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10 DOWNING STREET

From the Private Secretary

10 September 1982

Prime Minister's Speech to the Conservative Party
Conference : Foreign Affairs Section

The Prime Minister is turning her attention to this year's speech at the Party Conference. I should be most grateful if some material could be produced for the foreign affairs section (I mentioned to George Walden earlier this week that I might be making this request).

It would be helpful if separate draft sections could be prepared on:

- A Defence policy
- B The Western Alliance
- C The European Community
- D East/West relations
- E Problem areas, eg Middle East, Namibia and, conceivably (though this will have to await the results of the Prime Minister's visit to the Far East) Hong Kong.

On defence policy, I think that the Prime Minister will wish to use again, though perhaps in a re-worked form, some of the themes of her New York disarmament speech. It would also doubtless be appropriate to include passages on defence expenditure and the nuclear deterrent. Also, though this is perhaps a separate section, a passage would be welcome on the fight against terrorism, with reference to Northern Ireland, the London bomb outrages and the problem of international terrorism.

As regards the Western Alliance, the Prime Minister will wish to refer to the strength of the Anglo/American relationship, making the point that it is because the friendship is fundamental that the current differences (John Brown, steel) hurt. But she will want to put those differences in perspective by arguing that an alliance of genuinely free, sovereign states may look superficially less united than the Warsaw Pact but has a stronger fundamental basis of unity.

On the European Community, the Prime Minister may wish to develop the theme she has used earlier - namely the importance of this area of stability, democracy and free trade. She is inclined to state that

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without the Community, there would be less stability and less democracy in Europe and less solidity in the Western Alliance. She will then, of course, need to refer to our Budget problem and perhaps other aspects of Community activity.

As regards East/West relations, Mrs Thatcher wants to speak of a Communist world in disarray. She sees events in Poland as a fundamental challenge to the Communist system. The political problems in the Communist world, with which we have long been familiar, are now coupled with economic problems which may open up more potential for change. That in turn could lead to greater oppression but the experience of Poland raises the question of whether repression can succeed. She may also wish to add the warning note that change in Poland from a military to a normal Communist regime would not be a satisfactory outcome from our point of view.

B/F Please regard the above as no more than the broadest of guidelines. You may well wish to advise the Prime Minister to use other material as well. Since Mrs Thatcher may well wish to work on this speech during her return flight from the Far East I should be grateful if the drafts could reach us in Hong Kong by 26 September.

ASC

Brian Fall, Esq.,
Foreign and Commonwealth Office.

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DEFENCE OF VALUES

1. Falklands - that was the purpose

2. Defence policy

- (a) Defence expenditure
- (b) The nuclear deterrent
- (c) Themes of New York disarmament speech
- (d) The fight against terrorism -
Northern Ireland; London bomb outrages;
the disease of international terrorism.

3. The Western Alliance

- (a) Values that bind us stronger than
transient differences
- (b) Reagan's Westminster speech
- (c) Strength of the Anglo/American relation-
ship. It is because the friendship is
fundamental that the differences hurt.
John Brown.

4. European Community

The most important area of stability, democracy and free trade in the world. Through our membership we are in a better position to work for those principles. But we need a more equitable basis for our membership - we seek and expect a solution to the budget problem in the months ahead.

5. East/West Relations

- (a) Political: Communist world in crisis. Poland continues. Soviet system does not work.

- (b) Economic: West needs a strategy.
Reagan is right in his aim, even if we
differ about the techniques. Our wealth
and technology should not be used to
promote alien values.

6. Problem Areas

- (a) Middle East
- (b) Namibia
- (c) ? Hong Kong

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John Brown. *Steel*

*An alliance in freedom may not look as tight as it is
as warm but*

*from alliance
before for later*

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*higher of Poland -
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