

THE WHITE HOUSE
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MEMORANDUM OF CONVERSATION

SUBJECT: Telephone Conversation with Prime Minister
Margaret Thatcher of the United Kingdom (P)

PARTICIPANTS: The President
Margaret Thatcher, Prime Minister
Notetaker: Philip Zelikow, NSC Staff

DATE, TIME June 11, 1989, 8:07 a.m. - 8:24 a.m.
AND PLACE: Camp David

Prime Minister Thatcher, after thanking the President for his kind letter, said she had called to discuss three subjects: China, including Hong Kong; Vietnamese boat people; and Poland. (P)

First, on China. Prime Minister Thatcher was following the President's lead on curtailing visits and arms sales to China. The shock to Hong Kong from the recent repression was absolutely massive. The confidence of people in Hong Kong had been completely shattered. They obviously wondered what would happen to them in 1997. The Hong Kong government had been in London and had told the Prime Minister that citizens of the Crown Colony wanted guarantees that they could come into Britain. There were, however, 3 to 5 million people in Hong Kong. The British government would enlarge the numbers who were allowed to come to include police, critical government employees, and some business entrepreneurs. This was a change in policy. In the past the UK had urged Hong Kong businessmen to stay and try to work with the PRC. Then, if it did not work out, they could apply to immigrate to Britain. Now, the businessmen were only likely to stay in Hong Kong if they knew they had an insurance policy -- the right to come to Britain. This was still, unfortunately, not much help to the rest of the people in Hong Kong. (P)

There was no point, Prime Minister Thatcher said, in going to the Chinese about this now. Anything to steady the nerves was welcome for the time being; the UK would see how to work on this problem with China later. Democratic institutions must now be put in place in Hong Kong as quickly as possible. The people there were feeling no differently than the Prime Minister or the President would if they were living there. (P)

Prime Minister Thatcher knew the UK could not defend Hong Kong. But it was a real human problem, about which the Prime Minister felt deeply. The main points were to be calm, be more flexible

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about the numbers of people who could come to Britain, and reapproach China or get international guarantees for Hong Kong's status later. It was not possible to normalize relations with China or otherwise show that the recent outrages were forgotten. (Ø)

The President said that he was watching the situation in Hong Kong. He liked what the Prime Minister had said about steadiness. It was now clear that the Chinese authorities were making a wider crackdown against dissent. The country was in a real state of flux. The President was trying to preserve the relationship with China while speaking out against abuses. There was also a problem with dissidents being sheltered in the American Embassy. Relations could not be normal, but all involved had a stake in continued U.S. involvement, which could encourage reform and progress toward democracy. (Ø)

Prime Minister Thatcher agreed that the U.S. and UK had a big stake in keeping lines of contact open to China. The UK would keep its good ambassador in Beijing in place and do what was possible to influence the Chinese government. (Ø)

The second subject Prime Minister Thatcher wished to address was the problem of boat people. They were still flooding into Hong Kong. Britain had sent tents and other supplies to try to accommodate the influx. The boat people were coming from north Vietnam. They were not refugees, but people seeking a better economic future. This was a very tough problem, since the UK was already sending Chinese migrants to Hong Kong back to China, 35,000 in the previous year even before the current unrest. The situation could not go on this way with the Vietnamese. The Prime Minister had therefore sent the President a message on this subject explaining that if the UK could not win assurances of the potential for full repatriation of the boat people, the UK would abandon the principle of first asylum. Forty-four thousand boat people had arrived already in Hong Kong and more were pouring in. (Ø)

The President asked if it was possible to separate the economic migrants from the political refugees. (Ø)

Prime Minister Thatcher said that they were interviewed now, but the only option was involuntary repatriation. Vietnam was overcrowded and did not mind pushing out a million of its people a year. China allowed them to go to Hong Kong. They were not, she repeated, genuine refugees, and only Hong Kong would take them. (Ø)

The President said he would try to help. Deputy Secretary of State Eagleburger was going to the conference on this subject in Geneva. (Ø)

Prime Minister Thatcher repeated that she had sent a message to the President on this issue and that she had only acted because she was driven to it. (Ø)

The President said he would talk to Secretary Baker and be on the alert for Prime Minister Thatcher's message. Prime Minister Thatcher could be sure that the President understood her position. Like the UK, the U.S. had historically received refugees, as an important humanitarian commitment. Yet the U.S. had a similar problem on its borders in differentiating between economic and politically-motivated migrants. It was difficult to move away from the historic position. (Ø)

Prime Minister Thatcher said that the historic position for asylum was being exploited by people who were not refugees at all. It was appalling to have to send people back to Vietnam, but the UK might have to do it. It was already being done with Chinese coming from the mainland. It was awful to tell the Chinese in Hong Kong that Chinese from the PRC could not be allowed in but the Vietnamese would be accepted. (Ø)

Turning to the subject of Poland, Prime Minister Thatcher said General Jaruzelski had arrived in Britain the day before and would be there today as well. General Jaruzelski, she said, was quite a personality and a great Polish patriot. He had been very wounded by the extent of the electoral defeat but had accepted the results magnanimously. Solidarity had been good in allowing those senior party officials who had been defeated while running unopposed to stand again for election during the next round of balloting. Jaruzelski felt that he had Gorbachev's support for his policies and was very hopeful. (Ø)

Poland was anxious for economic help. Prime Minister Thatcher had said that the key was an IMF agreement which would be exacting but not intolerable. The IMF should not require the impossible or the Polish economy would never get off the ground. It should push the Poles toward a free market but not be intolerable, because one should realize that Poland was suffering. Then, after an agreement was concluded with the IMF, there could be credits and World Bank help. (Ø)

Prime Minister Thatcher continued, saying the Poles had an immediate rescheduling problem with their 1989 debt payments. Prime Minister Thatcher was ready to negotiate a rescheduling of the 1989 debt payments and not wait for conclusion of an IMF agreement, if the IMF said the Poles were seriously negotiating a standby agreement. Prime Minister Thatcher was ready to consider rescheduling the 1989 debt payments over the next ten years, with no payments required during the first five years. (Ø)

Poland was also having trouble with quantitative restrictions on Polish exports to the EC. The UK would try to see that these restrictions were removed, as had been done for Hungary. (Ø)

The UK would also spend five million pounds a year for the next five years to set up a school for management in Poland. A mission would also be sent to Poland to explore opportunities for investment. General Jaruzelski would be given something to carry on with. (Ø)

Prime Minister Thatcher said Jaruzelski and the Polish people were really looking forward to seeing the President. Jaruzelski had made some very warm comments about the President as well. (Ø)

The President said he was fascinated by these developments. He was so pleased that Prime Minister Thatcher felt this way about General Jaruzelski and Poland. General Jaruzelski had a terrible image in America. Perhaps a way could be found to give him some exposure in the United States to help his image, which was that of a symbol of repression. General Jaruzelski's visit to the UK would be helpful in America. (Ø)

Prime Minister Thatcher again praised General Jaruzelski's response to the Polish elections and his cooperation with Solidarity. She said General Jaruzelski feared Solidarity might not be constructive in solving Poland's problems, demanding more than the government could give. Prime Minister Thatcher hoped Polish emigres in Britain and America realized that General Jaruzelski was a real Polish patriot, who prevented the Russians from intervening in 1980 or 1981. (Ø)

The President said that, though it was a cosmetic matter, General Jaruzelski should change his glasses. (Ø)

Prime Minister Thatcher agreed, and commented on the medical condition that forced him to wear those glasses. The U.S. and UK should mobilize support for his efforts. Prime Minister Thatcher briefly described General Jaruzelski's remaining schedule in England and noted his request for a transfer of the remains of Sikorski back to Warsaw. She was prepared to grant this request if the Polish Church, Solidarity, and Polish emigre groups agreed. (Ø)

The President observed that the world had certainly been in turmoil during the past week. (Ø)

Prime Minister Thatcher agreed and said, "Didn't we get it right at NATO!" (Ø)

The President agreed. He said there would be no surprises on China. There was no clear four-point program, but the U.S. would

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try to keep the doors open while being sure that the Chinese government knew of U.S. disapproval for its actions. (Ø)

Prime Minister Thatcher thought this point was particularly true for such actions by a permanent member of the Security Council. She complimented the U.S. for its role in getting a statement from Perez de Cuellar. (Ø)

Prime Minister Thatcher thanked the President for not opposing a conferral of honors upon President Reagan. (U)

The President asked if the Prime Minister had told President Reagan about this yet. (U)

Prime Minister Minister said she had not. It would be a marvelous occasion, she said, and President Reagan would see the Queen. (U)

The President said the American people would rejoice in such an honor being given to President Reagan. (U)

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