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PRIME MINISTER'S
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PRIME MINISTER
CANBERRA

27 FEB 1981

My Dear Regent

It is apparent to us here that the problems of developing countries and issues in the North/South dialogue will be prominent in international discussions over the year ahead. I expect that we will be giving particular attention to these matters at the Commonwealth Heads of Government Meeting in Melbourne later in the year.

My Government has been conducting a review of North/South matters. In looking at the Third World, we see some disturbing trends. As the situations of the poorest countries have worsened in recent years and as others have experienced the dislocation attending change, there has been an increased incidence of conflict and instability in several areas. Continuing difficulties and frustrations exacerbate strains in political relationships and when - as in the case of Iran - the atmosphere deteriorates sufficiently, economic rationality can all too readily become subordinated to political passion and a turning away from co-operation with the West.

As we see it, the fact that East-West rivalry has assumed a new urgency in the last year or so is not a reason for relegating North/South issues to the "back-burner". On the contrary, given the Soviet strategy of using its extended military reach to exploit instability, some Third World countries are likely to provide the focus for East-West confrontations in the difficult years ahead. Preventing the deterioration of relations between the West and developing countries therefore assumes even greater importance.

It seems to us to be in the enlightened self-interest of the West to respond in good time to moderate elements in the Third World rather than to wait and to see its mood become more radical and its condition more desperate and unstable. We also see purely economic

interests of the West involved in maintaining co-operation with the Third World. If the existing economic order is to remain substantially in being, with the willing participation of Third World countries, its benefits must be demonstrably mutual. Reform and flexibility which serve this purpose are not the enemies of that order, they are among conditions for its survival.

It is in this light that we see a pressing need for progress in North/South matters. Probably progress will be slow at best in the dialogue on the large structural and systemic issues raised by the Third World under the NIEO banner, but that must not prevent progress in other areas where there are urgent - and tractable - problems. These are areas such as food, health, education and technical assistance - especially in agriculture and energy. Progress can be made in such areas both multilaterally and bilaterally. It would make a vital contribution to the well-being of ordinary people in Third World countries, as the Brandt report has reminded us.

For its part, the Australian Government is prepared to make a positive contribution, particularly in areas in which Australia has strong credentials - for example, food security and agricultural development, and energy and resources development. We will also be seeking to play a constructive role in discussions on North/South issues generally.

Progress over the year ahead will not be easy. It appears possible that the Global Negotiations in the United Nations General Assembly may not begin for some months and that progress in them will in any event be difficult. Arrangements for the summit meeting recommended by the Brandt Commission and scheduled to be held in Mexico in June have yet to be firmed up.

In the circumstances, the meeting of Commonwealth Heads of Government, representing some forty-five developed and developing countries, may well be the most important forum in which progress can be made in discussions of North/South issues this year. I believe that within the Commonwealth we have an invaluable opportunity to foster a pragmatic and co-operative approach to the dialogue between developed and developing countries.

I would welcome your reactions to these ideas. Exchanges of ideas between our Governments will be helpful in developing a common approach and in ensuring a positive outcome from the Commonwealth Heads of Government meeting.

My warm personal regards.

Yours faithfully
Margaret Thatcher

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