

PRIME MINISTER

INTERVIEW WITH THE AUSTRALIAN MEDIA : 29 JULY

You agreed to give interviews to Australian television and to a group of Australian journalists on Friday morning before your departure.

The television interview will be conducted by Richard Carleton of Channel Nine's "Sixty Minutes". Make-up is scheduled to start at 10.15 AM and the interview at 10.30 for 15 minutes. Charles and Bernard have prepared the attached briefing based on the questions supplied by Mr Carleton. He would like to spend the first minute or two strolling around the room with you to provide some footage over which he proposes to comment about your background and record.

The interview is due to be broadcast on Sunday evening and should form a useful curtain-raiser.

x The group interview will be conducted by nine London-based Australian journalists, including one for radio. It will start at 10.45 approximately for 30 minutes. No questions have been submitted in advance. I suggest you take questions from the start.

As a start is to be made that morning on refurbishing the state rooms, I have arranged for the interviews to be held at No 12.

Content?



MICHAEL BATES
Press Office
27 July 1988

x You will want to look again at the Australia briefs, which are in the box.

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1. Q. Soon a new and untried leader in the White House .. so an even larger leadership role for the British Prime Minister?

A. The United States will always lead the West. That's a function of its size, its economic and military power and the way that its people have selflessly borne the main burden of defending freedom and democracy since the Second World War. The balance will perhaps shift a bit within the West, as the European countries become more united and more prosperous. It will be natural for them to take a bigger share of the defence burden.

Britain has its own strong voice within the Western Alliance and that voice has been further strengthened in recent years by our economic resurgence and by the new spirit abroad in Britain. I think other countries pay a lot more attention to our views now than they did in the 1970s, when we were perceived to be in gentle decline.

Yes, the fact that I have been Prime Minister for quite a time helps as well, because it gives a consistency and a continuity to British policy - and we have used that to argue for strong defence, while at the same time working for better relations with the Soviet Union under Mr Gorbachev. I hope Britain will continue to be a strong voice in the NATO Alliance and a particularly close ally of the United States, whoever wins the Presidential election in the US. But the United States itself will always be in the lead.

2. Q. British unions and dealings with government - a lesson for Australia?

A. It's not for me to tell Australia what lessons it should learn. That's for you to decide. I can only tell you what we have done in this country. In 1979 it was clear that the balance had swung much too much towards the trade unions, who were virtually above the law and could dictate to the rest of society. Also enormous power was wielded by a handful of people, often very left-wing. We set out to restore the balance, to make trade unions subject to the law like everyone else, and to strengthen the role of individual trade union members in the decisions of their own trade unions, by insisting that there had to be ballots before strike action could be taken.

That has been a crucial part in restoring not only Britain's prosperity, but the individual standard of living of working people which is now far higher than it has ever been before. And in some areas we are moving towards new forms of trade unionism such as single union deals. This is all an essential part of the modernisation of British society and we shall continue down that road, making whatever further changes to trade union law are necessary.

So: these reforms have done us immense good in Britain: what conclusions you in Australia draw is up to you.

3. Q. Social welfare management in the UK - a lesson for Australia?

A. Again, it's a matter for Australia to decide whether it can learn anything from our experience. But our approach has quite simply been this: in order to care properly for people you have to earn the money to fund the necessary spending. All too often the modern tendency has been to spend money before you have earned it as a nation.

We have concentrated on developing a successful economy. We have now had seven successive years of low inflationary growth and an eighth in prospect. This has enabled us to spend more on social welfare and health care while at the same time reducing public spending as a proportion of national income. And we have been able to provide a secure safety net for all our people - one which protects the value of pensions and other benefits. There is no substitute, if you really care for people, for running a sound economy. Otherwise all that happens is that the value of people's savings are eroded by inflation, hitting the pensioners hardest and the resources are simply not created to provide improved services to those who need them.

And the way to create more resources, on the basis of a soundly managed economy, is to generate enterprise - to turn what in Britain was becoming a dependent society into a dynamic and more self-reliant people. That is how we are managing social welfare in Britain - and that is how in the long run I think any country has to tackle it.

4. Q. The British working man, better off under Thatcherism?

A. The working man is much better off under Thatcherism. Take a married man with two children on average earnings. He is 27.5% better off in real terms compared with when we came into office in 1979. His real take home pay hardly improved at all under Labour from 1974-79 - a paltry 0.6% improvement.

But that is only part of the story. Millions more people now own their own homes or shares in their company compared with when we came to office nine years ago. Since 1979 more than 1,200,000 tenants of council houses have bought their own homes and the number of adult shareholders has trebled to 9million. My aim is to make every man - and woman - a capitalist. And as you can see we are making very good progress indeed towards it.

But still that is not the whole of the story. Our sound financial policies have produced the political hat trick of a balanced budget - indeed we are now paying off the national debt - lower taxes and higher spending on such social priorities as welfare, health care and education.

The working man has never been better off in Britain and what is more he knows it. That is why we keep being re-elected with thumping majorities.

5. Q. South Africa - is constructive engagement working?

A. Constructive engagement has got to work because the alternative is destructive disengagement and that would be very damaging for the people one most wants to help the black people in South Africa.

My starting point is absolutely clear, that is utter detestation for the policy of apartheid. It inflicts indignities on black and coloured people which are absolutely unacceptable. It must go and it will go. The only question is how to get rid of it peacefully.

My answer to that is that you will not get rid of apartheid by punitive economic sanctions. The only effect of them will be to strengthen the resistance of whites in South Africa, while inflicting hardship and suffering on black people and their families in South Africa and in neighbouring countries. It's very easy to sit in comfortable, well-furnished conference rooms round the world and pronounce in a lordly way that black people in South Africa and elsewhere should lose their jobs and their families starve. But that is not my way. I do not see anything moral in that.

The right way is to work for peaceful negotiation between people of all races in South Africa, while dismantling the apartheid laws. There are many black politicians in South Africa who are prepared to negotiate - such as Chief Buthelezi, the leader of over 6 million Zulus whom I saw a few days ago - provided that the South African Government releases Nelson Mandela and other political prisoners. So that is the first essential step: a suspension of violence, the release of political prisoners, and negotiations on the future constitutional arrangements.

While that is going on, it is essential to continue the process of breaking down apartheid, and the greatest

success with that is being achieved by the big international companies and corporations with their programmes of housing and education. If you make them pull out of South Africa, if you make them disengage, then you are actually setting back the prospects for getting rid of apartheid.

Then the other aspect of constructive engagement is the help you give to black people in South Africa and in the neighbouring countries. Britain has done an enormous amount in that regard: over £1 billion in assistance to the Front Line States in the last few years, and £20 million to improve education and training opportunities for black South Africans.

So, yes it is going to be long and difficult. But you are much more likely to get the result we all want by a constructive policy than a destructive one of hitting out with sanctions.

6. Q. Fraser for next Secretary General of the Commonwealth?

A. I am not aware that there are any candidates who have been formally put forward by governments yet, so your question is premature. I would expect there to be a strong field.

7. Q. Gorbachev - impressions of the man? How is it that such political opposites get on so well?

A. Mr Gorbachev is an immensely determined man with a very clear idea of the changes he wants to make in the Soviet Union, and with the energy and the political courage needed to bring them about. He certainly represents a very great change from his predecessors, above all because he has realised that Communism does not work. It has not produced the standard of living or of technological development which the free societies of the West have achieved. He has seen that, and had the courage to start on the changes which are needed, although it will be a very long and difficult task to see them through. But I am sure it is in all our interests that he should do so.

I think there are two reasons why Mr Gorbachev and I get on well. First we are both determined characters, we say what we mean and don't mince our words, and we each have a very clear understanding of how far the other will go. It helps that we first met before Mr Gorbachev reached his present position as General Secretary, so we were able to establish a relationship on the basis of respect while he was still just below the very top level of the Soviet leadership. Second, we both set out to change our respective societies in very profound and far-reaching ways, and that creates a certain sympathy and understanding between us for just how difficult a task that is. The difficulties always come out long before the advantages and you have to have the courage to press on in the knowledge that what you are doing is right and will lead to results in the end. That is a lonely task - and those who have had to undertake it understand just how lonely and difficult it can be.

8. Q. When I was brought up during the cold war, "Russia" was virtually a synonym for "evil". Is the West now in the business of trusting former enemies?

A. Trust is something which takes a very long time to build up, particularly against the background of hostility and suspicion which has existed for the last 40 years.

What we have so far is largely the intention of Mr Gorbachev to make changes. That is welcome, but we need to see it put into effect. That is beginning - more people are being allowed to leave the Soviet Union and there is greater freedom of expression - but it will all need to go much further before we can have real confidence and trust.

Until that happens and until we see changes in Soviet foreign policy and in the constant modernisation of their weapons and their forces, we must keep our own defences strong. That is the basis on which we can afford to welcome the changes which are taking place.

But it is a time of hope and, you know, the most encouraging thing is that freedom is on the offensive at last - a peaceful offensive, but winning and spreading to people who have been denied it. That is the most hopeful sign.

9. Q. Northern Ireland .. a mention.

A. The worst problem affecting Northern Ireland is the terrorism practised by the IRA which indiscriminately kills innocent men, women and children. The awful truth is that, outside Lebanon, one of the biggest concentration of terrorists in the whole world is to be found in Ireland. Much of it is planned and executed from across the border, from the South. We have therefore been doing all we can to strengthen cross-border security co-operation with the Irish Republic. Only when terrorism is eliminated are we going to get a chance for Northern Ireland to work out its future in peace.

The Anglo-Irish Agreement signed in 1985 is a framework for a peaceful solution. It recognises that the status of Northern Ireland cannot be changed without the consent of the majority of the people who live there. It provides for measures to strengthen the confidence of the minority community in the administration of justice. And it sets the goal of devolution - a goal which the Irish Government is committed by the Agreement to support. So the Agreement offers the prospect of a more peaceful future for Northern Ireland but only when we have defeated terrorism. That has to be the first priority.

10. Q. The Falklands in retrospect.

A. [No answer needed]

11. Q. Republicanism in Australia.

A. That is not for me to comment on. Constitutionally the form of government in Australia is not a matter for the British government, it is for the Australian Parliament to decide and for Australian Ministers to advise upon. I have nothing to say about it.

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PRIME MINISTER'S VISIT TO AUSTRALIA: AUSTRALIAN MEDIA

1. YOU WILL DOUBTLESS BE PROVIDING BRIEFING FOR THE PRIME MINISTER IN CONNEXION WITH THE INTERVIEWS SHE IS GIVING TO THE AUSTRALIAN MEDIA BEFORE LEAVING LONDON.
2. I TAKE IT THAT YOU HAVE ACCESS TO A COPY OF THE LETTER TO BATES AT NO.10 FROM CARLETON OF THE ''60 MINUTES'' PROGRAMME. THE LIST OF SUBJECTS CARLETON PROPOSES TO RAISE GOES WELL BEYOND THE SUBJECT MATTER ENVISAGED IN HIS LETTER OF 29 MARCH TO THE PRIME MINISTER. I HAVE COMMENTS ON THREE OF HIS POINTS.
3. HIS SUGGESTION, IF I INTERPRET IT CORRECTLY, THAT OUR OWN DEALINGS WITH THE TRADES UNIONS PROVIDE A LESSON FOR AUSTRALIA SHOULD BE APPROACHED WITH SOME CARE. ALTHOUGH THE COMMON PICTURE OF AUSTRALIA SUGGESTS A BAD RECORD OF STRIKES AND INDUSTRIAL RELATIONS GENERALLY, THE FIGURES AVAILABLE TO ME SUGGEST THAT IT WOULD BE HARD TO ARGUE THAT THE AUSTRALIAN STRIKE RECORD IS WORSE THAN THE UK'S. TAKING AS A MEASUREMENT THE NUMBER OF WORKING DAYS LOST PER ONE THOUSAND EMPLOYEES IN ALL INDUSTRIES AND SERVICES WE FIND THE UK FIGURES TO BE RATHER BETTER THAN THE AUSTRALIAN OVER THE PERIOD 1979 TO 1982 BUT THE AUSTRALIAN FIGURES TO BE BETTER THAN THE UK'S OVER THE PERIOD 1983 TO 1986. IF WE GIVE THE IMPRESSION THAT AUSTRALIA HAS A GOOD DEAL TO LEARN FROM BRITAIN IN THIS AREA WE MAY WELL FIND THAT THE MEDIA HERE WILL PRODUCE A CONVINCING CASE AGAINST US.
4. AS REGARDS THE NEXT SECRETARY-GENERAL OF THE COMMONWEALTH, YOU WILL WISH TO PROVIDE ADVICE ON THE LINE TO BE TAKEN. AS YOU KNOW, FRASER HAS RECENTLY MADE IT CLEAR PUBLICLY THAT HE WANTS THE JOB. THE AUSTRALIAN GOVERNMENT HAVE NOT YET ENDORSED HIS CANDIDATURE THOUGH THE MEDIA HAVE CLAIMED THAT GOVERNMENT SOURCES ARE GENERALLY FAVOURABLE. SOME NEWSPAPERS HERE HAVE CLAIMED THAT THE MAJOR OBSTACLE TO FRASER IS MRS THATCHER ON THE GROUNDS THAT SHE DISAPPROVES OF FRASER'S ATTITUDE TO SOUTH AFRICA.
5. FINALLY, CARLETON'S SUGGESTED TOPIC OF ''REPUBLICANISM IN

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AUSTRALIA'' NEEDS TO BE APPROACHED WITH GREAT CARE. I HAVE SENT A SEPARATE TELELETTER TO THE PERMANENT UNDER-SECRETARY ABOUT THE PRESENT CONTROVERSY IN AUSTRALIA REGARDING THE CANDIDATURE OF THE PRESENT FOREIGN MINISTER, MR HAYDEN, FOR THE POST OF GOVERNOR-GENERAL GOVERNOR-GENERAL. THIS CONTROVERSY IS AWAKENING FAMILIAR ARGUMENTS ABOUT MONARCHY VERSUS REPUBLIC IN THIS COUNTRY. IN MY TELELETTER TO THE PUS I HAVE ADVISED (BUT YOU WILL WISH TO ESTABLISH WHETHER THE PUS AGREES) THAT THE PRIME MINISTER SHOULD MAKE IT CLEAR ON THE FIRST OCCASION WHEN THIS SUBJECT IS RAISED THAT SHE DOES NOT PROPOSE TO COMMENT ON IT EITHER IN LONDON OR WHEN SHE IS IN AUSTRALIA. THE MAIN POINT IS THAT, CONSTITUTIONALLY, THE FORM OF GOVERNMENT IN AUSTRALIA IS NOT A MATTER FOR THE BRITISH GOVERNMENT AND THAT ANY SUGGESTION THAT IT IS SIMPLY STOKES THE REPUBLICAN ARGUMENT.

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