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FALKLAND ISLANDS REVIEW COMMITTEE

Note of an oral evidence session held in Room 1/99  
Old Admiralty Building, London SW1  
on Wednesday 29 September 1982

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PRESENT:

Lord Franks - Chairman  
Lord Barber  
Lord Lever of Manchester  
Sir Patrick Nairne  
Mr Merlyn Rees MP  
Lord Watkinson

Mr A R Rawsthorne } - Secretariat  
Mr P G Moulson }

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Witness:

Mr Nicholas Ridley

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Note taken by MPO Reporter

CHAIRMAN: Thank you for coming to see us. We were talking to Lord Carrington this morning; later on we shall be talking to Mr Luce. I wanted to ask you first, if I might: we have some questions we want to ask you, is there anything you want to say to us before we start with you?

- A. (MR RIDLEY): I think, Lord Franks, it would be better if you asked me questions. If at the end you have not asked me the questions which enable me to tell you what I want to say, perhaps I could then say a few words, but I think it would be better to defer that, or postpone it altogether.

Q. Certainly. You were Minister of State in the Foreign Office really from the inception of the present government to I think September roughly, 1981.

- A. That is right.

Q. Would you mind telling us about your area of responsibility in the Foreign Office? We understood from Lord Carrington that he went in for some measure of delegation, that he wanted different ministers to look after various chunks of territory, that he expected them to talk to him if things were difficult or going wrong, but otherwise, 'Get on with it'. From your point of view, what was your role in that?

- A. I was asked to look after the whole of the Western hemisphere, including the Caribbean and various islands in the Atlantic. I had I think 14 of the remaining 17 British colonies which by accident fell within that geographic area and I confirm what Lord Carrington said, that he delegated very freely and that I could discuss with him if I had problems, and indeed I did. Apart from that, and from the guidance of the Cabinet and the Overseas and Defence Policy Subcommittee of the Cabinet, I was perhaps responsible for formulating policy and executing it.

Q. Yes, I think that is quite clear. When we come to the particular series of episodes connected with lease-back, how far were you responsible for the initiation

and development of the policy this government followed? Of course we know that the notion of lease-back was not first invented by this government, it had been around before, but when this government came in to power it was taken up and pursued. Would you like to tell us a little about your role in that?

- A. Certainly. I first of all wanted to see the situation on the ground and to talk to the people in the islands, and I made it my first trip anywhere to go to the Falkland Islands. I have the dates, if I may refresh my memory. I went on 21 July, which was fairly soon after the election, to the islands.

Q. This would be 1980?

- A. 1979. It was the first visit I paid. And I also talked a bit to the Argentines, but more in an introductory way than substantively. I came back from that visit with a certain feeling that there was a dangerous situation, that negotiations had been going on for a good number of years and that the Argentines had got nowhere and felt that we were stringing them along, whereas the islanders were apprehensive at this constant threat, as it were, but were not prepared to make any real gestures, let alone real concessions, and I saw this situation as being explosive, either sooner or later. I then had talks with Lord Carrington and then a talk with the Prime Minister. My basic position was that one either had to declare, as it were, a 'fortress Falklands' and take the necessary steps on the defence and economic and resupply side, or one had to find a solution involving an agreement with the Argentine Government. Both Lord Carrington and the Prime Minister, after much discussion and argument, felt that the latter was the right course, which I very strongly believed was right, and so in due course we went to the Cabinet committee - you have probably seen all the papers and I can refresh your memories with the dates if that helps - and I was given authority to try and seek a lease-back solution. I believed that lease-back was the only solution which could possibly

be agreeable to the Argentines, to the islanders and to the British parliament, and the more I did in this business the more convinced I became that, whatever the merits or demerits of the lease-back solution, there was no other conceivable solution which would bring agreement and so I made it my business to pursue obtaining a lease-back solution.

I think underlying all of my determination in that direction was the feeling that if one were to go before the Cabinet and then before parliament and then before the country and say, "We cannot contemplate a negotiated settlement; instead we want to tell the Argentines that there can be no more negotiation", the resultant costs, both in terms of defence and in terms of economic aid and communications aid to the islands, would have been so horrific that one would have been laughed out of court. Certainly that was the argument which perhaps persuaded the Cabinet to authorise me to try and solve the problem. But I must emphasise that I had very strong convictions, and still do, that the solution to this problem had to be found through negotiation if at all possible.

Q. Just one other question which I would like to ask relating to this part of our talk. One of our difficulties of course is that we see all the written documents but we do not see what was not written down, by the nature of the case. I rather inferred from what Lord Carrington said to us this morning that there quite often conversations, maybe with you to him or him to you, of which there is not a record, but these were going on, not continuously but whenever occasion warranted. Is this so?

- A. Not to a very great extent. There was a long conversation which I had with the Prime Minister, and I think Lord Carrington had talks with the Prime Minister at which I was not present.

Q. That is when, if I may say so, the project was being sold?

- A. When we were perhaps discussing what we should do.

Q. Yes.

- A. After it was decided that we should try and negotiate the lease-back solution in earnest I was very much left alone to handle it. I reported to the committee of the Cabinet, the overseas and defence policy committee, two or three times - I forget exactly how many without refreshing my memory - as to how it was going and what the situation was. I think Lord Carrington is right to the extent that he left the administration of this policy, the attempt to achieve a solution, very much to me. Such conversations as there were which were not recorded were perhaps more before we decided to try the lease-back policy, and then again just before I left the Foreign Office, when we were aware that things were not going so well, and perhaps July, August and September of 1981 were the months when we talked most, when we were not too happy with the way the thing had gone. But I must say that I would like to take the responsibility for the vast bulk of what happened because it was left to me to do.

LORD BARBER: If there were any changes of any significance or any developments of any significance would you normally have reported to the Secretary of State?

- A. Yes.

Q. So that he would have been informed of any developments of any consequence?

- A. He would first of all have seen all the papers and the telegrams. Secondly, we had a weekly meeting of all ministers for an hour once a week.

CHAIRMAN: This of course we do not get from the papers.

- A. No, quite. Once a week there was a meeting of all ministers where we reported what was worrying us or what we had done or what we thought, on a whole range of subjects. Of course the Falklands would only come up on that occasionally because there were so many other problems. That was the way in which other ministers in the Foreign Office were informed

and also the way in which we would swap reactions, and Lord Carrington would perhaps give a little guidance. But it did not come up all that often.

SIR PATRICK NAIRNE: Could I just ask, perhaps to illustrate this: when in due course in the summer of 1980 you made an important statement to the House, would the handling of that statement have been something you would have discussed with Lord Carrington personally in advance: the way that might go, likely reactions and so on?

- A. Yes. He made a similar statement in the Lords.

Q. Exactly.

- A. And we certainly had a discussion beforehand as to how to handle it, although on that occasion I had only just returned from the islands I think 48 hours or 24 hours before, so there was very little time because it was thought right that I should report to the House immediately upon my return.

CHAIRMAN: This was at the beginning of December?

- A. This was 2 December.

Q. Yes. I think, if I may say so, we have a very full account from the papers of your visit to BA, your talks in the Falkland Islands with the councillors and with the public at large; where you got to and how opinion was in degree divided, but probably rather more against change than for it. Subject to the other members of the committee I think we know that story so if I may come to the end of it, you then reported to the House of Commons, and we know something about the way in which your report was received. Would you tell us what you felt at that time about your reception in the House in relation to the ongoing course of negotiation? What did you feel it had done?

- A. I was not surprised by the reaction in the House of Commons and one has to remember that I think it was 18 people who asked me hostile questions, which leaves some 630 who did not ask me hostile questions.

Q. Yes.

- A. I followed that up with a visit that evening to the

Conservative Party Foreign Affairs Committee where there was a large attendance and it was strikingly different in that perhaps 30 per cent of the questions were supportive. I expected that there would be a hostile reaction from the people on that side of the Conservative Party who saw the world as being painted red, and the more that was painted red the better. I expected there would be a hostile reaction from the Labour Party because the Labour Party was violently opposed to any accommodation of Argentina, for different reasons, and they saw it as a concession to the Argentine.

I was not surprised by that. I think what I later was disappointed by, and what I had not entirely appreciated, was that the effects of this public manifestation of criticism in the House of Commons fed back to reinforce the doubters in the islands.

Q. Yes.

- A. On the other hand, there was no way that I could have done anything about that. Perhaps I could add at this point, Lord Franks, that at the onset of this I was convinced that it was right to go to the islands first and to discuss the possibility of lease-back with the islanders because it was their future which was at stake. I also was convinced that if the islanders would say yes to the possible solution then the House of Commons and British public opinion would have gone along with them. So I was not surprised or too worried about the reaction at home at that stage, but where I perhaps was disappointed was the fact that this minority, if it was, or majority, manifestation of hostility in the House of Commons perhaps had an undue effect upon opinion in the islands and that was one of the problems which preoccupied me very much for the rest of 1981, as to how to seek to change and correct that. You have seen the account of the measures we discussed and the measures we took to try and change it but that perhaps was the point at which we were unable to make much more progress.

MR REES: Governments often are in a position, by the very nature of being in government where it is more



difficult, where they are convinced that this is the right way through but they have to convince the House of Commons in a way that perhaps is not appreciated outside. That evening you went to a meeting of a back-bench group, as you have reported, but it was a very difficult policy to put forward to the House of Commons, and you have given two reasons now. Were any other efforts made to make sure that if you proceeded with your policy outside the House of Commons you were not going to have trouble inside - the whips, the Prime Minister - I am not referring to individuals now, I am talking about the way it is normally done - because you have got to corral your support for it to be done? Was much of an effort made more than going to the back-bench committee? - A. Of course I had the full approval of the Prime Minister and the Cabinet; I did not have to convince them. I would not have been sanctioned to undertake this hazardous and, if I may say so, personally very risky enterprise without their support. But on my return I made the statement, I went to the foreign affairs committee and then I had a series of private lunches at home when I entertained a considerable number of the Conservative Party and discussed this matter over a period of three or four months with the main body of those who were anxious about it. Mr Rees will know that when one is in party politics in government it is perhaps enough in the first instance to convince your own supporters! So I cannot say that many of the opposition were at my table on those occasions; I do not think any of them were.

I also had a number of meetings with groups of our own backbenchers on particular aspects: the defence aspect, the economic aspects, and I took steps to arrange for two backbenchers, one from the Labour Party and one from the Conservative Party, to visit the islands, in a way hoping that they would be able to inform their colleagues more of the situation there. I in fact did everything I could conceivably think of to discuss, to inform, and to sell these ideas, but I must confess there was not sufficient interest to be able to disseminate them very widely because you do require

opportunities for debate, events which cause the back-bench committees to want to hear from you further, television programmes if you want to make a public appeal. Without these opportunities it is not so easy, so we have to create our own opportunities.

Q. Supposing the thing had gone through - and you would have been gone by that time; it happens to all governments, I am not making any other point than that - at the end of the day if you had succeeded, if the government had succeeded with the Argentine government, would you have been able to get lease-back through the House of Commons?

- A. I think you do know that we would not have anticipated enormous difficulties with the Argentine government, for reasons which I believe you have been told, though there was one point of difficulty to negotiate there.

LORD LEVER: The length.

- A. The length. I am certain that if the islanders had endorsed negotiations on the basis of lease-back, with even 60 per cent I could have concluded the lease-back solution, and if that still had 60 per cent or 70 per cent islander support I believe that I could have persuaded the House of Commons to vote for it. But in this matter I am sure the key was whether one could obtain sufficient support from the islanders.

I did not see this - if I may just add this, Lord Franks - as something that should ever be short term. I never expected to come away in December 1980 with an endorsement in my pocket from the islands. I expected it to take a year, or maybe three years, to get their consent and in all my dealings with the Argentines I told them that they must not be impatient and that if I was to succeed in persuading the islanders it may take several years. I saw it as a several years' exploit.

CHAIRMAN: I think you felt it of importance to almost have a campaign of educating opinion, both in the islands and in the parliament itself, did you not?

- A. Yes I did, but I saw that as a long-term campaign and in the event I think it is true to say that there was not nearly as much time as I had thought.

Q. No, things changed.

- A. (a) Things changed, and (b) I think it would have taken two or three years to have persuaded the Islanders and we needed a favourable series of events to back up that campaign.

SIR PATRICK NAIRNE: And in the event - I do not say this implying any criticism of any kind - during the period for which you had responsibility the opinions of the islanders hardened further against the plan?

- A. Yes.

CHAIRMAN: After their elections.

- A. If I can expound a little bit. At the time of my visit there was a considerable body of support. There was a bigger body who were strongly against but there was at the same time a very sizeable sector of 'Don't knows'. It was not hopeless. But from that time on I think it deteriorated and the manifestation of that deterioration, if that is the right word - it went against me - took place in the elections in October of last year, when very little support was elected.

MR REES: If I may finish, at least from my point of view, with the House of Commons, in what you were doing, there was no doubt you felt on your benches that you had the full support of the Cabinet for what you were doing. I ask that for a second reason. You know, as we all know, that allegations are made

in the House of Commons that it is the wicked Foreign Office that come up with these policies - and all governments fall for it, that there is a Foreign Office view - you have heard it expressed. There are the two sides. You had the full support of the government for what you were doing, all the work that you did. It was government policy, and this story about all being caught by the wicked Foreign Office is not true?

- A. When I first came to look at this problem, having never had anything to do with it before I entered the Foreign Office, I was very doubtful about any negotiation. It was my first visit in July 1979 which persuaded me beyond the slightest shadow of doubt that this was an urgent and dangerous problem, that there was only one way to avoid either severe economic blockade or, more likely, military action, and that was to negotiate a solution. I accept, as Mr Rees has suggested, and as you have suggested, Lord Franks, that this was not an original solution; on the other hand, I was convinced that it was the only solution which had any chance of working. I saw this work that I did in trying to get this solution as a slight element of risking my own personal political capital for the sake of averting bloodshed and really quite serious events. The fact that I failed is to my own personal regret.

Q. When you say 'more likely' there, 'more likely military action', I wonder if you could expound on that because this is something, not in your period, that we are going to have to look at. You felt that there was a danger at some pitch of the Argentines engaging in "military action"?

- A. Yes. I think all the papers which I, through Lord Carrington, put to the overseas and defence policy committee of the Cabinet, mentioned that if things went wrong we faced the risk of...

CHAIRMAN: That is if negotiations broke down?

- A. I think I would widen it more than that. If either negotiations broke down, or if the Argentines came to the conclusion that we were simply stringing them along, there was a risk first of all of a blockade - cutting off communications, petrol, air links, sea links; and, secondly, military confrontation. I say 'first' and 'second' because I always thought - and here I was wrong - that the first stage would be cutting off communications, which would later be followed by military confrontation. One of our errors in that was that it is obvious that if you first cut off the communications and started to harass British shipping and air traffic, that would be a warning to the British that military adventures might follow. When one thinks of it in retrospect it is clear that the right thing for the Argentines to do is to do the military attack before cutting off communications. That seems to me to be one of the errors of thinking that we made, but I confess that we did make it, although it never eluded our consideration that military operations were always possible.

Q. How far were you influenced, if at all, by the JIC report in I think July 1981, which really rather followed the line on which you have been speaking, that if things went wrong the first thing would be a resort to pressures, economic and the like, but that if things went further - negotiations broke down etc - then there would be a risk of armed action not excluding the invasion of the islands? That is a

particular order of events and you were just saying that you subscribed to it and it turned out that the Argentines did not; they inverted the order. Did that JIC report influence your thinking, or did you arrive at these views independently of it? Was it part of the general thinking of the Office with which you agreed? What was the content, so to speak, of your thinking?

- A. I agreed with the assessment in that JIC report but I had my own reasons for agreeing with it because I became very friendly with Comodoro Cavandoli, who was my opposite number in the Argentine government. Indeed, I made it my business to get to know him personally and we had a relationship beyond our formal negotiating one. So I was able to talk to him and also to the Argentine ambassador here, Senor Ortiz de Rozas, but he, if my confidence may be respected, was a very untrustworthy and inaccurate man. But my discussions with all of my Argentine opposite numbers led me to believe that the JIC report was correct. Of course the obvious difference between my experience and what happened was that there was a totally different Argentine government in place when they did invade. I did meet Senor Enrique Ros, who was deputy foreign minister in the Videla government, which came between Viola and Galtieri. He I thought was a less easy man to get on with and a slightly harder man than Cavandoli and I never got on to terms with him to be able to explore his mind and the way he felt about it because we were only together in post for about three months and I only met him once.

But I confirm very strongly that if the government that I dealt with had felt that there was a breakdown in negotiations or that for political reasons at home they had had to escalate the temperature in relation to the dispute, they would certainly have done it by cutting out air services or fuel supply or maybe occupying another of the South Sandwich Islands or some device of that sort, to put pressure on the islanders. My own view is that there was a very big difference between the attitude of the Argentine government that I dealt

and the attitude of the government which finally invaded.

Q. After Galtieri came in.

- A. Yes.

Q. Could I now move to that important meeting you had on 30 June 1981. It was after these events we have been talking about. It was a review of the situation with the design to frame policies for the future. After that meeting, how in fact did you view the prospects? You will remember that besides other things you ended by thinking there ought to be contingency planning. This I think was not the first time this had been mentioned in the Foreign Office - Mr Day had made a minute about this earlier in the year - but I think it was the first time it had cropped up in a ministerial context. When I read this I said to myself, "Ah, this means that the possibility of things going wrong must be sufficiently real in people's minds for them to take measures in that case". I am not trying to put thoughts into your mind, I am merely telling you what went through my mind. We would be grateful if you could expand a little on that meeting and what came out of it and how you thought about it.

- A. I think, with respect Lord Franks, the first mention of the need for contingency planning is in the memorandum that I sent to the overseas and defence policy group on 27 January 1980.

Q. Thank you very much. Corrected.

- A. When I put the alternatives to my colleagues as a negotiated settlement or the need for defence, and it was from that meeting that the plan was authorised to try and negotiate the settlement. By the middle of the summer of 1981 I had become worried because I could not see any chance of the islanders adopting the lease-back solution and so I decided to have a brainstorming session with all those most involved. I sent for our ambassador in Buenos Aires and for the Governor of the islands and had all the people in the Office who were the principal participants to this one-day conference in Carlton Gardens. You have read the minutes of that and to

some extent it showed our doubts and worries but also I think the minutes show how very much circumscribed we were for options as to what actually to do next and we came to the conclusion that we simply could not possibly have convinced the Cabinet, parliament or the country that 'Falklands fortress' was the right policy. I decided, being the politician present, that we did not have the authority to impose a solution of lease-back without the consent of the islanders, nor would we have had the support of parliament had we done so. That left us with the option of trying to persuade the islanders to see the risks to them and to accept serious negotiations, and that of course brought us, in view of the reports we were getting from Argentina, to the conclusion that some contingency planning was necessary, and that fell into the two forms of reinforcing our ability to resupply and communicate and, secondly, military preparations, which were referred to the Ministry of Defence who I think later on put in a memorandum on 14 September on the military implications of defending the islands.

I may just add this. The view I took from 27 January 1980 to 30 June 1981, during that approximate period of 18 months when I was negotiating and trying to achieve the lease-back solution, there was no conceivable need for contingency planning. The Argentines were being very understanding, they saw that we were trying, they were being as helpful as they possibly could because they too had an interest in a negotiated settlement and wanted to see one. And it did not cross any of our minds that we should at that time have been calling for alternative methods of supply or, for that matter, greater military preparedness.

I perhaps should add further, if I may take just one more minute, that on my visit to the islands in July 1979 I was appalled at the prospect that this remote place was defended by 41 of Her Majesty's Marines and although they were splendid men and their training and deportment were excellent it was immediately apparent that there was no



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conceivable way that they could be regarded as a defensive force against the Argentines. That of course was in a sense a further spur to make one feel that the solution was a negotiated one and indeed everything I found out from discussion with the defence ministers - and I did discuss it with them - made me aware of what we are now seeing to be true, that the cost of defending the place was, I think the latest estimate is £600 million capital investment and £300 million a year. To propose those sort of figures during my stewardship of this situation I think was out of the question.

LORD BARBER: Could I come back to one point that was mentioned. As you may know we have seen the Governor. In this process of education that you were hoping to do if you had been given time - two or three years - was the Governor's position equivocal in any way? On the one hand he was chairman of the council, the authority in the islands; he was their representative, he was there to convey to you their views. But he was also Her Majesty's representative. How did he fit in with your concept of trying to win the islanders over?

- A. I think his position was very difficult because he had those two roles. He was their father figure, their one leader. They have, if I may say so, virtually no political leadership, they have no leaders themselves and they look to him very much for guidance and support. On the other hand, he steadfastly, so far as I know, argued that in his opinion the lease-back solution was the right answer. When I was there in December 1980 we must have seen more than half the population. We went to something like 60 per cent of the camp sites. He came with me and on every occasion he, in his own way, argued for the British government's policy, and was reassuring and supportive to the islanders. But I would agree - and I think this is a dilemma for all governors of colonies - that they are placed in a difficult position of both representing the British government and the people who live in the colony. I had this same experience in several

of the Caribbean islands. It is a difficult position that they are in and they are a very special breed of people who have somehow learned how to accommodate riding two horses at once.

CHAIRMAN: Could I go back for one moment to one thing you said. In the 18 months up to April 1981 there was no need for contingency planning or anything of that sort, the attitude of the Argentines did not warrant it in any way. You changed your mind in June. One of the problems which I do not have an answer to is this: there is an obvious interest on the part of Britain to continue negotiating because that prevents other things happening, it keeps the ball in the air - whatever metaphor one likes - the whole thing in play. But there can be a point at which what we have to offer is so thin that the Argentines see through it, lose patience, and therefore begin to wonder about alternative measures. How far were thoughts like that in or not in your mind when you were looking at the future from 30 June onwards, and how far is that relevant to your views about now being a time to go in for contingency planning; or am I misinterpreting your state of mind?

- A. Throughout my period dealing with this problem I was acutely conscious of the feeling which the Argentines had, that they had been negotiating I think they said for 14 or 15 years and had got nowhere.

Q. That is right.

- A. I would never have been happy to carry on the negotiations on the basis of stringing them along and playing for time because I felt that their patience was exhausted and that they might easily have done something violent. So it was for that reason that I thought it was right to play for a real solution, which meant that we made concessions of a sort - and, if I may in parenthesis say, I think the lease-back solution meant more concessions from the Argentines than from the islanders - and I was quite frankly astonished that the Argentines in principle had agreed to abide by them.

And so I was fearful when it looked to the outside world as if the lease-back solution was not going to be possible. I would not myself say that it had failed. I would never use the word that lease-back was thrown out or that it was dropped or that it was rejected; I would have said that at that stage in the development of the debate it had not been accepted but there was every chance in due course it would have been. But to the outside world it looked as if it had failed and it looked as if we were not going to be able to press it any further. That seemed to me to be a possible trigger, not I think so much for the Argentine government that I was dealing with because I knew them well enough and could talk to them freely enough to be quite certain that they understood our difficulties and would show patience. But they it was themselves, the Argentine government, Comodoro Cavandoli, who pointed out to me that whatever his government might think they were not to be in office very much longer and it did not follow that their successors would be so understanding.

LORD LEVER: They were not ousted until December 1981.

- A. No. Viola and Cavandoli went in I think April 1981.

LORD BARBER: There was one in between.

CHAIRMAN: Was it Videla?

- A. Videla, and Enrique Ros, who was the deputy foreign minister.

LORD WATKINSON: Coming back to this question of how prepared we should have been, in fact you summed

up that meeting you were talking about on 30 June and you said we should play for time with Argentina. That was your summing up. You did say also that updated contingency papers should be prepared, prepared to form annexes to an OD paper, and perhaps eventually be published. Then when you minuted the Secretary of State - and that is what I am really concerned with - did your anxieties about possible military action get through to the Secretary of State. All this is very unfair because we have seen all the papers and they are a long way ago to you, so I apologise for it.

- A. I have seen them; I have read them again.

Q. You said in annex C in your minute to the Secretary of State that one possibility was to let the Argentines conclude that we will not talk about sovereignty and to set in hand contingency action to deal with the consequences most likely to follow from that. What I am really at is, if you had anxieties about a possible military adventure - maybe you did not, but if you did - were these transmitted to the Secretary of State and in such a form that he would have to take note of them?

- A. My anxieties were principally that they would cut off communications or harass us in some way at that time.

Q. Measures, in other words, not military action?

- A. Those were my principal fears. But I think you will find that the Secretary of State and I discussed that minute in early September last year and on 14 September a minute went from the Foreign Secretary to the Prime Minister recommending contingency studies and warning of possible military confrontation. So perhaps it is more true to say that the discussion between the Secretary of State and I following my minute to him was where that was discussed. I must say to Lord Watkinson that I did not myself feel that military action was at all likely, I felt it was a remote possibility but that the pressures were very likely.

Q. I just wanted to be clear about that because one of the things that puzzles us is that we have not yet found anyone - and I think you are now numbered amongst them - who felt that the progression would be other than first what I call measures, the harassment and that sort of thing, and then only after all that had been played, and perhaps the United Nations, would one face the possibility of military invasion.

- A. I am certainly in the majority camp there.

LORD LEVER: Lord Franks said at the beginning that lease-back had been around before you came on the scene. Did you know that? For example, did you know the attitude of any previous government on lease-back?

- A. I discussed this with my predecessor in the last government, Mr Rowlands. We discussed lease-back and he said that he had not been authorised by his Cabinet to explore it and it was going beyond what the previous government would permit.

Q. When was this, before you started on your lease-back negotiations or afterwards?

- A. Before. As shadow and real ministers do, I tried to get such support as I could from him, and although personally he was very understanding and supportive he could not promise support from his own party. I am not blaming him at all for that. I am merely confirming what Lord Lever says, that this was an idea that had been around for some time. I myself could see the great political dangers in trying to do it but felt it was worth trying to persuade my colleagues to adopt it.

Q. Supposing it had been around in any particular form, might it not in fact have been of help to you in persuading the House of Commons to take a rather more supportive view of the proposals when you came back to them with the deal if you had been fully informed of the extent, if any, to which the previous governments had given their support to it?

- A. As Lord Lever knows, one is not given access to the papers of previous governments, only their published words, and no published words of any previous government gave overt support to this concept.

CHAIRMAN: That is true. And we have the unfair advantage of having read the whole lot.

SIR PATRICK NAIRNE: May I ask you about a rather different aspect arising out of that really very valuable brainstorming meeting that you had?

- A. I appear to have repeated myself very often in that.

Q. If I may say so, I thought it was a meeting that would clearly be of enormous use to all concerned. At the very end of it Endurance is touched on. I would very much like to hear what you have to say generally about the argument with the Ministry of Defence over the retention of the Endurance. But the question primarily in my mind is a rather wider question that does not seem to have been specifically discussed at that meeting, and that is the way in which our policies might be having an impact on the Argentine mind from the angle of - let me put it rather crudely - is the British Government, whatever they were saying in public, in effect rather changing their position about the defence of the territorial integrity of the Falkland Islands, whether we were slowly putting into the mind of the Argentine Government - perhaps with lease-back itself being handled in an entirely public way and our recognition that there could be some sort of change of status on the sovereignty issue with the decision about the Endurance - whether we were slowly creating this psychological impact which could be damaging and in the end contributed to the view that Galtieri perhaps held - I do not know, but perhaps held - that we were not going to defend

the islands if there should be a coup de main. I wondered what you felt about all that in general and about the Endurance in particular.

- A. I will start with the Endurance. I personally was not told about the cutting of Endurance, although I believe Lord Carrington did know about it, before it was made public. I do not and did not protest about that because I did not see Endurance as being relevant to the defence of the islands. As I have said, the 41 marines and if you add to that Endurance presented such a tiny tripwire that I could not believe that making the tripwire even smaller either reduced or impaired the defence because there really was not any defence. I saw the withdrawal of Endurance as being to do with the needs of the British Antarctic survey and the work in South Georgia and that it had no political significance in relation to the Falkland Islands. I was reinforced in that view by my working relationship with the Argentines, who knew perfectly well that we were trying to find a solution to the problem, and it never occurred to me that the withdrawal of the Endurance would have made them feel, "Oh, the British are trying to find a solution, to get an agreement to this problem, but now that they have withdrawn Endurance that is a signal to us that we can invade with impunity. That concept seemed totally and utterly remote in my time. I think a very significant event was the change of government to Galtieri. Obviously the Galtieri government was not in power at the time I was dealing with this. They may, sitting in their non-governmental role, have come to conclusions from the withdrawal of Endurance. But certainly in the situation in which I was dealing with it it had no relevance at all. I think with the advantage of hindsight it has been interpreted as a signal by very many people and I think it was a mistake, but it did not seem so to me at the time.

SIR PATRICK NAIRNE: It was rather interesting to see that in July 1981 there was a telegram that I would imagine was probably one of the many telegrams that you would have seen at the time reporting that: "Several Argentine newspapers



have carried prominently versions of a report of a Daily Telegraph article on the withdrawal from service of Endurance. All the reports have highlighted the theme that Britain is thereby 'abandoning the protection of the Falkland Islands'". Also there has been an intelligence report which gives some support to that.

- A. I think that is true. I think it was a misapprehension on my part, how much more important it would seem to the public at large than it seemed both to me and to the Argentines with whom I was in contact. But I think it did have an effect on non-governmental circles which was much more widespread than in governmental circles.

Q. It was interesting what you said about the admirable personal relationship that you were able to develop with the minister you were negotiating with. In all those discussions, if I may put this general question, Argentina would have no misunderstanding of the seriousness about commitment of ultimate defence?

- A. None at all. I can remember two or three occasions during negotiations in New York-formal negotiations being attended by two counsellors from the Falkland Islands when it was necessary for me to make public reassurance on that score to reassure the islanders. On all occasions it was made absolutely clear that the negotiation and the secret talks in Switzerland, which you have heard about, were without prejudice both to our legal position and to our determination to defend our territorial position if anything went wrong, but of course as we were trying to reach agreement threats were not in order.

MR REES: What does 'defend the islands' mean in terms of what you have said, which I fully understand, about our impotence: we were determined to defend the islands but we could not?

- A. There was a speech which I made in the town hall at Port Stanley at the end of November 1980, a public speech with about 400 people there, which was taped and relayed, in Argentina obviously, and one of the questions at that public

meeting was, "Do you still guarantee our security if the Argentines invade?" I said without equivocation, "If that were to happen we would have to come and kick them out. Why I would regret having to do that is because it would involve keeping military forces here for many generations thereafter. But in the event of any military attack upon these islands I give you our guarantee that we will remove the Argentines". That was heard in Buenos Aires. There were Argentine journalists there with tape recorders.

LORD LEVER: So there can be no truth whatsoever in the story that the Foreign Office or you were actually encouraging the Argentines to invade the island as a soft option? To the very contrary you are saying that knowing this would be relayed back to the Argentine you stated categorically that we would take it back if there was a military invasion?

- A. I tried to find the report of that meeting, but of course it came as a question. There is a very nearly verbatim report of my speech, which you may or may not have seen...

SIR PATRICK NAIRNE: Roughly what date is this?

- A. It was about 25 November 1980. This came in reply to a question. So it is not in the written text of the speech.

Q. But you are satisfied that you said it and it was relayed?

- A. It will be on the tape in the Argentine Ministry of Foreign Affairs.

Q. But not immediately available to us.

- A. I could not find the reference to show to you. I would very much like to do so if I could.

MR REES: Given that you have said that in good faith, what did it mean in practice to anybody when one got back? The contingency planning that you refer to here, was anything ever done about it?

- A. The minute, Lord Franks, which went from the Foreign Secretary to the Prime Minister is dated 14 September saying that we should consider contingency studies and that MOD were putting in a paper on the military implications. I regret that I was moved to the Treasury on the 15th.

LORD LEVER: But your view was in any event that once there was a garrison forte and that decision taken by previous governments and adopted too by your own, protecting the islands could only realistically mean against determined Argentine invasion taking them back after they went, military protection?

- A. I think it would have been possible to put in place that which is now in place.

Q. As long as you did not have an effective garrison, defending the islands must mean to everybody here and everybody there and the whole wide world that when you proclaimed your intention to defend the territorial integrity it did not mean that you were going to maintain the military capacity to protect the islands but that you would take whatever action our power gave us to take it back if any action was taken.

- A. I did think of that point a great deal.

LORD LEVER: I can see my colleagues shaking their heads, but I thought that was your view in effect.

MR REES: Oh no; I did not say that.

LORD LEVER: I am not talking about other action to defend the islands. But I gathered it was your view that defence against a determined Argentine invasion could only be achieved by a satisfactory permanent garrison.

- A. It is not quite my view. My view was this, that to have had a permanent defence in place against a surprise Argentine attack would have involved such an enormous expenditure...

Q. Why did you say you were in favour of it?

- A. Can I just complete - would involve such enormous expenditure and many thousands of troops, because I knew perfectly well that they had a sophisticated air force and navy and they were very close, and of course I knew the difficulties of resupply with the very great distances and the vagaries of the weather at Port Stanley. When I talked to colleagues, which I am afraid I did only informally, in the Ministry of Defence I became convinced that we were talking in terms of billions of pounds. We now know the figures.

The capital cost is in the region of £600 million and the running cost is perhaps £300 million. So I was not far wrong in the estimate of the cost. I would have been laughed out of court if at any stage I had gone to colleagues and said we must now spend this sort of money when there did not appear to be any real threat. So the practicalities of it, it seemed to me, were that I did not have the political authority or ability to persuade colleagues or the country to put in place a defence of that sort, and therefore we had to rely upon finding a negotiated solution and the possibility that if unexpectedly there was an invasion it must be done by turning the Argentines off.

Q. That is exactly what I thought I had put to you but you rejected it. However, I obviously put it so clumsily that you...

- A. I wanted to put it in my own words. I am sorry if I misunderstood.

LORD LEVER: I am very grateful. That clears my mind.

MR REES: That seems to me an admirable statement of the situation, but the implication is that if it all went wrong we would go back and take the islands. You obviously would have been laughed out of court, as you put it, if you tried to commit the government to spend this vast sum of money to garrison and so on, and that has been in the remit all through the years. But did you have the authority to say that we would go back and take the islands, because until it was done there was great questioning as to whether it could be done. I think you will find in the MOD papers that they were not very struck on any argument about going back to take the islands. So although it is the ultimate step in your argument, which I agree with, did you have the authority to say that on behalf of the government?

- A. Yes. I had two instructions from Lord Carrington and the Prime Minister. One was to emphasise over and over again that we would do nothing without the consent of the islanders. The other was that in the ultimate we would be prepared to defend them in whatever way was necessary.

Q. Retake them?

- A. Yes - either defend if we had time to get there or retake them if necessary. As I said, I used those assurances in the public meeting at Port Stanley.

Q. I think this is very important. I am not doubting your word, but one of the problems we have is that by the nature of government there are often talks and quite often not on paper. This ultimate statement that you have just made, we could find this in the papers?

- A. I do not think so.

CHAIRMAN: I do not think so either.

- A. I think that those may have been verbal instructions, but perhaps I can add authority to the point in this way, that when I came back from the islands and made that statement on 2 December the Prime Minister was of the opinion that I had not given sufficient assurance in my answer to I think it was Mr Shelton's supplementary question. That is in Hansard - the 2 December 1980 statement. It was towards the end of the question. This is the question: "Will he also say whether he has contingency plans to help the islanders despite the lack of resolution of the problem?" My reply was: "We shall have to wait for the answer. That is a hypothetical question. We must consider the matter when we hear from the islanders". While sitting on the bench I got an urgent message that that answer was not good enough and that I must give further reassurance.

MR REES: From the Prime Minister?

- A. It was from the Prime Minister's private secretary, who was sitting in the box. In the morning I was asked to go to see the Prime Minister to give on a separate occasion a more forthright assurance. You will find that written questions were answered in the Lords and the Commons spelling out at a higher authority than mine those assurances because, if you like, I muffed the question, but there was no doubt about my instructions.

Q. So that we can check - it is very difficult - we look in Hansard for the main statements and there may be little nodules like this that are in subsequent questions?

- A. They were written answers in the Lords and Commons which followed perhaps three or four days afterwards.

Q. To the Prime Minister or to the Foreign Secretary?

- A. I think the Foreign Secretary.

LORD LEVER: So there is no doubt that that was the position of your government as well as you and that the Argentines could be under no illusion about your publicly stated position?

- A. They were not under any illusion...

Q. Whether they believed you or not...

- A. That is another matter. But I do not believe that they were under any illusion from what we said.

LORD WATKINSON: This was not the government of General Galtieri, of course. It was about two governments back.

- A. That is right.

CHAIRMAN: But the general effect of what you said was that we undertake to defend the islands by whatever means may be necessary according to circumstances?

- A. Yes, and certainly I said that many times in the course of the visit to the islands and I was accompanied by Argentine journalists with tape recorders wherever I went.

Q. I am sorry to press you on this. You were told either by Lord Carrington or the Prime Minister or both that that was the policy?

- A. Yes. I think in a way it is so obvious that it does not appear written down. But I am certainly clear in my own mind that Lord Carrington said three things to me before I went. He said, make it clear that their wishes will be paramount; make it clear that we will defend them if necessary whatever happens; and third, do not harass them and browbeat them, take it gently.

MR REES: I find that very valuable. I had not noticed the subsequent piece and certainly obviously would not have known of the antecedents of it. But with such a firm statement because of what happened in the House to Shelton

and then your briefing or instructions from the Foreign Secretary and from the Prime Minister, what was done about it in terms of contingency planning, or did it not need it?

- A. At that time it certainly did not need it. We were entirely concerned with the political problem of this very hazardous visit to the islands and this very hazardous return to the House of Commons. It was a question of saying the same thing to all but the right thing to forward our endeavour. One knew all the time that the Argentine was listening in. So it was a very difficult political operation to get it right to all parties concerned. But certainly there was no question at that time of contingency planning, it was not in our minds at all. Perhaps the committee will respect, as I am sure you will, my confidence when I say that as a result of my meeting in Switzerland the Argentines were entirely aware of what I was doing. They were trying to be as helpful as possible and they were in every sense wishing that my endeavour would succeed.

CHAIRMAN: We have the paper.

- A. I am sure you have. But the idea that while I was trying to do this there would be any need to have contingency planning just was...

Q. This only arose after June 1981?

- A. I began to get worried about it.

MR REES: And by that time you had gone?

- A. I went in September.

CHAIRMAN: Soon after.

SIR PATRICK NAIRNE: We are naturally seeing all the key Foreign Office officials. I would find it very helpful if you just say a brief word about the working relations. Did you see Mr Fearn at the time or did you see a great deal of Mr Ure on these matters? Did they pass on to you all the personal letters which the ambassador wrote - and he wrote a great many, which we have read? Perhaps you could say a brief word on this. I know that your responsibilities went much wider than the Falkland Islands.

- A. I was kept informed completely, I believe. I mainly dealt with Mr Fearn. He was the official who was handling this

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affair day by day. I drew support from Mr Day at later stages, who was not dealing with it until I cannot remember when, but about half way through. I took Mr Fearn with me to the islands on my second visit because we wanted to have a senior official there to assess and to assist in what we all saw as a very hazardous visit. He had a very great knowledge and understanding of the problem. We saw eye to eye completely about the handling of the matter and I had the very greatest confidence in him. If I may say so, Mr Ure had a very small part. Although he was in charge of both North and South America he rather left this to Mr Day. Mr Day came in at the end as a very senior man with very great experience, perhaps because we all felt that we were sailing into more difficult times, but Mr Fearn was the main operator.

MR REES: One of the allegations that is bandied about - we have referred to one about the wicked Foreign Office - one that has come around in recent months following the invasion is from some journalists, probably from talking to the islanders, saying that things were kept from them, that the government were doing things that they were not aware of. It cannot be all the islanders, it must be some of the elected representatives. In your time you kept them fully informed? - A. I did not tell them about the meeting in Switzerland, and I hope that nobody ever will. I was in a dilemma. There was no point in selling a scheme to the islanders which the Argentines then turned down. Equally, there was no point in any initiative unless one had some idea that it would succeed. So I did not want to go to the islanders and start all this off unless I had a very good idea that it would succeed. I presented this to them, because they asked me about it of course, in the following terms. I said: "I have had many contacts with the Argentine Government and I have no certain knowledge whatsoever, but in my opinion a scheme such as the lease-back scheme does have a chance that they would accept it. I cannot guarantee this, but that is my hope and my belief". I could not go further than that. In every other respect I think nothing was concealed from them. The difficulty was to get

enough information to them. There was a very poor channel of information because we only had the Governor and his council and it was not easy to get them all together. Most of them live all over the islands and they rarely assemble and it was not easy to get information disseminated.

CHAIRMAN: Thank you very much indeed. We are grateful to you for coming.

(The witness withdrew)