

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<sup>al</sup> 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 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 usually 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. Really we want to do everything we can to give the capital to help those people to help themselves. 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, 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 <sup>on</sup> 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 ~~of~~<sup>that</sup> 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 talk~~d~~ 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<sup>has</sup> 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 the British 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 <sup>in</sup> 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 when 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, <sup>who</sup> 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 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 <sup>some of the</sup> 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 philosophically 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 Socialist 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 <sup>that</sup> 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.