PREM 19/682

The Commonwealth Heads of Government meeting in Australia.

30 September - 7 October 1981

Policy

PART 4

COMMONWEALTH

Pt 1: March 1979

Pt 4: Sept 1981

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
~~15.9.81~~							
~~13.10.81~~							
22.10.81							
~~30.10.81~~							
~~3.11.81~~							
~~9.11.81~~							
25.6.82							

PREM 19/682

Dd 533270 5M 2/78 8362633 JET

10 DOWNING STREET

Duty Clerk

What has happened to these things before?

A. J. C. 25/6

John

I have never seen one of these before and neither have any of the duty clerks.
It can, presumably be added to the No 10 Library or taken away by the PM when she leaves office

AD 25/6

covering CONFIDENTIAL

Foreign and Commonwealth Office

London SW1A 2AH

25 June 1982

Dear John,

Record of the 1981 Commonwealth Heads of Government Meeting

The Commonwealth Secretariat have now produced a formal record of the 1981 meeting of Commonwealth Heads of Government in Melbourne; and, as customary, the Commonwealth Secretary-General has sent us a specially bound volume for the Prime Minister together with a short covering letter. I enclose these. The record incorporates some amendments suggested by British officials to the Secretariat's original draft.

In view of the short and formal nature of Mr Ramphal's letter, we see no need for the Prime Minister to reply.

Although the Commonwealth Secretariat have classified the record 'secret', we propose as usual to treat it as 'confidential'.

Yours ever

John Holmes

(J E Holmes)
Private Secretary

A J Coles Esq
10 Downing Street

covering CONFIDENTIAL

OFFICE OF THE COMMONWEALTH SECRETARY-GENERAL
MARLBOROUGH HOUSE · PALL MALL · LONDON SW1Y 5HX

Covering SECRET

3 June 1982

Dear Prime Minister,

I have pleasure in enclosing a specially bound volume of the final Record of the Commonwealth Heads of Government Meeting held in Melbourne from 30 September to 7 October, 1981.

This special copy, prepared for each Head of Government, is additional to the copies which I am forwarding separately for your Government's archives.

With respect,

Shridath S. Ramphal

The Rt. Hon. Margaret Thatcher, MP
Prime Minister of Great Britain and Northern Ireland

Foreign and Commonwealth Office

London SW1A 2AH

9 November 1981

M O'D B Alexander Esq
No. 10 Downing Street

OK.

NFA 10/XI

Dear Michael,

CHGM RECORD

1. I enclose copies of the Provisional Records of the Ninth and Tenth Sessions of the CHGM.

2. Unless I hear to the contrary from you or David Wright (to whom I am copying this letter) I shall assume that you and Sir Robert Armstrong are content with the record of the Prime Minister's remarks during the exchanges on the Communiqué (pages 17 et seq, Tenth Session).

Yours ever,

Roger.

R A R Barltrop
Commonwealth Co-ordination Dept

cc: Mr D Wright, Cabinet Office

Group/Class ..... AREM 19

Piece 682

HGM (81) 9th and 10th Session

Papers extracted and temporarily retained under Section 3(4) pending completion of review.

(date) ..... 9 August 2012

(Signed) ..... A Wayland

Commonwealth JS

10 DOWNING STREET

From the Private Secretary

3 November 1981

The Prime Minister has asked me to thank you for your letter to her of 3 November enclosing the original of Mr. Fraser's letter to her of 28 October about the Commonwealth Heads of Government Meeting in Melbourne.

M. O'D. B. ALEXANDER

His Excellency The Honourable R.V. Garland

AUSTRALIAN HIGH COMMISSION · LONDON

THE HIGH COMMISSIONER

(copy already T'd T 151/81)

3 November 1981

My dear Prime Minister,

On 29 October I wrote to you enclosing the text of a letter dated 28 October from the Australian Prime Minister, The Rt. Hon. Malcolm Fraser, CH, MP, concerning the Commonwealth Heads of Government Meeting in Melbourne and Cancun.

I now enclose the original of Mr Fraser's letter.

Sincerely,

R V GARLAND

The Rt. Hon. Margaret Thatcher, MP,
Prime Minister,
No. 10 Downing Street,
LONDON, SW1.

AUSTRALIAN HIGH COMMISSION · LONDON

THE HIGH COMMISSIONER

10 DOWNING STREET

From the Private Secretary

30 October 1981

I enclose a copy of a message which the Prime Minister has received from Mr. Malcolm Fraser about CHOGM. I have acknowledged receipt of the message. No further action would seem to be required.

M. O'D. B. ALEXANDER

Roderic Lyne, Esq.,
Foreign and Commonwealth Office.

10 DOWNING STREET

From the Private Secretary

30 October 1981

I am writing on the Prime Minister's behalf to thank you for your letter to her of 29 October. The enclosed message from Mr. Fraser will, of course, be placed before the Prime Minister.

M. O'D. B. ALEXANDER

His Excellency The Honourable R. V. Garland.

Subject copy below

CONFIDENTIAL

PRIME MINISTER'S PERSONAL MESSAGE SERIAL No. T151/81

AUSTRALIAN HIGH COMMISSION · LONDON

THE HIGH COMMISSIONER

(2) Prime Minister T151/81

29.10.81

29 October 1981

My dear Prime Minister, MS

A telegram from my Prime Minister asks me to convey to you the following text of a letter, the original of which is en route by diplomatic bag:

Begins -

"My dear Margaret,

I am writing to convey my appreciation, both as Chairman of the Commonwealth Heads of Government Meeting in Melbourne and as Prime Minister of Australia, for your attendance at the meeting and for the contribution you made to it.

I know that in some respects you might have expected difficulties in the meeting but I hope that in the event you found it positive and worthwhile. Your own contribution had much to do with the progress which we made.

I am particularly appreciative of your assistance with the drafting of the Melbourne Declaration. The British approach to this and the other economic issues contributed greatly to this aspect of the meeting. Politically I think we can be happy with the result, especially the robust language on Afghanistan and Kampuchea and the support for Poland. Again, the outcome on Namibia - while strong - was generally supportive of the work of the contact group. Your own and Pierre Trudeau's frank and forthright approach to discussion of Namibia contributed greatly to this outcome.

I think that our Melbourne meeting, in establishing just prior to Cancun a model for a non-confrontational, educative meeting between leaders of developed and developing countries, contributed significantly to the political success of Cancun. The task now, of course, is to carry this momentum forward.

...2/

CONFIDENTIAL

CONFIDENTIAL

We were happy to show you something of Melbourne and Canberra. I hope you enjoyed your visit.

Yours sincerely,

Malcolm Fraser."

Ends.

Sincerely,

R.V. GARLAND

The Rt Hon. Margaret Thatcher, M.P.,
Prime Minister,
No. 10 Downing Street,
LONDON SW1.

CONFIDENTIAL

Subject
cc Master
+ Ops

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T151/81
PRIME MINISTER
CANBERRA

28 OCT 1981

My dear Margaret

I am writing to convey my appreciation, both as Chairman of the Commonwealth Heads of Government Meeting in Melbourne and as Prime Minister of Australia, for your attendance at the Meeting and for the contribution you made to it.

I know that in some respects you might have expected difficulties in the Meeting but I hope that in the event you found it positive and worthwhile. Your own contribution had much to do with the progress which we made.

I am particularly appreciative of your assistance with the drafting of the Melbourne Declaration. The British approach to this and the other economic issues contributed greatly to this aspect of the Meeting. Politically I think we can be happy with the result, especially the robust language on Afghanistan and Kampuchea and the support for Poland. Again, the outcome on Namibia - while strong - was generally supportive of the work of the Contact Group. Your own and Pierre Trudeau's frank and forthright approach to discussion of Namibia contributed greatly to this outcome.

I think that our Melbourne Meeting, in establishing just prior to Cancun a model for a non-confrontational, educative meeting between leaders of developed and developing countries, contributed significantly to the political success of Cancun. The task now, of course, is to carry this momentum forward.

We were happy to show you something of Melbourne and Canberra. I hope you enjoyed your visit.

Yours sincerely

Malcolm Fraser

The Rt Hon. Margaret Thatcher, M.P.,
Prime Minister of Great Britain,
LONDON SW1
UNITED KINGDOM

FILE

VLB

Commonwealth

CF

cc GWO
LPO

22 October 1981

White Paper: Commonwealth Heads of Government Communique

Thank you for your letter to Mike Pattison of 22 October. We have no objection to your publishing the final communique of the CHGM as a White Paper on 18 November, subject of course to any comments from David Heyhoe and Peter Moore, to whom I am copying this letter.

W F S RICKETT

B. E. Bowley, Esq.,
Foreign and Commonwealth Office.

010

Foreign and Commonwealth Office

London S.W.1

22 October 1981

M Pattison Esq
10 Downing Street
London
SW1

Dear Pattison,

WHITE PAPER: COMMONWEALTH HEADS OF GOVERNMENT COMMUNIQUE

We propose to publish as a White Paper on 18 November 1981, the Final Communique of the Commonwealth Heads of Government Meeting in Melbourne.

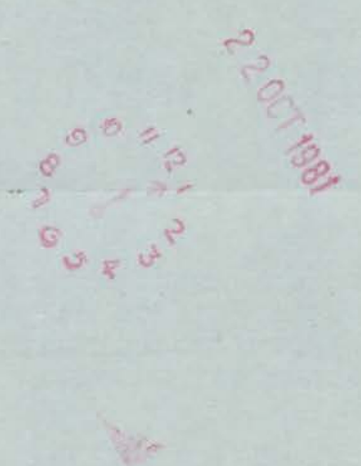
The final communiques of previous Commonwealth Heads of Government meetings have been published as White Papers, and I should be grateful if you and those to whom I am copying this letter, would confirm that there is no objection to similar publication on this occasion.

Yours ever,
Brian Bowley

B E Bowley
Parliamentary Clerk

cc: D C R Heyhoe Esq
Office of the Lord President of the Council and Leader of the House
70 Whitehall
SW1

P Moore Esq
Chief Whip's Office
12 Downing Street
SW1


22 OCT 1981

COMMUNIQUÉ

COMMONWEALTH HEADS OF GOVERNMENT MEETING
MELBOURNE
30 SEPTEMBER—7 OCTOBER 1981

COMMONWEALTH HEADS OF GOVERNMENT MEETING

MELBOURNE, 30 SEPTEMBER - 7 OCTOBER 1981

FINAL COMMUNIQUE

1. Commonwealth Heads of Government met in Melbourne from 30 September to 7 October 1981. Of the 41 countries which attended the Meeting, 30 were represented by their Presidents or Prime Ministers. The Prime Minister of Australia Mr Malcolm Fraser was in the Chair.

2. Heads of Government sent a message of felicitation to Her Majesty the Queen as Head of the Commonwealth. They welcomed with great pleasure the opportunity of meeting in Melbourne, and expressed their appreciation of the excellent arrangements made for the Meeting and the warm and generous hospitality of their Australian hosts.

3. Heads of Government warmly welcomed their colleagues from Zimbabwe, Vanuatu and Belize which had become members of the association since their last Meeting, and extended similar greetings to St Vincent and the Grenadines which had become a special member.

4. Heads of Government expressed their deep grief at the death of President Ziaur Rahman of Bangladesh, President Sir Seretse Khama of Botswana, President Benjamin Henry Sheares of Singapore and Prime Minister Eric Williams of Trinidad and Tobago and recalled their deep commitment and significant contributions to the Commonwealth.

5. Heads of Government recalled with particular satisfaction the Commonwealth's role in helping to bring Zimbabwe to independence under majority rule following their Meeting in Lusaka. They were encouraged by this demonstration of the contribution their Meetings could make to the resolution of long-standing international problems.

World and Commonwealth Trends

6. Heads of Government were conscious that they were meeting at a time when there was a growing sense of insecurity among the people of the world; they expressed grave disquiet at the marked deterioration that had taken place in international relations since their last Meeting. Central to their concern were the slide from detente to confrontation, mounting tension between the Super Powers and the build up of nuclear arms threatening the very survival of mankind. Heads of Government contrasted the increasingly large resources devoted to the manufacture of ever more destructive weapons with the growing inadequacy of the resources available for

international economic co-operation and continued inability of the international community to agree on ways and means of alleviating world poverty. They were disturbed that in this situation, which called for new and enlightened policies, there was evidence of a weakening of the spirit of internationalism. They believed their association could help to reverse this trend and contribute to a safer and saner world.

7. Heads of Government asserted the right of all peoples freely to determine their destiny and noted with concern that this right was being denied in widely different circumstances in many parts of the world. They recognised an obligation to work for conditions more conducive to respect for sovereignty, independence, territorial integrity and the right to self-determination.

8. Heads of Government emphasised that as an association of aligned and non-aligned states, the Commonwealth was uniquely well placed to make a substantial contribution to defusing international tensions in a divided world. Believing that it was in the highest interest of the international community that the non-aligned countries should be able to continue to play their constructive role and pursue the policies and principles of non-alignment free of outside pressures, they especially endorsed the role of the non-aligned members of the Commonwealth.

Southern Africa

9. Heads of Government reviewed developments in Southern Africa since their Lusaka Meeting which established the basis for Zimbabwe's independence under majority rule. They affirmed that the Lancaster House Conference and the negotiations which preceded it, demonstrated in a decisive and compelling manner the ability of Commonwealth members to work together to achieve consensus and to make a positive contribution to the resolution of major problems. In this respect they paid tribute to the central role of Britain in facilitating the process which enabled Zimbabwe to take its place as a sovereign independent country in the international community and the Commonwealth.

10. Heads of Government congratulated the Government of Zimbabwe which had earned the respect of the world community and fully justified the trust placed in it by the Commonwealth. Deep concern was expressed that, despite the significant achievement of Zimbabwe's independence, grave problems remained to be resolved in Southern Africa. Heads of Government acknowledged that, in fact, the situation had deteriorated. They recognised the urgent need to find solutions to these unresolved problems and renewed their total commitment to this objective.

11. Heads of Government stressed that at the core of these problems is the apartheid system which the white minority regime in South Africa continues to sustain and strengthen in a variety of ways, including the brutal internal repression of the African majority, the persistent refusal to implement the relevant Security Council resolutions providing for Namibia's long-delayed independence, the pursuit of policies of destabilisation against neighbouring states, the repeated threats to and violations of their territorial integrity and the expansion of South Africa's military capability. They considered that these developments not only threatened the stability of the region but also gravely endangered international peace and security. They therefore called on the international community to strengthen its collective resolve to eradicate apartheid.

12. Recalling their Declaration on Racism and Racial Prejudice proclaimed at Lusaka in 1979, Heads of Government reaffirmed their total and unequivocal condemnation of apartheid as a crime against humanity and their total rejection of all policies designed to perpetuate this inhuman system. They accepted that it was the solemn and urgent duty of each of their governments vigorously to combat the evil of apartheid by the adoption of effective measures against it and to assist those struggling to rid themselves of it.

13. Heads of Government reaffirmed their Gleneagles Agreement of 1977 and reiterated their commitment to fulfilling effectively their obligations under it.

14. Heads of Government took special account of the efforts of the United Nations to reach universally accepted approaches to the question of sporting contacts within the framework of the international campaign against apartheid. They agreed to redouble their own efforts to secure such international agreement.

15. Heads of Government expressed deep concern that there had been no progress towards the achievement of independence for Namibia. They registered their grave disappointment that the Pre-Implementation meeting in Geneva in January 1981 had been aborted by the refusal of the South African Government to agree to a date for the implementation of Security Council Resolution 435. Heads of Government reaffirmed their determination to ensure that the people of Namibia should be allowed without further delay to exercise their right to self-determination and independence. Mindful of the role being played by the Western Contact Group, which included two of their members, they urged the Group, as a matter of particular urgency, to intensify efforts to secure the implementation of Resolution 435 without modification or dilution as early as possible in 1982.

16. Heads of Government noted that, notwithstanding Security Council Resolution 418 (1977), imposing a mandatory arms embargo against South Africa, the apartheid regime's expenditure on military expansion and nuclear development had increased alarmingly. They therefore called for a full and effective implementation of the arms embargo, including its efficient monitoring, and urged all governments to desist forthwith from any collaboration with South Africa which undermined the implementation of the arms embargo.

17. Heads of Government condemned the South African regime's repeated threats to and violations of the territorial integrity of the States of Southern Africa, in particular its recent invasion and occupation of Angolan territory. They called for an immediate withdrawal of all South African troops from Angola and an end to all such violations. They also condemned any attempt from any quarter to subvert the legitimate government of Angola through interference in the internal affairs of the country. In this connection, they expressed strong solidarity with the Front-Line States. They also expressed the view that African States should be able to pursue their own affairs without interference from any source.

18. In endorsing the report of the Commonwealth Committee on Southern Africa, Heads of Government expressed appreciation for the effective and constructive manner in which the Committee had discharged its responsibilities in the past two years. They authorised the Committee to continue its work and to pay particular attention to developments on Namibia. They noted with approval the important role played by the Commonwealth, both bilaterally and multilaterally, in enhancing the supply of trained manpower for both Zimbabwe and Namibia, and commended the Secretariat for its efficient administration of Commonwealth humanitarian assistance programmes in this regard.

19. Heads of Government noted that the increasing number of young refugees from South Africa in neighbouring countries was imposing severe burdens on those countries. They therefore approved in principle the recommendations of the Committee for the establishment of a Commonwealth education and training programme for the benefit of these refugees as a concrete manifestation of their concern and reinforcement of their political commitment against apartheid and their support for majority rule in South Africa. They requested the Secretary-General to prepare detailed proposals for establishing such a programme for consideration by Commonwealth governments through the Committee. Heads of Government also welcomed the recent UN/OAU/UNHCR conference on refugees in Africa and expressed appreciation to the participating countries and institutions and urged them to fulfil their pledges made at the conference to help alleviate this grave humanitarian problem.

20. Heads of Government recalled that at their Lusaka Meeting in 1979, they had acknowledged that the persistent problems of Southern Africa were damaging the development efforts of the States of the region which were in great need of further international assistance on a substantial scale. They therefore specially welcomed the establishment of and the progress made by the Southern African Development Co-ordination Conference (SADCC) aimed particularly at strengthening co-operation among the majority-ruled States in the region and reducing their economic dependence on South Africa. While noting that significant bilateral and multilateral assistance is already being provided to SADCC to which Commonwealth countries are contributing, Heads of Government drew attention to the need for even greater international assistance to meet the emergent needs of SADCC countries.

Afghanistan

21. Heads of Government expressed grave concern at the situation in and around Afghanistan and its implications both for the region's peace and stability and for international security. Although there were differing perceptions about the developments leading to the present situation, Heads of Government were united in calling urgently for a political settlement on the basis of the withdrawal of foreign troops and full respect for the independence, sovereignty, and non-aligned status of Afghanistan and strict observance of the principles of non-intervention and non-interference. They affirmed the right of Afghan refugees to return to their homes in safety and honour. They urged all concerned to work towards a negotiated settlement which would leave the Afghan people free to determine their own future.

South East Asia

22. Heads of Government were gravely concerned by the continuing tension in South East Asia arising especially from the armed conflict in Kampuchea which affected the peace and security of the whole region and if left unchecked would result in the active intervention by major powers in the affairs of the region. They reaffirmed their support for the principles of non-interference in the internal affairs of sovereign states and the inadmissability of the use of force in international relations. They agreed on the urgent need for a comprehensive political settlement which would ensure the sovereignty, independence and territorial integrity of all states in the region, including Kampuchea. They reaffirmed the right of the people of the region to determine their future free of outside interference, subversion or coercion, and called for the speedy withdrawal of all foreign forces from Kampuchea. Heads of Government endorsed the conclusions of the New Delhi Conference of Foreign Ministers of Non-Aligned Countries in this regard. They noted various proposals, decisions and efforts of the various parties concerned directed towards finding an early political settlement of the problem.

23. Urging all states in South East Asia to develop peaceful and friendly relations, Heads of Government noted with approval the efforts being made for the early establishment of a zone of peace, freedom and neutrality in the region, and called on all states to fully support these efforts.

Refugees

24. Heads of Government also noted with concern the problem of Indo-Chinese refugees/illegal immigrants caused by the continuing instability in Indo-China. They expressed their appreciation to countries of first transit burdened with this problem and to the resettlement countries for accepting these refugees/illegal immigrants. They were convinced that the root cause of this problem could be eliminated through a political solution to the conflict in Indo-China. They urged the countries which have the primary responsibility to tackle the problem of illegal departures at source by fostering the establishment of circumstances in which all the people concerned can live in peace and harmony and by co-operating with the UNHCR and resettlement countries to implement the Programme of Orderly Departures.

Cyprus

25. Heads of Government, reaffirming their Lusaka Communique and their decision regarding the Commonwealth Committee on Cyprus, reiterated their support for the independence, sovereignty, territorial integrity, unity and non-alignment of the Republic of Cyprus and their solidarity with its Government and people. They stressed the importance of respect for the human rights and fundamental freedoms of all Cypriots and called for an end to all foreign intervention and interference in the Republic of Cyprus. While welcoming the resumption of inter-communal talks under the auspices of the United Nations Secretary-General, they expressed their concern that these talks have not yet produced a solution and stressed the need to achieve early progress towards a just and lasting solution, based on the implementation of the relevant United Nations resolutions and the High-level Agreements. They noted that the President of the Republic of Cyprus had once again drawn to their attention his proposal for the total demilitarisation and disarmament of his country, put forward as a significant contribution to the search for a solution to the problem of Cyprus, a member of the Commonwealth.

Zones of Peace

26. Heads of Government noted the trend inherent in the call by the states of various regions represented in the Commonwealth for the creation of zones of peace in their respective regions. They saw this trend as a reflection of the concern of the peoples of those regions to safeguard their

political independence and territorial integrity free from interference by extra-regional forces. They undertook to give consideration to requests for support for the establishment and consolidation of new zones of peace.

Latin America and the Caribbean

27. Heads of Government reviewed recent developments in Latin America and the Caribbean and noted that the region had not escaped the vicissitudes and the dangers which beset the international community elsewhere. They upheld the sovereign right of each state to continue to pursue its own political, economic and social development free from all forms of external interference, coercion, intimidation or pressure. Most Heads of Government further called upon the international community to respect and support the wishes of the people of the Caribbean for the Caribbean area to be recognised as a zone of peace.

Belize

28. Heads of Government reviewed developments leading to the independence of Belize. They expressed satisfaction with the role played by the British Government and welcomed its commitment to make adequate provision for the security of Belize. They commended the Commonwealth Ministerial Committee on Belize for the effective manner in which it had discharged its mandate. Noting the continuing threat to the security of Belize in the absence of a final settlement with Guatemala, Heads of Government reaffirmed their full support for the efforts of the Government of Belize to maintain Belize's territorial integrity and to achieve a final resolution of the outstanding issues on the basis of the Heads of Agreement signed in London on 11 March, 1981. They requested the Secretary-General to convene the Committee, whenever necessary, to assist the Government of Belize in finding a lasting settlement in accordance with the Heads of Agreement. They noted the helpful attitude of the United States Government as reflected in its affirmative vote for the Belize resolution in the United Nations General Assembly in 1980 and expressed confidence that this attitude would be maintained.

Guyana

29. Heads of Government expressed their deep concern at the threat to the territorial integrity of Guyana arising from the resuscitation by Venezuela of a claim to more than two-thirds of the territory of Guyana and the steps taken by Venezuela in pursuit of the claim. Noting that the existing boundary was laid down by an international arbitral award in 1899 and accepted by all concerned as a final settlement, they expressed support for Guyana and called for the peaceful settlement of the controversy in accordance with established procedures and with full respect for the sanctity of treaties.

Middle East

30. Heads of Government expressed grave concern that the unresolved problems of the Middle East, especially the central question of Palestine, remained a serious threat to peace and security in the region and throughout the world. They recognised that a just and lasting settlement should be on the basis of the relevant United Nations resolutions and recognition of the rights of the Palestinian people, including their inalienable right to a homeland, as well as the right of all states in the region to live in peace within secure borders. Stressing the right of the Palestinian people to self-determination, most Heads of Government affirmed that the Palestinian Liberation Organisation, recognised by a substantial majority of them as the legitimate representative of the Palestinian people, must be involved in negotiations for a settlement.

Mediterranean

31. Heads of Government reiterated their conviction, expressed in the Lusaka Communique of 1979, that the implementation of the Mediterranean Chapter of the Helsinki Final Act would enhance the security of the Mediterranean, Europe and the Middle East and urged its full implementation. They noted the declaration by the Government of the Republic of Malta proclaiming Malta as a neutral state adhering to a policy of non-alignment as an effective contribution to detente, peace and security in the Mediterranean region.

Indian Ocean

32. Heads of Government noted with disappointment that despite the expressed wishes of the littoral and hinterland states there had been a further increase in the military presence of outside powers in the Indian Ocean and a deterioration of peace and security in the area. The concept of the Indian Ocean as a Zone of Peace enshrined in the 1971 United Nations Declaration had been gravely undermined by increased military activity on the part of outside powers. They called upon the governments concerned with the pursuit of the objectives of the Declaration to co-operate in steps to remove sources of tension in the area and to make progress towards the creation of the Indian Ocean as a zone of peace. In the belief that the proposed United Nations Conference on the Indian Ocean could contribute positively to the implementation of the Declaration, they expressed the hope that agreement would be reached to convene the Conference at an early date.

South Asia

33. Heads of Government noted with satisfaction that the countries of South Asia had initiated constructive steps with a view to increasing regional co-operation among themselves, thus contributing further to the climate of peace, stability and economic progress in the area.

Poland

34. Heads of Government discussed the situation in Poland. They were concerned that it could have serious implications for the international community as a whole. They considered that the people of Poland should be left to determine their own destiny free from foreign interference.

South Pacific

35. Heads of Government expressed their satisfaction at the resolution of the difficulties which had attended Vanuatu's accession to independence. They agreed that it was vital for the peace and stability of the region that all people of the South Pacific should be given the opportunity to exercise their right to self-determination as laid down in the United Nations Charter. In this regard, they welcomed the decision by the South Pacific Forum to send a mission to France to discuss the future of the French territory of New Caledonia.

36. Heads of Government shared the concern of member governments in the South Pacific over continued nuclear testing in the region. The South Pacific countries were strongly supported in their call for an immediate end to such tests.

37. Heads of Government noted the opposition in the South Pacific region to the proposals for dumping and storage of nuclear waste in the Pacific ocean and the deep concern at the serious ecological and environmental dangers to which member countries could be exposed. In this regard the resolution adopted at the recent meeting of the South Pacific Forum was strongly supported.

Disarmament and Arms Control

38. Heads of Government were profoundly disturbed by the lack of progress in implementing measures of disarmament and arms limitation contained in the Final Document of the UN Special Session on Disarmament held in 1978. They saw this as a particularly serious matter in a situation in which there was mounting tension and lack of confidence amongst states. They agreed that practical measures directed towards nuclear disarmament and the avoidance of all armed conflict, particularly nuclear conflict, must have the highest priority on the international agenda.

39. On that basis they welcomed the decision of the United States and the Soviet Union to reopen theatre nuclear force negotiations and urged the reopening of talks on strategic arms limitation at the earliest possible date. These initiatives pursued in a genuinely constructive spirit would bring renewed hope to the rest of the international community. They would also inspire all concerned to bring a new sense of purpose to their negotiations on specific measures of disarmament and arms control.

40. Heads of Government emphasised the importance of an early conclusion of a comprehensive nuclear test ban treaty as a crucial first step towards the cessation of nuclear weapons tests by all states in all environments.

41. Reaffirming their support for the objective of the Second Disarmament Decade proclaimed by the United Nations General Assembly in 1980, Heads of Government considered that the Second Special Session on Disarmament scheduled for 1982 would provide a significant impetus for a process of genuine disarmament particularly in the nuclear field. They expressed their determination to contribute effectively to the success of the Special Session.

Drug Abuse

42. Heads of Government expressed concern at the problem of drug abuse which affects humanity. They recognised its grave danger to national security, stability and resilience. They agreed that this was not only a social problem but that there was also a clear link between drug trafficking and other types of organised crime, including illegal traffic in firearms, which could pose a serious security problem in some countries. They recognised that this menace had the potential to destabilise societies and nations. Heads of Government stressed the need to foster closer co-operation within the framework of international and regional agencies to combat this menace.

Law of the Sea

43. Heads of Government stressed the importance they attached to securing at an early date a comprehensive and widely accepted Convention on the Law of the Sea.

44. They observed that such a Convention would enhance the prospects for peace and security in the world. It would define, inter alia, the rights of coastal states and other users of the sea; assist the rational exploitation and management of the living and non-living resources of the oceans; provide increased protection for the marine environment; give practical effect to the principle that the resources of the seabed beyond national jurisdiction are the

common heritage of mankind, and permit all States to participate in the exploitation of those resources, either directly through national operators or indirectly through the Enterprise.

45. Heads of Government noted with satisfaction that negotiations at the Third United Nations Conference on the Law of the Sea had reached a very advanced stage, but recorded their disquiet at developments which over the last two sessions, have prevented the Conference from concluding a Convention in 1981. They expressed the hope that the Conference would complete its work in 1982 in accordance with the decision taken at its Tenth Session.

The Melbourne Declaration

46. Recalling their Melbourne Declaration, agreed and issued during their weekend retreat, and recognising the importance of carrying forward the political commitments reflected in it into areas of practical action, Heads of Government approached their consideration of the world economic situation with a deep sense of urgency and practicality. They were determined to help the international community to usher in a new era of constructive economic relations between developed and developing countries, based on interdependence, mutual respect and a shared interest in change.

The World Economy

47. Heads of Government reviewed developments in the world economy and the deterioration in it since they met in Lusaka in 1979. They recognised that they were meeting at a time of economic crisis. Recession was persisting and was accompanied by stubbornly high inflation and rising levels of unemployment and under-employment. Prospects for many developing countries were particularly grim; they were experiencing serious balance-of-payments and debt service problems, further erosion of their terms of trade, acute poverty, hunger and malnutrition. Heads of Government stressed the global character of the problems facing the contemporary world and expressed their firm belief that domestic policies to counter these problems needed to be supplemented by collective action and a global approach. They noted that the growing interdependence of the world economy rendered it imperative that urgent action be taken to deal with the economic problems of both developed and developing countries, with special attention being paid to the needs of the Least Developed Countries which were engaged in a desperate struggle for survival.

48. Heads of Government reaffirmed their conviction that the persistence of widespread poverty underlined the importance of promoting rapid economic growth and development and of pursuing necessary structural and institutional changes in

international economic relations, in order to create a more equitable economic order. In approaching the critical issues, they took account of the analysis and recommendations made by the Reports of the Brandt Commission and the Commonwealth Group of Experts. They noted with satisfaction the international recognition accorded to the Report of the Commonwealth Group of Experts which they had commissioned at their Lusaka Meeting.

49. Heads of Government were conscious of the significance of their Meeting for the outcome of the Cancun Summit. They believed that the issues to be considered had major implications for the recovery of the world economy as well as for relations between developed and developing countries. They expressed the hope that Cancun would make a bold start by putting international economic co-operation on a new and constructive course; and that it would unequivocally reaffirm the commitment to Global Negotiations, thus giving a much needed political impetus to those negotiations. They resolved to make every effort to remove obstacles to an early start to the Global Negotiations.

50. Heads of Government noted that the Global Round of Negotiations would cover wide fields and could be a time-consuming process. At the same time, they recognised the need for immediate and effective action in such critical areas as trade, energy, food and money and finance, and called on leaders of all countries, without prejudice to the Global Round of Negotiations, to join them in commitment to such action.

51. Heads of Government noted the conclusions on North/South issues at the Ottawa Summit of industrialised countries, and expressed the hope that the attention given to those issues at Ottawa would be advanced at Cancun. They requested participating colleagues to provide to other Commonwealth governments, through the Secretary-General, their assessment of the Cancun meeting.

52. Heads of Government noted that co-operation among developing countries was a growing and welcome element in international relations. They urged that this process should be appropriately facilitated and supported so that it might make its due contribution to the resolution of the problems affecting the global economy.

53. Heads of Government noted that lack of progress in negotiations between developed and developing countries resulted in part from obstacles in the negotiating process itself. They requested the Secretary-General to convene a high level group to study and report on the issues involved.

Financial Issues

54. Heads of Government attached high priority to the resolution of current problems in the financial and monetary fields, and stressed the urgent need to restore world economic

growth and curb inflation. They noted that financial markets were unsettled; interest rates had reached unprecedented levels; exchange rates were subject to severe, and often disruptive, fluctuations; and there were pervasive and persistent imbalances in international payments. In an interdependent world, the resolution of these problems required greater co-ordination and co-operation on economic policy. They called upon all governments, particularly the major economic powers, to show greater concern for the repercussions of their policies on other countries; and, in the context of promoting economic recovery, to give urgent consideration to measures to bring stability to the financial and exchange markets and reduce upward pressure on interest rates.

55. In the light of the critical economic situation facing many developing countries, Heads of Government emphasised the need to increase official development assistance, particularly to the least developed and other disadvantaged countries. They welcomed the decision of some countries to increase levels of official development assistance and called upon all industralised countries which have not already done so, to reach the internationally agreed targets as soon as possible. They also called upon the developed centrally planned countries to substantially increase their development assistance. They noted the decision at the recent UN Conference on Least Developed Countries in Paris to make additonal resources available to these countries. The prospects for flows of concessional assistance to these and other low-income countries had been adversely affected by delay and uncertainty regarding IDA VI. They expressed the firm hope that the funding of IDA VII would be placed on a sounder footing. They attached importance to programme lending, including support for structural adjustment, and agreed that there was a case for a significant increase in such lending. They noted the prevalence of tied aid, which can distort the priorities of recipient countries, and urged all donor countries to give aid as far as possible in untied forms.

56. Heads of Government recognised the substantial contribution that multilateral institutions had made to economic development, and emphasised the major role they should play in expanding the flow of resources to developing countries. They agreed to make special efforts to ensure that progress in strengthening the resources of these institutions would not falter at this critical time. They stressed the need for these institutions to avoid political and ideological considerations in determining their operational policies.

57. Heads of Government recognised the role of private non-concessional flows, including direct investment, in facilitating development and stressed the continuing need for adequate financial mechanisms for the recycling of surplus funds. They noted that the commercial banking system had performed well in recycling funds; however, in their view, it might not be able to do so in future at levels and on

conditions that would not impose intolerable debt service burdens. They agreed that international financial institutions should play an expanding role in the recycling process. In this connection they drew attention to the proposal of the Commonwealth Group of Experts for the establishment of appropriate guarantee facilities which would enable surplus funds to be channelled to developing countries on appropriate terms, including longer maturities. The present financial difficulties of developing countries were such that they required innovative approaches. Among other measures, Heads of Government called for consideration to be given to increased use of mechanisms such as export credit insurance and the exchange of commodities on a barter basis.

Trade and Protectionism

58. Heads of Government expressed their anxiety over the trend towards increased protectionism. Aware of the importance of expansion of world trade to economic recovery and growth, they agreed that governments should make further efforts to reduce tariff and non-tarriff barriers to trade and to achieve international agreement on effective rules covering resort to emergency safeguards. They noted that little progress had been made in eliminating quantitative restrictions against certain categories of manufactured exports of particular importance to developing countries. They noted also that the process of reducing barriers to trade in agricultural products had scarcely begun. The export of processed commodities continued to be constrained by trade barriers which escalate with the degree of processing. They welcomed the proposal for a Ministerial Meeting of the GATT and urged the Contracting Parties of the GATT to take a positive decision to convene the Ministerial Meeting in 1982 to consider these and other problems of trade faced by all countries.

59. In view of their strong interest in the issues involved and in order to assist the deliberations, Heads of Government requested the Secretary-General to commission a group of independent high-level Commonwealth experts to investigate the impact of protection on developing country trade and report in time to assist governments in their preparations for the proposed GATT Ministerial Meeting. They agreed the group would examine the effects of protection on developing countries, including the impact of tariff and non-tariff barriers on industrial and agricultural products. In this respect the group should consider, inter alia, the question of emergency safeguards, and non-conventional measures which, among other things, include such matters as voluntary export restraints and orderly marketing arrangements; structural adjustment; the escalation of tariffs and trade barriers that constrain the expansion of trade in processed commodities; and the adequacy of existing arrangements for the settlement of disputes.

Commodities

60. Heads of Government noted that unstable prices and declining terms of trade were having an adverse effect on commodity-exporting developing countries, especially at a time of recession. They welcomed the agreement to establish the Common Fund and noted that progress made to secure its implementation had been slow. They urged all governments which had not done so to take urgent action to sign and ratify the Agreement to enable the Fund to become operational as early as possible and to contribute to its Second Account. They took note of the limited progress made in establishing effective international commodity agreements and urged governments to intensify their efforts to establish such agreements. They asked the Secretariat to give priority to identifying ways and means to expand processing in developing countries and to measures to maintain and improve commodity export earnings, and also to study the need for the adoption of a global scheme for the stabilisation of commodity export earnings.

Energy

61. Heads of Government re-affirmed their conviction that the energy situation required short, medium and long-term measures to be undertaken within the framework of wider international economic co-operation. Such a policy must ensure adequate returns to exporters of oil and secure supplies to consumers. Oil prices should be set in such a way as to avoid sudden major increases, and at levels which would encourage production and conservation. Within this framework, immediate consideration should be given to devising special arrangements to meet the energy needs of low-income countries facing difficult balance of payments problems. They welcomed the concessional arrangements for the purchase of oil introduced by several oil exporting countries including Commonwealth members, Nigeria and Trinidad and Tobago, for designated groups of developing countries and urged that consideration be given to their wider application.

62. Heads of Government emphasised the urgent need to devote sufficient resources for the development of conventional and new and renewable energy sources. They recognised that some progress had been made at the UN Conference on New and Renewable Sources of Energy held in Nairobi, and that some governments had offered to provide increased assistance for energy development. They noted in this connection, however, that there was no agreement on an appropriate multilateral financing mechanism. Mindful of the large increase in investment required for energy development in developing countries, they called for substantial additional multilateral provision of resources supported by both the industrialised and oil-exporting developing countries for the development of conventional and non-conventional energy sources. In this regard they supported the proposal for the establishment of an energy affiliate within the World Bank.

63. Heads of Government underlined the importance of meeting the technical assistance requirements of Commonwealth developing countries in energy development, particularly in respect of programmes to disseminate technology and to provide the necessary training facilities. In this context they noted the proposal under examination for a Centre for Research and Development on new and renewable sources of energy within the United Nations system. They believed that the Commonwealth could play an expanded role in providing technical assistance for the development of conventional and non-conventional energy in Commonwealth countries. They asked the Secretary-General to examine the possibility of strengthening Commonwealth efforts in this field.

64. They noted with interest the work that was being done through the Commonwealth Regional Renewable Energy Resources Information System (CRRERIS). This system, which was established as a result of a decision of the New Delhi Commonwealth Heads of Government Regional Meeting, made available information on renewable energy technology. In this context they welcomed the Australian Government's offer to make available to all Commonwealth countries, information and experience through the CRRERIS.

Food Problem

65. Heads of Government were disturbed by the continuing precarious state of world food security and the persistent food shortages in many developing countries. An urgent need was a dependable system of world food security. They agreed to make greater efforts to secure the early establishment of an international grains arrangement with effective economic provisions which would safeguard the interests of both exporting and importing countries while recognising the special needs of developing countries, to reach agreed food aid targets and to provide adequate food reserves, including emergency reserves. They also emphasised the importance of replenishing the resources of the International Fund for Agricultural Development and the World Food Programme to levels necessary to enable them to discharge their functions effectively.

66. Heads of Government recognised that the ultimate solution to the world food problem lay in greater food self-sufficiency in developing countries. They stressed the importance of measures to provide essential agricultural inputs on reasonable terms. They emphasised further the special importance of appropriate domestic policies and strategies including the pricing and marketing of agricultural products.

67. Heads of Government endorsed the recommendations of the Commonwealth Ministerial Meeting on Food Production and Rural Development held in February 1981 in Dacca. They recognised that the Commonwealth should mobilise its resources and experience to assist its developing members, and act as a catalyst for effective use of wider international assistance.

They agreed that there was need for an enlarged Commonwealth role in agricultural project identification, preparation and management, the management of fisheries resources, the preparation of food strategies, training, improvements in food storage, the reduction of post-harvest losses, and ensuring the increased participation of women in food production. They requested the Secretary-General to give priority to work in these areas through technical assistance activities in response to requests from member governments, and welcomed offers of additional financial and institutional assistance from Commonwealth Governments.

68. Heads of Government welcomed the decision of the Australian Government to establish the Australian Centre for International Agricultural Research and the decisions of the Canadian Government to establish an International Centre for Ocean Development and a training programme for agricultural extension workers which would reflect the important role of women in agricultural production. They recognised that these initiatives would contribute to the effectiveness of an enlarged Commonwealth food production programme.

Regionalism

69. Heads of Government recognised the dynamic character of regionalism of which the Southern African Development Co-ordination Conference (SADCC) was the most recent manifestation. They noted with satisfaction the support provided by Commonwealth countries and the Secretariat for regional efforts and agreed that they should continue to assist regional and interregional co-operation.

70. Heads of Government noted in particular the useful contribution made to Commonwealth co-operation by the Meetings in Sydney in 1978 and in New Delhi in 1980 of Commonwealth Heads of Government in the Asia/Pacific region. They noted that the Meetings had significantly contributed to co-operation and had become established as useful and regular forums for exchanges between Commonwealth countries of the region. They further noted the important areas in which practical co-operation between members had commenced - namely trade, energy, industry, and combating terrorism and the traffic in illicit drugs.

Island Developing and Other Specially Disadvantaged Countries

71. Heads of Government discussed the special problems faced by developing and other specially disadvantaged member countries. They noted with concern the particularly difficult economic and trading situation which currently faced small, poor states because of their limited human and natural resource endowment, small size and specific transport and energy problems. It was agreed that these countries needed special measures of support.

72. The importance of measures to assist island states in developing their resources within their Exclusive Economic Zones was recognised as being of crucial importance to their development efforts.

73. Heads of Government noted that the Special Action Programme approved in Lusaka had been of some benefit to these countries but that much more needed to be done within the Commonwealth and on a bilateral basis to help alleviate the problems of these states. Heads of Government noted the offer by the Government of Australia to fund appropriate facilities in New York to enable Pacific island states not presently represented to maintain representation at the United Nations. They also noted the initiative within the Pacific to establish a regional advisory service. The Governments concerned agreed to consult to formulate more detailed proposals.

74. Heads of Government requested the Secretariat in consultation with member countries to strengthen further Commonwealth assistance to small island and other disadvantaged member countries.

Women and Development

75. Heads of Government noted with satisfaction the establishment of a unit on Women and Development in accordance with the decision reached at their Lusaka Meeting. The unit was already doing valuable work, especially in the smaller states and in helping to upgrade the status and broaden the experience of those working in women's bureaux. Recalling that this unit was established to advance the interests of women in the Commonwealth through exchanges of experience, training programmes and other activities, they expressed the hope that its services should be used increasingly by government agencies as well as by non-governmental organisations which are concerned with matters of interest to women. It was recognised that if women are to benefit from Secretariat activities, governments will need both to ensure their inclusion as participants in conferences and workshops and actively to search out suitable candidates for scholarships and training programmes.

International Year of Shelter for the Homeless

76. Heads of Government noted with satisfaction the proposal made by the United Nations Commission on Human Settlements at the meeting held in Manila in April 1981 for an International Year of Shelter for the Homeless, and the recommendation made by the Economic and Social Council at its meeting in July 1981 to declare 1987 as the International Year. Heads of Government expressed their support for this recommendation.

International Year of Disabled Persons

77. Heads of Government acknowledged that their Meeting was taking place in the International Year of Disabled Persons, and noted the related activities being conducted by the Commonwealth Secretariat and by member governments.

CFTC

78. Heads of Government, reaffirming that the Commonwealth Fund for Technical Co-operation should be assured of the resources required to exploit the many comparative advantages of Commonwealth functional co-operation, welcomed the arrangements for the Fund's restoration, replenishment and governance, made by its Board of Representatives. In particular, they agreed that the level of activities carried out by the CFTC should be restored by 1983/84 to the level attained in 1978/79 as a basis for future growth, and expressed their satisfaction that indications from major and minor contributors suggested that the necessary resources would be made available over this three-year period.

79. In order to foster wider awareness of the Commonwealth among its peoples and as a contribution towards the financial stability of the CFTC, Heads of Government agreed in principle to the proposal for a special Commonwealth stamp issue every five years. Stressing the necessity of every Commonwealth country participating, they authorised the Secretary-General to prepare, for consideration by governments, detailed plans for the first issue which would commemorate Commonwealth Day in 1983.

Commonwealth Youth Programme

80. Heads of Government noted with pleasure that the Commonwealth Youth Programme had continued to make a valuable contribution to the development of national youth policies and programmes and expressed satisfaction with the results of the restructuring of the Programme requested by them at Lusaka in 1979. They stressed the importance of ensuring that the Programme's resources should not be allowed to fall below their present level if the current planned level of activities is to be sustained. To this end, Heads of Government agreed to endeavour to maintain the value of their contributions in real terms.

Commonwealth Foundation

81. Heads of Government expressed satisfaction with the valuable work of the Commonwealth Foundation and approved the recommendation of its Board of Trustees that the Foundation be accorded the status of an international organisation by the

host government. Noting with appreciation that the budgetary target approved in Lusaka in 1979 had almost been reached, they agreed that governments should endeavour to maintain this level of funding for the present.

82. Heads of Government expressed their warm appreciation to the retiring Chairman, Sir Adetokunbo Ademola of Nigeria, for his services to the Foundation over the last four years. They appointed Dr Muhammad Abdur Rashid of Bangladesh as the new Chairman.

Human Rights

83. Heads of Government considered the Report of the Commonwealth Working Party on Human Rights and reaffirmed the importance which all Commonwealth governments attached to the observance of human rights. They urged those governments which have not yet done so to accede to relevant global and regional instruments on human rights. They endorsed in principle the recommendations of the Working Party concerning the establishment of a special unit in the Secretariat for the promotion of human rights within the Commonwealth, subject to agreement being reached on the appropriate method of financing the unit. They requested the Secretary-General to consult further with member governments on an agreed definition of human rights within the Commonwealth context as well as of the unit's functions. They took note of the Working Party's proposals for an Advisory Committee for the protection and maintenance of human rights and asked that these should be further considered by the next meeting of Commonwealth Law Ministers.

Student Mobility

84. Heads of Government reaffirmed that student mobility and educational interchange within the Commonwealth were important to the national development efforts of Commonwealth countries and to maintaining Commonwealth links. While noting the factors contributing to the situation, they recognised that there was widespread and serious concern that the recent very substantial increases in overseas student fees in some countries were creating impediments to the movement of students and teachers between member countries. They expressed their appreciation of the Report of the Consultative Group on Student Mobility within the Commonwealth and urged that early and sympathetic consideration be given to the implementation of its recommendations.

Communication and the Media

85. Heads of Government welcomed the Report of the Commonwealth Committee on Communication and the Media. They expressed satisfaction with the operation of the Commonwealth

Media Exchange Fund and noted the Secretariat's proposals to broaden the scope of its application. They noted with appreciation the contributions by the Governments of Australia and Britain to the Fund and welcomed offers of additional support from other governments.

Culture

86. Heads of Government expressed appreciation of the work of the Commonwealth Institute and commended it to all member countries.

Commonwealth Employment/Labour Ministers Meeting

87. Heads of Goverment noted a proposal by the Commonwealth Trade Union Council for a meeting of Commonwealth Employment/Labour Relations Ministers at the time of the International Labour Conference, and requested the Secretary-General to make arrangements for such a meeting in 1982.

Report of the Secretary-General

88. Heads of Government commended the Eighth Report of the Secretary-General and noted with appreciation the progress made in various areas of Commonwealth activity since their last Meeting.

Next Meeting

89. Heads of Government, recognising the growing contribution which the Commonwealth is capable of making to the solution of world problems, reaffirmed the importance which they attach to their biennial meetings and the opportunity which such meetings provide for consultations aimed at forging a consensus on some of the major issues facing the world.

90. Heads of Government accepted with pleasure the invitation of the Government of India to hold their next Meeting in India.

DECLARATION

BY THE

COMMONWEALTH HEADS OF GOVERNMENT MEETING

IN

MELBOURNE

OCTOBER 1981

ATTENDED BY:

AUSTRALIA
BAHAMAS
BANGLADESH
BARBADOS
BELIZE
BOTSWANA
BRITAIN
CANADA
CYPRUS
FIJI
THE GAMBIA
GHANA
GRENADA
GUYANA
INDIA
JAMAICA
KENYA
KIRIBATI
LESOTHO
MALAWI
MALAYSIA
MALTA
MAURITIUS
NEW ZEALAND
NIGERIA
PAPUA NEW GUINEA
ST LUCIA
SEYCHELLES
SIERRA LEONE
SINGAPORE
SOLOMON ISLANDS
SRI LANKA
SWAZILAND
TANZANIA
TONGA
TRINIDAD AND TOBAGO
UGANDA
VANUATU
WESTERN SAMOA
ZAMBIA
ZIMBABWE

DECLARATION

WE, THE HEADS OF GOVERNMENT HERE ASSEMBLED, DRAWN FROM FIVE CONTINENTS REPRESENTING A QUARTER OF THE WORLD'S ENTIRE POPULATION:

(1) Affirm our strong and unanimous conviction that all men and women have the right to live in ways that sustain and nourish human dignity.

(2) Believe that this right imposes obligations on all states, large and small, not only in respect to their own people but in their dealings with all other nations.

(3) Assert that the gross inequality of wealth and opportunity currently existing in the world, and the unbroken circle of poverty in which the lives of millions in developing countries are confined, are fundamental sources of tension and instability in the world.

(4) As a consequence, assert our unanimous conviction that there must be determined and dedicated action at national and international levels to reduce that inequality and to break that circle.

(5) Believe that for all these reasons it is imperative to revitalise the dialogue between developed and developing countries.

(6) Deciare that this will require a political commitment, clear vision and intellectual realism which have thus far escaped mankind and to all of which the Commonwealth can greatly contribute.

(7) Believe that the dialogue must be conducted with a genuine willingness to accept real and significant changes commensurate with the urgency of the problems we now face.

(8) Firmly believe that the choice is not between change and no change but between timely, adequate, managed change and disruptive, involuntary change imposed by breakdown and conflict.

(9) Maintain that success will only be achieved as states recognise and give due weight to the essential inter-dependence of peoples and of states.

(10) Declare that, while the most urgent humanitarian considerations demand action, self-interest itself warrants a constructive and positive approach to these great human problems by all governments.

(11) Recognise that in the process of negotiations, nations must cast aside inhibitions and habits which have thwarted progress in the past and find new ways of talking constructively to one another so as to reach agreement on effective joint action.

(12) Note that, as well as technical economic considerations, it is imperative that states keep in the forefront of their attention the larger moral, political and strategic dimensions of what is at stake.

(13) Maintain that while the problems are formidable, they are not of such a weight that they will defeat our purpose, given political will and an understanding of the needs of different countries and groups.

(14) Assert that what is at stake—in terms of how hundreds of millions will live or die; of the prospects for cooperation or conflict; and of the prospects for economic advance or stagnation—is of such vital importance in human terms that it would be an indictment of this generation if that political will and the readiness to find a creative compromise were not found.

(15) Firmly believe that the issues are so important that they require the personal commitment and involvement of political leaders who, representing the will of their peoples, have the greatest power to advance the common cause of mankind.

(16) Attaching the highest importance to the principles and objectives of this document, recognising the mutual interests and interdependence of all nations, declare our common resolve: To end the present impasse; to advance the dialogue between developed and developing countries; to infuse an increased sense of urgency and direction into the resolution of these common problems of mankind; and solemnly call on all leaders of all countries to join us in a commitment to taking prompt, practical and effective action to that end.

COMMONWEALTH HEADS OF GOVERNMENT MEETING

MELBOURNE

OCTOBER 1981

SUBJECT

FILE

cc Master
OPS

10 DOWNING STREET

THE PRIME MINISTER

13 October, 1981

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 143C/81

Dear Prime Minister,

I greatly enjoyed meeting you again at the Commonwealth Heads of Government Meeting in Melbourne. I thought that it was a happy occasion which provided a valuable opportunity to exchange views on a wide range of subjects.

I should particularly like to thank you for the silver box you gave me. It was most kind of you and I shall greatly value it.

I look forward to our next meeting.

Yours sincerely,

Margaret Thatcher

The Honourable Ranasinghe Premadasa MP

KBB

SUBJECT

FILE

cc Master
OPS

10 DOWNING STREET

THE PRIME MINISTER

13 October, 1981

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 143/AA/81

My dear Malcolm,

Now that I am back in London I can write to congratulate you very warmly on the successful conclusion of the Commonwealth Heads of Government Meeting. A meeting of this kind - bringing together, as it does, so many countries with such different interests and such varied objectives - could so easily fail to fulfil expectations, but I believe that the exchanges of view which we had in Melbourne and Canberra were positive and constructive. These were of course particularly useful, coming just before Cancun.

That our discussions were so valuable was, if I may say so, due in very large measure to your skilful chairmanship. Without your wise and patient guidance I doubt whether our deliberations would have been nearly so fruitful.

I think too that the success of the meeting owed much to the way in which you organised the occasion. This was clearly an enormous task, but everything was arranged with unobtrusive efficiency and no effort was spared to ensure our comfort and safety. I and all my party are very grateful to you for your generous hospitality.

And Tammy was wonderful.

Yours ever

Margaret

The Right Honourable Malcolm Fraser CH

RHb

SUBJECT

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10 DOWNING STREET

THE PRIME MINISTER

13 October, 1981

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T143D/81

Dear Prime Minister,

I greatly enjoyed meeting you at the Commonwealth Heads of Government Meeting in Melbourne. I thought that it was a happy occasion which provided a valuable opportunity to exchange views on a wide range of subjects.

I should particularly like to thank you for the rug, handbag and books you gave me. It was most kind of you and I shall greatly value them.

I look forward to our next meeting.

Yours sincerely,

Margaret Thatcher

The Honourable Shah Azizur Rahman

10 DOWNING STREET

THE PRIME MINISTER

13 October, 1981

Dear Mr. Thompson

I should like to thank you very much for your gift of the book "Victoria in Love".

This will serve as a happy memento of my stay in your lovely city. I am most grateful to you.

Yours sincerely

Margaret Thatcher

The Honourable L H S Thompson CMG MP

FILE

10 DOWNING STREET

THE PRIME MINISTER

13 October, 1981

Dear Sir John.

I should like to thank you very warmly indeed for all you and your staff did to make my visit to the Commonwealth Heads of Government Meeting go so well.

I am particularly grateful to you and Lady Mason both for the hospitality you showed me and Denis when we stayed with you the weekend before last and for arranging the party for businessmen which I gave in your flat in Melbourne.

I should also be glad if you would pass on my thanks to Mr Anglin for allowing me to use his house for the two lunches I gave for other Heads of Government. These occasions were among the more useful parts of the Conference, and that they went so well was due not least to the admirable arrangements which you and Mr Anglin made on my behalf.

May I finally add my and Denis's thanks to you and Lady Mason for the way in which you have looked after Carol. It has been a great comfort to us to know that she can come and stay with you just as though she were in her own home.

Yours sincerely

Margaret Thatcher

His Excellency Sir John Mason KCMG

RH

10 DOWNING STREET

From the Private Secretary

12 October, 1981.

The Prime Minister has asked me to write and thank you for all the help you and your staff gave the British delegation during their visit to Melbourne for the Commonwealth Heads of Government Meeting. Considering the invasion of Heads of State staying at the Hilton, your staff really did give us excellent service, and were at all times helpful and courteous. Mrs. Thatcher thanks you for the beautiful book which you gave her on Australia, and hopes that in return you will accept the enclosed signed photograph.

With best wishes, and once again thank you very much indeed. It was a most enjoyable stay at your hotel.

CAROLINE STEPHENS

Frank D. Christie, Esq.

PRIME MINISTER'S PRESS CONFERENCE, MELBOURNE: 7 OCTOBER 1981

PM: Can I just say a word or two about the Conference. Of course there was no one particular issue in this Conference as there was in Lusaka and therefore it may seem that we haven't achieved as much at this Conference as we did in Lusaka. That is because circumstances were different. We have, nevertheless, discussed a number of very important issues. Of course we all discussed the world economy. It is a matter which dominates our thoughts at the moment and in connection with that we obviously discussed the problems of the developing countries. But I think we were able to get over a number of points to them and they also to us. First, you probably realise from the speeches that it was one of the other Commonwealth countries, Jamaica as a matter of fact, Mr. Seaga, pointed out that words to the effect that our aid in 1979 alone from Britain more than equalled the whole of the aid from the Soviet Bloc. Rather a good point for someone else to get over, but ours, one country, from Britain gave as much aid to developing countries as the whole of the Soviet Bloc. Also they were able to point out that aid is comparatively small compared with the very large oil bills and increasing oil bills that they're having to pay and so often I think the total aid meets about a third of the total oil bill of the developing countries and then to point out that the trade flows are infinitely more important, 13 or 14 times more important than the aid flows. These things put it in perspective and a number of them talked about the problem of protectionism which is absolutely vital for the world not to go protectionist because what they really need is a market for their products. There was a great deal of talk about the morality of securing aid and trade for the developing countries. We were also some of us able to say, look we too have problems, we too have problems with unemployment and we too have problems, much as we hate protectionism, we do sometimes have problems with things like textiles and footwear which can cause problems of unemployment at home. I mention those examples because it was really very much a 'me getting to know their' problems and 'us getting to know their' problems. On the Gleneagles matter, which came up several times in different guises . As you know

/ we did not

we did not attempt in any way to amend the Gleneagles Agreement. I think to be perfectly honest, there might be slightly different interpretations of the Gleneagles Agreement although in fact if you look at it with a strict sort of legal cross examination there is not a great deal of doubt about what it means. But that's reaffirmed in a general way. And on the other main political discussion was of course about Namibia and indeed the whole of Southern Africa. Again on Namibia Lord Carrington had done a great deal of work behind the scenes making contact with the Front Line States and we were able to get the course of action which has been agreed in New York affirmed and it agreed that that was the best way to go ahead, that is on the basis of the United Nations resolution, on the contacts to be made by the Contact Group with the Front Line States, with SWAPO, with the internal parties in Namibia and with South Africa. They realise that was the best way forward. So those were three things which we had very extensive discussions on. There were other similar discussions, very interesting on energy and the usual discussion which we had on the small islands. That's absolutely vital for some of us to sit in on because their problems are very very different from ours but very very real to them and it is an occasion for us to meet and talk about them. On the world economic situation they realise that inflation damages them as well as us because it means that they have to pay much much more for the goods that they import from the Western world. So they agree that we have to get inflation down. Altogether a very interesting, I thought a constructive Conference: now 41 of us, some new members, and I thought we did a very great deal in getting to understand the other man's viewpoint which would be useful in future Conference and future dealings to come. Now would you like to open the questions?

Q: Can I take you up on that point Prime Minister? You had a reason to discuss all these issues with the other Leaders. What did you learn that you hadn't appreciated before from their points of view?

/ PM:

PM: I think we were trying to get across some more of our viewpoints to them. I think I learnt that they had a very much greater understanding of the relationship between the developed and developing world than one would have realised from some of the commentaries. You see so many of the commentaries seem to say it must be more and more and more aid. First, there are a great many speeches about trade, a great many speeches about protectionism. There were a great many speeches that were thoroughly realistic in the light of world problems. Of course they all want more money. Don't we all, in one form or another. But it was against the background of world problems and they weren't expecting everything to be solved suddenly. And of course there were some comments about the thing which I opened with that really these problems can't be solved as a matter of redistribution of wealth. There just isn't enough to go round. Look we're 55 million, Australia 14 million, Canada with about 20 million. Look, India's over 700 million. We can't do it on that basis. You have to try to create conditions which will help to create more wealth and the potential for that in developing countries is enormous. That is one thing I shall say which will not surprise you. It is always worth coming a very very long way to listen to Harry Lee for three quarters of an hour.

Q: Prime Minister, are you then basically satisfied that you have managed to get through the aid debate without having yourself committed before Cancun ..... to say that you've left this fairly much in the air..... Are you going to deal with aid and similarly that you have stalled off what might have been an embarrassing debate on Namibia?

PM: Well, we didn't stall off a debate on Namibia. We had a debate on Namibia, of course we did, and they said what they felt about it. There's nothing wrong in having a debate on Namibia. It would have been astonishing if we hadn't had a debate on Namibia. At the end of the debate they reaffirmed the way forward that had been enunciated. I think it was 24 September from New York, the Contact Group goes round in the way I have described. First, with constitutional guidelines, and I stress guidelines because we can't negotiate, the Contact Group can't negotiate full details on a Namibian constitution

/ and after

and after that then it's hoped there'll be another round on how to implement the process to independence. But it was all accepted, it was accepted really after discussing and arguing it out and that's a very much sounder way than saying, no, I'm sorry this is all sorted out, we can't discuss it. This is how we started. Now we've discussed the whole thing and you reaffirm what we started with. Then what we had at the end was a very much stronger agreement than what we had - and understanding - than what we had at the beginning.

Q: ..... (American intentions over Namibia)

PM: I pointed out that I think the Contact Group is more united now than it has been for a very very long time. It's united on the way forward. It believes from American and South African contacts that there is an opportunity for a way forward: it believes from American and South African contacts that South Africa is ready to take further steps towards the independence of Namibia. It therefore is going ahead on the basis that the coming discussions will result in further steps forward towards the independence of Namibia and I believe it's possible to do it by the end of 1982, whether it will be done by the 1982, one is slow to venture opinion but it is possible to do it and we believe that all people want now to make progress.

Q: Are you committed to that deadline, Prime Minister, 1982?

PM: No, no-one can ever be committed to a date. You've been in that business as long as I have.

Q: Prime Minister, one of the great values of these meetings must be the personal contacts one has with people. Could you tell us who you asked to see here. For instance, did you - I think we know the answer - but some of us were rather surprised that you didn't for instance, given your differences with India on the world politics and how to interpret them. You didn't seek to have a long talk with Mrs. Gandhi.

PM: Good heavens, I've just had a four-day visit to India, 4/5 day visit to India.

/ Q:

Q: Well, that's one example where it looks as if there's no need. But, shall we say, with African countries?

PM: First, don't forget we ran two lunch occasions and had very extensive talks then and obviously I had a long talk with Mr. Mugabe. The others, I had a long talk with Julius, who was sitting next to me at one of the lunches and I had a long talk with Kenneth, with President Moi also because we were all lunching together. It isn't necessary you know to have a bilateral unless there's something specific. And don't forget with many countries the specific thing with us is usually more aid. That was asked for in quite a number of bilaterals.

Q; Can you tell us then about the Mugabe one that we understand went well.

PM: You wouldn't expect it go any how else would you?

Q: Is there anything you can say about it?

PM: No, I don't think so. Obviously I asked Mr. Mugabe how everything was going and got an account of it and then he wanted to put one or two things to me which I will look into.

Q; You expressed yourself rather strongly last night on the consensus. Do those views apply to the Commonwealth Conference as well?

PM: Consensus as you gather, it really arose from the Commonwealth Conference whenI said to someone why do you constantly use the word consensus in relation to a certain matter and someone said very quickly because you can't get agreement. It's a strange word, it's not consent, it's not agreement. I've never fully understood it. And you can't usually get it when you get down to the nitty gritty. When you get down to the nitty gritty you've got to get agreement.

Q: ....

PM: No, no you don't you get down to it, we did it this morning we had to ... a number of things out. Once you get down to specifics you have to agree. When you are dealing with generalities you can perhaps have a bit of latitude because no-one is necessarily going to operate it. So dealing with generalities you can have latitude - when I say no-one is going to operate it, there is no way of operating it in detail. Once you get to detail on practitical things you have got to agree. But last night wasn't that sort of use of it really. Last night was a view of certain beliefs and operate on those and then try to persuade people to follow you in your beliefs and agree with you. Or do you say I have no beliefs, I am prepared to compromise every single principle anyone else has ever held. So long as we can agree on the lowest common denominator some say, some say the highest common factor. I won't quarrel on the arithmetic of it.

Q: Are you saying Mr Heath does that?

PM: I was not making any reference to Mr Heath. That consensus point, I first put very, very vigorously at the YC Conference in Bournemouth before I was even Prime Minister. I am a conviction politician it has always been my pride first, I believe in certain things. So did many, many of my predecessors.

Q: In view of generalities Mrs Thatcher can you tell us what you mean?

PM: It is not a practical proposition, obviously the way forward, it is a statement of aspirations

Q:

PM: I don't think you can ever expect a recipe to come out of a conference of 41 nations like this just entering into discussion. You are never going to get a recipe which is an agreement. Losts of work has to be done and really quite detailed negotiation. I think its a great mistake to expect a recipe or detailed agreement

/ever

ever to come out of a conference like this and you must not expect it from CANCUN either.

Q:

PM: The Melbourne Declaration will be incorporated into the communique. We usually do that you know because you are always desperately wanting something long before the end, you have got to fill the columns somehow.

Q: Prime Minister would you like to put into perspective how you feel about Mr Muldoon?
PM: Oh, distinctly catalytic I think. Quite lively, anything else? I am not going to comment about other people's behaviour. I havn't an election campaign.

Q: Prime Minister behind Mr Muldoon's remarks there does seem to be some serious disenchantment with the way this conference was operated. It seems to be saying I don't really like the way this club works any more;was he in fact expressing what many others feel in private?

PM: I think he went through a very traumatic experience with that tour in New Zealand. I know it was quite traumatic for all us. When I turned on the news almost every day and you saw what was happening it was just the kind of tour we have never had before. Its the kind of behaviour we have never had before. I think you have got to take that into account too.

Q: Mr Nyerere said that the Springbok tour was a contributory factor ...

PM: I think what we saw happening in New Zealand or heard happening in New Zealand had a great impact on those who had invited tours from South Africa and don't forget there is a very great tradition of hospitality in the rugby world and clubs which have previously some other time played in South Africa are always anxious to return hospitality. You might think it's not a point worth making, it is. And when you take the hospitality you like to return it. ...

in Richmond and Torquay. We didn't know about it until we got here and then when we did in any event we would have had to operate under the Gleneagles Agreement and ask them not to go ahead with it and pointed out what had happened in New Zealand. I must say I think that did make it easier for us to persuade them and for them to accept our advice. I thought it was the most dramatic experience not only for New Zealand but for us all.

Question:

PM: I can't for the simple reason in Rhodesia we were absolutely in charge, we were the colonial power, we were given authority to get on with it, we did, taking other people with us at each and every stage we sat down and got on with it for 15 weeks and sat until we concluded. We are one of five of the Contact Group, I am every bit as anxious as everyone at that conference to get the Namibia problem solved, to get it moving to independence. We have to try to bring influence to bear on South Africa as we always have. But I do think that we are likely to get, and I believe in maintaining a dialogue with South Africa. After all most countries there have trading relations with South Africa and we are one of them believe in maintaining a dialogue and I think the fact that we have maintained a dialogue has possibily contributed to the fact that I believe there is a way forward, window is the mordern jargon word now on the Namibian problem. I do think that when they take the kind of action you and I would wish namely when they stopped the coloured discrimination in certain areas then I do think we should applaud it. I remember doing so in a speech New York that they had taken this step forward and they were then going to introduce legislation, and if they did introduce that kind of legislation, non-discriminatory legislation or legislation that would prohibit discrimination in certain areas that would be very good. I do think that when they do things like that we have to encourage them, because we shall just have to do everything we can.

Question:

PM: No, I think quite apart from one's political point of view,

/I think

PM continued: I think you will find that the economics of the thing are such that they bring change about. I think you will find that some of the fastest things changed were in industry; they need more and more skilled people and, therefore, you get a breakdown of the interface where it matters namely between the white skilled person and the black person not being trained to have skills. That breaks down and you get much, possibly, very good prospects of advancement there. Indeed I think industry is being conducive to breaking down apartheid. Industrial, economic advance is being conducive to breaking down apartheid in practice.

Question:

PM: I think that what they were referring to in your remarks wasn't so much the revolutionary aspect but that he is what I would call a great centralist. Everything centrally controlled in considerable detail.

Question:

PM: I think there is quite a bit of misunderstanding about foreign investment, I mean certainly a foreign investor is going to invest there if its going to be annexed or likely to be taken over or nationalised or centralised or whatever you call it. I think quite a number of them made the point that they wanted money flows or one sort or another to go there and they shouldn't have any regard to politics. But then others made the point that that just isn't realistic. I didn't make the point, others made the point. We did have one of the most interesting debates on the conference on flows, on financial flows. Of course it was dealing with aid, dealing with financing, recycling. As you know, of the financial flows from the developed world to the less developed world have by far the best record. About 11.2 billions through us, correct - and about 4.8 billions with the United States. We have the very best record getting flows in recycling them out - by far the best record. On private investment we have the second best record in the world and if you take our aid plus our private investment together then we're up to 2.6% of GDP which is way above the official target. We are also good on the palace target of 0.15% to the lesser developed countries we've already hit it.

Q

Q:

PM: Well I sometimes wonder, I will tell you why. We don't particularly like targets, I don't particularly like targets. I didn't mind that one because we had already hit it. There is a target of 0.7% of GNP target for years its not yet been hit and I think a number of people wonder we havn't hit that one, why do you sub-divide into targets. So in fact it seems to be a target, its become an aim but we already hit it. I tell you there is another thing, I think India and Pakistan don't come within that definition lesser developed countries - not surprising because they have areas of great poverty they are also highly developed as you know in some of their industry, extremely highly developed.

Question: I would just like to ask you about Egypt Prime Minister, what are the fears and anxieties following the assination of President Sadat?

PM: I think that there will be a great effort on both sides to get stability, that is to say at the moment is the fulfilment of the agreement uncertain I think there will be a tremendous effort on both the side of Israel and on the side of Egypt because the agreement is between two countries to get the next stage of that agreement which is the return of Sinai in April 1982 fulfilled. Once you have got into a position of uncertainty the first thing I think most politicians would say is lets get some stability because only with a basis of stability and certainty have you got a basis for going forward again. My guess is that both of them would take that view.

Q:

PM I think you will find that we were all very conscious that we were not going to get a long way with the European initiative until that return of Sinai in 1982. But in the meantime, we might have hoped to get somewhere on asking both sides to recognise officially the rights of the other on condition that the other one recognised it. It really would be an immense step forward.

/My guess would be

My guess would be, of course, there are 60 days to go before an Egyptian election. I would not like to prophesy. Every effort will be made to try to act in such a way that you get a return to some kind of stability and sense that the things that were to happen in the future about Sinai will happen. You can never get very far in politics, as you know, without return to order, return to stability. It is always rule No. 1 where you have got uncertainty, instability, lack of order it is always rule No.1, return to stability,return to order, absolutely vital. From there you can go on.

Q: Do you know Mr Mubarak,do you have confidence in him?

PM I have met Mr Mubarak twice, once in Egypt in Cairo and once in England. I have had talks with him.

Q: How do you find him?

PM Very able. And experienced as well.

Q: Would you give us your views on Mr Heath's speech?

PM: I have not gone through it in detail. You will understand that I really have had more immediate things to deal with.

Q: Just to go back to Cairo, are you going to his funeral?

PM: I am, when we leave here tonight, on the way for a day in Pakistan, and then I shall return to London which will be on Friday. And Lord Carrington whose gone ahead will be going to the funeral, he's gone ahead, returned to London. And we are assuming that the funeral will be on Saturday - have you heard in the meantime. If not he would already on the way have to deflect there.

Q: Do you not feel you should go yourself?

PM I have been away by the time I get back for a fortnight and it would be very difficult to turn round and go there much as one would like to, much as one would like to. And I have been away for a fortnight, Lord Carrington is one his way back to London and will return there and then leave.

Q: Do you see repercussions elsewhere in the Middle East, do you see a problem?

PM: I think what we will do now is to calm things down, that is the most important thing and I think everyone will be very conscious of that. Do you remember, if I can just give an example, when something which creates uncertainty happened. Do you remember when the Iraq/Iran war how quickly all other countries moved they were in session the United Nations and we were in regular contact - all other countries moved to isolate the conflict. I thought it was a great tribute then to the sophistication of international relations and the realisation of what comes on the part of the governments of nations, on the part of everyone who wants peace and stability which, of course, is the overwhelming majority.

Q: Would you like to think about the future of the Commonwealth ...

PM: I think a lot of use is being made of it. I thought a very good development was the regional few things. First because they discuss in more detail and meet more frequently than the big conference and, of course, we see many of them through London and many of them at other international conferences. Part of the value of these big conferences we have a lot of the smaller ones here who don't belong to any other big form. They have their say and get their views over which is why we always have to have time for their debates and it is absolutely vital that we are present at those debates. I think the one sad thing, if I might say, is that you do get so many set speeches. Now set speeches in the conference take up so much time, they come and distribute them to you all and we have really less time for debate and debate is useful so you don't get so much chipping in. Now and then we got it and that is what makes it - that is why the lunches are so valuable because you get 6 or 8 of you round a table and you really can get quite a good discussion or debate there.

Q: How did you get on with your neighbour, Mr Price.

PM: Very well. We are absolutely delighted we got Belize to independence.

Q. ...

PM: By knowing he is not alone, I think he found a lot of friends there.

Q: ...

PM: Oh well that is all set down in the terms on which we agreed on in independence. It is a bit different when you see a person you have a picture in your mind ... I thought he was a very able and nice person.

Q: ...

PM: I am foresighted and far-sighted.

COMMONWEALTH HEADS OF GOVERNMENT MEETING

MELBOURNE

7 OCTOBER 1981

PRIME MINISTER'S RESPONSE TO ADDRESS OF WELCOME

Mr. Chairman, Fellow Heads of Government, Mr. Secretary-General, it is an honour for me to be asked to speak at this opening session. May I first congratulate you, Mr. Chairman, on the immense efforts you and your fellow countrymen, together with the members of the Commonwealth Secretariat, have made in preparation for this meeting. Now that we are all together, in this splendid Hall, in the lovely City of Melbourne where we are able to appreciate how fruitful those preparations have been. You have provided us with an ideal setting for our discussions. Now we must ensure that those discussions are worthy of all the hard work that has preceded them.

/Historical references to Melbourne?/

May I echo, Mr. Chairman, your welcome to the countries of the Commonwealth who are represented here for the first time: Zimbabwe, Vanuatu, and Belize, and to send our good wishes to our other new member, St. Vincent and the Grenadines, who are not with us but whom we welcome to the Commonwealth family.

We meet today as Heads of Government of the Commonwealth for the first time in the Pacific Region - in which there are now ten Commonwealth countries. We meet, auspiciously, in the 50th anniversary year of the passing of the Statute of Westminster which has come to be regarded as the starting point in the development of a Commonwealth of equals. We meet in a country that is one of the founder members, and whose policies and attitudes have played, and continue to play, a most significant part in that development. We are all very aware of the ways in which Australia has given a lead in Commonwealth thinking,

/particularly

particularly in the development of the Commonwealth regional concept, examplified so far by two meetings of Heads of Government of the Asia/Pacific region.

We know the importance of Australia in furthering and defending the principles of liberty and responsibility on which the Commonwealth is founded.

Mr. Chairman, when I spoke on a similar occasion at our meeting in Lusaka two years ago, I said that the Commonwealth must be more than a meeting place or an aid-giving agency; I said it must proclaim and practice those very ideals, democracy, personal liberty and equality for all under a just law. What is the use of being a Commonwealth unless we stand for something - for these things. I think that at Lusaka, at Lancaster House and then in Zimbabwe itself, we showed the world that the Commonwealth can overcome difficult problems and do it well.

/We can

We can all be proud that the democratically elected Head of the Government of Zimbabwe Robert Mugabe sits with us today. We wish him and all the people of his country, well.

But, Mr. Chairman, the tradition of democracy and liberty has another face, and one we need to remember. Against the background of recent revents, it seems to me of especial importance for the Commonwealth that our discussions together during these coming days should show the same broad spirit of co-operation and understanding of others' problems as led to our success in 1979.

Mr. Chairman, you and the other distinguished speakers this morning have referred to a number of the subjects that will be occupying us in the coming week. Perhaps I may touch very briefly on one of them.

/The prospects

The prospects for the world economy continue to cause deep concern. And the problems facing some developing countries continue to be a special source for anxiety. You, Mr. Chairman, and the Secretary-General, have a specially close interest with these matters. I hope that our meeting will provide an opportunity for a thorough discussion of these problems. We share many mutual interests and we have a tradition of co-operation. I hope that our discussions here will set a pattern for fruitful exchanges at forthcoming meetings such as that in Mexico. But I venture to say that the solution to our problems lies not in the redistribution of wealth - there just isn't enough - but in the creation of new wealth. And that means taking a practical approach to these matters.

/Of course

Of course, our gathering will also provide an opportunity for us to deal with other critical matters and political problems, including those in Afghanistan, Cambodia, the Middle East and Southern Africa. I am sure that on these, as well as on other matters, we shall be able to make a positive contribution and try to influence matters so that they go in the right direction. But I do not wish to embark on the discussions we shall be having over the days ahead. Let me just say this - we pride ourselves that our purpose is not peace at the expense of freedom, but peace with freedom. This conference is about the use we make of that freedom. For we know that the victories of peace are as challenging as the victories of war. And that they endure longer .

/I hope

I hope that at the end of our week's meeting we may look back at our endeavours with pride in having achieved something useful, a concord that will benefit not only our own countries but the international community as a whole. I believe that we shall have a successful and profitable meeting, and emerge from it strengthened and confident in the future of our Commonwealth association.

RESTRICTED

SUBJECT

Further Correspondence on ZIMBABWE, May '80 Independence of

cc Masters

10 DOWNING STREET

From the Principal Private Secretary

7 October 1981

Dear Bernard,

CALL ON THE PRIME MINISTER BY MR. ROBERT MUGABE

Mr. Robert Mugabe, the Prime Minister of Zimbabwe, called upon the Prime Minister for forty minutes in her suite at the Hilton Hotel, Melbourne, at 1425 yesterday, 6 October 1981.

The Prime Minister asked after the situation generally in Zimbabwe. Mr. Mugabe said that the most important task of his Government was to achieve peace and stability, and he thought that they were succeeding in this. The task of integrating the Army and the cadres should be completed by the end of 1981, but retraining would need to continue after that. It would take time for the old loyalties to fade away and for the Zimbabwe Army to develop a single allegiance to the government in power. But progress was already being made in this direction and the different elements of the Army were working well together. He was very grateful for the help being given by the British Army instructors in Zimbabwe. All this was satisfactory. It was the economy that caused him most worry. His Government was pressing on with its most urgent programmes such as the reconstruction of roads, schools and hospitals which had been destroyed or had fallen into disrepair in the period leading up to independence, but they were hampered by the weaknesses in the country's transport system. Half of their railway locomotives were in a state of disrepair, and South Africa had withdrawn 25 locomotives which they had loaned to Mr. Smith's government. There was a severe shortage of technical experts, and they had asked India and Canada for the loan of some personnel. They were financing the purchase of 25 locomotives from Brazil with a Kuwaiti loan, and these should start arriving next month. There were another 35 engines on order in the United States and Canada. The lack of equipment was, he hoped, a temporary handicap. It was, however, being compounded by the tactics of the South Africans. Zimbabwe had to use South African ports and whereas the rail journey from Zimbabwe to Durban had taken 10-14 days before independence, it was now taking 24 days. The South Africans said that the delay was due to the increased volume of traffic, but he believed that the go-slow tactics of the South Africans were intended to damage the economy of Zimbabwe. The South Africans were doing precisely the same to traffic from Botswana, Lesotho and Swaziland.

/ Mr. Mugabe

Mr. Mugabe went on to say that the mining industry remained very important to the health of Zimbabwe's economy. This was why the Government had established a central marketing authority for minerals. In this way the Government would know what was being produced, what it was being sold for and where it was going. He wanted to emphasise that this was not nationalisation and went no further than had the establishment of central marketing authorities for cotton, grain and other agricultural products. He hoped that the mining companies would be represented on the marketing authority. None the less, the multinational companies operating in Zimbabwe had greeted this development with anxiety and suspicion, though there was no cause for them to worry.

Mr. Mugabe said that he was also facing a measure of discontent in the Civil Service. When Zimbabwe had come to independence, he had found that there were no Africans in the higher ranks of the public service, and he had therefore had to bring some on quickly. Fortunately many of the senior white civil servants had reached retirement age, and it had therefore been possible to advance a number of Africans without making anybody else redundant. But he had had to freeze promotion for white civil servants temporarily, and this had offended them. But he had assured them that once a number of Africans had been brought on, the traditional system of promotion on merit would be resumed.

His Government had also had to take action recently against the quite large number of people who were evading exchange controls when they emigrated to South Africa. They did this by taking not only their own furniture but also furniture which was bought from other people and then resold in South Africa. Regulations had now been issued which required emigrants to place the proceeds from any assets they realised before leaving in banks in Zimbabwe, whence they would be remitted to the owners in due course. These measures had initially caused some resentment but he thought they were now seen as necessary in order to deal with a growing abuse.

In response to a question by the Prime Minister, Mr. Mugabe said that farmers in Zimbabwe, both large scale and peasant, were doing well, and the most recent harvests had been good. The country was, for example, now producing more maize than it consumed, and the balance was being exported to a number of other African countries. It was true to say the farmers were the happiest segment of the white community. African farmers were also making a good return and were, at least for the time being, content. There was, however, a major problem over land, and this was one reason why he had asked to see the Prime Minister. The British Government had given Zimbabwe on independence a grant of £20 million for land resettlement. This money was not being employed to buy farms from the whites which were being fully used but to purchase land that was either under-utilised or not being used at all. The land which was acquired in this way was then distributed to African farmers. Over the next year he hoped to settle 150,000 families, and each one of these needed at least

/ 12 hectors

12 hectares for arable purposes and sufficient grazing land for up to 10 animals. There was plenty of land available: the constraint was lack of funds. The shortage of money was made even more acute by the fact that the development of land had to be accompanied by the provision of schools, roads, health facilities and so on. The £20 million given by the British Government would not go far, and he hoped that when it was exhausted, he would be able to raise with us the question of a further grant.

Mr. Mugabe said that a further issue which he would like to mention to the Prime Minister was that of Zimbabwe students in the United Kingdom. The £5 million which the British Government had given Zimbabwe for the education of those students in the United Kingdom would go much further if Zimbabwe could be exempted from the new requirement that overseas students should pay their fees in full. He wondered whether Zimbabwe could be treated as a special case during the period of adjustment through which her economy was going.

In response to a question by the Prime Minister, Mr.Mugabe said that Mr. Nkomo was on the whole now being very helpful. Immediately after independence relations had not been at all easy. The Soviet Union had continued to give ZAPU weapons and the ZAPU military commanders had tried to overthrow the Government. This was why there had been fighting in Bulawayo. But Mr. Nkomo had always been realistic and had not supported his military colleagues. He was still not a happy man, and to maintain his credibility with his supporters, he had to attack the Government from time to time. But generally there were no serious problems with him.

The Prime Minister said that she was glad to learn that on the whole Zimbabwe was making good progress. She would see whether anything could be done to help on the question of further aid for land resettlement and on fees for Zimbabwe students in the United Kingdom.

The Prime Minister would be grateful for the advice of the Foreign and Commonwealth Secretary on these two points.

I am sending copies of this letter to Peter Shaw (Department of Education and Science) and David Wright (Cabinet Office).

Yours ever,

Brian Fall, Esq.,
Foreign and Commonwealth Office.

PRIME MINISTER

c.c. Mr.Whitmore
Mr. Gow,
Supt. Cawthorne
Sir Robert Armstrong
High Commissioner

PRESS CONFERENCE

1. Essential Information.

I have arranged for you to give an on the record press conference to correspondents representing British papers at 4 p.m. tomorrow. By that time the Commonwealth Chairman should have held his press conference on the Communique. This timing is also right for BBC radio and IRN early morning news magazine programmes - e.g. "Today".

2. The press conference will take place in my conference room at the Southern Cross Hotel. Afterwards I suggest you move through a connecting door to my room to record short news interviews for BBC home and overseas radio and IRN. BBC TV and ITN interviews will be recorded in a separate room on the same floor after radio. I have asked TV not to film the press conference because of the heat that would be generated in a small room; they have agreed.

3. There is a contingent of 27 British journalists still with us. The list is attached as Annex I. Could I draw particular attention to David Chipp, Editor in Chief, PA. You might go out of your way to say "Hello" as he is the senior journalist present - he is here primarily for the Commonwealth Press Union.

4. I know you have little time for the Guardian or Observer but all my evidence this week is that Patrick Keatley (Guardian) and Colin Legum (Observer) have, whatever their political commitment, been among the more balanced reporters. Of course, they love the Commonwealth and like to see it functioning quietly and not rowing.

5. The most abrasive questioners are likely to be John Dickie (Daily Mail); David Adamson (Telegraph) and John Ellison (Express).

Objective

6. I think your objectives ought to be:

- present yourself in the most positive and constructive light vis a vis the Commonwealth; (journalists are contrasting your lack of bilaterals with Lord Carrington's intensive round of discussions and they report others saying that you did not appear to seek other Heads of Government out or be sought out yourself at the retreat);

- demonstrate your continuing commitment to the Commonwealth (especially after Mr. Muldoon's rough words);

- emphasise your positive approach to Cancun; (I have sought at every opportunity to get over our good aid record on the lines of Annex II).

- separate out and leave to the end domestic issues which are covered in Annexes IV-VII, plus material being sent to you separately by Mr Whitmore.

Approach

1. I am more and more convinced that it would be better at your press conferences for me to introduce you and choose the order of questioners. This gives you more time to think and concentrate on the Q and A rather than with running the meeting. Moreover, there are advantages on occasions in my (rather than your) filtering out 'undesirables'.

8. I suggest we adopt this practice on this occasion so that I can take responsibility (and not you) for arranging first to handle CHOGM issues and to delegate and squeeze to the end domestic matters. I do not want you to be felt to be running away from domestic points, taking account of the Institute of Directors' lunch, your refusal to comment on the end of the hunger strike and your generally low profile in Australia (compared, e.g. with Messrs. Muldoon, Trudeau and Fraser).

/ Opening Comments

Opening Comments

9. If your objectives (set out in para 6) are to be fulfilled, I think it important that you set out your views of CHOGM, your commitment to the Commonwealth and your positive approach to Cancun in a short opening statement (Annex III).

Areas of Questioning

10. Annex IV sets out the line of areas of both CHOGM and domestic questions with draft answers.

Timing

11. I suggest you allow me to wind up the conference at the latest by 4.45 (and preferably nearer 4.30). It is important we do not run on because of radio deadlines.

Pre-Conference briefing

12. I suggest we have a pre-press conference briefing of, say, 15 minutes and run through the format and likely questions.

Follow-up

13. I shall produce additional briefing tonight and tomorrow in the light of events/ developments.

Content?

BI
6 10 81

ANNEX 1

Michael Brunson	ITN
David Allan Chipp	Press Assoc
John Dickie	Daily Mail
John Ellison	Daily Express
Bob Friend	BBC
David Peter Adamson	Daily Telegraph
Keith Graves	BBC TV
Peter John Griffiths	Reuters
Derek Ingram	Gemini News Service
Patrick Keatley	Guardian
Colin Legum	The Observer
Denis Martin	Daily Mirror
Molly Mortimer	Encyc Britannia
Alexander MacLeod	Scotsman
David McNeil	BBC Radio
Patricia Newby	Financial Times
Michael Popham	BBC Ext Service
David Lionel Rose	ITN
William Russell	Glasgow Herald
David Tonge	Financial Times
Andrew Walker	BBC Ext Service
David Watts	Times
Sidney Weiland	Reuters
Celia Curtis	Commonwealth
Robert Milliken	Sunday Times
Harold Abrahams	IRN

AID POINTS

We are proud of our record on aid. We are proud of its quantity, its quality and the direction in which it goes. The amount we have set aside for spending in the current financial year exceeds L.1,000 million. The grant element in our aid is 95%. 62% of our bilateral aid goes to the poorest countries; and 75% goes to the Commonwealth.

We are also proud of our record on private lending and investment. Private flows from the United Kingdom to the developing countries amounted to L.4.8 billion in1980.

Of this total, L.2.8 billion was recycled money; but L.2 billion was fresh lending and investment. When aid is added in, the resource transfer to the developing countries amounted to 2.46% of GNP (far above the United Nations target of 1%).

In 1979 Britain alone provided more aid to the developing world than the entire Soviet bloc - over pounds two billion compared with pounds 1.86 billion.

6 October, 1981

DRAFT OPENING REMARKS

- A good, serious, constructive workmanlike CHOGM where freed of newsy Rhodesia-type problems, we have been able to meet, talk and debate in a relaxed way.

- Superbly organised by Australia - many congratulations to Malcolm Fraser.

- Accept that CHOGM not a great hit with press because no burning issue has arisen; several birds which you had seen rising - Namibia, Gleneagles - not flown.

- This underlines my point; a serious CHOGM principally concerned, as we forecast, with economic situation in world brought on or exacerbated by the two huge oil price increase in the 70's.

- A valuable rehearsal for CANCUN which will be attended by 7 members of the Commonwealth.

- The approach to CANCUN exactly same as at CHOGM, positive but realistic; limits to what we can achieve, great harm done if expectations over-excited.

- absolute need for world to conquer inflation as only means of establishing secure base for wealth creation which is in all our interests.

- unity of interests between developed, developing and poorest nations.

- These points ventilated in my public speeches and contributions to debate.

- As extension of this, wherever I go I seek to advance British commercial/trading interests. I did it on my way here in the Middle East. I did it here at CHOGM, and will do so among other things on my way back to Pakistan.

/Say this,

- Say this, because CHOGM group of 42 participating countries, offers huge opportunities for trade - UK exports 30% of what it produces and imports 30% of what it consumes; Singapore 70% both ways. It is in our UK interest to have a healthy, growing, developing Commonwealth and that is the interest - the common interest - I have been pursuing.

- Boring it may be in media terms. Absolutely vital however to our people back home - and to the billions - one quarter of the world's population represented here at CHOGM.

- I leave Melbourne this evening feeling that a job has been well done for Britain and Commonwealth - a job done mostly behind the scenes but a job done in the common Commonwealth interest, which brings us back to the unity of economic interest which has, I think, characterised this CHOGM.

6 October, 1981

CANADIAN PATRIATION

Your account of your meeting with Mr Trudeau is below, plus a background briefing line which I prepared for Press Office. I am sure the press will quiz you on this. Their main concern will be to establish the likely strength of opposition in the House (we can't comment, assuming we would want to, until we know what the Canadians are proposing); the timetable; the likely prospects for success.

They will also enquire whether you accept Mr Trudeau's point of view set out in the agreed account of the meeting and what has persuaded you at this stage to agree to try to get any resolution and bill adopted by the Canadian Parliament through Westminster.

MRS THATCHER'S MEETING WITH MR TRUDEAU

Mrs Thatcher and Mr Trudeau met this afternoon to take stock of the position, following the ruling by the Supreme Court of Canada on the Canadian Government's proposals for amendments to the constitution of Canada.

Mr Trudeau indicated that on his return to Canada he would be consulting his colleagues in the Federal Government and the spokesman for the provincial premiers. Subject to the outcome of these consultations, his Government would invite the Canadian Parliament to approve a resolution and draft Bill - basically the measure which is before Parliament now, subject to the possibility of modifications in the light of those consultations. If the resolution and draft Bill were approved by the Canadian Parliament, they would then be sent to The Queen, so that the Bill could be presented for enactment by the British Parliament.

Mrs Thatcher confirmed that, following the ruling by the Supreme Court on the legality of what was proposed, the British Government would introduce at Westminster the legislation duly requested and approved by the Canadian Parliament. She said that Mr Trudeau would know that some Members of Parliament at Westminster were concerned at the proposal that they should be asked to approve a measure affecting Federal - provincial relations which did not have the approval of a substantial number of the provincial Governments. That concern would be strengthened by the Supreme Court's ruling that it was not in accordance with constitutional convention that such a measure should be enacted without provincial consent, even though it left undefined the measure of consent required .

Mr Trudeau said that the Supreme Court's ruling made it clear that the question of provincial consent was a matter of conventional but not of legal requirement. The constitutional convention in question was a political matter, and a convention of Canadian politics. He hoped that the Members of the British Parliament concerned would recognise that it was for Canadian politicians to decide whether the convention should be modified or overriden on this occasion; it was they, and not British politicians, who would bear responsibility for their decision.

Mrs Thatcher and Mr Trudeau also discussed the possible timetable for handling these matters. Mrs Thatcher said that any measure approved by the Canadian Parliament could not now be introduced at Westminster until the new Session of Parliament. Mr Trudeau accepted this, and also accepted that it would be for the British Government to decide upon the timing of the introduction and passage of any such measure in Parliament, having regard to its own legislative priorities and the other demands upon Parliamentary time.

Mrs Thatcher and Mr Trudeau agreed that they should remain in touch in these matters, and review the position once Mr Trudeau's consultations in Canada were completed.

5 October 1981

UNATTRIBUTABLE BRIEFING FOR PRESS OFFICERS ON CANADIAN PATRIATION

Mrs Thatcher met Mr Trudeau at the home of HM Consul-General in Toorak immediately after Mrs Thatcher's lunch for representatives of 19 Commonwealth countries which Mr Trudeau attended. The meeting lasted about 25 minutes.

There was no disagreement and the agreed line for the press sets out clearly the position reached in today's discussions.

In essence this is that the ball is now in the Canadian court. As and when the Canadian Parliament has approved the resolution and draft bill and sent them to the Queen the bill could be presented to the British Parliament.

The British Government will then be in the driving seat and, as Mrs Thatcher confirmed today, the legislation duly requested and approved by the Canadian Parliament would be introduced at Westminster.

It is accepted that the legislation could not be introduced in the present session of Parliament. A new session starts on 4 November. We cannot anticipate the Queen's speech but it is well known that the legislation from Canada could form part of the next session's legislative programme.

There is no disposition on the part of the British Government to delay the legislation although the timing is entirely a matter for it.

The legislation will, of course, be a Government bill and it follows that the Government will be concerned to secure its passage.

ANNEX VI

NORTHERN IRELAND

It seems unlikely that Mr Prior will have made his statement on prison reform by the time you have your press conference. You will recall, however, that the press were anxious to get a quote from you about the ending of the hunger strike while you were in Canberra. At the time I said you were awakened to be given the news, and added: " The Prime Minister is delighted that the hunger strike has ended. She has been deeply distressed at the loss of young lives inside and outside the prison."

I doubt whether the journalists will be greatly interested in a quote on the hunger strike, though they may try to get you to sound triumphant and they may be more interested in the subject since they know that a statement on prison reform from Mr Prior is imminent.

Another "Northern Ireland" issue is De Lorean where we have contented ourselves with the following";

> "The Government has recently been informed of allegations of financial irregularity in the De Lorean Company. In so far as this may relate to the company's operation in the UK the police are making enquiries."

Our only elaboration has been to say that correspondence from Mr Winterton was passed to you in Melbourne. You got in touch with NIO. The Law Officers were involved and a police enquiry stated. You personally did not order an enquiry.

It was later reported that De Lorean were finding it difficult to raise further credit because of the allegations. NIO consequently put out a further statement with the objective of calming people, making the point that normal procedures were being followed in the circumstances of allegations of financial irregularity.

It will be important to play the whole thing low-key in the absence of any conclusion to the police enquiry.

ANNEX VII

CHOGM TRIVIA

It is in the nature of conferences which produce little news that people concentrate upon trivia. This has been particularly rich. I suspect that the journalists will pursue the following line questions if given half the chance:

- was your journey really necessary?

- what real value can you put upon CHOGM?

- Passage deleted and closed, 40 years, under FOI Exemption. CWayland 9 August 2012

- is it conceivably sensible to be away from home for all this time with the economy in the state it is?

- did you really take advantage of the occasion to meet with a very wide spectrum of Commonwealth Heads of Government?

There is no doubt that the press is becoming increasingly aware, probably because no great single issue dominants the conference, that the Commonwealth is turning its mind to the purpose, nature and organistation of CHOGM. I have been the particular target of questioning because you are now to believe (like Mr Muldoon) that there are far too many summits around. I would guess there is an even chance that you will be asked how you view the future of CHOGMs and whether they might not be more effectively organised in smaller study groups of countries.

FILE RH

NB: pps

10 DOWNING STREET

From the Private Secretary 5 October, 1981

The Prime Minister has asked Behind me to thank you for your letter of 28 September. The contents of your letter have been noted.

MA

Dr Keith D Suter

UNITED NATIONS ASSOCIATION OF AUSTRALIA

MEMBER, WORLD FEDERATION OF UNITED NATIONS ASSOCIATIONS, GENEVA.

ppc.

Box 3960 GPO
SYDNEY NSW 2001

Phone: (02) 412-2584 or
(02) 231-2844

FEDERAL OFFICE:
A.N.A. HOUSE, 5th FLOOR,
28 ELIZABETH STREET,
MELBOURNE, VICTORIA, 3000
TELEPHONE: (03) 654 3627
POSTAL ADDRESS:
P.O.BOX 175,
EAST MELBOURNE, VIC., 3002

28 September 1981

The Head of Mission,
BRITAIN.

As you may be aware, the United Nations Association of Australia wrote to all of the Commonwealth Governments which will be represented at the CHOGM in Melbourne.

For easy reference, enclosed is a copy of the letter.

Some encouraging replies have been received. But we have received no specific indication that this matter will be raised during CHOGM.

However, a number of the items on the CHOGM Agenda do have bearing on interntional peace and security. We believe that it would be useful for the attached specific proposals to be considered in the context of one of the Agenda items dealing more generally with the problems of international peace and security.

Also enclosed is an Interim Report compiled as a result of discussions held in Australia, England, Scotland and Switzerland. This Interim Report will provide you with additional information on the proposed department.

It is very much hoped that the Commonwealth Meeting, in dealing with some of the negative matters affecting international affairs, will also find time to examine one suggestion for a positive contribution towards international peace and security.

This proposal is to be raised later on more generally with all member nations of the United Nations. You will be kept informed of the progress made.

In the meantime, it is very much hoped that your own government will play a progressive role at CHOGM in initiating discussion and arranging for the final communique to include a reference to the need for governments to establish Departments of International Peace and Security.

Sincerely yours

Keith Suter

(Dr Keith D Suter)
Convener
International Peace and Security Program

Encls

UNITED NATIONS ASSOCIATION OF AUSTRALIA

MEMBER, WORLD FEDERATION OF UNITED NATIONS ASSOCIATIONS, GENEVA.

PATRON
HIS EXCELLENCY
SIR ZELMAN COWEN, A.K., G.C.M.G., G.C.V.O., K.St.J., Q.C.
GOVERNOR-GENERAL OF AUSTRALIA
PRESIDENT
CECILE STOREY (Vic.)
MEDIA PEACE PRIZE CONVENOR
STELLA CORNELIUS O.B.E.

FEDERAL OFFICE:
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EAST MELBOURNE, VIC., 3002

Box 3960 GPO
SYDNEY NSW 2001

3 July 1981

COPY

To: All Commonwealth Heads of Government

Dear Prime Minister,

The United Nations Association of Australia would like to recommend that your government considers the establishment of a new department, A DEPARTMENT OF INTERNATIONAL PEACE AND SECURITY. This would expand still further your nation's work in this vital area.

This recommendation is being made prior to the Commonwealth Heads of Government Meeting and it is hoped that you will offer it as an agenda item for the Conference. It would then be included in the final conference communique.

Much un-noted work for peace is being done and nations accepting this proposal would be augmenting existing practices. This means that the new Department's personnel could be drawn partly from existing departments (notably those of foreign affairs, defence, justice/Attorney-General), thereby limiting expense.

But the Peace Portfolio would not only re-name and re-group present peace activities, it would indeed be an innovation, and it is likely that additional experts would need to be recruited.

The Peace Department would make visible, internationally and to your own citizens, the work of peace that you already do. At a time of deepening international crisis it would show your concern to find ways to peacefully end crisis. It would prepare the peaceful alternatives for bringing about international peace and security and not only in respect of defence arrangements. It could plan the peace-time role of armed forces. The Peace Portfolio could include confidence-building measures at the international level through mediation, conciliation and aid. It could commission peace research projects and co-ordinate disarmament and arms control. It would allow your country's contribution to a new peace mentality to be acknowledged. It would brief your "peace attaches" at diplomatic level overseas.

We feel sure that in every country the establishment of a Peace Portfolio will have an electoral appeal. All people have the right to be assured that no armed defence is invoked until every means of achieving a peaceful resolution of conflict has been explored to its fullest. The work of the Minister for Peace comes first. It is the "preventive medicine" of international relations. Military defence is "surgery" as a last resort only.

It is this Association's ultimate hope that all governments around the world will have Departments of International Peace and Security. It will be to the Commonwealth's credit that this initiative was commenced at the Commonwealth Heads of Government Meeting in combatting racism, furthering economic growth, improving the quality of life, in north-south dialogue, can only be achieved in peace.

A Minister for Peacw with a Peace Portfolio seems a novel and strange idea at the moment (as a Minister for the Environment seemed in 1960) but this Association is confident that in a few years' time it will become an accepted, indeed an inevitable, part of government.

It is very much hoped that your government will play its part in encouraging the establishment of departments of international peace both by establishing your own department and by encouraging other Commonwealth nations to do so.

The United Nations Association of Australia will gladly provide any other information that you may require to help with the implenentation and we would warmly welcome your appointment of a correspondent with whom we can communicate.

Sincerely yours

(Dr Keith D Suter)
Convener
International Peace and Security Program

UNITED NATIONS ASSOCIATION OF AUSTRALIA

Box 3960 GPO
SYDNEY NSW 2001

Phone: (02) 412-2584 or
(02) 231-2844

2 September 1981

DEPARTMENTS OF INTERNATIONAL PEACE AND SECURITY
Interim Report on Discussions

Some of the aspects that have been explored in discussion groups:

What are the principal aims of the project to establish Departments of International Peace and Security?

- to expand the peace process
- to institutionalise the peace process
- to make the peace process more visible

Along this path it is hoping to describe, define and support the characteristics of the peaceful society.

Is this a suitable study for the Commonwealth Heads of Government Conference?

Yes, the Commonwealth enters its second half-century with new vitality to change and develop, combat racism and seek peaceful conflict resolution. Its stated aims of furthering economic growth and improving the quality of life can only be achieved in peace.

Does this need to be a completely new Department?

No, it could be included within an already established portfolio, for example, within a Department of Foreign Affairs. Of course this would call for a new title, say, Dept. of Peace and Foreign Affairs.

Is a change in nomenclature all we are seeking?

Not at all. In no way is this request for merely cosmetic treatment. It calls for a fundamental change in concepts but nomenclature is vital if the work is not only to be done but to be seen to be done. It needs a Minister, a Portfolio, a Department with whom people can identify in their legitimate aspirations for the International peaceful society. The work of peace becomes institutionalised and, while the institution by itself is not enough, it is a necessary step.

How can we justify the expense in these stringent times?

Compared with other government initiatives this need not be costly. (Of course this requires good management). Compared with our defence budget the costs would be minute. In many instances it calls for the transfer of departmental officers rather than new appointments.

Where would the back-up research come from?

There is an enormous body of research available in mediation, conciliation, the efficacy of aid programs, disarmament, psychological attitudes and successful models of peace initiatives and many voluntary organisations who would assist in providing such research. Follow-up steps would be taken in inter-disciplinary courses in peace studies at tertiary level and the ultimate establishment of institutes for peace studies.

In 1980, a formal proposal was made to the Australian Parliament for the establishment of an International Peace Research Institute.

This proposal was made by a joint committee of the Quakers, the Catholic Commission for Justice and Peace, the United Nations Association of Australia, Australian Council of Churches and Women's International league for Peace and Freedom.

What is the relationship between a Peace Department and Defence Department?

All people have the right to be assured that no armed defence is invoked until every means of achieving a peaceful resolution of conflict has been explored to its fullest. The work of the Minister for Peace comes first. It is the "preventive medicine" of international relations. Military defence is "surgery" as a last resort only.

Would other Commonwealth countries resent one of their number raising this matter?

We feel that the plan for peace portfolios is offered in the spirit of international understanding, love and compassion and will not be misinterpreted as interference in the sovereignty of any country. In a climate when the legitimate aspirations of so many countries are negated by war and the threat of war, the work for peace must claim first priority to our attention.

Will countries feel that having appointed a representative to the United Nations they have discharged their obligations to international peace?

We believe that a United Nations representative requires his own country to provide the most far reaching support. No one person or institution can do the work of peace alone.

Will this become a party-political football?

No, all major parties are peace-seeking and peace-supporting. The establishment of a Department of International Peace and Security could be an inspiring example of bi-partisan political initiative.

Surely most diplomats are already involved in the work of peace?

Then their work will be done even better under the identifying title "peace attache".

Is it necessary?

Yes, the Peace Portfolio would not only re-name and re-group present peace activities, it would indeed be an innovation because it builds the structure to expand the vital peace process.

The Peace Department would make visible internally and internationally the work of peace that many nations are already doing. At a time of deepening international crisis it would demonstrate the country's concern to find ways to peacefully end crisis. It would prepare the peaceful alternatives for bringing about international peace and security and not only in respect of defence arrangements.

It could co-ordinate foreign assistance and peace-building. It could plan the peace-time role of armed forces. The Peace Portfolio could include confidence-building measures at the international level through mediation, conciliation and aid. It could commission peace research projects and co-ordinate disarmament and arms control. It would support the work of United Nations representatives. It would brief "peace attaches" at diplomatic level overseas. It would allow all countries' contributions to a new peace mentality to be acknowledged.

Project for the establishment of Departments of International Peace & Security

Information: Stella Cornelius
(02) 412-2584
(02) 231-2844

FILE RHB

10 DOWNING STREET

From the Private Secretary

MR BARLTROP

I attach, together with a copy of my acknowledgement, a message received by the Prime Minister from the Chairman of the Commonwealth Arts Organisation.

M.A.

5 October, 1981

10 DOWNING STREET

From the Private Secretary

5 October, 1981

The Prime Minister has asked me to thank you for your telegram of 30 September. The contents of the attachment to your message have been noted.

Mr Rex Nettleford

RT HON MARGARET THATCHER
PRIME MINISTER OF THE UNITED KINGDOM
CHOGM
MELBOURNE

MY DEAR PRIME MINISTER

I HAVE THE HONOUR TO TRANSMIT TO YOU THE COMMUNIQUE ADOPTED THIS WEEK IN BRISBANE BY THE EXECUTIVE COMMITTEE OF THE COMMONWEALTH ARTS ORGANISATION STOP I COMMEND THE COMMITTEE S REQUEST TO YOU AND HOPE TO HAVE YOUR SUPPORT FOR ITS RECOMMENDATIONS WHEN THE MATTER OF THE STATUS OF THE COMMONWEALTH ARTS ORGANISATION IS DEALT WITH BY THE HEADS OF GOVERNMENT

YOURS SINCERELY

REX NETTLEFORD
CHAIRMAN
COMMONWEALTH ARTS ORGANISATION

TELEX TELEX TE

RE: COMMONWEALTH ARTS ORGANISATION - COMMUNIQUE TO CHOGM

AT A MEETING OF THE EXECUTIVE COMMITTEE OF THE COMMONWEALTH ARTS ORGANISATION HELD IN BRISBANE BETWEEN 25TH AND 30TH SEPTEMBER, 1981 AND ATTENDED BY REPRESENTATIVES FROM ALL FIVE REGIONS OF THE COMMONWEALTH, IT WAS UNANIMOUSLY AGREED TO DRAW THE ATTENTION OF THE HEADS OF GOVERNMENT MEETING IN MELBOURNE TO THE FOLLOWING:

- THAT IN VIEW OF THE SIGNIFICANCE OF THE ARTS TO THE DEVELOPMENT AND STRENGTHENING OF RELATIONS WITHIN THE COMMONWEALTH, THE COMMONWEALTH ARTS ORGANISATION SHOULD BE FORMALLY ESTABLISHED AS AN INTERGOVERNMENTAL ORGANISATION.

- THAT DESPITE THE PRESENCE OF A NUMBER OF AGENCIES CONCERNED WITH SPECIAL AREAS OF THE ARTS THROUGHOUT THE COMMONWEALTH, THERE IS NO MECHANISM IN PLACE TO CO-ORDINATE AND GUIDE COMMONWEALTH WIDE AND REGIONAL CULTURAL DEVELOPMENT INITIATIVES ACROSS THE WIDE SPECTRUM OF THE ARTS.

- THAT IN VIEW OF THE ECONOMIC DIFFICULTIES FACED BY MEMBER COUNTRIES OF THE COMMONWEALTH, THE EXECUTIVE CONSIDERS IT MOST IMPORTANT FOR THE ADMINISTRATIVE OFFICE OF THE COMMONWEALTH ARTS ORGANISATION TO BE ESTABLISHED AT MINIMAL COST (THE ESTIMATED COST OF THIS HAS BEEN CIRCULATED WITH A SEPARATE MEMORANDUM) WITH FUNDING FOR PROJECTS BEING RAISED FROM OTHER SOURCES. THE COMMONWEALTH ARTS ORGANISATION HAS BEEN ASSURED THAT OFFICIAL RECOGNITION BY CHOGM WOULD GREATLY FACILITATE THE GENERATION OF SUCH FUNDING.

THE EXECUTIVE COMMITTEE FURTHER WISHES TO DRAW TO THE ATTENTION OF CHOGM THE FACT THAT ITS RECENT MEETING IN BRISBANE WAS CALLED TO ASSIST AUSTRALIAN COLLEAUGES IN THE PLANNING AND ORGANISATION OF THE FESTIVAL OF ARTS WHICH WILL BE HELD IN ASSOCIATION WITH THE XII COMMONWEALTH GAMES IN 1982 AND UNDER THE AEGIS OF THE COMMONWEALTH ARTS ORGANISATION. THIS, IT SHOULD BE NOTED, WILL BE THE SECOND OPPORTUNITY OFFERED BY THE COMMONWEALTH GAMES FOUNDATION TO FORGE STRONGER LINKS BETWEEN THE PEOPLES AND COUNTRIES OF THE COMMONWEALTH THROUGH COLLABORATION WITH THE ARTS. THE COMMONWEALTH ARTS ORGANISATION IS DESIGNED TO ENSURE CONTINUING AND SUSTAINED STRENGTHENING OF RELATIONS THROUGH PROGRAMMES OF ACTIVITIES IN ARTS AND CULTURE WHICH CAN LEAD TO GREATER UNDERSTANDING AND INCREASING MUTUAL RESPECT AMONG THE PEOPLES OF THE COMMONWEALTH.

COMMONWEALTH ARTS ORGANISATION

DRAFT BUDGET FOR ESTABLISHMENT AND MAINTENANCE
OF ADMINISTRATIVE OFFICE

		AUSTRALIAN DOLLARS
1.	SALARIES AND ALLOWANCES	95,000.00
2.	ADMINISTRATIVE COSTS	85,000.00
3.	TRAVEL FOR CONSULTATION AND MEETINGS	75,000.00
4.	RENT, RATES AND EQUIPMENT	45,000.00
		$300,000.00

30 SEPTEMBER, 1981

FILE

RLb

10 DOWNING STREET

From the Private Secretary

5 October, 1981

The Prime Minister has asked me to thank you for your telegram which has been noted.

CS.

The Chairman
Islamic Council of Victoria

Telecom Australia

Office Date Stamp

TELEGRAM

TX [redacted]

C.T.O. O/NC53674
MELBOURNE
Oct 5 11 58 AM '81

MELBOURNE VIC 48 11/39AM

HONOURABLE MRS MARGARET THATCHER
PRIME MINISTER OF GREAT BRITIAN
CHOGM CONFERENCE EXHIBITION BUILDING
MELBOURNE VIC

WE ARE CONCERNED ABOUT THE COMMUNAL RIOTS AND MASSACRE OF MOSLEMS IN INDIA AND REQUEST YOU TO IMPRESS ON THE INDIAN PRIME MINISTER TO TAKE ACTION TO STOP IT
CHAIRMAN ISLAMIC COUNCIL OF VICTORIA

CPD12/00PM DY

Foreign and Commonwealth Office
2 October 1981

THE MEXICO SUMMIT AND THE BRANDT COMMISSION REPORT

THE BRITISH GOVERNMENT'S ROLE

The Government are deeply aware of the importance of improved co-operation with the Third World, so strongly advocated in the Brandt Commission Report. The Government recognise their responsibilities in this regard.

Like most people in Britain, they believe that the relatively rich countries should be helping their poorer neighbours. They must take part in the fight against poverty and assist those in the Third World to achieve a better life. This is not only a humanitarian imperative; it is also a matter of mutual economic interest. All will benefit from the working out of better international economic arrangements. This interdependence is not simply an economic matter; there is a link between economic advance and political stability.

The Government therefore accept the human, economic and political challenges set by the Brandt Commission Report. They do not agree with everything in the Report. But these differences concern methods not goals.

The Prime Minister will take part, together with the leaders of 21 other countries, in the Cancun Summit, Mexico, on 22-23 October, 1981.

Those at the Cancun Summit will not engage in negotiations. There will be a frank and informal exchange of views to achieve the maximum understanding and a meeting of minds. This should have a positive impact on the national policies of the participating countries - whatever their level of development - and give a powerful impetus to international activity across a wide range of co-operation and joint action. Its deliberations will be pursued in existing international organisations competent to deal with them.

The Government has already announced new aid initiatives to help the poorest countries. Within existing resources:-

(a) £1.5 million is to be earmarked over the next three years to assist a number of African countries to strengthen their national agricultural research systems.

(b) £4 million to 1983-84 to strengthen institutional support in the field of water supply.

(c) £1.5 million to step up support for population programmes.

(d) £2 million for energy resource planning.

FOOD SECURITY AND AGRICULTURAL DEVELOPMENT

The British Government will advocate that high priority be given to stimulating food production and improving food supplies in developing countries. This requires emphasis on food production and on supporting action - on such matters as land tenure, extension advice, achieving a good balance between food and cash crops, sensible pricing policies, efficient distribution and related infrastructure. Action should be concentrated in the poorest countries.

The Government will continue to provide official aid for food, agriculture and rural development, especially in the poorest food-importing countries. The Government would like to increase the proportion of bilateral aid devoted to these purposes when recipients favour this.

The Government support the use of existing international organisations, such as the Food and Agricultural Organisation and the World Food Programme, and are encouraging multilateral financial institutions to give high priority to food and agriculture. The multilateral development banks (to most of which Britain contributes) committed over $5 billion in their 1980 financial year to agricultural projects.

The Government will work in favour of global food security arrangements, concentrating on practical measures. The United Kingdom, with its European Community partners, remains strongly in support of a new and effective International Grains Agreement. The Government support efforts to achieve the target of 500,000 tonnes for the International Emergency Food Reserve and to provide the Reserve with greater predictability of resources. The United Kingdom is again this year contributing to the International Emergency Food Reserve. Under the Food Aid Convention, the Community and its Member States together have undertaken to provide a total of 1.65 million tonnes of cereals annually, an increase of about 30% on the previous year. Of this, the United Kingdom is providing 117,000 tonnes as bilateral aid.

COMMODITIES, TRADE AND INDUSTRIALISATION

The Government recognise both the importance to developing countries of international trade, which is their largest single source of external revenue, and also the mutual advantage from trade for developed and developing countries. The Government are committed to maintaining liberal trading policies and an open multilateral trading system and will continue to resist protectionist pressures. The Government hope that developing countries will themselves act to reduce trade barriers.

Increased trade can bring problems of adjustment and care is required to ensure that change does not take place so fast as to provoke social disruption. In this spirit the Government are helping to prepare the European Community's position for the renewal of the GATT Multi-Fibre Arrangement. There has been strong growth in exports from developing countries, which now provide about 27% of world textile exports as against approximately 17% in 1970.

Considerable progress has been made internationally:

(a) The GATT Multilateral Trade Negotiations which ended in 1979, reduced tariffs and produced ten specific agreements removing non-tariff barriers to trade. Many of the Agreements provide for differential treatment for developing countries, who will enjoy the benefits without having to take on, at least at the beginning, the full range of obligations.

(b) Under the Second Lome Convention (January 1981) between the European Community and sixty-one African, Caribbean and Pacific countries, all industrial exports and about 90% of agricultural exports from the ACP signatories enter the Community duty-free.

(c) The United Kingdom signed the Agreement establishing the Common Fund for Commodities (June 1980) and has pledged £4.3 million as a voluntary contribution to its Second Account.

(d) The European Community's revised Generalised Scheme of Preferences (January 1981) gives preferential entry into Community markets to exports from all developing countries, and offers greater benefits to the low-income countries: For example, duty-free access or preferential rates for agricultural products.

ENERGY

Energy conservation has a central place in United Kingdom energy policy. Rational energy pricing is a key element in this, as are the provision of information and advice, incentives for switching from oil to other fuels and for the development of new technologies for improving fuel efficiency, and the setting of efficiency standards.

The United Kingdom will continue to work to reduce oil dependency. There was a reduction of 14.0% in the United Kingdom oil consumption in 1980, with the result that oil now represents 39% of total United Kingdom energy consumption, including non-energy uses. In this respect, the United Kingdom has already achieved more than is laid down in the international targets.

The Government will work to secure agreement on new arrangements to promote energy exploration and development in the developing countries. This could include the establishment of an energy affiliate of the World Bank, whose new lending for coal, gas and oil projects in the year ending June 1980 totalled about US$460 million. The World Bank's programme for energy for 1981-85 amounts to US$13 billion - 17% of its total lending commitments over this period. The Government believe that any measures should be designed to attract the investible surpluses of oil-producing countries, and consider it important to ensure that multilateral finance should be associated with private capital.

The Government took an active part in the recent United Nations Conference on New and Renewable Sources of Energy which reached agreement on a Programme of Action, particularly in the developing countries.

FINANCE

The Government strongly endorse the view that the experience of the World Bank and IMF, built up over the last 35 years, provides the basis upon which to expand official international financial flows. They are ready to advocate practical measures in both institutions which will benefit developing countries.

The Government will continue to back the growth of the World Bank's lending and the provision of sufficient resources for this purpose. The first priority should be to bring into effect the $40 billion general capital increase of the World Bank, with a 7.5% paid-in element. A possible change in the capital lending ratio could be considered provided that the Bank's ability to borrow at acceptably keen terms was not endangered.

The Government support the changes recently introduced in the IMF, which have greatly increased the amounts that the Fund can lend to finance balance of payments deficits and promote adjustment. The IMF staff expect to make commitments up to $15 billion in financial year 1981-82, all to developing countries. The borrowing countries benefit from interest rates well below market rates and the poorest countries are usually eligible for a special rate. Poorest countries who are members and are faced with temporary increases in cereal import costs can benefit from the recent changes in the Compensatory Financing Facility.

The Government will advocate an increase in quotas in the IMF's 8th quota review appropriate to the large imbalances of its members. The 8th review should be used as the occasion to reflect in the quotas and hence in voting powers the development of the individual members' positions. At present, developing countries (including those belonging to OPEC) hold over 40% of the votes in the IMF. They occupy half the seats in the Boards of the Fund and the Bank, which normally take decisions by consensus.

OFFICIAL AID

The Government intend to maintain a substantial aid programme. The gross programme in 1981-82 is over £1,000 million. Only four OECD countries gave more aid than the United Kingdom in 1980. About two thirds of our bilateral aid programme went (in 1980/81) to the poorest countries which find it more difficult to gain from trade or private investment. The United Kingdom and other Community Member States aim to allocate 0.15% of GNP as aid to least developed countries. The United Kingdom was, by 1979 already close (0.14%) to the target.

The Government will respect its existing multilateral commitments, including that to provide 10% of the 6th Replenishment of the IDA (£555 million) and 18% of the 5th European Development Fund (about £500 million).

The size of the United Kingdom's aid programme must depend in large part on the strength of the United Kingdom's economy. When the health of the economy improves, the Government hope they will be able to do more.

The Government believe it is important to encourage private lending and direct investment to developing countries since this now makes up two-thirds of all financial flows to these countries. As the Brandt Report acknowledges such private flows in aggregate now form a much more important component of total financial flows then official development assistance. In 1980, the flow of net private capital to developing countries from the United Kingdom - about £4,800 million - was second among flows from all OECD countries, whether measured in absolute terms or as a percentage of GNP. The role of the United Kingdom financial institutions has been an essential factor in this. Combined official and private flows in 1980 totalled almost £5,500 million, equivalent to roughly 2.5% of GNP - well above the UN 1% of GNP target for combined flows.

Direct investment depends very largely on the policies adopted by developing countries and on creating confidence between host governments and investing firms. The United Kingdom has signed 15 bilateral investment promotion and protection agreements (8 of them in the last 18 months) with several more under negotiation.

CONFIDENTIAL

Prime Minister

Mr Whitmore - No. 10

2x.

CHGM: Namibia

I attach a clean version of the notes attached to Mr Day's minute to me of 2 October which has been slightly modified to take account of points made by Lord Carrington.

RM Lyne

pp (B J P Fall)
Private Secretary

2 October 1981

cc: Sir R Armstrong
Sir M Palliser
Mr Day
Mr Alexander

CONFIDENTIAL

NOTES FOR STATEMENT ON SOUTHERN AFRICA

1. Share the deep concern of all other Commonwealth Governments at situation in Southern Africa.

2. Two main anxieties:

a. Namibia
b. Situation inside South Africa.

Namibia

3. HMG's position clear. We support right of Namibian people to independence and self-determination.

We do not accept South African presence in or control over Namibia.

We deplore South African incursion into Angola and their activities in other neighbouring countries.

We seek an early negotiated settlement.

We share frustration that final agreement not yet reached.

Activities of the Five

4. To achieve a negotiated settlement the Five:

a. In 1978 drew up the plan endorsed by the UN in Resolution 435;

b. have worked resolutely since then to secure implementation of that plan;

c. will persist in their efforts in cooperation with the Front Line States.

Recent Actions by the Five

5. In recent months contacts between the Five and the South African Government with the US in the lead. Most recent

/exchanges

exchanges (US/South African meeting in Zurich on 21 September) give grounds for qualified optimism. South Africans now seem ready to move forward again on Resolution 435. Situation reviewed by the Five Foreign Ministers in New York on 24 September. They concluded that the time was now ripe for a new round of consultations with the Front Line States, SWAPO, the South Africans and the Namibian internal parties. Representatives of the Five intend to visit Africa this month to discuss matters further with all concerned. In particular they will wish to discuss an outline of constitutional principles which all concerned might accept as a basis for the work of a Namibian Constituent Assembly. There is no question of the Five seeking to write a full constitution for Namibia. That must be a matter for the Namibian people themselves. If agreement can be reached on these constitutional principles it could help to engender greater trust and confidence and thus facilitate final agreement on the implementation of Resolution 435.

/If pressed/

Not helpful if outline of constitutional principles were to be discussed more widely before they have been presented to and considered by Front Line States, SWAPO, South Africa and internal parties. Only right that they should be approached on a confidential basis, and invited to give their views on the same basis. Agreed by the Contact Group that we should so proceed, and initial contacts with FLS suggest that this is the way they could wish to see the matter pursued.

6. The Five have no intention of undermining Resolution 435. They accept that a Namibian settlement must be in

/accordance

FLS. Ikeng. S.A Nyerere Sujo. Int. Parties.

accordance with the terms of that Resolution. This has been made clear to the South Africans.

7. After discussing constitutional principles, we shall then want to move on to discuss the modalities for the implementation of the UN plan.

For Use as Appropriate

8. Unhelpful to castigate the US. They are the only ones capable of influencing the South Africans to agree to a settlement. The US Government accept that any settlement has to be in accordance with Resolution 435.

9. Cohesion of the Five important if a settlement is to be achieved. After some shaky moments, the Five now all pulling together.

10. Some understanding about a Cuban withdrawal could greatly facilitate agreement on implementation. The Angolans themselves recognise that there is a relationship between the two issues and seem ready to discuss this further.

/If pressed/ Cuban withdrawal from Angola not a pre-condition for a Namibian settlement. We have however to accept that this has become a factor in South African and also US thinking.

11. No certainty that the path is now clear for final implementation of UN plan. South Africans still capable of putting fresh obstacles in the way. At present however they seem ready to move forward.

12. Alternative to a negotiated settlement is escalation of the fighting, more suffering for Namibia and neighbouring States and danger of further external intervention. No-one can want this.

/13.

13. CHGM can help progress towards a settlement by re-affirming Resolution 435 and expressing support for the efforts of the Five and the Front Line States to achieve an early settlement.

14. /If pressed/ Sanctions against South Africa will not improve changes of a settlement. They would drive South Africans further into isolation and make them even more intransigent. Sanctions would rule out any prospect of an early negotiated settlement.

CONFIDENTIAL

Mr Alexander Prime Minister

Economic Debate at Third and Fourth Executive Sessions

I attach an outline for an introductory intervention by the Prime Minister. As you will see, this covers all the subjects which are likely to arise at the two sessions.

I also attach copies of the relevant briefs. *

R.M. Evans

(R M Evans)

1 October 1981

cc: PS/SofS (copy outline only)
PUS (" " ")

*

Flag A World Economic Situation: overview (Brief 4)
B World Economic Situation: prospects (Brief 18)
C Relations with Developing Countries (Brief 19) — detached and put into PM's 'B' series briefs.
D Financial flows (Brief 21) } — as per brief 19.
E UK Aid Policy (Brief 24) }

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Economic Debate: Third and Fourth Executive Sessions

Outline for an Intervention

World Economic Situation

No better than at Lusaka. Perhaps worse. Inflation persists: growth rates are low or negative: external imbalances are large: interest rates are high: debt volume and debt service burdens are rising.

These phenomena affect all (developed and developing, East and West). They have multiple causes: gathering inflation: increases in energy prices: the effects of the fight against inflation caused by these developments.

Approach to Solutions

What is good for one country is good for all: vice versa. If national priorities are right, international repercussions will be beneficial.

British Priorities

First, conquest of inflation. End in itself. Necessary for stability of world financial system and resumption of growth.

Secondly, preservation of open trading system. We shall resist protectionist pressures, and expect others to do likewise. Developing countries gain much more foreign exchange from trade than from any other sources.

Thirdly, reduce dependence on oil as an energy source,. British oil consumption 14% lower in 1980 than in 1979.

International Action

Investment flows vital to development. Developing countries have an interest in protecting foreign investment. Removal of exchange control has greatly boosted British investment.

Aid Also Important

Vital for the poorest. British record is good. Current programme worth

£1,000 m. Two-thirds to the poorest; three-quarters to the Commonwealth.

Institutions have performed well during crisis of 1970s. They have also introduced many new programmes. We have supported these innovations (eg enlarged access in the IMF and structural adjustment lending by the IBRD). Willing to consider establishment of IBRD energy affiliate. But must attract support of oil producers.

Cancun

Look forward to a meeting of minds. Fresh thinking is needed. Problems have changed. Traditional mechanisms (eg: the UN and UNCTAD) have yielded very little. But we must not arouse excessive expectations.

In 1979 Britain gave more aid to developing countries than the whole of the Soviet Bloc

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PMVN(81)A4 (Revised) COPY NO 3

23 September 1981

COMMONWEALTH HEADS OF GOVERNMENT MEETING, MELBOURNE

30 SEPTEMBER - 7 OCTOBER 1981

WORLD ECONOMIC SITUATION:

OVERVIEW OF CRISIS AND APPROACH TO SOLUTIONS

Brief by Foreign and Commonwealth Office

1. When we met at Lusaka 26 months ago, the world economic situation was not good. We expressed our concern about it in the communiqué we issued at the end of our meeting there. We also spoke about the kinds of action, national and international, which we thought could and should be taken to bring about an improvement.

2. Today the situation is no better. Indeed, in many respects it is worse. Mr Trudeau and other speakers have described, and illustrated, its principal features: persistent inflation; slow growth; large external imbalances; and rising burdens of debt. The nature of the situation is clear; and it is by no means encouraging. It is particularly discouraging for those developing countries which have experienced slow, or even negative, rates of growth during the past few years.

3. What is to be done? The answer to this question can be broken down in various ways: by field of action, by level of action (national, regional and global); or by priority of action. I shall concentrate on level of action, starting at the national

/level

level and then moving on to the international level - which of course includes the Commonwealth level. I think that this is logical. No nation-state can play out its role effectively at the international level unless it is clear about its own purposes and capacities.

4. In Britain, we are clear about our purposes. We accept the moral challenge posed by the widespread poverty that continues to exist in many parts of the developing world. We shall continue to make major efforts to help developing countries overcome the daunting problems they face. We already make a substantial contribution in aid, trade, investment and technology. We shall continue to do so. But our ability to help is bound to be affected by the condition of our own economy. The restoration of health to our economy would, of itself, be a significant contribution to the prospects for developing countries. That in turn requires, we believe, the conquest of inflation. For our own sake, but also for the sake of others, we shall not flinch in the pursuit of this purpose.

5. Britain, as everyone knows, depends for its livelihood on trade. We have developed through trading with the rest of the world; and we continue to believe that trade is an enormously important engine of growth. We shall therefore continue to work for the preservation of the open international trading system. We shall resist protectionist pressures and seek to sustain the trade flows which account for such a high proportion of the receipts of all countries, developed and developing. Adjustment to new patterns of comparative advantage can pose political and social problems, which are exacerbated if the process is very sudden. But subject to that, we shall keep our markets open and press others to do likewise.

/6.

6. We believe, too, that investment flows are vital to development and growth. We are proud of our record in this field. Britain is the largest source of private direct investment in the European Community. Our removal of exchange control has led to a considerable increase in the amount of this investment. On the wings of this investment, we have exported a great deal of technology to the developing countries.

7. Aid is a form of investment. We believe that aid should chiefly go to the poorest countries: two-thirds of our bilateral aid does in fact go to these countries. The proportion which goes to Commonwealth countries is even higher, about three quarters. Our aid programme will remain substantial. It is perhaps not generally known that Britain gave more aid to the developing countries in 1979 than did the whole of the Communist world; and that, perhaps, is a measure of what I mean by 'substantial'.

8. Since we met in Lusaka, the world economy has been hit by a further massive increase in the price of oil. This has affected all countries, developed and developing, oil-exporting and oil-importing. It has had its impact on inflation, on growth and employment, on the pattern of the world's balance of payments, and on exchange rates. Every country represented at this table has been touched in one way or another; and in most cases in several ways, each interacting with the others. In Britain, the increase has strengthened our resolve to reduce ou dependence, both absolute and relative, on oil as a source of energy. We have made some progress. In 1980, oil consumption was 14% lower than in 1979, a reduction greater than the reduction which the recession would have caused.

/9.

9. Several of our purposes at the international level emerge from what I have already said. What of our general philosophy? We believe in world economic interdependence. Within an interdependent world, we have been, and remain, ready to play our full part as a trading partner, as a supplier of finance (both official and private) to the developing countries, as a supplier of technology to these countries, as a responsible importer and exporter of oil and as a responsible member of the GATT, of the International Financial Institutions and of other Specialised Agencies of the United Nations. We are ready at all times to join with others, at the global level or at any other appropriate level, in identifying and tackling international economic problems. [Britain's position on the Global Negotiations is clear; it is set out in the Declaration of the Ottawa Summit and in the statement by the European Council in Luxembourg.]

10. Finally, a few words about the forthcoming Summit meeting in Mexico (the International Meeting on Co-operation and Development as it has now been named).

11. I shall go to Cancún with six Commonwealth colleagues. It is a measure of the Commonwealth's importance in the world that a third of the participants will be from Commonwealth countries. What I look forward to at Cancún is a meeting of minds, both about what the problems are and about how they might be tackled. We do need fresh thinking. The problems have changed, and are changing, in character; and the mechanisms and traditions which have grown up for dealing with them have lately yielded very little. We have all become rather too scholastic: too much attached to words and too little attached to action.

12. Of one thing I am sure already: that the debate on which we are now embarking will be of enormous help to me in preparing myself for what is to come in Mexico.

Foreign and Commonwealth Office

23 September 1981

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PMVN(81)B.18 COPY NO 2

COMMONWEALTH HEADS OF GOVERNMENT MEETING MELBOURNE
30 SEPTEMBER - 7 OCTOBER 1981

WORLD ECONOMIC SITUATION AND PROSPECTS
Brief by HM Treasury

POINTS TO MAKE

(i) World economy still recovering from after-effects of oil producers' decision to raise oil prices sharply for second time in a decade.

(ii) Both developed and developing countries facing problems of stubborn inflation, sluggish output, high unemployment and payments imbalances.

(iii) Problems particularly acute for low-income countries. We are directing most of our (substantial)aid programme to them.

(iv) Firm policies, however, have meant that second round of oil price rises managed btter than first.

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(v) Essential to persist in fight to reduce inflation and adapt structure of economies to new conditions. Applies to both developed and developing economies.

(vi) This strategy offers best prospect for resumed world growth without inflation.

Background

2. Growth Prospects(1981 and 1982): In OECD we expect slow but positive growth this year (1%) and next (2%) with gradual recovery of world trade. Prospects for many LDCs, particularly low-income ones, are worrying but a large number of major non-oil LDCs are pursuing good adjustment programmes. Tentative projection of GNP growth for non-oil LDCs this year and next about 4½ per cent compared with a past long-run average of about 5½ per cent.

3. Inflation: Consumer price inflation in seven major economies fell from peak around 13 per cent in mid 1980 to 9.7 per cent in mid-1981. We foresee a further gradual decline in inflation over the next eighteen months in major industrialised nations.

4. Trade and Payments: A small reduction in OPEC surplus this year is likely to benefit Japan and - to a lesser extent - other main industrial countries. Non-oil LDCs and smaller OECD economies continue to face severe balance of payments difficulties and the poorest countries may simply be unable

to increase their imports. A weaker oil price and some rise in LDC earnings should check the rise in the LDCs' deficits. (See also Brief B21 Financial Flows).

5. Oil Consumption: A particular feature of world economy's response to the second oil price rise has been the fall in OECD countries' oil consumption (7 per cent down in 1981). Reduction in consumption by LDCs has been much less marked.

6. Unemployment: has risen by over 5 million in the OECD area since 1978, could rise by another 2½ million to reach 20 million by end of 1982.

7. Interest Rates: at very high levels, adding especially to financial burdens of LDCs. US 3-month rates declined a little in September but may not fall very far over the rest of the year, largely because federal budget deficit is proving harder to reduce than Administration anticipated.

8. Exchange Rates: US dollar is now about 18 per cent higher against most currencies than at start of year. In this period, Japanese yen has held up better than EMS currencies which have declined by 20 per cent against dollar. Japanese yen and German mark may appreciate over next 18 months.

9. Policies: Most major industrial countries following firm macroeconomic policies as endorsed at Ottawa and OECD meetings. US, Germany and UK all seeking lower monetary

growth rates this year as compared with last. Determined efforts also being made to curb budget deficits eg German check on public spending next year and renewed U.S. search for spending cuts. Australia also recently announced a tough budget. French are increasing their public sector deficit but this carries substantial risks in situation where inflation and monetary growth rates are already accelerating.

Statistics*

Real growth of GNP (%)	1981	1982
OECD area	1	2
US	2	1.5
EC	-0.7	1.3

Consumer price inflation in 7 major economies fell from peak around 13% in mid-1980 to 9.7% in mid-1981.

Free World Oil consumption (m.b.d.)	1980	1981	1982
OECD	37.5	34.9	35.3
Other	10.6	10.5	10.8

Current account balance in current prices	1980	1981	1982
(US $ billions)			
OECD	-66	-22	- 2
Developing countries	-64	-76	-75
OPEC	113	95	60

*All figures estimated except those for 1980 and for consumer price inflation.

HM Treasury
16 September 1981

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Mr Alexander

I attach a slightly redrafted version

PRIME MINISTER'S REFERENCES TO CYPRUS IN CHOGM DISCUSSION ON WORLD POLITICAL SCENE

1. You will have seen Nicosia telegram no 1 of 2 October. I should be grateful for your approval for the attached draft reply (which has been seen by Mr Day).

2. We hold a copy in the Delegation Office, and Mr David or I will stand ready to despatch as soon as we have your agreement.

R A R BARLTROP

cc:

PUS (with enclosure)

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Department .....

Drafted by (Block Capitals) R A R BARLTROP

Tel. Extn. .....

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[TEXT]

YOUT TEL 1: CHGM AND CYPRUS

1. There is no verbatim record of CHOGM confidential proceedings. The Prime Minister's remarks were made in the course of her introductory contribution to the discussion of the world political scene. In the prepared text from which she spoke, Cyprus was referred to under the general heading of disputes whose origins lie in the pas in which the territorial issue " in one guise or another" often played a role.

2. The relevant passage of the official summary record is as follows:

"The present conflict in Cyprus was about disputed territory. She would leave that subject to the President to raise and discuss, but she hoped they could all agree to offer those involved in the inter-communal talks under the auspices of the United Nations support for their

/efforts

forts. It was another deep, historic conflict
out disputed territory."

In his subsequent contribution to discussion
same agenda item President Kyprianou (in words
official Secretariat summary record) "expressed
s partial disagreement with Mrs Thatcher over the
prus question ..."; and argued that the Cyprus
oblem was not a territorial dispute - there had
ver been a question of a territorial dispute
n the case of Cyprus.

Similar point was also made by President Kaunda.

2/2150

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3/10

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TO PRIORITY UKDEL MELBOURNE (FOR PRIVATE SECRETARY)
TELEGRAM NUMBER 01 OF 2 OCTOBER 1981
AND TO F C O

CYPRUS

1. TODAY'S GREEK CYPRIOT PRESS REPORTS THAT THE PRIME MINISTER CITED CYPRUS AT THE CHGM AS ONE EXAMPLE WHERE ''DISPUTED TERRITORIES'' WAS THE MAIN HISTORICAL REASON FOR CONFLICT IN THE WORLD. ACCORDING TO THE REPORTS THE REFERENCE TO CYPRUS WAS REBUTTED BY KYPRIANOU, THE PRESIDENTS OF ZAMBIA AND TANZANIA AND THE SINGAPORE PRIME MINISTER.

2. THERE ARE SIGNS THAT THESE EXCHANGES WILL LEAD TO CONTROVERSY HERE. WE SHOULD, THEREFORE, BE GRATEFUL FOR A FULL TEXT OF THE PRIME MINISTER'S REMARKS.

RHODES

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RHODES

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THIS TELEGRAM WAS NOT ADVANCED

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FILE

RH.

10 DOWNING STREET

From the Private Secretary

1 October, 1981

The Prime Minister has asked me to thank you very much for your letter of 29 September, enclosing First Day Covers for her to sign. I have pleasure in enclosing two which Mrs Thatcher has duly signed and we have retained the third, as you asked us to do so.

With best wishes.

CJ.

Mr F Adamik

FRANK ADAMIK
P/O. BOX 40
HIGGINS A.C.T. 2615
AUSTRALIA.

29 September 1981.

Dear Mrs. Thatcher

Enclosed are three philatelic envelopes that I serviced to commemorate your visit to Australia for CHOGM. Should you wish to keep one please do so with my compliments.

I would appreciate you then signing the front of the remaining envelopes and then returning them to me. One is for my own collection which I am developing into a historical display and teaching aid. The other is for a fellow collector.

Should you also be able to send me an autographed photograph, or two, of yourself, I would be most grateful.

Thank you for your kind consideration and I hope that your visit will be an enjoyable one.

Yours faithfully
Frank Adamik

Member: Postal History Society of Australia

Commemorating

The visit to Australia, for CHOGM,
of Prime Minister Thatcher of Britain;
September/October 1981

SUBJECT

CONFIDENTIAL

10 DOWNING STREET

From the Principal Private Secretary

30 September 1981

Dear Brian,

CHGM: Bilateral Meeting with Mr. Ramphal

I attach the record of the meeting which the Prime Minister had this morning with Mr. Ramphal. I am sending a copy of this letter and enclosure to David Wright (Cabinet Office).

Yours ever,

Brian Fall, Esq.,
Foreign and Commonwealth Office

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NOTE OF A MEETING HELD IN THE PRIME MINISTER'S SUITE IN THE HILTON HOTEL, MELBOURNE, ON WEDNESDAY 30 SEPTEMBER 1981 AT 0930 HOURS

Present

Prime Minister
Mr. Clive Whitmore

His Excellency Mr. Shridath Ramphal

Gleneagles Agreement

The Prime Minister said that the Gleneagles Agreement was not a watertight document. It was open to interpretation and the basis of it was that Governments would use their best endeavours to see that its spirit was applied. The Prime Minister said that she hoped the CHGM would not try to clarify it for to do so would only result in acrimonious and inconclusive discussion.

Mr. Ramphal said that there had previously been signs that a number of countries were going to try and get the Gleneagles Agreement strengthened at Melbourne but he had succeeded in forestalling such attempts. He believed that he could continue to keep in check those African and Caribbean countries who might wish to toughen up the Agreement but they would reject such restraint if they thought that Mr. Muldoon was going to try to water down the Agreement. Unfortunately he had now heard from Mr. Fraser that Mr. Muldoon proposed to raise the subject over the weekend in Canberra in order to obtain what he called a conclusion on the interpretation of the Agreement. This would be a recipe for disaster. He proposed to see Mr. Muldoon to tell him the Africans would not attack him over the Springbok tour of New Zealand and the Gleneagles Agreement unless he attacked them. Nor would they threaten to boycott the Commonwealth Games in Brisbane if New Zealand was not barred from taking part in the event. His message, in short, to Mr Muldoon would be "let it be".

/Namibia

Namibia

The Prime Minister said she did not want the Conference to cut across the efforts of the Contact Group to make progress towards a solution to the problem of Namibia. False comparisons were drawn between the process of bringing Rhodesia to independence and the situation in Namibia. The United Kingdom had had sole responsibility for Rhodesia but she was not responsible for Namibia. Moreover, the relationships between all the parties interested in the future of Namibia were more complicated than those in the case of Rhodesia. She could not really see what the CHGM could contribute to the search for a solution in Namibia. Did the Front Line States attending the Conference have detailed proposals themselves to offer?

Mr Ramphal said that during the run-up to the CHGM he had been urging everyone to let the Contact Group have a clear run in the hope that their efforts would provide a basis for negotiations and an agreement. President Nyerere had told him that the recent Lagos meeting of the Front Line States had had only praise for the work of the Contact Group. There was, therefore, an opportunity in Melbourne to get the Front Line States behind the Contact Group's proposals. He hoped that the Prime Minister would be prepared to discuss the matter with the Front Line States. It would put them in some difficulty if the UK and Canada took the line in Melbourne that Namibia was a subject to be discussed only in the United Nations context and could not be considered by the CHGM. The question of Namibia would in any case come up in the session next Monday. He believed that it would be very helpful if, in order to prepare the ground for that occasion, the Prime Minister, Mr Trudeau, the four Front Line States present, Mr Fraser and he could have a discussion on the basis of the Contact Group's proposals during the weekend in Canberra. She would find that the Front Line States did not have a rigid and predetermined position or any detailed proposals to offer. But they would approach such a discussion positively.

The Prime Minister said that she would like to discuss this suggestion with Lord Carrington.

/Pakistan

Pakistan

Mr Ramphal said that Pakistan's approach to Mr Fraser about their possible readmission to the Commonwealth had got into serious difficulties. Mr Fraser maintained that the ground had been properly cleared before Pakistan raised the matter with him, but it was clear that this was not so. Mrs Gandhi was making it very plain that she was embarrassed that the question of Pakistan's re-entry into the Commonwealth had been raised. She maintained that she had warned Mr Fraser that she could not agree to let Pakistan return and that by proceeding in the way he had, Mr Fraser had made things more difficult for her and not easier. Mr Fraser, on the other hand, claimed that Mrs Gandhi had signified her acquiesence in the matter being raised but had now changed her mind. Wherever the fault lay for the misunderstanding between Mr Fraser and Mrs Gandhi, the position now was that Pakistan could not rejoin the Commonwealth without India being deeply distressed. There was a risk that we might regain Pakistan only to lose India. In this situation the Conference should play for time. He thought it might be possible for the meeting to take the view that before they could consider the specific question of Pakistan's readmission, the procedures for readmission generally should be looked at. For example, should an application for readmission be automatically be allowed, or should the Commonwealth require some evidence of support for a Government's application from the "body politic" of the country concerned? Was there a risk that if it was thought that readmission was something easily accomplished, Member States might often leave the Commonwealth in protest safe in the knowledge that they could return without difficulty when they chose to do so? All these issues could legitimate be discussed in order to avoid getting down to the particular question of Pakistan's membership. Such a discussion might conclude by remitting the question for examination by senior officials between the present CHGM and the next one. If we proceeded in this way it would avoid the immediate rejection of Pakistan's approach, and at the same time Mrs Gandhi would not be put in a difficult position.

/The Prime Minister said

The Prime Minister said that she agreed that it would be wrong to put Mrs Gandhi in a situation where she had to black-ball Pakistan. On the other hand, from the point of view of the Commonwealth as a whole it would be very unfortunate if they cold-shouldered Pakistan. If Pakistan's application was not discussed at all in Melbourne this would be a snub. Equally, if it was discussed and there was no agreement, Pakistan would be snubbed. Some things could be accomplished only at one moment in time. She believed that this was one. If Pakistan was snubbed now, she would not apply again for readmission. On the other hand, it would be just as bad if India was offended. The fact was that Pakistan should never had made an approach without being absolutely certain that it would be accepted. We were in this mess because Mr Fraser had misinterpreted Mrs Gandhi's original response. We had to keep her tied in to the Commonwealth. Perhaps we did have to play for time, but she was not sure that the way of doing so which Mr Ramphal had suggested would work. In any case, if the next CHGM was held in India as was proposed, it might make the question of Pakistan's readmission even more acutely difficult for Mrs Gandhi than appeared to be the case at the moment.

Melbourne Declaration

The Prime Minister said that she was not at all happy with the Draft Declaration which Mr Fraser hoped would be issued at the end of the Conference. Either it would raise expectations that could not be fulfilled and people would be disappointed. Or it would immediately be dismissed as hollow rhetoric. If Mr Fraser insisted on having a declaration and wanted it to go out from the meeting as a whole, it would have to be amended, but it would be very difficult to reach agreement on the necessary changes. An alternative approach was for him to issue it on his own authority as the Chairman of the meeting.

Mr Ramphal said that most of the people he had spoken to would like a Declaration more or less on the lines proposed by Mr Fraser. The Indians wanted to add to it by including an East/West dimension. President Nyerere had said that he could live with the draft and did not want to change it. The Nigerians, on the other hand, liked the concept of the Declaration but were looking at its contents. He thought that it would not be a good idea for the Conference to consider the Draft and then to remit it for revision

to a drafting committee, for there would be no knowing what would emerge from this process. He had therefore suggested to Mr Fraser that at the end of Friday morning's discussion on the world economic situation he should offer to try to pull together the ideas they had been considering and then circulate his Draft Declaration in the afternoon, with the suggestion that they should all be prepared to discuss it during the weekend in Canberra.

The meeting ended at 1025 hrs.

taW.

30 September, 1981

Mr Alexander - No. 10

Malaysia

1. Lord Carrington passed on to the Prime Minister yesterday certain remarks made by Lee Kuan Yew about the Malaysian Prime Minister's non-attendance at CHGM. Lee's information was already known to us, except that he claimed that Malaysian dawn raids on British companies were a form of retaliation against our policy. I have now had background from the FCO on the latter in the attached telegram.

Begin/Shamir

2. We are still trying to elicit specific information on the personal involvement of Begin and Shamir in acts of terrorism. I am awaiting further material from London. In the meantime I attach a telegram which takes us only slightly forward from previous information passed to you.

RMJ Lyne

(R M J Lyne)
Private Secretary

30 September 1981

CONFIDENTIAL

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IMMEDIATE MELBOURNE

FM FCO 2917452 SEP 81

TO IMMEDIATE MELBOURNE

TELEGRAM NUMBER 64 OF 29 SEPTEMBER.

FOLLOWING PERSONAL FOR LYNE FROM RICHARDS

YOUR TELNO 7: LEE KUAN YEW'S COMMENTS ON MALAYSIAN DAWN RAIDS

1. TAKEOVER OF LONDON BASED GUTHRIE CORPORATION EARLIER THIS MONTH PLACES ANOTHER 10 PER CENT OF MALAYSIA'S RUBBER PLANTATIONS UNDER MALAYSIAN GOVERNMENT CONTROL (IT ALREADY HAD 53 PER CENT). PRESS REPORTS LAST WEEK ALSO INDICATED THAT BARLOWS (ANOTHER SUBSTANTIAL PLANTATION GROUP) HAVE VOLUNTARILY SOLD 70 PER CENT OF THEIR PLANTATION INTERESTS TO TWO MALAYSIAN CONTROLLED COMPANIES. DUNLOP (ON WHICH AN ATTEMPT WAS MADE LAST YEAR) AND HARRISONS AND CROSFIELD MAY ALSO BE VULNERABLE.

2. TAKEOVER OF GUTHRIE'S (WHICH GAVE SHAREHOLDERS A FAIR PRICE AND DID NOT CONTRAVENE LONDON STOCK EXCHANGE RULES) WAS IN LINE WITH LONG TERM PLANS TO MALAYSIANISE THE CORPORATE SECTOR, AND IS LIKELY ALSO TO HAVE REFLECTED DISSATISFACTION WITH RECENT GUTHRIE EFFORTS TO DIVERSIFY COMPANY'S INTERESTS AWAY FROM MALAYSIA. A SIMILAR ATTEMPT WAS MADE BY SIME DARBY TWO YEARS AGO. WE DO NOT THEREFORE THINK THAT MAHATHIR'S IRRITATION OVER UK STUDENT FEES POLICY IS THE REAL CAUSE OF TAKEOVER EFFORTS. BUT MALAYSIAN STUDENTS SOCIETIES COUNCIL IN LONDON (WHOSE EFFORTS TO PERSUADE UK EXPATRIATE FIRMS IN MALAYSIA TO HELP FINANCE MALAYSIAN STUDENTS IN UK WERE SUPPORTED PERSONALLY BY MAHATHIR) DID RECENTLY THREATEN UNSPECIFIED RETALIATORY ACTION AGAINST UK FIRMS WHO FAILED TO GIVE ASSISTANCE, AND IT CANNOT BE EXCLUDED THAT MAHATHIR MAY CHOOSE TO REPRESENT TAKEOVERS IN THIS CONTEXT.

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TO IMMEDIATE UKDEL MELBOURNE
TELEGRAM NUMBER 56 OF 29 SEPT
PERSONAL FOR LYNE FROM RICHARDS.
BEGIN/SHAMIR

1. THE FOLLOWING ASSESSMENT OF BEGIN'S AND SHAMIR'S TERRORIST BACKGROUND INCLUDES FACTS NOT PREVIOUSLY SUBMITTED TO THE PRIME MINISTER, BUT WE KNOW OF NO DIRECT EVIDENCE OF THEIR PERSONAL INVOLVEMENT IN ACTUAL EPISODES OF VIOLENCE. WE ARE CONTINUING TO LOOK FOR NEW INFORMATION AND WILL TELEGRAPH FURTHER IF SUCCESSFUL.

2. BEGIN LED THE IRGUN LEUMI (IZL) AGAINST THE BRITISH MANDATORY GOVERNMENT IN PALESTINE FROM 1944 ONWARDS. THE STERN GANG, WHICH SPLIT AWAY FROM THE IZL ('NATIONAL MILITARY MOVEMENT') IN 1940, INCLUDED YITZHAK SHAMIR AS ONE OF ITS FOUNDERS AND EVENTUALLY ITS EFFECTIVE COMMANDER. IN HIS 1951 ACCOUNT OF IZL ACTIVITIES, 'THE REVOLT', BEGIN EMPHASISES HIS PERSONAL RESPONSIBILITY FOR ALL IRGUN ACTIVITIES, BOTH MILITARY AND POLITICAL (PP.61-62). HE WAS GENERALLY KNOWN AS 'THE COMMANDER' ALTHOUGH WITHOUT FORMAL RANK. ACCORDING TO WILLIAM FRANKEL, IN 'ISRAEL OBSERVED' (1980) SHAMIR WAS ONE OF THE TRIUMVIRATE WHO TOOK OVER COMMAND OF THE STERN GANG FOLLOWING THE DEATH OF ABRAHAM STERN, AND IN EFFECT 'BECAME THE COMMANDER OF THE GROUP'.

3. THE MAJOR ACTS OF TERRORISM PERPETRATED BY THE TWO GROUPS INCLUDE:

(A) 6 NOVEMBER 1944: BRITISH MINISTER OF STATE IN CAIRO, LORD MOYNE, ASSASSINATED BY STERN GANG TERRORISTS:

(B) 22 JULY 1946: BLOWING UP OF THE KING DAVID HOTEL IN JERUSALEM, SITE OF THE BRITISH MILITARY HQ AND GOVERNMENT OFFICES. FINAL CASULATY TOLL 91 KILLED, 45 INJURED. AN IRGUN OPERATION - ITS CLAIMS THAT IT ISSUED A WARNING HAVE NEVER BEEN SUBSTANTIATED.

(C) 29 DECEMBER 1946: ONE BRITISH OFFICER AND TWO SERGEANTS KIDNAPPED AND FLOGGED BY THE IRGUN.

(D) 31 JULY 1947: THE BODIES OF SERGEANTS PAICE AND MARTIN FOUND HANGED BY THE IRGUN. A BRITISH OFFICER WAS SEVERELY INJURED BY A BOOBY TRAP BOMB ATTACHED TO ONE OF THE BODIES AS HE WAS CUTTING IT DOWN. THIS INCIDENT IS CURRENTLY CAUSING CONSIDERABLE CONTROVERSY IN THE JEWISH PRESS OWING TO THE REVELATION THAT SERGEANT MARTIN WAS JEWISH.

(E) 29 DECEMBER 1947: 2 BRITISH CONSTABLES AND 11 ARABS KILLED, 32 ARABS INJURED IN JERUSALEM BY IRGUN BOMB THROWN FROM TAXI.

(F) 6 APRIL 1948: IRGUN ATTACK ON BRITISH MILITARY CAMP AT PARDES-HANNA. COMMANDING OFFICER AND 5 SOLDIERS KILLED, 4 PRISONERS SHOT IN BACK.

(G) 9 APRIL 1948: ARAB VILLAGE OF DEIR YASSIN CAPTURED BY IRGUN AND STERN GANG. SOME 250 ARABS, INCLUDING WOMEN AND CHILDREN, SLAUGHTERED.

(H) 17 SEPTEMBER 1948: STERN GANG TERRORISTS MURDERED COUNT FOLKE BERNADOTTE, THE SWEDISH UN MEDIATOR BETWEEN THE ARABS AND ISRAEL.

CARRINGTON

NNNN

10 DOWNING STREET

MR. ALEXANDER

PRIME MINISTER'S MEETING WITH MR. RAMPHAL

Just a note to remind you that in her interview with ABC this morning, the Prijm Minister was critical of Ramphal for talking in dramatic terms about the economic situation and predicting a 1929 crash. There is considerable evidence that the media are making something of this tonight.

A copy of the text of the interview is attached.

Bernard Ingham
29 9 81

PRIME MINISTER'S INTERVIEW WITH HUGH EVANS, ABC RADIO, TUESDAY, 29 SEPTEMBER 1981, MELBOURNE

Hugh Evans Prime Minister. many of the Heads of State have arrived and have voiced some of their priorities for this meeting - what are yours, and have you any particular issues that you are interested in raising and expressing strong viewpoints on?

Prime Minister Well, I think being most practical what most countries are interested in is how to raise the standard of living of their people; that has taken a tremendous knock with the very great oil price increase that we've seen in the last two years, that has meant that people have to pay a great deal more for oil and have a great deal less for other things. So I think that how to climb out of the world recession will take quite a big part. There will, of course, be political problems, I expect Namibia will come up, now we have got Rhodesia sorted out; there will be a number of other regional discussions. I hope we shall not spend too long on the Gleneagles Agreement, I hope we shall reaffirm it and not discuss it in too much detail. But basically you've only got two subjects; the economic position or the political position and you take the economic at a world level and then at the level of each country and then the political ones will break up into regional discussion, Asia, Africa and the Caribbean.

Hugh Evans Of course the economic background of the world at the moment is attracting a great many headlines - the extraordinary performance of stock exchanges around the world. What's your own interpretation of the perception that the stock exchanges have on the state of the economy?

PM: It's very difficult to give a rational explanation when you get a sudden fall or even a sudden rise in the stock exchange. And I think it would be unwise to venture to do it. The fact is that the underlying situation hasn't changed from two or three days ago to-day. Certainly at home in Great Britain the many, many companies are much stronger than they were some time ago and have a very, very much greater chance of turning in good profits. And so you might say that the trend on the stock exchange is against the trend on the improvement of company profits.

HE The Secretary-General of the Commonwealth has already issued a direct warning as he sees it that the world economy is on the verge of collapse.

/ And

And he believes that the poor nations are facing what he describes as an emergency situation. Do you see it in those terms?

PM: No, I do not think it wise ever to talk in terms of collapse; these are dramatic words and as I said at home the profitability of companies is increasing, their ability to compete is increasing and improving and that is all to the good. And I think it is most unwise to talk in those dramatic terms.

HE: How much do you think this meeting in Melbourne can contribute to the Summit meeting which is taking place in Mexico next month at which you will be present. Do you think it can lay a groundwork of any kind?

PM: Well we tried to do that, as you know, in Ottawa. But I understand that the Summit in Mexico will be a comparatively informal one, the point being that many Heads of Government meet together and by the time they have talked and gone on talking together what usual emerges is a greater understanding of the other persons problem and hope that they have a greater understanding of our problem. And I think that is what is going to emerge from the Mexico Summit. But I think if people expect dramatic practical propositions then I think they will be disappointed.

HE: Looking at the problems of what has been the North/South Dialogue a little more closely, what is your philosophical attitude to the way aid is given to poor countries. Do you believe it really is simply a question of redistribution from the West or do you believe it should perhaps be given on a more technological basis and with the emphasis on creating development in the countries that receive it?

PM: Very much the latter. There would be no possibility of dealing with it on the basis of redistribution from the West to the developing countries. Look at the relations in the developing countries, look at India alone for example, look at the Commonwealth - the population of Canada, Australia and Great Britain - we can do comparatively little, even to alleviate the conditions of the population in India Mrs Gandhi is doing extremely well and steadily increasing the agricultural production and output, and , therefore,our philosophy is certainly that we have to give a certain amount of aid, eally we want to do everything we can to give the capital to help those people to help themsevles. And there are times when there are disasters and we all have to come in with very practical help then. But on the whole the philosophy is not just redistribution but to help those people to pull up their own standard of living and for that you need capital you need technical help, you need technical

/training

training, you need research and development, and we can do a great deal in that sphere.

HE Can we turn to a very different issue and one which confronts you and I am sure daily at home - the agonising problem of Northern Ireland - what effect did the hunger strikes have on your Government's policy?

PM The hunger strikes have not affected the policy because they just can't affect the policy.

HE But you must have been appalled at what actually happened.

PM But just lets get one or two facts out. I don't wish anyone to go on hunger strike at all, I think it's a total waste of their lives. But point No. 1 every single person in the Maze Prison is there because he has been a convicted criminal by a court of law, no one is in detention, they have been convicted of crimes in a court of law, many of them of murder even more of explosive offences. They are convicted criminals serving a sentence. The Maze Prison is one of the most modern in the Western world and the conditions there are good if they would conform to the rules of the prison. Anyone who has been in has not been able to criticise it. So you cannot criticise it on that count. Then you look to see why they go on hunger strike. Basically if you look at their demands they don't want to be treated as what they are, convicted criminals who have murdered innocent men, women and children. They want to be treated as prisoners of war. And what their demands are tantamount to is to be treated as prisoners of war; they call it political status. No one at all I know in any responsible position, whether it be in religion, whether it be in the Pope, ... in the Catholic Church or whether it be any other member of the Government, has urged me to grant political status. On the contrary, they have said we cannot do it. I know why they have said we cannot do it. Because to do so would be a licence to kill with impunity. Instead of being convicted criminals. Now they are convicted criminals I don't wish them to on hunger strike. I was very distressed that they did and I think their families must be greatly distressed. As you know, I think it's now six who have come off hunger strike and are taking nourishment again. There's one other point which I must put to you. We held a Border referendum of what the people of Northern Ireland want to do. The vast majority wished to stay with the United Kingdom so they've had their referendum. Secondly it is enshrined in our law that there shall be no change in the constitutional status of Northern Ireland except with the consent of the majority of the people of Northern Ireland.

/ So we

So we have to carry on - that is democracy. We have to carry on to protect the people of Northern Ireland from those who kill and maim and bomb and who have caused the death of some 2,000 people since the troubles began, and I'm afraid the hunger strike cannot change that. What a hunger strike does is deprive them of their own lives which I think is a great tragedy, cause grave concern to their parents and of course when we get a death we find greater violence in the streets but it cannot change the fundamental position that the majority of people in Northern Ireland wish to stay with the United Kingdom

HE That poses an interesting point. What are your thoughts about the comments just recently of the new Prime Minister of Ireland, Dr. FitzGerald. He has talked about holding a referendum to alter the constitution there, to end the Republic's constitutional claim on Northern Ireland. Also to revoke the ban on divorce. His explanation was, among others, that he wanted to make his country more acceptable to Protestants who live in Northern Ireland. What are your thoughts about his offer?

PM Obviously the changes of the law which he makes are wholly a matter for the people of the Republic of Ireland and I wouldn't dream of interfering. I can only say that if ever he wanted to change he really would have to bring this about by persuading the people of Northern Ireland that it would be for them to decide what they wished to do. As you know it has always been a matter of great offence for many of the people in Northern Ireland that the constitution of Southern Ireland was that they regarded Northern Ireland as part of Southern Ireland. He's quite right, it has offended many people. Whether of course they'll change it he'll have to decide of course with a referendum. But I think it may be that he is making a great deal of effort to make it absolutely clear that he detests the use of force and I must say the Prime Minister of the Republic of Ireland has been extremely clear. They detest the work of the IRA, it has even become a forbidden organisation in Southern Ireland. They've made it clear to the United States and I admire them for it and I agree with them wholeheartedly. If they ever want any changes to be brought about it has to be done by persuasion and I think they are fully realising that.

HE Referring to the Melbourne meeting again, Mr. Fraser and many of the African nations have indicated that they want this meeting to lead to increased pressure on South Africa to grant independence to Namibia and, if I can quote Mr. Fraser, he says that that in turn will mean bringing pressure to bear on those Western

/ countries

countries which have the means to influence South Africa. I thought it would be difficult to exclude Britain from that category.

PM There is already as you know a Contact Group and there is already United Nations action in this matter and I think it would be far best to leave it to those two agencies. There are a new set of meetings and contacts already arranged. They will be taking place in October and it would be better to proceed down that line instead of trying for the Commonwealth to get involved itself.

HE I suppose it's always possible that the Commonwealth may choose to, at least the Commonwealth members meeting here. Mr.Fraser has expressed himself as being completely relaxed about what's been described as a divergence of foreign policy between Australia and the United States towards South Africa. Do you think there is an intrinsic philosophical problem there, that in trying to put pressure on Africa to grant independence to Namibia and to end racism we may ignore Western interests in respect of South Africa's strategic and defence position.

PM There are discussions going on in South Africa and it seems that there may possibly be a way through and it is precisely because of that that the Contact Group will be going round soon to discuss with the Front Line States how the United Nations method can be proceeded with. I think it would be a great pity if one did anything to impede or impair that process.

HE Can we have a look at economic policy; your domestic management of theBritish economy which has been the subject of so much controversial discussion. You have recently rearranged your Cabinet in what was seen as a move to firm up administration of economic policies. Has it in any way been a disappointment to you that turning the British economy around has met with so many hurdles and been such a difficult job.

PM No, it would have been difficult to have turned it in/round good world circumstances because for years we have had overmanning and restrictive practices as you know, I think more than any other country and no previous government who tackled it. It was coming to the situation where we were declining very rapidly and therefore we had to make our industries competitive and in the last 2½ years have been becoming more competitive. It means that the hidden unemployment in industry has become the actual unemployment on the Unemployment Register. The companies themselves will be fitter, leaner, tauter , more competitive, poised to make more profits. It means that they can then increase their investment which protects their productivity in the future. They're doing all that. We shouldn't

/ have had

have had a hope of getting through if we hadn't. All that will have been difficult enough, even in good world economy times. We came in at the time of the beginning of another world recession caused by a second sharp increase in the price of oil. As you know, it's up by about 150% in the last two years. That made it even more vital to pursue the policies which we are pursuing because if you get a recession the most efficient countries ride it best and the least efficient ride it worst. So your Japan, your Germany have ridden the recession much better than we have. We had to do this. That will lay the foundations for us being able to have a share in the world expansion when it comes.

HE There is no doubt though that there has been dislocation. I wonder how much of a priority you attach to dealing with the problems of the unemployed, I mean the social as well as the economic problems. What hope can you offer them?

PM Well, of course we do. I mean we're tackling it on three fronts. First with young people and that's a tragedy that whey they leave school they can't get a job or take some training or go into further education and we're really aiming at the kind of scheme which Germany has. A young person at the age of 16/17 either has a job or is in full-time education or is in training, and unemployment is not an option. At the moment we have two schemes: one, if they haven't got a job we have what we call a Youth Opportunities Scheme where for six months they can go and do some kind of work or training with a firm who will take them in and the Government pays. A very small sum towards that, £23 or £24 a week for the young person and some travelling expenses. We also find in the United Kingdom that the wages of young people have been very close to the wages of experienced adults and we think that's one of the reasons why young people aren't getting jobs. We've got another scheme now, just come into operation, that if an employer takes on a young person, 16 - 17, that not more than £40 - £45 a week the taxpayer will find a subsidy of £15 towards the employers' costs so it will only cost him about £25. We hope that will get more young people jobs. Older folk, we've got an early retirement scheme so that we can give retirement pensions earlier if that person's job is taken by someone on the unemployment register. So we're not doing nothing. We are very very active in trying to help. Also we've got very good schemes for venture capital for new small businesses and small businesses that want to expand. It's been difficult in the past. For some who've got quite a good record, or quite good prospects, who haven't got the security for the banks to lend them the money, we've made it a lot easier and they should now be able to get the money. That's where the new jobs will come from. It will all fail unless we get inflation down. Our rate of inflation is still higher than Germany's so they're still able to compete better than we are. So that's where the whole

/ economic

economic policy comes together.

HE In political terms your opponents have been having their problems, goodness knows, with the leadership and also with the direction they are taking. Your Government is perceived by many commentators, being very hard-line Conservative. I wonder if it concerns you at all that some of the political middle ground may be being neglected and may be an advantage to the Social Democrats and Liberals at your next election.

PM I never know what philosphically you call the middle ground. Shirley Williams before this new party was formed which she joined, formed a centre party, to be a party without philosophy, without principle, without policy and without values. That I believe is what it is. I believe I'm on what I might call orthodox economic - nothing new in what I'm pursuing. It's a very very old policy. It's a policy that works in Germany, although Helmut Schmidt belongs to the Socialist Party, he is pursuing the same policy as I am. It's the policy that has in fact worked. There's no magic about what I'm doing. There isn't really any very unusual economics. All it says is that you'll get into trouble unless your currency is backed to the full by output in goods and services. If you start to print money you'll be in trouble because your money will be dishonest, it will be devalued, it will get inflation, it will get lesser confidence. This has become called monetarism. It is ridiculous. We used to call it sound money. It's become connected with my policies. Well, I'm quite happy to be party of sound money, am quite happy if the Socialistist Party and the Socialist Democratic Party becomes a party of dishonest or unsound money. I'm going to continue to be the party of sound money. Because that is the way in the end that we shall get confidence and assurance. I'm going to continue to be the party of incentive because in the end people don't work for government, they work to improve the conditions more for their own families and so, yes, I believe in incentive. Thirdly the fact is that private enterprise and competition is a much better thing for the consumer than any amount of state nationalisation. Now, my policies are clear. They're absolutely right in the mainstream of everything Britain believes in. More than that, I think the unions have got too much power. So do most of our people. Further, I think everyone should be able to have a stake in the community, even though he lives in municipal housing. You know in Britain, municipal housing takes 30 per cent of our total housing. People who lived there could only rent before we gave them the right to purchase, so they have a right to private property. This isn't extreme. It is absolutely what the British people want and give it time to work and it will work and it will give us the confidence, and assurance, and prosperity we have not had for a very long time.

HE Notwithstanding what you said, of course, cartoonists, commentators and everybody else are only too happy to attach labels of one sort or another to a politician.

/ I wonder

I wonder how you feel about some of the ones they've attached to you, perhaps particularly the one where they describe you as the Iron Lady?

PM Well, that wasn't a cartoonist in Britain or even in Western Europe.

HE No, I wasn't suggesting it was, but it has been attached to you.

PM That was what the Russians said, she's the Iron Lady, because she's firm in the defence of everything she believes in. I think that's rather a good thing to be. The West has a way of life which the people behind the Iron Curtain would envy. The Soviets have to put up a great big wall to put their people in. So I'm quite happy that I'm described as very firm in everything which I believe and determined to defend it against all threat from without and threat from within.

HE You're going home and you're stopping in Pakistan. I wonder if you think that Pakistan should end its membership of the Commonwealth or to be reconsidered at this meeting?

PM I think that Pakistan has indicated that she would like to rejoin the Commonwealth. Therefore we shall have to consider it and we shall have to discuss it among ourselves.

HE You don't have a view you would like to express publicly?

PM I have a view and I shall put my view but I've not wished to go public before we've discussed because I think that we really must come to some kind of agreement on this and I don't wish to jeopardise that in any way by what I say outside the hall we've discussed it within.

HE Final question. What are your views at present on the relationship between the United Kingdom and Australia. It's thought, for example, that you get on with Malcolm Fraser very well. Do you?

PM Well, yes of course I get on with Malcolm Fraser very well. We meet quite often and we talk about the same things and we believe in the same things. I would say the relations between Australia and Great Britain are very very good but I would be surprised if it was to the contrary. No they're very good and they'll continue to be good, thank goodness.

CONFIDENTIAL

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Constitutional Guidelines

Mr Alexander

cc: Private Secretary
Sir Robert Armstrong
PUS

CALL ON MR FRASER: NAMIBIA

1. According to this morning's press Mr Fraser will be looking for a progress report on Namibia from the Prime Minister.

2. Mr Fraser is under some fire from within his own party for the strong anti-South African line he took after meeting with President Kaunda at the weekend.

3. The Prime Minister might draw on the following points:

(a) CHOGM should not rock the boat on Namibia;

(b) The Western Five agreed in New York on 24 September to send a Mission to Africa in October to consider the way ahead with the Front Line States, the South African Government, SWAPO and the Namibian internal party. This Mission will discuss constitutional guidelines for the Namibian Constituent Assembly which might be acceptable to all concerned. This could help to create more confidence in the settlement process and improve the chances of South African agreement to implementation. The Mission will also discuss a timetable for further negotiations aimed at the beginning of implementation in 1972;

(c) The US Government have got the South Africans to move somewhat closer to a settlement. There is still a long way to go but there now seems some chance;

(d) The only alternative to a negotiated settlement promoted by the Five is continued bloodshed and an opportunity for increased Soviet penetration in Southern Africa;

(e) Sanctions are not the answer;

(f) CHOGM can help the settlement process by supporting the efforts of the Five and avoiding extremist language.

D M Day

29 September 1981

CONFIDENTIAL

Prime Minister

MR ALEXANDER

CHOGM: Meeting of Senior Officials

The meeting this afternoon reviewed the arrangements for the Heads of Government meetings. The agreed arrangements will be circulated by the Secretary General in a memorandum (HGM(81) 3).

2. It is recommended that the morning sessions of Heads of Government should run from 9.30 am to 12.45 pm, and the afternoon sessions from 3.00 pm to 5.30 pm. Each session will have a refreshment break of 20 to 30 minutes.

3. Senior officials agreed to recommend an agenda and timetable as attached at Annex 1 and Annex 2 herewith.

4. The meeting recommended to Heads of Government that agenda items 6 (c), (d), (e) and (f) should be remitted to the Committee of the Whole for initial consideration; the Committee to report in time for the afternoon session of Tuesday 6 October.

5. At the opening session tomorrow afternoon the order of speakers (after Mr Raphal and Mr Fraser) will be:

(i) Mr Mugabe
(ii) Mrs Thatcher
(iii) Mr Ratu Mara
(iv) Mrs Gandhi
(v) Mr Burnham

6. A number of delegations gave notice that there were subjects which their Heads of Government would raise during the course of the discussions, that were not specifically referred to in the agenda:

(a) Guyana will draw attention to developments in Latin America and the Caribbean.

(b) Malta will wish to refer to the situation in the Mediterranean, and to the situation in the Middle East: on the latter subject, the Maltese representative said that his Prime Minister thought that the time was right for a Commonwealth initiative.

(c) The Seychelles will want to refer to the situation in the Indian Ocean.

(d) Sierra Leone will want to refer to the refugee situation.

7. The representative of the Seychelles, supported by the representatives of Guyana and Malta, indicated that they wished to raise the implications of the British Nationality Bill for Commonwealth immigrants into the United Kingdom. The Secretary

General said formally that this was a matter to be raised bilaterally with us, not in the conference itself. To avoid misunderstanding, I said that the Bill was not an immigration measure, would not affect the status under the immigration law of anyone lawfully settled in the United Kingdom when the Bill came into operation, and that the Bill did not affect the civic privileges of Commonwealth citizens in the United Kingdom and there were no plans to change these. The Bill would not affect our immigration arrangements but was about citizenship.

8. The representative of Malta made two further points:

(a) He expressed the hope that item 6 (f) (iii) - the Report of the Commonwealth Committee on Communication and the Media - would be broad enough to permit discussions of this subject on a broader basis. He presumably wants to revive ideas about a "New International Information Order" of the kind which have been discussed in UNESCO.

(b) The Maltese Minister would reserve the right to raise specific but undisclosed matters under item 8 (Other Business). He was discouraged by the Secretary General; but I fear that the Maltese Minister may raise the questions of Wrecks and War Graves (see brief B.27). Apparently the Maltese wish to float the idea that the Headship of the Commonwealth might rotate like the Chairmanship of Organisation for African Unity. I understand that informal soundings on this have shown that there will be no support for this idea in other delegations. As this conference is in Australia and The Queen is here as The Queen of Australia, it will presumably be for the Chairman to make the running if it is raised.

9. I am sending copies of this minute and the enclosures to Mr Fall, Sir Michael Palliser, Mr Day and Mr Barltrop.

RWA

ROBERT ARMSTRONG

29 September 1981

ANNEX 1

COMMONWEALTH HEADS OF GOVERNMENT MEETING

MELBOURNE - 1981

DRAFT AGENDA : DOCUMENTATION

1. OPENING SESSION

2. ORDER OF AGENDA

3. WORLD POLITICAL SCENE

   (a) Global Trends and Prospects

   Commonwealth Ministerial Committee on Belize: Memorandum by the Commonwealth Secretary-General (HGM(81)4)

   (b) Developments in Asia

   (c) Southern Africa

   Report of the Commonwealth Committee on Southern Africa (HGM(81)5)

4. WORLD ECONOMIC SITUATION

   World Economic Crisis: A Commonwealth Perspective - Report by a Group of Experts

   Memorandum by the Commonwealth Secretary-General on the Experts' Group Report and Subsequent Developments (HGM(81)6)

   The Commonwealth and North-South Issues: Memorandum by the Government of Australia (HGM(81)18)

   (a) The overview of crisis

   (b) Approaches to solutions:

      (i) Trade

      The Impact of Protectionism on Developing Country Trade: Memorandum by the Government of Australia (HGM(81)20)

      (ii) Financial flows

      (iii) Energy

(c) Food: A Commonwealth role

The Food Crisis in developing countries: The Need for an enlarged Commonwealth Response : Memorandum by the Commonwealth Secretary-General
(HGM(81)7)

5. ISLAND DEVELOPING AND OTHER SPECIALLY DISADVANTAGED MEMBER COUNTRIES

A Commonwealth Programme of Action: Memorandum by the Commonwealth Secretary-General
(HGM(81)8)

6. COMMONWEALTH CO-OPERATION

Eighth Report of the Commonwealth Secretary-General

(a) Regionalism

(b) CFTC in the '80s

Note by the 1981 Review Group on Secretariat Priorities and Objectives
(HGM(81)9)

A Basis for Future Growth: Memorandum by the Commonwealth Secretary-General
(HGM(81)10)

Special Commonwealth Stamp Issue: Note by the Commonwealth Secretariat
(HGM(81)11)

(c) Commonwealth Foundation

Progress and Future: Memorandum by the Chairman and Trustees of the Commonwealth Foundation
(HGM(81)12)

(d) Commonwealth Youth Programme

Funding: Note by the Commonwealth Secretariat
(HGM(81)13)

(e) Culture

Note by the Chairman and Governing Body of the Commonwealth Institute
(HGM(81)14)

(f) Studies mandated by the Heads of Government Meeting, 1979

(i) Report of the Commonwealth Working Party on Human Rights

(ii) Report of the Consultative Group on Student Mobility within the Commonwealth

Note by the Commonwealth Secretariat on the Consultative Group's Report (HGM(81)15)

(iii) Report of the Commonwealth Committee on Communications and the Media

Note by the Commonwealth Secretariat on the Committee's Report (HGM(81)16)

Communication and the Media in the Commonwealth: Memorandum by the Government of Australia (HGM(81(19)

(iv) Feasibility Study on a Commonwealth Film and Television Institute

Note by the Commonwealth Secretariat on the Feasibility Study (HGM(81)17)

7. REPORT OF THE COMMITTEE OF THE WHOLE

8. OTHER BUSINESS

9. COMMUNIQUE

ANNEX 2

TIMETABLE

Date	Session	Time	Agenda Item	Subject
Wednesday 30 September	1	1430	-	Opening Session
Thursday 1 October	2	0930	2	Order of Agenda
			3(a)	World Political Scene: Global Trends & Prospects
	3	1500	3(b)	World Political Scene: Developments in Asia
Friday 2 October	4	0930	4(a)	World Economic Situation: The overview of Crisis
	5	1500	4(b)i	World Economic Situation: Approaches to Solutions - Trade.
			4(b)ii	World Economic Situation: Approaches to Solutions - Financial flows.
Saturday 3 October				
Sunday 4 October		RETREAT		
Monday 5 October	6	0930	4(b)iii	World Economic Situation: Approaches to Solutions - Energy
			4(c)	World Economic Situation: Food - A Commonwealth Role
	7	1500	3(c)	World Political Scene (cont'd): Southern Africa

Date	Session	Time	Agenda Item	Subject
Tuesday 6 October	8	0930	5	Island Developing and Other Specially Disadvantaged Member Countries
			6(a)	Commonwealth Co-operation : Regionalism
			6(b)	Commonwealth Co-operation : CFTC in the '80s
	9	1500	6(c)	Commonwealth Foundation
			6(d)	Commonwealth Youth Programme
			6(e)	Culture
			6(f)	Studies mandated by the Heads of Government Meeting, 1979
				(i) Report of the Commonwealth Working Party on Human Rights
				(ii) Report of the Consultative Group on Student Mobility
				(iii) Report of the Commonwealth Committee on Communication and the Media
				(iv) Feasibility Study on a Commonwealth Film & Television Institute
Wednesday 7 October	10	0930	7	Report of the Committee of the Whole
			8	Other Business
			9	Communique

AUSTRALIAN LABOR PARTY

September 28, 1981

R. D. HOGG
State Secretary
Victorian Branch
Australian Labor Party
23 Drummond Street
Carlton South 3053
Phone 662 3433

Sir S. Ramphal
Secretary General of the Commonwealth
of Nations
C/- Secretariat
Exhibition Buildings
Nicholson Street
CARLTON 3053

Dear Sir,

We write to convey a decision of the Administrative Committee of the Victorian Branch of the Australian Labor Party on the question of Northern Ireland. We believe this is central to the capacity of CHOGM to contribute to the resolution of differences, and to benefit the cause of peace in the world.

We are well aware that the Agenda has been set and that we have no direct access to either the Agenda or the workings of the Commonwealth Heads of Government Meeting, but it is our view that the resolution of conflict in Northern Ireland is essential in order for Britain at least to play any viable role in resolving problems elsewhere within the member States.

The Administrative Committee in carrying the decision below was clear in its intent not to endeavour to take sides in order to allocate blame or responsibility for the current situation in Northern Ireland. Rather, in its resolution, it is attempting to seek a position where real endeavours are made to resolve once and for all the conflicts in Northern Ireland, and to bring about peace and hope for all living in that beleaguered country.

The resolution requested to be conveyed is as follows:

"In accordance with the Victorian Branch of the Australian Labor Party's traditional support for peace through the world, and recognising with Northern Ireland that:

- the present problems can only be understood through a consciousness of history and an understanding that in the eyes of a substantial portion of the population, the present British presence cannot be disentangled from centuries of colonial occupation, class conflict, a background of a stagnant economy with intolerably high levels of unemployment, and actions prejudicial to the best interests of the people of Ireland.

.../2.

" - the continuing existence in its present form of the British presence is not conducive to a viable, long-term solution to the situation in Northern Ireland, and that this should be a matter of concern and relevance to the entire Commonwealth Community of Nations.

- that a permanent structure for peace and stability in Northern Ireland requires far-ranging, comprehensive solutions; but an initial step would be the making of concessions to prisoners, such as contained in Long Kesh, convicted by special courts without juries; to promote a climate where all groups involved could seek areas of rational discussion and conciliation.

The Victorian Branch of the Australian Labor Party views the Commonwealth Heads of Government meeting as an appropriate body to accept collective responsibility for formulating constructive, alternative means and solutions by which peace and a measure of hope can be returned to the people of Northern Ireland. "

We would appreciate consideration of the above.

Yours sincerely,

R. D. HOGG
State Secretary

OO UKDEL MELBOURNE DESKBY 272230Z
GRS 522
UNCLASSIFIED
FM FCO 251715Z SEPT 81
TO IMMEDIATE UKDEL MELBOURNE
TELEGRAM NUMBER 004 OF 25 SEPTEMBER
INFO CANBERRA

MIPT: AUSTRALIAN TARIFFS.
A. MAJOR ITEMS OF INTEREST TO UK.

BTN		GENERAL TARIFF	DEVELOPING COUNTRY TARIFF
87.02.1	PASSENGER MOTOR CARS	95.5 PCENT	95.5 PCENT
87.02.210	VANS AND BUSES	35 PCENT	25 PCENT
87.01.310	AGRICULTURAL WHEELED TRACTORS	25 PCENT	0 PERCENT
87.02.220	TRUCKS AND PUBLIC SERVICE VEHICLES	22.5 PCENT	12.5 PCENT
87.03 900	CRANES	35 PCENT	25 PCENT
87.02.290	CONTRACTORS PLANT	25 PCENT	15 PCENT
84.06.300	ENGINE PARTS AND SPARES	25 PCENT	10 PCENT
85.08.900	ELECTRICAL SPARES AND PARTS FOR MOTOR VEHICLES ETC.	25 PCENT	15 PCENT
84.	BOILERS, MACHINERY AND MECHANICAL APPLIANCES AND PARTS	19-30 PCENT	10-15
29.	ORGANIC CHEMICLAS	11-30	0-15
38.14	ANTI KNOCK PREPARATIONS	7 1/2-11 PCENT	0 PCENT
30	PHARMACEUTICAL PRODUCTS	0-2 PCENT	0 PCENT
39	ARTIFICIAL RESINS AND PLASTIC MATERIALS	19-30 PCENT	0-3 PCENT
22.09.2	WHISKEY AUSTRIALIAN DOLLARS 16.66 P LITRE OF ALCOHOL		
64.	FOOTWEAR	6-50 PCENT	0-36 PCENT
49.	PRINTED BOOKS ETC.	0 PCENT	0 PCENT

B. ITEMS WHICH MAY BE OF INTEREST TO DEVELOPING COUNTRIES.

/BTN

BTN		GENERAL TARIFF	DEVELOPING COUNTRY TARIFF
02.01.00	MEAT AND OFFAL	0-2 PCENT	0 PCENT
02.02.000	POULTRY	4 PCENT + AUSTRILIAN DOLLARS 0.02 PER KG	
03.01 000	FISH	0 PCENT	0 PCENT
03.03.	CRUSTAECIONS AND MOLLOSCS	0 PCENT	0 PCENT
07.	VEGTABLES	(VARIABLE DUTY) (BY WEIGHT)	15 PCENT
08.	FRUITS AND NUTS	0-12 PCENT	0 PCENT
12.	OIL SEEDS	VARIABLE DUTY BY WEIGHT	0-7 1/2 PCENT
15.	ANIMAL AND VEGTABLES OILS AND FATS	0-25 PCENT	0-20 PCENT
55.	COTTON	AUSTRILIAN DOLLARS 0.2 PER KG TO 20 PCENT R.V.	0-15 PCENT
53.	WOOL AND ANIMAL HAIR	0-2 PCENT (ALSO BY WEIGHT)	0 PCENT

BTN = BRUSSELS TRADE NOMENCLATURE

NOTES

1. PASSENGER MOTOR CARS AND FOOTWEAR ARE SUBJECT TO QUOTAS. FOR FOOTWEAR THERE ARE SEPARATE TARIFFS FOR HONG KONG AND TAIWAN, AND THE GENERAL TARRIFF FOR OVER-QUOTA IMPORTS IS UP TO 100 PERCENT.

2. PAPUA NEW GUINEA HAS SEPARATE TRADE AGREEMENT WITH AUSTRALIA UNDER WHICH ALMOST ALL HER PRODUCTS ENTER DUTY FREE.

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Prime Minister/President
of
Commonwealth Heads of Government
Meeting,
Exhibition Buildings,
Exhibition Street,
Melbourne.3001.

North Burnley Post Office
115 Burnley Street,
Burnley. 3121.
Victoria.

25th September 1981.

Dear Prime Minister/President,

I wish to draw your attention to two matters which I hope you will discuss at C.H.O.G.M.

Firstly, I would like to draw your attention to the plight of the Australian Aboriginal People.

The Aboriginal People are viciously discriminated against in the areas of Human rights, Land rights, health, housing, education, legal rights and employment.

The Queensland and Western Australian Governments, are the worst offenders as they treat the Aboriginal People like as if they were animals rather than human beings.

The Commonwealth Government, can use its' constitutional powers to override discriminatory state legislation as well as bring all pressure to bear on states to legislate for Aboriginal land rights.

I ask you to move that C.H.O.G.M call for a delegation from the International Commission of Jurists, the U.N. Human Rights Commission and Amnesty International, come to Australia investigate, and make reccomendations as the World Council of Churches have recently done

Russell Morse (RUSSELL MORSE)

E.R.

BI says nothing further heard from Channel 10.
CA.

MR. WHITMORE

I was approached this morning from Sydney by a Lisa Davidson, Channel 10, who had apparently been given my name by Carol Thatcher, to see if the Prime Minister would take part in a simultaneous TV discussion with Malcolm Fraser, conducted by their political correspondent.

I said there was no chance whatsoever today, and we leave for the Middle East early tomorrow.

It is possible they will pursue us in Australia. I gave no promises and was rather discouraging, making the point that Mr. Fraser himself might not want to play favourites with one particular member while the Conference was on.

B. INGHAM
24 September, 1981

CONFIDENTIAL

Foreign and Commonwealth Office

London SW1A 2AH

24 September 1981

Dear Michael,

Speeches at CHOGM

Thank you for your letter of yesterday. I shall reply separately about the Prime Minister's response to the address of welcome.

We have a few suggestions about the Prime Minister's introduction to the discussion on 'Global threats and prospects'. At the top of page 2, we suggest 'Cambodia' instead of 'Kampuchea'. Near the bottom of page 2, we suggest omitting the reference to the East Germans, whose trouble-making in Africa is not of the same order as Cuba's. The reference to counter-action at the foot of the page might seem to suggest that the South African incursion into Angola was directed at the Cubans, when really SWAPO was the target. We suggest amalgamating the thoughts in the last two sentences on this page as follows: 'But the alien presence of Cuba is particularly dangerous and disruptive'.

At the top of page 3, we think that some members of the Commonwealth might feel obliged to deny the suggestion that other African Governments increasingly accept the importance of the Cubans' departure. It may be preferable to end the sentence at 'step forward'.

Later on page 3, the reference to a quarrel in Eastern Europe could seem unclear. We suggest: 'And finally, in Eastern Europe itself, tension continues to mount'.

In the second full paragraph on page 3, the Prime Minister may wish to echo the theme of President Reagan's recent message to Mr Brezhnev, by inserting a short additional sentence after the reference to 'arms control negotiations', as follows: 'We want a more constructive relationship'.

In the passage on terrorism on the penultimate page, we would prefer to avoid any implication that all parts of the PLO have engaged in terrorism. The phrase 'PLO terrorists' might be replaced by 'PLO extremists' and later in the same line 'Iranian extremists' might become 'Iranian radicals'.

Yours ever.

Francis Richards

(F N Richards)
Private Secretary

M O'D B Alexander Esq
10 Downing St

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MAFF
CO

10 DOWNING STREET

From the Private Secretary

23 September 1981

The Prime Minister has seen Brian Fall's letter to me of 18 September about the Australian paper on trade policy.

The Prime Minister does not dissent from the Foreign Secretary's assessment of the unhelpful nature of Mr. Fraser's latest initiative. However she is worried lest we should seem to be pouring too much cold water on Mr. Fraser's efforts in advance of CHOGM. She wonders whether it is really necessary to send such a negative message as that suggested by Brian Fall. If it is necessary to convey a warning signal, the Prime Minister hopes it can be done in a low key.

I am sending copies of this letter to John Rhodes (Department of Trade), John Kerr (H.M. Treasury), Kate Timms (Ministry of Agriculture, Fisheries and Food) and David Wright (Cabinet Office).

M. O'D. B. ALEXANDER

Francis Richards, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

File

PRIME MINISTER's VISIT TO THE GULF, PAKISTAN AND MELBOURNE
BRIEFING MEETING: THURSDAY 24 SEPTEMBER 1981: 1500 HOURS
ATTENDANCE

1500: Gulf and Pakistan Items

Mr. Atkins, Lord Privy Seal
Mr. Hurd, Minister of State, FCO
Sir Robert Armstrong
Sir Michael Palliser
Sir David Cardwell, Chief of Defence Procurement
Mr. Miers, FCO
Mr. Williams, D/Trade

1530: CHGM Items

Mr. Atkins, Mr. Hurd, Sir Robert Armstrong and
Sir Michael Palliser to stay on
Mr. Brittan, Chief Secretary to the Treasury
Mr. Neil Marten, Minister of Overseas Development
Mr. Ainscow, ODA
Mr. Barltrop, FCO
Mr. Day, FCO
Mr. Hancock, HMT

24 September 1981

PRIME MINISTER'S INTERVIEW WITH GEORGE NEGUS, AUSTRALIAN TV "60 MINUTES" ON WEDNESDAY 23 SEPTEMBER 1981

(Embargoed until after broadcast: 8.30 pm Sunday, 27 September, Australian Eastern Standard Time, 11.30 am British Summer Time).

George Negus: Mrs Thatcher, before the Royal Wedding, Mr Fraser agonised for quite a while before he actually came here. Given the troubles that you face here in Britain at the moment have you got any doubts at all about the wisdom of going to Australia.

Prime Minister: I don't think Mr. Fraser agonised. He had tremendous problems at home and if those had continued I think he would have stayed at home. It was a fairly clear-cut decision. I have no doubts about going to Australia. If all of a sudden something blew up and I had to stay at home of course every politician would understand that, but I don't anticipate that at the moment.

Q: The Springboks rugby tour of New Zealand is undoubtedly going to raise its head at some time or other during the CHGM meeting. Where will you stand on that whole business of apartheid, sport, the way it has affected Commonwealth relations? Are you going to be with Mr. Muldoon, against the African states, or may be with Mr. Fraser trying to get in between them?

PM: I don't think it is necessarilyfor or against. As far as apartheid is concerned, it is indefensible. No one tries to defend it. That is not an issue. But as far as the Gleneagles Agreement is concerned, the Gleneagles Agreement is that Governments should do as much as they can to discourage teams from one Government going to another or from the other coming home. I believe Mr. Muldoon did that. When you get beyond that you really are in very considerable areas of individual liberty. If you say I will stop anyone going out, I do not like the purpose for which he is going, I will stop anyone coming in for the purpose for which he has come even though it is not inimical to the state which I govern. So apartheid. Our view on that is not in doubt. Gleneagles - the Agreement stands. I hope at the end of that we shall reaffirm it. I hope we shall not spend all the time discussing it, there are other extremely important things but I do not believe that what Mr. Muldoon did infringed the Gleneagles Agreement in any way. Indeed I am convinced it did not. He upheld it.

/Q:

Q: Regardless of whether or not he infringed the Gleneagles Agreement, there are people who believe that already relations within the Commonwealth have been seriously damaged when the rugby tour went ahead. So things could get pretty hectic in Melbourne.

PM: No. I do not accept that. We had the Gleneagles Agreement, it was fashioned at Gleneagles. Doubtless we shall discuss it. I hope we shall not spend too much time discussing it. We spent a great deal of time on African affairs at the last Commonwealth Conference. We are in the Pacific this time and we will give a lot of attention to those affairs. But I believe the best thing would be not to have an acrimonious discussion, but just to reaffirm Gleneagles. We all want to see apartheid ended and we want to do everything possible to encourage South Africa to end it.

Q: Do you think Mr. Fraser was right in not allowing a South African team to pass through Australia?

PM: I do not tend, in any way, to make a judgement on what Mr. Fraser said as far as Australia is concerned. He is the Prime Minister of Australia, the decisions are for him.

Q: Would you allow them to pass through Britain?

PM: I was not asked.

Q: Was that a fortunate thing, would it have been a difficult decision to make?

PM: No, indeed. Had I been asked I would have made a decision. I would have considered all factors at the time. You really simply cannot ask for instant decisions on things which have not arisen. And I think one of the problems we have today in politics is because we are asked to make instant decisions. And you really try to get us to make these decisions without a proper period of reflection or considering the facts. I don't think that is a very good way of conducting national or international affairs.

/Q:

Q: At the moment it is quite difficult for you even to consider anybody else's problems rather than your own because you have so many here in England.

PM: Each and every one of us have our own problems. Of course we tackle them.

Q: But do you think your problems are greater than they have been for some time? Because to an outsider it certainly looks as though Britain is in real trouble.

PM: Let me put it this way, we have had many problems over 30 years. One of them has been that our industries compared with France, West Germany, Japan, tend to have been overmanned. No Government before has tackled that. We have overmanned, we have had a lot of restrictive practices. So long as we have growth in world trade at a very considerable rate, there is room for everyone producing everything that we were producing. At the moment we have a world recession because of the price of oil. There wasn't so much money to buy other goods. At that moment of time the most efficient rode the recession better than the less efficient. What I had to do was really start to tackle these underlying problems. So the hidden unemployment which was present in firms has now become apparent. The firms are getting more efficient. Yes, we have problems. Indeed we have. But we have some results too. Productivity has gone up by 8 per cent, even during a world recession. The country is getting more efficient. Our export record excellent. We export 30 per cent of our national income and the unemployment has shown itself now, not on the payroll of companies, it has come on to the unemployment register and we have to try to tackle that. But we have laid the foundations for a really competitive industry. It is a great plus and if we hadn't, we would never have come through the recession with hope for the future. We do now. Our industries will compete with many others the world over.

Q: How much hope for the future do you think that 3 million Britons, give or take a few thousand, who are out of work have got? What sort of hope have they got? You once said yourself that your whole fundamental political belief was that someone should have a good job. There are 3 million people in this country at the moment without one.

/PM:

PM: Indeed, I entirely agree. The countries where there are most good jobs are the countries which have followed for years my recipe now. Germany has kept down inflation. That is my top priority. Has kept down inflation. I think a much less centralised economy that in some respects other countries have had, she has kept down inflation, she has got lower unemployment, she has concentrated on industrial efficiency. There is no magic about my recipe. It is just that I can't pick up in a couple of years what has taken nearly 15 or 20 to pick up. But it will work. They wouldn't have any hope of jobs unless our industry was efficent. Our industry is becoming efficient. Governments on the whole cannot create new industry. We have nationalised industries but you cannot create new genuine jobs, new products, new services. So we have had to free-up that whole area. We have done that. There is far more now than there would have been had we gone on in the old way because that was the way which led to our decline. I am following the recipes which will lead us out of decline and which have worked with other countries.

Q: Only two years ago you did in fact say that having a job was fundamental to your belief that people should have that job. Could you blame 3 million Britons in fact for saying to you they find that impossible to believe.

PM: That would be an easy point to take. I entirely agree. But many, many of them, for example the people who have been made redundant from steel, have been made redundant from British Leyland, they know that steel and British Leyland wouldn't have a hope of survival if we said right, take them all back. And you ~~won't~~ will find people at Llanwern, for example, one of our big steel plants proud. They have got productivity now that can compete the world over. Certainly we have to try to find new industries, and particularly new service industries. There will be fewer people employed in manufacturing, it will happen all over the world. It has to be taken up by new service industries. We all use the latest technology. Countries which use the new technology most intensively are the countries which actually have got the jobs - take Japan. So we must not shy away from it. But we are in an interim period unless we went through that interim period there

/wouldn't be

wouldn't be a hope of us having competitive jobs in the future. And you're quite right, it's my job to explain that. But it would not solve the problem it would only aggravate it if I said to companies right take on twice as many people as you're employing now there'd be only one possibility, they'd have to say right, half the pay. And that wouldn't help either.

Q: But what some of compensation is that to the people who are still without jobs and there doesn't seem to be any sign that the unemployment level is going to come down.

PM: The unemployment level will rise for some time even after the scale of output has gone up. Of course it will, for the simple reason that we're not working flat out in industries even at the moment. There is only one way to create genuine jobs and genuine services. It's not by politicians, it's not by commentators, it's not by economists in universities, it's by the talent and ability of people who have that sort of capacity to create new products or new services which Australians, which British, which French, which Germans will buy. I can't do it. You can only do it by freeing up the economy and allowing those new industries to grow. And so, in addition I can give you a whole lot of things we've done to help unemployment, to reduce it.

Q: It's not being reduced at the moment though Mrs Thatcher.

PM: It's not being reduced for the very reason which I've tried to explain which you don't seem to take on. We had very substantial overmanning, we had very substantial restrictive practices, insofar as you have overmanning in industry, insofar as you have restrictive practice in industry, you're not competitive. If you keep them you lose whole factories. A friend of mine came along the other day and said I had a terrible time this weekend, I had to make 50 people redundant. But he said I had to get all the workforce together and explain either we make 50 people redundant or we stand to lose our whole factory which would be 350. Because he said with these extra 50 people on the payroll we can't compete. Now he's much more competitive, he'll start to make a profit, he'll be able to invest in the future so there's a future for those 300. I have

/ the 50 on

the 50 on the unemployment register and you say where are the new jobs going to come. They can only come when industries are competitive so they can expand in competition with others and new ones start and new ones grow. And no amount of discussion, no amount of politicians' speeches, no amount of commentators will get over that fundamental truth. What is Government doing about it. Three things.

Q: But regardless of what you say Mrs Thatcher it does appear, at least to an outsider that you are using unemployment as an economic tool. Three million tools is a lot of human fodder.

PM: You're absolutely wrong. My policy is to try to get industry competitive because that is the only hope for the future of industries in this country. It is working. Management tell me they are being able to manage for the first time in ages, they are getting cooperation on a scale they haven't had before. But may I put one point to you, to which you might not be familiar. Inspite of our problems and the number of unemployed people on our registers, in fact if you look at the whole of the European Economic Community, which is 10 countries, apart from Denmark we in Britain still have the biggest proportion of our population in jobs than any other country in the Community. Other than Denmark. So look at that. I've still got, apart from Denmark, the biggest proportion of my population working in jobs. One of the answers of course is a lot of women work in this country. And therefore of course there's quite a lot of married women on the unemployment register. But that's quite a lot more people in jobs here than in other countries.

Q: Sounds /fine, but do you think if you were to go out of No. 10, talk to Britons in the street, that they would believe you when you say you're on top of your economic problems, that unemployment is going to come down.

PM: I think many many people would say this had to be done. We haven't a hope of getting through unless it is done. And at least we've got a Government that's prepared to give the leadership to do it and to lay the foundations which will give a good, solid prospect of jobs for the future. Without that we should not have

/ had it.

had it.

Q: How do you feel when you hear people saying things like, Margaret Thatcher is staying afloat but Britain is sinking.

PM; Well, it's just not true is it. It's just not true.

Q: Well things don't look very healthy.

PM: We have unemployment. Don't forget of course we had a very sharp increase in our population, in the numbers of people here in recent years. Inflation is half what it was a year ago. Productivity is up by 8% - that's very good in a recession. People now for the first time can buy council houses, you don't have many council houses in Australia, 30% of our population live in council houses, we've given them a right to purchase their own home. Some of the local authorities don't like it. They've got a stake in society. All of these things are being done. We've done away with many many controls which stopped industry from developing. We've done away with prices control, income control, dividend control, exchange control. That's for the first time in 40 years. We are tackling the problems. Unemployment has steadily risen in this country over the past 30 years. It would have gone on and on in the future every time because we reflated to try and get rid of it and then of course we had a boom, an artifical boom, then higher unemployment. I'm not reflating this time. We're getting now our genuine jobs so we know where we are and then we'll have to hope that indeed new small businesses will start and we'll get expansion. Again I repeat the point I find it very difficult to get across. No industry will survive unless it can compete with others. It will not do that by overmanning and restrictive practices. No-one has tackled this before - I am tackling it and on the whole I have support for that.

Q: But /why do so many of your colleagues disagree with you? Why are there so many rumbles within your own ranks that you are too inflexible?

PM: But I'm not inflexible. On the contrary, why do you think I would have tried to help the nationalised industries through if

I had been inflexible. I'm sorry that argument just doesn't stand up.

Q : So the people who say that you're inflexible are just not right? You're right and they're wrong.

PM: Lots of things are said in politics, you don't allow yourself to get fussed about them. Usually the people who throw these things at you aren't in your Cabinet and don't know what goes on.

Q: Are you as tough as people say or is toughness really being inhumane on a couple of occasions?

PM: No, toughness is not being inhumane. Any mother will tell you that if you are just oversoft and sympathetic without being firm, without trying to bring your children up to responsibility, you do neither your children nor your country any good. If you merely try to tackle a problem just by throwing money at it, they will also tell you you will not do the upbringing of a child any good. You've got to be firm, you've got to stand up for the things you think are right which are an honest day's pay for an honest day's work. And if you're going to ask for more for nothing you're going to take it from someone else. This is the message that I am trying to put across. This is the message I am trying to put across to the unions. If you are going to ask for more pay for no increase in output, that pay can only come from someone else. If in a department the people are going to say we want more then it's going to come from the allocation that you'd use for construction, for equipment and that is going to mean more pay for this lot of people and is going to deprive other people of jobs. That is happening. I've got another problem which I am trying to cope with in unemployment. The pay of young people coming out of school, the unions have arranged, is about three quarters of the pay of a fully experienced and skilled person. What's happening is that young people aren't getting jobs. Of course they're not. Because businesses can't afford to pay at that level. So what am I doing about it. I will tell you. I'm saying all right if you take on a young person just out of school at a comparatively low pay, but it's better they should have jobs rather than none, they haven't got experience. I say £40-45 a week, the taxpayer will give those industries a subsidy of £15 a week. Because it's better those youngsters should get a foot on the rung

/ of the ladder

the ladder, get their experience and then they'll probably be kept on. All of this we are doing. But there have been many many rigidities in the labour market in this country which in fact have been conducive to unemployment. We've got it now but we are tackling it at the root and that if I might say so is a matter for congratulation not of criticism. Yes I do have to be firm. I don't like the word tough, I have to be firm.

Q: That's the word that's used about you most often.

PM: Yes it is, I am firm. Most people respect it because they want a Government that's got a policy, has some conviction, will stick to it and see it through, especially as what I am preaching is basically right.

Q: Why do people stop us in the street almost and tell us that Mrs Thatcher isn't just inflexible, she's not just single-minded, on occasions she is plain pig-headed and won't be told by anyone ...

PM: Will you tell me who has stopped you in the street and told you that?

Q: Ordinary Britons.

PM: Where?

Q: In conversations.

PM: But I though you had just come from Belize?

Q: This is not the first time we've been here.

PM: Will you tell me who and where.

Q: Ordinary Britons in restaurants, in pubs ..

PM: How many?

Q: I would say at least one in two will tell us that Margaret Thatcher is pig-headed.

PM: I'm sorry it's an expression I have never heard. Tell me who has said it to you and where.

Q: These are people that we meet in passing and we obviously raise the question of the state of their country with them and they say yes we have a tough Prime Minister but she's a little bit pig-headed, she won't be told by anybody.

PM: Isn't this interesting. Even the tone of voice you're using is changing from what you used earlier. I am determined, of course I am. I am proud of my country, it can do a great deal better than it is doing. I believe it will do better and my policies will be shown to be right.

Q: But why do these Britons say this to us. Is it possible that you just won't give an inch? That Margaret Thatcher needs to be right all the time.

PM: Why don't you ask them and why won't you tell me names and who they are.

Q: On a lot of occasions they weren't people we knew by name. They volunteered these sorts of opinions. You must know that there are people out there who think that about you.

PM: Is it inflexible to say that we have to give more help to British Leyland because we could not possibly have taken at that time more unemployment and a lot of small businesses depend upon it. Is it inflexible to have seen British Steel through a very very difficult period. Is it inflexible to have given more help to British Railways, the biggest subsidies they have ever had in fact. Is it inflexible to try to see some of the problems of investment through in the National Coal Board. That most certainly isn't inflexible. Is it inflexible to have had a new scheme for the employment of young people - one of which I have just described another one called the Youth Opportunities Programme. Is it inflexible to say right, we'll try and help unemployment by helping people who want to retire early. We'll let them retire early provided that their job can be taken by someone on the unemployment register.

/ That is positive

that is positive, constructive helping. And if you find people saying that, why don't you ask them, instead of asking me?

Q: Can I put this to you. I read somewhere that your son Mark in fact said that at home we don't have arguments, we have walkovers and the boss - referring to you - always wins. Is that the way you go about running the country as well?

PM: I am a lawyer, I am a scientist, I am a politican. All my training when I am faced with an argument or a proposition is quite simple. First find the facts then try to find the reason, then propound the policy. That's not a bad way of going about anything. And it's usually the way to try to deal with someone who is putting an emotional argument. Emotions are a fact of life. Many people who put the problems haven't a clue how to solve them. Not a clue. And I would say to many people - right if you can go out and start up a business, a factory which will employ 3-400 people, 500 people by selling produce or services to someone who will pay then go and do. You'll be doing a marvellous service and you'll find it a lot more difficult than talking.

Q: Do they in fact call you the boss at home as well in the press?

PM: Of course not, we're just a family at home.

Q: Your son seemed to suggest that you're not easy to get along with at home let alone in Government.

PM: I think you totally misrepresent my son. Why I cannot think. There's a great bond of affection in our family, we all work together marvellously.

Q: But do you think he was saying something about your style.

PM: I think if you want to know about my son you'd better ask him.

Q: But about your style as a politician as well as a human being.

PM: I think if you are cross-examining what he was saying, he's the person to ask. I'm very fond of my son, extremely fond. We

/ get on

get on marvellously together. Both my children and I do and I think that says something about me. There is no generation gap, none at all. We're a very affectionate family. I miss Carol very much indeed. I don't think I could carry on the way I do unless we had this close family relationship. We all believe in what we're doing. And I just really will not sit and hear you try to put these things.

Q: I don't think he was being derogatory about you when he said these things. I think it was probably said affectionately that my mother's a pretty tough lady and she doesn't even give an inch at home.

PM: Don't you think that every person to be Prime Minister has to know where they're going, has to be firm and has to give the leadership to do it.

Q: I certainly think that is the case at the moment in this country.

PM: I think its a requisite of any Prime Minister in any country and I think the electorate are fed up of having Prime Ministers who pander to the people, who say popularity is the thing I'm first after. That's not the way to get things done. You have to do what needs to be done and do it the right way. To believe in your country and believe in your people. Do you think I would go the way which as you say at the moment we have 3 million unemployed, do you think I would go that way if it weren't really because I think we'll come through far better than at the moment. It's because I do care about the future. It's because I do care that those youngsters get genuine jobs instead of jobs whose only basis is in inflation and when you get only a basis of inflation for jobs burst as the bubble bursts. No I do go this way because I care. And it requires a sense of leadership, a sense of purpose, a sense of direction and it requires something people can respect. Not politicians who pander to popularity. I can't please everyone because everyone wants something that comes from other people. I can try to pursue a policy that will be just to everyone and if we pursue it for long enough it will come right.

Q: It's not possible then that the grocer's daughter, which you are, has placed all of her policy eggs in the one basket and if

/ it doesn't

it doesn't work, you're in trouble.

PM: What do you mean by the policy eggs in one basket?

Q: This one-track policy that you have. Of reducing Government spending, not giving any leeway to the unemployed, disagreeing with your colleagues when they say you're inflexible.

PM: That is not my policy and that is a total misrepresentation. What I am saying is this. Any democratic Government must first be careful that it spends the people's money, because there is no other, very carefully and as well as the people. If it takes too big a proportion of that money then it is substituting its judgement for the people and in fact it is diminishing to too great an extent the amount of freedom to choose that people have over their own pay. If I take too much and redistribute it, people will say oh what's the point, if I do better my family doesn't benefit because you merely take more away from me. I have to watch the proportion we spend because every single pound the Government takes to spend means its a pound that is not there to invest in ordinary industry. The pound is not there for the housewife to spend. That one was taught at home, it's only common sense. Point number two, industries have got to be competitive, how else are they to sell. Point number three, it's Government's job above all to look after the defence of the realm and law and order and honest money, which we will do. Point number four, it's also Government's job and part of the public conscience of the nation to see that everyone has a reasonable standard of living if they are unfortunate, if they're disabled, if they're sick, if they can't get a job, if they're elderly. That we do. These are the things which are .. fundamentally and soundly. There's another quite moral thing. I don't believe in getting something for nothing and I am constantly saying to people if you demand more wages from muscle power rather than because of extra effort, I believe that's wrong. And you are telling me that that's inflexible. That it's one-track mind. It's a range of whole things that are true and we're trying now to get them into operation in Britain.

Q: Does it ever cross your mind that you may not be correct?

/PM:

PM: On those fundamental things I don't know of any way in which I can keep a free society and a prosperous society by saying that Government must take an even bigger proportion to spend, industries need not be competitive, it doesn't matter what you do you're entitled to more pay if you've got muscle power. Is that the way you suggest I go? No of course it isn't. Because you know it doesn't work. Because the people who accuse me of being inflexible know it doesn't work in their hearts. They know the policies we are pursuing are right. Of course they are worried about unemployment - so am I. That's why I have policies for the young above all, that's why I say if you retire early and we can get a person from the unemployment register in your job that would be better. That's why we said as a matter of policy we will try to make available risk capital for people who have got ideas. The people who've got ideas who can start up and employ other people are pure gold in our society. They are not the commentators. They are the doers and I want to give the doers a chance and only in that way shall I get the real jobs for the unemployed.

Q: Do you feel that the urban riots that you've experienced here all over the country, do you still feel that ...

PM: I'm sorry, point number one. Fact, they are not all over the country, they are not.

Q: Well you certainly had considerable trouble. Would I be right in saying that?

PM: Well, let's get down to the facts. We had two in Brixton, in a small triangle in Brixton, not all over Brixton. I went down to Brixton - in the streets close by that small triangle the windows in the shops weren't boarded up. In a small triangle in Brixton twice. We had a small triangle in Toxteth in Liverpool. I think the impression given was that the whole of Liverpool was aflame. A small triangle in Toxteth and Brixton. We had those two. We got what one sometimes gets, we got a fashion and imitation, some in Leicester, some in Nottingham and some in one or two centres, confined to small areas. And if you'd been to the areas you'd know that they were so confined. They are extremely worrying.

Q: What about the cause of them Mrs Thatcher. Do you still feel that it's because of lack of parental control, to sum up what seemed

/ to be

to be your attitude, and do you still believe that they don't have much to do with the economic problems that you face, particularly unemployment.

PM: Well, there have been riots in Liverpool before. There were problems as you know in Notting Hill, many years ago when we had relatively full employment. Problems in Bristol before. We have an inquiry about these matters, nothing nothing nothing will excuse what some of those people did - picking up petrol bombs, stones, hurling them at the police. Nothing can excuse that, nothing at all. It was totally and utterly wrong. I sometimes wonder that parents let youngsters out on the streets when they knew those things were going on. But perhaps that control had broken down. We've got to re-establish that control. We don't know why these things occurred.

Q: Not to do with unemployment, not to do with social inequality?

PM: Well, what I'm saying is there have been riots before. In Notting Hill was one, when we had not got this level of unemployment. There are areas of unemployment higher than these where we've not got riots. I think it stands to common sense, when young people have not got a great deal to do they tend to turn to trouble. But I think it would be a very unwise person who suggested that all the people who took part in that riot were unemployed, very very unwise before finding the facts.

Q: Do you think your policies have contributed in any way to that situation?

PM: Well we have the Lord Scarman report. Obviously I think if young people have not enough to do then they do tend to turn to mischief but that does not excuse what anyone did and riots aren't exactly the way to try and get jobs to an area. They were just exactly the way to frighten people off going there. Moreover if you looked - I don't know whether you went to Toxteth - if you look at what they attacked, they attacked businesses, in the triangle they attacked the people who are actually providing jobs. That is ridiculous.

/ Q:

Q: The argument could be I suppose that those people have got what the unemployed youth needs.

PM: But do you attack what you need?

Q: But do you understand the frustration?

PM: I always understand frustration. I do not understand some of the things which I saw thrown there - thrown at the policemen. Terrible things happened, these things happened. We had various inquiries. We must certainly establish law and order. You cannot do anything without that and there must be no no-go areas. But they were confined to comparitively small areas, and this is the point which I want to get across. Yes they were terrible. Very terrible. I went and I saw some people at Southall, I went to Brixton, I went to Toxteth. I was in Scotland Yard all night but they were confined to very small areas. And when you ask me - all over Britain - it is deliberately, unwittingly (interruption) but a terrible problem nevertheless. You know that they were confined both in geographical areas and in time. Fortunately.

Q: Thank you.

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Foreign and Commonwealth Office

London SW1A 2AH

23 September 1981

(1)

Prime Minister

Dear Mustard

You may find this useful: the Duty Clerk is handing the briefing folders down-stairs & will bring up any you wish to see again. PRM 23/9

CHGM: MELBOURNE

It may be helpful if we set out in advance of the Prime Minister's briefing meeting (3 pm, Thursday 24 September) those issues on which we think it could be particularly useful to focus on that occasion. The Prime Minister will already have seen the Steering Brief (PMVN(81)B1).

The main focus at CHGM is likely to be on the world economic situation, particularly its implications for developing countries. The Prime Minister might wish to consider the Australian attitude on these issues and whether anything further should be said to them on these matters before CHGM. The Australians may circulate their 'Melbourne Declaration' in its original form. We have instructed Canberra to press for amendments before circulation. The Australians have also circulated a contentious paper on 'The impact of protection on developing countries' trade. (These points are covered in the revised briefing which Cabinet Office are circulating). We have suggested that representations be made to them about this also (Francis Richards' letter of 18 September). There could perhaps be a case for following up these representations with a personal message from the Prime Minister to Mr Fraser.

I would have thought this a bad idea. PRM

More generally, the meeting might consider our overall approach to relations with developing countries in the light of

/the

M O'D B Alexander Esq
Private Secretary
10 Downing Street

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the discussion at OD on 18 September. Paragraphs 6 and 7 of the steering brief are relevant; and the main briefs on the subjects (briefs A4 and B19) are being revised today and will be circulated this evening.

Mr Ramphal is likely to press his ideas for a Commonwealth initiative on Food and may have a fair amount of support. We question the need for a special programme, seeing the issue rather as one of priorities for the Commonwealth Fund for Technical Cooperation (CFTC). The Chancellor's forecast of increased British contributions to CFTC over the next three years has been well received at this week's meeting of Commonwealth Finance Ministers in Nassau.

In the political discussions, there are potential problems lurking under the 'Southern Africa' heading - which on present form is unlikely to be discussed in substance until the Monday (5 October) - because of the late arrival of President Shagari who is to be lead speaker. Provided that the efforts of the Five are under way again by then, or that some early movement is in prospect, the discussion on Namibia may not be too difficult. We can however expect criticism of the Americans and will have to carry conviction in persuading our Commonwealth colleagues that the endeavours of the Five are indeed the only sensible way forward. The Gleneagles Agreement, in the wake of the Springbok tour of New Zealand, could prove the most controversial subject of the whole meeting. The key is likely to rest with Mr Muldoon. It may be useful to consider how to handle this problem.

There is a delicate matter which does not feature on the agenda: Pakistan's possible readmission to the Commonwealth. The alarm signals are sounding from Delhi, and progress may be elusive

/if

if not impossible. It will probably be best pursued in informal talks at the Canberra retreat. Again, it might be useful to touch on this on Thursday afternoon.

We would not expect to encounter any serious difficulties under the 'Commonwealth Cooperation' heading - although there will no doubt be criticism on the subject of students' fees: and pressure from the Secretariat to have more money spent on a variety of projects covered in the briefs.

Yours ever

Michael Arthur

M A Arthur
Private Secretary to the
Lord Privy Seal

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Gus / Charlotte
for info

MO 26/9/4

23rd September 1981

Top pages + rest of correspondence on: Middle East PM's visit to K & B April 1981

Dear Michael,

Thank you for your letter of 21st September to David Omand with which you enclosed a copy of a letter from Sir Austin Pearce to the Prime Minister.

I understand that, with one exception, briefs which deal with Defence Sales business in the countries mentioned by Sir Austin have already been prepared and passed to the Cabinet Office. The points he makes on Kuwait and Bahrain have been covered.

The brief on Australia does not mention Sea Skua, Sea Dart or Sea Harrier. We have the following comments:-

Sea Skua - We understand that Australian helicopter decisions are still a long way off. Therefore, we believe that for the Prime Minister to raise Sea Skua would be premature and possibly embarrassing.

Sea Dart - During recent discussions with the Australians on the possible sale of Invincible, they made it quite clear that they were not interested in Sea Dart. They were talking about removing the system if they purchased Invincible. We would recommend that this should not be raised by the Prime Minister.

Sea Harrier - The Australian decision on a Carrier must come first before they decide which aircraft to deploy on it. If they purchase Invincible there must be a strong presumption that they will go for Sea Harrier also. There is a danger that they will be deflected from a decision on Invincible if we press the merits of Sea Harrier independently at this stage.

A line to take and background note has been prepared for the Prime Minister on Tornado.

The brief on Pakistan has yet to be completed pending correspondence on tactics between No 10 and the Foreign and Commonwealth Office. I understand that we are working on the line that President Zia will hand over a list of his requirements

M O'D B Alexander Esq

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to the Prime Minister during her visit. Neither Rapier nor Hawk appear in the advance information we have received from the Post on the likely contents of such a list. Our comments are:-

Rapier - This does not appear on the Pakistan shopping list, which is not surprising as they already have the French Crotale missile. Clearance of the Blindfire version of Rapier (which undoubtedly the Pakistanis would want) would run into security objections and of course the likely Indian reaction would have to be taken into account. We would recommend that Rapier is not raised.

Hawk - Towards the end of last year, BAe gave a presentation to the Pakistanis. To our knowledge, they have never expressed a serious interest in Hawk. One view is that they may have asked for a presentation so that they could evaluate it and give technical advice to their friends in the Gulf who are definitely in the market.

I should be grateful if these points could be taken into account in the Prime Minister's briefing, with Sir Austin's letter.

I am copying this letter to Francis Richards (FCO).

Yours sincerely,

Nick Evans

(N H R EVANS)

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Prime Minister (1)
After chat at A?

Foreign and Commonwealth Office

London SW1A 2AH

Yes no
Mark - 24/9

23 September 1981

Dear Michael,

Discussion of Namibia at CHGM

The Canadians have asked whether the Prime Minister would be willing to speak first on behalf of the Commonwealth members of the Five (Canada and Britain) when the CHGM discusses Namibia. Mr Trudeau would then speak later during the discussions to support Mrs Thatcher. They would appreciate a reply before the delegations leave at the end of this week if possible.

There might be a case for trying to persuade the Canadians to speak first at the CHGM since in the minds of other Commonwealth leaders they may be less closely associated with American attitudes that the UK: and there may be a good deal of criticism of recent US attitudes to Namibia and South Africa. But the Canadians have recalled that they led on Namibia at the CHGM in Lusaka in 1979, when Mrs Thatcher and her colleagues were embattled over Rhodesia, with the implication that it is our turn this time.

A. As you know, we cannot seek Lord Carrington's (or Mr Luce's) views in the time available. Subject to the Prime Minister's views, however, officials here suggest that we tell the Canadians that the Prime Minister would be willing in principle to lead on Namibia but that we do not think a final decision on this needs to be taken until shortly before the Namibian discussion begins. Our two delegations could most conveniently settle the matter in consultation on the spot. May we reply accordingly to the Canadians?

Yours ever,

Francis Richards

(F N Richards)
Private Secretary

M O'D B Alexander Esq
10 Downing Street
LONDON
SW1

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(2)

Prime Minister

To note only, at this stage – unless you have strong views on one or other of the proposals. We can make any necessary arrangements on arrival.

'Dear Michael,

Foreign and Commonwealth Office

London SW1A 2AH

23 September 1981

CHGM: Bilateral Meetings

There will, as usual, be scope during the CHGM for the Prime Minister to have some bilateral discussions with her Commonwealth colleagues. They will of course be complemented by the numerous informal opportunities for discussion that will arise naturally, eg on social occasions, during coffee breaks and at the weekend retreat.

We would recommend that the Prime Minister should have bilaterals with the Prime Ministers of India, Jamaica and Zimbabwe, and with the President of Nigeria. The Prime Minister would be able to use the meeting with Mrs Gandhi inter alia to explain the nature of her planned visit to Pakistan immediately after the CHGM. The meeting with Mr Seaga would be useful for consolidating relations with and giving encouragement to, the new Jamaican government. A brief bilateral with Mr Mugabe would be valuable in view of the fact that the Prime Minister has not met him for over a year. The Nigerian meeting would keep up the momentum of recent contacts and should generally advance our relations with that country. It could also be useful in securing understanding and patience in regard to the Namibian problem.

If the Prime Minister's programme permitted, it would also be appropriate to have a short meeting with President Kaunda of Zambia in view of his position as the host to the last CHGM. Lastly, we have been informed that the Bangladesh Prime Minister would like to call on Mrs Thatcher sometime during the CHGM for a brief exchange of views. Although this is not a 'must', we hope that the Prime Minister might be able to fit in a brief meeting.

Assuming that the Prime Minister agrees in principle to these proposals it may be best to defer arranging the actual meetings until after arriving in Melbourne.

Yours ever.

(F N Richards)
Private Secretary

M O'D B Alexander Esq
10 Downing St

HL

23 September 1981

I enclose a copy of a letter, together with its attachments, which the Prime Minister has received from Dr. G.W. Trompf of the Australian Quaker Peace Committee. Dr. Trompf's letter encloses a draft passage for inclusion in the CHOGM Communiqué proposing the establishment of International Peace Research Institutes.

Dr. Trompf's letter gives no address. I have therefore not acknowledged its receipt. I should be grateful if you could arrange for a reply to be sent to him on the Prime Minister's behalf.

MICHAEL ALEXANDER

Francis Richards, Esq.,
Foreign and Commonwealth Office.

Catholic Commission for Justice and Peace

United Nations Association of Australia

Australian Council of Churches

Women's International League for Peace & Freedom, Australia

Australian Quaker Peace Committee

The Rt. Hon. Margaret Thatcher M.P.,
Prime Minister of the United Kingdom,
10 Downing Street,
LONDON SW 1
ENGLAND

September 14, 1981

Dear Mrs. Thatcher,

Enclosed please find a copy of a submission we have made for the September-October Meeting of the Commonwealth Heads of Government. We have requested that it form part of the agenda and the final communiqué of the Meeting.

Appreciating your concern for the peace and security of Great Britain, and for the peace of the globe, we believe that you will agree that the disarmament issue, and effort to bring about the cooperation of Commonwealth states in peace research and peace initiative, should receive very high priority at the forthcoming conference.

We hope that you appreciate the urgency of taking steps to combat the arms race, and that you will agree that there is a great deal of barely exploited potential for Commonwealth nations to act in concert as world peacemakers.

It is to these ends that we seek your support in relation to the enclosed statement.

By way of a model, a copy of our proposal for an International Peace Research Institute to be established in Australia (set before the Parlaiment of Australia in 1980) has been inserted for your perusal.

Yours sincerely,

Dr. G.W. Trompf

For:

Garry Trompf	Australian Quaker Peace Committee
Ruth Haig	Australian Quaker Peace Committee
Des Carne	Australian Quaker Peace Committee
David Pollard	Catholic Commission for Justice and Peace
Stella Cornelius	United Nations Association of Australia
Geoffrey Usher	United Nations Association of Australia
Bern Stevens	Australian Council of Churches
Russell Rollason	Australian Council of Churches
Margaret Holmes	Women's International League for Peace and Freedom
Herb Feith	
Michael Leigh	

We propose that the following statement (or one consistent with it) be included in the final communiqué of the Meeting, thus unifying the Commonwealth in initiatives for world peace:

'The Commonwealth Heads of Government Meeting emphasizes the urgency of General and Complete Disarmament and the importance of organized consultation and joint effort in preparing for discussions in the United Nations General Assembly (Special Session II) on this matter.

'The Meeting resolves to empower its Secretariat to establish International Peace Research Institutes under its own auspices in each of its major regions. The character and agenda of these institutes should reflect the experience gathered by the Stockholm Peace Research Institute and similar bodies as well as the realities of national and international life in the regions concerned.

'The Meeting urges the establishment of International Peace Research Institutes in each of its major regions, and empowers the Secretariat to engage personnel and contribute facilities toward this end."

From: C V Balmer, Private Secretary

MINISTER OF STATE FOR DEFENCE
WHITEHALL LONDON SW1A 2HB
Telephone 01-218 6621 (Direct Dialling)
01-218 9000 (Switchboard)

Minister of State for
Defence Procurement

D/MIN/TT/3/10

22nd September 1981

Dear Michael

Prime Minister
You will wish to see this
before tomorrow's interviews
Mike 22/9

HMS INVINCIBLE

I enclose a copy of the brief for the Prime Minister's use with the Australian Prime Minister on the possible sale of HMS INVINCIBLE to the Royal Australian Navy. It supersedes the background brief which has already been provided through the official machinery.

As we agreed last week, I also enclose a line to take if the question arises during the Prime Minister's interview with the Australian media tomorrow.

I am sending copies to Francis Richards and David Wright.

Yours

Colin

M O'D B Alexander Esq
PS/Prime Minister

BRIEF FOR THE PRIME MINISTER

INVINCIBLE

Line to Take

Welcome discussions that have taken place between two Ministries of Defence. INVINCIBLE is proving a fine ship in service.

2. Your people raised a number of detailed questions on the ship's operational capability which I trust have now been satisfactorily answered. They also asked for confirmation in principle that, if the RAN purchased INVINCIBLE wide-ranging support would be available through UK Ministry of Defence sources. I agree this, in principle, but important aspects will, of course, have to be negotiated with the Ministry of Defence before final decisions can be taken and agreements ratified.

3. My main concern is over timing of any sale. When would you want INVINCIBLE and when can you pay for her? Transfer in 1985 (when ARK ROYAL enters service) would be easier for us. But an earlier delivery will be operationally difficult and much more sensitive politically. It would mean keeping the ageing HMS HERMES in service longer as one of our two operational carriers. This would also have financial penalties.

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Background Note

Australia is due to take decisions on her future carrier programme this Autumn. She was expected to select a modified version of the US IWO JIMA class to be built in the US.

2. Following discussions between Mr Nott and the Australian Defence Minister (Mr Killen) a MOD team visited Australia in early September to try and interest the RAN in purchasing an INVINCIBLE class carrier.

3. The visit achieved its objective. The RAN accepts there is a price and delivery advantage in acquiring INVINCIBLE. Against this there are a few minor areas where INVINCIBLE's operational capability is of concern. They are also worried about the lack of equipment commonality between INVINCIBLE and other RAN ships and the support problems this will raise. Manpower would be a further problem for them.

4. The team offered INVINCIBLE at its historical build price of £175m for delivery in 1985 when ARK ROYAL enters service. This is, of course, well below what a current build price would be. (IWO JIMA is unlikely to be in service before 1987 and at about twice the cost.) The team also indicated that if an earlier delivery were critical to an Australian decision, transfer in 1983 (when ILLUSTRIOUS enters service) would be considered. The RAN preference is for 1983 since:

a. it avoids a costly refit of HMAS MELBOURNE:

b. there are political advantages in an early acquisition - future Australian commitment to carriers remains a Party political issue.

5. In the light of the discussions the RAN have sought, by the end of September:

a. responses on the principal operational issues;

b. confirmation that the Ministry of Defence is prepared in principle to offer wide-ranging in-service support for INVINCIBLE.

On both points assurances are being given which we are confident Australia will find satisfactory and which would be on the basis of no extra cost to the UK for as long as the RN maintains the class in service.

/ 6. ...

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6. The main outstanding area of concern to the MOD is the time of INVINCIBLE's release. A sale to Australia in 1983 would require the 20-year plus HMS HERMES to be kept in service for two more years at operational and cost penalty to the Royal Navy (£20m to £30m). The reference in the Defence Review White Paper (copy attached) clearly implies that INVINCIBLE will be disposed of only after both ILLUSTRIOUS and ARK ROYAL have entered service. Thus earlier release is likely to give rise to criticism.

7. I must add that CNS advises that the operational consequences of early disposal would, in his opinion, be serious, and due account should be taken of them before a final decision is taken. He further believes that criticism of such a decision would extend to the USA and NATO as well as the UK.

8. It will therefore be important to understand the political and operational strength of the Australian case for early acquisition and to make clear the disadvantages to the UK.

EXTRACT FROM THE DEFENCE REVIEW

WHITE PAPER

(Cmnd 8288)

27. The new carrier *Ark Royal* will be completed as planned, but we intend to keep in service in the long term only two of the three ships of this class. The older carrier *Hermes* will be phased out as soon as the second of the new ships is operational.

BRIEF FOR PRIME MINISTER'S PRESS CONFERENCE WITH AUSTRALIAN JOURNALISTS

SALE OF INVINCIBLE

1. I welcome the discussions which have taken place in Canberra.

2. INVINCIBLE is a fine ship, recently entered service, of which the Royal Navy is justly proud. However, as you know, our Defence Review concluded that only two of the three INVINCIBLE class carriers being constructed for the Navy would be kept in service in the long term. As Australia has a requirement to replace HMAS MELBOURNE it was clearly sensible to see whether we could find common ground.

3. We have provided the Royal Australian Navy with details of INVINCIBLE's operational capability, its price and availability for evaluation alongside other options under consideration. Discussions are continuing.

4. One final point. If INVINCIBLE is not to remain in RN service there is no Navy whose flag I would prefer to see INVINCIBLE flying than Australia's. She would, I am sure, give the Royal Australian Navy long and distinguished service.

SUBJECT

cc Master Ops

PRIME MINISTER

CANBERRA

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 129/81

F 22/9/81
T 129/81

My Dear Margaret

During our recent conversations in London, I promised that I would have prepared for you a paper highlighting the significance for developing countries of protectionism, including an assessment of the contribution of the recent MTN.

The enclosed paper does just that. I think you will agree with its central message that the issue remains a very live one and of significant concern to us all, whether developed or developing. Indeed I believe the analysis set out in this paper to be sufficiently important that all of our colleagues attending the CHOGM meetings in Melbourne should receive a copy, and I am taking steps for it to be distributed to them in the near future.

I look forward to hearing of your reactions to the analysis, and to our forthcoming meetings in Australia.

Yours sincerely

Malcolm

The Rt. Hon. Margaret Thatcher, M.P.,
Prime Minister,
10 Downing Street,
LONDON
U.K.

THE IMPACT OF PROTECTION ON DEVELOPING COUNTRY TRADE

SUMMARY

1. The trade of developing countries with developed countries, both for industrial goods and for agricultural products, suffers from protectionist attitudes of major developed countries.

2. Contrary to popular opinion, the Tokyo round of MTN conferred only limited benefits on developing countries.

3. Agricultural protection, because it is so extensive and because agricultural trade is so important, seriously affects the growth and development prospects of most developing countries.

4. There are potentially significant gains to developed countries, as well as to the developing countries themselves, from further trade liberalisation - especially, but not exclusively, in relation to agricultural products.

A. OUTCOME OF THE TOKYO ROUND OF MTN

(i) Tariffs and Developing Countries' Trade

The MTN was regarded as successful in reducing trade barriers, especially in relation to industrial tariffs. However, while substantial reductions were achieved, the benefits fall unevenly. In particular, GATT studies have shown that the average tariff reduction on industrial products of export interest to developing countries was less than the overall average reduction - namely, about one quarter compared with one third.

This undoubtedly stems in large part from the greater component of so-called "sensitive" products in the export mix of developing countries. Nevertheless, the end result is that in the post-MTN situation, tariff averages on industrial products of export interest to developing countries are about 20% higher than the tariffs on all industrial products (i.e. 5.7% versus 4.7%).

Thus, even in the context of industrial tariffs, where the record of major developed countries in liberalising trade is at its best, developing countries are still significantly disadvantaged.

(ii) Non-Tariff Barriers, Codes of Conduct and Developing Countries

The range of non-tariff barriers (NTBs) is much more extensive than those identified in the MTN. For example, voluntary export restraint and variable levies were never discussed there, though they rightly comprise part of the list of NTBs assembled by UNCTAD.

../2

The MTN attempted to deal with non-tariff barriers through the negotiation of Codes of Conduct aimed at achieving stronger discipline especially on subsidy and other similar practices. In fact the Subsidies Code largely ignored problems of agriculture; and in relation to industrial produce subsidies, the Code discriminates heavily against developing countries since their main subsidy practices are outlawed, while those of the US, the EC and Japan (who together drafted the Code) are effectively exempt.

B. AGRICULTURAL PROTECTIONISM

Of fundamental importance for developing countries is the lack of progress in liberalising trade in agricultural products.

For example, MTN concessions covering products exported by developing countries to nine of their largest markets (Austria, Canada, E.C., Finland, Japan, Norway, Sweden, Switzerland and the U.S.) covered nearly $40 billion worth of traded goods - but only $12 billion of that total represented agricultural products. And while the MTN reduced, overall, the weighted average tariff on industrial products from 7.0% to 4.7%, the average level of tariffs, non-tariff barriers and subsidies on agricultural products, processed and unprocessed, is almost 70% in the EC, 80% in Sweden and a little over 100% in Norway and Switzerland. For industrial countries as a whole agricultural protection is more than three times that on industrial products.

In this context, UNCTAD has examined the variable levies applied by the EC and has concluded that in some cases the level of protection they afford reaches 500%.

C. SPECIFIC EFFECTS ON DEVELOPING COUNTRIES OF AGRICULTURAL PROTECTION

Agriculture is the largest sector of developing countries' economies, typically accounting for 30% to 40% of their GDP. This is generally two to three times more than the share of industrial production. Agricultural exports often provide between 50% and 80% of their foreign exchange earnings and between 50% and 90% of the labour force in developing countries work in agriculture.

With this in mind, a number of studies have demonstrated that there could be considerable and specific gains for developing countries by removing or diminishing agricultural protection.

(i) A joint UNCTAD/FAO study in 1972 estimated the gains in export income to developing countries of removing all barriers to their agricultural trade could be 17 billion 1972 dollars annually (equivalent to about 34 billion in 1981 dollars)

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(ii) The WORLD BANK in 1977 identified nine key agricultural commodities (beef, fresh vegetables, sugar, maize, wine, rice, bananas, vegetable preserves and coffee) where full trade liberalisation could yield developing countries by 1985 a gain in export returns of 5.2 billion 1975 dollars (equivalent to some 8 billion 1981 dollars).

(iii) The INTERNATIONAL FOOD POLICY RESEARCH INSTITUTE in 1979 estimated that even a 50% reduction in agricultural trade barriers covering some 46 products could increase developing country export receipts by 30% or 3 billion 1977 dollars (a little over 4 billion in 1981 dollars).

In all of these cases, the final impact on the level and the growth of GDP in developing countries would be considerably larger - because of the multiplier effects of increased export incomes; and because of the increased ability of developing countries to meet the foreign exchange costs of imports of equipment and/or materials necessary to sustain and increase their productive potential.

The short-term costs to developed countries from allowing increased import penetration would be at least in part offset by reduced domestic prices of both imports and import substitutes; and the developed countries would also benefit from growing world trade, including expanded markets in developing countries for developed countries' exports.

CONCLUSIONS

1. Significant barriers, both tariff and non-tariff, exist against agricultural and industrial exports of developing countries.

2. The MTN settlement overall provided few gains for developing countries compared with those for developed countries, and in the case of some Codes of Conduct actively discriminated against them.

3. Agricultural protectionism, which is especially disadvantageous to developing countries, continues at exceptionally high levels and is not being seriously addressed.

4. Specific studies have shown that national income and foreign exchange earnings of developing countries could benefit significantly if agricultural protectionism (both in terms of product coverage and protective impact) could be eliminated or even partially reduced.

5. Long term gains to developed countries themselves would also ensue from any liberalisation of barriers to trade with developing countries. Developing countries would be in a position to buy more from developed countries; cheaper sources of goods would become available in developed countries, thereby reducing inflationary pressures; and resources could be allocated from import competing industries into more efficient uses in developed countries, resulting in higher production and incomes. The benefits of trade liberalisation to both developed and developing countries would clearly be substantial.

DEPARTMENT OF TRADE 1 VICTORIA STREET LONDON SW1H 0ET Telephone 01 222 7877

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From the Secretary of State

p/w briefs.

M O'D B Alexander Esq
10 Downing Street
London SWI

22 September 1981

Dear Michael

In reply to your letter of 15 September to John Rhodes, I attach a brief on the paper forwarded by the Prime Minister of Australia on the impact of protection on developing country trade.

Copies go to Roderic Lyne (FCO), John Kerr (HM Treasury), Kate Timms (MAFF) and David Wright (Cabinet Office).

Yours sincerely
Catherine Capon.

Taken to Australia

CATHERINE CAPON
Private Secretary

COMMONWEALTH HEADS OF GOVERNMENT MEETING

IMPACT OF PROTECTION ON DEVELOPING COUNTRY TRADE

ANNEX A Note on Australian paper forwarded 15 September

LINES TO TAKE (as necessary)

General

1 The UK needs no persuading of the benefits - Conclusion 5 of the paper - of removal of barriers to trade. The more open the world trading system is, the more the benefits to developed and developing countries alike. By contrast protectionism, whoever practices it, leads to inefficiency, lack of consumer choice and pushes inflation upwards.

2 There are established negotiating mechanisms available to work towards a more open world trading system. But there must be an underlying sense of give and take if these are to be effective. Developing countries that keep a full measure of protection for themselves cannot expect an entirely favourable reaction from developed countries to demands for their barriers to be lowered.

Gatt Agreements

3 The negotiations of the 1979 GATT non-tariff agreements took the maximum possible account of the needs of developing countries. Most agreements contain special and differential provisions for them. These recognise that developing countries may not be able to implement the terms of the agreements with the same speed or facility as developed countries. They also contain provision for technical and advisory assistance. Developing countries took a full part in the negotiations and participate as observers in the operation even of agreements they are not ready to accept.

Tariffs

4 The GATT studies show that broadly the EC treats developed and developing countries even-handedly. The higher tariff average for developing countries' industrial export products (5.7% versus 4.7%) is due largely to exports to the US - for the EC the figures are 4.7%

both for all industrial products and those of export interest to developing countries.

Agriculture

5 Agricultural arguments in the paper unsound. Under EC and other developed country agricultural support policies, the main effect of protection is on other developed countries, not on developing countries. The EC variable levies are of much greater impact on imports of produce of other developed countries than on those of developing countries.

6 EC's external agricultural policies actually discriminate in favour of developing countries eg Lome convention preferences, the agreements with Mediterranean countries and tariff reductions under the Generalised Scheme of Preferences. The UK is fighting hard within the EC to get the problem of surplus production under control, and to enlarge access to EC market for produce of the developing world.

7 (If appropriate). It is not in the best interests of developing countries to have their claims for better access to developed country markets championed (and exaggerated) by a developed country with known interest of its own in greater access to those markets. They should recognise that the EC is now largely self-sufficient in most temperate products. Greater imports are only possible at the expense of reduced standard of living of EC's own producers.

8 (If raised). The UNCTAD work is by its secretariat only. No conclusions on effective levels of tariff protection have yet been reached by the UNCTAD as such.

BACKGROUND

9 Australia is probably raising this issue in support of its continuing pressure against the CAP and other developed country agricultural mechanisms. Its own record of protection of its domestic industry has many critics, including the EC and developing countries. It looks as if Australia, with New Zealand and perhaps under US leadership, will mount a further assault on the CAP in the GATT in 1982. To seek support at the CHOGM with a paper that is strong in emotion and weak in substance seems ill-considered.

Gatt Agreements

10 79 developing countries took part in the Tokyo Round negotiations but only 20 have since signed or shown serious interest in any of the 12 agreements. Some may have been put off by a row between the US and India about export subsidies. Among developed countries that participated, the signature rate has been very much higher. Australia has so far signed 6, and should be encouraged to sign more. Countries which have not signed the agreements have observer status and a number of leading developing countries take full advantage of this. However, accession to the agreements is obviously a more effective means of playing a full part in their implementation and development.

Tariffs

11 The Australian paper draws on a GATT assessment of the Tokyo Round to support its claim that developing countries have not benefitted as much as developed ones from the Tokyo Round Tariff cuts on industrial products. The report concerned does, indeed, indicate that the average tariff cuts on products of export interest to developing countries were less than the average cut for all industrial products. This is true of cuts in the tariffs of the EC and of cuts in the US and Japanese tariffs. However, the same report shows that under the resulting tariffs the EC treats developing and developed countries even-handedly. Its average tariff levels will be equal, at 4.7%, for industrial products as a whole and for products of interest to developing countries. In this the EC treatment of developing countries is certainly better than the treatment meted out by the US, where the corresponding levels are 4.4% and 7.9% respectively.

Agriculture

12 Nearly half the EC's total agricultural imports come from developing countries; and of the EC's trading deficit in the agriculture sector, the greater part is accounted for by the adverse balance of trade with developing countries. About 50% of all the developing countries' agricultural exports come to the EC. Only 11% of all the EC's agricultural imports from developing countries are subject to variable levies, reference prices or similar devices protecting European producers.

13 The EC's Generalised Scheme of Preferences covers 313 agricultural products (mainly processed or semi-processed). These account for some 25% of all imports under the GSP. The average margin of preference was calculated as 7.3% in 1977. (Within the Community the UK has consistently striven for greater tariff cuts, and for additions to the range of products covered).

14 As a result of the Lome Conventions, the EC's imports of agricultural products from the ACP countries have risen at a faster rate over the last decade than those from the rest of the world. They now account for about 14% of total EC agricultural imports, as against 11% in 1973. The Lome Convention also provides for substantial and secure markets in the EC for such produce as sugar, bananas and rum. Agricultural imports from the Mediterranean countries, on the other hand, are declining as a proportion of EC total agricultural imports - from about 6% in 1973 to 3½% in 1979.

Department of Trade
22 September 1981

CONFIDENTIAL

Foreign and Commonwealth Office

London SW1A 2AH

18 September 1981

Dear Michael,

Commonwealth Heads of Government Meeting (CHGM), Melbourne, 30 September to 7 October: Despatch from Sir J Mason

I enclose a copy of an interesting and timely despatch which we have just received from our High Commissioner in Canberra. It sets the scene from the Australian point of view - politically, administratively, in terms of Anglo-Australian relations and more broadly - for the Commonwealth Heads of Government Meeting (CHGM) which begins in Melbourne at the end of this month. It provides useful background for the visit by the Prime Minister and the Foreign and Commonwealth Secretary and for their talks, informal as well as formal, with the Australians.

The Prime Minister may wish to glance through the despatch. We would draw particular attention to the point made by Sir J Mason, that the meeting is of great importance to Australia, and especially to Mr Fraser himself; and to his assessment of Mr Fraser's approach to the meeting, in the broader context of Australia's role on the world stage (paras 5 onward).

I am copying this letter with enclosure to David Wright in the Cabinet Office.

Yours ever.

(F N Richards)
Private Secretary

M O'D B Alexander Esq
10 Downing St

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CANBERRA DESPATCH

SUMMARY

COMMONWEALTH HEADS OF GOVERNMENT MEETING: MELBOURNE 1981
THE AUSTRALIAN CONTEXT

1. CHOGM a meeting of great importance to Australia. The domestic background
(Paragraphs 1-3)

2. Meticulous administrative preparations,
(Paragraph 4)

3. Mr Fraser's commitment to stimulating discussion of North/South issues
(Paragraphs 5-7)

4. Australia's stake in the Meeting
(Paragraphs 8-9)

5. Implications of CHOGM for our bilateral relations
(Paragraphs 10-13)

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BRITISH HIGH COMMISSION
CANBERRA

31 August 1981

The Rt Hon The Lord Carrington KCMG MC
LONDON

COMMONWEALTH HEADS OF GOVERNMENT MEETING: MELBOURNE 1981:
THE AUSTRALIAN CONTEXT

My Lord,

1. The Department has already received from here a good deal of fact and comment on Australia's approach to individual items on the agenda of the Commonwealth Heads of Government Meeting (CHOGM) to be held in Melbourne from 30 September to 7 October. I shall not in this despatch consider these particular issues further, nor, more widely, the possible consequences of the Melbourne meeting for the future of the Commonwealth and for relations between its members: to do so would be to step outside my territory. I aim rather to set the scene from this end - the domestic background against which the Australians will act as hosts; their administrative preparations for the meeting; what they hope it can achieve for the Commonwealth, the wider world and Australia herself; and what may be the implications for our own complicated relationship with Australia. The key point to note is that the meeting is of great importance to Australia, and particularly to the Australian Prime Minister.

THE DOMESTIC SCENE

2. Australia is now doing better than most industrialised countries in containing wage and price inflation; and production, employment, real wages, consumer demand and, particularly, business investment, are showing healthy growth, though the last few months have seen some faltering. The Government is determined to keep a firm rein on inflation, which could otherwise put sustained economic growth at hazard, and has introduced a contractionary budget which will decrease the rate of resource development (and just conceivably provoke a mild recession).

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3. Yet Mr Fraser faces varied difficulties. A coherent strategy for managing the resources boom has yet to be worked out. The word "boom" itself is no longer in favour - expanded resource development is preferred. The OECD Secretary-General in a recent visit told OECD Ambassadors how surprised he was at the ad hoc approach to development. Industrial relations are in their usual ragged state and no wages policy has yet emerged following the recent collapse of wage indexation, through which nation-wide wage awards were granted on the basis of rises in the Consumer Price Index. Attempts by the Federal Government to reduce public expenditure have led to increased friction with the States, who now need to reduce their programmes or to raise charges steeply and face the concomitant unpopularity. Mr Neville Wran, the Labor Premier of New South Wales, looks set to maintain his firm hold in New South Wales in a State election to be held on 19 September. A recent report by representatives of the World Council of Churches has strongly criticised aspects of Australia's treatment of its Aboriginals. The Government has lost overall control in the Senate, necessitating closer tactical management. And Mr Fraser, five weeks before the opening of the meeting he will chair in Melbourne, has gone down with a virus and been told by his doctors to take three weeks rest. Following bouts of pleurisy and pneumonia in October 1979 and Christmas 1980, this has led to speculation, including in his own party, about whether his health will permit him to remain Prime Minister for long; and about who might replace him if he has to go. I shall be on balance surprised if he is still Prime Minister in a year's time.

AUSTRALIA AS HOST

4. The Federal Government have gone to great trouble to ensure that CHOGM, the most important international meeting ever held in Australia, will go smoothly. The hundred year old Exhibition Hall in Melbourne is being expensively adapted to produce in one building all the necessary facilities. Security and all other administrative details have been meticulously considered by a special task force whose only notable lapse to date has been a belated recognition that they had made no provision in Melbourne for accommodating their own delegation.

In a city with limited high-class hotel accommodation, the task force is being scrupulous, indeed over-zealous, in ensuring equal treatment for all delegations: we believe at the instigation of Mr Ramphal, at whom, rather than at the Australians, our stones should probably be cast. Participants will be impressed by the way in which their hosts have prepared for their arrival by thinking beyond the essential. CHOGM will be a bench mark of Australia's ability to cope with organising an important event in the glare of world publicity. There will be widespread pride in Australia if all goes well; genuine distress if anything goes seriously wrong.

AUSTRALIA AS PARTICIPANT

5. Mr Fraser has sent emissaries to all Commonwealth countries to find out what they thought should be discussed at the Melbourne meeting. These discussions and very close contact with the Commonwealth Secretariat have led to an agenda which is dominated by a theme of Mr Fraser's choosing - North/South issues. Mr Fraser much valued his talks with you and the Prime Minister when he was in London for the Royal Wedding. And Australian officials in London at the same time found very useful their discussion of CHOGM issues with senior members of the Department. Despite his personal background and the general impression of lofty indifference he creates at home, Mr Fraser has had from his student days a genuine sympathy for the under-privileged, particularly those in the poorer developing countries. Public speeches years before he became Prime Minister, deploring apartheid, at a time when such views were unfashionable in Liberal party circles, attest to this. And the theme has been consistently developed since he came to power. Australia with a sophisticated developed economy but also a heavy reliance on its primary exports, does not fit easily into either the grouping of the industrialised countries of the North or that of the developing countries of the South. With interests in both camps and, given Australia's unique (with the exception of New Zealand) position as a Western country set in the fast growing (economically and demographically) Asian/Pacific region, Mr Fraser sees a role for Australia as honest broker. Her relations with developing countries are significant in their own right and have

/of

of course a healthy element of self interest particularly in defending herself from criticism by her less fortunate neighbours of her high tariffs, low ODA/GDP ratio and policies towards Aboriginals.

6. Mr Fraser denies any exaggerated or unrealistic notion about the extent of the influence which a country of 14 million people can have on world issues but strongly believes, as he put it recently, "that in a Western world characterised by a great deal of self-doubt and division, and by a degree of disillusionment which has not yet been wholly overcome, every contribution to clarifying issues and strengthening resolve is valuable". During their talk on 30 July Mr Fraser appeared to agree with the Prime Minister that the upshot of a "Melbourne declaration" might amount to little more than an expressed readiness to "hold more talks"; but, he said, this was what the Third World wanted. Practical consequences, except those of Australia's choosing, could cause her no little difficulty particularly regarding her own protectionism. But it is a difficulty which Mr Fraser would I think be prepared to face.

7. In making his contribution "to clarifying issues and strengthening resolve" in the one international forum where he has clout (Australia feels cut out of so many major Western decision-making bodies, such as EC, NATO, and the Economic and Cancun summits), Mr Fraser is served by a team of advisers and officials of high calibre who have been moved from day-to-day responsive work so that they can think through the broader issues likely to arise at Melbourne. The Australians are fighting much above their weight. Following two Commonwealth Regional Heads of Government Meetings held at Australian initiative at which they needed to play a forceful and prominent role to get things moving, the Australians have made a conscious effort to see their part at Melbourne in perspective - as host and chairman but with no need to seek to dominate the show.

AUSTRALIAN OBJECTIVES

8. Mr Fraser's Government and Australia itself will gain in international stature if, having attracted so important a meeting and so many world figures, everything goes without a hitch. For all its

/economic

economic success, Australia still lacks self-confidence - a paradox in view of the traditional brash image so often projected. A successful CHOGM would help to foster a justifiable self-assurance of her own independence. As for her relations with Commonwealth countries, those with Black Africa, Asia and the Pacific will be consolidated.

9. If Mr Fraser carries off with skill, patience and absence of obvious strain the chairmanship of so prestigious a gathering, his stock will rise at home and abroad and his Party will be reassured.

IMPLICATIONS FOR OUR BILATERAL RELATIONS

10. Mr Fraser has observed several times to one of his senior political advisers that he wants this CHOGM "to be a good one for Mrs Thatcher".

11. It was not until Mr Whitlam's Government of 1972 that Australia began to lose its suspicions of a Commonwealth expanded beyond the white founding members. It is for others to comment but as seen from here, if all goes well at Melbourne the Commonwealth itself will be strengthened and Australia's firm commitment to it reinforced. The firmer Australia's continuing commitment as a competent and distinct identity, the more she will be able to share the burdens and take some of the heat off us. At the same time, Australia's regional interests may give a new slant to Commonwealth meetings by encouraging some thought about the problems of smaller Pacific countries who are less interested in radical African politics.

12. Our bilateral relationship will be the healthier if we are able to demonstrate through our approach to the Melbourne meeting that we recognise Australia as an equal partner able to make its own valuable contribution. In particular, it will be helpful if we can bring ourselves, without offering future hostages to fortune, to keep quiet about our misgivings as to the effectiveness, in real terms, of Mr Fraser's approach; and to go along with his hopes of encouraging the West to generate a sense of momentum in tackling North/South problems in a positive and constructive spirit. The Australians will understand

/if

if we have a number of sticking points. Their own approach in matters of this kind is often to agree to declarations on the basis that they approve of the broad thrust, even though they may have reservations about some of the details. They will misinterpret our motives if we decline to subscribe to a revised and relatively "harmless" Melbourne declaration just because parts of it are not drafted as we should wish. The Australians are conscious of the value of rhetoric in international relations and do not entirely share our own often legalistic approach to international declarations. I trust that we will make every attempt to find common ground. It is clear from conversations with senior officials that it is no part of Australia's plan to paint us into a corner with New Zealand at CHOGM.

13. Mr Fraser has invested a great deal in his initiative on North/South issues, at times against the judgment of some of his senior officials (including, and most prominently, the permanent head of the Treasury); and against a background of Opposition barbs over his seeking to posture on the international stage. If he loses face, the embarrassment will be felt not only within his Government and Party but widely throughout Australia. Our bilateral interest lies in demonstrating to Australians at large that there is no element of condescension in our approach to them and that, rather than trade on our common heritage and the links (or fetters) of the past, we conduct our relationship on present realities with an awareness of, and genuine respect for, Australia's developing role as a middle power. It is I am sure what Mr Fraser and his fellow Australians will be looking for at a meeting which is of very great importance to them.

I am, Sir,
Yours faithfully

John Mason

John Mason

CONFIDENTIAL

Prime Minister 21/9

After that Sir V. Rasor should speak along the lines below?

Foreign and Commonwealth Office

London SW1A 2AH

18 September 1981

Dear Michael,

I fear we are coming cold turkey on everything M.F. wants to do for CHOGM.

Do we have to read such a one/ other message?

Thank you for sending me a copy of your letter of 15 September to John Rhodes enclosing a message from the Prime Minister of Australia about trade policy.

The Foreign and Commonwealth Secretary has seen Mr Fraser's message and the accompanying paper which is being circulated to other participants at CHOGM. He sees a danger that Mr Fraser's initiative could lead the CHOGM into an acrimonious and unproductive discussion, and would see advantage in our High Commissioner in Canberra approaching the Australian Government to try to head off trouble. If the Prime Minister agrees, the High Commissioner might be instructed to say that the Prime Minister has seen Mr Fraser's paper and is grateful to him for having given her an early sight of it. She will be considering it further with her colleagues, but her first reaction is that the issues raised in it will have to be dealt with great care and tact at CHOGM if we are to avoid an acrimonious and unproductive discussion. Few, if any, of the participants would be immune to attack on the question of protectionist policies, but a debate which led to a confrontation between the developed and the developing members of the Commonwealth on these questions would be likely to have a most unhelpful effect on the efforts which are being taken in developed countries (not least by us within the European Community) in the interests of developing countries there. On a more detailed point, the paper as it stands does not do justice to special trade arrangements for the developing countries such as the GSP schemes and the Lome Convention, both of which should be taken into account if a balanced picture were to be presented.

I am copying this letter to John Rhodes (DOT), John Kerr (HM Treasury), Kate Timms (MAFF) and David Wright (Cabinet Office).

Yours ever.

for (B J P Fall)
Private Secretary

M O'D B Alexander Esq
10 Downing St

CONFIDENTIAL

Foreign and Commonwealth Office

London SW1A 2AH

23 September 1981

Dear Michael,

On 21 September you sent me a copy of a letter from Sir Austin Pearce to the Prime Minister about defence sales prospects in the coutries she will shortly be visiting.

We are content that the letter should be included in the briefing. The problem of Pakistan was covered in my letter of 21 September and a brief will be prepared in the light of the Prime Minister's reaction.

I am copying this to David Omand at the Ministry of Defence.

Yours ever,

Frances Richards

(F N Richards)
Private Secretary

M O'D B Alexander Esq
10 Downing Street
LONDON

MR. WRIGHT
CABINET OFFICE

PRIME MINISTER'S MEETING FOR HER VISITS TO THE GULF, MELBOURNE AND PAKISTAN

The arrangements in your minute of 18 September seem admirable.

M. O'D. B. ALEXANDER

18 September 1981

Ref. A05579

MR. ALEXANDER

Prime Minister's Briefing Meeting for her Visits to the Gulf, Melbourne and Pakistan

In my minute of 7th August to Mr. Rickett, I proposed a number of invitees for this briefing meeting. Mr. Rickett subsequently confirmed that these were acceptable and they have been put on notice that they will be needed on Thursday 24th September. There are, however, some changes of which I should inform you and to which I should seek your agreement. These are as follows:

(a) The Chancellor of the Exchequer will be abroad next week and accompanied by Sir Kenneth Couzens. The Treasury could be represented by the Chief Secretary and Mr. Hancock for the CHGM briefing.

(b) The Foreign and Commonwealth Office official who would attend the CHGM briefing would be Mr. Day, the relevant Deputy Under Secretary who will be in the party for Melbourne.

(c) The Minister for Overseas Development would like to be accompanied by an Under Secretary, Mr. Ainscow, who will also be going to Melbourne.

(d) Sir Kenneth Clucas, who was to have been invited for the Gulf and Pakistan items, is not available and would wish to be represented by the relevant Under Secretary, Mr. Williams.

2. If the invitees in my original minute, with the changes set out above, are acceptable, we will confirm to those involved that they are needed. I will also suggest to the Chief Secretary and the Minister for Overseas Development as well as the relevant officials who are only needed for the CHGM meeting that they need not arrive at No. 10 until about 3.00 pm.

D. J. WRIGHT

18th September, 1981

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10 DOWNING STREET

From the Private Secretary

15 September 1981

I enclose, together with its attachment, a copy of a message which the Prime Minister has received from the Prime Minister of Australia about the Tokyo round of MTN.

I do not imagine that you will consider there is any need for the Prime Minister to reply to Mr. Fraser before her arrival in Melbourne. But we should clearly have with us an analysis of the points made in the paper.

I am sending copies of this letter and its enclosure to Roderic Lyne (FCO), John Kerr (HM Treasury), Kate Timms (MAFF) and David Wright (Cabinet Office).

M. O'D. B. ALEXANDER

John Rhodes, Esq.,
Department of Trade.

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cc Additional Briefing Folders

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AUSTRALIAN HIGH COMMISSION · LONDON

THE HIGH COMMISSIONER

Mr Prime Minister
This is the rather unhelpful paper
which I mentioned at
lunch earlier today.
Mrs 16/9

(2)

15 September 1981

Geoff Mr. Alexander,

My Prime Minister has asked me to arrange for the urgent transmission to the Rt. Hon. Mrs Thatcher of the following letter and attachment, the originals of which will follow in due course.

Begins

"My dear Margaret,

During our recent conversations in London, I promised that I would have prepared for you a paper highlighting the significance for developing countries of protectionism, including an assessment of the contribution of the recent MTN.

The enclosed paper does just that. I think you will agree with its central message that the issue remains a very live one and of significant concern to us all, whether developed or developing.

Indeed I believe the analysis set out in this paper to be sufficiently important that all of our colleagues attending the CHOGM meetings in Melbourne should receive a copy, and I am taking steps for it to be distributed to them in the near future.

I look forward to hearing of your reactions to the analysis, and to our

.....2/

1.

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forthcoming meetings in Australia.

Yours sincerely

(Malcolm Fraser)

The Rt Hon Margaret Thatcher, MP,
Prime Minister
10 Downing Street
London
U.K."

Ends

Yours sincerely,

R.V. GARLAND

Mr Michael Alexander
Private Secretary (Overseas Affairs)
to the Prime Minister
Prime Minister's Office
10 Downing Street
LONDON

PAPER ON IMPACT OF PROTECTION ON DEVELOPING COUNTRY TRADE

SUMMARY

1. The trade of developing countries, both for industrial goods and for agricultural products, suffers from protectionist attitudes of major developed countries.

2. Contrary to popular opinion, the Tokyo round of MTN conferred only limited benefits on developing countries.

3. Agricultural protection, because it is so extensive and because agricultural trade is so important, seriously affects the growth and development prospects of most developing countries.

4. There are potentially significant gains to developed countries, as well as to the developing countries themselves, from further trade liberalisation - especially, but not exclusively, in relation to agricultural products.

A. Outcome of the Tokyo Round of MTN

(I) Tariffs and Developing Countries' Trade

The MTN was regarded as successful in reducing trade barriers, especially in relation to industrial tariffs. However, while substantial reductions were achieved, the benefits fall unevenly. In particular, GATT studies have shown that the average tariff reduction on industrial products of export interest to developing countries was less than the overall average reduction - namely, about one quarter compared with one third.

This undoubtedly stems in large part from the greater component of so-called "sensitive" products in the export mix of developing countries. Nevertheless, the end result is that in the post-MTN situation, tariff averages on industrial products of export interest to developing countries are about 20 per cent higher than the tariffs on all industrial products (i.e. 5.7 per cent versus 4.7 per cent).

Thus, even in the context of industrial tariffs, where the record of major developed countries in liberalising trade is at its best, developing countries are still significantly disadvantaged.

.....2/

(II) Non-tariff Barriers, Codes of Conduct and Developing Countries

The range of non-tariff barriers (NTB's) is much more extensive than those identified in the MTN. For example, voluntary export restraint and variable levies were never discussed there, though they rightly comprise part of the list of NTB's assembled by UNCTAD.

The MTN attempted to deal with non-tariff barriers through the negotiation of codes of conduct aimed at achieving stronger discipline especially on subsidy and other similar practices. In fact the subsidies code largely ignored problems of agriculture, and in relation to industrial produce subsidies, the code discriminates heavily against developing countries since their main subsidy practices are outlawed, while those of the U.S., the EC and Japan (who together drafted the code) are effectively exempt.

B. Agricultural Protectionism

Of fundamental importance for developing countries is the lack of progress in liberalising trade in agricultural products. For example, MTN concessions covering products exported by developing countries to nine of their largest markets (Austria, Canada, E.C., Finland, Japan, Norway, Sweden, Switzerland and the U.S.) covered nearly dollars 40 billion worth of traded goods - but only dollars 12 billion of that total represented agricultural products. And while the MTN reduced, overall, the weighted average tariff on industrial products from 7.0 per cent to 4.7 per cent, the average level of tariffs, non-tariff barriers and subsidies on agricultural products, processed and unprocessed, is almost 70 per cent in the EC, 80 per cent in Sweden and a little over 100 per cent in Norway and Switzerland. For industrial countries as a whole agricultural protection is more than three times that on industrial products.

In this context, UNCTAD has examined the variable levies applied by the EC and has concluded that in some cases the level of protection they afford reaches 500 per cent.

C. Specific Effects on Developing Countries of Agricultural Protection

Agriculture is the largest sector of developing countries' economies, typically accounting for 30 per cent to 40 per cent of their GDP. This is generally two to three times

.....3/

more than the share of industrial production. Agricultural exports often provide between 50 per cent and 80 per cent of their foreign exchange earnings and between 50 per cent and 90 per cent of the labour force in developing countries work in agriculture.

With this in mind, a number of studies have demonstrated that there could be considerable and specific gains for developing countries by removing or diminishing agricultural protection.

(I) A Joint UNCTAD/FAO study in 1972 estimated the gains in export income to developing countries of removing all barriers to their agricultural trade could be 17 billion 1972 dollars annually (equivalent to about 34 billion in 1981 dollars).

(II) The World Bank in 1977 identified nine key agricultural commodities (beef, fresh vegetables, sugar, maize, wine, rice, bananas, vegetable preserves and coffee) where full trade liberalisation could yield developing countries by 1985 a gain in export returns of 5.2 billion 1975 dollars (equivalent to some 8 billion 1981 dollars).

(III) The International Food Policy Research Institute in 1979 estimated that even a 50 per cent reduction in agricultural trade barriers covering some 46 products could increase developing country export receipts by 30 per cent or 3 billion 1977 dollars (a little over 4 billion in 1981 dollars).

In all of these cases, the final impact on the level and the growth of GDP in developing countries would be considerably larger - because of the multiplier effects of increased export incomes, and because of the increased ability of developing countries to meet the foreign exchange costs of imports of equipment and/or materials necessary to sustain and increase their productive potential.

The short-term costs to developed countries from allowing increased import penetration would be at least in part offset by reduced domestic prices of both imports and import substitutes, and the developed countries would also benefit from growing world trade, including expanded markets in developing countries for developed countries' exports.

CONCLUSIONS

1. Significant barriers, both tariff and non-tariff, exist against agricultural and industrial exports of developing countries.

.....4/

2. The MTN settlement overall provided few gains for developing countries compared with those for developed countries, and in the case of some codes of conduct actively discriminated against them.

3. Agricultural protectionism, which is especially disadvantageous to developing countries, continues at exceptionally high levels and is not being seriously addressed.

4. Specific studies have shown that national income and foreign exchange earnings of developing countries could benefit significantly if agricultural protectionism (both in terms of product coverage and protective impact) could be eliminated or even partially reduced).

5. Long term gains to developed countries themselves would also ensue from any liberalisation of barriers to trade with developing countries. Developing countries would be in a position to buy more from developed countries, cheaper sources of goods would become available in developed countries, thereby reducing inflationary pressures, and resources could be allocated from import competing industries into more efficient uses in developed countries, resulting in higher production and incomes. The benefits of trade liberalisation to both developed and developing countries would clearly be substantial.

vb

15 September 1981

Thank you for your letter of 15 September. I have drawn Mr. Fraser's message to the Prime Minister's immediate attention.

MODBA

His Excellency The Honourable R.V. Garland

B

15 September 1981

The Prime Minister has seen and taken note of your letter to me of 8 September enclosing some extracts from Mr. Howard's Budget Speech.

MA

Miss Jill Rutter,
HM Treasury.

Foreign and Commonwealth Office

London SW1A 2AH

15 September 1981

Dear Michael

CHGM

I enclose a draft for the Prime Minister's ten minute statement introducing the Agenda item "World Political Scene: Global Trends and Prospects".

Yours ever

Roderic Lyne

(R M J Lyne)
Private Secretary

M O'D B Alexander Esq
10 Downing Street
LONDON
SW1

WORLD POLITICAL SCENE: GLOBAL TRENDS AND PROSPECTS

Draft Statement by the Prime Minister

1. It is now almost 35 years since the independence of India marked the beginning of the modern Commonwealth. In that period ~~Since then~~ the number of members of the United Nations has risen from 51 to 155 and of the Commonwealth itself from 5 to 45.

~~3. This transformation in~~ The world and ~~in~~ our Commonwealth have been transformed. So have association ~~has been reflected in~~ the range and complexity of the problems which face the international community.

2. One of the greatest virtues of the Commonwealth is that it permits us to discuss these world problems dispassionately and realistically. ~~This is a forum where~~ Rhetoric can be set aside. We can examine issues with the seriousness that they deserve. ~~and without which lasting solutions will not be found.~~

The Threats to Peace.

5. Today, I see ~~four~~ three main kinds of threat to peace.

(a) ~~[illegible]~~ Deep seated ~~[illegible]~~encies

6. First, there are a small number of ~~deep seated crises~~ long running problems whose origins are historical, and whose resolution will take time, perseverence and restraint. 7. Of greatest concern to many in the Commonwealth is the situation in Southern Africa.

~~7. There are two aspects to~~ This ~~problem~~ crisis has two aspects: how to achieve a negotiated settlement which will bring independence to Namibia and how to contribute to the emergence of a just society in South Africa itself. In the case of Namibia, Britain remains convinced that the Contact Group of Five must continue to play a central role in progress towards a solution on the basis of the agreed UN Plan. As regards South Africa itself, our

/abhorrence

This can this will have spoken immediately before you.

So is that of the international community as a whole.

abhorrence of apartheid is clear. ~~We continue to encourage~~ We must all continue to press for peaceful change, towards a Government based on the consent of the South African people as a whole. I shall say more on this subject when we reach it later in our agenda.

8. ~~Another major problem on the international scene is the~~ The origins of the Arab-Israeli dispute. ~~Here too the origins~~ are also historical. Both Israelis and Palestinians point to the past to justify their present views and policies. It is not the responsibility of the international community to adjudicate on these conflicting claims. ~~but~~ Our aim must be to help to find a way forward which will enable all the peoples of the area to ~~find~~ achieve justice and security. 9. Britain and the other members of the European Community have set out some principles on which we believe a lasting settlement could be based. The essence of these principles is two-fold: first, the acceptance of the right of all states in the area, including Israel, to existence and security; and, second, the acceptance of the legitimate rights of the Palestinians, including their right to self-determination. We believe that an approach on this basis, in which neither side attempts to deny to the other the rights it claims for itself, offers ~~the~~ a prospect of real progress towards the comprehensive settlement which is so urgently needed. We are working for acceptance of these principles, not only by the parties directly involved but by the rest of the world as well. This may not be an issue of direct concern to the Commonwealth as such, but I hope that the countries represented here will accept that these are the basic principles on which a negotiated settlement can be built.

10. ~~Another regional problem, which has~~ The problems of Cyprus have frequently been discussed at our meetings. ~~is that of Cyprus.~~ Over the past few months there have been encouraging signs, which suggest that

/it

it may be possible, with determination and goodwill, to make progress towards a just settlement. I do not wish to trespass on ground which President Kyprianou, ~~I am sure,~~ will wish to cover. But I would hope that we could all agree to offer those involved in the intercommunal talks our support in their efforts.

(6) East - West tension.

11 ~~10~~. The second danger to peace arises from the ~~rivalry of the great powers. East-West relations are going through a difficult period. They would deteriorate even further if they become much more acute~~ determination of relations between East + West. The situation in Eastern Europe has been giving rise to much concern. It would, of course, ~~was~~ be a military intervention to extinguish the internal Renewal in Poland. So long as the Soviet Union continues to amass armaments, we in the West must maintain the strength to deter aggression. But We are also working to reduce the dangers of conflict through the pursuit of balanced limits and reductions in nuclear and conventional arms. We want communication with the Soviet Union, to explain our foreign policies and to ask about theirs. We are willing to exercise restraint and shall try to impress the need for this upon the Soviet Union.

That restraint was not in evidence when the Soviet Union

12. ~~The Soviet invasion and continued occupation of Afghanistan vividly demonstrate the third source of danger: one power's willingness to use force to control another.~~ invades Afghanistan. The Soviet Union has shown no indication to withdraw. Only ~~Only~~ continued pressure from the world as a whole has any chance of ~~persuading the Russians to withdraw and to restore~~ (Soviet) achieving withdrawal + the restoration of Afghanistan to ~~its~~ independent and non-aligned status. The European proposal for a two-stage Conference is designed to facilitate such an outcome while satisfying any genuine security concerns felt by the Soviet Union. We are grateful for the support so many of you have already expressed, and hope you will continue to back our efforts for a just solution

/12. The

The Soviet occupation of Afghanistan is paralleled DSR 11C Cuy

13. The continued Vietnamese occupation of Cambodia ~~also had its origin in one country's ambitions~~ Each reflects ambition on the part of one country to control its neighbours. The countries of ASEAN, represented here by Malaysia and Singapore, have been making great efforts to promote a negotiated settlement. Britain will continue to support these efforts, ~~and is confident that they will enjoy~~ I am sure that they deserve support from the Commonwealth as a whole.

(c) Local conflicts

14. The ~~fourth~~ third threat to peace arises from local conflicts between neighbouring states. The world is learning to cope with these somewhat better than in the past. ~~We have a better comprehension~~ There is general acceptance of the need first to isolate such conflicts and prevent them spreading, and then to put in hand the necessary machinery for mediation and peace-making. The war between Iran and Iraq remains regrettable and dangerous; but it is satisfactory that it has not spread. Likewise a number of conflicts in Africa have been rendered less dangerous through the efforts of the Organisation of African Unity.

Conclusion

15. Inevitably a brief survey of this kind ~~must~~ has to ~~be incomplete. I have not dealt with some~~ concentrate on trouble spots. But there are other important and ~~welcome~~ positive trends. There ~~is notably~~ is the continuing emergence of China and Japan on the political world scene. There is ~~and~~ the growing importance of the Pacific area generally, as exemplified by the roles of various Commonwealth countries there. ~~Nor have I discussed the continuing rise of new powers~~ In other parts of the developing world, new powers are rising to positions of importance & responsibility. Several of ~~which~~ them are members of the Commonwealth. These are welcome developments.

16. The world is troubled and dangerous. But the problems I have mentioned do not seem to me to be insuperable. Time and determination will be needed: moderation rather than extremism. On that basis there is hope. And the contribution of the Commonwealth can be considerable. The Rhodesia

/experience

~~experience~~ Settlement was is proof of this. The range of our experience and ~~the frankness with which we can discuss the various problems~~ the ease of communication among us make our capacity for analysis ~~virtually~~ unique. In some cases there will be a direct contribution which the Commonwealth either generally or regionally can make. In others the Commonwealth's very existence as a channel of contact and a forum for reason is itself a sign of hope, just as its history is a demonstration that progress can come through discussion and cooperation without conflict.

Foreign and Commonwealth Office

14 September 1981

CONFIDENTIAL

Foreign and Commonwealth Office

London SW1A 2AH

15 September 1981

Dear Michael,

Commonwealth Heads of Government Meeting: Prime Minister's Response to Address of Welcome

As you know, the Prime Minister accepted Mr Ramphel's invitation to be one of the Heads of Government to respond to Mr Fraser's address of welcome at the opening session of CHGM on 30 September. These speeches customarily last about ten minutes, and the media are present.

I enclose a draft speech for the Prime Minister's consideration.

Yours ever

Roderic Lyne

(R M J Lyne)
Private Secretary

M O'D B Alexander Esq
10 Downing Street
LONDON
SW1

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DSR 11 (Revised)

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

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COMMONWEALTH HEADS OF GOVERNMENT MEETING, MELBOURNE, 30 SEPTEMBER-7 OCTOBER 1981

CAVEAT.....

PRIME MINISTER'S RESPONSE TO ADDRESS OF WELCOME

BRIEF BY FOREIGN AND COMMONWEALTH OFFICE

1. Mr Chairman, Fellow Heads of Government, Mr Secretary-General, it is an honour for me to be asked to speak at this opening session. It is a particular pleasure for me to be amongst the first to congratulate you, Mr Chairman on the immense efforts you and your fellow countrymen, together with the members of the Commonwealth Secretariat, have made in preparation for this meeting. Now that we are all together, in this ~~fine~~ splendid Hall, in the lovely city of Melbourne, we are able to appreciate how fruitful those preparations have been. ~~I feel sure that I speak for all of us here when I say that~~ You have provided us with an ideal setting for our discussions. It is now up to us to ensure that those discussions are worthy of all the hard work that has preceded them.

Enclosures—flag(s).....

2. Could I begin, Mr Chairman by echoing your welcome to the countries of the Commonwealth who are represented here for the first time: Zimbabwe, Vanuatu and Belize, and to send our good wishes also to our other new member, St Vincent and

the Grenadines, who are not with us but whom we welcome to the Commonwealth family.

3. We meet today as Heads of Government of the Commonwealth for the first time in the Pacific Region- in which there are now 10 Commonwealth countries. We meet ~~also~~, auspiciously, in the 50th anniversary year of the passing of the Statute of Westminster which has come to be regarded as the starting point in the development of a Commonwealth of equals, We must ~~and~~ in a country that is one of the founder members, and whose policies and attitudes have played, and continue to play, a most significant part in that development. We are all very ~~much~~ aware of the ways in which Australia has given a lead in Commonwealth thinking, particularly in the development of the Commonwealth regional concept, exemplified so far by two meetings of Heads of Government of the Asia/Pacific region.

4. Mr Chairman, when I spoke on a similar occasion at our meeting in Lusaka two years ago I said that the Commonwealth must be more than a meeting place or an aid-giving agency; I said it must stand for, proclaim and practice the ideals of democracy, individual liberty and equality for all under the rule of law. I think that at Lusaka, at Lancaster House and then in Zimbabwe itself we showed the world that the Commonwealth can do all those things and do them well. We can all be proud that Robert Mugabe sits with us today, the democratically elected Head of the Government of Zimbabwe. We wish him and his country well.

5. But, Mr Chairman, the tradition of democracy and individual liberty has another face, and one ~~I believe~~ we need to remember. Against the background of recent events, it seems to me of especial importance for the Commonwealth that our discussions together during these coming days should be ~~imbued with~~ shows the same broad spirit of cooperation and

understanding of others' problems as led to our success in 1979.

6. Mr Chairman, you and the other distinguished speakers this morning have referred to a number of the subjects that will be occupying us in the coming week. Perhaps I may touch very briefly on one of them.

7. The prospects for the world economy continue to cause deep concern. And the problems facing some developing countries continue to be a special ~~cause~~ source for anxiety. You Mr Chairman, and the Secretary-General have a specially close interest with these matters. I hope that our meeting will provide an opportunity ~~for~~ not only for a thorough ~~discussion~~ analysis of these problems ~~and that we shall make~~ but also for progress towards practical solutions. We share many mutual interests and we have a tradition of cooperation. I hope that our discussions here will ~~be a model~~ set a pattern for fruitful exchanges at forthcoming ~~international~~ meetings such as that in Venice.

8. Of course our gathering will also provide an opportunity for us to ~~have a realistic discussion of the very serious and important political problems which confront us around the globe. There are the~~ deal with other crucial problems ~~of~~ including those in Southern Africa, the Middle East, Afghanistan, Cambodia. ~~East-West relations and arms control, to name but some. I hope~~ I am sure that on these, as well as on other matters, we shall be able to make a positive contribution. Ron L

9. I do not wish to encroach further on the discussions we shall be having over the days ahead. Let me only say that I hope at the end of our week's meeting we may look back at our endeavours with pride in having achieved something useful, something tangible, of benefit not only to ourselves but to the international community as a whole. If we are

are to do this we must capitalise fully on our unique Commonwealth assets of frank but friendly discussion, of understanding of each others problems, and of give as well as take. ~~With these precepts in mind, and~~ Conscious of the great achievements of the past 2 years, ~~conscious also of the Commonwealth's almost unique potential in tackling some of the world's grave problems,~~ I ~~feel sure~~ am confident that we will indeed have a successful and profitable meeting, and emerge from it strengthened and confident in the future of our Commonwealth association.

Foreign and Commonwealth Office

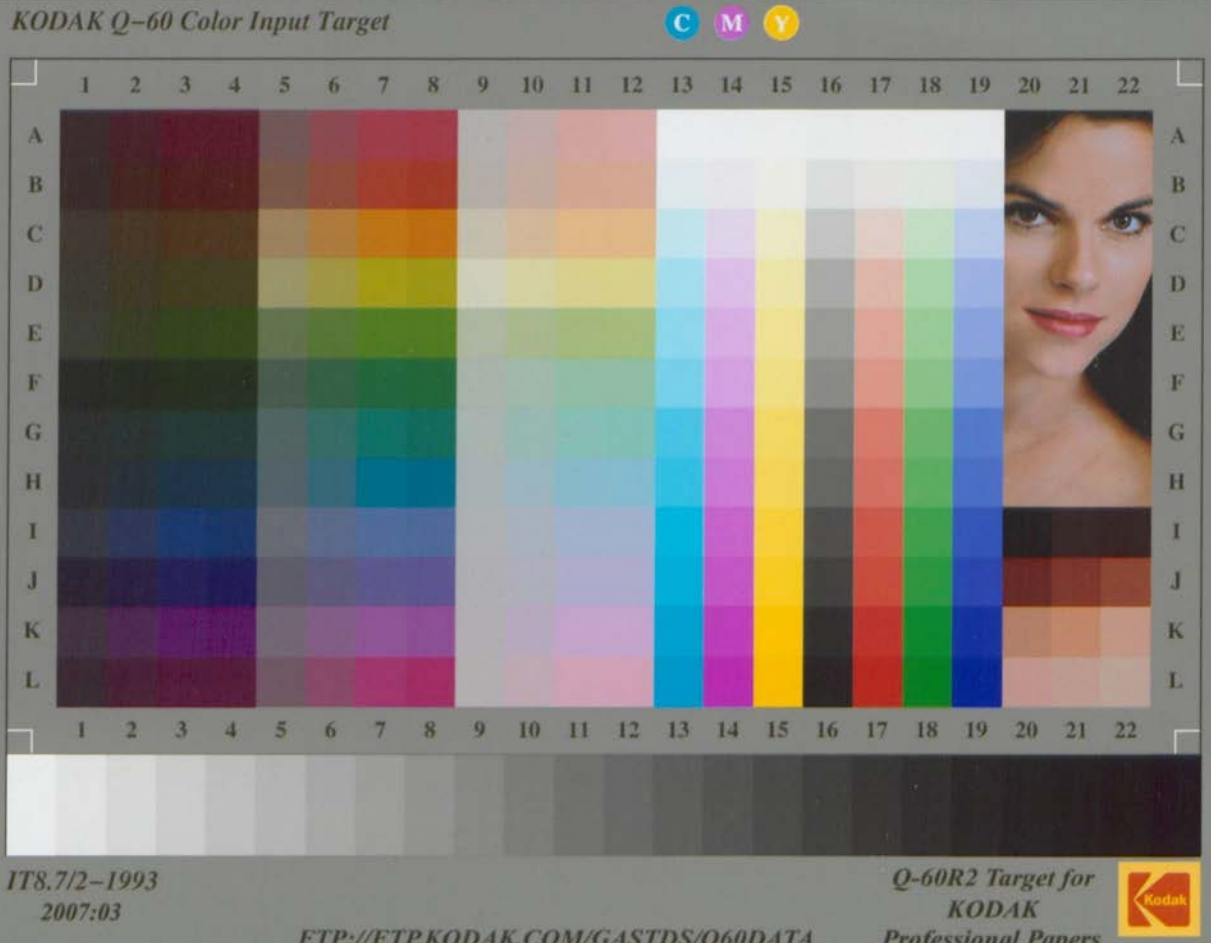
September 1981

PART 3 ends:-

14/9/81

PART 4 begins:-

15/9/81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