



10 DOWNING STREET

From the Private Secretary

22 March, 1982

India
SUBJECT.

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Dear Sir,

Visit of Mrs. Gandhi: Tete-a-Tete Discussion
with the Prime Minister

The Prime Minister held a tete-a-tete discussion with Mrs. Gandhi from 1100 - 1200 here today. The Prime Minister afterwards gave me the following account of the main subjects discussed.

India - Internal

Mrs. Gandhi was considerably preoccupied with the activities of the Marxists in India. Their penetration of the trades unions continued. A university named after her father had been completely taken over by Marxist elements. Now no views except those which conformed with Marxist philosophy could be expressed.

Mrs. Gandhi gave the Prime Minister an account of the emergency legislation which had been brought in to deal with strikes. She explained how ordinary Indians did not wish to strike, but the people who ran the trades unions manipulated them for political purposes. So far, however, it had not been necessary to use the strike legislation.

Mrs. Gandhi said that she had had considerable difficulty with pay demands in the public service. The high rates of pay offered by Indian banks stimulated demands by the higher ranks of the public service. (The lower ranks obtained pay increases automatically).

India's last harvest had been a reasonably good one and considerable progress was being made in improving the infrastructure. Mrs. Gandhi said that when she had been out of power her opponents had used their period in office to nullify all her achievements. For example, she had started a differential system of interest rates for farmers but the Opposition had abandoned this system when they had secured power. The farmers were now seeking higher prices and an insurance system against crop failure; but she had had to explain that these demands could not be met. (An insurance system against crop failure due to hail would nevertheless be instituted).

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Her problem was to hold the lines between the farmers, who wanted higher prices, and the housewives who did not.

Indo-Pakistani Relations

The Prime Minister raised this subject and said that she had always been assured by the President of Pakistan that he wanted friendly relations with India. To this Mrs. Gandhi replied that she also wanted such friendship, but recent negotiations had unfortunately broken down. The Prime Minister's impression was that a real meeting of minds was still far away.

Mrs. Gandhi handed the Prime Minister the attached memorandum about Benazir Bhutto by the Editor of the magazine "Musawaat". Mrs. Gandhi explained that she was merely acting as a messenger. The Prime Minister does not think that any action is required.

Vietnam

The Prime Minister raised this question, largely in order to obtain an impression of Mrs. Gandhi's relations with the Heng Samrin regime. Mrs. Gandhi argued that Heng Samrin was becoming more firmly established all the time.

China

Mrs. Gandhi commented briefly on the border issue. She said that the documents left behind by us on independence described quite different boundaries from other documents in Indian possession. She explained that a settlement of the issues would be much easier if there were genuinely friendly relations between India and China. That point had not yet been reached, though relations were improving.

Soviet Union

Mrs. Gandhi said that the recent military mission under Marshal Ustinov had been a routine affair. The Indians had learned absolutely nothing from it and the Soviet line had not changed. She had sought Ustinov's comments on Western press accounts of levels of armaments in the Soviet Union, but had obtained no reply. The Indians had also pressed the mission about Breshnev's new initiative on nuclear weapons but Mrs. Gandhi did not suggest what the Soviet response had been. The Prime Minister advocated the merits of President Reagan's zero option initiative, but Mrs. Gandhi made no reply.

Mrs. Thatcher asked Mrs. Gandhi for her impression of the struggle for power within the Soviet leadership. The Indian Prime Minister said that she had no special knowledge of the situation but she agreed that a contest for power was underway.

United States

There was little discussion of the Indian attitude towards the United States, though Mrs. Gandhi made brief references to the difficulties created by the American position on IDA replenishment and IMF lending.

World Economy

Mrs. Gandhi said that she had recently had a visit from Monsieur Attali from President Mitterrand's office. His basic purpose had been to discover whether the Indian attitude towards global negotiations had changed but Mrs. Gandhi had confirmed that her position was as before. Attali had said that Mitterrand was very worried about the Versailles Summit and thought it would be a failure.

Bilateral matters were not raised during the tete-a-tete conversation. But the Prime Minister told me that she had had a brief conversation with Mrs. Gandhi about sports contacts with South Africa on the way into London from Heathrow last night. She had warned Mrs. Gandhi that the press were likely to pester her about this during the course of her visit and added that if the Indian touring team did not come to Britain, the finances of cricket in this country would suffer badly. Mrs. Gandhi had understood the latter point because Indian cricket had been in much the same situation last year. She did not, however, reveal what her attitude would be towards the proposed Indian tour of Britain.

I should be grateful if the confidentiality of this record could be respected and its circulation closely restricted.

John Holmes, Esq.,
Foreign and Commonwealth Office

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For Madam Prime Minister,

Before her detention in March 81, Miss Benazir Bhutto had applied for permission to go to West Germany for ear treatment. The permission was not given and her passport was confiscated. She sent four telegrams to minister for Home, Mohmud Haroon, requesting permission to go to FRG for a fortnight with specific commitment to return. Her ears are in very bad shape. From Sakhar jail, where she was kept in C class with common criminals, she was brought twice to Karachi for ear treatment. The whole thing was perfunctory. The ailment is affecting her health. Now Benazir is under house arrest in Larkana. Amnesty has also highlighted her problems. Pakistani residents in London have written to Mrs. Thatcher to use her good offices to secure permission from General Zia for Benazir to go abroad for treatment. Your intervention may save Benazir even at this late stage.

From Bashir Riaz