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Foreign and Commonwealth Office

London SW1A 2AH

4 July 1986

*Dear Charles,*

Prime Minister's Visit to Canada, 11-13 July 1986

The Prime Minister is visiting Canada from 11-13 July.

The objectives of the visit are:

- (a) to attend the British Week of EXPO 86 in Vancouver: thereby to assist British exporters and to draw attention to British achievements in the field of transport and communications, the theme of the EXPO;
- (b) to have a bilateral in Montreal with Mr Mulroney, concentrating on South Africa but also covering bilateral trade issues and the Canadian contribution to the International Fund for Ireland.

// I enclose two sets of briefs: one for Vancouver and one for the Mulroney bilateral. These include programmes, personality notes and annexes giving background and defensive points.

HRH Princess Margaret will also be in Vancouver and will attend the Royal Ballet performance on 12 July. Lord Gray (Scottish Office) will be in Vancouver from 9 to 16 July, to visit EXPO and attend the Scottish Festival.

You may like to bear in mind that the next CHOGM will be in Vancouver in 1987.

/ I attach Ottawa telegram number 411, setting the scene  
/ for the visit together with Ottawa telegrams numbers 398 and  
/ 407 on the recent major Cabinet reshuffle. The Prime Minister  
may also wish to note that UK exports to Canada in 1985 were  
43% higher than in 1984 (16% non-oil), when the balance of  
visible trade moved into our favour for the first time since  
1972.

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We understand that the Canadian press have picked up a remark by the Prime Minister on 19 June in the Commons, implying that Canada is not a major Western industrialised country (Hansard attached). In fact Canada ranks 7th in the world in GNP terms and manufacturing accounts for 18% of her GNP, only slightly less than the USA. / \*

Yours ever,

Colin Budd

(C R Budd)  
Private Secretary

C D Powell Esq  
PS/10 Downing Street

\* This point was also alluded to by the Canadian Foreign Minister - in sorrow more than anger - when he had dinner with the Foreign Secretary in London on 20 June.

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negotiations between the Government and the black people of South Africa. That is still our objective. The right hon. Gentleman speaks as though this Government had done nothing. I do not think that he will find another industrialised Western country that has done more—an embargo on exports of arms, refusal to co-operate in the military sphere, recall of military attachés discouraging scientific events, except where those contribute to the ending of apartheid, cessation of oil exports to South Africa, prohibition of all new collaboration in the nuclear sector, cessation of exports of sensitive equipment to police, banning all new Government loans, a commitment to take unilateral action on the banning of imports of Krugerrands — action that was taken — end of Government funding for trade missions and banning the import of all gold coins from South Africa. Would the right hon. Gentleman like to name a Western industrialised country that has done more?

**Mr. Kinnock:** Mr. Speaker — [HON. MEMBERS: "Answer."] I will answer. There is no other country in the world that has a greater and closer relationship or a greater and closer responsibility than this country. A few months ago, the Prime Minister was describing all that as a "teeny little bit." Will the right hon. Lady now do the effective thing and ban new investment in South Africa?

**The Prime Minister:** Tell me a Western industrialised country that has done more. The right hon. Gentleman cannot.

**Dr. Hampson:** Does my right hon. Friend recall that, when she was Secretary of State for Education and Science, in her White Paper "Education: A Framework for Expansion" she urged the need for more part-time students? Is that not now very much the essence of our industrial future, in that we need more people to update their qualifications and retrain? Is there any need to wait for a loans scheme to give those people an incentive because currently they pay both their maintenance costs and their fees?

**The Prime Minister:** Retraining, and therefore perhaps returning to university or to other advanced education colleges for further training, will be an important part of our future. Frequently, training takes place through industry itself or through industry sponsoring the requisite courses. I think that that is one of the best ways.

**Q2. Mr. Haynes** asked the Prime Minister if she will list her official engagements for Thursday 19 June.

**The Prime Minister:** I refer the hon. Gentleman to the reply that I gave some moments ago.

**Mr. Haynes:** Do the Prime Minister and her Government represent the people of this nation? [HON. MEMBERS: "No."] I should like the right hon. Lady to answer, bearing in mind that a recent opinion poll found that more than 50 per cent. of the people wanted her to take action against South Africa by way of sanctions. If the answer is no to sanctions, is it because of the financial interests of Conservative Back Benchers in their investments in South Africa. We want to know about that.

**The Prime Minister:** Yes, the Government do represent the people of this country. If we do not dash into full economic sanctions, as the Opposition would wish, it is because we agree with the reason that the Labour

Government gave in the United Nations when they voted against full mandatory economic sanctions. At that time they said:

"because we do not agree that the far-reaching economic measures which the resolution calls for would produce the changes in South Africa which we would all like to see."—[*Official Report*, 16 January 1978; Vol. 942, c. 9.] We would endorse that sentiment.

**Mr. Spencer:** Will my right hon. Friend confirm that the inner city initiative in Highfields in my constituency, which is much welcomed by the people who live there, will press ahead notwithstanding the childish hostility of Leicester city council?

**The Prime Minister:** We believe that the inner cities initiative was widely welcomed. I assure my hon. Friend that we shall press ahead with it in the city he represents.

**Dr. Owen:** Since Canada, Holland and the Scandinavian countries have all done more than this country against South Africa and since, if the Prime Minister is not careful, the United States Senate will pass a modified Bill following the lead of the House of Representatives and the Prime Minister will again, as last summer, have to follow in the wake of President Reagan, would it not be better for her to adopt a more conciliatory approach and put forward constructive proposals which she could support and which other countries ought to be forced to support as well?

**The Prime Minister:** I deliberately said major "Western industrialised countries". No other has done more. I remind the right hon. Gentleman that he too is against trade sanctions and has made his position clear in the articles he has written.

**Mr. Robert B. Jones:** Is my right hon. Friend aware that a typical headmaster and board of governors in my constituency would have discretion over a mere £4,000 out of their total budget? Will she have talks with our right hon. Friend the Secretary of State for Education and Science to see whether a system can be instituted that would more fairly reflect the number of pupils in the school and give responsibility locally to the headmaster and the board of governors?

**The Prime Minister:** My hon. Friend is correct. That is a possible reform of education expenditure. My right hon. Friend is prepared to consider any reform that will make the money spent on education more effective and produce better results for the pupils.

**Q3. Mr. Ron Brown** asked the Prime Minister if she will list her official engagements for Thursday 18 June.

**The Prime Minister:** I refer the hon. Gentleman to the reply that I gave some moments ago.

**Mr. Brown:** Will the Prime Minister take particular note of the early-day motion tabled by my hon. Friend the Member for East Lothian (Mr. Home Robertson) because he expresses fears about the operation of the Torness power station, remembering that Lothian and the Borders fire board has also criticised safety measures at that station? Will she join the Edinburgh *Evening News* and the people of east Scotland in opposing the commissioning of that station—or have the lessons of Chernobyl been forgotten in this country?

**The Prime Minister:** As the hon. Gentleman is perfectly well aware, the commissioning of the station will

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# Woodward's

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into briefs  
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**Woodward Stores (London) Limited**

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Date: 4 July, 1986

Mr C Powell  
Private Secretary  
10 Downing Street  
LONDON SW1

*Dear Mr. Powell.*

I am writing to thank you so much for your kindness and cooperation in connection with the Prime Ministers visit to our Company during EXPO '86.

I understand from our Executive in Vancouver, the British Consul there have been in close touch with them about the visit and of course everyone is quite overwhelmed and excited about this, which we all consider a very great honour and indeed most kind of the Prime Minister to fit us into such a very busy programme.

I know she will be meeting certain of our Executives in particular, our President - Mr Frank Robertson. The Prime Minister might like to know of the continued tremendous support he has shown in importing goods from Britain.

I thank you again for all you have done.

*Amegly.*  
*Michael Lines.*  
MICHAEL P LINES

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PRIME MINISTER'S MEETING WITH PRIME MINISTER OF CANADA, 13 JULY 1986

1. Attached are:

- (a) Programme and personality notes on expected Canadian team.
- (b) Political brief (South Africa, Ireland).
- (c) Trade/investment brief (Allied Lyons, pharmaceuticals, Canadian tariffs on books and tea bags).

2. Also attached are background briefs on:

- Air services. (imbalanced operation of air services agreement not acceptable. Possible further round of official-level negotiations at end of this month: if unsatisfactory, UK will have no option but to terminate the agreement)
- Terrorism and Sikhs. (important to maintain momentum on Summit 7 follow-up, but avoid proliferation of new fora for discussing the subject, or wider involvement of NATO. Value UK/Canada cooperation on Sikh terrorism)
- EC/Canada issues:
  - (i) fisheries (dispute over fishing in Canadian waters. Agreements to be renegotiated)
  - (ii) agriculture (follow-up to Tokyo; interim solution to EC/US grain dispute)
  - (iii) UK Presidency (we will make customary arrangements to keep Canadians informed. Canadian officials briefed and are content)
  - (iv) Arctic baselines (Canada claims extensive sovereignty over northern waters; EC and US unhappy. UK Presidency to make démarche shortly in Ottawa: reserve our rights to innocent passage)



- Soviet POWs in Afghanistan. (transit through London now unlikely before mid-August. Happy to help, but Canadians should bear in mind potential Anglo-Soviet problems, even after Shevardnadze visit).
  
- UK pensioners in Canada. (pensions not index-linked: rates frozen when pensioners left UK. Matter under review but constraints on UK public spending mean no prospect of change at present)
  
- Canadian economy.

PRIME MINISTER'S VISIT TO MONTREAL 13 JULY 1986

JULY 13

06.30 P.M. and party depart for Vancouver airport

06.45 Federal and Provincial Representatives will be at the airport to bid farewell to the P.M.

06.52 Doors close

07.00 Aircraft departs (meal on aircraft)

13.40 Aircraft arrives at Mirable Airport, Montreal

13.42 Doors open

13.48 Mr Mulroney, Prime Minister of Canada greets P.M at foot of the aircraft steps. No other formalities

13.53 Motorcade leaves for the airport hotel (Chateau de l'Aeroport)

13.57 Motorcade arrives at airport Hotel

14.00 Photo opportunity in the Concorde room

14.05 Bilateral begins in the Concorde room

15.05 Bilateral ends

15.10 P.M and Mr Mulroney address media in the media room on the first floor of the hotel (no questions)

15.17 P.M and Mr Mulroney leave media room, withdraw to ground floor of the hotel

15.22 Motorcade departs for aircraft

15.26 Motorcade arrives at aircraft. Mr Mulroney bids farewell to P.M.

15.32 Aircraft doors close

15.40 Aircraft departs

00.40 Aircraft arrives London, Heathrow



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PRIME MINISTER'S VISIT TO CANADA

1. THE MULRONEY GOVERNMENT HAS BEEN GOING THROUGH A DIFFICULT PATCH IN RECENT WEEKS. ON BOTH THE DOMESTIC AND EXTERNAL FRONTS, THINGS HAVE NOT BEEN GOING THEIR WAY. PARLIAMENT HAS NOW RISEN FOR THE SUMMER RECESS. THIS GIVES THE GOVERNMENT SOME RESPIRE FROM DAILY HARRYING BY THE OPPOSITION IN THE COMMONS AND AN OPPORTUNITY TO REGROUP THEIR FORCES.
2. MULRONEY'S FIRST MOVE HAS BEEN TO MAKE A MAJOR RESHUFFLE OF HIS CABINET. (MY TELNOS 398 AND 407). THE CHANGES HAVE BEEN GENERALLY WELCOMED AS GIVING THE GOVERNMENT A MORE PURPOSEFUL IMAGE, BY THE REMOVAL OF SOME OF THE LESS SUCCESSFUL MINISTERS, THE PROMOTION OF THOSE WHO HAVE PERFORMED WELL, AND THE INTRODUCTION OF SOME NEW BLOOD. IT HAS BEEN A SUCCESSFUL RECONSTRUCTION, THOUGH THE INCREASED STRENGTH OF QUEBEC WITHIN THE GOVERNMENT MAY CAUSE PROBLEMS WITH THE OTHER PROVINCES.

DOMESTIC

3. THE STANDING OF THE GOVERNMENT AND OF THE PRIME MINISTER PERSONALLY HAS TAKEN A NUMBER OF KNOCKS. ONE OF THE LEADING AND MOST EFFECTIVE MINISTERS, SINCLAIR STEVENS, RESIGNED (AFTER A MESSY FORTNIGHT OF CONTROVERSY) OVER ALLEGED CONFLICT OF INTEREST. HE WAS THE FOURTH MINISTER TO GO IN 18 MONTHS.
4. MULRONEY'S IMAGE WAS BADLY BRUISED BY THE FAILURE OF PRESIDENT REAGAN TO WARN HIM IN ADVANCE (LET ALONE CONSULT) ABOUT A US PROTECTIONIST MEASURE AGAINST CANADIAN CEDAR PRODUCTS. HE HAS ALSO BEEN UNDER PERSONAL ATTACK FOR THE COST OF OVERSEAS TRAVEL FOR HIMSELF AND HIS EXTENSIVE PERSONAL STAFF.
5. THE OPPOSITION HAVE TAKEN FULL ADVANTAGE OF THESE SETBACKS AND THE LIBERAL PARTY NOW HOLDS A LEAD IN THE MOST RECENT OPINION POLLS.

EXTERNAL

6. CANADA/US RELATIONS AND SOUTH AFRICA ARE THE DOMINANT ISSUES.

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7. MULRONEY WAS FURIOUS AT THE UNHERALDED IMPOSITION BY THE US OF A TARIFF ON CANADIAN CEDAR PRODUCTS (SHAKES AND SHINGLES). HE REGARDED THIS AS A PERSONAL AFFRONT, AFTER ALL HIS EFFORTS TO GET ON CLOSE TERMS WITH THE PRESIDENT. THE SCARS STILL SHOW. THE PERCEIVED INSULT WAS WORSE COMING AS IT DID ON THE SAME DAY AS THE OPENING OF US/CANADA TALKS ON AN ENHANCED TRADE ARRANGEMENT DESIGNED TO DEFLECT PROTECTIONIST PRESSURES ON BOTH SIDES. THIS IS IN ITSELF A CONTROVERSIAL INITIATIVE AND HAS EXPOSED THE GOVERNMENT TO CONSIDERABLE CRITICISM FOR PUTTING CANADIAN INTERESTS AT RISK OVER A WIDE FIELD.

8. THE US/CANADA RELATIONSHIP IN ALL ITS ASPECTS WILL REMAIN CENTRE STAGE FOR A LONG TIME TO COME. WHAT RANKLES WITH CANADIANS IS THAT THEY ARE AWARE THAT FOR THE US, CANADA IS NO MORE THAN A SIDE-SHOW

9. MULRONEY SEES SOUTH AFRICA AS BOTH AN OPPORTUNITY AND A CHALLENGE. AN OPPORTUNITY FOR HIM AND CANADA TO PLAY A SIGNIFICANT ROLE IN HOLDING THE COMMONWEALTH TOGETHER SEEMINGLY COLON A CHALLENGE TO FIND SOME AGREED POLICY THAT WILL BRING EFFECTIVE PRESSURE TO BEAR ON SOUTH AFRICA. THE PRESSURE OF OPINION WITHIN CANADA WILL NOT ALLOW MULRONEY (EVEN IF HE WISHED) TO RESIST A MOVE TOWARDS STRONGER ECONOMIC MEASURES AGAINST SOUTH AFRICA UNLESS IT CAN BE CLEARLY AND SWIFTLY DEMONSTRATED THAT THERE IS SOME OTHER WAY OF SIGNALLING TO THE SOUTH AFRICAN GOVERNMENT THE NEED FOR A REAL AND EARLY DIALOGUE WITH THE BLACK LEADERSHIP.

10. THOUGH MULRONEY REMAINS OUTWARDLY CALM IN THE FACE OF THESE DIFFICULTIES, THERE HAS BEEN A DISTINCT ATMOSPHERE OF ANXIETY WITHIN THE CONSERVATIVE RANKS. THE INITIAL BLOOM HAS CERTAINLY FADED, EVEN THOUGH THE CANADIAN ECONOMY IS IN BASICALLY GOOD SHAPE. WHEN PARLIAMENTARY ACTIVITY RESUMES AFTER THE SUMMER, WHAT MULRONEY WILL BE LOOKING FOR SOME DOMESTIC OR FOREIGN SUCCESS TO GET HIS GOVERNMENT BACK ON THE RAILS.

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MR DAVID THOMAS

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MULRONEY, THE RT HON (MARTIN) BRIAN, PC MP BA LL.L. LL.D

Prime Minister since 4 September 1984.

Born Baie Comeau, Quebec in 1939.

Educated at St Francis Xavier and Laval Universities.

Called to the Bar of Quebec in 1965.

Formerly President and Director Iron Ore Company of Canada and Director of a number of other companies including Quebec North Shore and Labradore Railway, Standard Broadcasting Corporation, and Ritz-Carlton Hotel Co of Montreal Ltd.

Runner-up to Joe Clark in the PC leadership race in 1976. Until he was victorious at the June 1983 PC leadership convention, had never been elected to any political office. Defeated Joe Clark on the fourth ballot. Was elected to Parliament for the riding of Central Nova (in Nova Scotia) in a landslide victory in August 1983, the previous incumbent having resigned to make way for him.

Ran in his native constituency of Baie Comeau in the 1984 election, and won a landslide victory there and throughout Canada.

He is a shrewd politician and an effective operator, though he can give the impression of being glib and superficial. He is easy to underestimate. He has put his skills as a conciliator to good use in restoring party and national unity since his election. He initially presented himself as a successful businessman who knew how to run an economy and was committed to free enterprise, but increasingly tempered this with concern for the under-privileged. Committed to NATO and to improvement of the Canadian defence forces, as well as closer links with the United States.

Roman Catholic. Good looking with a great deal of Irish charm.

Interest: tennis.

His wife, Mila, (pronounced Mealer, not Miller) born in Yugoslavia, is pretty, vivacious and a considerable political asset. She studied civil engineering at university for a year but left to marry Mr Mulroney. She collects Canadian art and antiques, enjoys swimming, tennis and dancercise. They have four children.

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ROY, BERNARD

Principal Secretary to the Prime Minister.

Born Quebec City in 1940.

Educated at Laval University.

A lawyer and a partner in the law firm of Ogilvy, Renault in Montreal. Previously served as Chairman of the Board, Royal Victoria Hospital, Montreal.

Has been a close friend of Mr Mulroney since the late 1960s and was best man at the Mulroneys' wedding in 1973. He was Mr Mulroney's chief election organiser in Quebec in 1984, but has a limited understanding of the Federal Progressive Conservative Party. He is fiercely loyal to Mr Mulroney, who reciprocates with total confidence in Mr Roy.

Accompanied Mr Mulroney on official visit to London in April 1985. Favourably impressed: sympathetic towards the UK.

Married.

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DOUCET MR (JEAN) ALFRED "FRED"

Senior Adviser to the Prime Minister.

Born Nova Scotia 1939. Bilingual.

Educated St Francis Xavier University, Mount Allison University and Ottawa University (PHD).

1960-65 School Teacher in Manitoba and Quebec.

1965-80 St Francis Xavier University where he worked consecutively as Administrative Assistant to the President, Director of Student Services and Director of Development.

1980-83 Chief Executive Officer of East Coast Energy Ltd.

1983-84 Chief of Staff of Leader of the Opposition.

Close friend and business associate of Mulroney, whom he met at St Francis Xavier where they were both active in the Tory Party. Doucet helped organise the Laval Conference which launched Mulroney onto the National Political scene. Had brief oil business links with Walter Wolf, the international entrepreneur credited with providing the offshore funds to dethrone Joe Clark.

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McMURTRY, THE HON ROY, QC

High Commissioner in London since April 1985.

Born in Toronto on 31 May 1932.

Educated Trinity College, University of Toronto (modern history). Osgoode Hall Law School (graduated 1958).

Trial Lawyer and instructor in the Bar admission course and the Bar Association's continuing education programme.

First elected to the Provincial Legislature in 1975. Appointed Attorney-General two weeks later, a post which he held continuously until his present appointment. At one time he also held the office of Solicitor-General.

Mr McMurtry is a long-standing friend of Mr Mulroney and is a close friend and confidant of former Premier Davis of Ontario. He is a key member of the Ontario Progressive Conservative Party, and has been active in Progressive Conservative politics (at both federal and provincial level) since the late 1960s. He worked in the campaign to remove Mr Diefenbaker from the leadership of the federal PC Party in 1967. Although his breadth of experience is limited, he has been the most high-profile Minister in the Ontario provincial Cabinet, and has been responsible for an impressive amount of important provincial legislation much of it designed to help disadvantaged people and minority groups. Mr McMurtry was a candidate in the election of a new leader for the Progressive Conservative Party of Ontario in January 1985.

He is a federalist, and played a central role in the federal-provincial negotiations leading to the request in 1981 for the patriation of the Canadian constitution.

He is an astute politician, though his intellectual nimbleness is not immediately apparent in his rather heavy personal appearance. Friendly and approachable with a keen sense for publicity. Does not necessarily regard his appointment to London as the end of his political career. He is young enough to bounce back on to either the federal or provincial scene.

He is a keen sportsman and an accomplished artist.

His wife, Ria Jean (pronounced RIYAH-Jean as in "RIDE"), has not played a prominent part in his political life, but shares his interest in landscape painting and community services. Six children.

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SOUTHERN AFRICA

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PS/PJS  
MR FERGUSSON

MR CLG MALLABY, CABINET OFFICE

*PS/PJS MDR*

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MR REEVE

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PRIME MINISTER'S MEETING WITH MR MULRONEY: 13 JULY: SOUTH AFRICA

1. THERE HAS BEEN EXTENSIVE COVERAGE OF THE PRIME MINISTER'S INTERVIEWS WITH THE CANADIAN MEDIA IN THE RUN-UP TO HER VISIT TO CANADA. THE PRIME MINISTER'S DETAILED EXPLANATION OF THE REASONS FOR BRITISH POLICY AGAINST FULL ECONOMIC SANCTIONS HAVE BEEN EMPHASISED. THE MEDIA HAVE ALSO DWELT ON THE INEVITABILITY OF A CONTINUED DIVERGENCE OF VIEWS BETWEEN THE PRIME MINISTER AND MR MULRONEY WHEN THEY MEET ON SUNDAY. IT IS CLEAR THAT THIS WILL BE THE MAIN ITEM IN WHICH THE MEDIA ARE LIKELY TO BE INTERESTED.

2. IN COVERING THE PRIME MINISTER'S INTERVIEWS IN LONDON IT HAS BEEN POINTED OUT THAT SHE DEALT EXCLUSIVELY WITH SOUTHERN AFRICA. THE MEDIA APPEAR TO BE WORKING THEMSELVES UP INTO A LATHER ABOUT A LIKELY CLASH OF VIEWS. THERE HAS BEEN WIDESPREAD COVERAGE OF THE PERCEIVED REBUFF OF THE FOREIGN SECRETARY BY SOUTH AFRICA AND OTHER AFRICAN STATES DURING HIS PRESENT VISIT. THE MEETING BETWEEN THE SECRETARY OF STATE AND PRESIDENT KAUNDA WAS FEATURED IN TODAY'S PRESS WITH HEADLINES SUCH AS THE GLOBE AND MAIL 'HOWE GETS AN EARFUL FROM ZAMBIAN LEADER' AND THE OTTAWA CITIZEN 'AFRICAN NATIONS PUT HEAT ON HOWE OVER SANCTIONS'.

3. (IN ADDITION,) APPARENTLY UNFOUNDED STORIES ARE APPEARING IN THE PRESS. ONE SUCH, A REPORT FROM LONDON THAT MR MULRONEY IS PREPARING TO PUSH FOR AN EARLY EMERGENCY MEETING OF ALL 49 COMMONWEALTH HEADS OF GOVERNMENT, POSSIBLY IN CANADA, IF EFFORTS TO RESOLVE DISAGREEMENTS OVER SANCTIONS AGAINST SOUTH AFRICA FAIL, CONTINUES TO BE GIVEN SPACE DESPITE A CATEGORICAL OFFICIAL DENIAL OF ITS TRUTH. ANOTHER, BY JONATHAN MANTHORPE, UNTIL RECENTLY, REPRESENTATIVE OF THE NATIONALLY SYNDICATED SOUTHAM NEWS IN LONDON, STATES THAT THE ROOT OF THE PRESENT DISAGREEMENT BETWEEN CANADA AND THE UK LIES IN THE MEETING ON 20 JUNE BETWEEN YOU AND JOE CLARK. CLARK IS REPORTED AS BEING SO SHOCKED BY YOUR

IN LONDON, STATES THAT THE ROOT OF THE PRESENT DISAGREEMENT BETWEEN CANADA AND THE UK LIES IN THE MEETING ON 20 JUNE BETWEEN YOU AND JOE CLARK. CLARK IS REPORTED AS BEING 'SO SHOCKED' BY YOUR 'PULSOME CONDEMNATION OF CANADA'S SUPPORT FOR SANCTIONS' THAT HE WAS 'TOO ANGRY TO TALK ABOUT IT' TO THE PRESS. YOU ARE ALLEGED TO HAVE CALLED PRO-SANCTION LOBBY, INCLUDING CANADA, 'HYPOCRITICAL' AND SAID THAT CANADA'S POSITION WAS NOT HELPFUL.

4. THIS RATHER SENSATIONAL REPORTING IS BEING OFFSET BY INDICATIONS THAT THE CANADIANS SEE THEMSELVES FULFILLING A MEDIATORY ROLE. PRESIDENT KAUNDA IS REPORTED AS HAVING TOLD MR MULRONEY'S PERSONAL REPRESENTATIVE, BERNARD WOOD, IN LUSAKA LAST WEEK 'LET BRIAN DO ANYTHING POSSIBLE TO TELL THAT IRON LADY SHE SHOULD NOT ISOLATE HERSELF IN THE COMMONWEALTH. BUT THERE IS ONE PERSON WHO CAN SUCCEED WITHIN THE COMMONWEALTH (ITS BRIAN)'. MR MCMURTRY IS REPORTED AS HAVING COUNSELLED COMMONWEALTH COUNTRIES TO REFRAIN FROM PRECIPITOUS ACTION IF THERE WAS NO AGREEMENT AT THE AUGUST MEETING.

COMMENT

5. WITH THE CANADIAN GOVERNMENT RESHUFFLE OVER AND PARLIAMENT IN RECESS, THE MEDIA ARE SHORT OF DRAMATIC COPY. MIRABLEE AND SOUTH AFRICA THUS SUIT THEM. BOOK. WHILE WE HAVE NO GROUND FOR SUSPECTING ANY OFFICIAL ENCOURAGEMENT FOR THIS RASH OF SPECULATIVE REPORTING, SOME MEMBERS OF THE PRIME MINISTER'S ENTOURAGE WOULD NOT BE AVERSE TO SEEING MR MULRONEY BUILT UP AS THE COMMONWEALTH'S SAVIOUR, A ROLE WHICH WOULD APPEAL TO A WIDE RANGE OF OPINION IN CANADA.

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PRIME MINISTER'S MEETING WITH CANADIAN PRIME MINISTER: 13 JULY 1986

POLITICAL BRIEF

OBJECTIVES

- To enlist Canadian support for the EC Mission to Southern Africa in the run-up to Commonwealth Review Meeting.
- To establish what amount the Canadian Government have decided to contribute to the International Fund for Ireland.

ARGUMENTS

(a) South Africa

- Mission intended to build on COMGEP. Has same objectives: end of apartheid through dialogue and suspension of violence on all sides. Not fact-finding, nor intended to supersede or undermine COMGEP findings. Foreign Secretary has full backing and authority of European Community.
- Convinced one more effort worthwhile. Worried at signs of increasing South African belligerence. In this atmosphere to propose tougher sanctions might produce entirely the wrong result. Foreign Secretary's meeting with P W Botha an important opportunity to influence SAG, encourage moderate white opinion.
- ANC [If raised]. No meeting arranged. But prepared to consider meeting if chance of progress. Suspension of violence one key to progress. Need to encourage flexibility on both sides.
- Undertaking to consult on future measures reinforces position Commonwealth have already taken. Important to have support of industrialised world if measures are to be effective.
- Would welcome your assessment of other Commonwealth views.



(b) Ireland

- Understand you have decided in principle to make a contribution. The Americans are now committed to giving US \$50m to the Fund. If the Canadian Government can announce its contribution now, it will help make the Fund truly international, which will be of political value to us at home and in Washington.

CANADIAN OBJECTIVES

(a) South Africa

- To emphasise strong feelings within Commonwealth. To seek assurance that UK will not use EC Mission as reason for avoiding decisions on further measures at Commonwealth review.

- To press for further Commonwealth measures in line with the EPG Report.

(b) Ireland

- Now that President Reagan has approved a US contribution, we expect that Mr Mulroney is ready to tell the Prime Minister what the Canadian contribution will be.

OUR RESPONSE

(a) South Africa

- Well aware of strong feelings in Commonwealth. But our main concern is to achieve real progress on dialogue/violence, not to make gestures which could undermine prospect of negotiations or peaceful settlement.

- Willing to consider further measures. That is why we shall consult with industrialised countries in next three months. Aim should be to find measures which have impact on SAG without wrecking South African economy.



- EC Mission not delaying tactic. Cannot afford to pass up any chance of peaceful progress however slim.
  
- Easy for those with no interests at stake to sign up for sanctions. Extent of our involvement gives us special responsibility. Must consider the way forward very carefully. Interests of small Commonwealth countries in Southern Africa a major concern.
  
- Eminent Persons Group recognised that Commonwealth aim must still be to promote dialogue. Our responsibility to keep international community firmly focused on that. Canada's moderating influence will be vital.

(b) Ireland

- [If Mr Mulroney gives a figure for a Canadian contribution] Delighted by this news.
  
- [If he indicates the Canadians are still considering] Hope very much you will be able to announce your contribution soon.

PRESS LINE

(a) South Africa

- Will depend on result of the meeting.

(b) Ireland

- [If Canadian Government announce their contribution] Irish and British Governments are grateful and delighted.
  
- [If there is no announcement] So far press attention to a possible Canadian contribution has been minimal, nor would we wish to encourage it.





PRIME MINISTER'S MEETING WITH CANADIAN PRIME MINISTER: 13 JULY 1986  
BACKGROUND ANNEX ON SOUTH AFRICA

Essential Facts

A. South Africa

1. On 12 June 1986 Canada announced four further measures against South Africa:

- (a) an end to Canadian Government procurement of South African products
- (b) a ban on the promotion of tourism
- (c) the allocation of C\$2 million for education of Blacks in South Africa
- (d) the withdrawal of accreditation from non-resident South African specialist attaches for science, mining, labour and agriculture.

*Pl  
Chom. Vand.*

2. Mr Clark told the Secretary of State in London on 20 June that the steps taken by Canada so far had been symbolic. The Canadian Government was however prepared to go further and Mr Mulroney would be saying at his bilateral with the Prime Minister that there was a real need for Britain to take further action.

3. Mr Clark expressed deep concern about the consequences for the Commonwealth if the Review meeting was not handled sensitively. He sensed widespread understanding in Canada that any action taken was uniquely difficult for the UK. Canada was not planning any further measures before August.

4. Mr Mulroney wrote to the Prime Minister on 27 June explaining that the measures introduced on 12 June were part of the Canadian response to the rebuff of the EPG. He looked for a coordinated Commonwealth response in August but accepted that the UK's special interest may not allow it to proceed with as broad a range of measures as Canada might adopt. Mr Mulroney believed that even small steps by South Africa's major trading partners, including the EC states would greatly reinforce the message to President Botha. He himself had recently spoken to President Kaunda, Mr Gandhi and Mr Hawke.

CDP

(2)

Prime Minister

A message on South Africa

MASTER CC SUBJECT  
OFS

from Mr. Mulrooney, written

before he knew the  
Council's outcome.

European  
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filed on S.A./C.A. Relations

June 27, 1986

CDP 3096

The Right Honourable Margaret Thatcher, M. P.  
10 Downing Street  
London

PRIME MINISTER'S

PERSONAL MESSAGE

Dear Margaret:

SERIAL No. T117C/86

This is just a short note on where I think we may be heading on South Africa in the light of developments during the past weeks. Clearly you have been very actively engaged on the issue as our reports and indeed a recent exchange in your House attests.

I recently sent a personal message to President Botha urging him to reconsider the banning order his government brought in and the subsequent state of emergency. I conveyed my concern about the course he has evidently chosen which can only lead to greater anger, repressive violence and intensified unrest in the long run.

I also left no doubt about how disappointed we were that the South African government had, by its words and actions, rejected the negotiating concept put forward by the Commonwealth Group of Eminent Persons. I urged him to look again at the merits of a suspension of violence on all sides and a dialogue leading to majority rule and non-racial, representative government. The grave risks South Africa would run failing such a dialogue also concerned me deeply. Doing away with apartheid was surely better for all South Africans than the only apparent alternative - a pattern of continuing and increasing violence.

Since it was by no means certain that President Botha would pay much heed to such a message, we also made it clear to the South African government that the measures we announced on June 12 were part and parcel of our response to the rude rebuff they had given the Commonwealth Group and to the emergency measures they had introduced. The letter was conveyed to President Botha the same day we introduced those measures. I think that was an appropriate response for the moment: the measures sent a clear signal to South Africa and involve some costs for Canadians but not in themselves bear very heavily on Canada or South Africa.

What is more important is that we have a significant and coordinated Commonwealth response to South Africa in August. Recognizing that South Africa plays a lesser part in our external trade than in yours, I can see that we may need to proceed with a broader range of measures than you might adopt. That would be consistent with the principle of equitable burden-sharing with the Commonwealth.

I know that you will be reviewing this question in the Community shortly. One point we have made with some of your Community partners is that even relatively small steps by South Africa's major trading partners would reinforce very greatly the message to President Botha and his colleagues that the time has come for them to embark on a new course.

The latest press reports suggest that you may be considering some new initiatives aimed at getting talks started between the South African government and black leaders. I would certainly wish you well if any openings appear which would enable you to pursue that daunting task.

It will be important to keep in touch during the coming weeks. I have recently spoken to Kenneth Kaunda, Robert Hawkes and Rajiv Gandhi and look forward to going over the ground with you when we meet on July 13. We shall want to see what we can do to achieve an agreed Commonwealth position at the London meeting.

Yours sincerely,

Brian

## THE COMMONWEALTH ACCORD ON SOUTHERN AFRICA

We consider that South Africa's continuing refusal to dismantle apartheid, its illegal occupation of Namibia, and its aggression against its neighbours constitute a serious challenge to the values and principles of the Commonwealth, a challenge which Commonwealth countries cannot ignore. At New Delhi we expressed the view that "only the eradication of apartheid and the establishment of majority rule on the basis of free and fair exercise of universal adult suffrage by all the people in a united and non-fragmented South Africa can lead to a just and lasting solution of the explosive situation prevailing in Southern Africa." We are united in the belief that reliance on the range of pressures adopted so far has not resulted in the fundamental changes we have sought over many years. The growing crisis and intensified repression in South Africa mean that apartheid must be dismantled now if a greater tragedy is to be averted and that concerted pressure must be brought to bear to achieve that end. We consider that the situation calls for urgent practical steps.

2. We, therefore, call on the authorities in Pretoria for the following steps to be taken in a genuine manner and as a matter of urgency:

- (a) Declare that the system of apartheid will be dismantled and specific and meaningful action taken in fulfilment of that intent. ✓
- (b) Terminate the existing state of emergency.
- (c) Release immediately and unconditionally Nelson Mandela and all others imprisoned and detained for their opposition to apartheid. ✓
- (d) Establish political freedom and specifically lift the existing ban on the African National Congress and other political parties. ✓
- (e) Initiate, in the context of a suspension of violence on all sides, a process of dialogue across lines of colour, politics and religion, with a view to establishing a non-racial and representative government. ✓

3. We have agreed on a number of measures which have as their rationale impressing on the authorities in Pretoria the compelling urgency of dismantling apartheid and erecting the structures of democracy in South Africa. The latter, in particular, demands a process of dialogue involving the true representatives of the majority black population of South Africa. We believe that we must do all we can to assist that process, while recognising that the forms of political settlement in South Africa are for the people of that country - all the people - to determine.

4. To this end, we have decided to establish a small group of eminent Commonwealth persons to encourage through all practicable ways the evolution of that necessary process of political dialogue. We are not unmindful of the difficulties such an effort will encounter, including the possibility of initial rejection by the South African authorities, but, we believe it to be our duty to leave nothing undone that might contribute to peaceful change in



South Africa and avoid the dreadful prospect of violent conflict that looms over South Africa, threatening people of all races in the country, and the peace and stability of the entire Southern Africa region.

5. We are asking the President of Zambia and the Prime Ministers of Australia, The Bahamas, Canada, India, the United Kingdom and Zimbabwe to develop with the Secretary-General the modalities of this effort to assist the process of political dialogue in South Africa. We would look to the group of eminent persons to seek to facilitate the processes of dialogue referred to in paragraph 2(e) above and by all practicable means to advance the fulfilment of the objectives of this Accord.

6. For our part, we have as an earnest of our opposition to apartheid reached accord on a programme of common action as follows:

- (i) we declare the Commonwealth's support for the strictest enforcement of the mandatory arms embargo against South Africa, in accordance with United Nations Security Council Resolutions 418 and 558 and commit ourselves to prosecute violators to the fullest extent of the law;
- (ii) we reaffirm the Gleneagles Declaration of 1977, which called upon Commonwealth members to take every practical step to discourage sporting contacts with South Africa;
- (iii) we agree upon, and commend to other governments, the adoption of the following further economic measures against South Africa, which have already been adopted by a number of member countries:
  - (a) a ban on all new government loans to the Government of South Africa and its agencies;
  - (b) a readiness to take unilaterally what action may be possible to preclude the import of Krugerrands;
  - (c) no Government funding for trade missions to South Africa or for participation in exhibitions and trade fairs in South Africa;
  - (d) a ban on the sale and export of computer equipment capable of use by South African military forces, police or security forces;
  - (e) a ban on new contracts for the sale and export of nuclear goods, materials and technology to South Africa;
  - (f) a ban on the sale and export of oil to South Africa;
  - (g) a strict and rigorously controlled embargo on imports of arms, ammunition, military vehicles and paramilitary equipment from South Africa;

- (ii) an embargo on all military co-operation with South Africa; and
- (i) discouragement of all cultural and scientific events except where these contribute towards the ending of apartheid or have no possible role in promoting it.

7. It is our hope that the process and measures we have agreed upon will help to bring about concrete progress towards the objectives stated above in six months. The Heads of Government mentioned in paragraph 5 above, or their representatives, will then meet to review the situation. If in their opinion adequate progress has not been made within this period, we agree to consider the adoption of further measures. Some of us would, in that event, consider the following steps among others:

- (a) a ban on air links with South Africa;
- (b) a ban on new investment or reinvestment of profits earned in South Africa;
- (c) a ban on the import of agricultural products from South Africa;
- (d) the termination of double taxation agreements with South Africa;
- (e) the termination of all government assistance to investment in, and trade with, South Africa;
- (f) a ban on all government procurement in South Africa;
- (g) a ban on government contracts with majority owned South African companies;
- (h) a ban on the promotion of tourism to South Africa.

8. Finally, we agree that should all of the above measures fail to produce the desired results within a reasonable period, further effective measures will have to be considered. Many of us have either taken or are prepared to take measures which go beyond those listed above, and each of us will pursue the objectives of this Accord in all the ways and through all appropriate fora open to us. We believe, however, that in pursuing this Programme jointly, we enlarge the prospects of an orderly transition to social, economic and political justice in South Africa and peace and stability in the Southern Africa region as a whole.

Lyford Cay, Nassau  
20 October, 1985

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FM HARARE

TO DESKBY 101200Z FCO

TELNO 281

OF 101045Z JULY 86

INFO IMMEDIATE LUSAKA, PRETORIA, WASHINGTON

## SECRETARY OF STATE'S MISSION: MEETING WITH KAUNDA

## SUMMARY

1. A FRANK, BUT FRIENDLY MEETING. KAUNDA URGED STRONGLY THAT WE SHOULD NOT DELAY TAKING SANCTIONS AND MUST DEMONSTRATE OUR OPPOSITION TO APARTHEID. SECRETARY OF STATE EXPLAINED REASONS FOR HIS MISSION AND WHY OUR ANALYSIS OF LIKELY EFFECT OF COMPREHENSIVE SANCTIONS WAS DIFFERENT. KAUNDA ACCEPTED THAT DIFFERENCES BETWEEN US WERE OVER MEANS NOT ENDS. HE CONCLUDED BY WISHING SECRETARY OF STATE WELL.

## DETAIL

2. THE SECRETARY OF STATE SAW KAUNDA FOR AN HOUR AND A HALF ON 9 JULY. THE START OF THE MEETING WAS TELEVISED, THEREAFTER THE MEETING CONTINUED WITHOUT PRESS BUT WITH OFFICIALS PRESENT, FINISHING WITH A HALF HOUR PRIVATE SESSION BETWEEN THE TWO OF THEM.

3. IN THE TELEVISED SESSION, KAUNDA BEGAN BY STRESSING THE WARMTH OF OUR BILATERAL RELATIONS. THE ONE PROBLEM WAS SOUTH AFRICA. HE WAS CONCERNED BY WHAT HE PERCEIVED AS THE PRIME MINISTER'S ATTITUDE. BRITAIN HAD FOUGHT NAZISM AND SOUTH AFRICA TODAY WAS NAZI. HE FEARED, HOWEVER, THAT BRITAIN WAS PREPARED TO FIGHT ONLY FOR THE RIGHTS OF WHITES AND NOT BLACKS. A HOLOCAUST WAS COMING IN SOUTH AFRICA THAT WOULD GENERATE UNPRECEDENTED RACIAL HATRED. ONLY SANCTIONS COULD AVERT THIS, AND OFFER A NON-VIOLENT SOLUTION. BUT THE PRIME MINISTER WAS DELAYING ACTION. SHE HAD FIRST GOT THE EC TO WAIT FOR THE EPG REPORT. NOW THAT THEY HAD REPORTED SHE HAD TOLD THE EC TO DELAY A FURTHER 3 MONTHS. THIS WAS DESIGNED TO SIDELINE THE COMMONWEALTH REVIEW MEETING. THERE WAS LITTLE TIME BEFORE THE COMING EXPLOSION IN SOUTH AFRICA. HISTORY WOULD NOT FORGIVE DELAY.

*[studiously omitted  
by BBC]*

*[This is  
all what  
he said to  
you in  
Nassau]*

4. THE SECRETARY OF STATE EMPHASISED THAT HE HAD COME ON BEHALF OF THE TWELVE AND THAT IT WAS A MISSION WITH A COMMON PURPOSE - TO SEE IF WE COULD PROMOTE DIALOGUE BETWEEN THE SAG AND BLACK LEADERS. HE COULD NOT ACCEPT THE PRESIDENT'S ANALYSIS OF THE PRIME MINISTER'S POSITION. HER PURPOSE AT THE HAGUE AS WELL AS AT NASSAU REPRESENTED HER SINCERE JUDGEMENT OF THE BEST

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WAY OF BRINGING APARTHEID TO AN END. WE WERE NOT TRYING TO UNDERCUT THE EPG BUT SEEING IF WE COULD CARRY FORWARD THEIR WORK. THERE WERE FIVE POINTS HE WISHED TO MAKE. FIRST, FUNDAMENTAL CHANGE TO A NON-RACIAL, FULLY REPRESENTATIVE SOCIETY MUST COME SOON IN SOUTH AFRICA: SECOND THERE HAD BEEN SOME, ALBEIT INSUFFICIENT CHANGE THERE ALREADY: THIRD, PEACEFUL NEGOTIATION WOULD END APARTHEID MORE QUICKLY THAN VIOLENCE: FOURTH, WE HAD IMPLEMENTED CERTAIN MEASURES, BUT IT WAS AN ILLUSION TO THINK THAT QUOTE ONE LAST PUSH UNQUOTE THROUGH COMPREHENSIVE SANCTIONS WAS GOING TO BRING DOWN THE SAG: FIFTH, WE MUST TAKE ANY CHANCE TO ADVANCE DIALOGUE - THE OPTION OF PEACEFUL NEGOTIATION WOULD NOT LAST INDEFINITELY.

5. CONTINUING WITHOUT THE PRESS PRESENT, KAUNDA REPEATED HIS ANALYSIS. HE HAD BEEN RIGHT IN THE PAST ABOUT DEVELOPMENTS IN SOUTHERN AFRICA. THE PURPOSE OF ACTION WAS NOT TO DESTROY THE SOUTH AFRICAN ECONOMY BUT TO BRING ABOUT CHANGE. SANCTIONS WOULD BUY TIME AND SHOW SOUTH AFRICAN BLACKS THAT THE WEST HAD NOT FORGOTTEN THEM. IF ACTION WERE TAKEN NOW IT WOULD PRESERVE SOUTH AFRICA AS A MARKET FOR WESTERN INVESTORS. HE WAS NOT TRYING TO ISOLATE THE PRIME MINISTER BUT SHE WAS ISOLATING HERSELF FROM THE MAINSTREAM OF COMMONWEALTH OPINION. OUR ANALYSIS CONCENTRATED ON WAYS OF APPEALING TO THE BOER GOVERNMENT, BUT IN DOING SO SEEMED TO REGARD BLACK OPINION AS IRRELEVANT.

6. THE SECRETARY OF STATE ASSURED KAUNDA THAT THE PRIME MINISTER PASSIONATELY WANTED APARTHEID ENDED AS SOON AS POSSIBLE. WE DIFFERED FROM HIM ONLY IN OUR ANALYSIS OF THE BEST MEANS TO ACHIEVE THIS. MANDATORY COMPREHENSIVE ECONOMIC SANCTIONS RISKED PUSHING THE AFRIKANERS INTO DEFIANT ISOLATIONISM: THEY WOULD CAUSE SOUTH AFRICAN INDUSTRIALISTS TO SIDE WITH THE HARDLINERS. THE BEST WAY FORWARD WAS TO PROMOTE DIALOGUE. IN OUR VIEW, THE EPG HAD NOT GIVEN ENOUGH WEIGHT TO THE VIEWS OF THE WHITE OPPOSITION PARTIES IN SOUTH AFRICAN, INDUSTRIALISTS AND THE PROGRESSIVE WING OF THE SOUTH AFRICAN GOVERNMENT. THERE WAS A NEED TO MOBILISE THIS GROUP WHICH FAVOURED CHANGE.

7. THE SECRETARY OF STATE SAID THAT THE EC HAD AGREED TO STUDY POSSIBLE FURTHER MEASURES BUT HAD REFRAINED FROM PRESENTING THIS AS A THREAT. COMPREHENSIVE ECONOMIC SANCTIONS WOULD HAVE SERIOUS CONSEQUENCES FOR BLACK SOUTH AFRICANS AND THE FRONT LINE STATES AND WE FEARED THE SUFFERING WOULD BE IN VAIN. BRITAIN WAS NOT ENGAGED IN AN ELABORATE GAME TO GAIN TIME. THE SECRETARY OF STATE HOPED TO SEE SOUTH AFRICAN LEADERS IN A COUPLE OF WEEKS' TIME TO SEE IF CONDITIONS COULD BE CREATED FOR A ROUND-TABLE DIALOGUE.

8. KAUNDA RESPONDED THAT HE ACCEPTED THAT OUR OBJECTIVES WERE THE SAME, BUT HISTORY WOULD JUDGE WHICH METHOD WAS RIGHT. WE SHOULD TELL THE TWELVE THAT IN ZAMBIA'S VIEW THEY WERE WRONG.

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9. THE SECRETARY OF STATE THEN WENT INTO A PRIVATE SESSION WITH KAUNDA WITH ONLY PRIVATE SECRETARIES PRESENT. HE REITERATED THAT THE PRIME MINISTER WAS SINCERELY ANXIOUS TO FIND THE RIGHT ANSWER. SHE WOULD BE VERY HURT BY WHAT HE HAD SAID ABOUT HER MOTIVES. WE HAD TAKEN A DIFFICULT POLITICAL STEP IN HAVING MRS CHALKER SEE TAMBO. IF HE WAS TO SAY CREDIBLY TO THE SOUTH AFRICANS THAT THEY SHOULD TALK TO THE ANC THEN HE NEEDED TO HAVE TALKED TO THEM HIMSELF. HE SOUGHT KAUNDA'S HELP IN ARRANGING THIS. KAUNDA SAID THAT IF HE WAS CONVINCED THAT IT WERE RIGHT TO DO SO HE WOULD NEED TO SPEAK TO THE ANC THROUGH TAMBO, BUT IT MIGHT BE BETTER TO WAIT UNTIL THE LATTER RETURNED TO LUSAKA.

10. KAUNDA SAID IN CONCLUSION THAT HE HOPED THE PRIME MINISTER'S ANALYSIS OF THE SITUATION WAS RIGHT. HE HAD MET PRESIDENT BOTHA SEVERAL TIMES AND WAS STILL IMPRESSED WITH THE STREAK OF AFRIKANERDOM WHICH HE SAW IN HIM. BUT HE PRAYED TO GOD THAT HE WAS WRONG AND HE WISHED THE SECRETARY OF STATE EVERY SUCCESS IN HIS MISSION. NOTHING WOULD MAKE HIM HAPPIER THAN SUCH SUCCESS. THE SECRETARY OF STATE THANKED HIM AND SAID THAT WE WOULD BE VERY GRATEFUL FOR ANY HELP AND BACKING KAUNDA COULD GIVE.

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TELNO 284

OF 101125Z JULY 86

IEFO IMMEDIATE LUSAKA, PRETORIA, WASHINGTON

SECRETARY OF STATE'S MEETING WITH MR MUGABE

## SUMMARY

1. THE SECRETARY OF STATE EXPLAINED REASONS FOR A FURTHER PUSH FOR NEGOTIATED SETTLEMENT. MUGABE EXPRESSED SCEPTICISM ABOUT PROSPECTS OF SUCCESS. ONLY PRESSURE WOULD MOVE THE SOUTH AFRICANS, IN THE FORM OF SANCTIONS AND MILITARY ACTION BY THE ANC. HE QUESTIONED BRITISH MOTIVES: THE SECRETARY OF STATE REFUTED THIS FIRMLY.

## DETAIL

2. THE SECRETARY OF STATE EXPLAINED THE REASONS FOR HIS MISSION ON BEHALF OF THE EC. DIALOGUE WOULD BRING CHANGE IN SOUTH AFRICA MORE QUICKLY THAN ALTERNATIVE PATH OF MOUNTING VIOLENCE, WHICH WOULD SLOW CHANGE. THE SAG HAD AN ENORMOUS CAPACITY TO RESIST SUCH PRESSURES. WE SHOULD TAKE ACCOUNT OF THE CHANGES ALREADY OCCURRING IN SOUTH AFRICA AND ENCOURAGE THE PROGRESSIVE ELEMENTS THERE TO PRESS FOR MORE. A NUMBER OF ECONOMIC MEASURES HAD ALREADY BEEN TAKEN AGAINST SOUTH AFRICA, AND THE EC WERE STUDYING FURTHER MEASURES IN CASE THEY WERE NEEDED. BUT A FURTHER ATTEMPT AT DIALOGUE WAS ESSENTIAL. SANCTIONS WOULD NOT BRING DOWN THE REGIME QUICKLY, AND THE SAG WOULD RETALIATE, IN PARTICULAR AT ZIMBABWEAN TRANSPORT ROUTES. OUR OBJECTIVE ASSESSMENT WAS THAT THE SAG WOULD BE MORE FIRMLY ENTRENCHED AS A RESULT OF COMPREHENSIVE SANCTIONS AND THAT GREAT DAMAGE WOULD BE DONE TO THE FLS AND THE BLACK POPULATION. HE HAD NO ILLUSIONS ABOUT THE DIFFICULTY OF HIS MISSION, BUT THOUGHT A FURTHER ATTEMPT TO OBTAIN THE RELEASE OF MANDELA, UNBANNING OF THE ANC ETC, ESSENTIAL.

3. MUGABE SAID HE DID NOT UNDERSTAND HOW WE EXPECTED TO SUCCEED WHERE THE EPG, WHICH HAD DONE AN EXCELLENT JOB, HAD FAILED. THE SECRETARY OF STATE AGREED THAT THE GROUP HAD DONE A GOOD JOB: BUT THE EC THOUGHT A FURTHER EFFORT BY THE EC IN CONSULTATION WITH OTHER INDUSTRIALISED COUNTRIES WOULD REINFORCE THE ATTEMPT TO GET THE SAG TO MOVE. COMPREHENSIVE SANCTIONS WOULD NOT ACHIEVE THIS. MUGABE SAID THAT WE WERE APPROACHING SOUTH AFRICA WITH A WHITE FLAG: THERE WAS NO MOTIVE FOR THE SAG TO MOVE IN SUCH CIRCUMSTANCES. THE SECRETARY OF STATE SAID THAT PRESSURE WAS PROVIDED BY MEASURES ALREADY IN POSITION AND THE KNOWLEDGE THAT OTHER MEASURES WERE BEING STUDIED. AS THE PRIME MINISTER HAD EXPLAINED IN HER LETTER, EXPLICIT THREATS WERE LIKELY TO PRODUCE A PERVERSE REACTION.

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4. MUGABE SAID THAT IN THE ABSENCE OF REAL MEASURES WE COULD ONLY KNEEL BEFORE THE ARCHITECTS OF APARTHEID AND PLEAD FOR REASON. ONLY YESTERDAY THE PRIME MINISTER HAD AGAIN BEEN EMPHASISING HER TOTAL OPPOSITION TO SANCTIONS. THE SECRETARY OF STATE REMINDED HIM OF THE MEASURES WHICH HAD ALREADY BEEN TAKEN. THE BRITISH GOVERNMENT GENUINELY BELIEVED THAT COMPREHENSIVE ECONOMIC SANCTIONS WOULD HAVE THE NET EFFECT OF STRENGTHENING THE SAG WHILE HARMING EVERYBODY ELSE.

5. ON TRANSPORT LINKS, MUGABE SAID THAT THE RECENT DECISION TO STEP UP THEIR MILITARY OPERATIONS IN SUPPORT OF THE TRANSPORT LINKS WAS COSTING ZIMBABWE MUCH MONEY. THE SOUTH AFRICANS WERE ALREADY USING MILITARY FORCE AGAINST ZIMBABWE AND HER TRANSPORT LINKS. IF SOUTH AFRICA DISRUPTED THE ZIMBABWEAN LINK SOUTHWARDS IT WOULD ALSO COST ZIMBABWE A LOT OF MONEY, BUT DID NOT THINK THEY WOULD BE ANY WORSE OFF. ON THE OTHER HAND, HE DID NOT THINK SOUTH AFRICA COULD SURVIVE IF WE ALL, INCLUDING THE COMMONWEALTH, THE EC AND INDUSTRIALISED COUNTRIES COMBINED FORCES AGAINST APARTHEID. THE SECRETARY OF STATE SAID THAT HE DID NOT THINK ZIMBABWE HAD AN EFFECTIVE CHOICE BETWEEN EXPENDITURE ON DEFENDING HER LINKS IN THE PRESENT SITUATION AND EXPENDITURE TO REPLACE THE SOUTH AFRICAN TRANSPORT LINK IN THE EVENT OF SOUTH AFRICAN RETALIATION. THERE WOULD SIMPLY BE A MASSIVE INCREASE IN THE EXPENDITURE NEEDED. THE CORE OF SOUTH AFRICA WOULD SURVIVE SANCTIONS AND THE SITUATION WOULD PERSIST FOR YEARS.

6. MUGABE SAID THAT ZIMBABWE WOULD BE HIT HARD, BUT IF A NEW SITUATION WERE PRODUCED IN SOUTH AFRICA IT WOULD BE WORTH IT. THEY WOULD HAVE TO OPEN THE MAPUTO LINK, BUT THERE WOULD BE SOME RESULTING ADVANTAGES. ZIMBABWE COULD FEED HERSELF AND WOULD SURVIVE, ALTHOUGH HER INDUSTRY WOULD BE HIT. SHE WOULD NOT BE HIT AS HARD AS BOTSWANA, LESOTHO AND SWAZILAND. MRS THATCHER SHOULD NOT SPEAK ON BEHALF OF ZIMBABWE. IF SHE CONFINED HER STATEMENTS TO THE LOSSES WHICH BRITAIN WOULD SUFFER, WHICH HE ACKNOWLEDGED, SHE WOULD BE MORE CREDIBLE.

7. THE SECRETARY OF STATE SAID THAT IT WOULD TAKE A LONG TIME BEFORE A NEW SITUATION WAS PRODUCED IN SOUTH AFRICA. WE CERTAINLY DID EXPRESS OUR WORRY ABOUT THE ECONOMIC EFFECTS ON OURSELVES OF SANCTIONS. BUT MORE IMPORTANTLY, OUR CALCULATION OF THE NET ET GENERAL EFFECT WAS THAT IT WOULD BE NEGATIVE. SO WE THOUGHT THAT A FURTHER EFFORT MUST BE MADE TO PERSUADE THE SOUTH AFRICANS.

8. MUGABE SAID THAT HE DID NOT THINK WE WOULD SUCCEED. HE SUSPECTED THAT THE UK HAVING GOT THE SUPPORT OF THE EC WAS NOW TRYING TO DIVERT THE WORLD FROM SANCTIONS. THE SECRETARY OF STATE DENIED THIS. HE SAID THAT ALL THE PARTICIPANTS IN THE EUROPEAN COUNCIL ACCEPTED THAT THE EFFECT OF COMPREHENSIVE SANCTIONS WAS LIKELY TO BE NEGATIVE, AND THEREFORE THOUGHT THAT A DIFFERENT WAY SHOULD BE TRIED.

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9. MUGABE SAID THAT WITHOUT THE THREAT OF SANCTIONS (OR MILITARY ACTION ON THE PART OF THE WEST, WHICH HE RULED OUT,) THE SOUTH AFRICANS WOULD NOT MOVE. HE RELUCTANTLY BELIEVED THAT MILITARY ACTION BY THE ANC/PAC WAS NECESSARY. BUT THE REST OF THE WORLD WHICH BELIEVED IN A NON-VIOLENT METHOD SHOULD ADOPT EFFECTIVE NON-VIOLENT MEASURES. A COMBINATION OF THIS AND THE CAMPAIGN BY THE ANC WOULD ONE DAY DELIVER THE GOODS. THE MOMENTUM WOULD GROW STRONGLY OVER THE FOLLOWING YEAR, 45,000 LIVES HAD BEEN LOST IN FREEING ZIMBABWE: THE TOLL IN SOUTH AFRICA WOULD BE GREATER.

10. THE SECRETARY OF STATE SAID THAT THE SAG COULD HOLD OUT FOR A VERY LONG TIME: THEY WERE IN NO WAY COMPARABLE TO THE PREVIOUS RHODESIAN GOVERNMENT.

11. MUGABE ASKED WHETHER THE BRITISH GOVERNMENT WISHES TO SEE A TRUE NON-RACIAL GOVERNMENT IN SOUTH AFRICA, WHICH WOULD INEVITABLY BE PREDOMINANTLY BLACK. HE STRONGLY DOUBTED THIS SEEING THE BRITISH GOVERNMENT'S PREVIOUS HISTORY IN RHODESIA. THE CONSERVATIVE PARTY SOMETIMES ADOPTED RACIST POSTURES. HE WONDERED WHETHER WE WOULD NOT IN FACT CONSIDER THAT A CHANGE TO BLACK RULE IN SOUTH AFRICA WOULD BE DISADVANTAGEOUS TO US.

12. THE SECRETARY OF STATE SAID THAT IF MUGABE READ THE PRIME MINISTER'S LETTER HE WOULD SEE THAT WE WERE STRONGLY IN FAVOUR OF CHANGE IN SOUTH AFRICA. HE TOTALLY EXCLUDED THE SUGGESTION OF RACISM IN THE CONSERVATIVE PARTY'S APPROACH. OUR APPROACH WAS BASED ON A CLEAR ANALYSIS OF THE SITUATION. HE SHOULD GIVE CREDIT TO THE PRIME MINISTER FOR HAVING WORKED AT LUSAKA FOR ZIMBABWEAN INDEPENDENCE: THIS ALONE SHOULD SHOW THAT WE HAD NOT BEEN AFRAID OF BLACK MAJORITY RULE. THE PRIME MINISTER APPROACHED THE SOUTH AFRICAN SITUATION IN THE SAME WAY AS SHE HAD THE ZIMBABWEAN ONE. SHE WANTED TO ACHIEVE THE BREAKTHROUGH WHICH WE ACHIEVED FOR ZIMBABWE AT LUSAKA. SHE BELIEVED THAT THE LONGER THE DELAY IN RELEASING MANDELA, THE LONGER THE TRAGEDY WOULD CONTINUE. WE KNEW THE SAG WOULD BE HARD TO SHIFT BUT WE HAD TO TRY, BECAUSE ONLY THIS WOULD BRING QUICKER CHANGE.

13. MUGABE SAID THAT WE WOULD HAVE TO AGREE TO DIFFER ON THE ANALYSIS. THESE DIFFERENCES WOULD BE PUBLIC, BUT THEY SHOULD NOT UNDERMINE THE GENERALLY FRIENDLY RELATIONSHIP BETWEEN THE UK AND ZIMBABWE. HE THEN LAUNCHED INTO A LENGTHY ATTACK ON THE UNITED STATES, ON THE GROUNDS THAT IT SOUGHT TO TIE ITS AID PROGRAMME TO THE BEHAVIOUR OF THE COUNTRIES CONCERNED, AND WAS NOW DEMANDING AN APOLOGY FROM ZIMBABWE FOR THE SPEECH MADE

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AT THE US NATIONAL DAY PARTY LAST WEEK. ZIMBABWE COULD NOT ACCEPT SUCH CONDITIONALITY. THE SECRETARY OF STATE SAID THAT WE WERE FRIENDLY WITH BOTH THE US AND ZIMBABWE AND NATURALLY HOPED THAT ANY DISAGREEMENT COULD BE RESOLVED QUICKLY. HE AGREED THAT WE SHOULD SPEAK CANDIDLY TO EACH OTHER BUT WISHED TO EMPHASISE THAT MUGABE SHOULD NOT CHALLENGE THE GOOD FAITH OF THE BRITISH GOVERNMENT OR THE PRIME MINISTER. MUGABE SAID THAT HE APPRECIATED OUR HAVING MADE KNOWN OUR VIEWS: OF COURSE HE WOULD TELL US WHEN HE DISAGREED WITH THEM, BUT WE COULD CONTINUE TO DISCUSS THEM.

14. NOW SEE MIFT (NOT TO ALL).

MELHUI SH

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PS/LADY YOUNG

PS/MRS CHALLER

PS/PUS

MR DEREK THOMAS

MR FERGUSON

MR REEVE

COPIES TO:

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MR MALLABY, CABINET OFFICE

ASSESSMENTS STAFF, CAB OFF

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OUTCOME OF THIS MISSION. IT WOULD BE PREMATURE TO SPECULATE. THE TWELVE ARE NOT (NOT) AUTOMATICALLY COMMITTED TO ADOPTING THE FURTHER MEASURES MENTIONED IN THE EUROPEAN COUNCIL STATEMENT IF THE MISSION DOES NOT YIELD RESULTS.

(E) WE (THE UK) HAVE ALREADY IMPLEMENTED A WIDE RANGE OF MEASURES WHICH COMPARES VERY FAVOURABLY WITH THOSE ADOPTED BY OTHERS:

- WE SUBSCRIBE TO THE GLENEAGLES AGREEMENT DISCOURAGING SPORTING CONTACTS WITH SOUTH AFRICA.
- WE DO NOT SUPPLY ARMS OR PARA-MILITARY EQUIPMENT TO SOUTH AFRICA.
- WE DO NOT IMPORT ARMS OR PARA-MILITARY EQUIPMENT FROM SOUTH AFRICA.
- WE DO NOT CO-OPERATE WITH SOUTH AFRICA IN THE MILITARY SPHERE.
- WE HAVE RECALLED OUR MILITARY ATTACHES ACCREDITED TO SOUTH AFRICA AND WILL REFUSE TO GRANT ACCREDITATION TO NEW MILITARY ATTACHES FROM SOUTH AFRICA.
- WE DO NOT SELL SENSITIVE EQUIPMENT TO THE SOUTH AFRICAN POLICE AND ARMED FORCES.
- WE DO NOT COLLABORATE IN SOUTH AFRICA'S NUCLEAR DEVELOPMENT.
- WE DO NOT SELL OIL TO SOUTH AFRICA.
- WE DISCOURAGE SCIENTIFIC OR CULTURAL EVENTS EXCEPT WHERE THESE CONTRIBUTE TO THE ENDING OF APARTHEID OR HAVE NO POSSIBLE ROLE IN SUPPORTING IT.
- WE DO NOT HAVE OFFICIAL CONTACTS OR AGREEMENTS IN THE SECURITY SPHERE.
- WE HAVE BANNED ALL NEW GOVERNMENT LOANS TO THE SOUTH AFRICAN GOVERNMENT AND ITS AGENCIES.
- WE HAVE ENDED GOVERNMENT FUNDING FOR TRADE MISSIONS TO SOUTH AFRICA AND FOR TRADE FAIRS IN SOUTH AFRICA.
- WE HAVE BANNED THE IMPORT OF ALL GOLD COINS FROM SOUTH AFRICA.

UNCLASSIFIED

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(F) WHEN THE SECRETARY OF STATE VISITS SOUTH AFRICA HE WILL BE MAKING IT PLAIN THAT DIALOGUE CANNOT TAKE PLACE SO LONG AS THE RECOGNISED LEADERS OF THE BLACK COMMUNITY ARE DETAINED AND THEIR ORGANISATIONS PROSCRIBED. IN PARTICULAR HE WILL URGE THE SOUTH AFRICAN GOVERNMENT TO RELEASE NELSON MANDELA UNCONDITIONALLY.

4. SEE MIFGT.

HOWE

YYYY

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FOLLOWING FOR SAFD  
YOUR TEL NO 83: EC PRESIDENCY MISSION

1. YOU ASKED FOR AN OVER-VIEW OF RECENT REFORMS AND WHERE THEY LEAVE THE POSITION OF ORDINARY BLACKS:

(I) REFORMS: SOCIO-ECONOMIC

- REPEAL OF MIXED MARRIAGES AND PART OF IMMORALITY ACTS MAKES MULTI-RACIAL MARRIAGES LEGAL, BUT FEW PEOPLE BENEFIT AND LIMITATIONS REMAIN ON WHERE THEY CAN LIVE.
- ABOLITION OF PASS LAWS REPLACE HATED PASS BOOKS WITH NON-DISCRIMINATORY UNIFORM IDENTITY DOCUMENTS: ALL BLACKS BENEFIT.
- ABOLITION OF INFLUX CONTROL REMOVES FEAR OF ILLEGAL URBAN DWELLERS BEING RETURNED TO HOMELANDS AND OPENS WAY FOR ACCELERATED BLACK HOUSING DEVELOPMENT (MORE GOVERNMENT MONEY MADE AVAILABLE, THOUGH MORE LAND STILL NEEDED): HOWEVER LAWS AGAINST SQUATTERS TO BE TIGHTENED, BLACK LOCAL AUTHORITY POWERS IN THIS RESPECT ENHANCED, AND STILL UNCLEAR TO WHAT EXTENT ALREADY CONSIDERABLE INFLUX OF NEW SETTLERS INTO TOWNSHIPS WILL INCREASE.
- RESTORATION OF SOUTH AFRICAN CITIZENSHIP TO BLACKS WHO ARE CITIZENS OF INDEPENDENT HOMELANDS BUT BORN OR RESIDENT IN SOUTH AFRICA GIVES ADDED SECURITY TO URBAN DWELLERS FROM THOSE HOMELANDS: BUT FUTURE CITIZENSHIP RIGHTS OF REMAINING CITIZENS OF INDEPENDENT HOMELANDS REMAINS UNCERTAIN.
- FULL OWNERSHIP RIGHTS IN ALL TOWNSHIPS WILL BENEFIT MANY BLACKS, THOUGH 99-YEAR LEASES WERE ALREADY BECOMING AVAILABLE IN MOST AREAS.
- OPENING OF CENTRAL BUSINESS AREAS FOR NON-WHITES IN SEVERAL CITIES GIVES BETTER OPPORTUNITIES TO SOME BLACK BUSINESSMEN: AND OTHER MEASURES WILL ASSIST SMALL BUSINESSMEN WITHIN TOWNSHIPS.

(II) REFORMS: POLITICAL

- TRI-CAMERAL PARLIAMENT HAS GIVEN ASIANS AND COLOURED SLIGHT POLITICAL CLOUT, BUT RECENT ADOPTION OF NEW SECURITY LAWS AGAINST OPPOSITION OF ASIAN AND COLOURED REPRESENTATIVES HAS UNDERMINED SYSTEM'S ALREADY WEAK CREDIBILITY.
- NON-WHITES BROUGHT INTO PROVINCIAL GOVERNMENT FOR THE FIRST TIME (APPOINTED BY CENTRAL GOVERNMENT TO NEW PROVINCIAL EXECUTIVE COUNCILS): BUT WITH LIMITED AUTHORITY, AND EXCEPT IN NATAL OUTNUMBERED BY WHITES: RELUCTANCE OF BLACKS TO PARTICIPATE.

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- MOST BLACKS REJECT GOVERNMENT PLANS TO ESTABLISH REGIONAL SERVICES COUNCILS ON WHICH REPRESENTATIVES OF ETHNIC LOCAL COUNCILS ARE TO SERVE, INCLUDING RESTRUCTURED BLACK LOCAL AUTHORITIES.
- MULTIRACIAL POLITICAL PARTIES NO LONGER PROHIBITED.

(III) LAW AND ORDER

- TWENTY-TWO MONTHS OF BLACK TOWNSHIP UNREST IN ALL REGIONS, PARTICULARLY BAD IN WEST AND EAST CAPE AND THE RAND; GOVERNMENT STILL UNABLE TO SUPPRESS.
- TOUGH SECURITY MEASURES APPLIED FROM BEGINNING OF UNREST; STATE OF EMERGENCY IN CERTAIN AREAS JULY 85-MARCH 86 MADE LITTLE IMPACT.
- CURRENT STATE OF EMERGENCY IMPOSED COUNTRY-WIDE SINCE JUNE 12 WITH OVER 3,000 DETENTIONS AND MASSIVE SECURITY FORCE PRESENCE; FEWER UNREST INCIDENTS BUT BLACK DEATHS ABOUT THE SAME AS BEFORE EMERGENCY.
- INCREASING ANC GUERRILLA ATTACKS AGAINST "SOFT" WHITE TARGETS HAVE KILLED AND INJURED A NUMBER OF WHITE AND BLACK CIVILIANS.

POSITION OF BLACKS

- GOVERNMENT'S REFORMS HAVE ALLEVIATED SOME DEEPLY RESENTED CONTROLS AND IMPROVED SECURITY OF TENURE AND SCOPE FOR URBAN RESIDENCE AND EMPLOYMENT. MAIN BENEFICIARIES ARE URBAN BLACKS BUT COMPARATIVELY LITTLE FOR THE LARGER NUMBERS OF RURAL BLACKS IN SOUTH AFRICA AND THE HOMELANDS.
- GROUP AREAS AND SEPARATE AMENITIES ACTS REMAIN SO FAR UNTOUCHED, THOUGH UNDER STUDY. SEGREGATION IN HOUSING, SCHOOLS AND HOSPITALS STILL ENFORCED. ON THE BASIS OF LOCAL WHITE CHOICE, MANY PUBLIC FACILITIES, SUCH AS BUSES, RESTAURANTS, CINEMAS AND BEACHES REMAIN RACIALLY SEGREGATED, THOUGH THIS IS PROGRESSIVELY IMPROVING.
- POPULATION REGISTRATION ACT CONTINUES TO IDENTIFY BLACKS (AND OTHER PEOPLE) FOR PURPOSES OF IMPLEMENTING DISCRIMINATORY LEGISLATION.
- GOVERNMENT FINANCIAL PROVISION FOR BLACK EDUCATION, HEALTH, HOUSING ETC FAR LOWER THAN FOR WHITES, THOUGH RISING IN ABSOLUTE TERMS.
- BLACK MIDDLE-CLASS SIGNIFICANT AND GROWING (BLACK MILLIONAIRES EXIST). LIVING CONDITIONS FOR ORDINARY URBAN BLACKS VARY FROM REASONABLE TO APPALLING: HIGH UNEMPLOYMENT, CHILD MALNUTRITION AND GROSS OVERCROWDING ALL WIDESPREAD. BLACKS IN RURAL AREAS OF SOUTH AFRICA AND HOMELANDS ARE EVEN POORER.
- SO-CALLED "VOLUNTARY" REMOVALS CONTINUE.
- KWANDEBELE IS TO BE DECLARED INDEPENDENT.
- EVEN BEFORE UNREST, BLACKS SUFFERED CONSIDERABLE POLICE ABUSE AND FOUND LEGAL REDRESS DIFFICULT: MAGISTRATES COURTS FREQUENTLY BIASED AGAINST BLACKS. ON THE OTHER HAND SUPERIOR COURTS ARE REASONABLY OBJECTIVE AND SOME EVEN REFORMIST.
- SINCE UNREST ORDINARY BLACKS, PARTICULARLY IN TOWNSHIPS, HAVE BEEN SUBJECTED TO INTIMIDATION AND VIOLENCE BY POLICE, CONSERVATIVE VIGILANTES AND RADICAL "COMRADES" ALIKE.

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/CURRENT

- CURRENT STATE OF EMERGENCY HAS DRASTICALLY CURTAILED BASIC FREEDOMS AND JUDICIAL RECOURSE FOR BLACKS SUSPECTED OF OPPOSITION TO THE GOVERNMENT (AND THEIR WHITE SYMPATHISERS).
- BLACKS CONTINUE TO HAVE NO POLITICAL RIGHTS AT NATIONAL LEVEL AND FEW MEANINGFUL RIGHTS AT LOCAL LEVEL.
- RADICALS NO LONGER INTERESTED IN PARTIAL REFORM OF APARTHEID BUT IN TRANSFER OF POWER. THEY SEE NO HOPE OF ACHIEVING THIS FROM PRESENT GOVERNMENT. "SILENT MAJORITY" AMONG BLACKS SHARE SAME GOAL BUT MANY WOULD GIVE PRIORITY TO PEACE AND EMPLOYMENT.

FUTURE REFORMS

- NATIONAL PARTY CONGRESS (AUGUST 7/8 LIKELY TO ENDORSE PRINCIPLE OF POWER-SHARING AND ESTABLISHMENT OF A MULTI-RACIAL NATIONAL STATUTORY COUNCIL EMPOWERED TO RECOMMEND AMENDMENTS TO THE CONSTITUTION BRINGING BLACKS INTO DECISION-MAKING AT ALL LEVELS (BUT LEAVING OVERALL WHITE CONTROL).
- AMENDMENT OF GROUP AREAS ACT, REPEAL OR AMENDMENT OF SEPARATE AMENITIES ACT LIKELY.

MOBERLY

LIMITED  
SAFD  
CAFD  
PROTOCOL D  
NEWS D  
ECO (E)  
PUSD

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Prime Minister

Foreign and Commonwealth Office

London SW1A 2AH

This contains some of the information which you wanted - though not on detentions.

4 July 1986

Can Tim have a copy for me? I would like to keep heads for me

Here are some very good quotes in the Renwick book on sanctions. I have underlined them.

Dear Charles,

South Africa

CDP 4/7

Thank you for your letter of 30 June.

I enclose a note which deals with your first three questions: recent states of emergency in Commonwealth countries; Commonwealth one party states; and deaths caused by the security forces in Commonwealth countries. It shows that some Commonwealth countries, although by no means the majority, have a distinctly stained record.

Nonetheless, Sir Geoffrey Howe takes the view that we need to be very cautious in the public use we make of this information, particularly at the present time during his two visits to Southern Africa and the run up to the Commonwealth Review Meeting. He doubts whether we will further our objectives at the meeting by deploying this sort of information and hopes that it can therefore be regarded strictly as background material.

As regards sanctions, I enclose the concluding chapter of Robin Renwick's book "Economic Sanctions" published in 1981. His conclusions are that the arguments are by no means clear cut; he emphasises the importance of not expecting too much from a sanctions policy, but suggests that they have had some impact on occasions. In opposing sanctions it has of course been part of our policy to point out their ineffectiveness by reference to eg Rhodesia. Nevertheless the present government has imposed various forms of trade sanction four times during its term of office - Poland, Iran, Afghanistan and Argentina, as well as the recent limited measures against Libya. Too absolutist a line on the general ineffectiveness of sanctions per se can therefore land us in difficulty in explaining why we decided to apply them on previous occasions. So too with South Africa, where we already have a number of economic measures in place and have agreed to the making of contingency plans for more.

[Actually, it comes out heavily against sanctions as an effective weapon]

Yours ever,  
Colin Budd

(C R Budd)  
Private Secretary

C D Powell Esq  
10 Downing Street

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SOUTH AFRICA AND THE COMMONWEALTH

1. Commonwealth countries with recent states of emergency

ZIMBABWE: Continuously since Rhodesian UDI in November 1965,  
renewed annually every six months.

KENYA: Since June 1966 a Presidential Order (Section 25 of the  
Constitution) permits detention without trial. Has been renewed  
annually.

THE GAMBIA: From 1981-85 after an abortive coup.

INDIA: 1975-77 (declared by Mrs Gandhi)

SRI LANKA: In Northern and Eastern (Tamil-majority) provinces.  
Various emergency regulations in force since intercommunal rioting  
erupted in 1985.

BANGLADESH: Martial law since 1982

BRUNEI: State of emergency since 1963 revolt

2. Commonwealth One Party States

KENYA: Presidential candidates from the single party have been  
returned unopposed.

SIERRA LEONE, TANZANIA, ZAMBIA: Democratic in that the President  
has to obtain the support of the majority of voters to be declared  
elected.

MALAWI, SEYCHELLES

3. Significant deaths resulting from clashes between the security  
forces and the local population

NIGERIA: 6,500 deaths from 1980-85 in attempts by the Nigerian  
armed forces and police to eradicate members of the fanatical  
Maitatsine religious sect. About 1,000 deaths January-September  
1983 in disturbances arising from presidential and legislative  
elections.

ZIMBABWE: Anti-dissident operations in Northern and Southern  
Matabeleland between December 1982 and spring 1984 led to in excess  
of 1,000 civilian deaths.

UGANDA: Government action against the National Resistance Army  
(NRA) from 1980 until January 1986 (when the NRA defeated the  
government forces) led to about 150,000 deaths, mostly civilians.

/BANGLADESH:



**BANGLADESH:** Frequent significant civilian fatalities since war of independence in 1971.

**INDIA:** Significant fatalities on several occasions, although most of the recent incidents which have been widely reported have stemmed from intercommunal violence and have not involved the security forces to a significant extent. Operation Blue Star (the clearing of the Golden Temple) in 1984 led to over 600 civilian casualties.

**SRI LANKA:** Significant numbers of deaths resulting from Tamil/Sinhalese racial conflict since 1983.

## 6

## CONCLUSIONS

There is an obvious difficulty in attempting any precise estimate of the effects of sanctions. It is impossible to isolate them from other factors or to judge with any confidence what might have happened if they had not been imposed. It is, however, possible to arrive at certain general conclusions. It is often argued, for instance, that "sanctions have no effect." Yet it is clear that in the main cases considered in this study sanctions did have considerable economic effects. Sanctions against Italy in 1935-36 caused a sharp fall in the value of exports and a severe cutback in imports. Italy's gold and foreign exchange reserves fell rapidly in the short period (eight months) in which they were in force. For Cuba the loss of the United States market for sugar was to a large extent offset by Soviet purchases. But Cuba did suffer in the early years from the loss of U.S. supplies of plant and machinery. U.S. sanctions against Cuba increased the costs to the Soviet Union of support for the Cuban economy.

Rhodesia represents the most ambitious attempt at sanctions enforcement and the only case in which comprehensive mandatory sanctions have been imposed under the appropriate provisions of the U.N. Charter. There can be no doubt that sanctions had a significant economic effect, causing a severe loss of export earnings and foreign exchange difficulties and acting as a constant brake on economic growth. Their effects were very clearly described by Mr. Smith, who was normally in the habit of dismissing them as no more than a "nuisance," in the Rhodesian Parliament in April 1973:

The imposition of sanctions created many trading problems for us. We find that we are compelled to export at a discount and import at a premium. The result is that we lose out on both transactions. This has the effect of reducing profit margins internally and at the national level it has an adverse effect on our balance of payments and foreign reserves . . . because our foreign reserves are depleted artificially, our natural development is prejudiced. This clearly has a serious inhibiting effect on the creation of job opportunities.

Rhodesia, however, continued to be able to obtain essential imports and to find markets for its exports. The economy was diversified and sustained economic growth was achieved throughout most of the first decade of sanctions enforcement. The subsequent difficulties owed far more to the world economic recession and, increasingly, to the war than to sanctions.

Rhodesia would not have been able to withstand sanctions but for the non-participation of South Africa, leaving a huge gap in their application. It is possible to envisage circumstances in which sanctions might be universally applied against an "offending" country. In that event their efficacy would depend on the degree of self-sufficiency of the target country. The Rhodesian case, however, is the one in which, to date, sanctions have been applied with the *widest* international support. Partial sanctions enforcement has so far been the rule rather than the exception. Given the opportunities for fraud and evasion and the fact that for the "target" country this becomes a matter of survival, it has proved difficult to conceive of fully effective sanctions enforcement without recourse to a blockade or equivalent measures to isolate the country to which they are applied.

The difficulty of predicting the effects of economic pressures has been demonstrated in a number of cases. In the Abyssinian crisis the British Cabinet concluded that it was "impossible to say whether an oil embargo would be effective until it was tried."<sup>1</sup> Exaggerated expectations were entertained as to the economic effects of sanctions against Rhodesia and in other instances. As in the conviction of the German naval strategists in 1917 that Britain would be obliged to sue for peace if a certain proportion of her external trade were extinguished, the origin of most of the mistaken or overconfident forecasts of the effects of sanctions has lain in the static nature of the

assessment. It was imagined, for instance, that if all the major importing countries agreed to a formal embargo on Rhodesian tobacco exports, Rhodesia actually would lose virtually all the earnings from those exports (which did not prove to be the case); and that Rhodesia could hardly withstand the loss of one-third of her external trade, which also did not prove to be the case. Any such assessments must make a large and, of necessity, unquantifiable allowance for the redirection of trade, leakages, disguised exports, and so forth. Such estimates have also been vitiated by the tendency, ignoring political factors, consistently to underestimate the strength of the resistance the imposition of sanctions—or other economic pressures—is liable to bring forth. The German experience in two World Wars demonstrates the ability of a sufficiently resilient economy—even one which, normally, is highly dependent on imports—to withstand an economic siege. Certain raw materials, especially minerals, which were regarded as indispensable turned out not to be so. Remarkable success in eking out scarce supplies was achieved by the reduction of consumption and substitution. In the Rhodesian case import dependence was reduced by the rapid development of manufacturing industry.

The implementation of sanctions is beset by many difficulties, described in the preceding chapters. It requires a complex administrative apparatus. It frequently is hard to reconcile the conflicting requirements of—or pressures on—the various departments of government (foreign affairs, commerce, treasury, agriculture, customs, etc.) to say nothing of the central banks and other agencies involved. The administration of financial sanctions is of itself a matter of great complexity. In the operation of any embargo difficulties of interpretation and demands for exceptions on humanitarian or other grounds invariably arise, necessitating a series of difficult and, frequently, controversial consequential decisions. Much greater bureaucratic tenacity is required in the pursuit of breaches than most governments are prepared to devote to such a purpose; and this kind of persistence, particularly in dealings with other governments involved, is liable to create considerable friction. There is a tendency to assume that all countries have a governmental apparatus which is actually capable of enforcing sanctions and that, having voted for sanctions, all countries will take the necessary legislative and sustained administrative action required to bring them into effect. This has not so far proved to be the case. In the case of many coun-

tries which do have the necessary apparatus, serious difficulty is liable to arise over the burden of proof. The governments of most countries will be reluctant to prosecute companies unless they are reasonably certain of securing a conviction. At times the juridical complexities may simply be used to resist demands from other governments for the more rigorous enforcement of sanctions. Frequently, however, the difficulties are genuine. In the great majority of breaches of sanctions, particularly those involving indirect trade, documentary or other positive proofs are unlikely to be obtained.

Some though not all of these difficulties of enforcement can be overcome if sufficient political will exists to make sanctions effective. Their observance depends to a large extent on the vigor with which governments are prepared to follow up suspected breaches by persons and companies within their jurisdiction. The energy with which national governments proceed to enforce sanctions, however, has tended to depend on their own direct interest in the case. Sanctions against Iran were much more rigorously enforced by the United States and sanctions against Rhodesia—despite the oil leakages—were more strictly applied by Britain than by most other countries. It has proved difficult to conceive of a case in which sanctions are enforced with equal zeal by all the major trading partners of the target country. The unevenness of their implementation rapidly increases pressures on governments which are enforcing them to adopt a more liberal interpretation to avoid forgoing important commercial opportunities. The effectiveness of sanctions and their enforcement depend crucially also on the extent of national support for the sanctions policy. The U.S. Administration has experienced relatively little difficulty in enforcing the embargoes on trade with North Korea, Cuba, Iran, or Vietnam. Sanctions against Rhodesia commanded much less support, particularly among the business community, in the United States as in Europe. In the Rhodesian case publicity became a major factor in sanctions enforcement. Reputable companies were concerned to avoid any suggestion that they were in breach of the law. Companies with important commercial interests elsewhere in Africa were increasingly concerned about the effect on these of non-compliance.

A characteristic of attempts to organize economic denial is the rapid redirection of trade around whatever obstacles are interposed. Undertakings by countries not applying sanctions to hold trade to “normal” levels have tended to prove of limited real effect and to be

subject to very elastic interpretation. The U.S. "moral embargo" against Italy was largely ineffective. Neutral trade posed a major problem in both World Wars. Rhodesia was able to secure virtually all the imports it required by indirect trade. When from October 1973 the Arab countries sought to exploit the "oil weapon," the sudden increase in oil prices and, for a time, the cutbacks in production had dramatic effects on the world economy; but the actual embargoes imposed on deliveries to the United States and the Netherlands were short-circuited by the redirection of supplies. A similar phenomenon was evident in the case of the partial grain embargo imposed by the United States in response to the Soviet intervention in Afghanistan.<sup>2</sup> The effects were diminished by increased Soviet imports from other sources—though it was not possible to make up the entire shortfall and alternative supplies did entail some additional costs.

Sanctions almost invariably result in increased state intervention in the economy to which they are applied as governments introduce or intensify import and other controls to mitigate their effects. Embargoes on imports from a target country, except in the case of scarce commodities (e.g., certain minerals), have tended to be more effective than prohibitions on exports to them as a natural function of the intense competition for export markets. The embargoes on exports to both Italy and Rhodesia were largely ineffective; but the embargoes on their exports did substantially reduce their capacity to earn the foreign exchange needed to finance imports. Disinvestment—as distinct from the prevention of new investment—has proved virtually impossible to realize. For existing investment is to a large extent captive. Attempts to remove it on any substantial scale can be—and have been—relatively easily defeated by the imposition of exchange and other controls.

The initially attractive theory of the graduated application of sanctions, involving the progressive extension of embargoes in the absence of a satisfactory response, failed to take adequate account of the fact that the progressive application of sanctions allows more time for the target economy to adapt; while the real difficulty has been that of making even a comprehensive embargo sufficiently effective to produce tangible results. Selective sanctions are complex and difficult to operate, being liable to give rise to serious difficulties of interpretation, both within and between governments, as to what trade is permitted and what is not. Their effectiveness has

tended to depend on the extent to which they are concentrated on particularly vulnerable export products, i.e., those for which alternative sources of supply are readily available, as in the case of Rhodesian tobacco; or in areas, such as weapons and high technology, where the embargoed items already are subject to stringent national measures of export control.

One of the most serious problems in the application of sanctions has been the very long time required for them to take effect. The estimates of economic experts, the British government noted in the Abyssinian crisis, were "apt to work out more slowly than they anticipated."<sup>3</sup> If governments are prepared to show sufficient determination in the matter, exports to and imports from a target country can be interrupted rapidly. But this is liable greatly to increase the costs to the country applying them. If existing sales or contracts are exempted it may take many months, as it did in the application of sanctions by most countries against Rhodesia and Iran, for trade flows to diminish. Trade with Italy in 1935-36 fell off more quickly in part because the lead times for most international transactions in the 1930s were much shorter than they are today. In the case of Cuba as in that of Rhodesia it took two to three years for sanctions to have their maximum effect. Thereafter the pressure exerted by them tended to diminish as the necessary processes of adaptation took place. The fact that the impact of sanctions can only be gradual and cumulative allows time to organize their evasion and, in almost every case, has created acute problems in relation to the political expectations that they will somehow yield quicker and more obvious results.

There is always a cost attached to sanctions. They are liable to inflict considerable economic damage on those applying them, as well as on those to whom they are applied. It is not only business interests which are liable to suffer. The loss of important raw materials, especially minerals, and of export opportunities is a source of great concern to the governments of major trading nations. Especially in a time of recession, particular concern is likely to be felt about the effects on employment. At times, however, in parallel with a disposition to exaggerate the effects of sanctions on the target country, there has been a tendency similarly to exaggerate the costs or other difficulties to those applying them. In the case of neighboring countries these are liable to be very significant; in other cases often much less so. As the German experience indicates it is not in general the

case, for instance, that scarce minerals are irreplaceable. It is more often the case that they can be obtained elsewhere, or substituted; but in general at a substantially increased cost.

Nor does the loss of export opportunities always turn out to be as significant — or as absolute — as is feared. In 1935-36 the British government was concerned about the effect of the loss of coal exports to Italy on an already hard-hit industry. The President of the Board of Trade convinced himself that "irreparable" harm was being done to British trade. Italy, however, accounted for less than three percent of Britain's exports which, overall, did not decline in the sanctions period. In the case of Rhodesia, the phenomenon of indirect trade significantly reduced the real loss of exports to most of the major exporting countries — though Britain suffered particular damage in a market which, hitherto, it had dominated. Despite the partial embargo on the sale of grain to the Soviet Union, partly as a result of the redirection of trade, U.S. grain exports overall increased substantially in the period in which the embargo was in force. A significant problem, however, has proved to be the unevenness of the impact of sanctions on business and other interests in the country applying them. It has rarely proved possible to compensate enterprises affected by sanctions for the loss of trade resulting from them. Such action, apart from its potential costs, is liable to be both controversial and litigious, giving rise to a host of conflicting claims.

Far too little attention has been paid to the effects of sanctions on neighboring countries. These may be no less severe than the impact on the "target" country. Under Article 16 of the League of Nations Covenant member states undertook to assist each other to minimize the loss and disruption liable to result from the application of sanctions. A proposal adopted by the League Council envisaged attempting to compensate states particularly affected by the loss of Italian supplies or markets by increased imports by or exports from other member states. Of Italy's neighbors, Austria and Switzerland did not apply sanctions, while the results of the attempt to organize assistance for Yugoslavia were extremely meager. So far as military measures were concerned, the British government was conscious throughout the crisis that, if it resulted in a war, "mutual support" would not necessarily be forthcoming from other League members.

Similar problems arose in a much more acute form in the case of Rhodesia. Article 50 of the U.N. Charter provides that states confronted by special economic problems arising from the implementa-

tion of Security Council measures shall have the right to consult with the Security Council about a solution to those problems. It was recognized that Botswana, Swaziland, and Lesotho would not be able to apply sanctions against Rhodesia. Nor, initially, was Zambia able to do so. The economies of the two countries had been closely linked in the Central African Federation; and Zambia depended on Rhodesia Railways for much of its export and import trade. The decision to apply oil sanctions against Rhodesia necessitated an air lift of oil supplies to Zambia until alternative routes could be established. Security Council Resolution 253 of 29 May 1968 imposing comprehensive mandatory sanctions called for assistance to Zambia to help solve her special problems in carrying out the Security Council decision. These were serious. The Zambian government stated at the time that as a result of the Rhodesian crisis it had already incurred costs amounting to US \$241 million, of which \$46 million had been met by Britain. Mr. Smith was to claim that his opponents were prepared to fight "to the last Zambian." In 1976 U.N. officials estimated that the closing of the border with Rhodesia in 1973 had cost Zambia about \$450 million. President Kaunda commented that the international community had been "more generous with moral than with material support." China had made a major contribution to reducing Zambia's dependence on Rhodesian routes with the building of the rail link to Tanzania. By 1978, however, Zambia was forced by bottlenecks on that route to resume exports and imports via Rhodesia. The experience of Mozambique following the border closure in 1976 was to demonstrate no less clearly that the limited amount of additional economic assistance received could in no way compensate for the economic disruption caused by the loss of cross-border and transit trade.

By no means the least of the difficulties attending the application of sanctions has been the problem of terminating them. For it frequently is the case when sanctions are imposed that inadequate attention is given to the circumstances in which it is envisaged that they should be lifted. In the case of Italy, the League of Nations got the worst of all possible worlds. The sanctions imposed were insufficiently rigorous to exert real pressure except on an extended time-scale; yet they were in force for only eight months. They were imposed in order to deter aggression. They were removed not because the aggression had been terminated, but because it had been successful. When sanctions have been imposed on a national or "volun-

tary" basis, the problem of their termination has related mainly to the political difficulties of withdrawing from a position once adopted or admitting that the expectations attached to a policy have not been fulfilled. Particularly if a sanctions policy has been adopted primarily or even partly to impress opinion in third countries the costs of abandoning it may be considerable, irrespective of the impact on the "target" country. Embargoes often are maintained primarily for historical reasons. It is quite possible for a government to find itself continuing to apply sanctions when circumstances have changed and it may itself no longer have much faith in the policy on the basis of which they were imposed.

So far as sanctions under general international auspices are concerned, the initial attempt under Article 16 of the League Covenant to impose an automatic obligation on member states to apply sanctions was unrealistic. The effect of the interpretative resolutions passed in 1921 was to mean that sanctions were decided by majority vote in the League Council and applied by those member states who supported them. There was no binding obligation on other League members to follow suit. Sanctions could be and were terminated by majority vote. The position is different under the U.N. Charter. If a determination is made under Article 39 of the Charter (as it was in the Rhodesian case) that a threat to the peace exists, resolutions may be passed which impose legally binding obligations on the member states—though such obligations in some cases have been disregarded with impunity.

This framework for the application of sanctions has given rise to different problems. A Security Council resolution requires the assent or at least the acquiescence of all five permanent members of the Council. Collective action under the mandatory provisions of the Charter is not, therefore, feasible in any circumstances in which one of them is the aggressor. In the Rhodesian case, particular difficulty arose from the fact that most of the British sanctions orders were subject to annual parliamentary renewal, while the mandatory sanctions imposed under U.N. auspices were open-ended. Most member states took the view that the *removal* of sanctions required a fresh affirmative resolution from the Security Council. This would have given any permanent member a potential veto over the terms of a settlement. The British government thus found itself in the unenviable position of having to secure annual approval in its own Parliament for the renewal of sanctions (and this in some years was no

easy task), but having no certainty that the United Nations would terminate them in the event of a settlement the British Parliament considered satisfactory.

Sanctions are liable to have perverse effects, both political and economic. The effect of sanctions on the target economy may turn out to be by no means wholly prejudicial. In the case of Italy, the loss of exports was accompanied by a cutback in imports which actually resulted in an *improvement* in the trade balance. Financial sanctions proved to be a two-edged weapon. Italy's large debt rendered creditors anxious to avoid a default. The interruption of remittances to companies abroad helped the balance of payments in the short term. Similarly, the interruption of remittances had a beneficial effect on the Rhodesian balance of payments and helped to create sufficient liquidity in the Rhodesian banking system to enable credit to be made readily available for the diversification of industry and agriculture. These benefits were obtained at serious long-term costs in terms of the loss of foreign investment (but investment was still forthcoming from South Africa).

Of much greater significance was the diversification of the economy and greatly increased self-reliance which resulted from sanctions. In the decade from 1965 to 1975 the Rhodesian economy was transformed from virtually total dependence on the importation of manufactured goods in exchange for raw materials to a remarkable degree of self-sufficiency in most areas except oil and industrial plant and machinery. The successes in moving into or expanding the production of ferrochrome, refined steel products, railroad cars, consumer goods and so forth, were a product of local ingenuity and enterprise, under the stimulus of sanctions. The German economy responded to a much sharper economic siege in two World Wars with remarkable advances in synthetic production and innovations in the use of ferro-alloys in reinforcing steel.

Sanctions frequently—one might almost say, generally—are decided in large measure as a consequence of the lack of feasible alternatives. In the case of Iran, as in that of Rhodesia, they represented an attempt to achieve some external influence on the situation. In both instances an attempt was being made to achieve a real result. In virtually all the cases in which sanctions have been applied, however, the purpose has also been *demonstrative*. In a good many instances the demonstration of disapproval appears to have been the main purpose of applying sanctions. For in some of the more partial

cases it can scarcely have been supposed that they would have much effect on the target country. The use of sanctions for demonstrative purposes rests on the conception that they are a way of "signalling" to the target country and, no less important, to other countries a government's position in relation to some manifestation of international—or internal—misconduct. There are international circumstances in which it may appear wholly inadequate for a government to confine itself to inveighing rhetorically against the conduct of another state and when it may consider it essential to demonstrate its disapproval by action as well as words, even at the cost of some damage to its own country's interests—the acceptance of such damage in itself indicating its determination. Such an attitude may also be intended to indicate the resistance further action of the kind is likely to encounter. The economic measures decided by the United States in response to the Soviet military intervention in Afghanistan were intended *inter alia* to serve this purpose.

Even if sanctions fail to make the target country comply, they may well serve a purpose which is useful in the eyes of those applying them. A government may consider sanctions useful if they serve to "declare its position to internal and external publics or [help] to win support at home or abroad."<sup>4</sup> It certainly is the case that sanctions policies often have been decided on this basis. The most important argument in favor of such a policy may be the desire to maintain or improve relations with third countries; or to impress domestic opinion. But the idea that sanctions may serve as a useful instrument of policy *irrespective of their impact on the target country* gives rise to certain obvious difficulties. *Vis-à-vis* the target country, the application of sanctions is liable to be incompatible with attempts to influence its policies by "persuasive" action (diplomatic *démarches* and so forth). Expectations often are entertained that it will somehow be possible to do both. This is likely to be the case only to the extent that sufficient real pressure is exerted to give the target regime a serious incentive to negotiate. Token or "mild" sanctions are liable to produce a reverse political effect, while enabling the government to which they are applied in turn to demonstrate that it can withstand them. Once it is apparent that such action is producing little effect on the target, those the demonstration is intended to convince may no longer be particularly impressed by it.

Considerable hopes have been placed on the *threat* of sanctions as

a way of inducing a country to alter its behavior. Sanctions do have an economic effect: obviously, therefore, any government has an interest in avoiding them if it can. The possibility—or likelihood—of the imposition of sanctions can have some deterrent effect by increasing the potential costs of a given course of action. The threat of sanctions did not, however, deter Mussolini from invading Abyssinia or Mr. Smith and his colleagues from their unilateral declaration of independence. In political terms, it is the latent or implicit rather than the explicit threat of sanctions which is likely to be most effective. For once a direct threat is made that sanctions will follow unless a certain course of action is adopted, the *amour propre*—and possibly even the political survival—of the "receiving" government will be at stake; and it will be liable to take its chance with the economic penalties rather than face the political humiliation of having to capitulate to external pressures. This will particularly be the case if the government concerned feels that its survival—or that of "the system"—will in any event be at stake if it *does* comply.

Sanctions were conceived as a means of resisting aggression without the need for resort to the use of force. Their main attraction has been as a way of exerting pressure on a recalcitrant power without causing excessive risks to the country applying them. There are times when sanctions may distract attention from other and more effective ways of achieving the desired result (e.g., the closure of the Suez Canal to Italian troop ships en route to Abyssinia). A blockade is a more effective form of sanctions policy, but one which offers a much greater risk of precipitating a conflict. While sanctions have not proved an effective instrument in terms of resisting aggression, they do have the virtue of offering an alternative to military action and, at times, of affording a government a means of containing pressures to embark on some much riskier course. Since sanctions do have a punitive effect, they can impose some penalty on international misconduct, though they are unlikely of themselves to bring it to an end. While sanctions, in this perspective, may often appear an attractive option, those governments which have sought to achieve a real impact on the target country—as distinct from purely "demonstrative" effects—have found that the problem of escalation may take other forms, as over whether to apply oil sanctions against Italy or to extend sanctions against Rhodesia to the whole of southern Africa. The imposition of sanctions is liable to lead to the dilemma

of accepting either that they are going to be relatively ineffective, or the necessity of taking further and more difficult steps in an attempt to improve their effectiveness.

Sanctions in practice, though not always in intention, are an application of the principle of collective guilt, or at least collective punishment. External pressures, at least initially, may tend to promote social and political cohesion, rather than dissent. In increasing the sense of isolation of the society to which they are applied, they may not render it more amenable to external influence. In terms of incentive, it is not sufficient that sanctions are perceived as a penalty, or at any rate a nuisance. Alternative courses of action must also be perceived as lesser evils.<sup>5</sup>

The Rhodesian case exhibits all the difficulties which the international enforcement of economic sanctions may be expected to encounter; yet astonishment is still expressed when the same difficulties are encountered in other cases. The political effects which had been hoped for never materialized. Through the various attempts to negotiate with Mr. Smith in the early years, one factor remained constant: he was prepared to agree to majority rule, but only on condition it was deferred to the Greek kalends. The regime in this period was not brought progressively to modify its position—not because it was not suffering economic penalties, but because it was prepared to accept those penalties rather than agree to its own disappearance. It was all the easier for it to do so because, as yet, few of its supporters were having to make real sacrifices—yet support for it was maintained when, later, they were obliged to do so and indeed to risk their lives, and those of their families, for its survival.

Nor did sanctions succeed in encouraging the development of opposition within the white community. There was a failure to appreciate that no one was going to stand by and see the collapse of his business and personal fortunes. A third of the white electorate had consistently voted against the Rhodesian Front and they continued to do so; but there was no sign that their numbers were increasing. Sanctions did tend to place other elements of society in the same position as active supporters of the regime: most of those who had their homes and fortunes in the country found themselves engaged in their evasion. The regime in turn sought to create and exploit a siege mentality to silence or discredit its critics. The various pressure groups which had been expected to have an influence—the business

community or the farmers' leaders—seemed unable to make that influence felt. In terms of weakening internal support for the regime among the white electorate, sanctions were totally ineffective. A similar phenomenon has been noted in the cases of Italy and Cuba. It is important to note, however, as the counterpart of this paradox, the finding of the Pearce Commission that in Rhodesia the continuance of sanctions was supported by African opinion despite the effects on African standards of living.

Sanctions have been defined as the "penalty imposed to secure obedience to a law." Their purpose is to exert influence on the target country—to get them to "change their mind."<sup>6</sup> The theory of sanctions rests on the assumption that if subjected to economic penalties a nation will, as a matter of self-interest, change its conduct. The idea of an automatic correlation between economic deprivation and the loss of the political will to resist is, to say the least, questionable. The theory depends on the notion that people's income can be threatened rather like their lives. In the first place this is not easy to achieve; in the second, it may not produce the desired political result. It may be possible, as happened to some extent in the case of Rhodesia, to transfer the economic penalties to others; and the reaction to economic or other pressures depends on the character of the society to which they are applied. Such pressures are always liable to have the opposite effect. For the Europeans in Rhodesia, compliance meant majority rule. This they saw as a greater threat, not just to their economic well-being, but to their way of life.

The lack of correlation between their economic and political effects is the most serious of all the problems attached to sanctions policies. In discussion of the efficacy of sanctions, however, there is an alternative theory no less doctrinaire than that on which the theology of sanctions originally was based. *The idea that sanctions have no effect, impose no penalty, or that their avoidance (or termination) offers no incentive, is contrary to the evidence, as it is to common sense.* Financial sanctions did have some effect in the Iranian and other cases. Sanctions against Rhodesia did exert some pressure for a negotiated solution, though the pressure was never irresistible and they did so at the considerable political cost of tending to consolidate rather than diminish white support for the regime. In the final phase their premature removal would have encouraged resistance to a wider settlement. They had perverse effects on the Rhodesian economy, encouraging self-reliance and diversification. But



their overall effect was to limit its expansion and in the long run to weaken the regime to which they were applied.

Despite the limited and uncertain results so far achieved from sanctions policies, the possibility of recourse to collective economic measures—with varying degrees of international support—remains an important factor in international relations and will continue to do so. The attempt to deny military or economically strategic materials or technology to a potential adversary is and will remain the most widely practiced form of embargo. The export of such items normally is already subject to effective national measures of control and it has proved possible to achieve systems of denial in this area which have been effective not so much in preventing as in slowing down transfers or technological “catching up.” Any government faced with acts of outright hostility or the arbitrary expropriation of assets is likely to react by interrupting economic relations with the country concerned.

Even when their interests are not directly threatened there will continue to be circumstances in which governments will feel it necessary to declare their position by something more than words alone. The traditional method of breaking off diplomatic relations has been found in many respects to be the least effective sanction of all. It inflicts no real penalty on the target country and deprives the initiating government of a flow of first-hand information and the most effective channel of communication. The British government in 1965 did hope that sanctions against Rhodesia would bring about political change. But it also faced the prospect that, if no action were taken, this would increase the damage to Britain's position in other parts of the world. It was concerned at the possibilities the Rhodesian crisis offered for exploitation by the Soviet Union.\* It did not consider that it could afford simply to acquiesce or appear to be acquiescing in what had happened. The imposition of sanctions was intended *inter alia* to declare its position on the fundamental question of racial equality. The decision of the European governments to join in sanctions against Iran, despite uncertainty as to their probable effects, was intended essentially as a declaration of solidarity with the United States over the question of the hostages.

\*With Mr. Wilson speaking in the House of Commons of a “struggle for the soul of Africa” (12 November 1965).

Sanctions have been described as a “romantic delusion . . . Where military power is not employed and the enforcement of an embargo depends merely on the agreement of nations—whether or not expressed in a U.N. resolution—the result will more likely be annoyance than hardship.”<sup>7</sup> It certainly is the case that, to date, they have very rarely succeeded in producing the desired result. Much confusion has arisen from the overambitious expectations attached to them and the fact that in many of the cases in which they have been imposed for “demonstrative” purposes, they have succeeded only in demonstrating their ineffectiveness. Still greater harm has been done by the imposition of sanctions in circumstances in which they were never really intended to be effective—as was the case, for some of the participants at least, with sanctions against Italy in the Abyssinian crisis. In the Rhodesian case it is at least arguable that they did more damage to the neighboring countries than to the one to which they were applied.

Sanctions were conceived in piety as a bloodless substitute for war—and, it was hoped, an effective one. If applied with sufficient determination, economic sanctions can and do produce *economic* effects. They may increase the self-reliance of the target country. They can also serve to render the attainment of economic objectives more difficult for it—to act as a brake on economic growth. One of the most serious flaws in sanctions policies has been reliance on the theory that they can be depended upon, beyond that, to have a *corrective* effect—to bring about the desired political changes. The avoidance of future fiascoes will depend *inter alia* on a much clearer understanding of the limitations of sanctions policies—and of why governments are likely to continue to find it difficult to do without them. On one level there is the indirect benefit of helping to contain domestic pressures to take some more drastic action vis-à-vis the country concerned; on another the continuing conviction that sanctions can help to demonstrate that certain types of conduct, if repeated or continued, will encounter real resistance, not merely verbal indignation.

The purpose of sanctions was conceived initially as being either preventive or remedial. Their main effect, however, has invariably been *punitive*. There are international circumstances in which it may become necessary to take some punitive action, falling short of the use of force, either to weaken the regime to which sanctions are applied or, by penalizing it for one undesirable action, to try to

deter it from further action of that kind. Given the fact that they do have a punitive effect the possibility that economic penalties will be imposed is a factor it is desirable to maintain in the calculations of a government apparently bent on acting in defiance of international law. To abandon altogether the idea of recourse to sanctions in response to acts of aggression or other flagrant violations of international law or human rights would be to reduce the choice of response to one between military action and acquiescence—an unattractive choice at the best of times and particularly so in a nuclear age. In cases in which “real” sanctions are applied, provided (a) they affect a significant proportion of the target country’s external trade (or external finance); and (b) there is sufficient international support, they can impose some penalty on the target country. They may have some deterrent effect, though they are not likely to do so if the regime believes its survival in any event to be at stake. Once applied they may, if sufficiently effective, weaken the target regime; but they will not necessarily change its behavior.

The purpose of this study is to suggest that, when consideration is given to the use of the “economic weapon,” greater attention should be paid to the effects this is likely to have on the target country. Exaggerated expectations should not be entertained as to the likely economic effects, or the time-scale on which these may be felt; still less as to the probable political results. The possibility of recourse to sanctions is liable to be more effective as a means of pressure than their implementation. The threat of the imposition of sanctions may increase bargaining power with the government concerned, though it may do so in circumstances in which it becomes difficult for either side to give way. Minor or petty sanctions are virtually certain to produce a reverse political effect without exerting any real pressure. On the occasions on which it is thought right to have recourse to sanctions, it will be as well to do so without illusions. A sanctions policy should never be based on the initial fallacy, which was the supposition that it would prove possible to deter aggression or otherwise to change fundamentally the political conduct of states by the threat of economic penalties alone. The implementation of sanctions is essentially punitive, the effect—if there is sufficient international support—being to weaken the country to which they are applied. There are international circumstances in which this may be a necessary action to take. More ambitious claims should not be made for a sanctions policy.



PRIME MINISTER'S MEETING WITH PRIME MINISTER OF CANADA: 13 JULY 1986

Trade and Investment

Our objectives

- (a) underline UK interest in outcome of Allied Lyons' takeover bid for Hiram Walker.
- (b) express strong hope that legislation to reform the Canadian Patent Act as it applies to pharmaceuticals will be tabled early in next Canadian parliamentary session.
- (c) stress UK concerns over effect on UK exporters of books, tea bags and computer parts of Canada's recent tariff measures against the US.

Arguments

- (a) Interested in Investment Canada's appraisal of Allied Lyons' takeover for Hiram Walker; hope their decision will be made soon; it would be wrong to oppose sale because Allied Lyons is UK company.
- (b) current pharmaceuticals licensing system abuses intellectual property rights. 4 % royalties an inadequate contribution to the R & D costs of companies with patents on prescription drugs. Welcome Minister Côté's intention to propose legislative reform: soon please.
- (c) Canadian trade retaliation against US will cost legitimate UK exporters to Canada some £3m pa. Unfair. Tea bags especially so: UK much larger exporter to Canada than is US. UK discussing appropriate response with EC partners - risk of retaliation against Canada.

Canadian objectives

- (a) Reassure Prime Minister that Investment Canada will soon issue decision on Allied Lyons/Hiram Walker, but note that foreign takeovers are politically sensitive in Canada.
- (b) Note that reform proposals on pharmaceutical licensing ready to be tabled, but explain this is a sensitive domestic issue.



- (c) Explain that swift Canadian response to US measures was necessary, and will continue to be so whilst US tariff on cedar products remains; few product areas open to Canada for retaliation; tariff on tea bags will not bite on UK until 1 January 1987 and US may have modified cedar tariff by then. Canadian measure compatible with GATT.

#### Our response

- (a) Allied Lyons/Hiram Walker takeover makes good commercial sense, good for Canada; political interference with takeovers will hamper Canadian attempts to increase inward investment.
- (b) long delay already in introducing proposals for reform of pharmaceutical licensing.
- (c) Canadian tariffs will significantly affect UK exporters. Not good enough to hide behind GATT. Pressure for appropriate UK/EC response will grow.

#### Press line

- (a) none.
- (b) Prime Minister stressed her hope that legislative proposals to reform Canadian Pharmaceuticals law would be brought forward as early as possible in the next session.
- (c) Prime Minister raised UK concerns over the effect on UK exports of books, computer parts and tea bags of tariff measures recently introduced by Canada in response to the imposition by the US of a 35% duty on Canadian cedar "shakes and shingles".



PRIME MINISTER'S MEETING WITH CANADIAN PRIME MINISTER:  
13 JULY 1986

BACKGROUND ANNEX ON INVESTMENT  
(ALLIED LYONS' BID FOR HIRAM WALKER)

1 Hiram Walker sold its distillery business to Allied Lyons for \$2.6 billion, as part of its resistance to an initial offer by Gulf Canada. Gulf eventually took over Hiram Walker, but felt cheated by the prior sale of substantially all the real assets, and contested the sale in the Courts. The Ontario Supreme Court allowed the sale to proceed but Gulf have appealed against the decision; the deadline for the appeal has been extended to 9 July. Allied Lyons are confident of winning the appeal; Gulf are expected to make further appeals to delay matters.

2 Investment Canada, which examines overseas takeovers of Canadian companies, is still considering the Allied Lyons deal. There should be no problem with Investment Canada. But Allied Lyons are pitting themselves against two of the most powerful families in Canada, the Reichmanns (through Gulf) and the Bronfmans (through Seagrams, who would also like Hiram Walker's distilling assets).

3 On 21 May, the Secretary of State for Trade and Industry announced his intention not to refer this merger to the Monopolies and Mergers Commission under the provisions of the Fair Trading Act 1973. There are therefore no difficulties at the UK end.

4 It is generally accepted that Allied Lyons - who are strong in wines and beers - and Hiram Walker's distillery business - spirits - are almost a perfect fit. Together they would be a major world force. We will not be making formal representations whilst the matter is before the Canadian courts, and we have stopped short of underwriting the commercial logic of the deal in our informal contacts. But the Canadian authorities are well aware of HMG's interest in this case.

JPFAAR



PRIME MINISTER'S MEETING WITH CANADIAN PRIME MINISTER:  
13 JULY 1986

BACKGROUND ANNEX ON CANADIAN PHARMACEUTICALS POLICY

1 The Canadian Patent Act 1969 allows "compulsory licensing" to be granted to domestic firms to import and sell copies (generics) of patented drugs on payment of a royalty to the patent holder. The royalty has in practice been uniform at 4%. In many cases this has meant Canadian firms not contributing fairly to the R&D costs of overseas companies (notably Glaxo for the UK).

2 Proposals to change the Act were first announced some 3 years ago. They have been the subject of controversy in Canada: opponents stress that drug prices could rise if compulsory licences were less freely granted. Legislative proposals were further delayed when, in late May, the US took action against Canadian exports of cedar products because Canada has tended to view the pharmaceuticals issue as primarily a bilateral US/Canada matter. But Consumer Affairs Minister Côté recently announced his intention to table reform proposals soon; it seems that he would have tabled them before the Canadian Parliament rose, but that he ran out of Parliamentary time.

JPFAAU



PRIME MINISTER'S MEETING WITH CANADIAN PRIME MINISTER, 13 JULY 1986

Background Annex on UK/Canada trade.

As Canada's economy has developed, so too has her dependence on the USA as a trading partner: 71% of Canada's imports were from the USA in 1985. Britain is the third largest supplier to Canada with 3.1% (C\$3.3 billion) of the 1985 market. Canada is Britain's 9th largest export market.

Exports from the UK in 1985 were 43% higher than in 1984. Due to long-standing imports of raw materials and foodstuffs eg paper pulp, wood, metal ore and cereals, the balance of trade has until very recently been in Canada's favour. In 1985 the balance swung in Britain's favour due to large exports of oil. However an increase of 32% in the value of exports of machinery and transport equipment played their part.

|                        | 1984 | 1985 | 1985<br>Jan-May | 1986 (Prov)<br>Jan-May | 85/86<br>% increase |
|------------------------|------|------|-----------------|------------------------|---------------------|
| UK Imports from Canada | 1618 | 1653 | 805             | 655                    | - 19                |
| UK Exports to Canada   | 1184 | 1693 | 632             | 635                    | + 0.5               |
| of which non oil       | 1013 | 1270 | 527             | 491                    | - 7                 |
| Crude Balance          | -434 | + 40 | -173            | -20                    | -                   |

Source: OTS

OUTLOOK FOR UK EXPORTS

UK exports to Canada are holding up well this year despite less favourable exchange rate. Exports in the first five months were f635m against f632m for the same period last year. As well as oil, sharp increases were recorded in chemicals, electrical generators, laboratory equipment and kitchen utensils and table-ware.



Areas of particular opportunity are electric power generation and distribution, petrochemical and fertiliser plants, oil and gas pipelines and plants, the mining of coal and industrial minerals. The manufacturing and service industries also offer many export opportunities as does the market for top quality consumer goods.

#### INVESTMENT

At the end of 1984 the total stock of foreign direct investment in Canada was C\$83.1 billion, over twice as large as the value of Canadian direct investments abroad. The UK is the second largest foreign investor with about 9% of the value of foreign direct investment (\$7.34 billion at the end of 1984). The stock of Canadian investment in the UK was C\$1.85 billion (end 1984) and the UK was the major destination for Canadian external investment after the USA.

OT2/1A

July 1986





PRIME MINISTER'S MEETING WITH CANADIAN PRIME MINISTER:  
13 JULY 1986

BACKGROUND ANNEX ON CANADA/US TRADE DISPUTE  
IMPLICATIONS FOR CANADA/UK TRADE

1 President Reagan announced on 22 May the introduction of a 35% tariff on cedar 'shakes and shingles' (products used mainly in the construction industry). This action was clearly aimed at Canada and followed a case filed by the US lumber industry under s.201 of the US Trade Act alleging serious injury from Canadian imports. Mr Mulroney complained personally to President Reagan about the tariff and warned that Canada would respond appropriately. On 2 June, Canada announced increased tariffs aimed at the US on a range of products.

2 Neither the US nor the Canadian tariff measures are contrary to GATT, since none of the tariffs involved are bound in GATT. But the tariff measures have to be applied equally to all supplying countries to comply with the 'Most Favoured Nation' provision of the GATT. The US measure has no direct effect upon UK exporters, but the Canadian measures will affect significantly UK exports of books, tea bags and computer parts. The relevant Canadian measures are:

- (i) A tariff of 10% on English language books. UK direct exports of books totalled £22m in 1985, and books printed by UK companies in the US for sale in Canada will also be affected.
- (ii) A tariff of 6 cents per lb on tea bags. UK exports of tea bags in Canada in 1985 were some £15.3m - and the comparable figure for US exports was only £2.5m. Lyons Tetley, the largest UK exporter of tea bags to Canada, estimate that the tariff will cost them some £200,000 pa. UK exports of tea bags will continue to enter Canada free of duty under a preferential tariff until the end of 1986, but the new tariff will apply from 1 January 1987.
- (iii) Withdrawal from an agreement made in January 1986 with the US and Japan to drop a 3.9% tariff on computer parts. UK exports of computer parts to Canada in 1985 were £8.5m.

JPFAAP



3 In terms of duties collected by Canada, the cost of the tariffs in a full year would be some c\$4.6m on books (£2.2m on 1985 exports of £22m), c\$0.5m on tea bags (£0.24m on 1985 exports of £15m) and c\$0.7m on computer parts (£0.34m on 1985 exports of £8.5m): a total of c\$5.8m (£3.0m).

4 The UK has raised the matter within the Community but the Commission has been reluctant thus far to make a political level approach to Canada, on the grounds that EC retaliatory action (for instance against US restrictions on EC semi-finished steel) inevitably affect third countries in the same way as the Canadian measures affect the UK (and others). UK officials have pursued the matter bilaterally with Canada and the Foreign Secretary raised it last month with Mr Clark, Canadian Secretary of State for External Affairs.

5 The Canadians are still hoping for a resolution to their dispute with the US which would in turn solve our problems. But they have acknowledged the difficulties caused for the UK, said that it was difficult to find products on which to retaliate against the US which did not affect some other countries, and agreed to look seriously at our case. There are some indications that the Canadians are being disingenuous on tea bags and that their tariff represents a deliberate concession to the Canadian tea lobby. But Mr Clark told the Foreign Secretary that he was more optimistic about a solution on tea bags than on books.

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CANADA: ECONOMIC

1. The Canadian economy continues to show good growth (4.5% in 1985 - among the highest in any industrial country). Inflation in 1985 was 4%. Unemployment decreased to 9.6% nationally in February (provincial figures vary).
2. The Finance Minister presented his second budget on 26 February. It was seen as a delicate, cautious and politically prudent balancing act, signalling the Government's intention to bring forward more comprehensive reforms of the systems of social expenditures and related tax provisions. The budget was made against the backdrop of the Canadian dollar crisis at the beginning of February which had required strong intervention in exchange markets by the Bank of Canada and consequent raising of interest rates. The measures included higher taxes and public spending cuts. Economists and businessmen were disappointed that spending cuts were not greater. They question whether the deficit had been cut enough to steady the dollar (from C\$34.3 bn in the year to March 1986 to C\$29.5 bn in fiscal year 1987 and C\$22 bn in 1991). The reduction in oil prices since February has reduced anticipated revenue, but this is expected to be offset by faster growth in the economy as a whole. Although no departmental budget escaped, the cuts in the defence and aid budgets were lower than most other departments, in line with the high priority given by the Government to those two programmes.
3. UK exports to Canada in 1985 were 43% higher than in 1984. The bulk of the increase was oil, but useful increases were recorded in machinery, fabricated materials, aircraft equipment and food. In 1985 the balance of visible trade moved into the UK's favour for the first time since 1872.



## PRIME MINISTER'S MEETING WITH CANADIAN PRIME MINISTER:

13 JULY 1986

## BACKGROUND ANNEX ON POSSIBLE CANADIAN CONTRIBUTION TO THE INTERNATIONAL FUND FOR IRELAND

1. Our High Commissioner and the Irish Ambassador in Ottawa made a joint approach to the Canadian Department of External Affairs (DEA) on 5 February proposing a Canadian contribution to the International Fund. Sympathetic consideration was promised but it was clear from the outset that, in view of current Canadian budgetary difficulties, any contribution from them was likely to be little more than a gesture.

2. Mr Mulroney told the Foreign Secretary in Tokyo on 6 May that his Government was now contemplating making a contribution to the Fund. This line was repeated when the Foreign Secretary met his Canadian counterpart on 29 May. The Canadian Foreign Minister told the Foreign Secretary on 20 June that Mr Mulroney intended to raise the matter with the Prime Minister in Canada. The Canadians were planning to make a "more than symbolic" contribution.

3. There has been extensive discussion in the United States about their own contribution and it has been clear throughout that the Canadians have been watching developments on Capitol Hill before committing themselves to a figure. Senate consideration of a US contribution was resumed on 12 June (following the Senate Foreign Relations Committee's favourable vote on the UK/US Supplementary Extradition Treaty) with the 'marking up' by the Committee of a financial package for consultation by the whole Senate. This consideration has still to take place. However, on 2 July, and quite separately, President Reagan signed the Supplemental Appropriations Bill for US Fiscal Year 1986, into which Speaker O'Neill and his supporters inserted a clause authorising a US \$50m contribution to the Fund in the current year so as to launch the Fund properly before his retirement.

4. It seems likely that the Canadians have been unwilling to show their hand until a decision was taken in Washington. They should now be more forthcoming. Our Embassy in Canberra picked up a rumour

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from the Australians that the Canadians were contemplating an offer of \$1m (Canadian?) a year for five years; however neither our High Commission nor the Irish Embassy in Ottawa have been able to nail this down.

REPUBLIC OF IRELAND DEPARTMENT  
FOREIGN & COMMONWEALTH OFFICE

3 July 1986

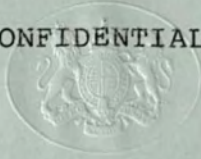
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PRIME MINISTER'S MEETING WITH CANADIAN PRIME MINISTER: 13 JULY 1986

Background Annex on UK/Canada Air Services

1. There have been two rounds of UK-Canada air services talks this year. The UK's aim in these has been to renegotiate the UK-Canada Air Services Agreement (ASA) which has remained largely unchanged in its main provisions since 1949. There has been some progress towards agreeing a more liberal regime on trans-Atlantic services; the Canadians have also been helpful in separating the Hong Kong-Canada element of the ASA, necessary for us in the run-up to 1997. However, Air Canada services beyond London to Dusseldorf and to Bombay-Singapore have proved a major problem.
2. As part of a package to give British Airways access to points in Western Canada, Air Canada was given rights to carry London-Dusseldorf and London-Bombay-Singapore traffic. Under the terms of the ASA, these services should have as their primary purpose the carriage of passengers whose journeys either begin or end in Canada. In practice, in 1985, only 36% of passengers on the London-Dusseldorf service and 23% on the London-Bombay-Singapore service originated in Canada.
3. British Airways estimate that Air Canada operations beyond London currently cost them £5 million per annum in lost revenue and could cost as much as £15 million pounds per annum within a few years.
4. Canadian refusal to bring these services back to within the terms of the ASA has forced the DTp to conclude that termination of the air services agreement, followed by its complete renegotiation is the only way forward. However, they have offered to hold one last round of consultations in order to reach agreement. These are provisionally scheduled for 28 and 29 July.

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5. The Canadians have been left in no doubt that, in the event of these negotiations failing to produce a satisfactory outcome, we shall have no alternative but to terminate the ASA.

Maritime, Aviation and  
Environment Department

3 July 1986

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PRIME MINISTER'S MEETING WITH CANADIAN PRIME MINISTER  
BACKGROUND ANNEX ON EC/CANADA

Fisheries

1. EC/Canada Fisheries Relations have deteriorated over last 12 months following series of infringements and abuses against Community vessels.

- Abuses are result of EC/Canada dispute concerning fishing for cod in small part of North Atlantic Fisheries Organisation (NAFO) area 3L (Nose of the Bank) which lies outside Canadian 200 mile limit: these include failure to issue licences to German vessels; refusing entry to Canadian ports by Portuguese vessels; attempt by Canada to put inspectors on all Portuguese vessels fishing on Nose of the Bank under guise of Scientific Observer Programme; and the recent arrest of Spanish boats for allegedly fishing inside Canadian 200 mile zone.

- Attempts to resolve problems bilaterally unsuccessful.

- Canada claims that EC share of Total Allowable Catch (TAC) allocated under EC/Canada Agreement applies to stock in the whole area.



- EC argues that fishing in international waters outside Canadian jurisdiction is subject to provisions of NAFO Convention.

2. EC agreed, at Fisheries Council on 25 June to give Canadians notice of withdrawal from EC/Canada Scientific Observer Programme (SOP) and NAFO Joint Enforcement Scheme (JES) (The Scientific Observer Programme is a bilateral arrangement to contribute to research in NAFO international waters. The Joint Enforcement Scheme allows for mutual inspection by the NAFO Contracting Parties on vessels operating in international waters operated by NAFO.)

- Canada has accepted need for renegotiation of these arrangements.

#### Agriculture



- Tokyo Summit agreement on need to tackle surpluses: action needed to redirect policies and adjust structure of agricultural production in light of world demand. Further analysis in OECD.

- European Council conclusions:

- international cooperation at multilateral and bilateral level.



- reaffirmation of EC commitment to include agriculture in new GATT round.
- continued reform of CAP.
- OECD study of agriculture to issue in draft in October.
- GATT negotiations should begin late 1986/early 1987: likely to take 3/4 years.
- Interim solution to EC/US enlargement dispute, assuring US reasonable access for grain exports to EC (at around 1985 levels: 234,000 tonnes a month) to end 1986.



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PRIME MINISTER'S MEETING WITH CANADIAN PRIME MINISTER  
13 JULY 1986

Background annex on Arctic Baselines

1. A long-standing difference between Canada and other states, notably, the USA over the Canadian Arctic and the North West Passage re-appeared last July when the Canadian Government announced that the voyage by the US ice-breaker "Polar Star" had received its authorisation and would proceed "with Canadian support and participation". Canada claims sovereignty over these northern waters and maintains foreign vessels need permission to travel through the North West Passage. The US contends they are international waters through which any vessels may pass freely ; they informed the Canadian Government in May of the plans for the "Polar Star" but did not seek its consent. They (and we) had reserved their position in 1970 over Canadian claims to a 100 mile pollution zone in the Arctic.

2. The voyage took place between 1-15 August 1985 and was extensively reported. Pressed to react, Mr Clarke announced in Parliament on 10 September 1985 a system of straight baselines for the Canadian Arctic archipelago, with the consequence that Canada now claims the waters within the area as her internal waters.

3. Canada's claim to sovereignty over Arctic islands and certain extensive bays (notably Hudson Bay) rests on historical foundations going back to the British period. The UK recognises Canada's sovereignty over their islands and those bays. We had not however expressed a view on her hitherto ill-defined claims to sovereignty over waters between the Arctic islands, beyond the normal territorial sea limit. After a detailed analysis of the new

/Canadian

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Canadian baselines it was concluded that an impartial Tribunal might well uphold them but that it was necessary to take a suitable opportunity to make clear that the right of innocent passage still existed behind the baselines. Many of our EC partners had even greater concern.

4. We therefore agreed to an EC Presidency demarche on 24 April this year seeking clarification of the Canadian justification of the baselines in international law and the rights of navigation which applied behind them. The Canadians replied in an Aide Memoire of 14 May justifying the baselines on the basis of historic title and the uniqueness of the area in question which they maintain has not been used for international navigation. The Community consider this response unsatisfactory and the Dutch Presidency proposed a joint reservation of rights to make it clear that member states consider they continue to enjoy a right to innocent passage. UK Presidency will make a common demarche in Ottawa with Dutch Ambassador shortly.

5. The Canadian claim to sovereignty over these northern waters also has important political and strategic implications. The Soviet reported position is that they regard the North West Passage as a Canadian internal waterway as much as the North East Passage is a Soviet waterway. The US regards both as open for international navigation including US warships. They had intended to lodge a strong protest against the Canadian baselines but were persuaded by informal Canadian representations not to do so. Instead bilateral discussions are taking place in an effort to resolve the matter amicably.

Maritime, Aviation and  
Environment Department

3 July 1986

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PRIME MINISTER'S MEETING WITH CANADIAN PRIME MINISTER,  
13 JULY 1986

BACKGROUND ANNEX ON SOVIET PRISONERS IN AFGHANISTAN

1. FCO and Home Office Ministers have given agreement in principle to a Canadian request for transit facilities at Heathrow for a group of 6 Soviet POWs en route from Islamabad to Canada. The operation is unlikely to take place before mid-August ie. a month after the Shevardnadze visit. The Canadians are unlikely to raise except to express appreciation. There is no need for us to do so.
2. The Canadians first approached us about this in April. They explained that for various reasons - both technical and political - a London transit was the only feasible option. They also explained that the Canadian Government was under considerable Parliamentary pressure from emigre groups sponsoring the POWs to facilitate their early "exfiltration".
3. Our agreement in principle was on condition that the Canadians reduced transit time to a minimum by providing their own military transport for the onward flight and that the POWs provided written undertakings that they wished to continue their journey to Canada. The Canadians accepted these conditions. We also had to warn the Canadians, because of continuing delays at the Pakistani end, that we might need to review our agreement if the transit risked coinciding with Mr Shevardnadze visit (14/15 July).
4. The exercise has now been postponed until mid-August because of Pakistani nervousness that knowledge of their involvement could undermine proximity talks on Afghanistan currently taking place in Geneva. The new timing is preferable from the Shevardnadze point of view.



## UK/CANADA SOCIAL SECURITY RELATIONS

### Background

1. UK pensioners overseas normally have pension paid at "frozen" rates. Unfreezing only applies where specific agreement reached.
2. Social security agreement with Canada does not cover index-linking of pensions. 56,000 UK retirement and widow pensioners in Canada. Receive rate in payment when pensioner left UK or when he first qualified for pension, if later.
3. In 1972 UK proposed comprehensive agreement with Canada to include pension upratings, but Canadian authorities not empowered then to negotiate. Since then tighter financial constraints in UK.
4. Cost of completely "unfreezing" pensions in Canada (ie paying pensions at current UK rates) - about £35 million a year. Cost of future increases only - about £4.8 million in first year (increasing each year until all UK pensioners in Canada ~~were~~ receiving same benefit as if living in UK).
5. Preparatory discussions between Canadian and UK officials on possible convention, but money not yet available in UK to unfreeze. (Canada prepared to spend over \$21.5 million, but this would go to Canadian pensioners in Canada and UK. Would not reduce UK costs.)





6. Sustained activity for several years by pressure groups, notably British Pensioners' Association of Canada, for "unfreezing". Latest campaign included meeting on 22 May at St Ermins Hotel, Westminster, to which members of both Houses invited. (Lord Stallard and Sir John Farr jointly chaired meeting.)

7. Matter raised with PM by Mr Trudeau when Prime Minister.

Line to take

8. Explain constraints on public spending

- need to assess priorities
- not all desirable changes can be accommodated.

Confirm matter kept under review

- seeking to find a way forward
- DHSS looking again at options and difficulties
- no prospect at present.

DHSS

July 1986

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CABINET CHANGES

1. THE PRIME MINISTER TODAY ANNOUNCED CABINET CHANGES INVOLVING 26 OF THE 40 MINISTERIAL PORTFOLIOS. EIGHT NEW MINISTERS WERE APPOINTED - THERE WERE CHANGES IN PORTFOLIO RESPONSIBILITIES. SIX FORMER MINISTERS ARE DROPPED. CHANGES AS FOLLOWS (MINISTERS' PREVIOUS PORTFOLIO IN BRACKETS):

MINISTER OF COMMUNICATIONS - FLORA MACDONALD  
(EMPLOYMENT AND IMMIGRATION)

MINISTER OF TRANSPORT - JOHN CROSBY  
(JUSTICE AND ATTORNEY GENERAL)

MINISTER OF STATE - ROCH LA SALLE  
(PUBLIC WORKS)

DEPUTY PRIME MINISTER, PRESIDENT OF THE PRIVY COUNCIL AND  
GOVERNMENT HOUSE LEADER - DON MAZANKOWSKI  
(TRANSPORT)

JUSTICE AND ATTORNEY GENERAL - RAY HNATYSHYN  
(MINISTER OF STATE, GOVERNMENT HOUSE LEADER)

SECRETARY OF STATE AND MINISTER FOR MULTICULTURISM - DAVID CROMBIE  
(INDIAN AND NORTHERN AFFAIRS)

NATIONAL DEFENCE - PERRIN BEATTY  
(SOLICITOR GENERAL)

CONSUMER AND CORPORATE AFFAIRS - HARVEY ANDRE  
(ASSOCIATE MINISTER, DEFENCE)

INDIAN AND NORTHERN AFFAIRS - WILLIAM MCKNIGHT  
(LABOUR)

INTERNATIONAL TRADE - PAT CARNEY  
(ENERGY)

MINISTER OF STATE (TRANSPORT) - ANDRE BISSONNETTE  
(SMALL BUSINESS)

EMPLOYMENT AND IMMIGRATION - BENOIT BOUCHARD  
(SECRETARY OF STATE)

REGIONAL INDUSTRIAL EXPANSION - MICHEL COTE  
(CONSUMER AND CORPORATE AFFAIRS)

SOLICITOR GENERAL - JAMES KELLEHER  
(INTERNATIONAL TRADE)

ENERGY, MINES AND RESOURCES - MARCEL MASSE  
(COMMUNICATIONS)

MINISTER OF STATE (PRIVATISATION) AND MINISTER RESPONSIBLE FOR  
STATUS OF WOMEN - BARBARA MCDUGALL  
(FINANCE)

SUPPLY AND SERVICES - MONIQUE VEZINA  
(EXTERNAL RELATIONS)

PUBLIC WORKS - STEWART MCINNES  
(SUPPLY AND SERVICES)

GOVERNMENT SENATE LEADER AND MINISTER OF STATE (FEDERAL/  
PROVINCIAL RELATIONS) - LOWELL MURRAY

ASSOCIATE MINISTER OF NATIONAL DEFENCE - PAUL DECK

MINISTER OF LABOUR - PIERRE CADREUX

MINISTER OF STATE (YOUTH) - JEAN CHAREST

MINISTER OF STATE (FINANCE) - TOM HOCKIN

MINISTER OF EXTERNAL RELATIONS - MONIQUE LANDRY  
(PARLIAMENTARY SECRETARY TO JAMES KELLEHER)

MINISTER OF STATE (SMALL BUSINESSES AND TOURISM - BERNARD VALCOURT)

MINISTER OF STATE (IMMIGRATION) - GERRY WEINER  
(FORMER PARLIAMENTARY SECRETARY TO JOE CLARK)

2. COMMENTS FOLLOW.

DAY

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MY TELNO 398: CABINET CHANGES

1. IN LONG-EXPECTED CABINET CHANGES, PRIME MINISTER MULRONEY HAS PUT TOGETHER A MINISTERIAL TEAM WITH WHICH HE IS EXPECTED TO APPROACH THE NEXT GENERAL ELECTION. HE HAS PROMOTED SOME OF PROVEN ABILITY, DROPPED FAITHFUL SERVANTS AND FAILURES, WHILE AT THE SAME TIME TAKING ACCOUNT OF THE SERIOUS FALL IN GOVERNMENT POPULARITY IN QUEBEC BY INCLUDING MORE QUEBEC MPS IN HIS CABINET. HE HAS ALSO SIGNIFICANTLY ADJUSTED SOME MAJOR PORTFOLIOS TO TAKE ACCOUNT OF CHANGES IN EMPHASIS IN GOVERNMENT POLICY.

2. IN WHAT IS SAID TO BE THE LARGEST CABINET RESHUFFLE BY A PRIME MINISTER IN OFFICE, MR MULRONEY HAS REPLACED MINISTERS IN 26 OF THE 40 CABINET PORTFOLIOS. THE MORE INTERESTING CHANGES FROM OUR POINT OF VIEW ARE:

(A) DON MAZANKOWSKI BECOMES DEPUTY PRIME MINISTER, PRESIDENT OF THE PRIVY COUNCIL AND GOVERNMENT HOUSE LEADER. HE REPLACES AS DEPUTY PRIME MINISTER, THE FORMER MINISTER OF DEFENCE, ERIC NIELSEN. NIELSEN HAS NOT SHONE RECENTLY. HE HAS MISHANDLED THE COMMONS ON A NUMBER OF OCCASIONS DURING MULRONEY'S ABSENCE AND WAS BECOMING A CONSIDERABLE POLITICAL AND PUBLIC RELATIONS LIABILITY. NOR HAD HE EVER REALLY MASTERED HIS DEFENCE PORTFOLIO. MAZANKOWSKI IS WELL-REGARDED IN PARLIAMENT, HAS BEEN A SUCCESSFUL TRANSPORT MINISTER AND HAS COPEWELL AS TEMPORARY INDUSTRY MINISTER. MULRONEY'S HOPE MUST BE THAT HE CAN BRING MORE ORDER AND CIVILITY TO PARLIAMENTARY BUSINESS, SOMETHING THAT HAS BEEN SINGULARLY LACKING RECENTLY. HE SITS FOR AN ALBERTA RIDING WHICH MAY HELP TO BALANCE THE SHEET TOWARDS QUEBEC.

(B) PERRIN BEATTY, WHO TAKES ON DEFENCE. AN UNEXPECTED APPOINTMENT, BUT ONE THAT HAS BEEN GENERALLY WELCOMED. HE HAS A REPUTATION FOR BEING AN EFFICIENT AND STRONG MINISTER. HE SHOULD BRING FURTHER DIRECTION TO DEFENCE, WHICH HAS HITHERTO SUFFERED FROM A LACK OF A STRONG AND ABLE MINISTER WHO COULD CONCENTRATE SINGLE-MINDEDLY ON THE PROBLEMS OF THE DEPARTMENT. BEATTY IS APPROACHABLE, AND GENERALLY WELL-DISPOSED TOWARDS THE UK.

(C) PAT CARNEY, WHO WON HIGH PRAISE AS MINISTER OF ENERGY IN REACHING AGREEMENT WITH BOTH EAST COAST AND WESTERN OIL PRODUCERS HAS BEEN MADE MINISTER FOR INTERNATIONAL TRADE WITH OVERALL RESPONSIBILITY FOR TRADE NEGOTIATIONS, THE BOTH THE NEW GATT ROUND AND THE US/CANADA TALKS. HER MAIN TASK WILL BE TO PUT TOGETHER A DEAL WITH THE U.S. THAT WILL BENEFIT CANADA AS A WHOLE AND TO PRESENT MORE EFFECTIVELY IN PUBLIC AND TO THE BUSINESS COMMUNITY, GOVERNMENT POLICY ON THESE TALKS, WHICH WILL BE A MAJOR ISSUE

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WHEN THE NEXT ELECTION COMES ROUND. SHE WILL ALSO OVERSEE BILATERAL TRADE MATTERS. HER APPOINTMENT IS SEEN BY SOME AS A 'PROMOTION' FOR CLARK. WE DO NOT SEE IT THAT WAY. THE US/CANADA TALKS AND THE GATT NEGOTIATIONS NEED FULL-TIME MINISTERIAL ATTENTION. CLARK CANNOT DO THIS AND COVER THE WHOLE RANGE OF INTERNATIONAL AFFAIRS. MULRONEY HAS MADE IT CLEAR THAT CLARK WILL STILL MAINTAIN OVERALL LEADERSHIP AND DIRECTION OF EXTERNAL AFFAIRS, INCLUDING THE CARNEY PORTFOLIO.

(D) MICHEL COTE, QUEBECKER, TAKES THE MAJOR ECONOMIC MINISTRY, DEPARTMENT OF REGIONAL INDUSTRIAL EXPANSION, WHICH HAS INVESTMENT CANADA IN ITS BANQUICK. AS MINISTER FOR CONSUMER AND CORPORATE AFFAIRS, HE WAS RESPONSIBLE FOR PROPOSALS FOR NEW LEGISLATION ON PHARMACEUTICALS, COMPETITION, AND BANKRUPTCY. HE IS SOMETHING OF AN UNKNOWN QUANTITY AND MAY NOT PROVE AS AMENABLE AS HIS SUBSTANTIVE PREDECESSOR, SHINCLAIR STEVENS.

4. THE BIG WINNER IN THIS RESHUFFLE IS QUEBEC. 5 OF THE 6 MAJOR ECONOMIC PORTFOLIOS ARE NOW HELD BY QUEBEC MINISTERS. FOUR OF THE 8 NEW MINISTERS ARE FROM THAT PROVINCE. WITH GOVERNMENT SUPPORT IN QUEBEC HAVING DROPPED TO 25 PER CENT. (LEVEL WITH THE NDP), WITH THE LIBERALS AT 49 PER CENT, SOME ACTION TO RESTORE THE GOVERNMENT'S FORTUNES IN QUEBEC WAS INEVITABLE. THERE COULD HOWEVER BE A BACKLASH FROM THE OTHER PROVINCES IF QUEBEC IS SEEN TO BE GETTING AN UNDUE PROPORTION OF GOVERNMENT FUNDING AND GOVERNMENT BUSINESS.

5. OVERALL, THE CHANGES HAVE BEEN WELCOMED BY THE MEDIA AS AS SENSIBLE AND TIMELY REDEPLOYMENT OF THE GOVERNMENT'S RESOURCES. DURING RECENT MONTHS, THE GOVERNMENT HAD UNINCREASINGLY COME TO LOOK SOMEWHAT STALE AND RAGGED. THE CHANGES THAT MULRONEY HAS NOW MADE GAVE IT A SHARPER AND MORE WORKMANLIKE IMAGE. IT REMAINS TO BE SEEN WHETHER THE NEW TEAM CAN RESTORE THE GOVERNMENT'S FORTUNES, WHICH HAVE FALTERED CONSIDERABLY IN RECENT MONTHS.

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PRIME MINISTER'S VISIT TO CANADA

1. THE MULRONEY GOVERNMENT HAS BEEN GOING THROUGH A DIFFICULT PATCH IN RECENT WEEKS. ON BOTH THE DOMESTIC AND EXTERNAL FRONTS, THINGS HAVE NOT BEEN GOING THEIR WAY. PARLIAMENT HAS NOW RISEN FOR THE SUMMER RECESS. THIS GIVES THE GOVERNMENT SOME RESPIRE FROM DAILY HARRYING BY THE OPPOSITION IN THE COMMONS AND AN OPPORTUNITY TO REGROUP THEIR FORCES.
2. MULRONEY'S FIRST MOVE HAS BEEN TO MAKE A MAJOR RESHUFFLE OF HIS CABINET (MY TELNOS 398 AND 407). THE CHANGES HAVE BEEN GENERALLY WELCOMED AS GIVING THE GOVERNMENT A MORE PURPOSEFUL IMAGE, BY THE REMOVAL OF SOME OF THE LESS SUCCESSFUL MINISTERS, THE PROMOTION OF THOSE WHO HAVE PERFORMED WELL, AND THE INTRODUCTION OF SOME NEW BLOOD. IT HAS BEEN A SUCCESSFUL RECONSTRUCTION, THOUGH THE INCREASED STRENGTH OF QUEBEC WITHIN THE GOVERNMENT MAY CAUSE PROBLEMS WITH THE OTHER PROVINCES.

DOMESTIC

3. THE STANDING OF THE GOVERNMENT AND OF THE PRIME MINISTER PERSONALLY HAS TAKEN A NUMBER OF KNOCKS. ONE OF THE LEADING AND MOST EFFECTIVE MINISTERS, SINCLAIR STEVENS, RESIGNED (AFTER A MESSY FORTNIGHT OF CONTROVERSY) OVER ALLEGED CONFLICT OF INTEREST. HE WAS THE FOURTH MINISTER TO GO IN 18 MONTHS.
4. MULRONEY'S IMAGE WAS BADLY BRUISED BY THE FAILURE OF PRESIDENT REAGAN TO WARN HIM IN ADVANCE (LET ALONE CONSULT) ABOUT A US PROTECTIONIST MEASURE AGAINST CANADIAN CEDAR PRODUCTS. HE HAS ALSO BEEN UNDER PERSONAL ATTACK FOR THE COST OF OVERSEAS TRAVEL FOR HIMSELF AND HIS EXTENSIVE PERSONAL STAFF.
5. THE OPPOSITION HAVE TAKEN FULL ADVANTAGE OF THESE SETBACKS AND THE LIBERAL PARTY NOW HOLDS A LEAD IN THE MOST RECENT OPINION POLLS.

EXTERNAL

6. CANADA/US RELATIONS AND SOUTH AFRICA ARE THE DOMINANT ISSUES.

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7. MULRONEY WAS FURIOUS AT THE UNHERALDED IMPOSITION BY THE US OF A TARIFF ON CANADIAN CEDAR PRODUCTS (SHAKES AND SHINGLES). HE REGARDED THIS AS A PERSONAL AFFRONT. AFTER ALL HIS EFFORTS TO GET ON CLOSE TERMS WITH THE PRESIDENT. THE SCARS STILL SHOW. THE PERCEIVED INSULT WAS WORSE COMING AS IT DID ON THE SAME DAY AS THE OPENING OF US/CANADA TALKS ON AN ENHANCED TRADE ARRANGEMENT DESIGNED TO DEFLECT PROTECTIONIST PRESSURES ON BOTH SIDES. THIS HAS IN ITSELF A CONTROVERSIAL INITIATIVE AND HAS EXPOSED THE GOVERNMENT TO CONSIDERABLE CRITICISM FOR PUTTING CANADIAN INTERESTS AT RISK OVER A WIDE FIELD.

8. THE US/CANADA RELATIONSHIP IN ALL ITS ASPECTS WILL REMAIN CENTRE STAGE FOR A LONG TIME TO COME. WHAT RANKLES WITH CANADIANS IS THAT THEY ARE AWARE THAT FOR THE US, CANADA IS NO MORE THAN A SIDE-SHOW

9. MULRONEY SEES SOUTH AFRICA AS BOTH AN OPPORTUNITY AND A CHALLENGE. AN OPPORTUNITY FOR HIM AND CANADA TO PLAY A SIGNIFICANT ROLE IN HOLDING THE COMMONWEALTH TOGETHER SEMI COLON A CHALLENGE TO FIND SOME AGREED POLICY THAT WILL BRING EFFECTIVE PRESSURE TO BEAR ON SOUTH AFRICA. THE PRESSURE OF OPINION WITHIN CANADA WILL NOT ALLOW MULRONEY (EVEN IF HE WISHED) TO RESIST A MOVE TOWARDS STRONGER ECONOMIC MEASURES AGAINST SOUTH AFRICA UNLESS IT CAN BE CLEARLY AND SWIFTLY DEMONSTRATED THAT THERE IS SOME OTHER WAY OF SIGNALLING TO THE SOUTH AFRICAN GOVERNMENT THE NEED FOR A REAL AND EARLY DIALOGUE WITH THE BLACK LEADERSHIP.

10. THOUGH MULRONEY REMAINS OUTWARDLY CALM IN THE FACE OF THESE DIFFICULTIES, THERE HAS BEEN A DISTINCT ATMOSPHERE OF ANXIETY WITHIN THE CONSERVATIVE RANKS. THE INITIAL BLOOM HAS CERTAINLY FADED, EVEN THOUGH THE CANADIAN ECONOMY IS IN BASICALLY GOOD SHAPE. WHEN PARLIAMENTARY ACTIVITY RESUMES AFTER THE SUMMER, WHAT MULRONEY WILL BE LOOKING FOR SOME DOMESTIC OR FOREIGN SUCCESS TO GET HIS GOVERNMENT BACK ON THE RAILS.

DAY

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# CANADIAN

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# ENCYCLOPEDIA

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Hurtig Publishers  
Edmonton

1985





Sir William Van Horne, brilliant railway manager whose drive and determination were largely responsible for the rapid completion of the CPR (courtesy Public Archives of Canada/IC-8549).

which substantially reduced freight rates on Prairie grain and flour. After his retirement from the presidency in 1899, he promoted the building of a railway in Cuba. Van Horne was a complex personality: a brilliant railway manager, a gourmet and a man with tremendous intellectual curiosity. He was awarded an honorary knighthood in 1894.

JOHN A. EAGLE  
Reading: P. Berton, *The Last Spike* (1971); W. Vaughan, *The Life and Work of Sir William Van Horne* (1920).

**Vancouver**, the largest city in British Columbia and third largest in Canada, lies on a peninsula in the SW corner of the province's mainland. The surrounding waterways — Burrard Inlet, the Str of GEORGIA and the FRASER R respectively — provide an excellent, sheltered deep-sea port, convenient access to the Pacific Ocean, and an easy route to the rich agricultural lands of the Fraser Valley and the interior.

**Settlement** Archaeological evidence indicates that coastal Indians settled at Locarno Beach by 500 BC and at Marpole about 400 BC. The English sailor Capt George VANCOUVER and the Spaniard BODEGA Y QUADRA met off Point Grey in 1792 but Europeans paid little attention to the area until the 1860s when 3 Englishmen pre-empted land and built an unsuccessful brickyard. In the 1870s several entrepreneurs established logging camps, sawmills and 3 small settlements on the shores of Burrard Inlet.

**Development, Economy and Transportation** Vancouver began when CPR VP, William VAN HORNE, announced that the company would extend its line 20 km westward from the statutory terminus, Port Moody, in order to take advantage of a better harbour and terminal site. The provincial government gave the CPR over 2500 ha of crown land at the new terminus and private owners donated land. On 6 Apr 1886 the provincial legislature incorporated the city of

Population: 414 281 (1981c); 1 268 183 (CMA)

\* Rate of Increase (1971-81): (CMA) 1.1%

Rank in Canada: Third (by CMA)

Date of Incorporation: City 1886

Land Area: 113 km<sup>2</sup>

Elevation: 4.25 m (CPR station)

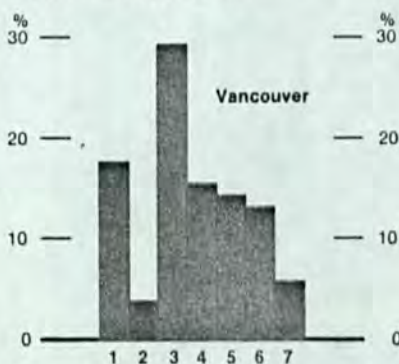
Climate: Average daily temp, July 17.2°C, Jan 2.8°C; Yearly precip 1017.8 mm; Hours of sunshine 1925 per year

Vancouver, a name that Van Horne had suggested, in honour of the English explorer. Ratepayers elected M.A. MacLean, a real-estate dealer, as the first mayor. Then on June 13 a clearing fire blew out of control, claimed at least 11 lives, destroyed ramshackle buildings and drew invaluable publicity when residents rebuilt immediately. The CPR, the largest single landowner, recognizing the value of orderly growth, did not "boom" its land. Private real-estate developers such as David Oppenheimer (mayor, 1888-91) advertised the city and, through cash bonuses and tax concessions, attracted new industries such as the BC Sugar Refinery (1891).

The continent-wide depression of the mid-1890s temporarily checked growth, but during the 1897-98 KLONDIKE GOLD RUSH excitement, prosperity returned to Vancouver. By the turn of the century it had displaced Victoria, the provincial capital, as the leading commercial centre on Canada's West Coast. Transpacific ships, including CP Steamship's Empress liners, called regularly; coastal steamship companies, including CP Navigation and Union Steamships, made Vancouver their headquarters; and eastern businesses established their Pacific coast branches in Vancouver. The prewar economic boom expanded markets for such BC products as fish, minerals and lumber. Most lumber was sold on the Prairies. Nevertheless, Vancouver wholesalers complained that the lack of direct rail connections and discriminatory freight rates put them at a disadvantage relative to Calgary and Winnipeg in securing the trade of BC's interior. In response, the provincial government offered aid to new railways, including the Pacific Great Eastern (now BC Railway).

The beginning of worldwide economic

Distribution of Industrial Activity\* by Industry Grouping within Census Metropolitan Areas, 1980



**Industry groupings**

1. Food and beverage and tobacco products industries
2. Leather, textile, knitting mills and clothing industries
3. Wood, furniture and fixtures, paper and allied and printing, publishing and allied industries
4. Machinery, transportation equipment and electrical products industries
5. Primary metal and metal fabricating industries
6. Rubber and plastic products, petroleum and coal products and chemical products industries
7. Non-metallic mineral products and miscellaneous manufacturing industries.

\* Industry activity based on the average of percentage shares of the value shipments of goods of own manufacture, total value added and total number of employees for each of the selected metropolitan areas.

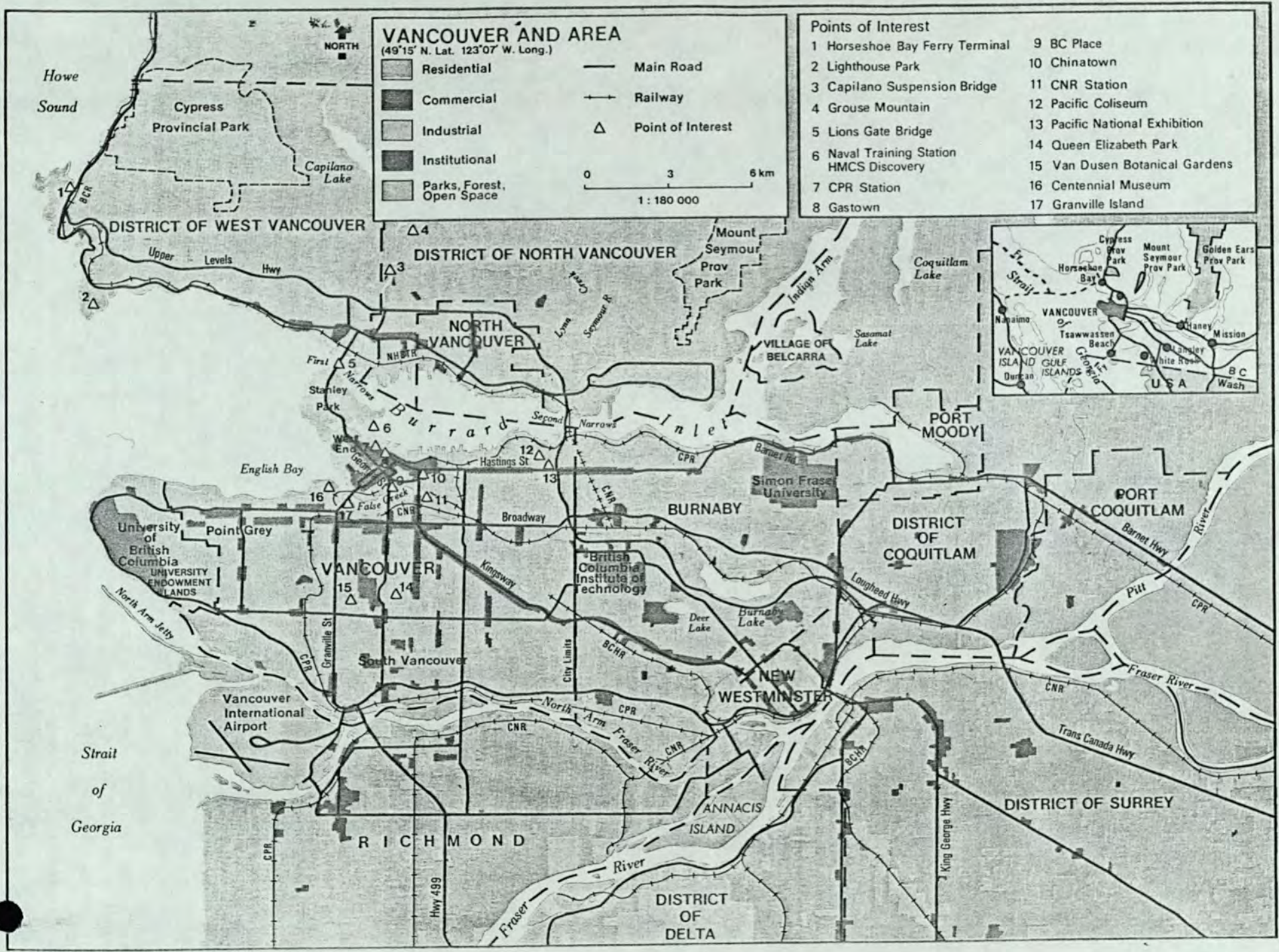
Source: Figure 11, Catalogue 31-209, Statistics Canada.

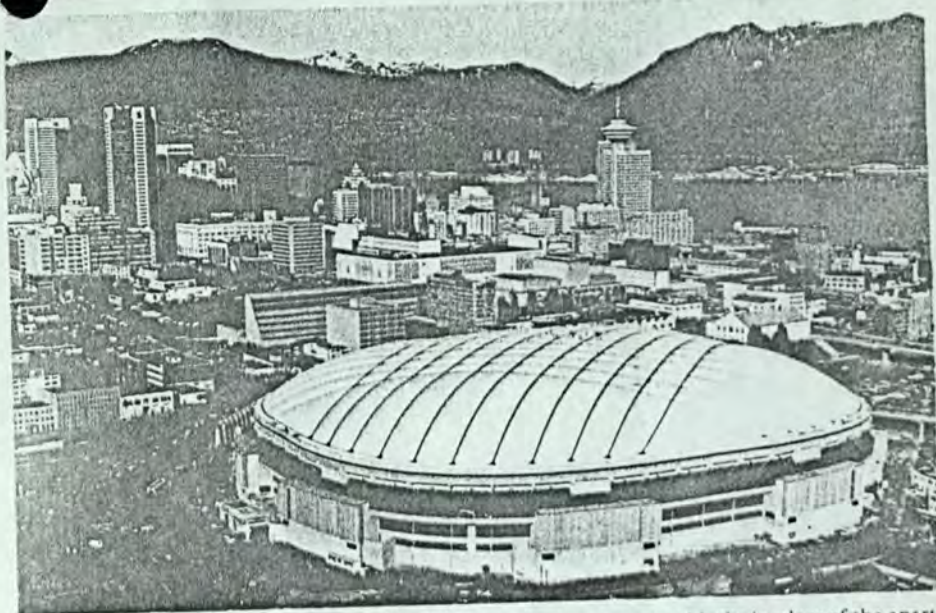
depression in 1913 and of war in 1914 severely reduced trade, retarded railway development and, coupled with declining resources, ended much of the mining boom in the Kootenay and Boundary districts. Nevertheless the Vancouver Stock Exchange (1907) survived and remains active in financing BC and Alberta developments, especially of the more speculative kind. During the 1920s growth resumed and Vancouver replaced Winnipeg as the leading city in western Canada. Cheap ocean transport through the Panama Canal opened new markets for BC lumber on the American E coast and made Europe more accessible. The province's successful campaign for freight-rate reduction enabled Vancouver to become a grain-exporting port. The port itself expanded greatly and came under the jurisdiction of a federal agency, the National Harbours Board, in 1936. The export grain trade held up remarkably well during the GREAT DEPRESSION of the 1930s, but the city suffered extensive unemployment, especially since the unemployed of western Canada regarded Vancouver, with its mild climate, as a "mecca." Unrest among the unemployed caused several incidents, including the reading of the Riot Act by Mayor G.G. McGeer in 1935 (see also ON TO OTTAWA TREK). The outbreak of WWII and the development of war industries, particularly shipbuilding, ended unemployment but sharply reduced the grain trade.

Trade grew once shipping became available again after the war, especially after Canada began selling large quantities of wheat to China in 1961. By 1963 Vancouver ranked first among Canadian ports in tonnage. Demand around the Pacific Rim for other western Canadian products, notably lumber, potash and coal, has led to the construction of specialized port facilities and the extension of the port as far E as Port Moody and S to the Roberts Bank coal terminal (1970). Because of the importance of the Pacific Rim, CP Air had established its headquarters in the city in 1949 and, along with other international and domestic carriers, uses the Vancouver International Airport, which the federal government expanded significantly after buying it from the city in 1961. Vancouver also expanded its role as the head office centre for such provincial corporations as BC Forest Products, Cominco and MACMILLAN BLOEDEL; a variety of smaller firms; the major provincial labour unions; and the regional offices for national enterprises such as the chartered banks. The BANK OF BRITISH COLUMBIA (chartered 1966) has its head office there.

**Cityscape** The backdrop of mountains, the proximity of the sea and the presence within the city limits of such wilderness areas as Stanley Park long lulled Vancouver residents into a feeling that none of their doings could seriously impair the city's natural beauty. The original surveyors, many of them CPR employees, showed little imagination as they generally laid out streets according to a grid pattern that made few allowances for such natural features as steep slopes. Apart from establishing fire limits and attempting to keep noisome industries on the outskirts, the city made few efforts to direct land use until the late 1920s when it commissioned the American firm, Harland Bartholomew and Associates, to draw up a town plan. The city adopted some of its suggestions, such as a comprehensive zoning regulation, but could not really enforce these rules until after WWII. Nevertheless, clear land-use patterns emerged. More affluent residents, for example, have always tended to live W of Cambie Street where developers subdivided land into large lots; the less affluent, lived to the E, where lots had sometimes as little as 7.5 m frontages.

Since the 1960s the city's older core has undergone a considerable transformation. City planners studied land-use proposals; civic politicians debated and redesigned some of them; and





Vancouver, BC, Canada's 3rd-largest city and its major port on the Pacific. The 60 000-seat BC Place stadium was built in 1983 (courtesy BC Place).

private developers financed much of the new building. Downtown, a forest of 20- to 40-storey-high office and hotel towers, including such clusters as the Bentall, Royal, Pacific and Vancouver centres, have replaced the 2- and 3-storey retail blocks of pre-WWI vintage. Architecturally the most interesting new buildings are the Provincial Court House and Robson Square Conference Centre.

A dramatic indication of the city's post-industrial status is False Creek, off English Bay. From the city's earliest days this area, with its easy access to trackage and water transport, was the site of rail yards, sawmills, machine shops and related industries. Indeed, Vancouver was unique among N American cities of comparable size for the importance of first-stage resource processing in its economy. By the 1950s, changing technology in the lumber industry and the obsolescence of old plants turned False Cr into a decaying industrial centre. After much study and controversy, the city decided to develop False Cr town houses and apartments in 1976. Nearby Granville 1 — created as an industrial site in 1915 when the eastern part of False Cr was filled to provide land for the terminus and yards of the Canadian Northern Ry (now CN) and the Great Northern Ry (now Burlington Northern) — has become home to a public market, art school, theatres and restaurants. On the N side of the creek, on land formerly occupied by the CPR yards, the provincial government opened a 60 000-seat sports stadium in 1983, the first stage in the BC Place development, planned to include stores, office towers, recreational space and up to 19 000 residential units; it will also be the site of Expo 86.

Whereas the downtown and False Cr are being almost completely redeveloped, the city's oldest residential neighbourhood, east-end Strathcona, has been largely rehabilitated. Traditionally a working-class neighbourhood, it is home to many ethnic groups, of whom the most important are the CHINESE. In the late 1950s the city began demolishing some of the poorest dwellings and replacing them with public-housing projects. After a successful protest against a proposed freeway, local residents persuaded the senior governments to provide funds to rehabilitate existing facilities rather than undertake further renewal projects. In the West End, private developers, encouraged by new zoning regulations, began in the 1960s to build

high-rise apartment blocks in place of the apartment and rooming houses that had been carved out of the large homes of the city's early well-to-do residents. By 1971 the West End was noted for the density of its population. Paradoxically, Vancouver had once prided itself as a city of owner-occupied, single-family detached homes. Most homes (and this is still true of most neighbourhoods outside the West End) were of wood-frame construction, often influenced by California architectural style (see HOUSE).

**Population** Vancouver's most significant growth spurts occurred during its first 5 years and in the decade before WWI, resulting primarily from immigration from the British Isles and Ontario. The expansion of the 1920s, which saw Vancouver attain its status as the third-largest city in Canada, is explained by the annexation of the adjacent bedroom municipalities of Point Grey and S Vancouver in 1929, natural increase, renewed immigration from Britain and the beginning of significant migration from the Prairies. After a brief wartime and postwar spurt, the rate of population growth tapered off. The 1976 census recorded an absolute decline in the city proper while the population

Gastown, Vancouver (photo by Jerry Kroener/Reflection).



of Greater Vancouver passed the one million mark for the first time. High real-estate values in the city led young families to live in suburban municipalities, especially BURNABY, COQUITLAM, DELTA, North Vancouver City and Dist, RICHMOND and SURREY.

From 1901 (the first year for which statistics are available) to 1951, people of British ethnic origin — many of them Canadian born — formed three-quarters of the population and dominated the elite. After WWII new immigrants made Vancouver more cosmopolitan. In 1979 the school board reported that nearly 40% of the children in elementary school did not speak English as a first language. Pupils of Chinese, Italian and East Indian background were most numerous. Until after WWII, the largest and least popular non-British ethnic group were Asians, mainly Chinese and JAPANESE. An anti-Chinese riot in 1887, an anti-Asian riot in 1907, the tension surrounding the KOMAGATA MARU incident of 1914, and the 1942 decision of the federal government to evacuate all Japanese, including about 8600 city residents, from the coast demonstrates the hostility that Vancouver residents, like other British Columbians, felt towards Asians. With the postwar easing of immigration barriers, an increasing number of ethnic Chinese have come to Vancouver. Although Chinatown flourishes, Chinese reside throughout the city and participate fully in its life. Those Japanese who returned to the coast have blended into the city. Immigrants of East Indian ethnic origin have experienced a mixed reception.

**Government and Politics** Vancouver is unique among BC municipalities in having its own charter, but it remains very much a creature of the provincial legislature, which must approve every charter amendment. Until 1935 the city was governed by a mayor and aldermen chosen from various wards. When the province abolished the ward system, only the aldermen seriously objected. Taking advantage of the at-large system, the CO-OPERATIVE COMMONWEALTH FEDERATION in 1936 ran a slate of aldermanic candidates and elected 3. The existence of party politics at city hall was confirmed in 1937 with the formation of the Non-Partisan Association (NPA), a loose amalgam of Conservatives and Liberals. The NPA has been dominant in civic politics although it was challenged in 1972 by The Electors Action Movement (TEAM) and recently by several left-wing groups, of which the most important is the Committee of Progressive Electors (COPE).

Vancouver's first experience with METROPOLITAN GOVERNMENT occurred in 1913 with the formation of the Vancouver and Dist Joint Sewerage and Drainage Board. Metropolitan agencies concerned with water, public health and regional planning appeared later. The growth of suburban municipalities encouraged the provincial government to create an elected body, the Greater Vancouver Regional Dist (1967), which has taken over most functions of the earlier agencies and added such responsibilities as capital finance, building regulations, housing and air-pollution control.

**Cultural Life** Vancouver has long enjoyed a variety of cultural activities. The Art, Historical and Scientific Assn (one of the first groups organized) established a museum 1894. In honour of the 1958 BC centennial, the city built a new museum, a Maritime Museum and, with funds from lumberman H.R. MACMILLAN, a planetarium. As soon as the CPR opened an opera house in 1891, Vancouver became a regular stop for touring concert artists and theatrical companies. As well as supporting local amateur musical and dramatic groups, the city also has such professional bodies as the VANCOUVER SYMPHONY ORCHESTRA, the Vancouver Opera Assn and the Playhouse Theatre Centre. The last was one of

many professional theatrical companies that mushroomed in the 1960s and 1970s. All 3 used the Queen Elizabeth Theatre, a civic auditorium opened in 1959, but the symphony now plays in the restored Orpheum Theatre. Since Oct 1983 the Vancouver Art Gallery (est 1931) has been located at the Old Courthouse, a larger site than its previous home and redesigned by architect Arthur ERICKSON.

Institutions of higher learning have also stimulated the arts. The Vancouver area has 2 public universities, UNIVERSITY OF BRITISH COLUMBIA (fd 1908) and SIMON FRASER U (fd 1965); several regional colleges, including Vancouver Community College (1965); and the BC Institute of Technology (1964). Two daily newspapers, the *Vancouver Sun* and the *Province*, a number of specialized newspapers and journals, a host of radio stations, 4 TV stations and easy access to American TV via cable provide information and entertainment.

The Vancouver area offers many opportunities for outdoor recreation, including skiing and boating. Within the city are 138 parks of which the largest and most important is Stanley Park. Amateur teams participate in most sports and the BRITISH COLUMBIA LIONS football team (1964) and the VANCOUVER CANUCKS hockey team (1970) play in major professional leagues. The Lions play their home games at BC Place, where the 1983 Grey Cup between the Lions and the Toronto Argonauts was played. The Canucks use the Pacific Coliseum, on the Pacific National Exhibition grounds.

PATRICIA E. ROY  
Reading: Patricia E. Roy, *Vancouver: An Illustrated History* (1980); C. Davis, *The Vancouver Book* (1976); L.J. Evenden, ed., *Vancouver: Western Metropolis* (1978); H. Kalman, *Exploring Vancouver 2* (1978).

**Vancouver, George**, naval officer, explorer (b at King's Lynn, Eng 22 June 1757; d at Peter-sham, London, Eng 12 May 1798). Vancouver was with James COOK on his second expedition to the South Seas (1772-75) and on his third to the NORTHWEST COAST (1776-80). In 1790 an expedition was planned to explore that coast. Preparations were delayed by news that the Spaniards had seized British property at NOOTKA SOUND but were resumed, under Vancouver's command, after a convention had been signed with Spain 13 Oct. Vancouver was charged with 2 missions: to receive back the properties alleged to have been seized at Nootka and to explore the coast from California to Cook Inlet, Alaska. He reached the coast in Apr 1792. In Aug he met the Spanish commissioner BODEGA Y QUADRA at Nootka; negotiations were friendly but futile, and the matter of the seized properties had to be referred to London and Madrid. Three summers were spent exploring the coast, with the intervening winters passed in the Sandwich Is [Hawaii]. Vancouver returned to Eng in Sept 1795 and soon set about revising his journal, published in 1798 as *A Voyage of Discovery to the North Pacific Ocean and Round the World*. In it he claimed with justice that his survey, one of the greatest of the kind, had removed "every doubt" about the existence of a NORTHWEST PASSAGE to the Atlantic "within the limits of our researches."

W. KAYE LAMB

Reading: B. Anderson, *Surveyor of the Sea: The Life and Voyages of Captain George Vancouver* (1960).

**Vancouver, Mount**, elev 4828 m, situated in the YT's St Elias Range, rises SE of Mt LOGAN between 2 immense glacier systems, Hubbard and Seward. A large massif, it supports 4 summits and measures 24 km from NW to SE at its base. Its SE summit, 4792 m, is a boundary peak between Canada and Alaska, only 32 km from the sea. The highest (NW) peak was first climbed June 1949 by N. Odell, W. Hainsworth, R. McCarter and A. Bruce Robertson. The SE summit, the highest unclimbed summit left in Canada by 1967, was climbed by a joint US-Canadian team

to commemorate the Alaskan and Canadian centennials. It was renamed Good Neighbour Peak.

GLEN BOLES

**Vancouver Canucks**, HOCKEY team. The Vancouver Canucks had been members of the Western Hockey League since 1948. For a price of \$6 million, they joined the NATIONAL HOCKEY LEAGUE on 22 May 1970. They played their first home game on 9 Oct 1970 in the 3-year-old, 15 555-seat Pacific Coliseum, and went on to accumulate 56 points for a sixth-place finish in the 7-team East Division under Coach Hal Laycoe and General Manager Bud Poile. In 1974 team ownership was transferred from the Medcor Corporation of Minneapolis to a group of Vancouver businessmen headed by Frank Griffiths. The Canucks best regular-season performance to date occurred in 1974-75, when they finished atop the Smythe Division with 86 points in 80 games. In 1982 they made a surprising advance through the playoffs but lost in 4 straight games to the New York Islanders in the STANLEY CUP final.

DEREK DRAGER

**Vancouver Island**, BC, 31 284 km<sup>2</sup>, the largest island on the W Coast of N America, is about 460 km long and 50-80 km wide and stretches parallel to the BC mainland. It is separated from Canada by the GEORGIA, Queen Charlotte and Johnstone straits and from the US by JUAN DE FUCA STR. With the QUEEN CHARLOTTE IS. it forms part of a partially submerged chain of the Cordillera and is a continuation of the US coastal mountains. Its coastline is very rugged, especially on the W where there are several fjordlike inlets — the longest being Alberni Inlet and Muchalat Inlet — that cut into a heavily forested, mountainous interior, with mountains averaging 600-1000 m. Higher peaks include GOLDEN HINDE (2200 m), Elkhorn Mt (2194 m) and Mt Colonel Foster (2133 m). In contrast to this mountainous core are the coastal lowlands, which form an almost encircling belt. They are most pronounced in the N and E where the Nahwitti and Nanaimo lowlands form part of a coastal trough stretching from SE Alaska to the Puget Depression in Washington state. The Island has numerous freshwater lakes, the largest being Nimpkish, Cowichan, Buttle, Sproat, Great Central and Campbell. Its climate is damp but mild, with precipitation ranging from 3.8 m in the western flanks of the mountains to less than 0.8 m in the SE Nanaimo Lowland. Much of the precipitation returns to the Pacific through a series of rapid-flowing, deeply incised, relatively short rivers, such as the Nanaimo and Campbell. The island is most heavily populated in the SE, where the city of VICTORIA is located.

Although the archaeological record is still incomplete, it is clear that Indians have occupied the Island for several thousand years. A tribal, village society evolved, with an economy based on fishing, collecting and hunting. The abundant marine and forest resources along the coasts supported a culture rich in oral tradition and artistic expression. Two main linguistic families, Salishan and Wakashan, developed and continue to exist. Traditionally, villages

comprised stoutly constructed cedar longhouses and were usually situated in sheltered coves or a short distance upriver from the ocean. During the hunting season tribes migrated through well-defined territories. In the early 19th century the native population was about 15 000. Owing to disease, it declined to about 5600 in 1881, fluctuated around 5000 until the 1950s, but increased to more than 7000 by the 1970s.

Spanish, Russian, French, British and American explorers and traders began penetrating the waters of the NE Pacific in the 18th century. Britain gradually ousted the others, however, through the activities of its trading companies, the Royal Navy's presence, and negotiation and threat in Europe. The voyage of James COOK and George VANCOUVER's circumnavigation and hydrographic survey of the Island 1792-94 provided the basis for increased British penetration. The diversity of PLACE-NAMES with which the Island and its surrounding islands and waters abound are a permanent record of this exploratory period. In 1843 the HBC sent James DOUGLAS to the Island to select a site for a fort, and a small settlement at the southern tip developed around Fort Victoria. The Treaty of Washington (1846; see OREGON TREATY) established the Island as British territory; it was made a British crown colony in 1849. It united with the mainland BC colony in 1866 and the united colony entered the Dominion of Canada as the province of BRITISH COLUMBIA in 1871.

The European population grew slowly until the 1860s, when the discovery of gold on the mainland and coal on the Island led to a significant increase. Some of those disappointed in the goldfields turned to farming and coal mining and joined a growing trickle of settlers carving out homesteads on the narrow eastern lowlands. Besides Victoria, early settlement centered on the Duncan area of the Cowichan R valley and the COURTENAY-COMOX region, both attractive and fertile valleys. Although the forest was an obstacle to the pioneer farmer, its sheer quantity and high quality stimulated the growth of lumber mills at points accessible to tidewater, such as PORT ALBERNI (1861) and Chemainus (1862). The Esquimalt and Nanaimo Ry (1886) provided the basis for expanding the Island's lumber and mining industries. By 1900 the population had grown to around 51 000, with nearly 90% concentrated in the Victoria-NANAIMO region. After 1900 the pace of development increased rapidly as immigration continued and the mining and lumbering industries developed. Nanaimo expanded and new coal mines were opened at CUMBERLAND, LADYSMITH and Union Bay. Population growth slowed between 1921 and 1941, as little suitable land for agricultural development remained; the exhaustion of the best coal deposits left further development to the expansion of the forest industry. The potential for tourism was also becoming apparent as transportation facilities improved, and as the attraction of the Island as a retirement area grew.

The postwar era saw a new surge of growth associated with the increased activity of the forest-products industry, with new or expanded mills at Port Alberni, Crofton, CAMPBELL RIVER and Gold River. The province also became more actively involved in developing and managing the economy, and Victoria, the capital, benefited from expanded government functions. Recent elements of growth have been highway and hydroelectric-power construction, modernization of the ferry system, expansion of military bases and the continued growth of tourism.

The majority of the Island's residents live in Greater Victoria, DUNCAN, Nanaimo, Port Alberni, Courtenay, Campbell River and numerous small towns and villages. Most urban settlements owe their origins and early growth to resource extraction or processing. Since about 1900, those centres possessing both accessibility,



ports or railway stations, and more than one source continued to grow, and gradually made the transition from single-enterprise company towns. Victoria's early lead was lost with the growth of Vancouver, which had the advantage of a rail connection to the east. Others stagnated or became ghost towns. Throughout the first half of the 20th century over 77% of the Island's population was of British origin. The CHINESE formed the largest ethnic minority, followed by Scandinavians, JAPANESE and NATIVE PEOPLE. Since WWII the Island's ethnic composition has changed dramatically with an influx of Europeans.

ALAN F.J. ARTIBISE

Reading: C.N. Forward, ed, *Vancouver Island: Land of Contrasts* (1979); M.A. Ormsby, *British Columbia: A History* (1958).

**Vancouver Playhouse**, completed in 1962 with 647 seats and owned by the city of Vancouver, adjoins the large Queen Elizabeth Theatre. It is viewed as the city's "regional theatre," though the Arts Club Theatre is equally popular. The Playhouse Theatre Co began its first season in 1963, and the next year began a tradition of commissioning original works. Five to 7 plays have been presented annually in a September-to-April season, and sometimes an additional 3 or 4 plays are staged elsewhere. George RYGA's *The Ecstasy of Rita Joe* (1967) was the Playhouse's greatest success. The artistic directors have been Michael Johnston (1963), Malcolm Black (1964-67), Joy Coghill (1967-69), David Gardner (1969-71), Paxton Whitehead (1971-73), Christopher Newton (1973-79), Roger Hodgman (1979-82) and Walter Learning (1982- ). See also THEATRE, ENGLISH-LANGUAGE. MALCOLM PAGE

**Vancouver Symphony Orchestra** has been in continuous existence since 1930, when an earlier Vancouver orchestra was revived. During its inaugural season, the VSO gave 4 concerts, all under conductor Allard de Ridder, 1930-40. A series of guest conductors led the orchestra until Jacques Singer was appointed music director, 1947-52. Under Irwin Hoffman, 1952-64, a protégé of Serge Koussevitzky, the orchestra moved from its home in the Orpheum Theatre to the new Queen Elizabeth Theatre in 1960. Meredith Davies, 1964-70, revitalized and rejuvenated the orchestra, and Kazuyoshi Akiyama was appointed music director, 1972-85. The orchestra toured Japan in 1974, Canada in 1976 and the US in 1978. In 1977 it moved back to the renovated Orpheum Theatre. By 1984-85, with a season of some 43 weeks and nearly 190 concerts, the VSO was regarded as one of Canada's major orchestras and has almost 40 000 subscribers.

BARBARA NOVAK

**Vanderpant, John**, photographer (b Jan van der Pant at Alkmaar, Netherlands 11 Jan 1884; d at Vancouver 24 July 1939). A major influence on Canadian photography in the 1920s and 1930s, he established a distinctive style that emphasized light and form and generally shunned popular manipulative processes. After being a photojournalist for a Dutch magazine, he came to Canada in 1911. He opened a studio in Okotoks, Alta, and after WWI moved to BC, eventually settling in Vancouver, where he set up a commercial portrait studio. He began exhibiting in international salons, quickly achieving acclaim and winning awards around the world; his solo exhibitions toured the US, Great Britain and Europe. A fellow of the Royal Photographic Soc of Great Britain, he also wrote and lectured widely. His Robson St gallery, opened in 1926 with Harold Mortimer-Lamb, was a centre for music, poetry and painting. JOAN M. SCHWARTZ

**Vanier, Georges-Philéas**, governor general 1959-67 (b at Montréal 23 Apr 1888; d at Ottawa 5 Mar 1967). Educated at Loyola and Laval, he was called to the Québec Bar in 1911. He enlisted in 1915 and after winning the Military Cross



Governor General Georges Vanier and Her Excellency Mrs Vanier during a sports event at Camp Fortune (courtesy Public Archives of Canada/C-75936).

and DSO he became a founding officer of the Royal 22e Reg, of which he later became commanding officer (1926-28). After WWI he entered the diplomatic service and represented Canada at the League of Nations, in London, and at many international conferences. In 1939 he became Canadian minister to France, and in 1943 minister to all allied governments in exile in London. He returned to France in 1944 as ambassador and served there with great distinction until his retirement in 1953.

Maj-Gen Vanier was installed as governor general on 15 Sept 1959. His years in office were turbulent ones because of a difficult economic situation, a succession of minority governments and the rise of violence and separatism in Québec. But he won the affection and admiration of Canadians by his concern, manifested in his inspiring public addresses and wide travels across the country, for the poor and the humble, for youth and for the family. A tall, impressive man who moved with great dignity and composure, he was profoundly religious and brought a spiritual and moral dimension to his office. His wife Pauline (née Archer) won equal respect and contributed much to the success of his term.

JACQUES MONET, SJ

Reading: R. Speaight, *Vanier: Soldier, Diplomat, and Governor General* (1970).

**Vanier, Jean**, spiritual leader, worker with the handicapped (b at Geneva, Swit 28 Sept 1928). The son of Georges VANIER, governor general of Canada, and Pauline Vanier (née Archer), he served in the British and Canadian navies 1945-50. He studied and taught philosophy and theology in France, and then in 1964 established a home for handicapped men living with him in Trosly-Breuil, France. Called L'Arche (the ark), it was the first of many; by 1982 there were 9 in France, 17 in Canada, 6 in the US and numerous others around the world. Vanier is widely esteemed for his leadership of spiritual retreats and for several books, including *Tears of Silence* (1970), *Eruption to Hope* (1971), *Followers of Jesus* (1976) and *Community and Growth* (1979). His writings and way of life challenge people to share life with the disadvantaged, in the belief that each person has a unique value as a human being. MAC FREEMAN

**Varley, Frederick Horsman**, painter (b at Sheffield, Eng 2 Jan 1881; d at Toronto 8 Sept 1969). In early life he spent much time in the English countryside and became intensely spiritual, finding God in nature, not in the church. He received a solid art education, first at the Sheffield School of Art (1892-1900), then the Académie royale des beaux-arts in Antwerp, Belgium (1900-02) where he studied original paintings by Rubens. After unsuccessful starts at careers as an illustrator and art teacher in England, Varley immigrated to Canada in 1912. Through Arthur LISMER, a Sheffield friend who had moved to Canada a year earlier, he found employment as a commercial illustrator in To-

ronto and befriended Tom THOMSON and Frank CARMICHAEL.

In 1918 Canadian War Records commissioned Varley to illustrate the war in Europe. He painted several portraits in England and made 2 trips to France. The 4 large war scenes that resulted were critically acclaimed and brought him to the forefront of painters in Canada. In May 1920 Varley became a founding member of the GROUP OF SEVEN. He did not share the Group's enthusiasm for the Ontario landscape, however, and during the early 1920s attempted to make a living as a portraitist. The family of Vincent MASSEY commissioned several, but Varley made little money and in 1926 began to teach at the Vancouver School of Decorative and Applied Arts. During the next 10 years he painted hundreds of landscapes in oil and watercolour, marked by fine draftsmanship, exotic colour, unusual vantage points, and after 1933 by metamorphosis of forms. In 1933, he and J.W.G. MACDONALD opened their own school, the BC College of Arts. Though it was well attended, it closed after 2 years, a victim of the Depression. By 1936 Varley was broke, and moved to Ottawa to try to resume his career as a portraitist. During the next 9 years he drifted between Ottawa and Montréal, making few paintings, except in 1938 when he travelled to the Arctic on the government supply ship *Nascopie*. In 1944 he returned to Toronto and, in 1948-49, taught at the Doon Summer School of Fine Arts near Kitchener. In 1955 he made a sketching trip to Cape Breton, and in 1957 the first of several more painting trips to BC. Romantic and independent, Varley was known as the "gypsy" of the Group of Seven. His gifts as a colourist, draftsman and intimate observer of life are best displayed in his drawings and small watercolours.

CHRISTOPHER VARLEY

Reading: Christopher Varley, *F.H. Varley* (1981).

**Vaudreuil, Philippe de Rigaud de Vaudreuil, Marquis de**, governor general of NEW FRANCE (b probably near Revel, France c1643; d at Québec C 10 Oct 1725). Vaudreuil served in the French army with the Mousquetaires from 1672 and distinguished himself in campaigns in Flanders. He was appointed commander of the troops in Canada in 1687 and took part in campaigns against the Iroquois (see IROQUOIS WARS). He followed CALLIÈRE in the governorship of Montréal 1698-1703 and then as governor of New France in 1703. When Vaudreuil took over, the colony was at war with its southern neighbour and her Indian alliances were threatened because of the collapse of the beaver trade and the French withdrawal from the western posts. In his conduct of the war, Vaudreuil tried to preserve the 1701 peace with the Iroquois while encouraging the Abenakis to harass the eastern New England settlements. After the TREATY OF UTRECHT, 1713, he worked through a network of highly effective Indian agents to reassert New France's control of the western FUR TRADE by establishing posts in Iroquois territory, and around the Great Lakes and upper Mississippi drainage area. He continued to exploit the Abenaki alliance to contain the spread of Massachusetts. He was a popular governor who through tenacious work and sometimes ruthless tactics guided New France through a critical era. His success was due in part to the lobbying of his Canadian-born wife at the French court.

MARY McDUGALL MAUDE

**Vaudreuil, Pierre de Rigaud de Vaudreuil de Cavagnial, Marquis de** (sometimes Vaudreuil-Cavagnial), officer, last governor general of NEW FRANCE (b at Québec C 22 Nov 1698; d at Paris, France 4 Aug 1778), son of Philippe de Rigaud de VAUDREUIL. He followed his father into the TROUPES DE LA MARINE and the colonial service. After rising through the ranks, he was