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Foreign and Commonwealth Office

London SW1A 2AH

18 September 1981

Prime Minister

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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 over.

(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

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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 risers 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 Aborigines. 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 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 Aborigines.

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 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

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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

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