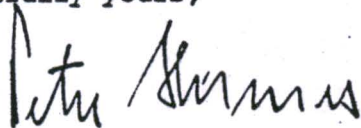
I also look forward to my working visit early in January. In this context let me assure you how much I value the continuous close personal contact with you on these important issues. In the meantime Arthur Burns, with whom I had a long conversation today will be able to give further explanations if needed as regards this letter. I myself shall

have an opportunity at the European Council in London
on 26 and 27 November to inform our partners in the
European Community.

Yours,

(sgd.) Helmut Schmidt"

Respectfully yours,



Washington, D.C., November 15, 1981

116632

C

MESSAGE TO CHANCELLOR SCHMIDT

15

Dear Helmut,

It was good to talk to you on the phone. I have now read your letter of November 15. It turned out the letter was in my "in" basket, and I had not had the opportunity to get to it before our telephone conversation.

I share the concern in your letter over the serious consequences of continued economic decline in the West; however I feel optimistic that our countries and friends will be able to reverse current trends and find the key to greater growth with lower inflation. I endorse your efforts to deal with your budget deficit, and I am committed to regaining control of my government's budget.

As I said on the telephone, you should leave no doubt in President Brezhnev's mind about the seriousness with which the United States approaches the negotiations which will begin on November 30. In view of the current Soviet propaganda offensive, we must emphasize both the seriousness of our offer, and our determination to continue with our modernization program if the Soviets do not show the corresponding commitment which is needed to reach an agreement. I endorse the manner in which you propose in your letter to address the other important issues with the Soviet side.

Your letter raised the possibility of a meeting between myself and President Brezhnev. As you know, from the beginning of my Administration we have pursued direct and frequent contacts

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BY RW NARA DATE 6/22/15

with the Soviet government with a view to making absolutely clear the choices confronting us. In addition to the numerous contacts in Washington and Moscow between us and Soviet officials, Secretary of State Haig and Foreign Minister Gromyko met for nine and one-half hours in New York in early September. These conversations will continue in January in Geneva. I have also written on several occasions to President Brezhnev in an effort to establish personal communication. When we are sure that there are reasonable prospects for a successful meeting between myself and President Brezhnev, I prefer and intend to broach the subject of such a meeting with him directly.

You sounded in the best of health and spirits on the phone, confirming reports of your rapid recovery. Your energy and wisdom are important to our common efforts. I hope that your Florida vacation will contribute even more to your full recovery, and I look forward to seeing you in Washington in January.

I know the next several days will be both interesting and challenging. As we agreed in our conversation, if you feel it is worthwhile, give me a call in California next Wednesday to inform me of the results of Brezhnev's visit.

Sincerely,

Ron

NATIONAL SECURITY COUNCIL

November 22, 1981

UNCLASSIFIED
~~CONFIDENTIAL~~ ATTACHMENT

ACTION

MEMORANDUM FOR RICHARD V. ALLEN

FROM: DENNIS BLAIR

SUBJECT: Memorandum of the President's Telephone Conversation with Chancellor Schmidt, November 21, 1981

Attached for your signature at Tab I is a memorandum to the President forwarding the summary of his telephone conversation with Chancellor Schmidt (Tab A).

I recommend also that we make a copy of the memorandum available to the State Department, along with a copy of the message the President sent to Schmidt after the conversation.

RECOMMENDATIONS

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

Approve Disapprove

That you approve sending to State a copy of the summary of the telephone conversation and of the President's message to Schmidt.

Approve Disapprove

Make it Secret

Attachments

- Tab I Memo for RVA signature to the President
- A Memorandum of Telephone Conversation
- B Schmidt ltr to Pres, Nov 15, 81
- C Pres Msg to Schmidt, Nov 21, 81

cc: W. Stearman
S. Kraemer

UNCLASSIFIED
~~CONFIDENTIAL~~ ATTACHMENT

RW 8/10/11

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

UNCLASSIFIED WITH
~~CONFIDENTIAL~~ ATTACHMENT


November 24, 1981

INFORMATION

MEMORANDUM FOR L. PAUL BREMER, III
Executive Secretary
Department of State

SUBJECT: Telephone Conversation Between the President
and Chancellor Schmidt on November 21, 1981

Attached is a summary of key points of the President's recent telephone conversation with Chancellor Schmidt. The summary should be made available only to those whose duties require their knowledge of it.


Allen J. Lenz
Staff Director

Attachment:

Summary of Telephone Conversation

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RW 8/10/11

~~CONFIDENTIAL~~

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

~~CONFIDENTIAL~~

KEY POINTS OF TELEPHONE CONVERSATION

PARTICIPANTS: President Ronald Reagan
German Chancellor Helmut Schmidt
(calling from Hamburg)

DATE, TIME November 21, 1981
AND PLACE: 3:14-3:30 p.m.

Chancellor Schmidt: For one, I would like to express my gratitude for the speech which you gave in the second half of this week in front of the National Press Club. It just came in time and I'm rather thankful and have said so publicly already.

The President: Well, I know and I appreciate very much your kind words about it. I appreciate that.

Chancellor Schmidt: Now the reason for my calling is that I wanted you to tell me whether you have any advice or any need for explanation or any comments as far as the letter sent out to you what I am going to tell Mr. Brezhnev when he comes tomorrow night.

The President: The only thing is that if they seem to be saying from the other side..you know, questioning my sincerity on this and thinking we've got some kind of tricks, anything you could do to reassure them that, no, I meant what I said.

Chancellor Schmidt: Oh, surely. I surely will.

The President: All right.

Chancellor Schmidt: I surely will and I will also tell them that my own country is committed to station the Pershing II and the GLCMs by the end of 1983 if not in the meantime they get to some agreement in the Geneva talks.

The President: Good.

Chancellor Schmidt: And that he must not believe..must not be misled by propaganda things and by some young people who demonstrate in London and Amsterdam and Bonn. I will tell him that this is just a mistake to read this for the general opinion of my country, or of my government or of any other government.

The President: That is great.

~~CONFIDENTIAL~~

Review on 11/22/87

~~CONFIDENTIAL~~

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BY RW NARA DATE 11/22/15

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Chancellor Schmidt: Yeah. I will be very clear. He will get a very clear message.

The President: Good, good.

Chancellor Schmidt: On the other hand, I will be soft speaking. I will be very clear in substance but my tone will be conventional like yours was in your speech.

The President: Yes. That was deliberate with me. I thought this was not a time for harsh words.

Chancellor Schmidt: Yes, I think so. Especially the tone in your speech, as much as the substance, was very welcome, I felt.

The President: Well, I'm pleased about that.

Chancellor Schmidt: I have a little question in mind. In your speech it seemed, or rather in the directives which you gave to your people who would start negotiations in Geneva Monday next week, as if there was much time. There isn't very much time. There is a little less than two years, and this I would like to put into your conscience..that we do not waste these two years, because we have now the end of '81 and until the end of '83 when we start deployment. It's just 24 months and we need to get an agreement a little earlier, otherwise we'll deploy and then all the things will become even more complicated and difficult.

The President: Yes, and I'm going to speak to our people. We don't want it lengthened. It was from the Soviet side that some spokesman for them said, "Well we'll spend the first year on definitions and things, and then the second year we'll get down to something else." My idea was, you sit down at that table and try to wind it up, get it through as quickly as possible.

Chancellor Schmidt: Right.

The President: And I would think, just between us, that he's got some problems on his side with the economy in his country and the hunger of his people, that he might be more amenable now to not spending so much on military.

Chancellor Schmidt: It's possible, although they can make their people acquiesce to the economic hardship. On the other side, your people and my people don't like unemployment and talk loudly about it.

The President: That's right.

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~~CONFIDENTIAL~~

Chancellor Schmidt: I am quite sure that Brezhnev has great economic difficulties, especially as regards feeding his own people with grain and his cattle with grain and feeding the Poles and the Rumanians and all the rest. But we've got economic difficulties as well which are quite open for him to detect and to observe. So, I think he will for the first time in the oncoming years possibly even ask for Western credits. I would not be astonished if that would happen. I would not be astonished. Not officially, but, I mean, buy machinery on a credit basis, and pay a little later and so on. I would not be astonished. I have no notice so far but I understand that his balance of payments and his current account is getting into trouble as is the current account of almost any East European country, perhaps with the exception of Hungary. Hungary seems to be okay.

The President: Uh, huh. Well, all right, we'll keep that in mind too.

Chancellor Schmidt: When he leaves on Wednesday morning, I will immediately send State Secretary von Staden to Washington to inform the State Department about the talks.

The President: Good.

Chancellor Schmidt: So you will get a first-hand report by von Staden, who is the chief permanent official in our State Department, and if you like, I would also call you by telephone on Wednesday to tell you how the talks were going, if you are interested. I'm not going to spoil your time.

The President: No. Now we may have a little problem timewise.. (a discussion followed on the time difference between Germany and California).

Chancellor Schmidt: I will ask my chief advisor to get in touch with Mr. Meese and they might work it out whether it is advisable or not.

The President: Okay.

MEMORANDUM

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NATIONAL SECURITY COUNCIL

~~CONFIDENTIAL~~ ATTACHMENT

ACTION

November 24, 1981

MEMORANDUM FOR ALLEN J. LENZ

FROM: DENNIS *DK* BREMER

SUBJECT: Telephone Conversation Between the President and Chancellor Schmidt on November 21, 1981

Janet Colson told me to prepare the attached edited version of the President's conversation with Schmidt for you to send to State. She said specifically that you can send it without further clearance from the front office.

RECOMMENDATION:

That you sign the memorandum at Tab I.

Approve _____ Disapprove _____

Tab I Memo to Bremer

~~CONFIDENTIAL~~ ATTACHMENT

RW 8/16/11

Time Stamp

WHSR
ROUTE SLIP

STAFF	C/O	
Allen		Sent to VP at Comp David - Jonest had a copy for Baker
Nance	✓	
Colson	✓	
Poindexter	✓	
DEGUS	✓	
		mess & David
		Sent copy Sunday
		Am.
NSC S/S		

C = Copy

O = Original

~~CONFIDENTIAL~~

24

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

~~CONFIDENTIAL~~

November 21, 1981

MEMORANDUM FOR THE VICE PRESIDENT
ED MEESE
JIM BAKER
MIKE DEEVER

FROM: DICK ALLEN

SUBJECT: Presidential Message To Chancellor Schmidt

Attached is a copy of the President's message that was sent to Chancellor Schmidt this evening as a follow-up to their telephone conversation this afternoon.

~~CONFIDENTIAL~~

DECLASSIFIED
Sec. 3.4(b), E.O. 12958, as amended
White House Guidelines, Sept. 11, 2006
BY NARA RW, DATE 8/16/11

~~CONFIDENTIAL~~

116634

MESSAGE TO CHANCELLOR SCHMIDT

25

Dear Helmut,

It was good to talk to you on the phone. I have now read your letter of November 15. It turned out the letter was in my "in" basket, and I had not had the opportunity to get to it before our telephone conversation.

I share the concern in your letter over the serious consequences of continued economic decline in the West; however I feel optimistic that our countries and friends will be able to reverse current trends and find the key to greater growth with lower inflation. I endorse your efforts to deal with your budget deficit, and I am committed to regaining control of my government's budget.

As I said on the telephone, you should leave no doubt in President Brezhnev's mind about the seriousness with which the United States approaches the negotiations which will begin on November 30. In view of the current Soviet propaganda offensive, we must emphasize both the seriousness of our offer, and our determination to continue with our modernization program if the Soviets do not show the corresponding commitment which is needed to reach an agreement. I endorse the manner in which you propose in your letter to address the other important issues with the Soviet side.

Your letter raised the possibility of a meeting between myself and President Brezhnev. As you know, from the beginning of my Administration we have pursued direct and frequent contacts

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BY RW NARA DATE 6/22/15

with the Soviet government with a view to making absolutely clear the choices confronting us. In addition to the numerous contacts in Washington and Moscow between us and Soviet officials, Secretary of State Haig and Foreign Minister Gromyko met for nine and one-half hours in New York in early September. These conversations will continue in January in Geneva. I have also written on several occasions to President Brezhnev in an effort to establish personal communication. When we are sure that there are reasonable prospects for a successful meeting between myself and President Brezhnev, I prefer and intend to broach the subject of such a meeting with him directly.

You sounded in the best of health and spirits on the phone, confirming reports of your rapid recovery. Your energy and wisdom are important to our common efforts. I hope that your Florida vacation will contribute even more to your full recovery, and I look forward to seeing you in Washington in January.

I know the next several days will be both interesting and challenging. As we agreed in our conversation, if you feel it is worthwhile, give me a call in California next Wednesday to inform me of the results of Brezhnev's visit.

Sincerely,

Ron

~~CONFIDENTIAL~~
WHITE HOUSE SITUATION ROOM

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OUTGOING

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PAGE 01 OF 02 THE WHITE HOUSE 6761
SIT641

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TOR: 325/2245Z

DISTRIBUTION: NONE /001

OP IMMED
DE WTE #6761 3252245
O 212355Z NOV 81
FM THE WHITE HOUSE

TO THE CHANCELLERY, BONN

~~CONFIDENTIAL~~ VIA ANNEX CHARLIE CHANNELS WH06761

TO: CHANCELLOR SCHMIDT
FROM: PRESIDENT REAGAN

NOVEMBER 21, 1981

DEAR HELMUT,

IT WAS GOOD TO TALK TO YOU ON THE PHONE. I HAVE NOW READ YOUR LETTER OF NOVEMBER 15. IT TURNED OUT THE LETTER WAS IN MY "IN" BASKET, AND I HAD NOT HAD THE OPPORTUNITY TO GET TO IT BEFORE OUR TELEPHONE CONVERSATION.

I SHARE THE CONCERN IN YOUR LETTER OVER THE SERIOUS CONSEQUENCES OF CONTINUED ECONOMIC DECLINE IN THE WEST; HOWEVER I FEEL OPTIMISTIC THAT OUR COUNTRIES AND FRIENDS WILL BE ABLE TO REVERSE CURRENT TRENDS AND FIND THE KEY TO GREATER GROWTH WITH LOWER INFLATION. I ENDORSE YOUR EFFORTS TO DEAL WITH YOUR BUDGET DEFICIT, AND I AM COMMITTED TO REGAINING CONTROL OF MY GOVERNMENT'S BUDGET.

AS I SAID ON THE TELEPHONE, YOU SHOULD LEAVE NO DOUBT IN PRESIDENT BREZHNEV'S MIND ABOUT THE SERIOUSNESS WITH WHICH THE UNITED STATES APPROACHES THE NEGOTIATIONS WHICH WILL BEGIN ON NOVEMBER 30. IN VIEW OF THE CURRENT SOVIET PROPAGANDA OFFENSIVE, WE MUST EMPHASIZE BOTH THE SERIOUSNESS OF OUR OFFER, AND OUR DETERMINATION TO CONTINUE WITH OUR MODERNIZATION PROGRAM IF THE SOVIETS DO NOT SHOW THE CORRESPONDING COMMITMENT WHICH IS NEEDED TO REACH AN AGREEMENT. I ENDORSE THE MANNER IN WHICH YOU PROPOSE IN YOUR LETTER TO ADDRESS THE OTHER IMPORTANT ISSUES WITH THE SOVIET SIDE.

YOUR LETTER RAISED THE POSSIBILITY OF A MEETING BETWEEN MYSELF AND PRESIDENT BREZHNEV. AS YOU KNOW, FROM THE BEGINNING OF MY ADMINISTRATION WE HAVE PURSUED DIRECT AND FREQUENT CONTACTS WITH THE SOVIET GOVERNMENT WITH A VIEW TO MAKING ABSOLUTELY CLEAR THE CHOICES CONFRONTING US. IN ADDITION TO THE NUMEROUS CONTACTS IN WASHINGTON AND MOSCOW BETWEEN US AND SOVIET OFFICIALS, SECRETARY OF STATE HAIG AND FOREIGN MINISTER GROMYKO MET FOR NINE AND ONE-HALF HOURS IN NEW YORK IN EARLY SEPTEMBER. THESE CONVERSATIONS WILL CONTINUE IN JANUARY IN GENEVA. I HAVE ALSO WRITTEN ON SEVERAL OCCASIONS TO PRESIDENT BREZHNEV IN AN EFFORT TO ESTABLISH PERSONAL COMMUNICATION. WHEN WE ARE SURE THAT THERE ARE REASONABLE PROSPECTS FOR A SUCCESSFUL MEETING BETWEEN MYSELF AND PRESIDENT BREZHNEV, I PREFER AND INTEND TO BROACH THE SUBJECT OF SUCH A MEETING WITH HIM DIRECTLY

YOU SOUNDED IN THE BEST OF HEALTH AND SPIRITS ON THE PHONE, CONFIRMING REPORTS OF YOUR RAPID RECOVERY. YOUR ENERGY AND WISDOM ARE IMPORTANT TO OUR COMMON EFFORTS. I HOPE THAT YOUR FLORIDA VACATION WILL CONTRIBUTE EVEN MORE TO YOUR FULL RECOVERY, AND I LOOK FORWARD TO SEEING YOU IN WASHINGTON IN JANUARY.

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BY RW NARA DATE 6/22/15

~~CONFIDENTIAL~~
WHITE HOUSE SITUATION ROOM

OUTGOING

28

PAGE 02 OF 02 THE WHITE HOUSE 6761 DTG: 212355Z NOV 81 PSN: 020804

I KNOW THE NEXT SEVERAL DAYS WILL BE BOTH INTERESTING AND CHALLENGING. AS WE AGREED IN OUR CONVERSATION, IF YOU FEEL IT IS WORTHWHILE, GIVE ME A CALL IN CALIFORNIA NEXT WEDNESDAY TO INFORM ME OF THE RESULTS OF BREZHNEV'S VISIT.

SINCERELY,

RON

0532

~~CONFIDENTIAL~~

THE WHITE HOUSE
WASHINGTON

Mr. Allen

The attached package
contains the message that
Dennis Blair prepared this
afternoon.

Dan

THE WHITE HOUSE
WASHINGTON

November 21, 1981

MR. PRESIDENT:

Dick Allen believes that the attached message to Schmidt should go instead of the one you worked on -- and in light of the telephone conversation.

Would you please edit/approve this draft as you see fit -- and return it in the enclosed envelope for electronic transmittal by NSC.

NSC would like this as soon as possible/convenient.

Thank you.

Dick

Richard G. Darman

OK

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

~~CONFIDENTIAL~~

November 21, 1981

MEMORANDUM FOR THE PRESIDENT

FROM: RICHARD V. ALLEN *Dir*

SUBJECT: Message to Chancellor Schmidt Following
Your Phone Conversation

I understand that when you talked with Chancellor Schmidt you had not received the package I sent you on Thursday containing Chancellor Schmidt's letter of last Monday and a proposed reply. (C)

There is only one important point from Chancellor Schmidt's letter that did not come up in your telephone conversation. In the letter he offered to broach the subject of a summit meeting with Brezhnev. We want to tell him tactfully before Brezhnev arrives tomorrow that we will handle the arrangements ourselves when the time comes. (C)

Attached for your approval is a message which we will send directly to Schmidt commenting on the phone call and requesting that he not discuss the idea of a U.S.-U.S.S.R. summit meeting with President Brezhnev. (C)

RECOMMENDATION:

That you approve the message at Tab I to be sent to Chancellor Schmidt. (U)

Approve *RR*

Disapprove

Attachments

- I Proposed Message to Chancellor Schmidt
- II Chancellor Schmidt's Incoming Letter

CC: The Vice President
Ed Meese
Jim Baker
Mike Deaver

DECLASSIFIED
NLRRM37111 #110639
BY *RW* NARA DATE *6/27/15*

MESSAGE TO CHANCELLOR SCHMIDT

Dear Helmut,

It was good to talk to you on the phone. I have now read your letter of November 15. It turned out the letter was in my "in" basket, and I had not had the opportunity to get to it before our telephone conversation.

I share the concern in your letter over the serious consequences of continued economic decline in the West; however I feel optimistic that our countries and friends will be able to reverse current trends and find the key to greater growth with lower inflation. I endorse your efforts to deal with your budget deficit, and I am committed to regaining control of my government's budget.

As I said on the telephone, you should leave no doubt in President Brezhnev's mind about the seriousness with which the United States approaches the negotiations which will begin on November 30. In view of the current Soviet propaganda offensive, we must emphasize both the seriousness of our offer, and our determination to continue with our modernization program if the Soviets do not show the corresponding commitment which is needed to reach an agreement. I endorse the manner in which you propose in your letter to address the other important issues with the Soviet side.

Your letter raised the possibility of a meeting between myself and President Brezhnev. As you know, from the beginning of my Administration we have pursued direct and frequent contacts

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BY RWS NARA DATE 6/22/15

- 2 -

with the Soviet government with a view to making absolutely clear the choices confronting us. In addition to the numerous contacts in Washington and Moscow between us and Soviet officials, Secretary of State Haig and Foreign Minister Gromyko met for nine and one-half hours in New York in early September. These conversations will continue in January in Geneva. I have also written on several occasions to President Brezhnev in an effort to establish personal communication. When we are sure that there are reasonable prospects for a successful meeting between myself and President Brezhnev, I prefer and intend to broach the subject of such a meeting with him directly.

You sounded in the best of health and spirits on the phone, confirming reports of your rapid recovery. Your energy and wisdom are important to our common efforts. I hope that your Florida vacation will contribute even more to your full recovery, and I look forward to seeing you in Washington in January.

I know the next several days will be both interesting and challenging. As we agreed in our conversation, if you feel it is worthwhile, give me a call in California next Wednesday to inform me of the results of Brezhnev's visit.

Sincerely,

Ron

6654 116641

34

THE AMBASSADOR
OF THE
FEDERAL REPUBLIC OF GERMANY
WASHINGTON, D.C.

Dear Mr. President;

I have the honor to transmit to you the
following message from Federal Chancellor Helmut Schmidt;

"Federal Republic of Germany

The Federal Chancellor

Bonn, November 15, 1981

Mr. President,

Dear Ronald,

I had hoped to meet with you personally in Cancun
to talk about this autumn's main international developments
and meetings. Since I was unfortunately unable to do so, I
should like to discuss with you in this way some issues
which are on my mind at present. I also hope to be able
to talk with you by telephone before the visit to Bonn of
General Secretary Brezhnev.

I was most gratified at your message from Cancun.
Herr Genscher informed me of his very useful talks with
you and of the highly positive contribution which you and
your Government rendered to the success of this important
meeting. Cancun should be a sign of hope in this world of
growing political and economic problems. To a large extent,
such hope rests on the co-operation in a spirit of partnership
and understanding among the countries of the free world
and with the developing countries of Asia, Africa and Latin

The President

The White House

Washington, D.C.

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BY RWS NARA DATE 6/22/15

1 2

Tab II

America. The economic situation of the free world is shaky at present and gloomy as regards 1982. Inflation and at the same time unemployment in all our economies will be higher than ever in the seventies and sixties. Thus, social and political unrest can become a strategic factor in the eighties - especially so because the Soviet and the East-European governments can easily acquiesce their peoples who will also suffer.

In this situation my Government has decided that the fight against inflation must not be left to the Central Bank alone because the present interest rates are preventing fixed capital investment and thereby employment. The state, in order to finance its budget deficit was too long willing to pay high interest rates which the entrepreneur in many cases is unable to shoulder. Therefore we are reducing our deficit for fiscal year 1982 (which in Bonn runs from 1/1/1982 through 12/31/1982) by more than a quarter compared with 1981. We are strictly limiting the growth rates of expenditure and net borrowing. In this way we hope to create the conditions for a reduction of interest rates and alleviate its burden on our economy and our labour market. We have taken these steps even though the stringent savings are meeting with strong political resistance by the sections of the population affected. But we realize that we cannot solve the world-wide economic problems on our own. For this close international collaboration and mutual understanding are necessary, as we agreed in Montebello. The economic decisions of the United States as a leading economy are of especial importance in this respect. The Cancun meeting of the political leaders

of 22 states is also important, in my view, in connection with our joint endeavours to help steer the world's crisis areas towards a reliable peace in conditions of security. We need the confidence of the nations of the Third World and their leaders so as to prevent the Soviet Union exploiting and exacerbating unresolved problems to its own advantage. Like you and your Government, I clearly see that, in essential areas of foreign and security policy, the Soviet leadership does not display a willingness for co-operation. We must, however, maintain a dialogue with it because absence of communication and mutual understanding would be an additional threat to the world.

It is only possible through talks and dialogue to make the West's concepts, demands and concerns fully clear to the Soviet leadership and thus, I hope, enlarge its understanding of the international situation and its awareness of the need to exercise restraint and responsibility in international affairs, as we said in Montebello.

This is, in my view, the real purpose of the forthcoming visit to Bonn by General Secretary Brezhnev, which Herr Genscher discussed with you in Cancun. I shall therefore set great store by having an extensive exchange of views on international issues with Mr. Brezhnev and his delegation. I shall not omit to state that the presence of Soviet troops in Afghanistan as well as the Soviet Union's self-imposed international isolation, as exemplified by its absence from Cancun, are creating distrust at a time when the world needs trust and co-operation.

I shall of course not leave any doubt as to where we Germans stand and make it clear that I am holding the talks as a member of the Western Alliance which is interpreting

common western concepts and positions. I shall warn Mr. Brezhnev against the temptation to mistake propaganda for political reality. I shall state that the impression that the Soviet Union is counting on the so-called peace movements and exploiting the understandable yearning for peace for its own political purposes will only serve to strengthen the German will for resistance and not contribute to detente and co-operation. The talks will no doubt focus on arms and security issues. As on previous occasions, I shall make it clear to Mr. Brezhnev that, with its medium-range arms build-up, the Soviet Union has created an unacceptable political and military threat to the entire Alliance and to us Germans in particular - a threat which cannot go unanswered by the Alliance. I shall again state that we abide by both parts of the NATO two-track decision. In other words, the Western Allies can review the extent of modernization only if this is justified by tangible and balanced results achieved through negotiation. The talks beginning in Geneva on 30 November are to serve the purpose of agreeing on equal ceilings at the lowest possible level for land-based medium-range missiles. I shall make it clear to him that he should use the time remaining until the summer of 1983 for reaching agreement on tangible reductions in medium-range weapons since the deployment of new US medium-range weapons in Europe will without any doubt be started at the end of 1983. The Soviet Union has, therefore, the opportunity of creating the conditions for a zero solution on the basis of reciprocity by completely eliminating its arms lead.

As in their public propaganda, the Soviets will probably attempt in the talks to call into question your Government's

will for negotiations and readiness for dialogue. I shall strongly reject such doubts both in the talks and publicly. I shall let Mr. Brezhnev know personally that I am sure of your serious will for negotiations and that I convinced myself of it once more in an exchange of views prior to his visit. Furthermore, unless you are opposed to this idea, I should like to convince Mr. Brezhnev of the value, in fact the need, for a personal meeting with you later on. I feel that we must not leave unexploited the opportunities afforded by a personal meeting of the responsible leaders concerned. The visit by Mr. Brezhnev can, I hope and believe, be useful for the West. This holds true even if the Soviets attach other political hopes to the meeting. I shall counter Soviet doubts about the West's willingness to negotiate and Soviet Illusions that the so-called peace movement in Western Europe can be exploited in order to undermine the western resolve to modernize its weapons, if necessary.

Immediately after the visit I shall inform you of my personal impressions and of Mr. Brezhnev's views. I hope to phone you on 25 November. I have asked State Secretary von Staden to go to Washington immediately after the talks on my behalf to inform you and your administration quickly and comprehensively of all the talks conducted during Mr. Brezhnev's visit to Bonn.

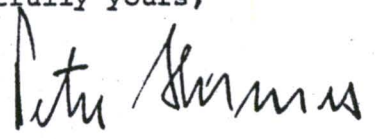
I also look forward to my working visit early in January. In this context let me assure you how much I value the continuous close personal contact with you on these important issues. In the meantime Arthur Burns, with whom I had a long conversation today will be able to give further explanations if needed as regards this letter. I myself shall

have an opportunity at the European Council in London
on 26 and 27 November to inform our partners in the
European Community.

Yours,

(sgd.) Helmut Schmidt"

Respectfully yours,



Washington, D.C., November 15, 1981

#6652

THE WHITE HOUSE
WASHINGTON

Mr. Allen

The attached package
is what Dick Darman did not
get to the President in time.

Dan

(11/23/61)

THE WHITE HOUSE
WASHINGTON

The President has seen

ACTION

November 19, 1981

MEMORANDUM FOR THE PRESIDENT

FROM: RICHARD V. ALLEN *Dik*
SUBJECT: Letter to Chancellor Schmidt

Chancellor Schmidt sent you a letter on November 15 (Tab B) making the following points:

- He is fighting high interest rates by reducing his budget deficit;
- He will stick faithfully to Alliance positions in his discussions with Brezhnev in Bonn next week;
- He would like to urge Brezhnev to have a summit meeting with you;
- He will personally call you both before and after the Brezhnev visit (November 22-25) to consult.

We have drafted a reply to Chancellor Schmidt encouraging all the points he makes except for the summit meeting with Brezhnev. We tell him we will handle the approaches to Brezhnev on this subject ourselves. (Tab A)

At Tab C are talking points for your use when Schmidt calls, probably this Saturday or Sunday, to talk about the upcoming Brezhnev visit.

RECOMMENDATION:

That you approve the reply to Chancellor Schmidt at Tab A.

Approve As Amended

as changed - *letter replaced by annex Charles*

- Tab A Reply to Chancellor Schmidt *Message*
- Tab B Letter from Chancellor Schmidt *Je*
- Tab C Talking Points for Schmidt Telephone Call, November 21-22

cc: The Vice President
Edwin Meese
James Baker
Michael Deaver

80 NOV 19 1981

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116642

BY RW NARA DATE 6/22/15

RESERVATION COPY

42

Dear Helmut: *your letter arrived on my desk*

I appreciate your letter of November 15 and your kind words about our activities at Cancun. I believe we must address these pressing international questions and intend to do so with realistic policies rather than rhetoric. Cancun offered an opportunity for us to make our views known in a direct way to the leaders of several key developing countries, and to hear their views.

As to our own domestic economies, there is no easy way to control the evils of inflation. We must all, as the leaders of the advanced economies, take strong and often painful measures if we are to achieve our objectives. I appreciate your government's efforts to reduce the deficit. I am committed to regaining control of this country's budget as well.

Ambassador Burns has relayed to me the conversation he had with you recently. I share your concern over the serious consequences of continued economic decline; however, I feel optimistic that our countries and those of our allies and friends will be able to reverse current trends and find the key to greater growth with lower inflation.

I have appreciated the close consultations between our two governments as you have prepared to receive President Brezhnev in Bonn. The manner in which you propose to address important issues with the Soviet side rests firmly on common alliance positions, and I am sure that you will not allow President Brezhnev to portray the results of your meetings in any other light. There should also be no doubt in President Brezhnev's mind about the seriousness with which the United States approaches the negotiations which will begin on November 30, and I would be pleased if you would convey to him one more time my personal commitment, which I publicly confirmed in my recent address to the National Press Club, to the success of these talks.

You raised the possibility of a meeting between myself and President Brezhnev. As you know, from the beginning of my Administration, we have pursued direct and frequent contacts with the Soviet government with a view to making absolutely clear the choices confronting us. In addition to the numerous contacts in Washington and Moscow between us and Soviet officials, Secretary of State Haig met for nine and one-half hours with Foreign Minister Gromyko in New York in early September, and we will commence formal negotiations on intermediate nuclear weapons on November 30. The conversations between the Secretary and Gromyko will continue on January 26 and 27 in Geneva. I have also written on several occasions to President Brezhnev in an effort to establish personal communication. ~~When we have established that there are reasonable prospects for a successful outcome to a meeting between myself and President Brezhnev, I prefer and intend to broach the subject of such a meeting with him directly.~~

With regard to a meeting with him I think we must first establish that there are reasonable prospects for a successful outcome.

- 2 -

I look forward to your call before President Brezhnev arrives in Bonn. We accept your offer to send State Secretary von Staden to Washington to brief us on the results of the visit. The Department of State will be in touch directly to arrange a mutually convenient time for his visit.

I have been especially comforted in recent weeks to hear of your rapid recovery and to note that you appear to be fully back in the saddle in Bonn. Your energy and wisdom are important to the entire Western world. I hope that your Florida vacation contributes even more to your full recovery and I look forward to seeing you in Washington in January.

Sincerely,

Ron

116643

6.52

44

THE AMBASSADOR
OF THE
FEDERAL REPUBLIC OF GERMANY
WASHINGTON, D.C.

Dear Mr. President;

I have the honor to transmit to you the following message from Federal Chancellor Helmut Schmidt:

"Federal Republic of Germany

The Federal Chancellor

Bonn, November 15, 1981

Mr. President,

Dear Ronald,

I had hoped to meet with you personally in Cancun to talk about this autumn's main international developments and meetings. Since I was unfortunately unable to do so, I should like to discuss with you in this way some issues which are on my mind at present. I also hope to be able to talk with you by telephone before the visit to Bonn of General Secretary Brezhnev.

I was most gratified at your message from Cancun. Herr Genscher informed me of his very useful talks with you and of the highly positive contribution which you and your Government rendered to the success of this important meeting. Cancun should be a sign of hope in this world of growing political and economic problems. To a large extent, such hope rests on the co-operation in a spirit of partnership and understanding among the countries of the free world and with the developing countries of Asia, Africa and Latin

The President
The White House
Washington, D.C.

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BY RW NARA DATE 6/22/15

America. The economic situation of the free world is shaky at present and gloomy as regards 1982. Inflation and at the same time unemployment in all our economies will be higher than ever in the seventies and sixties. Thus, social and political unrest can become a strategic factor in the eighties - especially so because the Soviet and the East-European governments can easily acquiesce their peoples who will also suffer.

In this situation my Government has decided that the fight against inflation must not be left to the Central Bank alone because the present interest rates are preventing fixed capital investment and thereby employment. The state, in order to finance its budget deficit was too long willing to pay high interest rates which the entrepreneur in many cases is unable to shoulder. Therefore we are reducing our deficit for fiscal year 1982 (which in Bonn runs from 1/1/1982 through 12/31/1982) by more than a quarter compared with 1981. We are strictly limiting the growth rates of expenditure and net borrowing. In this way we hope to create the conditions for a reduction of interest rates and alleviate its burden on our economy and our labour market. We have taken these steps even though the stringent savings are meeting with strong political resistance by the sections of the population affected. But we realize that we cannot solve the world-wide economic problems on our own. For this close international collaboration and mutual understanding are necessary, as we agreed in Montebello. The economic decisions of the United States as a leading economy are of especial importance in this respect. The Cancun meeting of the political leaders

of 22 states is also important, in my view, in connection with our joint endeavours to help steer the world's crisis areas towards a reliable peace in conditions of security. We need the confidence of the nations of the Third World and their leaders so as to prevent the Soviet Union exploiting and exacerbating unresolved problems to its own advantage. Like you and your Government, I clearly see that, in essential areas of foreign and security policy, the Soviet leadership does not display a willingness for co-operation. We must, however, maintain a dialogue with it because absence of communication and mutual understanding would be an additional threat to the world.

It is only possible through talks and dialogue to make the West's concepts, demands and concerns fully clear to the Soviet leadership and thus, I hope, enlarge its understanding of the international situation and its awareness of the need to exercise restraint and responsibility in international affairs, as we said in Montebello.

This is, in my view, the real purpose of the forthcoming visit to Bonn by General Secretary Brezhnev, which Herr Genscher discussed with you in Cancun. I shall therefore set great store by having an extensive exchange of views on international issues with Mr. Brezhnev and his delegation. I shall not omit to state that the presence of Soviet troops in Afghanistan as well as the Soviet Union's self-imposed international isolation, as exemplified by its absence from Cancun, are creating distrust at a time when the world needs trust and co-operation.

I shall of course not leave any doubt as to where we Germans stand and make it clear that I am holding the talks as a member of the Western Alliance which is interpreting

common western concepts and positions. I shall warn Mr. Brezhnev against the temptation to mistake propaganda for political reality. I shall state that the impression that the Soviet Union is counting on the so-called peace movements and exploiting the understandable yearning for peace for its own political purposes will only serve to strengthen the German will for resistance and not contribute to detente and co-operation. The talks will no doubt focus on arms and security issues. As on previous occasions, I shall make it clear to Mr. Brezhnev that, with its medium-range arms build-up, the Soviet Union has created an unacceptable political and military threat to the entire Alliance and to us Germans in particular - a threat which cannot go unanswered by the Alliance. I shall again state that we abide by both parts of the NATO two-track decision. In other words, the Western Allies can review the extent of modernization only if this is justified by tangible and balanced results achieved through negotiation. The talks beginning in Geneva on 30 November are to serve the purpose of agreeing on equal ceilings at the lowest possible level for land-based medium-range missiles. I shall make it clear to him that he should use the time remaining until the summer of 1983 for reaching agreement on tangible reductions in medium-range weapons since the deployment of new US medium-range weapons in Europe will without any doubt be started at the end of 1983. The Soviet Union has, therefore, the opportunity of creating the conditions for a zero solution on the basis of reciprocity by completely eliminating its arms lead.

As in their public propaganda, the Soviets will probably attempt in the talks to call into question your Government's

- 5 -

will for negotiations and readiness for dialogue. I shall strongly reject such doubts both in the talks and publicly. I shall let Mr. Brezhnev know personally that I am sure of your serious will for negotiations and that I convinced myself of it once more in an exchange of views prior to his visit. Furthermore, unless you are opposed to this idea, I should like to convince Mr. Brezhnev of the value, in fact the need, for a personal meeting with you later on. I feel that we must not leave unexploited the opportunities afforded by a personal meeting of the responsible leaders concerned. The visit by Mr. Brezhnev can, I hope and believe, be useful for the West. This holds true even if the Soviets attach other political hopes to the meeting. I shall counter Soviet doubts about the West's willingness to negotiate and Soviet illusions that the so-called peace movement in Western Europe can be exploited in order to undermine the western resolve to modernize its weapons, if necessary.

Immediately after the visit I shall inform you of my personal impressions and of Mr. Brezhnev's views. I hope to phone you on 25 November. I have asked State Secretary von Staden to go to Washington immediately after the talks on my behalf to inform you and your administration quickly and comprehensively of all the talks conducted during Mr. Brezhnev's visit to Bonn.

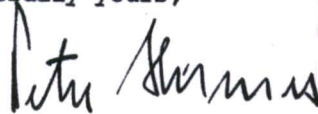
I also look forward to my working visit early in January. In this context let me assure you how much I value the continuous close personal contact with you on these important issues. In the meantime Arthur Burns, with whom I had a long conversation today will be able to give further explanations if needed as regards this letter. I myself shall

have an opportunity at the European Council in London on 26 and 27 November to inform our partners in the European Community.

Yours,

(sgd.) Helmut Schmidt"

Respectfully yours,

A handwritten signature in cursive script, appearing to read "Peter Schmitt".

Washington, D.C., November 15, 1981

TELEPHONE CALL FROM CHANCELLOR SCHMIDT

November 21 or 22, 1981

TALKING POINTS

- We missed you at Cancun, and look forward to seeing you in January during your visit.
- My speech to the National Press Club was directed as much to European audiences as to American ones. How was it received?
- We are serious about the Geneva negotiations. My speech was not propaganda, it was a serious offer.
- The approach to dealing with President Brezhnev which you outlined in your letter sounded just right.
- Brezhnev does not need any further encouragement to come to a summit with me. I will meet him when we have concrete business to do.
- I look forward to hearing from you after President Brezhnev's visit.

MEMORANDUM

NATIONAL SECURITY COUNCIL

November 18, 1981

ACTION

81 NOV 18 P 5: 10

MEMORANDUM FOR RICHARD V. ALLEN

WHITE HOUSE
SITUATION ROOM

FROM: DENNIS C. BLAIR

SUBJECT: President's Reply to Letter from Chancellor Schmidt

Schmidt's 15 November letter covered Cancun, domestic and international economic topics, the upcoming Brezhnev visit, and a Reagan-Brezhnev summit.

Attached for your signature is a memorandum to the President forwarding a reply. The reply responds positively to all Schmidt's points except the summit idea.

On the subject of the summit, State's draft included the following sentence which I deleted: "I regard all these efforts (Haig-Gromyko meeting, personal letters) as building blocks, ultimately to be capped with a direct meeting between myself and President Brezhnev, the timing of which will depend upon a number of factors, including the results of the January talks between Secretary Haig and Foreign Minister Gromyko." I did not want to give Haig the President's schedule.

Schmidt's letter said he would call both before and after the Brezhnev visit. Included in the package to the President are talking points for the first phone call.

Bill Stearman concurs.

RECOMMENDATION:

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

Approve _____ Disapprove _____

- Tab I Memo to the President
- A - Reply to Chancellor Schmidt
- B - Letter from Chancellor Schmidt
- C - Talking Points for Schmidt Telephone Call, November 21-22

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Time Stamp

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ROUTE SLIP 81 NOV 18 11:55

STAFF	C/O	WHITE HOUSE SITUATION ROOM
Allen		
Nance		
Colson		
Poindexter		
Stearman/ Rentschler	C	
NSC S/S	C	

C = Copy O = Original

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WASHFAX RECEIPT
DEPARTMENT OF STATE

RECEIVED

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S/S #

18 A11:38

URGENT

SITUATION ROOM

DECLASSIFIED

BY *RW* NARA, DATE *7/21/97*

MESSAGE NO. 001231 CLASSIFICATION ~~CONFIDENTIAL~~ No. Pages 3

FROM: CEMcManaway S/S 23126 7224
(Officer name) (Office symbol) (Extension) (Room number)

MESSAGE DESCRIPTION Letter from the President to the Chancellor
Schmidt

TO: (Agency)	DELIVER TO:	Extension	Room No.
NSC	Allen Lenz	395-3044	

FOR: CLEARANCE INFORMATION PER REQUEST COMMENT

REMARKS: URGENT CLEARANCE PLEASE

RECEIVED

81 OCT 18 A12:08

S/S Officer: *CEMcManaway*

crosshatch

RETURN TIME-STAMPED COVERSHEET TO S/S.

~~CONFIDENTIAL~~

EUR/CE:TGWESTON
11/16/81 EXT. 21126
S:

EUR:TMTNILES
EUR/CE:JCKORNBLUM
S/S: CEMCMANAWAY

EUR/SOV:GRUECKERT
NSC
S/S-0:RSTERN

IMMEDIATE BONN

IMMEDIATE MOSCOW

EXDIS

E.O. 12065: GDS 11/16/87 (NILES, THOMAS M.T.)

TAGS: PPDC PEPR GE UR

SUBJECT: LETTER FROM THE PRESIDENT TO THE CHANCELLOR

- 1. ENTIRE TEXT ~~CONFIDENTIAL~~.
- 2. EMBASSY SHOULD DELIVER THE FOLLOWING LETTER FROM THE PRESIDENT TO THE CHANCELLOR. THERE WILL BE NO REPEAT NO SIGNED ORIGINAL.

DEAR HELMUT:

I APPRECIATE YOUR LETTER OF NOVEMBER 15 AND YOUR KIND WORDS ABOUT OUR ACTIVITIES AT CANCUN. I BELIEVE WE MUST ADDRESS THESE PRESSING INTERNATIONAL QUESTIONS AND INTEND TO DO SO WITH REALISTIC POLICIES RATHER THAN RHETORIC. CANCUN OFFERED AN OPPORTUNITY FOR US TO MAKE OUR VIEWS KNOWN IN A DIRECT WAY TO THE LEADERS OF SEVERAL KEY DEVELOPING COUNTRIES.

ON OUR OWN DOMESTIC ECONOMIES, THERE IS NO EASY WAY TO CONTROL THE EVILS OF INFLATION. WE MUST ALL, AS THE

TGB
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JCK
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S/S

DECLASSIFIED

~~CONFIDENTIAL~~

NLRR M3711 # 116644
BY RW NARA DATE 6/22/15

~~CONFIDENTIAL~~

| 2

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LEADERS OF THE ADVANCED ECONOMIES, TAKE STRONG AND OFTEN PAINFUL MEASURES IF WE ARE TO ACHIEVE OUR OBJECTIVES. WE DO SO, HOWEVER, IN THE KNOWLEDGE THAT IF WE CONTINUE UNFLINCHINGLY TO PURSUE OUR GOALS, AS WE MUST, THE REWARDS OF ECONOMIC STABILITY WILL BE ACHIEVED.

I HAVE APPRECIATED THE CLOSE CONSULTATIONS BETWEEN OUR TWO GOVERNMENTS AS YOU HAVE PREPARED TO RECEIVE PRESIDENT BREZHNEV IN BONN. THE MANNER IN WHICH YOU PROPOSE TO ADDRESS IMPORTANT ISSUES WITH THE SOVIET SIDE RESTS FIRMLY ON COMMON ALLIANCE POSITIONS AND I AM SURE THAT YOU WILL NOT ALLOW PRESIDENT BREZHNEV TO PORTRAY THE RESULTS OF YOUR MEETINGS IN ANY OTHER LIGHT. THERE SHOULD ALSO BE NO DOUBT IN PRESIDENT BREZHNEV'S MIND ABOUT THE SERIOUSNESS WITH WHICH THE UNITED STATES APPROACHES THE NEGOTIATIONS WHICH WILL BEGIN ON NOVEMBER 30, AND I WOULD BE PLEASED IF YOU WOULD CONVEY TO HIM ONE MORE TIME MY PERSONAL COMMITMENT TO THE SUCCESS OF THESE TALKS.

YOU RAISED THE POSSIBILITY OF A MEETING BETWEEN MYSELF AND PRESIDENT BREZHNEV. AS YOU KNOW, FROM THE BEGINNING OF MY ADMINISTRATION, WE HAVE PURSUED DIRECT AND FREQUENT CONTACTS WITH THE SOVIET GOVERNMENT WITH A VIEW TO MAKING PERFECTLY CLEAR THE CHOICES CONFRONTING US. IN ADDITION TO THE NUMEROUS CONTACTS IN WASHINGTON AND MOSCOW BETWEEN US AND SOVIET OFFICIALS, SECRETARY OF STATE HAIG MET FOR NINE AND ONE-HALF HOURS WITH FOREIGN MINISTER GROMYKO IN NEW YORK IN EARLY SEPTEMBER AND WE WILL COMMENCE FORMAL NEGOTIATIONS ON INTERMEDIATE NUCLEAR WEAPONS ON NOVEMBER 30. THE CONVERSATIONS BETWEEN THE SECRETARY AND GROMYKO WILL CONTINUE ON JANUARY 26 AND 27 IN GENEVA. I HAVE ALSO WRITTEN PRESIDENT BREZHNEV TWICE IN AN EFFORT TO ESTABLISH PERSONAL COMMUNICATION. I REGARD ALL THESE EFFORTS AS BUILDING BLOCKS, ULTIMATELY TO BE CAPPED WITH A DIRECT MEETING BETWEEN MYSELF AND PRESIDENT BREZHNEV, THE TIMING OF WHICH WILL DEPEND UPON A NUMBER OF FACTORS, INCLUDING THE RESULTS OF THE JANUARY TALKS BETWEEN SECRETARY HAIG AND FOREIGN MINISTER GROMYKO. WHEN WE HAVE ESTABLISHED THAT THERE ARE REASONABLE PROSPECTS FOR A SUCCESSFUL OUTCOME TO A MEETING BETWEEN MYSELF AND PRESIDENT BREZHNEV, I PREFER AND INTEND TO BROACH THE SUBJECT OF SUCH A MEETING WITH HIM DIRECTLY.

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

| 3

I LOOK FORWARD TO YOUR CALL BEFORE PRESIDENT BREZHNEV ARRIVES IN BONN. WE ARE ALSO PARTICULARLY GRATEFUL FOR YOUR OFFER TO SEND STATE SECRETARY VON STADEN TO WASHINGTON TO BRIEF US ON THE RESULTS OF THE VISIT. THE DEPARTMENT OF STATE WILL BE IN TOUCH DIRECTLY TO ARRANGE A MUTUALLY CONVENIENT TIME FOR HIS VISIT.

I HAVE BEEN ESPECIALLY COMFORTED IN RECENT WEEKS TO HEAR OF YOUR RAPID RECOVERY AND TO NOTE THAT YOU APPEAR TO BE FULLY BACK IN THE SADDLE IN BONN. YOUR ENERGY AND WISDOM ARE IMPORTANT TO THE ENTIRE WESTERN WORLD. I HOPE THAT YOUR FLORIDA VACATION CONTRIBUTES EVEN MORE TO YOUR FULL RECOVERY AND LOOK FORWARD TO SEEING YOU IN WASHINGTON IN JANUARY.

SINCERELY,

/S/ RONALD REAGAN.

END TEXT

3. FOLLOWING FYI IS THE TEXT OF THE CHANCELLOR'S LETTER TO THE PRESIDENT OF NOVEMBER 15.

FEDERAL REPUBLIC OF GERMANY
THE FEDERAL CHANCELLOR

BONN, NOVEMBER 15, 1981

MR. PRESIDENT,

~~CONFIDENTIAL~~

WHSR
ROUTE SLIP

Time Stamp

81 NOV 15 P 7: 16

STAFF C/O

Allen

Nance

Colson

ok

Poindexter

WHITE HOUSE
SITUATION ROOM

To Staff
11/15/81

NSC S/S

C = Copy

O = Original

REFERRAL

DATE: 16 NOV 81

58

MEMORANDUM FOR: STATE SECRETARIAT

DEPARTMENT OF STATE

DOCUMENT DESCRIPTION:

TO: PRES

SOURCE: SCHMIDT, HELMUT

DATE: 15 NOV 81

KEYWORDS: GERMANY F R

NATO

USSR

ECONOMICS

SUBJ: LTR FM SCHMIDT TO PRES RE INTL DEVELOPMENTS

REQUIRED ACTION: RECOMMENDATIONS RE DRAFT REPLY

DUE DATE: 23 NOV 81

COMMENTS:

Harold West

FOR ALLEN J LENZ

STAFF DIRECTOR

FOR NSC USE ONLY

FOR INFO RENTSCHLER

STEARMAN

PIPES

F

O L B C

SHOEMAKER

BAILEY

NAU

CONFIDENTIAL
rw 8/10/11
UNCLASSIFIED UPON REMOVAL
OF CLASSIFIED ENCLOSURE(S)

RECEIVED 18 NOV 81 18

TO BREMER

FROM TYSON

DOCDATE 18 NOV 81

BREMER

19 NOV 81

RENTSCHLER

30 NOV 81

KEYWORDS: CYPRUS

AP

KYPRIANOU, SPYROS

SUBJECT: REQUEST & BRIEFING PAPERS FOR PRES MTG W/ PRES KYPRIANOU

ACTION: TYSON SGD MEMO TO BREMER DUE: 14 DEC 81 STATUS X FILES PA

FOR ACTION

FOR CONCURRENCE

FOR INFO

RENTSCHLER

COMMENTS SENT VIA LDX / RECD WW 12/1 0806 HR / ADDON RECD WW 12/4

1806 HR

REF# 8133827 LOG NSCIFID (J / D)

ACTION OFFICER (S)	ASSIGNED	ACTION REQUIRED	DUE	COPIES TO
<i>UNNICE</i>	<i>x 12/11</i>	<i>For Decision</i>	<i>12/12</i>	
	<i>C 12/14</i>	<i>Name ref memo</i>		<i>JB, CT</i>

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BY RW NLRR #116645
NARA DATE 6/22/15

116645

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~~SECRET~~

THE WHITE HOUSE

6784

WASHINGTON

~~SECRET~~

MEMORANDUM OF CONVERSATION

SUBJECT: Summary of the President's Meeting with Greek Cypriot President Spyros Kyprianou

PARTICIPANTS: President Ronald Reagan
Secretary of State Alexander M. Haig, Jr.
U.S. Ambassador to Cyprus Raymond Ewing
James W. Nance, Acting Assistant to the President for National Security Affairs
Daniel Murphy, Chief of Staff for the Vice President
Dennis Blair, NSC Staff

Cypriot President Spyros Kyprianou
Prime Minister Nicos Rolandis
Ambassador to the U.S. Andrew Jacovides

DATE, TIME AND PLACE: December 8, 1981, 11:45 a.m. - 12:08 p.m.
The Oval Office

The President welcomed President Kyprianou to the White House, and expressed his hopes for a just and lasting peace in Cyprus. He expressed his support for the United Nations-sponsored intercommunal negotiations, and his hopes that both the Greek Cypriots and the Turkish Cypriots would be forthcoming and flexible in the negotiations. (U)

President Kyprianou thanked the President for receiving him. He then gave his general views on the situation in Cyprus. He began by stating his commitment to a peaceful solution to the problem. Cyprus had been subjected to enough conflict, and the people had suffered a great deal. His aspiration for Cyprus was a lasting peace, a viable peace based on justice and human rights. He said he would not review past history but talk about the present situation. He stated that he was in favor of the dialogue in the intercommunal negotiations, but pointed out that there had been no results in seven years. It was his opinion that the reason for the lack of progress was that the goal of Turkey remained a "divided solution." In 1974 Turkey had invaded Cyprus, occupying 40 percent of the area, uprooting many residents, and then had brought in colonists from mainland Turkey, attempting to change the demographic situation. The Greek Cypriots found this unacceptable. Cyprus had been a single entity throughout its history. Its geographic position had both been an advantage in terms of trade and commerce, but also a disadvantage, exposing it to repeated invasions. The Turkish invasion, however, was unusual in that it presented a demographic threat.

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Review 12/8/2011
Cl by J. Nance
Extension: NSC 1.13(a)

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In President Kyprianou's opinion, Cyprus was too small a country to be divided by federation. President Makarios had put forward proposals for a federation, and President Kyprianou's government accepted them, but there must be a "true federation." Two separate areas, one Turkish, one Greek, were acceptable, but the central authority must ensure the unity of the country. In addition, it was vital that the human rights of Cypriot citizens be protected as called for in numerous United Nations resolutions on Cyprus. Unfortunately, President Kyprianou continued, the Turkish troops still remained in Cyprus. In addition, there were acute human problems, including 2,000 missing persons. Procedural stumbling blocks had prevented the joint investigation of the fates of missing persons. Turkish Defense Minister Bayulken had assured President Kyprianou that progress in these procedural difficulties would be made. However, there remained Greek Cypriots in prisons whose fates were unknown to their relatives. (C)

President Kyprianou returned to the political situation. He stated that it was necessary for Turkish troops to withdraw from Cyprus and that, in fact, all soldiers on Cyprus should be disarmed. There would remain a system of internal security simply to make the citizens feel safe. He said that because of the long history of conflicts, all Cypriot citizens wanted a peaceful solution to the problems. The division had greatly slowed economic progress on the island, especially in the Turkish areas. If it were united, there were prospects for much greater prosperity. Cyprus was a free economy which attempted to have good relations with all nations and was an associate member of the European Economic Community. Its economic problems could be overcome. (C)

President Kyprianou pointed out that Cyprus had fully democratic institutions. Its natural resources were 75 percent in the Turkish-occupied territory. He could imagine a united, federated Cyprus in which the resources of the island would be developed for the benefit of all Cypriot citizens, including Turkish Cypriots. He said that all Cyprus' citizens were tired of the conflict and were ready for a solution. The primary stumbling block remained the persistence of Turkish desires for a divided solution for the island, and its insistence on playing the role of protector of the Turkish Cypriots. If Turkey persisted, Greece would be forced to play the role of protector of Greek Cypriot citizens and there would be eventually a Greek-Turkish conflict. (C)

President Kyprianou reiterated his desire that the Turkish troops leave the island and that other troops there disarm, leaving only police forces consisting of one for the central

authority and local police forces for the Greek and Turkish areas. If necessary, he said, an international peacekeeping force could be established in Cyprus for as long as was necessary. (S)

President Kyprianou stated again that the vast majority of Greek Cypriots desired a peaceful solution for the island. He noted that the Secretary General of the United Nations had made an evaluation and that his government had given its comments on that evaluation. However, he continued, the dialogue could not simply go on and on without results. He stated that his government was ready to give the process time to be constructive; however, at some time public opinion would force him to go to the United Nations General Assembly if there were no progress in the dialogue. He understood that many countries did not want the Cyprus problem to go to the United Nations. But he was concerned with a solution to the problem, not simply a process. A process without progress would lead to an increase in tension and violence might erupt. He noted that there had been opposition to the Secretary General's evaluation. Although it had been supported by the major parties, smaller parties and the Church had opposed it, and he had supported it over their objections. "Let us hope" were President Kyprianou's final words on the subject. (C)

President Kyprianou then turned to the United States' relations with Turkey. He stated that Turkey depended entirely on the United States and that therefore the United States was able to exert pressure on Turkey. He asked rhetorically what the Turks wanted with Cyprus. From their point of view, there was no necessity to gain further territory. As for the Turkish Cypriots, President Kyprianou felt that ways could be found to meet their concerns. If the Turks were worried that they could be abused, the Greek Cypriot Government was willing to allow direct complaints of citizens to the Council of Europe. In fact, said President Kyprianou, his government was ready to consider all ideas in this area. The important thing was to ensure the unity of the country, "a true federation," and that the fundamental rights of the people were safeguarded. These rights included freedom of movement; freedom of establishment, so that Greek Cypriots could live in Turkish Cypriot areas and vice versa; and the right to hold property. President Kyprianou pointed out that in the Turkish-occupied area deeds of property were being issued to newly arriving Turkish colonists. (C)

President Kyprianou said that he would not attempt to lay blame for past actions leading to the present situation. He would let history be the judge. He then requested the President directly to "do whatever you can" to influence Turkey to abandon a commitment to a divided solution for Cyprus. Such a solution, he said, would not be good for the

Turkish Cypriots nor for Cyprus itself. He said that his government's goals were a viable and survivable peace that assured the fundamental freedom of Cypriot citizens and included the demilitarization of the island. He noted that in the past the guarantors of the island's security had been Greece, Turkey and Great Britain, all countries directly involved with Cyprus. A new type of guarantee would be needed. President Kyprianou finished his exposition by saying that he was equally concerned for the welfare of both the Turkish Cypriot and Greek Cypriot citizens and by pointing out that from the Turkish point of view it would be useful to solve the Cyprus problem and to remove their troops, unless they had other plans for the island. (S)

The President summarized President Kyprianou's statement, saying that he understood President Kyprianou believed in a single unified Cyprus and that he believed that the Turkish believed in a divided Cyprus. (C)

Secretary Haig pointed out that the United States had appointed a full-time Cyprus coordinator in the State Department who had been working since late spring. He said the United States was anxious for a solution to the problem and that the chances now were better than they had been for a long time. The first reason for this was the frustration that all parties felt over the lack of past progress. The second reason was that in Turkey the military government was able to solve problems in a way that previous political governments were not. An example had been the reintegration of Greece into NATO. The present Turkish government offered an opportunity to solve the Cyprus problem which must be pursued. (S)

President Kyprianou asked Secretary Haig if he believed the Turkish military government had abandoned the idea of a divided solution for the island. (C)

Secretary Haig reiterated his analysis that the Turkish military government was able to act because it was not subject to internal political pressures. He said that the proposal put forward earlier by the Turks had been a positive step forward. He said that the United States favored the UN intercommunal negotiations as the best possibility for solving the Cyprus problem. He expressed the hope that President Kyprianou's government work patiently in the dialogue. If it were rejected, there would be no framework for a solution. (S)

President Kyprianou said that there had been a framework previously, a high-level agreement between him and Turkish Cypriot leader Deuktash; however, the agreement had not worked. (C)

Secretary Haig replied that there had been a difficult and complicated history to the Cyprus problem. He said that he looked forward to discussing the problems in more detail over lunch. (C)

President Reagan asked if the missing persons included missing Turkish Cypriots as well as missing Greek Cypriots. (U)

President Kyprianou said that there were missing Turkish Cypriots, especially from the period from before 1974. He said that his goal was to account for every single missing person in Cyprus. (U)

President Reagan said that this country had had the same problem of missing citizens from the Vietnam experience and that it was a difficult one. (U)

The meeting ended with mutual expressions of gratitude. (U)

Bud -

I doubt if M/B/D really
want copies of this!

Agree - Don't send it
to M/B/D.

MEMORANDUM

6784 *At* add-on

NATIONAL SECURITY COUNCIL

UNCLASSIFIED
WITH ~~SECRET~~
ATTACHMENT

ACTION

December 10, 1981

MEMORANDUM FOR JAMES W. NANCE

FROM: DENNIS STAIR *DS*

SUBJECT: Summary of President's Meeting with
Greek Cypriot President Spyros Kyprianou

Attached is the summary of the President's meeting with
Greek Cypriot President Spyros Kyprianou on December 8.

RECOMMENDATIONS

That you approve the summary for the record.

Approve *Burd* Disapprove _____

That you sign the memorandum at Tab I, forwarding the
summary to the Secretaries of State and Defense, with
in-house distribution to the Vice President, and Messrs.
Meese, Baker and Deaver.

Approve _____ Disapprove _____

*Haig/Munin/Deaver
only -*

Attachments

Tab I Memo to SecState/SecDef
A Summary

~~SECRET~~ ATTACHMENT

RWS 8/16/11

THE WHITE HOUSE

WASHINGTON

6784

UNCLASSIFIED
WITH ~~SECRET~~
ATTACHMENT

December 14, 1981

MEMORANDUM FOR THE HONORABLE ALEXANDER M. HAIG, JR.
The Secretary of State

THE HONORABLE CASPAR W. WEINBERGER
The Secretary of Defense

SUBJECT: Summary of President's Meeting with Greek
Cypriot President Spyros Kyprianou

Attached for your information is the summary of the President's Meeting on December 8, 1981 with Greek Cypriot President Spyros Kyprianou. The summary should be provided only to those whose duties require them to know its contents.

Very respectfully,

James W. Nance
James W. Nance

Acting Assistant to the President
for National Security Affairs

Attachment

Tab A Summary

~~SECRET ATTACHMENT~~

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JANET COLSON

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BUD NANCE

DICK ALLEN

IRENE DERUS

JANET COLSON

J

BUD NANCE

PETER

CY TO VP

SHOW CC

CY TO MEESE

SHOW CC

CY TO BAKER

SHOW CC

CY TO DEEVER

SHOW CC

CY TO BRADY

SHOW CC

Comments: