

NOTE OF MEETING BETWEEN THE RT HON MRS MARGARET THATCHER MP
AND HOUSE INTERNATIONAL RELATIONS COMMITTEE, THURSDAY
18 SEPTEMBER 1975 AT 9.30AM

List of members present attached.

1. Following Chairman Morgan's introduction, Mrs Thatcher made some introductory remarks about the British situation. Our problems were severe but were at times exaggerated in the press. We had a serious inflation rate, but our rate of unemployment was not as severe as in America. Heavy public expenditure led to a severe borrowing requirement, which fuelled inflation. Our problems were not unlike those of other Western countries: we all suffered from the problems of financing a deficit at a time of international trade recession. Our trade union problems were not peculiar to Britain either, although over-manning was a serious problem which we would have to tackle. Industry also suffered from chronic under investment owing to the lack of incentives and squeezed profits. Although crises tended to be easier to deal with when they broke than when they were merely looming, the underlying sense of the people of Britain was unquestionably sound, and people were in a mood to make the necessary sacrifices to deal with our problems.
2. On Europe the outcome of the Referendum was of great significance. In addition to confirming our membership of the Community, the vote represented a defeat for extremists who had campaigned against membership. In the trade unions in particular, members had voted in favour of staying in against the wishes of some of their extremist leadership. Europe would now go steadily ahead following the difficulties of the last three or four years associated with our application to join and the period of renegotiation.
3. Congresswoman Meyner asked for Mrs Thatcher's views on the future of the welfare state in the light of reports about her lecture in New York. Mrs Thatcher said that there was no question of retreating from the welfare state. However, we had reached the end of the road as far as redistribution and the pursuit of equality were concerned, and we should now concentrate instead on increasing the size of the cake. The range of wealth in Britain had now been relatively evened out. The bottom 10% of the population possessed one half of average personal disposable income, while the top 1% had four times the average. We should now aim to increase our rate of growth by concentrating on incentives and opportunities. We should also seek to halt the rise in the proportion of our earnings devoted to public expenditure. At present some 55% of Britain's GNP was determined by the State.

4. Congressman Pepper asked whether the Conservative party had a constructive alternative programme. Mrs Thatcher said that they had an alternative strategy. For example, the Conservative party would have tackled inflation earlier than the Government had done, would have held down public expenditure, and would not favour further nationalisation.
5. Congressman Solarz asked for Mrs Thatcher's views on the Middle East agreement. Mrs Thatcher said that along with most opinion in Britain she favoured the concept of a step towards peace between Israel and individual Arab countries, of which Egypt, particularly with her current economic problems, was currently the most promising example. It was imperative to make positive steps towards peace in the absence of an overall settlement, which was at present out of reach.
6. Congressman Zablocki asked why Britain had not intervened militarily during the Cyprus dispute last year. Mrs Thatcher said that Britain still remembered her previous experience in Cyprus. Against that background the idea of using British troops was not realistic. We saw the situation very much as a NATO problem. It was essential to avoid the risk of Turkey falling into the Soviet sphere of influence. Congressman Zablocki asked Mrs Thatcher whether she would have voted for lifting the Turkish arms embargo if she were a member of Congress. She replied that it was not for her to say how she would have voted if she were a member of Congress, but as a member of the British Parliament she believed it was essential to avoid any action which would weaken NATO.
7. Congressman Wolff asked what progress was being made towards ending the violence in Northern Ireland. Mrs Thatcher said that there was disappointment on both sides of the House of Commons with the progress which had been made so far in the Constitutional Convention, which had only 3 weeks left (although the Secretary of State for Northern Ireland had power to prolong its life for a further 3 months if there seemed to be a prospect of a satisfactory agreement on power sharing). Unfortunately this now looked unlikely although some members of the Convention may have recently changed their position. It would be unfortunate if the Convention resulted in separate reports by different factions. The Government's approach was to hope that the Irish people would get together. There was bipartisan agreement in Britain that it was the duty of the British Government and British troops to protect the people from violence on both sides of the sectarian divide. Both sides had formidable paramilitary forces. Differences could arise between the British political parties if the British Government were to take steps to withdraw should the Constitutional Convention fail.

8. Congressman Bingham asked what was the state of public opinion in Britain about Northern Ireland. Mrs Thatcher said that there was a belief in some quarters that if we pulled out we would be free of the problems, but she did not share this belief since paramilitary groups would still operate in British cities.

9. Congressman Rosenthal asked for Mrs Thatcher's views on detente and on the outcome of the European Security Conference. Mrs Thatcher said that she agreed with the stand President Ford had taken at Helsinki. It would be necessary to follow-up the results of the Helsinki conference, and the results should be measured in terms of what positive benefits flowed from the conference, rather than what was recorded in the documents. It would be necessary to watch carefully for signs of communist intentions in MBFR where the emphasis must be on balanced force reduction in Portugal, and over the freer movement of peoples. While it would be unrealistic to expect too much to flow from the conference, it could be beneficial, but we must never relax our guard in dealing with the Soviet Union.

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