

THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF TELEPHONE CONVERSATION

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

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

DATE, TIME AND PLACE: January 27, 1990, 9:11 a.m. - 9:30 a.m. EST
Oval Office

The President: I am calling this morning about CFE. I would like to run through some ideas, then hear your reaction, and then I would like to propose that Deputy Secretary Eagleburger and Robert Gates come visit with you to discuss these matters further. (Ø)

We have had a number of signals from the Soviets about their intention to propose to go below the ceiling of 275,000 on stationed troops in Europe. The Soviets have been putting out a number of hints on this, including to Colin Powell when he was in Vienna. We have heard from people, including the Soviet negotiator in Vienna, that Moscow is moving toward our position on capping U.S. and Soviet stationed forces, but at a number well below the 275 figure. They seem to want to use CFE as a way to regulate what they hope will be a stable withdrawal of their troop presence. (Ø)

We're in a bind, for reasons I'll tell you, but we need to be out in front on this issue. We cannot be put in the position of insisting on a higher ceiling on stationed forces, thus seeming to the East Europeans as if we were trying to hold Soviet troop levels in their countries. (Ø)

However, nothing we do should in any way complicate or delay achieving a CFE agreement in 1990, and Colin Powell tells me some of the delay is on our side, and we will redouble our efforts to accomplish this in 1990. (Ø)

At the same time, I have gone through a tough military scrub of what we need and have concluded that a force of 195,000 U.S. troops in the Central Zone is a significant and sustainable level to maintain forward defense and implement the NATO strategy of flexible response. (Ø)

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My proposal is that we seek to conclude, in a manner which does not delay or otherwise interfere with the current CFE negotiations, an agreement that sets a negotiated ceiling on U.S. and Soviet forces in the Central Zone at 195. Other U.S. forces, such as those in the UK, are not included in this Central Zone. (S)

As you know, there are domestic political pressures I must contend with and some very unrealistic views in Congress. There is almost euphoria about the declining threat and talk of a \$60 billion peace dividend. I want to get in front so the charge is not made that we are oblivious to the exciting changes that are occurring in Eastern Europe. (S)

So, I'd like to ask Eagleburger and Gates, as before, to make a quick spin and talk with you, Francois, Helmut, and others. I intend to get out in front of the Congress by announcing this idea in my State of the Union message on January 31. (S)

We think this step is essential. We cannot hold at our existing level, and it is likely we would see a Soviet initiative to get these troops down, tied to even lower US troop levels. (S)

I know this is a bit of a surprise, but I would like to hear your preliminary reaction, just after listening to this on the phone. (S)

Prime Minister Thatcher: Are you talking only about stationed troop levels in Europe? So the Soviets will fulfill their obligation of withdrawing from Eastern Europe by taking these troops behind or in front of the Urals? (S)

The President: We'd be talking about the demobilization of these troops. (S)

Prime Minister Thatcher: Fewer stationed troops in Eastern Europe might be helpful to the Soviets back in the Soviet Union. (S)

The President: Why do you think they are sending these signals of their interest in further reductions? (S)

Prime Minister Thatcher: They may just wish to reduce their stationed troops to have more effective forces to use within the Soviet Union, instead of the conscripts they rely on now. (S)

The President: We should say these cuts are part of a negotiating process, and that would mean the demobilization of the troops. It is better to tie our reductions to lower force levels by the Soviets. If they pull out unilaterally we cannot stop that, of course. (S)

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Prime Minister Thatcher: My second point is, what worries me, is that it looks like we're being hustled, with piecemeal changes retiring fast from the NATO position without any political assessment of the new position we find ourselves in, especially in light of the political possibilities for German reunification. I have a telegram that says Kohl now wants reunification to occur by 1994. We should have a political assessment of the situation in Central Europe, with German reunification, and the effect on NATO strategy, and not piecemeal decisions on the withdrawal of troops without a fundamental political and strategic assessment. It doesn't look good to go this way. (S)

I am here at Chequers with my Foreign and Defense Secretary to look at the political situation and what it means for NATO. We have our pledge to NATO with significant troops, and we have this nuclear thing in Germany. The Germans are not easy over there. I don't want to be accused of proceeding without a fundamental political assessment between us -- only our two countries can do this without it leaking -- without looking at our overall defense strategy. (S)

I'm glad you'll be seeing Douglas Hurd. Our Defense Secretary will also see yours, and they will let you know about our thinking. A piecemeal approach does not make sense. (S)

The President: Yes, I agree completely. But you'll agree there are enormous changes that have occurred since we set these numbers. It would be to our advantage to take these into account and get a sustainable level for US forces. I am convinced that means reduced levels, and these have been scrubbed carefully by my military advisers so that they are not perceived as paving the way for the dismantling of NATO, but instead as an intelligent change responding to Soviet actions and putting our troops at a level that can be sustained, and not just with the Congress. There are a lot of weirdos over there who have all sorts of crazy ideas, many of them don't want any of our troops in Europe at all. I'm proposing a level that will reduce the Soviet threat, lower our defense requirements, but not cause the Alliance to unravel because of the important questions you raised. (S)

We need to talk about Germany. I started these consultations yesterday and have talked about this with Francois. He, like you, supported my proposal. He was also concerned about German reunification. There may be a nuance of difference here on Germany. (S)

If you have time to see Eagleburger and Gates on Monday or Tuesday, they could review this matter in detail. I will talk to Hurd on Monday. (S)

Prime Minister Thatcher: I will see them with great pleasure. There could also be dramatic changes the other way as well. So we should not run anything down fatally, nor do it in a

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piecemeal way, nor put our defenses at risk. (S)

I had a long talk with Francois last Saturday in Paris. Looking around the globe, the situation is all of a piece with my concern about the need for this political assessment, or perhaps some of our partners will begin making their own unilateral reductions to the point that we no longer have an effective force. We must assess the changes in NATO if German reunification occurs and Germany wants to throw out nuclear weapons. (S)

Of course, I'll be glad to see Eagleburger and Gates, and glad to talk to them. In your discussions with Hurd, he'll be conveying my worries about a piecemeal approach. A unified Germany dominant in Central Europe is a new phenomenon with many problems that we must consider. (S)

The President: I made this decision because of the substantial changes going on and an opportunity to make the situation in Europe easier with a lower number of Soviet troops. But we will stop at that point, because we have pressures here. I say, the jury is still out on the changes we may see. We're thinking the same way; the question is how to look at this new proposal. I want you to level with Eagleburger and Gates. Our defense people will be talking next week, and we've given a lot of thought to this with our commander in NATO. (S)

I'm sorry to have interrupted your discussions, but I thought this was very important. (S)

Prime Minister Thatcher: I'm glad you got over your problem on China. (S)

The President: It was a real fight. Now Congress wants to see China become a democracy in 24 hours or else. What happened, using the Thatcher approach, was using executive power to keep our ability to move on other things in the future, including their unilateral efforts to cut our forces. (S)

Prime Minister Thatcher: Are you concerned about the upcoming elections in Nicaragua? (S)

The President: Yes, I don't think they will be fair enough. Jimmy Carter and Elliott Richardson are there, but they are not worrying about access to the market by the opposition. We are looking for help from parties around the world. Her rallies don't have transportation, or even money for signs. She's in desperate need of funds, and it's all legal -- not that Iran-Contra sort of thing. If your party can do anything to help, we would be all for it. (S)

- End of Conversation -

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