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SUBJECT cc Mather

*From the Private Secretary*

4 July 1990

PRIME MINISTER'S MEETING WITH MR. MANDELA

The Prime Minister spent some three hours today talking to Mr. Mandela, who was accompanied by Mr. Mbeki. Sir Robin Renwick was also present throughout.

It was a successful meeting with an excellent atmosphere. The Prime Minister was already conscious of Mr. Mandela's natural dignity, which comes over very clearly on television. Meeting him in person, I think she was impressed by his courtliness and obvious sincerity. Mr. Mandela's impressions will no doubt become clear at his press conference. But he must feel that he was given a very full opportunity to explain his point of view (his initial comments lasted over 50 minutes uninterrupted: possibly a record). Generally, he expressed his views on the main issues in conciliatory terms, implying that the commitment to armed struggle could be given up quite soon: that lifting of sanctions could follow agreement on constitutional principles: and that state participation in industry was simply an option. Although there were occasionally signs of naivety or dogma, they were relatively rare. He did not himself raise the IRA, but the Prime Minister dealt with the issue briskly and with finality. At the end of the lunch, Mr. Mandela said that he would very much like to contact the Prime Minister directly from time to time: the Prime Minister agreed willingly to this. Mr. Mandela's final comment was that he hoped one day that he and President De Klerk might come together to No.10 Downing Street.

Once he was settled, Mr. Mandela said that he had very much looked forward to the opportunity to meet the Prime Minister at last. It was an honour and privilege to come to No.10. He thanked the Prime Minister for the role she has played in securing his release and that of his colleagues, also for her part in securing Zimbabwe's independence. There were historic, political, trade and cultural ties between Britain and South Africa which he wanted to see continue. He knew that the Prime Minister was utterly opposed to apartheid: that was clear beyond all reasonable doubt. There might be some difference between her and the ANC on methods for dealing with the problem. But they had no doubt of her integrity and sincerity.

Mr. Mandela continued that he would like to brief the Prime Minister on political developments in South Africa. He had been

CONFIDENTIAL

CONFIDENTIAL

- 2 -

urging the South African government to sit down and talk since the middle of 1986. It had not been an easy job under P.W. Botha. Things had changed with De Klerk, and he had been struck immediately by De Klerk's sincerity and strong personality. For his part, he accepted that white South Africans feared the consequences of one man one vote and wanted guarantees of their rights. After three meetings with De Klerk, he believed that they had similar objectives for South Africa. They had already made great progress together, and with the report of the sub-committee on political prisoners, the main obstacles to negotiations had now been removed. The next step was to identify those who should be at the negotiating table, and what sort of body should be established to draw up a new constitution. Those taking part in negotiations must be people who enjoyed legitimacy and credibility. The Government was trying to pack the negotiations with representatives of obscure or newly-created organisations, so as to leave the ANC in a minority. The ANC could not accept that and wanted non-racial elections to choose those who should negotiate. The ANC did not claim to be the sole representative of black South Africans, but there was no doubt that it enjoyed massive support.

Mr. Mandela continued that the ANC were aware of the risk to De Klerk from the extreme right, which was gaining in strength. They would do what they could to sustain him. One of the charges made against De Klerk by the extreme right was that he was giving in to pressure from the United Kingdom and the United States. That was one reason to be careful about lifting sanctions. On sanctions, he could understand that the Prime Minister did not want to see South Africa's economy damaged. Nor did the ANC. After all, it was their people who suffered most. Their aim was therefore an early political settlement which would enable sanctions to be lifted. This could happen before a final settlement, perhaps when there was agreement on constitutional principles. The international community should leave the timing of lifting sanctions to the ANC. He repeated that he appreciated the Prime Minister's concern about continued sanctions and the damage which they did.

Mandela continued that he was also addressing the question of black unity, urging people to forget the past and mobilise for peace. He had been successful with most of the homeland leaders, but it was proving more difficult to involve Chief Buthelezi. Personally, he enjoyed a good relationship with Buthelezi and was grateful for the principled stand which he had taken in refusing to talk to the South African government while he (Mandela) remained in prison. South Africa's problems could not be solved without his participation. But in practical terms it was not possible for the ANC to sit down with him at this juncture. Inkatha was clearly directly responsible for the violence in Natal: and the situation had been further exploited by the police and the army. The South African government could stop the violence in Natal if they wished, but they saw it as serving their purpose. The hostility felt by ANC supporters to Buthelezi was very great indeed, and made it impractical for the ANC to cooperate with him at this juncture. But he emphasised that he wanted to find a way to settle the problems with Buthelezi. He still had a lot of respect for him, although Buthelezi's

CONFIDENTIAL

CONFIDENTIAL

- 3 -

political support was being severely corroded.

Mandela concluded that the ANC faced a number of practical problems, in particular with repatriation of exiles. They were also playing a major role in bringing about a peaceful solution in South Africa but needed to be on the same level of preparedness as the government. He hoped that the British Government would consider giving them financial support.

The Prime Minister said there was absolutely no difference between her and Mandela that apartheid must go. It was wrong, immoral and contrary to the dignity of man. She believed that many white people in South Africa now realised that and wanted apartheid to go. On sanctions, she could never accept the logic that we should be asked to relieve poverty and starvation where they existed in Africa, while at the same time being pressed to cause poverty, starvation and unemployment in South Africa. The South African population was increasing rapidly, and the only way to meet people's aspirations was economic growth. That required trade and investment. We would continue with that, while at the same time providing generous aid for black South Africans. There was a lot of insincerity in the talk about sanctions, and anyway they were of diminishing relevance. The arms embargo imposed through the United Nations would continue, but other sanctions were being eroded. The reason for this was a positive one. People could see that President De Klerk and Mr. Mandela were coming together to create a new future for South Africa, a future which they could believe in. They were therefore beginning to have confidence in that future and to invest in South Africa.

The Prime Minister recalled that she had reminded Mandela, when they had talked on the telephone, that Britain had been at the receiving end of armed struggle. On the IRA, to get that out of the way, the essential difference between the situation in Northern Ireland and South Africa was that everyone in Northern Ireland had a vote. The IRA resorted to violence because they did not like the result. We would never talk to people who used terrorism to oust democracy. Similarly, the ANC's commitment to armed struggle was wrong because you could never justify killing other people to pursue your objectives.

The Prime Minister said that she was troubled by the emphasis given in Mandela's remarks since his release to negative aspects such as sanctions, armed struggle and nationalisation. South Africa was entering a period of hope. It was time to lay aside the hatred, as Mr. Mandela himself had done and lead people towards a vision, a land of hope. South Africa had the strongest economy in Africa and therefore an excellent foundation on which to build. With his great wisdom, Mr. Mandela should avoid harping on the negative aspects and concentrate on explaining his vision for the future.

Turning to constitutional issues, the Prime Minister said that she did not see how there could be a Constituent Assembly, to which power would be transferred. The right way to proceed was to agree on constitutional principles. That was skilled work for experts, not for an assembly. There were many different

CONFIDENTIAL

CONFIDENTIAL

- 4 -

constitutional variations to be considered and assessed. She hoped that Mr. Mandela would throw himself into these issues immediately on his return. She wanted to make one final point about President De Klerk. The essence of political leadership was to know how far ahead of your people you could afford to be. You should never be too far ahead. She sensed a growing concern in South Africa that results from De Klerk's policies were too slow in coming and this could put his position at risk. That was another reason why she urged Mandela to get down to negotiations immediately on his return.

Mandela said that he had listened with interest to the Prime Minister's remarks. Things were never the same once you started to exchange views candidly and honestly. Their differences were not important so long as they agreed on the main goal of getting rid of apartheid. They disagreed on sanctions: the ANC thought that sanctions had been crucial in persuading the South African government to talk. Easing them too soon might derail the peace process. But he respected the Prime Minister's concern about the damage which sanctions did. That was why he was so keen for a settlement. He believed that the obstacles to negotiations had now virtually been removed. They could start as soon as the participants had been selected. He would be meeting President De Klerk to confirm this immediately upon his return to South Africa. He recognised that there could not be a Constituent Assembly before the new constitution was agreed, and that constitution-drafting was a matter for experts. He understood the Prime Minister's position on armed struggle. He would only recall the conditions under which the ANC had resorted to violence. In 1986 they had decided to scale down armed struggle. Now that the obstacles to negotiations were virtually removed, there was no reason why the ANC could not address the issue of ending the armed struggle.

Mandela continued that the ANC recognised the importance of successful economic policies and were in touch with South African businessmen. At present, virtually all the resources of South Africa were owned by a tiny minority of the white minority. The great mass of black people were experiencing poverty, hunger, illiteracy and unemployment. Unless this inequitable distribution could be rectified, it would not be possible to get democracy to function. The ANC were looking at various options for raising the capital which would be needed for economic development. State participation in industry was an option, but only one. If there were alternatives, it would not be needed. Taxation was not the answer in South Africa's situation, because business needed to be able to reinvest its profits. He wanted to stress that the ANC had not decided on nationalisation: they hoped that viable alternatives could be found. They had seen the mistakes made by others in Africa, and it would be foolhardy to ignore them. He might also quote the example of Mr. Gorbachev, who had had the courage to say that the system to which he devoted his life was seriously deficient. The ANC were not going to adopt a system that was seriously deficient. They wanted to work with South Africa's business community. The Prime Minister stressed the importance of an open economy, in order to attract investment and create growth. People had to be taught that prosperity did not drop from the sky, and that you could not put

CONFIDENTIAL



CONFIDENTIAL

- 5 -

distribution of wealth ahead of the creation of wealth. South Africa would find itself in a world in which competition for foreign investment was intense. Sir Robin Renwick added that a multi-party system would be very important for creating the right climate to attract foreign investment to South Africa.

There were brief exchanges about the situation in South Africa, and Mr. Mandela referred also to the Prime Minister's role in the discovery of Mr. Gorbachev, and bringing the Soviet Union and the United States closer to each other. He also spoke with appreciation of the work done by Mr. Justice Steyn and the Urban Foundation.

The Prime Minister concluded by saying that South Africa was very fortunate to have President De Klerk and Mr. Mandela at this juncture. Mr. Mandela said that he would like to be able to get in touch with the Prime Minister directly from time to time: the Prime Minister agreed willingly to this. As we rose from the table, Mr. Mandela said that he hoped that one day he and President De Klerk would be able to come to No. 10 Downing Street.

I am copying this letter to John Gieve (H.M. Treasury), Simon Webb (Ministry of Defence), Martin Stanley (Department of Trade and Industry), Myles Wickstead (Overseas Development Administration) and Sonia Phippard (Cabinet Office).

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