MEMORANDUM OF CONVERSATION

SUBJECT: Phone Call between the President and Prime Minister Margaret Thatcher of Great Britain

PARTICIPANTS: The President
Barry F. Lowenkron, NSC (Notetaker)
Prime Minister Margaret Thatcher

DATE, TIME AND PLACE: January 23, 1989, 1:19 p.m. - 1:23 p.m. Oval Office

The President thanked Prime Minister Thatcher for returning his call, and for the congratulatory letter. Prime Minister Thatcher responded by congratulating the President on his inauguration.

The President said he looked forward to working with the Prime Minister on the key international issues they faced. Prime Minister Thatcher responded that the President would always be welcome in Britain. She then outlined the most pressing problems the West had to tackle: preparing for a NATO Summit, taking a decision on nuclear modernization, and maintaining a unified Western position on East-West issues.

The President said that he had put together a solid team of pragmatists like Secretary Baker and National Security Advisor Scowcroft. They shared his view on the importance of maintaining the special relationship with Great Britain.

Prime Minister Thatcher said that she had not been able to take the President’s earlier call because she had been dedicating a statue to Eisenhower in Grosvenor Square, at a ceremony which was also attended by General Galvin and Ambassador Walters. She emphasized that both countries could rely on each other.

The President said he hoped he could feel free to call on the Prime Minister for her advice, and hoped that she would feel the same about calling him. Prime Minister Thatcher responded that she would indeed do so.

Prime Minister Thatcher then reiterated the "urgent" need for nuclear modernization, saying she would be discussing the issue with Chancellor Kohl next month. Prime Minister Thatcher also expressed concern about the euphoria surrounding General Secretary Gorbachev. She said that the West was responding to his words, but his deeds were what counted.

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The President said that, while he did not want to be cast as the person stalling better East-West relations, he would continue to stress caution and the need for the NATO Allies to work together. Prime Minister Thatcher said that the President's past statements on dealing with the Soviets were right on the mark.

The President again thanked the Prime Minister for returning his call. Prime Minister Thatcher said that Mrs. Bush was "going down really big in Britain." The President said he appreciated Denis Thatcher's handwritten postscript to the Prime Minister's congratulatory letter. Prime Minister Thatcher said that the United States could always rely on Britain.

The conversation ended at 1:23 P.M.