

Mr Alexander

PRIME MINISTER

Briefing for American Correspondents in London

You have agreed to give an on-the-record briefing for an hour to the Association of American Correspondents in London at 11.45 a.m. on Monday, 16 February.

Participants

2. As you will see from the list of names at Flag A, all the main American newspapers, agencies and television networks plan to attend the briefing. There are 17 in all, which is the same level of participation as last time you briefed the Association in June, 1980. I suggest, therefore, that the briefing should again be held in the Small Dining Room with the journalists in two rows across the table. Content?

Ground-rules for the briefing

3. Although your briefing will be on-the-record, we have agreed with the Association that there will be no recording facilities for either television or radio (as last time). However, we have once again agreed that the correspondents may bring tape-recorders simply for their own reference purposes afterwards. We shall also be preparing a transcript of the interview.

4. As regards deadlines for use of the interview, the Association have asked for permission to use it immediately. If there was anything said during the interview which you wanted cross-checked before it was used, we would do this immediately and before the correspondents leave No. 10.

Opening statement

5. I suggest you open the briefing by saying:

/(i) that

- (i) that you are delighted to be visiting the United States at this time and to be seeing President Reagan so soon after his inauguration. (The correspondents will have details of your programme as at Flag B). Last visited the US in December, 1979.
- (ii) visit offers a useful opportunity to have a wide-ranging discussion of major issue with President Reagan early in the life of the new Administration. Would expect talks to cover:

US/European Relations;

Cooperation in the Alliance and Defence;

East/West Relations;

The Middle East;

Economic policy.

EW.

Attitudes to the

Non-Aligned.

Correlations with the Alliance.

Problems of the NATO line

Briefing

6. Briefing on these and other topics are attached as follows:-

Criticisms of UK Economic policies in the American Press
- Flag C.

US/British Relations in the light of the new United States Administration - Flag D.

East/West relations including Poland - Flag E.

Defence - Flag F.

Northern Ireland - Flag G.

US/European relations - Flag H.

Middle East - Flag J.

Namibia - Flag K.

A copy of your interview with "Time" is at Flag L.

Iran, including a line on our detainees - Flag M.

THE ASSOCIATION OF
AMERICAN CORRESPONDENTS
IN LONDON

President's Office:

The Washington Post
25 Upper Brook Street
London W1Y 1PD.

February 12, 1981.

Dear Mr. Anson,

Here is the list of reporters attending Mrs. Thatcher's on-the-record briefing at Downing Street on Monday, February 16 at 11.45. There is one member from each organisation and the TV and radio organisations know that sound and film recording is not allowed.

Joseph Grigg	U.P.I.
Bill Borders	New York Times
Alan Otten	Wall Street Journal
Bob Erlandson	Baltimore Sun
Peter Jennings	ABC News
William Mullen	Chicago Tribune
James Lemoyne	Washington Post
David Willis	Christian Science Monitor
Janet Porter	Journal of Commerce
David Mason	Associated Press
John Hart	NBC
Bob Haeger	US News and World Report
Deborah Tennison	UNICOM News
Tom Fenton	CBS News
Tony Collings	Newsweek
Richard Blystone	Cable News Network
Bonnie Angelo	Time.

When the transcript is finished I would be grateful if you would telephone Caroline Cholmondeley (629-8959) so that she can arrange for its collection.

Yours sincerely,



Emma Rattray
Secretary
Leonard Downie Jr. President.

PRIME MINISTER'S PROGRAMME IN THE UNITED STATES, 25-28 FEBRUARY

Please note that all the times given below are for operational use only and not for publication, broadcast or use on club tapes.

WEDNESDAY 25 FEBRUARY

1915 ARRIVE ANDREWS AIR FORCE BASE BY RAF VC10
1955 ARRIVE BLAIR HOUSE
2030 DINNER AT THE BRITISH EMBASSY

THURSDAY 26 FEBRUARY

1000 WHITE HOUSE ARRIVAL CEREMONY
1030-
1230 TALKS WITH PRESIDENT REAGAN
1300 ECONOMIC/INDUSTRIAL LUNCHEON AT BRITISH EMBASSY
1530-
1730 MEETINGS WITH MEMBERS OF THE HOUSE AND SENATE ON CAPITOL HILL
1745-
2000 DINNER WITH PRESIDENT AND MRS REAGAN. BLACKTIE.

FRIDAY 27 FEBRUARY

0710-
0730 NBC TODAY PROGRAMME
0750-
0745 CBS MORNING NEWS PROGRAMME
0800 LEAVE BLAIR HOUSE FOR GODDARD SPACE CENTRE
0840 ARRIVE GODDARD SPACE CENTRE
0940 LEAVE GODDARD SPACE CENTRE FOR GENEX
1015-
1115 GENEX
12 NOON ARRIVE GEORGETOWN UNIVERSITY
1215-
1300 DEGREE CEREMONY
1300-
1330 RECEPTION
1330-
1430 LUNCHEON
1500-
1600 CALL ON US SECRETARY OF DEFENCE CASPAR WEINBERGER
1630-
1715 RECORD INTERVIEW WITH US PUBLIC BROADCASTING SERVICE.
MCNEIL-LEHRER - BLAIR HOUSE

2000 PRIME MINISTER'S DINNER AT BRITISH EMBASSY FOR PRESIDENT
AND MRS REAGAN.

AND MRS REAGAN. BLACKTIE

SATURDAY 28 FEBRUARY

0800-

0900 BACKGROUND BRIEFING FOR BRITISH CORRESPONDENTS FOLLOWED
BY INTERVIEWS FOR BBC ITV AND IRN BLAIR HOUSE

0930-

1015 RECORD INTERVIEW WITH BARBARA WALTERS FOR ABC'S ISSUES AND
ANSWERS - BRITISH EMBASSY

1015 PRIME MINISTER LEAVES EMBASSY FOR REFLECTING POOL

1100 RAF VC10 LEAVES ANDREWS AIR FORCE BASE FOR NEW YORK (JFK)

1210 RAF VC10 ARRIVES AT NEW YORK (JFK)

1215 PRIME MINISTER AND PARTY LEAVE JFK BY HELICOPTER FOR MR D
ROCKEFELLER'S ESTATE, WESTCHESTER COUNTY

1235 PRIME MINISTER AND PARTY ARRIVE FOR LUNCH WITH MR D ROCKE-
FELLER

PRIME MINISTER AND PARTY DRIVE TO WALDORF ASTORIA

1700 MEETING WITH UN SECRETARY GENERAL

1900 DONOVAN AWARD DINNER, GRAND BALLROOM WALDORF ASTORIA HOTEL.
BLACK TIE.

2230 RAF VC10 LEAVES FOR LONDON.

MEETING WITH ASSOCIATION OF AMERICAN CORRESPONDENTS :
CRITICISMS OF UK ECONOMIC POLICIES

Policies not working

Not true. Central objective of Government policy is to reduce the rate of inflation. Considerable success already in achieving this - last year's Budget forecast too pessimistic. Increase in retail prices in the year to January was about [13] per cent [figure to be published on 13 January]. This compares with year-on-year increase of nearly 22 per cent recorded last Spring. The underlying annual rate of increase during the last six months is about 11 per cent, in line with the rate in the USA and the OECD average. Further falls in year-on-year rate expected. On wages too there has been great progress - in manufacturing industry the average wage settlement in the new pay round is less than 10 per cent. The greater sense of realism now emerging in labour markets is also reflected in the vastly improved strike record of British industry. Number of industrial stoppages in 1980 lowest for 39 years. Number of working days lost in the second half of the year lowest since 1966.

Government has not met "campaign promises" to improve the "supply side" of the economy

Again not true. Government has made much progress in restoring the market economy and incentives. Controls on prices, dividends and outward capital flows have been abolished. Higher rates of income tax have been reduced. Other changes designed to improve the fiscal climate facing business include proposals on stock relief, increased exemptions from capital gains tax, an increase in the capital transfer tax threshold and various measures to help small businesses. A range of policies have been introduced to make nationalised industries more competitive and efficient, while not interfering with their day to day management - references to the MMC, introduction of performance aims, enhanced competition with the private sector and (where appropriate) privatisation. Government has taken steps to redress the balance of power in the labour market (eg through legislation on secondary picketing etc). Ways are currently being considered of improving the system of industrial training. These policies will naturally take time to implement. Cannot expect success overnight because problems being tackled have developed over many years and in many cases are

deeply engrained in the systems and institutions of management, industrial relations, wage bargaining and so on.

Reflation is only answer (Galbraith)

Cannot accept this. Many political parties and pressure groups in UK have been advocating reflationary policies - Mr Shore, Mr Steel, TUC, and so on. These proposals inevitably involve higher public expenditure which means in effect higher borrowing. While reflation may lead to higher output in the very short run, even that is questionable. In practice more likely to fuel fresh inflation and delay eventual recovery. Makes no sense to throw away the gains that have already been achieved in reducing inflation and restructuring the economy.

Public Expenditure out of control (Stockman)

Public expenditure planning total for 1980-81 now expected to be higher in volume terms than planned a year ago, and also higher than expenditure in 1979-80. But a good part of the overrun in 1980-81 results from consequences of the recession, not foreseen in 1980 Budget, on demand-led programmes such as social security and employment measures. Expenditure will also be higher next year than planned a year ago but will still be around £6 billion lower than under Labour plans.

Monetary policy too lax (Stockman/Friedman)

Likely to be substantial overshooting in £M3 when the present target periods ends in April. But monetary growth must be considered in a medium term context. Government's MTFs is of paramount importance in influencing inflationary expectations. Wrong to put too much weight on rapid movements over a short period in one monetary aggregate, particularly where some of this growth was the result of technical factors. As FST pointed out in Zurich speech consideration of a wider range of indicators - eg narrow money, the exchange rate, interest rates (both real and nominal) - do not suggest that monetary conditions have been lax. The Chancellor will make a further statement on monetary policy in the March Budget, taking into account the thrust of the MTFs, and an overall assessment of the balance of the economy.

PRIME MINISTER'S VISIT TO THE USA : MEDIA : ASSOCIATION
OF AMERICAN CORRESPONDENTS

STEERING BRIEF

1. Very much looking forward to my visit to Washington, to renewing my acquaintance with President Reagan and meeting members of the new Administration.
2. Sure we will have wide ranging exchange of views and am certain that these will become very close on major problems facing the Western Alliance.
3. The range of discussions likely to be fairly comprehensive, including East/West relations, the Middle East, Africa, Central America and the Far East.
4. Essentially a visit to get to know President Reagan better and to do our best to ensure that our already excellent relations with the United States get off to a good start with the new Administration.
5. No doubt that our discussions will emphasise Europe's close links with the United States which will be to the benefit of all the free world.

PRIME MINISTER'S VISIT TO THE USA : ASSOCIATION OF
AMERICAN CORRESPONDENTS

US/BRITISH RELATIONS IN THE LIGHT OF THE NEW US
ADMINISTRATION

1. Looking forward to my visit to Washington next week and to renewing my acquaintance with President Reagan. Other members of new Administration well known to us, such as Secretary of State General Haig, whose appointment we very much welcomed.
2. Looking forward to wide ranging exchange of views with Mr Reagan and members of his Cabinet. Hope and expect we can arrive at large identity of views on major problems facing Western Alliance.
3. Developments in other parts of the world make the need for close consultations between the Governments of Europe and the United States even greater than in the past; confident we will have no difficulty in establishing close working relationship.
4. US/UK relationship remains close - not just between Governments but between people - in all walks of life.
5. Naturally differences of approach on some international political issues. Only to be expected between friends. Equally to be expected that occasionally economic problems between our two countries eg arising from low US energy prices. But fundamental identity of outlook.

PRIME MINISTER'S VISIT TO THE USA : MEDIA : ASSOCIATION
OF AMERICAN CORRESPONDENTS

EAST/WEST RELATIONS INCLUDING POLAND

Detente

1. Russians don't mean by this what we do. They see it as a means of expanding their influence; witness their activities in the Third World. East/West relations will continue to be strained until Russians withdraw from Afghanistan. We must make them understand that detente cannot be pursued in Europe and flouted elsewhere. Further Soviet expansionist moves would have very serious consequences.

Components of East/West relations

2. We are not resigned to perpetual confrontation; we want more constructive East/West relations. This includes pursuit of realistic progress towards balanced and verifiable arms control agreements. But there can be no one-sided gains as happened in the 70s; we must make hard-headed calculations of what is to our real advantage. Need to maintain NATO defence effort to counter continuing Soviet military build-up.

3. [If asked about Reagan administration's tough statements on Soviet Union]

Fully agree with President Reagan that Soviet Union seeks to undermine Western system. Hard to disagree since Russians say so themselves, repeatedly making clear that peaceful co-existence means the defeat of the West by all means short of war. Like the President, I believe in acknowledging the existence of this challenge and not recoiling from it, and in taking all necessary steps to safeguard free societies of West. If we do that we have nothing to fear. We can win any battle of ideas with the Russians whose ideology has been revealed as sterile.

Poland

Internal

4. Poland's problems are for the Poles themselves to settle, without outside interference. We naturally hope that the government and unions will recognise their common interests and continue to seek agreement through peaceful negotiation and compromise.

Warsaw Pact Military Readiness

5. We are keeping a close eye on Warsaw Pact military activity. The need is for maximum restraint. [If pressed] The Soviet Union has the ability to intervene at short notice but must be aware of the very high cost of doing so.

6. [If asked about Western reaction to Soviet invasion]

Profoundly hope circumstances will not arise. Western countries have made it clear to Soviet Government that detente could not survive. [If pressed] Not helpful to discuss what specific measures would be appropriate in the circumstances but both political and economic measures would be involved.

UK Assistance to Poland

7. UK is participating in European Community's programme for the provision of food to Poland at reduced prices. We have also decided in the exceptional circumstances to offer Poland interim help in form of new export credits and assistance with debt repayments for the first quarter of 1981. This will provide breathing space in which we can consider problems of longer term.

PRIME MINISTER'S INTERVIEW WITH THE ASSOCIATION OF AMERICAN
CORRESPONDENTS IN LONDON : 16 FEBRUARY 1981

DEFENCE

POINTS TO MAKE

1. Government entirely committed to defending our way of life and to strong and cohesive North Atlantic Alliance.
2. Look forward to close consultation on defence between new US Administration and European allies.
3. New US Administration naturally wishes fully to review policy on SALT. Like other European countries, UK supports continuation of the SALT process. Also supports programme for long range theatre nuclear forces modernisation and parallel arms control talks.
4. In common with other European allies, support arms control agreements which are balanced, verifiable and contribute to our security.
5. Equipment Cooperation. Strong European industrial base in defence vital to European sense of involvement in Western defence. Hope US can increase equipment procurement in Europe so that better balance is achieved.
6. (If needed) Defence Expenditure. UK contribution to Alliance a substantial one. Some adjustments necessary for financial reasons, but major UK defence programmes continuing. Continuing commitment to NATO $\$$ 3% shown in our forward plans.
7. (If needed) US Administration may well be considering enhanced radiation warheads among many other possibilities. We have not been asked to consider any new proposal. Sure that the allies will be fully consulted before any US decision.
8. (If needed) Military superiority over the Soviet Union probably not feasible or desirable. But agree with US Administration that US and Western defence capability should be second to none so that deterrence is maintained.

PRIME MINISTER'S INTERVIEW WITH AMERICAN CORRESPONDENTS
POINTS TO MAKE ON NORTHERN IRELAND

Political Settlement

We held a conference last year to seek agreement amongst the political parties on a form of local administration acceptable to both parts of the community. The failure of the parties to find any such agreement was disappointing. But the British Government have not given up the search.

Rôle of the Irish Republic

Northern Ireland is part of the United Kingdom and will so remain unless the UK Parliament and the people of Northern Ireland decide otherwise. Of course we accept that the Irish Republic has a close interest in Northern Ireland - and for their part the Irish Government accept that there can be no change in Northern Ireland's constitutional status without the consent of the majority of the people of Northern Ireland, who at present wish to remain within the United Kingdom. The joint studies that Mr Haughey and I have commissioned are about ways of developing the unique relationship between the Republic and the United Kingdom as a whole.

Maze Prison Protest

I trust you understand that the protest is not about humanitarian issues : the Maze prison is not, as some people in America have been led to believe, some sort of concentration camp, but is a modern prison with just about as liberal a regime as any in the world. The protesters are convicted criminals who are seeking political status. I have no wish to see another hunger strike but, as I have made repeatedly clear, we shall not concede that those convicted of murder and bombing should be given a special set of prison conditions. We have recently made significant changes in the prison regime, for example we have replaced prison uniforms with civilian clothing, and will continue to keep humanitarian aspects

under review.

Security situation

The IRA are opposed to peaceful political progress and reconciliation. The situation is gradually improving but security measures have to be maintained. However please see the situation in perspective : with roughly the same population, the murder rate in Houston, Texas, is over three times higher than in Northern Ireland.

Arms for the RUC

As I have made clear on many occasions, the British Government regarded the action by the previous US Administration in banning the export of hand guns for a British police force as unwarranted and unjustified. The RUC is faced with violent and ruthless criminals and is armed for self-defence. I would not wish to anticipate any discussions that the Government might have with the new Administration on this aspect.

PRIME MINISTER'S VISIT TO THE USA : MEDIA : ASSOCIATION
OF AMERICAN CORRESPONDENTS

US/EUROPEAN RELATIONS

1. No reason why Britain's membership of the EC should lessen historic and traditional friendship between Britain and the US. Nor does co-operation within the Community threaten Europe's close ties with America. Stronger, more self-confident Europe can only produce greater area of stability for democracy.
2. Obviously there are some differences within the Community itself and the problems to be resolved between the US and Europe. On secondary issues, our interests will not always coincide. Important thing is that interests and hopes shared by Europe and the US more than outweigh points on which occasionally each side will differ. No doubt in my mind, nor, I am sure, with the new US Administration that Atlantic relationship is fundamental to the defence of the free world.
3. President Reagan has said that he will strengthen historic ties with neighbours and allies who share America's freedom and assure them of his support and firm commitment. 'The United States will strive for mutually beneficial relations'. Whole of Europe looks forward with confidence to establishing close relationship with the new American Administration.

PRIME MINISTER'S VISIT TO THE USA : MEDIA : ASSOCIATION
OF AMERICAN CORRESPONDENTS

ARAB/ISRAEL

Ten Middle East peace efforts are being carried forward by the Dutch Foreign Minister. First round of contacts with the parties will begin before the end of the month. Much work to be done. Ten want to create conditions for progress towards a comprehensive settlement.

2. Want to consult and work with US. Approaches need not be identical but efforts must be complementary. Vital to avoid rivalry. Look forward to exchanging views with new Administration.

3. Firmly believe Venice principles provide an even handed basis for progress towards a settlement. Essential ingredients for Ten's approach are legitimate rights for Palestinians and secure future for Israel. PLO policies not endorsed but organisation cannot be ignored.

PRIME MINISTER'S VISIT TO THE USA : MEDIA :
ASSOCIATION OF AMERICAN CORRESPONDENTS

IRAN/IRAQ

1. Stability and security of the area of vital importance for world economy. Our concern to see fighting end and to see both sides settle their differences by peaceful means. Not taking sides nor apportioning blame. Welcome efforts of the Islamic Conference and Non Aligned Movement to mediate and strongly support the role of the UN Secretary General's Special Representative, Mr Olaf Palme as peacemaker. Do not believe the West has mediatory role to play.

Arms supplies [Defensive]

2. Arms race serves no-one's interests. Can only prolong the conflict. Our policy not to supply arms and ammunition to either side while hostilities continue. [If pressed] Requests for other items considered on a case by case basis.

Naval presence [Defensive]

3. Both sides recognise freedom of navigation through Straits of Hormuz. Reassuring. Danger of conflict spreading receded. No immediate danger. Seems prudent to consider all eventualities. Intend to continue naval presence.

IRAN

[I will let you have a speaking note on Iran by close of play tomorrow, by which time I hope the situation on the detainees will be clear].

PRIME MINISTER'S INTERVIEW WITH THE ASSOCIATION OF
AMERICAN CORRESPONDENTS IN LONDON : 16 FEBRUARY 1981

NAMIBIA

[Defensive points to make]

State of Namibia Negotiations

1. We support the Chairman of the Geneva meeting's (Mr Brian Urqhart) closing appeal to all parties to reconsider their position. We continue to work for a negotiated settlement, but there will inevitably be a pause to allow Mr Reagan and General Haig to focus on Namibia and consult the parties concerned.

Is HMG expecting a new US initiative ?

2. Mr Reagan has asked that we have consultations over Namibia, and these will take place during my visit to Washington. I can not say what will be the outcome.

Is the UN Plan dead?

3. No. Although at the Geneva meeting, South Africa and the Namibian Internal parties said that it was 'premature' to implement the UN plan, it remains on the table. It has been accepted in principle by all parties to the negotiations. It contains the ingredients which we see as necessary for an internationally recognised settlement.

Will UN Plan put a SWAPO Government in Namibia?

4. The UN plan provides for free and fair elections under UN supervision and control. The people of Namibia themselves will thus choose the Government. I support democratic elections in every country.

Have the Five outlived their usefulness?

5. The Western Five (US, UK, FRG, France, Canada)

/proposed

proposed the UN plan for the Independence of Namibia in 1977. It was accepted by all parties in 1978. The plan is still on the table. No-one has suggested that the Five should not remain ready to help procure a settlement if they can.

Will South African election make any difference?

6. Not for us to speculate why the election has been called or what effect it will have on the Namibia negotiations. Naturally I hope it will help to make a settlement possible. But it is not the only factor.

Is Namibian independence more important to the UK than the strategic position of South Africa?

7. The two are not contradictory. Failure to reach agreement on a negotiated settlement in Namibia benefits mainly the Soviet Union and her allies, who will exploit the escalating war for their own benefit, at the expense of Western Interests in southern Africa, and of South Africa herself and other countries of the region .