

SUBJECT CC MASTER



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From the Private Secretary

27 July 1988

Dear Lynn.

PRIME MINISTER'S MEETING WITH CHIEF BUTHELEZI

The Prime Minister had a talk this morning with Chief Buthelezi, who was accompanied by Sir Laurens van der Post and by a Private Secretary.

The Prime Minister thanked Chief Buthelezi for the two memoranda which he had sent in for her, the second of which had arrived only the day before. They were a very useful basis for discussion. She congratulated Chief Buthelezi on the courage which he had consistently shown. He would have a crucial role in any negotiations over the future of South Africa.

Chief Buthelezi said that millions of black people in South Africa appreciated the Prime Minister's strong stand against sanctions. Without this, the devastation being caused by economic measures would have been even greater. Foreign Governments failed to appreciate that the economic progress of the black population was of crucial importance. Apartheid would go, but it would take a long time. The best way of preparing for the day when it was no more was to develop a strong economic base. For this purpose it was vital that foreign companies should continue to invest in South Africa. The Prime Minister said that the big companies often took the lead in measures to break down apartheid. Reading Chief Buthelezi's first memorandum, she had been interested by the extent to which sanctions were already causing unemployment among the black population. There was now renewed talk about imposing sanctions on South African coal. She feared that the employment consequences of this would be very serious.

The Prime Minister continued that she understood that Chief Buthelezi could not negotiate with the South African Government until Mandela had been released. In her view, public statement and pressure on the South African Government were unlikely to have much effect: his release would only be brought about by discreet moves behind the scenes. She wondered how Chief Buthelezi thought President Botha could be persuaded on this. Chief Buthelezi agreed that the South African Government would never release Mandela under public

pressure. He himself was very concerned that Mandela would die in prison and become a martyr. President Botha had to be convinced that Mandela's release would not lead to a fresh outburst of violence. Mbeki's release had been a testing of the water and on the whole it had not gone too badly. The Prime Minister interjected that restriction had been placed on Mbeki: she did not think that Mandela would explicitly agree to observe such restrictions.

Chief Buthelezi said that his own relations with Mandela were good. Mandela accepted that he, Buthelezi, had a crucial role to play in South Africa's future. His main concern at present was the conflict within South Africa between his own supporters and those of the ANC. He had discussed this with General Obasanjo, who had suggested that the Prime Minister might be able to help bring about a reconciliation by persuading someone like President Kaunda to act as arbiter. One possibility would be a discreet meeting in London between the ANC and Inkatha to discuss the way ahead. He would be ready to participate. One of the key points at such a meeting would be agreement on the suspension of violence. At the least such a meeting would call the ANC's bluff. Sir Laurens van der Post added that, as a first step, there might be an informal seminar-type meeting between the ANC, Inkatha and some of the younger white South African Ministers. The Prime Minister said that the idea merited consideration, although she was dubious whether the ANC were really capable of agreeing to any sort of truce. Moreover, such a meeting would be worthwhile only if there was some prospect of movement on the part of the South African Government in return for a truce or suspension of violence. There would need to be an agreed sequence of moves by each of the parties which could lead on to a proper dialogue. This meant that even a first meeting would have to be very well prepared. She would ask for further consideration to be given to the idea and let Chief Buthelezi know her conclusions.

Chief Buthelezi asked the Prime Minister to explore the apparent change in Soviet views on South Africa. It seemed to be established that Gorbachev had stated at his dinner in honour of President Chissano that he would prefer to see a peaceful solution in South Africa. Chief Buthelezi believed that this might provide an opening for persuading the Soviet Union to stop or at least reduce its arming of the ANC and encourage them instead towards negotiations. The Prime Minister observed that she had discussed both Mozambique and Angola with Mr. Gorbachev, but gave no specific commitment to follow up Chief Buthelezi's proposal.

The Prime Minister said that the draft bill put forward by the South African Government restricting voluntary contributions to organisations in South Africa was causing considerable concern, particularly in Germany. She hoped that the South African Government would not proceed with it. Chief Buthelezi said that it was ironic that the same people who wanted to stop all foreign investment in South Africa nonetheless wanted the freedom to continue to make contributions to organisations of their political persuasion.

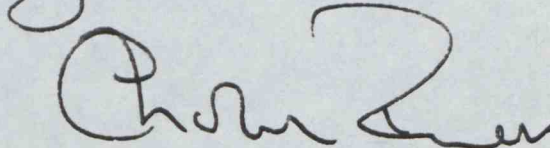
Chief Buthelezi referred to his idea of a conditional trade and investment strategy. The Prime Minister observed that there was already a code governing investment by EC companies. The secret to securing more investment was to get political progress in South Africa. This would create extra confidence. Otherwise people feared a descent into violence and hesitated to invest.

The Prime Minister encouraged Chief Buthelezi to continue his efforts to influence opinion in the United States. The implications of a Democratic victory in the United States Presidential Elections were very worrying for South Africa. Sir Laurens van der Post observed that Mrs. Kay Graham had recently told him that the Washington Post would campaign against sanctions.

Chief Buthelezi did not raise the request in his second memorandum that the Prime Minister should intervene with the United States authorities about the listing of the Kwazulu Finance and Investment Corporation. The Prime Minister thinks that we must nonetheless make some reply to this in due course.

The Prime Minister promised that she would reflect on Chief Buthelezi's ideas and let him have a further and considered response. You will wish to put this in hand, either in the form of a message or of instructions to Mr. Renwick. We also now need to finalise very rapidly a message from the Prime Minister to President Botha.

I am copying this letter to Alex Allan (H.M. Treasury), Neil Thornton (Department of Trade and Industry), Myles Wickstead (Overseas Development Administration) and to Trevor Woolley (Cabinet Office).

Yours sincerely,


Charles Powell

Lyn Parker, Esq.,
Foreign and Commonwealth Office.