



OFFICE OF THE UNDER SECRETARY OF DEFENSE SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301

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- VISITS - - -

24 MAR 1981

In reply refer to:
I-21418/81

POLICY

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Prime Minister Thatcher (U)

(U) Time and Place: Friday, 27 February 1981, 1510-1605 hours, Room 3E912(U) Participants:USUK

Secretary of Defense,
Caspar Weinberger
Deputy Secretary of Defense,
Frank Carlucci
Charge, US Embassy London,
Edward Streator
Dr. Fred Ikle
Under Secretary of Defense,
Policy(Acting), Franklin Kramer
Francis West
The Special Assistant, John Rixse
Director, EUR & NATO Affairs, ISA
MG Richard Bowman, USAF
Military Assistant, BG Carl Smith
Country Dir for UK, J. Timberlake

Prime Minister, Margaret Thatcher
Foreign Secretary, Lord Carrington
Secretary of the Cabinet, Sir Robert
Armstrong
Permanent Under Secretary, FCO, Sir
Michael Palliser
Permanent Under Secretary, MOD, Sir
Frank Cooper
Ambassador, UK Embassy, Sir Nicholas
Henderson
Head, British Def Staff, Washington,
Air Marshal Sir Roy Austen-Smith
Counselor, UK Embassy, John Weston
Private Secretary to PM, Clive Whitmore

1. (C) Special Relationship. Secretary Weinberger warmly welcomed Mrs. Thatcher and noted her previous visits to the Pentagon. He is a strong believer in the special relationship and felt its spirit was never more evident than at last night's White House dinner. He complimented the Prime Minister on her toast. Mrs. Thatcher said it had been a wonderful evening.
2. (C) DoD Budget. Mrs. Thatcher noted the preferential treatment being accorded DoD in the budget. Secretary Weinberger said that, even with favored treatment, DoD must find ways to save money, and \$3.6B in savings had been identified. But DoD, because inflation had been underestimated, was now faced with over \$40B more in systems cost.
3. (S) Strategic Nuclear Deterrent. Mrs. Thatcher expressed gratitude for Trident. She referred to the coming debate in Parliament on the UK's strategic nuclear deterrent and her desire to get the support of as many Labor MPs as possible. The UK, she said, must have its own strategic nuclear deterrent. Secretary Weinberger agreed. Mrs. Thatcher, noting there is no defense against nuclear warheads, expressed concern

OSD Review completed

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about the possible consequences of Soviet R&D efforts in this area. Secretary Weinberger agreed it was a great worry. He then gave a rundown on US efforts to strengthen the three legs of the US strategic Triad to redress the balance. We need the MX missile, but the problem is basing. The racetrack would require 4,600 shelters and cost \$34B in current prices. There are other basing options, and he has asked a group of scientists to look at this and report to him by July. He was attracted by the possibility of putting the MX on old ships that could be moved around. Dr. Ikle elaborated on basing modes and mixes that would entail less political and environmental cost. Secretary Weinberger explained that the US has environmental laws and procedures that can be used to delay and block MX basing. That is a reason to look at the possibilities of less controversial basing. We are also looking at ABM defenses and how we should proceed when the ABM Treaty comes up for review in 1982.

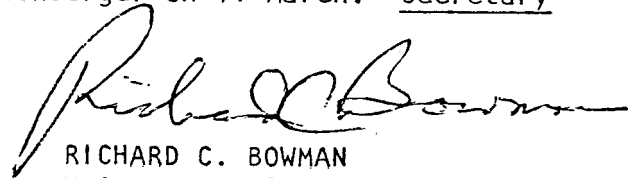
4. (S) TNF. Secretary Weinberger said we plan to go ahead with the December 1979 TNF decision. He cited the need of a stronger anti-tank weapon in Europe and the role a low blast weapon such as ERW could play. ERW, which makes everyone so nervous, is not an issue at the moment, and the US will consult before doing anything on it. Mrs. Thatcher noted the propaganda battles waged on ERW and the difficulty of answering the argument that the weapon would lower the nuclear threshold. Lord Carrington said part of the problem is that it is considered unsporting in Europe for a weapon to kill people only. Sir Frank Cooper interjected that to put the MX to sea could rebound against TNF. Schmidt had talked of putting TNF at sea. Secretary Weinberger said he was aware of the argument that if MX can be put at sea why not GLCMs and Pershing IIs? Mrs. Thatcher said it appeared to her that ships would be as vulnerable as land-based sites. She referred to the problem of "nuclear pacificism" and the need to uphold the TNF decision before the public. Every argument that can be used against it will be used; ERW is seen as an issue to knock out the whole nuclear posture. Lord Carrington said the Germans, Belgians, and Dutch, and, to a lesser extent, others feel that unless the 1979 commitment is upheld to go ahead with negotiations, TNF could become unstuck. He had suggested to Secretary Haig that the US resume talks. Some tangible signal is needed that the US will go ahead in the future. Secretary Weinberger agreed we should not abandon procedures to resume talks, but should enter into such negotiations from a position of strength.

5. (S) Arms Cooperation. Secretary Weinberger noted the great success of Rapier and announced we were recommending to Congress production of the AV-8B Harrier and restoration of funds for JP-233. Mrs. Thatcher expressed gratitude and asked when Congress would decide. Secretary Weinberger said sometime before next October. Secretary Carlucci remarked that the UK should also buy AV-8B. Sir Frank Cooper replied that the US decision would make the UK decision easier. Mrs. Thatcher, observing the UK must earn its own way by exporting, presented a surprise shopping list of eight pieces of UK equipment the US should also consider for purchase: 81mm mortar, Searchwater radar, Wavell, Giant Viper, ship stabilizers, Stingray, Scorpion light tanks, and Hawk. She stressed the need, in view of the enormous cost of weapons, to avoid duplication of R&D and to rationalize weapons procurement. These were the important principles behind her shopping list. Secretary Weinberger said DoD was aware of the importance of defense sales going both ways and agreed on the need to equalize the balance. In response to her comment that NATO must get better value for

money over and above 3 percent, Secretary Weinberger agreed that every effort should be made to rationalize arms procurement, and he also agreed with Sir Frank Cooper's statement on the air-to-air missile family that all participants had to play fair and have confidence in each other. The Secretary intended to pursue the question of arms cooperation further with the UK.

6. (C) UK-NATO Study Initiative. Mrs. Thatcher restated the UK desire for a NATO study to look at how NATO could become more cost effective. Lord Carrington noted that NATO spends much more on defense than the Warsaw Pact, but gets less out. Everybody wants to do everything and the result is greater cost. Mrs. Thatcher said that Chancellor Schmidt's reaction to the study idea was that it would only help other Allies do less. She recognized it may not be the right time to raise the issue and that it must be carefully handled. But it must be looked at.

7. (S) Southwest Asia and Persian Gulf Security Referring to the Rapid Deployment Force (RDF), Mrs. Thatcher said the UK was anxious to help. She noted that most UK forces are committed to NATO and it is difficult to detach them. But it has to be done. Secretary Weinberger said the RDF was another item he and Secretary Carlucci were studying. They are not satisfied with the concept. He believes it essential that planning for use of the RDF in the Middle East must be done in concert. The French were being very helpful. Lord Carrington observed that it is easier for the French because they do not assign forces to NATO. All UK forces are so assigned. One way for the UK to contribute is to get the Germans and other Allies to fill the gap if UK NATO-assigned forces are assigned elsewhere. Secretary Carlucci noted the UK already has assets in the area. The policy of the present Administration, unlike the previous one, is to seek greater collaboration of Allies out of the area. Secretary Weinberger said it is very important to keep the Middle East free of Soviet influence. It would be very useful if agreements could be worked out with the Germans, Italians, and others to fill the gap of UK NATO forces assigned elsewhere. US-UK cooperation on this should be done quickly; we are not as far advanced as we should be. The US is seeking a permanent military presence in the Gulf. Diego Garcia is a long way away. The F-15 deal with Saudi Arabia is designed to help. We already have an effort in Saudi Arabia, but we need a troop presence and a good solid base from which to land and operate. This is the only way to deter Soviet probes. Mrs. Thatcher agreed that a permanent presence is the best way to deter. Secretary of State Nott can pursue RDF further with Secretary Weinberger on 11 March. Secretary Weinberger agreed.



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