

26/7/85

PRESS CONFERENCE BY

THE PRIME MINISTER

THE RT HON MARGARET THATCHER FRS, MP

WITH BRITISH JOURNALISTS

AT

THE BRITISH EMBASSY, WASHINGTON

ON

26 JULY 1985

PM: I wonder if it would just be helpful if I ran through the day. We did early broadcasting this morning and then we went to the IDU conference where the main subject for discussion this morning was the economy and privatisation. A large measure of agreement on how to conduct matters but I was, in my remarks, fairly firm about the Japanese tremendous balance of trade and that she simply could not go on in that way, she'd either have to have considerably more imports and import targets or, not only that, but as well doing something about the value of the Yen which as you know has very low value and of course increases the propensity of Japan to export. But don't think that that was the whole of the discussion by any means, I merely said that it did include that. After that we went up to the White House to have the discussion on terrorism as you know, and then this afternoon I had also as you know, quite a long talk with the Vice President, George Bush, covering again terrorism, covering strategic defence initiatives, covering the Middle East and also southern Africa. While I was at the Vice President's house the President telephoned from Camp David and I had a short talk with him, not too short; his voice sounded strong, very strong, and he said he is recovering very well, obviously conserving all his strength for the tasks ahead. I also had a chance of having a word with Mrs Reagan who has been absolutely marvellous during this difficult time, but I'm very glad that they got up to Camp David and that therefore they're going to be there at any rate over the weekend, I don't know when they will return but as you know I don't wish to put any extra burdens on him, I think it's been marvellous in the way in which he's carried on since the operation and the whole world now knows he's well on the way to recovery, confident that he will recover, and is willing him to recover fully to complete health and strength again.

After that time with the Vice President, I went to see Mr Weinburger and again had a very interesting time discussing SDI and the contribution that we can make to research, and we also of course discussed various matters of armaments sales because as you know we buy quite a lot from the United States and naturally wish for them to buy rather more from us which

I think that they are willing to do. They have very rigid rules about the lowest bids and so on. We also had a discussion about arms control and prospects for the Summit. I then switched to going to see Mr Volcker with whom I always have very interesting discussions. Of course we read his evidence to Congress with the greatest possible interest. I think we follow almost everything that he says. We discussed obviously the position of the deficit, we discussed international debt, we discussed the prospects for growth both this side and the other side of the Atlantic and had a word about a possible oil import tax. As you know I would be very strongly against. And again with him we also had a word about Japan and the position of the Yen.

I then had seen Mr MacFarlane where again South Africa of course figures quite considerably; SDI again as you would expect and the of terrorism and the prospect for the Summit. So you can see it has been quite a busy day with certain subjects coming up again and again partly because they are very topical, some of them being not only topical but really long term fundamental issues as well. I think the next 6 months will be very, very interesting period, an important period in international affairs, there are going to be some far reaching decisions taken during that time and obviously they are matters which we must all think about very carefully, keep in touch about before some of these great conferences happen, before decisions are taken for example about South Africa or the Middle East and so on. Now over to you.

Q: Prime Minister you obviously talked at lot about NPO with a lot of people. You talk the British/^{are}not being offered a sufficiently important part of sufficiently important research projects.

PM: Naturally we are anxious to play a very prominent part. We have a long history of doing research with the United States and very successful research. We are concerned that we do get

a very significant part of the research. I don't think that we have yet worked out sufficiently that best contribution that we can make. That is part of the reason for my discussing it with them - the/^{best}contribution we can make, how it fits in to whole, and as you know we've had people over here but we have got to do further consultation between their group and ours to consider those particular areas in which Britian can make her best and most brilliant research contribution and obviously it has to be a very significant contribution indeed.

Q: Prime Minister your speech last night, I can't quote you exactly I'm afraid.

PM: That's all right.

Q: and the nuclear deterrent will continue to be an important, nuclear arms will continue to be the important (tape inaudible). Was this in any sense an indication about your dubiety about whether SDI can be brought to a

PM: Oh no, no. I think that the research on SDI is going extremely well and they are going ahead quite fast but it's one thing to get to a conclusion which you can only do after quite a bit of research if the thing is possible and that you've broken some of the theoretical barriers and that you can see at each stage how you can tackle something. It is an enormous problem to go through that, from that, to first the detailed technology and from there to the detailed engineering. That takes a very, very long time indeed and

therefore during all that period the nuclear deterrent will be a shield and one must not drop one's guard on that at all. So we are talking still about quite long times before one could consider deploying and in the meantime there will of course be negotiations on the ABM Treaty as deployment becomes fully possible. There's a long way to go relying on the nuclear deterrent and we all know about that.

Q: Prime Minister ...(tape inaudible) .. why not now ... that they may want a signal to South Africa to lift the state of emergency signal as you discussed it with South Africa. Is that position has been taken (tape inaudible).

PM: Well, as you know, we issued a statement both through the European Community and ourselves condemning just exactly the action which had been taken. But I am anxious that we should not merely rest at condemnation. We do not like apartheid, we wish it to end, we recognise that certain things have been done in South Africa to involve the coloured community, the Indians in Government, in the process of Government, and we believe that the black population must also be involved in the process of Government. Let there be no doubt about that. The only question is how best do we achieve that end. I don't believe you achieve it by sanctions. They've got a terrific law and order problem at the moment; to impose heavy sanctions would make things worse, not better. But I do think we have to consider together how best we can bring influence to bear upon the South African Government to

urge them further in the right direction. There's no doubt whatsoever about what we think the right direction to be.

Q: (brief, but inaudible).

PM: I do not think sanctions are appropriate. I very much agree with Mrs Helen Suzmann - and you saw her Declaration recently - sanctions are not selective of their victims. If in addition to the problems that they have you are going to operate trade sanctions - and don't forget that the sanctions that have been proposed have not been full trade sanctions, they've been future investment of Krugerands and so on. If you were to go the impose heavy trade sanctions I think the chaos there would be enermous, the suffering on the part of all sections of the community would be very considerable, and it would be much, much more difficult to keep law and order, and a background of law and order is the only framework against which you can go ahead with considering the things about how to include the black population in Government.

Q: Can I just ask you one more..

PM: I can't stop you, so go on.

Q: Do you feel that Britain, because we are the largest investors in South Africa that we have a special responsibility in trying to resolve what is going on there?

PM: I wouldn't say because we are one of the largest investors. I

think that we do have responsibility along with other nations to try to resolve it. It's not because we are one of the largest investors. We have a historic association. I have often felt myself that if you want to influence a country it is perhaps best not totally to isolate them. That is why I did see what is now President Botha and Foreign Secretary Botha when they came to Europe some time ago and I did make very clear to them that one of the things, among many, among the general dislike of apartheid, was the things that made British people particularly angry was the policy of force removals. It seemed to us utterly repugnant to move people from one area to another just because of the colour of their skin. And I spoke very strongly about that and I was very pleased when several months later the whole policy of removals was under considerable review and in the meantime fortunes were not being made. Now that you may say is not a great deal but it's very practical. Also do you know very considerable steps were taken since then with regard to changing the law on mixed marriage and so on. That was a considerable step forward. So we have tried to be effective in influence in the things we have said to the South African Government. There's a long way to go and the speed at which they can go is obviously something which we all have to consider very carefully. But there's no doubt about the direction which we wish them to go.

Q: Prime Minister, we said we had a couple of sessions today regarding the prospects for disarmament. I'm wondering how you see these prospects any sign of movement

in the Geneva Talks and the position that will come up just prior to the Summit?

PM: I don't think that there will be a great deal of movement in the Geneva Talks. They will be exploring the possibilities very thoroughly because you will be aware that once you get into these arms control talks the complexity and the technicalities are enormous. They will be exploring all of those now. I do not believe myself that there will be a lot of movement before the Summit.

Q: There have been some suggestions..

PM: Oh quite a lot of suggestions.

Q:unofficial talks..... on the part of the Soviets. Did you hear anything about that?

PM: No I haven't heard anything fresh other than moves, the proposals which you know which have been made. But I don't expect progress, I think that a great deal now will hang on the Summit and I think many, many minds are dedicating themselves to how best to approach that Summit.

Q: Frankly...

PM: So if you've got any ideas I'm sureNo I'm quite serious it requires a great deal of thinking about, an enormous amount of preparation because it's going to be one of the great events of this decade.

Q: What I want to ask you is your remarks about this probable propaganda blitz that we're going to enforce. Do you see the, if that's going to happen, do you see the Soviet Union basically trying to force a great deal of pressure on the President in the Summit to be making confessions that he might not be making.

PM: I think that they will, no, that kind of pressure would not yield any results so I think that it will be a really very genuine dialogue with I believe both people, fully appreciating that it is in the interests of the peoples they represent that conflict shall never occur and therefore you want to get the level of arms control down. I think and I believe that it will be a very constructive and significant Summit.

Q: May I ask you (tape inaudible) a number of statements that the need for Europe and Japan to ... their economies pick up the track? of the weakening American recovery. Did any of your talks with him indicate this concern?

PM: Well I had seen the testimony that he gave and we obviously watch everything that is said and it would seem to me that those remarks are probably directed to those countries which have very considerable, but very considerable trading surpluses and also no inflation and comparatively low borrowing. Where you've got those things coming together you will find that they could perhaps take legitimate orthodox measures through reductions of taxation which would result in

expanding their economy. Both Japan and of course there are one or two countries in Europe, well certainly one country in Europe, do that. I think there's no question of expanding by printing money, that is very short-lived and very soon lands you in enormous trouble.

Q: Did you discuss a lot about British interest rates?

PM: No, I merely noted what the British interest rates were and why. Everyone in the world is anxious you know to get interest rates down just as soon as you safely can but you must not put your policy on getting inflation down in jeopardy.

Q: I want to follow up on that and ask you whether the City you would echo the calls for some sort of more stimulative and economic policy in Japan, West Germany and particularly in relation to the comments you made earlier about the Japanese trade situation. Wd you like to see them stimulate their economy to try

PM: I think you always have to specify what you mean by stimulating their economy. Where you have got an enormous, a very high balance of trading surpluses and low inflation and very conservative borrowing policies you are in a position to stimulate your economy ... to do so by things like tax cuts. Now how far do people of Japan themselves will go in for the purchasing of more goods internally, I don't quite know, I think possibly they would and indeed I think it's worth trying to pursue a policy to try to see. But Japan could

do that and certainly Germany has been. Very conservative and orthodox policies and therefore has a certain amount of latitude now. Indeed you will sometimes have heard her say that she had cut her public expenditure and therefore has latitude for possibly 6bn tax cuts, 6bn in Deutchmarks tax cuts, and doubtless you will be looking at how best to bring this about.

Q: Prime Minister, I believe you said that to the American lawyers a week or so ago that one way to cut down on terrorism was to starve them of the oxygen of publicity. How would you feel if one of the British television networks like BBC or ITV, ran a lengthy profile of say somebody like the Irish Chief of Staff in the near future?

PM: If they were to do that I would condemn them utterly. The IRA is proscribed in Britain, it's proscribed in the Republic of Ireland and we have lost between 2,000-2,500 people killed, murdered in the last 15-16 years and I would feel very, very strongly about it and so would many other people and I doubt whether they would do it.

Q: Would you try to stop them if you knew it beforehand?

PM: If one knew about it I think one would draw their attention to it. We do not censor. we're a free society, and I said in that speech to the American Bar Association, we don't constrain, we don't censor and therefore I put it to them -

You rely on freedom to carry out your business which is very important to the future of democracy. If you rely on freedom I think you must consider very carefully from time to time whether those who abuse freedom, to destroy freedom like the terrorists, should in fact have as much publicity as they get for their work. It cannot be done by Government. They would have to get together and decide what they're going to do about it. But those are part of the responsibilities of freedom. If you use freedom then you must decide how responsibly to exercise that freedom.

Q: Prime Minister the assessment talking about terrorismnot action taken as reaction (tape inaudible) .. local media. After your talks today do you get an impression that (tape inaudible).

PM: We all take every action we can, for example by strengthening security at airports, by strengthening security on aircraft by looking at the places where the aircraft land to see if they are properly secure. We owe that to the people who travel by your airlines or from your airports. It also absolutely vital that we get more international co-operation than we are succeeding in getting now and of course vital that we let one another have any relevant information that we have about terrorist activities. Beyond that one does not talk very wisely.

Q: Prime Minister, on terrorism do you have some misgivings about the attitude of President Mitterrand's Government

towards the idea of European co-operation in combatting terrorism?

PM: Well I think you might be referring to the suggestion that we do not accept aircraft from Beirut Airport which I was absolutely prepared to support the President on. British Airways incidentally don't fly to Beirut Airport but some aircraft that go into Beirut Airport come to London as they go to other capitals in Europe. We were not able to get sufficient agreement on that and it is useless for one to do it unilaterally. But France, of course, I think said that she would not refuse to receive Middle Eastern Airlines from Beirut, she will continue to receive them, so that was one blockage.

Q: But you're not perturbed that France has not (inaudible) West Germany and ... (inaudible).

PM: In Europe we do have a good deal of exchange of information on this against terrorism obviously. One doesn't go any further than that. Would you tell a terrorist what you're doing.

Q: Prime Minister, on the IDU could I just ask you by the African and several other Party members and whether you feel that this somehow rather tholes? the

PM: Well it was nevertheless a very good conference. Obviously I hope that as many, not only founding members but present

members who are in Government will come. It's a very, very important organisation and will get more important. I've never seen people here from so many countries in the world, we have people from Central America, from Latin America as well as from Australia and New Zealand, and it is important that we continue to meet together particularly that we meet together people whom we don't meet so often. I mean our European Heads of Government meet frequently; this year we'll meet Commonwealth Heads of Government, Commonwealth Conference as well. We don't see our Australian and New Zealand friends a great deal expect at Commonwealth Conference and when they come on bilateral visits and it's very important that some of the others from Central and Latin America that have joined, that we do meet them more often. So it was quite good, very good from that viewpoint.

Q: Could you tell us what you think the year has accomplished so far?

PM: Well it has brought us all into very much closer contact, very much more aware of problems which affect us both and therefore very much more likely when we are making decisions to take other people's views into account and to act in co-operation with them.

Can we have a question from someone who hasn't asked one?

PM: And then we can have a drink. Oh they've got drinks - have another drink.

Q: We're working on current drinks.

PM: Alright, and you'd now like a current question. I thought you did, you had that look about you. (laughter)

Q: From the IDU, it seems to some of us who were covering it that they issued that final statement very quickly almost before the Conference was on the way.....(inaudible)
Chancellor Kohl and with the exception of yourself, who gave it some real

PM: Zip? (laughter)

Q: Without your attendance there really would be no..

PM: Well I think there were quite a number of other zippy people there as well. We had quite a lively discussion. But what I'm saying is I do think it's important. I used to come when I was in Opposition and therefore I come when I'm in Government and I do think it's important that in Government we all should continue to come. It was very, very useful. There were quite a number of people there in Government. It is very useful and we don't have that much contact in Britain with people in Central America or Latin America. It was useful for that. And of course Andrew Peacock was there and Mountallboy from New Zealand. You musn't let any of these countries have no contacts in the wider world. Just before Christmas as you know I did a kind of round the world tour. It happened to turn out to be round the world because I had to go first to Peking to sign the Hong Kong Agreement and that was quite a flight so we stopped at Bahrain and then

Bombay - everywhere you get off and you see people - and then to Peking to sign this tremendously progressive Hong Kong Agreement, and I went to Hong Kong, and then we had to start to fly back to Guam where we were received marvellously at the American base there and when the aircraft was being refuelled went around to have a look at the Island; then we went across to Honolulu, arrived at 5 o'clock in the morning where they asked if Mrs Thatcher wanted to rest but I said, no, I'm going to see Pearl Harbor. And of course it's a very emotional experience for my generation.

Then we went on a very big hop from Honolulu right over to Washington and went out to Camp David to see the President where we had those very long talks and we got the Communique out afterwards, then back to London.

Now the purpose of telling you all this is that it was 6 days round the world and really I had no idea until I did those 6 days that it was such a small world and it really was. You've no idea what you can get round in 6 days and see so many people and then, of course, the Easter one went to Indonesia.

Nothing is very far away from anything else except that the Pacific is quite a big place (laughter). By physical experience you're never far from anywhere, and what happens everywhere affects you in your own country. Now once you come to that vivid conclusion not as a matter of intellect but as a matter of seeing a lot of people around the place, you realise you've got to keep in contact and it does help to solve problems if you know people and have had some kind

of preliminary discussions with them about what they think and how the approach problems and what their problems are.

(second side)

time, I think next time that as well as having the big planeloads I think perhaps we must have some smaller study groups. At the Commonwealth Conference we always had a day for example on small islands, their problems, which are quite different from the rest. Heighten political problems in small islands. In a small island there is not a great deal of industry or commerce on which people can deflect their political leanings or political energy into other things so you can get a heightened problem on small islands that we don't get in bigger countries where a lot of political energy can be absorbed in other things.

Now you want another drink don't you.

Thank you very much.