MEMORANDUM OF CONVERSATION

SUBJECT: Summary of the President's Telephone Conversation with Mrs. Margaret Thatcher, Prime Minister of Great Britain, December 28, 1979, 11:40 to 11:50 a.m. (C)

After an exchange of holiday greetings, the President told Mrs. Thatcher that he wanted to speak to her about Afghanistan. He said that he regarded the Soviet intervention in Afghanistan as an extremely grave development, similar in scope and permanent impact to what the Soviets did in Czechoslovakia. In effect, Moscow had changed a buffer nation into a puppet nation under Soviet direction. This would have profound strategic consequences for the stability of the entire region. (C)

The President continued that it was essential that we make this action as politically costly as possible to the Soviet Union. Although we could not force the Soviets out of Afghanistan, they would have a serious problem with the Nonaligned countries and particularly with the Moslem countries. This was true not only of Pakistan, Iran, India and others of a similar nature in the region, but also of the entire Nonaligned Movement. The President said he intended to call on these countries to speak out against the Soviet intervention. (C)

The President then noted that we were going ahead with SALT independently of what happened in Afghanistan, but we would not let our concern about SALT interfere with a strong US condemnation of the Soviet intervention. The President said that he did not think that we could afford to let the Soviets get away with this intervention with impunity. (C)

Noting that we were prepared to carry the Afghanistan issue all the way to the United Nations in the next number of days, the President said because of our own efforts in the UN concerning the hostages, it was probably not advisable for us to take the initiative on Afghanistan in New York. There were others who could do this -- Britain, China or some of the Nonaligned countries. (C)

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The President said that the last point he wanted to make was that we should dramatize our concern about Afghanistan. We would like to have a meeting of the North Atlantic Council solely on the Afghanistan problem. The President would send a high-level person to attend the Council this weekend. It was critical for the Allies to decide as a body how we should address the problem in Afghanistan. (C)

Mrs. Thatcher replied that she and Peter Carrington would be about this weekend and a US representative would be very welcome in London. The President asked if the Prime Minister agreed that we should get the North Atlantic Council together. Mrs. Thatcher said yes, and observed that when something like this occurred, it was important to act right at the beginning. (C)

The President agreed and observed that the Soviets had probably gotten away with this intervention for too many hours already. We had raised our concern about this for two or three weeks, but primarily at the Secretary of State level. The President said that he was probably going to make a personal public statement this afternoon to stress his concern about the Soviet intervention. (C)

Continuing, the President noted that the Germans were very concerned as had been reflected in a conversation between Cy Vance and Genscher that morning. The FRG was worried about the future impact of this event on countries not only like Pakistan, but also Romania and Yugoslavia as well as the precedent it established with relations between the Warsaw Pact countries and the European Allies. (C)

In response to Mrs. Thatcher's repeated willingness to welcome a US representative over the weekend, the President said he would probably send Warren Christopher, our top man second only to Cy Vance. The President suggested that Cy Vance would call Lord Carrington in the next few hours to discuss the details and the Prime Minister replied that she would let Carrington know. Mrs. Thatcher said again that it was important to act quickly. (C)

Turning to Iran, the President said that Cy Vance would be delivering our Iranian message to the Security Council personally tomorrow or the next day. We were especially concerned about the extensive amendments that the UK had offered on our Security Council Resolution, and the President told Mrs. Thatcher he hoped that the UK would not be adamant about these suggested changes. (C)
Mrs. Thatcher responded that the British amendments were technical in nature, having to do with their own legislation. The President replied that we had a long-standing debate about extraterritoriality, a debate we certainly could not resolve in the next few days. The US could, however, be responsive to the UK concern over jointly-owned Iranian flag ships. But the other British points would be very difficult for us. (C)

In response to Mrs. Thatcher's question about whom her technical boys could get on to to discuss this matter, the President said that Cy and Lord Carrington could work it out. Mrs. Thatcher remarked that she had been told that the British amendments were necessary, her people said that the changes were advisable because of British legislation. She then agreed that we could not solve the extraterritoriality problem in the next few days, not least because several cases were before the courts. (C)

The President then said that we could accommodate the British need on the ten ships owned jointly by UK oil companies and Iran and this could be worked out between Cy and Lord Carrington. (C)

Noting that he would be calling Schmidt, Giscard d'Estaing, and Cossiga, the President said he wanted to talk to Mrs. Thatcher first. She thanked him and said that they should stay in close touch. She hoped that the US had the requisite number of votes in the Security Council to pass the Iranian resolution. The President said he thought so if we gave the Secretary General a brief period of time to try to work something out pending imposition of the sanctions. This would be a two-step approach with the first step taking five or six days. The President noted that we had just finished a National Security Council meeting and this was what he had decided although he would not announce it publicly. This two-step approach should bring aboard more than enough votes. (C)

Mrs. Thatcher agreed, and said it would give the Iranians an opportunity to react. The President observed that they could save face in this way if they wanted to. However, it was his judgment that Khomeini had no such desire although he was probably getting pressure from other members of the Revolutionary Council. (C)

In concluding the conversation, the President said he would be sending a strong personal message to Brezhnev and that if Mrs. Thatcher would consider doing something similar, it would be helpful. (C)