

23/5/84.

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Prue Thorne

I have
acknowledged
OK.

My Dear Margaret,

25/5.

It was so dear and typical of you to write about my paper on Taiwan. Of course I understand the reasons for the Hongkong negotiation and indeed had been trying to explain them in roughly those terms in Taipei. I was simply reporting the Chinese reaction for what it was worth. In this case surely hindsight.

Two impressions persist from my visit: I doubt whether Mainland China under the Communists will ever provide the Eldorado market which many British Business men seem to think it will (some of the shrewdest and most experienced people I know in this

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Sector share these doubts). Second, Taiwan is now an impressive Economic and military power which is going to survive, and could well outlast the Communist regime. Our trade with them could be greatly increased to our advantage and I wonder whether a closer contact with them might not be useful to us as the crisis deepens in Hongkong.

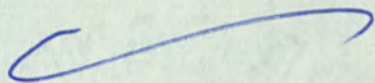
I had two other thoughts which I nearly sent you but decided against because it is of questionable value to offer suggestions from the sidelines and without the facts! But your kindness in writing decided me to send them for what they are worth and here they are attached. One may be new, the second is not and you may remember it from (over)

our days in opposition. I shall not expect
a reply.

I think of you so much and pray
for your strength. There may be storms
about but, in my book, the long range
forecast is set fair!

With love -

Yours
Stephen



From: Sir Stephen Hastings, M.C.
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22nd May, 1984

1. Europe

Something needs to be done to breathe life back into the European concept which threatens to become a debilitating embarrassment, and as such to lower morale in the free world. The economic reforms you seek have got to be attained and my guess is that they will be, but in a fairly sour atmosphere. But if at the same time we could come up with some imaginative design aimed at strengthening real European power the economic transition might be the more readily acceptable, at least to some of our partners.

The weaknesses of NATO as the bedrock of Western defence have always been the absence of the French and second the myopic limitation of the Alliance to West Europe and the Atlantic, leaving the rest of the world a prey to Soviet expansion, Muslim fanaticism and other forms of subversion and terror. The Western response is confused, hesitant and unconvincing.

My only excuse for this suggestion is that I spent four years dealing with the French on behalf of H.M.G. in particularly confidential circumstances, and although I know how exasperating they can be I have always felt that when we do bring off an understanding we are the most formidable and natural combination in Europe.

The French love sweeping ideas and the aspect of "grandeur". They do not love the Germans whatever they pretend.

Why not leak, or otherwise convey to them - perhaps unattributably in the first instance - that while of course there can be no giving way on the present economic issues, once this matter of good housekeeping is satisfactorily settled much might follow from a Franco/British initiative on defence.
For instance:-

contd./..

A joint task force or "force de frappe" with combined operations capability on permanent standby and able to operate worldwide. A detachment could perhaps be on station in the Mediterranean and another in the Indian Ocean. Base facilities to be shared.

There would be a commitment to move whenever the joint or separate interests of the two nations were threatened.

The concept could, and should in due course, be extended to include the Germans or any other members of the E.E.C. prepared to commit their Forces.

This is just the sort of initiative which might appeal to the French and break the logjam. Moreover it just could lay the foundation for real European power instead of the present unedifying and inevitable bargaining. Perhaps the E.D.C. might provide a suitable vehicle.

2. Subversion

I remain worried that you have no adequate means to counter Soviet subversion and international terrorism. In the negative and purely defensive sense, yes, there is counter intelligence, but few wars - and this is a permanent if largely hidden war - have been won by defence alone. There is my old Regiment the S.A.S. and of course this is a paramilitary unit of enormous value, but only in certain prescribed circumstances with defined and limited objectives. It could never provide a general staff for the sort of Service I mean. The nearest analogy would be the War Time Subversive Operations Executive (SOE). A modern equivalent - what we called the counter-subversion executive (C.S.E.) - would have to be a more discreet creature, although many of the features would not be dissimilar and the structure we suggested in our paper might still be valid. Such a Department or Service could perhaps best be handled through a small Joint Committee of the Foreign Office and the M.O.D. under your direct control.

The Foreign Office would almost certainly and traditionally oppose its creation, but the likes of Qaddafi might well be easier to deal with if it existed.