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CAB 292/47

FALKLAND ISLANDS REVIEW COMMITTEE

Note of an oral evidence session held in Room 1/99
Old Admiralty Building, London SW1
on Monday 25 October 1982

PRESENT

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

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

Witnesses

Prime Minister
Sir Robert Armstrong
Mr A J Coles

Note taken by MPO Reporter

SECRET

CHAIRMAN: Prime Minister, thank you very much for coming to see us. Also may I thank you on behalf of the committee for making your two private files available to us; they have been of great assistance. I have to ask you whether you wish to make any statement before we ask questions, but I was told that you probably did not want to.

- A. (PRIME MINISTER): I would far rather go straight into questioning, Mr Chairman, please.

Q. Thank you. If I may I would like to begin with a few questions just about the general machinery of government. The first is, to what extent did you rely on the Foreign Secretary to keep you in touch with foreign policy issues as they developed?

- A. A great deal, because I have no sources of my own inside my own office. As you know, we work only really with a Private Office, five private secretaries, and I have no separate sources of information save those which come to me from the departmental offices - one has one or two private contacts - or those which come to me through Sir Robert Armstrong.

Q. What part does your private secretary or the secretary of the Cabinet play in keeping you in touch with developments?

- A. The secretary of the Cabinet if there were any urgent matter on intelligence would come up to me immediately, and quite often does. We also sort out on Fridays the agenda for Cabinet and Cabinet committees, usually for three weeks ahead. But there is a much longer-term agenda for Cabinets of the issues that we know are going to come up, the time of the year when they come up, and those are fitted into a framework. My private secretary, John Coles, looks at everything that comes in for me and will usually mark up the relevant parts and put it in my box in the evening. Frequently of course I will not start on the boxes in the evening until after 11 o'clock at night and there might be two or three. There are usually one or two red ones and there is always one that is the hot box.

Q. Thank you. How far do you personally decide on the timing and the agenda of a defence committee?

- A. We look at the agenda but the Cabinet secretary brings up to me a complete list on Fridays of papers that are expected to be ready for OD. That will be in accordance with the events and decisions which we know have to be made. I prefer to run Cabinet and Cabinet committees on the basis of decisions which have to be made. We have in fact quite a lot of both economics committees and overseas defence committees. My Cabinet secretary told me that we have had far more than our predecessors on OD, but that may have been that there have been a lot of things to decide. But it is the issues which tend to decide it and things that we can foresee coming up.

Q. I suppose that as Sir Robert Armstrong says what is coming up now, having received it from departments and so forth, you will say yes or you will say no according to your judgment?

- A. There is usually a pretty exhaustive list of things which are coming up and they have usually obviously spotted everything; so very rarely is there anything to add to it. We do not like to take more than two or three items on the agenda. I do not like calling a meeting if there is only one short thing on the agenda; it is not a very good use of ministers' time. Sometimes you would do that, but then you would arrange for the OD to be immediately after or before Cabinet.

CHAIRMAN: One of the things that we have noticed is that between January 1981 and 1 April 1982 there was no meeting of the defence committee.

LORD BARBER: The Falklands was not on the agenda.

CHAIRMAN: Yes, I should put it more correctly - apologies. The Falkland Islands were not on the agenda between January 1981 and 1 April 1982, which is quite a long time.

- A. Yes.

SECRET

CHAIRMAN: And might I add that we have been told both by the Ministry of Defence and by officials in the Foreign Office - and of course Lord Carrington in minuting you referred to his desire to have an early meeting of the defence committee in February or early March and things like that, but in fact for one reason or another this did not happen.

LORD LEVER: 1982.

CHAIRMAN: Yes, this is all in the spring of 1982.
- A. There was in fact a meeting of the OD on 11 March but the Falklands was not on the agenda. I think it had been intended to have a paper coming up to it but the paper was not ready and that was probably because, as doubtless, my lord chairman, you are aware, I had previously written on a telegram that I thought we ought to have contingency plans made for the eventualities contained in that telegram. Whether that was the reason why the paper was not ready - also I think the Foreign Secretary had just done quite an extensive tour of Africa. But there was certainly an OD at which it could have come up. We had one year, which was probably our first year, 1980/81, in which Falklands was on the agenda of OD on five occasions. I think therefore we had got the policy sorted out and what we were constantly doing, having got the policy sorted out, was to look at it at each stage, particularly in view of what the islanders would accept, because of course what the islanders would accept was important not only because of their life, it was all about their life, but if they would not accept anything, then parliament would not accept it either. So we had five during that year. Then I think the policy was fairly well sorted out.

LORD BARBER: I think this is an important matter, Prime Minister, because as the Falklands were not on the overseas defence committee's agenda between January 1981 and 1 April 1982 there are some who might say, who do not know the intricacies of government and the different ways in which different governments work, that that is an

indication of the fact that the government was not devoting sufficient attention to it and that it is surprising in view of what we all know now with the benefit of hindsight when the invasion came, how comes it that it does not appear to have been considered effectively by ministers during this long period. We know of course that there were a number of minutes which Lord Carrington sent to various members and certain things were decided on that. As I understand it, what you have said, and what Sir Robert Armstrong has said in the past, is that you put items on the agenda only when you required a decision. That I understand and I think members of this committee will understand. But the suggestion of course is made that even if a decision were not required would it not have been useful to have had a meeting of ministers to get round together to talk things over to see how things were developing. On the basis that I think things which are in people's minds should be put to you to give you an opportunity of answering, I think it would be useful if you were able to elaborate a little bit.

- A. We do have automatically on the Cabinet agenda every Thursday as the second item foreign affairs - the first item is parliamentary affairs, the second item is foreign affairs. So there is always an opportunity to go to the wider forum, not only for decisions to be taken but as a matter of what has been happening during that week, and there is usually quite a discussion on those occasions. Let me think: on Falklands we had a change in Argentina in the previous December and a meeting that we had wanted to take place was postponed, not at our suggestion but at the Argentine suggestion, and then it was finally put on again in New York, 25 February, with the result with which you are familiar and with communique and statements issued with which you are familiar. Peter Carrington would often come across and talk to me, frequently, sometimes twice a week, sometimes once a week, or whenever there was anything urgent he would come across. I do not think you can work effectively without that close relationship between your Prime Minister and the

Foreign Secretary. Then of course we could always easily call in the Defence Secretary if need be. So if there are quick decisions to be made you do not have to call an OD to do it. Frequently decisions are made between a small ad hoc group of ministers. I do not know which other prime ministers have worked this way, I suspect quite a number. Because you have to call a few ministers together you can often deal with it much more quickly and expeditiously then. But Peter Carrington certainly came across to see me frequently. I cannot tell you just precisely how many times, but we routinely had a talk about matters.

MR REES: With regard to the ODs, in mid last year there was a JIC report which we have all read which is the one report which would alert to problems arising - mid last year.

CHAIRMAN: July 1981.

MR REES: Yes. And it was following that in the papers that we have read that there is reference, indeed I would say constant reference, and it went on, to the need for an OD because of the JIC report. If the judgment were that this was important - and it has been put to us that it was important - how would that have been discussed and was it discussed, because in the last 18 months, nearly two years now, it is the most important JIC report?

- A. That was the one which set out all the options at the end exhaustively.

Q. That is right.

- A. Under commercial options, economic options, political options and military options, finishing up at the end with the very last one as military force.

LORD LEVER: Invasion.

- A. Invasion, yes. That was the last one as far as I remember. JIC documents are not discussed either at Cabinet or at Cabinet committees, not JIC documents as such. Intelligence documents as such have never been discussed in any Cabinet in which I have sat. You keep your intelligence to a much closer circle. If you did not it would soon cease

to be intelligence and you would not get it. So JIC documents as such are not discussed. They go of course to certain ministers and obviously those departments not merely take them into account but analyse them very very closely indeed and take them into account in policy which is formulated. Those of us who know about them may well say at a Cabinet or at an OD "The intelligence shows that", and of course one would have taken some of the thoughts in it and discussed them. But the idea of taking an intelligence document, circulating it, having people comment on it, going through the machine and then coming back, it has never happened in any Cabinet in which I have sat.

MR REES: I was not thinking so much of the JIC report going round the Cabinet, or indeed the raw material, which may in fact be of more value than an analysis from JIC. But the whole implication was that a reassessment of policy had to be done, hence the constant reference to OD for this purpose. But if there was not an OD was the reassessment discussed between ministers in the fashion in which you describe your work?

- A. I did not read that document as requiring a reassessment of policy. The policy had been the same for a very very long time. I think when one goes through the debates in the House and the public documents one sees that the actual policy had been the same for a very very long time. I would not necessarily have looked at that document - I have it here - as requiring a reassessment of the kind to have with OD. But even if it did it would have been for the Foreign Office to come forward with a paper if it felt that there were any changes required and the paper which we would have considered would have been the Foreign Office paper. We would normally have a preliminary discussion about it first. That would be a perfectly straightforward mechanism.

CHAIRMAN: Yes, I think that is right, if I may say so.

- A. There is something you are trying to get at which I have not got yet.

SECRET

LORD WATKINSON: That is what I just wanted to pursue, Prime Minister, if I may. As far as the JIC is concerned my personal view is that it was very bland anyway, so I do not think it was a very significant document. Coming to the OD - and I am speaking only for myself - I think that in the Foreign Office they were clearly getting somewhat anxious about whether the negotiations could continue, and, if you remember, the minute which the Foreign Secretary sent you, the last rather long minute, did say that we might be coming to a point at which negotiations would become increasingly difficult to be continued, or indeed might not be able to be continued.

LORD LEVER: This is February or early March 1982?

LORD WATKINSON: If the Prime Minister would like the precise date I am sure we could give it to her.

CHAIRMAN: 24 March.

- A. I think it was the one in which the Foreign Secretary being somewhat concerned about the adjunct to the communique issued in Buenos Aires had decided to take a fairly tough stance, had in fact therefore covered his stance with the people of the Falklands and then having covered it it came to us to see whether we should send that to Costa Mendez. That was the one, it was quite a long one. Recognising that minute, if I recall correctly, we were being fairly firm in negotiations, and of course in negotiations you have to be, you simply must just not cave in because someone else is taking a firm stance. Diplomacy is to try to prevent that happening. You have to put your own point of view as well.

LORD WATKINSON: This is all pre South Georgia, which obviously started another ball game. But the Foreign Office seem to have attached some importance to a date of 16 March when they hoped to get an OD with the Falklands on it, but it either got crowded out or the Foreign Secretary was abroad, but in the end it was not held and that finishes the OD story. But it would be interesting to us to know whether the Foreign Secretary did indicate to

you in any of these talks that he thought there should be one fairly soon. Did he attach great importance to this or was he willing to wait until the negotiations had gone through their final phase?

- A. As I say, we actually had one on 11 March. There had been going to be one on 16 March. There was an Irish matter on the agenda, but that was not ready and the Falklands was not ready, so we did not have it. Then the moment Lord Carrington returned from Africa, he had quite a lot awaiting him, including the message from me that we must make contingency plans and including the matter of formulating a reply to CostaMendez's telegram, and that he was clearing, in the frequent way which we do, by minutes and frequently by seeing one another in the margins after meetings.

LORD BARBER: Lord Carrington with his position and his status in the government and the fact that he was Secretary of State for Foreign Affairs, if he had come to you personally at one of these meetings, which are the sort of meetings which do take place between prime ministers and foreign secretaries, and if he had said to you in the most courteous way, "Margaret, I really must insist that the Falklands gets on an OD agenda..."

- A. It could have been on on 11 March.

Q. There would have been no problem?

- A. No problem - no problem at all. On occasion I have called a full Cabinet but we have to be careful about that because it leaks - but no problem at all.

SIR PATRICK NAIRNE: Prime Minister, you mentioned the Cabinet and the foreign affairs item on Cabinet, and 4 March was the first Cabinet after the end of the New York talks, and there were these telegrams from Buenos Aires showing the MFA communique, and there was the one on which you had scribbled 'contingency plans' etc. There was not apparently any mention of the post New York situation at Cabinet on 4 March. I wondered whether you would attach any significance to that.

- A. I enquired too, because that would be the natural place to mention it. Lord Carrington came back very late on the Wednesday night from an African tour and would probably not have been totally up to date by Thursday morning at 10.30 on all of these things sufficiently to mention them, and I do not think it was raised in the following week. But I think that was the immediate explanation. I remember he came in really... - and of course he immediately told us about things which he had been dealing with.

CHAIRMAN: Thank you very much. I think that clears up things about the defence committee. The reason that we were asking was that when we talked to the Foreign Office officials they quite clearly badly wanted a meeting of the defence committee because they thought that things had reached a pitch - this is at the beginning of March - that the government would shortly be faced with a choice, the sort of choice that ministers would have to make, and the choice would be between defending the Falklands or making the islanders agree to go over to the Argentines, and in the case of the first this would involve up-to-date contingency plans, not paper, which could be operated. In fact this went into the sand in the Foreign Office and never came through to you and you have explained to us exactly how that happened.

- A. Had there been a paper ready we could have gone on the 11th or we had time allocated on the 16th, but as you know we have a rule that a paper must be round 48 hours before it is discussed. There are times when we have emergencies when we will even put one round as we are sitting there. That could even have been done. There were the available OD meetings or slots.

CHAIRMAN: Thank you.

LORD BARBER: Would it be fair just to reiterate, as you very correctly said, but so that the Prime Minister should know, that these points were made by officials and not by ministers?

CHAIRMAN: I said officials

LORD BARBER: You did say that. I think it is important that the Prime Minister should know that.

MR REES: Following that up, Prime Minister, however the decision might be taken in Cabinet or out of Cabinet, certainly through the autumn with regard to contingency planning - I will put contingency planning in inverted commas for the present - there was a view out of the Foreign Office that without an OD, certainly without that it would not percolate through the various departments and give puff to it, there would be no real steam behind any decision-taking on contingency planning of that sort. That is as maybe...

- A. That is just not so - just not so! If the contingency plans would have come - I asked for them...

Q. This is before that, Prime Minister.

- A. Yes. But you expect there to be certain contingency plans. If they have to be updated or you have to revise your contingency plans - and they are being revised all the way through - you must send enough. They had only to come to me. I would have had Lord Carrington, the Defence Secretary, probably Willie Whitelaw and myself, and the four of us could have decided and then we could have got anything through and then we had only quickly to go to OD. But could I just ask how many OD meetings there were, because I do not think we were short of them.

- (SIR ROBERT ARMSTRONG): In 1981 alone we had 18 meetings of OD.

- (PRIME MINISTER): So there was not a shortage of meetings at which to put a decision, but that is not the only way in which decisions are taken, as Mr Rees will very well have occasion to know. We have to act faster than that sometimes.

Q. REES: The reason I am pressing it is that by the way newspapers operate arguments seem to get out in public rather quicker than I thought - but however. Certainly there is a view, and in MOD of a slightly different nature, about how far contingency planning had gone - there is a view in the

the Foreign Office that ODs were necessary in order that things like that should get under way. We were even told that the reason there was not one was because the Foreign Secretary believed that he would not get very far with his colleagues.

- A. I think that is rather hard on the Foreign Secretary.

LORD WATKINSON: The Foreign Office are quite clear that at the official level, including the PUS, they never went to Lord Carrington and said, "You must have an OD", and I am sure Merlyn will agree with that.

MR REES: Absolutely.

LORD WATKINSON: What they did, they rehearsed all the arguments for one and expressed their difficulties, they wanted a chop on this and a chop on that. But we have got this quite plain, and I think we all agree, they did not go to Lord Carrington and say, "You must have an OD tomorrow" or "You must have an OD next week". It was just boiling up - that is all.

MR REES: It is only fair to the Prime Minister to say that their judgment was that the Foreign Secretary had said, "It is too early to go to them because given the mood of colleagues I would be wasting my time".

LORD LEVER: I think in fairness to the Prime Minister...

MR REES: Well, be fair to the Foreign Secretary at the moment.

- A. I am a bit upset because I think you are being a bit unfair to Lord Carrington.

LORD LEVER: What is being put to you is that at some point Lord Carrington discussed with his officials the question of what might be on OD when the negotiations were felt to be pretty well broken, or liable to be broken, and they had it in mind to put to OD the choices that would then remain for government, assuming the negotiations had broken down, broadly the choice mentioned by Lord Franks, that they would either have to garrison the islands or bring pressure on the islanders to see if they could not get a decision from

them to agree to the Argentine terms for transfer of sovereignty, to put it crudely. Lord Carrington, according to what we were told, felt that until the reply had gone to Costa Mendez and until we had got his reaction to that it would be premature to expect to carry colleagues on a sharp choice of that kind, and that is one of the reasons perhaps why he felt that it would be better a little later than 16 March to put those options to the Cabinet, because he did not yet regard the negotiations as having reached such a stage. I do not know if that helps the Prime Minister.

- A. I do not think he would have regarded negotiations as having broken down, and I would be very surprised if any skilled diplomat did. One is quite used to people suddenly taking tough stances in negotiations. I have other problems in other places of the world, other people are taking tough stances in negotiations, and so are we. That is not unusual in negotiations. It is also quite usual that they will do a good deal of sabre rattling to back up their negotiations. After all, when we sent a taskforce that was backing up any possibility of negotiations. There is nothing unusual about that. I would be surprised if he regarded negotiations as having broken down.

Q. No - the very opposite I was suggesting, that what he was saying to his officials was, "The time for going to OD that is crucial, the only time that it is urgent will be when I feel that negotiations have practically broken down and I do not yet feel that and for that reason I cannot expect to put these sharp options successfully to my Cabinet colleagues".

- A. When were they saying this?

LORD LEVER: Some time in March. He was saying precisely that until he had more conclusive evidence that there was not scope for negotiations he did not think that colleagues should be faced with this choice.

MR REES: Late February/early March.

CHAIRMAN: I think this is right. The point is that Lord Carrington had in mind to send a reply to

Costa Mendez which was in draft. It had not been sent. He did not know whether as a result of it negotiations could go forward or whether negotiations could not go forward and they would be at an end. He could not know it until that telegram had been sent and had been replied to. At the time of this March meeting it had not been sent. Therefore he wanted to defer until he knew the answer and knew where he was. I think that is right.

- A. Why I asked about the date is that of course the South Georgia incident started on 19 March and went through a series of vicissitudes in which there seemed to be a good deal of confusion in Buenos Aires as to whether this was official or whether it was not. Also - I remember vividly because they landed and put up their flag with about 50, and then we protested vigorously and they took off about 40, or they left about 10 on there. So it went through quite a series of changes then, and very considerable confusion. So at that time - it depends what time in March, but certainly from the time of the landing in South Georgia our eyes were very much on South Georgia because we had an actual incident on our hands and the handling of it was acutely difficult.

Q. Could I now, Prime Minister, ask you three rather general questions, not I think for discussion in the committee, because then we must move on again.

- A. Of course.

Q. The first one is, in a general way if you think of the policy of your administration would you agree or not that your government would have been prepared to cede sovereignty over the islands if the islanders had been happy and had agreed?

- A. If it was the wishes of the islanders, yes. I am talking now about the Falklands, not about South Georgia or Southern Thule, because I think with hindsight - and we are all bedevilled with hindsight in every question we ask and every answer we give - that there had been a number of inadvertent errors, first by taking the Falklands and the dependencies all together. The title to both of the

dependencies was totally separate from the Falklands. They had somehow all got put together and we had made an error in allowing that to happen. We had also made an error - all governments - in allowing some of those general resolutions at the United Nations to go through, which seemed to indicate that the majority of the United Nations was on the side of the Argentines over title. We had the one staunch thing which one has said throughout, if that is what the islanders wish then that is inherent in self-determination. Had they wished it - I think I have said in the House of Commons too - then yes. The question did not arise because they showed no inclination for it.

Q. I am aware of that, yes. When we come to January/February of this year and you think of Lord Carrington meeting Camilion in the margins of the Assembly in the middle of September, he sent a minute to you beforehand, he sent a minute to you afterwards, and he was saying the position is not so easy, the Argentines are becoming more insistent, the outlook is gloomy, the room for manoeuvre is narrowing, though we still have some. How did you think in your own mind that things would probably go in the next few months, casting your mind back to that time?

- A. They had said such things before. Indeed I think since Peron's time they had been laying claim to those islands and they had said similar things before. Therefore in a way we just had to keep talking with them. It was nothing like as bad at any time until the invasion, until South Georgia, assuming that South Georgia had an element in it that was calculated - it was nothing like as bad as it had been previously when, again from published knowledge the Argentines had kicked up a terrible fuss about the Shackleton report. We had withdrawn ambassadors. After that there was a shot across the bows of the Shackleton and then after that my recollection is that there was the statement in 1977 saying that there would be talks. So there was nothing there until South Georgia. There was nothing in my time that was anything like as bad as that. Diplomatic relations were

still in full flow, no one had put a shot across anyone. Certainly we had not, I am afraid, gone much further with the Shackleton report. Perhaps that is something which, again in hindsight, we would wish that we had done. But there was nothing there. There was just what you would expect, with them saying, "Come on, we must get talks or negotiations going again". Until South Georgia there was not. Does that answer the question?

Q. Yes. Then if you cast your mind forward from there did you have any view how the situation could develop in the long term? Some people have told us that so far as they could see the policy was in a vicious circle out of which it would never come, the Argentines were intransigent, they had been since 1833, never changed, and the islanders were firm in their opinions, they did not want to be under the Argentines, they wanted to stay with Britain, and that so long as these two positions remained things could never be brought to a conclusion, all you could do was to try to go on talking. Was that your opinion or did you think that there could be an answer?

- A. I think that when you get into negotiations you will find quite a long period when both sides hold absolutely rigidly to their own view, and again there is nothing surprising about that. I do not think that we should ever say that just because someone else lays claim to our islands we must give way to them. There would have been certain ways out as the negotiations got further on. Part of the tactic must have been to make the islanders realise the full significance of the position, which I do not think they still understood. After all, they had lived quite sheltered lives in the Falklands and did not realise the full significance of the position. By having them with us all the time when we negotiated gradually they might have come to a better understanding, and so might we. But then had things got really much worse we could have said, "All right, now let us both agree to go to the International Court at The Hague". We had tried that previously with the

dependencies. But we could have gone to the United Nations and asked them to issue an instruction to do it. There were many many ways of proceeding, what I would call the proper ways of proceeding, on sovereignty. After all, there is Article 73 of the United Nations which gives a right to self-determination. There are a number of weasel words in that United Nations charter, where it is interests, where it is wishes, where it is a general thing and where it is particular. But there were ways as negotiations developed. You quite often find that it is only when you come to what appears to be an impasse that all of a sudden things become possible which were not possible before. I would have thought that if diplomacy is anything it is a way of steering through those difficult things. We had not after all had many meetings where ^{the} islanders were actually face to face with the Argentines.

Q. Quite true.

- A. Equally we had, as you know, Lord Franks, on the dependencies suggested that we go to the International Court at The Hague before. We were not ever confident with the Argentines on anything with regard to law because they had been to the International Court of Arbitration over the Beagle Channel, said that they would uphold the decision of the court and then flouted it when it did not go their way. But there would have been proper ways out of that impasse.

MR REES: At about this time, February, from talking to the intelligence people and certainly to the Foreign Office people they had been telling us that they did not expect anything happening at this time. That is as may be, it is easy in retrospect.

- A. Which February is this?

Q. February 1982. But, they told us, they expected it to be on a longer finger and certainly by the time of mid year at the earliest and certainly to fit in with the anniversary this coming January, that it was then if anything happened, that they would expect it to happen. It is constantly being put to us when we question in

different avenues of questioning. Were you informed that at this time there was a possibility not of the invasion the way it happened but of some military action by mid year and beyond? Had that been put to you, Prime Minister?

- A. I only saw what I saw in the JIC assessment and what I saw in the telegrams that came before me. The one that I remember...

CHAIRMAN: That is Rouco 3 March?

- A. That is the one, the one I saw, the mid year. But I must make it perfectly clear - I cannot speak for Lord Carrington but you have seen him - I never never expected the Argentines to invade the Falklands head-on. It was such a stupid thing to do, as events happened, such a stupid thing even to contemplate doing. They were doing well - if I may put it that way too well - in pursuing their case with the United Nations. They had seen what happened to other countries which were using plain straightforward invasion tactics. They had seen how the whole of the non-aligned movement turned against the Soviet Union to which they had previously been friendly on Afghanistan because many of the non-aligned have border disputes, and it was such a silly thing to do. They had many other ways. I saw on 3 March that we must make contingency plans. That is my natural caution. But that is the first time. Even then I did not think it would happen. The first time that I actually realised was on the Wednesday night before. I said yes, we must do contingency plans. But I never never believed that they would invade.

LORD LEVER: And even contingency plans you would surely envisage would cover things other than the invasion contingency, the other lesser contingencies such as disrupting transport, possible harassment of shipping.

- A. Indeed yes, because as I said we still had ambassadors there. On the previous occasion ambassadors were withdrawn, I remember. There was a diplomatic break. You would have expected a break of diplomatic relations. But we

knew from discussions that we had already had that every single air flight, every single delivery of oil, quite a good deal of the ordinary purchases, came from the Argentine. We could not even put in an aircraft on that airstrip without having facilities to divert in case of bad weather. So we had to look at getting air supplies there - practically impossible. We had to look at getting supplies by sea. We had to look at keeping those islands going. We would also have had to have looked - and I do not know quite, you will know how far you are speaking from hindsight - I wanted to know exactly what we would have to send. If you sent down there a very big force you could not keep it down there indefinitely. You just could not. They would wait until it went, or they would go over the top of it. I wanted every single contingency looked at, every single one, civil, military, but again that is one's natural reaction to a telegram like that.

MR REES: I understand that. It is not precisely that point. But I wanted to get it clear, because it has been put to us by people who make assessments and by people in the Foreign Office making the wider political assessments, they too did not believe that there was going to be an invasion, but when pressed they said at the earliest later in the year, whatever fashion it was going to take, and maybe next year and on a longer finger. It is not talking about after Rouco and how it developed, but in preparations for it, and constantly we are told that these assessments were being made of the later part of this year, as summer came down there and of January because of the 150th anniversary. I am not talking about the precise invasion, which no doubt we will be coming to. All I am trying to get at is whether these assessments and these judgments were brought to your notice.

- A. No. You have seen everything that I have seen.

CHAIRMAN: They are not in the files.

- A. No. You have seen everything that I have seen, and the first time I saw - which is why I reacted very sharply to that

telegram - the Rouco thing. Again I would have thought it was sabre rattling, but you could not necessarily...

LORD WATKINSON: Just to pick up what you have said, because I think this is important in our considerations, when you wrote on the Rouco telegram "We must make contingency plans" you have just said, and I want to be absolutely clear about this, that what you expected was that MOD, FCO, any department of government concerned, would come back to you with all the options?

- A. Oh indeed yes. John Coles sent three notes out immediately. Usually when I put that on top the first thing they do is telephone the department and tell them what I have said and it is followed up with a letter. You have the Foreign Office, Defence and Cabinet Office. And it had to be with all the options, both for keeping the civilian population going - because that is really what we expected to happen, that they would start a strangulation, and it would not have been easy - but also to have a look at the military options. You had to have a look at them and in some considerable detail. If you look at how stretched our resources are, we have some things in Belize. We have Northern Ireland. We have our main duties to NATO. We have Cyprus. We have loan service personnel up and down the Gulf. We have something in Diego Garcia. We have Hongkong. And of course now we also have the multinational force in Sinai. To take on an extra thing you have to see what will it be, how long will it have to be there, what would the effect be elsewhere. So we do have to look at it in some considerable detail not only with regard to the Falklands but with regard to other places as well.

Q. Could I be tactless enough to say, Prime Minister, that you did not seem to me to get a very quick response. That is what troubles me. Did that register or did you feel it had gone into the machine and something would happen? It did not frankly seem to me that you got a quick enough response, if I may say so.

- A. I know that it went into the machine. How long it takes

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to make those contingency plans - if they are to be thorough they would take some time.

CHAIRMAN: Of course a difficulty here - and it is partly a matter of words - in fact the Foreign Office and the Ministry of Defence had been making contingency plans since the middle of the previous year, June/July 1981. We have talked both to the Foreign Office and to the Ministry of Defence, both to civilians and to the military, and there are problems about what you mean by the word contingency when applied to plans. The military are quite clear that the kind of exercises about options, what the Argentines might do and what the military responses might be, what would be put into an annex to an OD paper if it came along, they do not call contingency plans. They refuse to use the words. They say that contingency planning is simply a theatre plan when you have an operation for a theatre worked out in detail. That is not the language which the Foreign Office take. They think that a contingency plan is when you have something worked out on paper and it may not even follow that you can do anything practical - that is, if you say you need a ship service it does not follow that you have looked into the chartering of a ship which could actually give reality to it. When you said "We must have contingency plans", with this ambiguity of language about between the departments, what kind of planning did you have in mind? Was it more than paper?

- A. To me a contingency plan - it is no earthly good saying you have to charter ships unless you know that you can charter them. Actually on chartering ships at the moment there is no difficulty; everyone is positively putting them under your nose and very grateful if you will take them. But a contingency plan is not a contingency plan unless it can be translated from paper to proper planning. But they did send something much more nearly what I would call a plan back on 26 March when the Ministry of Defence came to No 10 on the 26th and they said that the force required to deter full-scale military invasion would be either Invincible

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or Hermes with the LPD or the LSL, the LPD like Sir Galahad and the LSL like Fearless or Intrepid. So we were told Invincible or Hermes with the Sir Galahad and Fearless and Intrepid plus four destroyers or frigates plus an SSN plus supply ships and then that would engage a significant portion of our naval resources, and then a sentence which I just put down in my diary: "Moreover, if faced with Argentine occupation on arrival there would be no certainty that such a force would be able to retake the dependency". You can imagine that turned a knife in my heart, that lot. And if they had been humiliated, what they were saying was that that lot was not enough, but at least that lot was not enough, and I could understand that, and having been through it I can understand it even more. The terrifying thing was to send something down and then of course nothing would happen when it was down there. You might have provoked the very thing that you were trying to stop because you cannot keep anything secret. You would have provoked it. They would have been on their way. I would either have had to turn them back before they got there or one would have risked lives unnecessarily. We could not do it. That would have been the greatest humiliation for Britain. Then we had a NATO exercise in the North Atlantic. I thought that because of the argument about Endurance - Endurance was only there for four months of the year - would it not be better to detach a couple of destroyers from that exercise to send them down to have a visible presence round the Falklands, if that was what they wanted, a sign of commitment. Then you start to learn that first they would not have the right equipment, secondly there is nowhere they could bunker, so you have to have everything with them.

Q. Tankers?

- A. Yes. But it was a much bigger operation than one had thought. But my point on contingency plans is that they were coming back to say "We shall need these ships in our estimation. If by sending them there is occupation on arrival we do not think they would be sufficient to take the dependencies", and then the humiliation would have been total.

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LORD LEVER: I was on the defence committee for five years before you took office, Prime Minister. There was what the navy calls a concept of operations, which to my uninformed mind is what I mean by contingency plans in the situation that you were in, and they had that, namely they had an outline of what they would do but could not firm it up until the contingency itself was either proximate or had arrived. For example, they would say in their concept of operations, "We have to have three huge ships chartered", but they could not say which ships or start chartering them until the contingency was nearer.

- A. Once you are on that, yes, that is correct, I know that. But you would know roughly whether you could charter a civil ship to go regularly to the islands with supplies. Once you are on a major operation I can confirm everything you have said, because we had no option but to take the QE2, you have to take what is there, but you can requisition.

LORD WATKINSON: Prime Minister, you seem to some of us to have spotted something before anybody else did on 3 March and that is why some of us think you wrote "We must have a plan". We are just a bit troubled that frankly it seems to have run into the sand and I think nothing much happened until you rang John Nott about a week later.

- A. I think I saw John Nott.

CHAIRMAN: On 8 March.

- A. Can I just do something about the dates. That telegram is 3 March, 1735 Zulu time, which is Greenwich mean time. It would have come into the Foreign Office, it would have been deciphered. It would not have reached me on 3 March. It might have reached me on the 4th or 5th. We were then hard up against a weekend, in my weekend box. So we might have lost one or two days. That was a press account. Had it been dead urgent they would have sent a messenger across, but a press account. To me the three or four months was something new. I again stress, I thought that they would be so absurd and ridiculous to invade the Falklands that I did not think it would happen. Nevertheless one has always to make contingency plans, and soon after we got the South Georgia incident happening.

CHAIRMAN: So that, as it were, a rather jangling bell did ring in your mind when you read this cable?

- A. Oh yes, that is why I wrote the thing on top of it.

SIR PATRICK NAIRNE: They might, Prime Minister, after all, and this may have been in your mind, done something which fell well short of invasion, they might have done something with South Georgia, or they might have shot up Endurance, or something like that. I wondered whether those sort of thoughts were in your mind?

- A. One would have thought one would have had diplomatic relations broken off, one would have thought that all communications would have been stopped. After all then one could have done a number of things diplomatically, through the United Nations, through the Court at the Hague, but one would have thought one would have had more time. As again I said on the previous occasion diplomatic relations, shots were fired across bows. Or they might have gone on having taken Southern Thule and we had not been able to do anything about that. I do not think one expected, I did not know about the contracts, about the whaling station, none of us did, until after it happened. But it is absurd for two reasons. It was absurd to use force against the background of the times, but equally it is absurd, but it may be that we are more mature in both military history, recent military history, and in political assessment, to start something like that. I would have said it is politically catastrophic. All sorts of people have started things. Iraq/Iran is going to be over in five days, it never is. So that telegram spoke about economic things first, and then I think only at the end - it was quite a short one - then only at the end, the actual one on which I wrote it was the Rouco thing I think in La Prensa.

LORD BARBER: It talked about resort to other means.

- A. To other means, but mainly it was the communications thing first and we had the three to four months' resort to other means as well.

Q. I think this is important, Prime Minister, because not only Harold Watkinson but myself and one or two others were concerned that you reacted immediately as soon as you got the telegram, maybe not the third, maybe the fourth or fifth, but then it did seem to go - a phrase has been used - it seems to have run into the sand. What you are now saying to us really is that as far as you were concerned it was the immediate reaction that we had to be ready on all fronts, civil and military, but you certainly in your wildest dreams at that particular time did not think that an invasion was imminent.

- A. No, I did not.

SIR PATRICK NAIRNE: Or any other military violence really?

- A. They might have done another like Southern Thule, take another small dependency where no one was, and they would know politically that you do not commit a colossal force to regain that because there are not people there. But what struck me about that is that if there was a possibility, and we had three to four months as events happened, there is nothing we could have done to have got it down there in time, nothing, but nothing, but nothing, and even had we followed that up when this came back on 26 March, Hermes, LPDs, LSLs, four destroyers and frigates, plus SSNs, supply ships, cannot guarantee this could retake. Who would have sent it? What happens if we were actually addressing our minds to what would have to have been sent? And I can only say when I saw that I could not have sent anyone like that to humiliation.

LORD LEVER: You would not have known how long they had to stay.

- A. Absolutely right. There was a feeling, a general feeling when this happened that you could send ships down and they would go round and round and round and blockade - absolutely astonishing - and then do commando raids from there. You just could not, in cold salt seas, the effect on

the ships, the effect on the aircraft, and with an air force of 200 I believe of the Argentines you could not. There was an awful lot of loose talk, and that is why one had to get eventually a particular assessment.

MR REES: I understand completely what you are saying, but just to clear my mind. We have had a paper during the period of your government, "Contingency planning 1981/82". Whatever the meaning of the words, joint theatre plans, and all this, the paper here shows that thought had been given to contingency planning, and the story is here of some disagreement between departments and so on, it does not matter. But the point is in all that contingency planning with the papers going between the Foreign Office and the Ministry of Defence, when you came to write your minute then you had not been brought into the picture of the 'contingency planning' that had been going on for the previous year?

- A. No. Right at the beginning of our government there was a very big paper that came to us, which you have seen, with umpteen annexes, and at the back of it was a little military one.

Q. That is right.

- A. Which said roughly how much we would need to send down there. It was upgraded the moment I asked for contingency plans, and that was the one. I am afraid I wrote all sorts of things over it because it seemed to me that we were prepared to cede sovereignty - we were prepared to put sovereignty, not prepared to cede it, no, that is incorrect - we were prepared to put sovereignty in issue, and it did not seem to me to be a terribly good immediate negotiating stance, but about the seventh or eighth annex in there there was a short thing from Defence, you could not call it planning, an assessment of how much they would need to send down there. Was it about four destroyers again, something like that? Quite a lot.

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- (SIR ROBERT ARMSTRONG): 12 October 1979.

- (PRIME MINISTER): Yes.

CHAIRMAN: That is at the beginning of your administration.

- A. Right at the beginning, but between then and when I wrote I knew nothing else.

MR REES: My last point is: for example, on 1 February 1982 when at MOD it was agreed...

- A. On the 1st...?

Q. February 1982 there was no enthusiasm in the MOD to start a joint theatre plan. CINCFLEET again expressed concern, etc - without an OD. And here is the point in February this year. All I am interested in is whether these discussions and the arguments that were taking place about it, irrespective of what happens when the real business starts, you were not aware of any of these arguments and discussions that were taking place?

- A. No, I did not see that at all. The point of OD comes up. What they mean is without a specific direction to consider it. You would not necessarily...

CHAIRMAN: Action only follows decision.

- A. A specific direction or a specific request.

MR REES: Yes, but what they keep saying is OD irrespective..

- A. It would not necessarily - I have done many many things without an OD. If your four main ministers get together quickly you can carry any OD or anything else with you, and that is the way to do it quickly, so I would not blame them, but then the first thing we would need before we had a direction if you are just doing it very much as a general review would have been in the direction I would have thought to see what is required, to say, "Now look, what would be required, and what effect would it have elsewhere?" because, as I have indicated, we really are very stretched indeed, but when an emergency comes priorities change and you have to do

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all kinds of things, when an emergency comes you have to change your priorities and you have to allocate differently.

CHAIRMAN: The kaleidoscope shifts.

- A. That is right.

Q. Could I move to South Georgia for a moment?

- A. Yes indeed.

Q. And ask whether you were consulted about the initial decision to sail the Endurance. This is after the second landing of Davidoff on 19 March at Leith, there was a decision to sail the Endurance you remember, and then there was a subsequent decision not to take the men off but to rely on diplomatic means to resolve the incident if we could. Were you consulted about that?

- A. About the decision to go from Port Stanley?

Q. Yes.

- A. I knew about it, and I think it is probably one of the things we did very quickly, and it seemed the only sensible thing to do at the time, she was the only thing we had down there, to go down there, because she took down part of the garrison from Port Stanley to South Georgia.

Q. Yes, that is right.

- A. I know about it, I do not think it appears, but it is one of the things we would do very quickly together which has to be done very quickly, and then...

Q. The second one.

- A. ...after the Wednesday night, Wednesday 31 March, when we got the raw intelligence about the...

Q. Before, if I may say so, the decision to rely on diplomatic means to deal with the South Georgia incident and not make Endurance take the people off, and you remember you saw a secret telegram dated about 24 March which showed that the Argentines were advancing ships to make it difficult for the Endurance actually to do it. Were you consulted about the decision to stand Endurance off again?

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- A. Yes. We had at that moment only diplomatic means to try to solve that because we only had Endurance there, and to put her in great difficulty on that South Georgia incident did not seem to me to be wise. The plan was she would go down and if they did not leave she would take them off, and then bring them back to Port Stanley - she could in fact I suppose have taken them back to Ascension, but we were not thinking in those terms then -

Q. Yes, it is in your file.

- A. Indeed.

Q. That thing covered with red sealing wax.

- A. Yes, and it has got a little sketch there, yes we were, but then we were really trying to spin things out to try to solve it diplomatically. Also, if I might just say so, it was not very easy to get any other international organisation or any other countries very much interested in this, Al Haig or anyone, because it seemed to them someone had got a contract, a valid contract, they had gone to land on South Georgia, they had told us they were going, they had been in to the ambassador to tell us they were going and when they were going, and it seemed to them that we were merely kicking up a fuss that they had not got the right forms, so it was not as serious to other people as it was to us, because of course they put up the flag. So at that stage it was a strange, a very strange incident, Lord Franks. Davidoff had been in to see our ambassador to tell him when he was going and what he was going to do, and therefore you do not risk your military except for something specific and important.

Q. Then may I come to the second question.

- A. Please do.

Q. Which is when did you first become concerned that South Georgia, the incident there, could give rise to a wider and a more serious crisis? Before you talked, you remember you talked to Lord Carrington on the telephone on

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28 March, was it before then or only then? There was a point at which clearly it did become...

- A. That weekend I remember very well, I cannot remember quite, it may have been that the telegrams were actually coming in over the weekend, in which case they are automatically sent down to me, all of a sudden I picked these up, and it was quite clear, and that was the first moment at which it was clear to me that they were not going to help us to resolve that South Georgia thing in any way, and at that point of time they were going to use it in what I would call the true meaning of the word confrontation, to cause a quarrel of some sort. Now it was very clear from those telegrams, and I telephoned Peter to ask if he had seen them, but that was the first point. Hitherto there had been supreme confusion, we thought, between the civilian Foreign Affairs Ministry and the junta and one did not seem to be knowing what the other was doing. At that point of time it seemed to me that whether they knew it was going to happen or not they were going to use it to make it acutely difficult for us, acutely difficult. And that really I think was the change, knowing that we had the Brussels thing the next day, and knowing that Lord Carrington had a very important tour to do to Israel, I telephoned him - I may say I did not realise those telephone calls, those telephone conversations were taped until I saw that thing in my file, I knew overseas ones were but I...

Q. We thought you made your points very clearly, Prime Minister.

- A. Yes, directly.

Q. But may I just say something which is in our minds.

- A. Yes.

Q. One of the things which is said - you must not think that we accept it - but one of the things which is said is that you knew that there would be an invasion before

31 March, and you of course have said publicly that it was only 48 hours before it happened that you really knew. Now it is quite clear that round about 28 March, that weekend, what was coming in made it clear that the South Georgia incident had become, as it were, not just a local incident, it was inflamed and becoming a problem, being used by the Argentines to make a major nuisance. I think I ought to ask you directly whether it occurred to you at that time, for example on the 27th, or when you were telephoning Peter Carrington at his home, did it occur to you that this was the prelude to invasion, were you thinking that invasion was on then?

- A. On the Falklands no. Our eyes were on South Georgia. After all it looked to me as if they were going to establish an illegal presence, and we could do practically nothing about it, in which case they would have gone one step further - Southern Thule, South Georgia. That I think was reasonable - and look, that was a colossal step for them.

Q. Oh yes. But that was your state of mind at the time?

- A. That was my state of mind at the time. We had only Endurance down there, and one knew that we had to get something else down there in order to give us any manoeuvring space at all over South Georgia. I was just very worried that we were going off first to Europe and then to Israel, and I knew that we just could not leave it like that, which is why I telephoned on the Sunday, and why the moment we got to Northolt on the Monday morning we had a quick little discussion about it and then, that is a classic example, decisions were taken not in OD but between Lord Carrington and myself telephoning straight to the Ministry of Defence and saying, "You had better get an SSN down there", because we had only Endurance. But all my eyes were on that they are going to take, or they are not going to take but they have got a presence on South Georgia which they will keep there, we have not got one on, and we are going to be humiliated by that, because there was not very much that we could have done

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about that, and that actually would have been a very canny thing of them to have done.

LORD LEVER: Like Thule.

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CHAIRMAN: That is right. What happened in August 1914, etc!

- A. I do not remember that! I just say it was the worst I think moment of my life.

Q. Might I just take you through the days rather boringly, Prime Minister. When were you first told about Argentine ship movements? You see, we know now, this is hindsight, that the Argentines began gathering their ships for joint exercises about 16 March. These were to be joint exercises with Uruguay for hunting submarines off the mouth of the River Plate, and now I come to what we know. Because we had no intelligence which could gather movements of ships up and down the Argentine coast, no means of doing it, we

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first heard about this from our naval attache who read it in the Argentine newspapers, and I think about 27 March sent a cable home saying that these large-scale ship exercises were taking place off the River Plate. This is of course at the same time as ships were detailed off to watch the Endurance, inflating the South Georgia incident. Now do I take it that you were not told about those ship movements at that time? I believe that to be the case, but can you confirm it?

- A. No, they were not in the telegrams. You have seen every telegram which I have seen.

Q. Yes.

- A. I have no recollection of that, and the only raw intelligence that I saw was this Wednesday night.

Q. Which we will come to.

- A. Yes.

Q. And then we read...

- A. But I did know that they were sending ships to South Georgia.

LORD WATKINSON: Ah yes, that is a different thing.

- A. Yes.

CHAIRMAN: Oh yes certainly, that was different.

- A. In South Georgia there were two things. One they were sending ships to intercept Endurance, and then they first took the 40 off leaving ten on, and then they came back, I knew that they had come back with other, because the Captain of the Endurance reported seeing ships coming back bringing large supplies. Those were the two which I knew about, the others I did not.

Q. Then I think you have cleared this up. We were going to ask you whether Mr Nott consulted you about the decision he took, reporting to you in a minute on 29 March, to sail the first SSN, prepare a second, and wonder about a third, and he went on in his minute to you to talk about surface ships and whether they would be seen and all this.

- A. After that telephone call...

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Q. You had got in touch with him before?

- A. Early on Monday morning after my telephone call to Lord Carrington on the Sunday we were all at Northolt, I think about 7 o'clock in the morning because we had to get to Europe, and I was very worried about it, I spoke to my chief secretary, Clive Whitmore, who is going to be permanent secretary at Defence, and we said was there anything that we could do to get there covertly, because one wanted to get down there something to be there to increase the options with Endurance, and to increase the options about taking these people off. At that moment Peter Carrington came in and he had been talking with his people, and we literally got together in the lounge at Northolt and said, an SSN, is there one that can be sent quickly? It was then 7 o'clock, between 7 and 7.30 in the morning. We discussed it on the aircraft over to Brussels, and of course there is an hour's difference, so we rang the Ministry of Defence from Brussels instructing them to send one. In the meantime I think John Nott had also been thinking, so that the three people really came together thinking at about the same time, and instructing that under no circumstances must this get out.

Q. And as you wrote in your files...

- A. That is right.

Q. TV that night.

- A. When I got back I heard it. They did not get it right.

Q. No, no, no, but they got something.

- A. One of the facts of life today is everything leaks I am afraid. That was the Monday morning, and I think John Nott had also thought that we should send a second one.

Q. But this conversation, this action, these decisions which resulted in one SSN being prepared and got off as soon as possible, and a second in prospect, that was directed in your mind to the inflamed South Georgia incident and nothing else?

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- A. It would increase our options when it got down there. We were also of course...

Q. What you were thinking about was South Georgia?

- A.

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CHAIRMAN: May I pause on that for a moment to ask if any member of the committee wants to ask anything about that phase of things?

MR REES: The build-up to the invasion?

CHAIRMAN: I am up now to the decision to send the SSN, the SSN because of the inflamed South Georgia incident.

- A. That is right.

LORD WATKINSON: And you did know, Prime Minister, by then that, as you said, they had in fact landed a second force, so to speak, at Leith.

- A. Yes indeed.

Q. So it was getting worse, and it looked like being deliberate...

- A. It was getting better at first to our intense relief, and then all of a sudden it got worse.

Q. Then it suddenly got worse again.

- A. Yes.

CHAIRMAN: Much worse.

- A. Oh much worse, it was painfully obvious that weekend that they were positively going to use it.

SIR PATRICK NAIRNE: Was this, Prime Minister, then the first moment, picking up something we said earlier, where we could approach the Americans, where in other words Lord Carrington could possibly manage to be convincing with Haig?

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- A. I believe my recollection is that Nicko had in fact - Al Haig knew by that time, yes, I am pretty certain he did, because if you look at the next telegram from Nicko Henderson you will find that Al Haig said something. Of course this is totally different, and that was after the raw intelligence they were going to invade. Al Haig said, "All I heard about before was some scrap metal merchants arriving without the right documents". But I think that Lord Carrington had been in touch with the United States before.

Q. I think he had been on the Sunday.

- A. I think he had been about the South Georgia incident. He might have telephoned Al Haig or Nicko Henderson, but I am pretty certain...

CHAIRMAN: He got in touch with Al Haig.

SIR PATRICK NAIRNE: With Al Haig.

- A. Yes.

Q. And my point was how early could he have done it convincingly, and I think it was the same Sunday that you spoke to Lord Carrington on the telephone when the wider intelligence was becoming available.

- A. Yes, and even then it was difficult to convince anyone.

MR REES: With regard to the Americans, Prime Minister, as you will be aware more than most, one reads a great deal of rubbish in newspapers, and everyone is writing books and articles about it, but trying not to fall into that side of it, it is being said, and apparently it has been said by General Vernon Walters, that the Americans believe that the Argentines did not have any idea that we would react in any way to this. Were the Americans asked at any time to make clear to the Argentines that we would not take this lying down?

- A. You will find in my...

CHAIRMAN: I think that we must take it in order.

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MR REES: I am sorry, I thought that came out of the American one there. I will ask it again.

- A. I will answer it now if you wish but, Lord Franks, I am in your hands.

CHAIRMAN: So far we are dealing with the response to an inflamed South Georgia and 28th/29th, and at the same time Peter Carrington has been getting in touch with Haig, saying the situation is very dangerous, and getting a really very flat answer out of Al Haig in the process. Now the next question is - and I will come back to Merlyn's question - they go together, how did your thinking develop about the risks of a real invasion on South Georgia, and when was the first time when you thought invasion was a possibility, and what exactly happened at this meeting in the House of Commons on 31 March? I will tell you the bits we know about that meeting. The first bit is inaccurate I think. When we saw Mr Nott he said that he galloped over from MOD to the House of Commons with a bit of paper in his hand. We are informed that he was in fact in the House of Commons and did not gallop over with that bit of paper. This is just how people misinterpret events. In fact I think maybe Admiral Leach and other people came over with the paper, and there were people I believe from the Foreign Office there on 31 March, at least they told us so this morning. What I think we would like to know is what really happened then? You have told us what the nature of the intelligence was.

but can you describe to us for a moment as a little bit of history what was happening? There you were probably in your room in the House of Commons and then...

- A. Yes. It was evening, it was about 7 o'clock I think, although it might have been 6.30, it might have been 7, it was about 7 o'clock and all of a sudden - I think I was just working, obviously we had to be over there for a series

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of votes, I am afraid I just cannot remember what, the circumstances that followed were so vivid - but they came in, I think it was John and Frank Cooper, with this intelligence, told me what it was, and as I said it is a moment that is etched on my mind. Very quickly other people either came or were gathered, I could not tell you which, but extremely rapidly. If one wants quick reaction it was extremely quick. Antony Acland arrived, Humphrey Atkins, the whole Foreign Office contingent - Peter was away in Israel - Humphrey Atkins and Richard Luce, Antony Acland, Mr Ure, Mr Giffard. John was there, Clive was there, we were all there and we were discussing this, which was an appalling piece of information. We had started our discussions, and the first thing obviously was to get on to Reagan, and then the First Sea Lord just appeared, Admiral Leach just came in. I understood later that he had been in the House I think with someone else, but he came in.

Q. His trouble was that he was in uniform and they would not let him in!

- A. Oh, was that it? He just came in and was absolutely marvellous and said, "Can I help?", and we had a number of things then to do. The first one was the practical thing of what could we do to try to stop it, and the most important thing seemed to us to be to get directly on to Al Haig and a direct message to Reagan. So we sat down and drafted those immediately. In part in answer to Mr Rees's question you will find a sentence in that, and it is a fairly terse thing, that President Reagan should tell Galtieri that Britain could not acquiesce; I think you will find that - 'could not acquiesce'.

Q. That is right.

- A. ...in the invasion or their action. I will tell you why we put that phrase in - 'could not acquiesce'. Now we literally drafted that, I was taking a hand in the drafting as well, and one gets it down to exactly what you want, and

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then we got that off, and we got Nicko Henderson going in to see Al Haig immediately, because that was our greatest hope then. We then turned and said supposing it does come to pass what can we do? We knew that we had got one, or by that time I think a second SSN was about to move. It was not easy because again one learns, it is no earthly good just sending the things down there, they have got to have the right torpedoes or enough of them, and we got something on the way and then sent another one back.

Q. And the military have to be prepared.

- A. Yes, that is right. And then Admiral Leach told me, it was just before Easter, that people would be going on leave from the ships attached to NATO and on alert, and if we were going to have the chance to send a taskforce it could go within 48 hours from being told, but the first thing we would have to do would be to stop everyone going on leave. So we had to take those decisions, stop them going on leave, and then tell him to be ready to alert the taskforce the next day, and we wanted to know exactly how much he could send. He just went over it one after another, and it was the biggest armada I think he told us that had ever set sail from here for a very very long time. All of a sudden we realised that there was something we could do but - and at that stage it would either back-up our negotiations - but I had put in that telegram to Reagan that I would not do anything to escalate it so long as there was a chance. It was only a matter of 24 hours, and anyway we could not have got the taskforce away in that time and - I am sorry this is stumbling and hesitant, I am trying to remember absolutely everything - so we knew we had to stop the leave, we had to put him on notice that we would be saying probably 48 hours to send a taskforce. I think that was all.

Q. It is quite a lot.

- A. It was quite a lot, it was quite a lot. We knew what we could send, stop leave, and we told him the following

morning we would probably be alerting him, because I had a Cabinet meeting the following morning, and you would not do a major alert until you had had a go at Cabinet. And we had an OD on 1 April.

Q. Yes, you did.

- A. And we had a Cabinet. I know what else, I knew there was a third thing. There were some ships exercising off Gibraltar, and we wanted to know what those were, and I believe we started to get them on the way. We started before Cabinet to get them on the way, because I remember at OD the next morning it was not actually recorded in the minutes, but again this is so etched on one's mind that I remember there was a question of whether - those ships exercising off Gibraltar were on the way - whether we should in fact send out a group of commandos to Ascension, fly them out, something like 150, and then the ships from Gibraltar could pick them up passing. We decided not to do that because, first, we thought if we were going to have to send a taskforce it would be far better if they all went on that, and we had said to Reagan that we will not escalate it. That morning we decided to put the taskforce on alert. It could have sailed I think one day before but it did not sail until Monday. I later called another Cabinet meeting, that was not until after the invasion on the Friday night, after the invasion - I am sorry, you are still back on the Thursday. We had done the preparations on Thursday, got the necessary consents on the Thursday.

Then on the Thursday evening Lord Carrington came in back from Israel, about 11.30 we had a meeting in my study at No 10, and I said to him, "Look, I think we have got to send the taskforce". We learned at first that Galtieri would not accept a telephone call from President Reagan, and there were two hours in which he would not accept that telephone call from President Reagan, and then later he did accept it, with the results you know. Afterwards I asked intelligence

to have a look to see if the time he refused to accept it was actually the time when he was in a meeting with the junta as far as we knew and it appeared that those coincided, but I was interested to know because Galtieri I understood had said to Reagan that he had held up that telephone call for two hours to see if he could stop it, and he could not. If you look at the times it looked as if it was dead the reverse, that he jolly well was not going to take that telephone call.

Q. Until he had started it.

- A. I am sorry, I hope these things will never come out, but these were the sequence of events and then eventually he took it and then Reagan got in touch with us, and Nicko had been in to Al Haig. They had known no more than we had. Then we knew there was no way of stopping it.

Q. May I ask you - and this is in a way stale repetition but it has its importance - do you say that it was only at that meeting at 7.30 in the House of Commons on 31 March that you first grasped that an invasion was likely to be on as regards the Falklands?

- A. Yes.

Q. And that all the other things of which you were aware earlier, for example Admiral Anaya deploying three ships against South Georgia and the Endurance round about 24 March and so on, the things that you talked about on the telephone to Peter Carrington on the 28th, information that had come in round about then, all that in your view and in your belief was, so to speak, beamed at the inflamed position in South Georgia?

- A. That was beamed at the inflamed position in South Georgia with regard to the background thing that we had been warned about by the La Prensa article. It seemed to us that the first thing after South Georgia that could happen would be that the diplomatic situation and the civilian situation would get worse, and I must say that it seemed to me utterly ridiculous to contemplate an invasion of the Falklands then.

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I do not think we really addressed our minds to that possibility because we thought that before any such thing could arise there would be an actual deterioration in the situation. Now whether those riots in Buenos Aires changed things, that was on the Tuesday night, or not I do not know, but had they gone about it a different way we were going to be in acute difficulty with South Georgia, and then gradually going to be in acute difficulty with the Falklands unless - as I say, there are diplomatic ways of breaking the impasse. But never shall I forget that meeting when John Nott and Frank Cooper came, and that is why I gave the both accurate and vivid account of it in the House of Commons because that is exactly what happened.

LORD WATKINSON: Just before that, Prime Minister, what you had really accepted was that South Georgia had gone in fact, there was nothing you could do about it at that point. You might be able to recover it but at the moment the Argentines had really captured South Georgia, which in itself was quite a major thing.

- A. For the moment, I would not say they had captured it because the sovereignty was ours.

Q. Yes.

- A. It would have had to have had something in Grytviken. We sent a supply ship down to enable Endurance to stay there longer. They would not have captured it but they would have had an illegal presence upon it, and I did not see at that moment of time how we could get them off.

Q. So that in itself was really quite a major...

- A. Alarm, major, yes.

Q. It is easy to allow this to be overwhelmed by what happened afterwards.

- A. Yes.

Q. But I think, trying to go back to that period, that must have seemed to be really a very major Argentine step which you had really to concentrate all your mind on at this point.

- A. We had to handle it with consummate skill without putting our people there in acute danger.

CHAIRMAN: Yes, we had our scientific survey people there.

- A. Yes, we had our scientific survey people there, and the Endurance people there as you know, just two little guns and two Wasp helicopters, but we used those to get quite a lot of intelligence.

Q. I will tell you, I should think to your indignation, that we have had in evidence to us the story that you knew about the invasion long before 31 March, and that you deliberately kept it to yourself in order that you should have the pleasure and glory of recapturing the islands. Now you do not have to ask us in the committee about this, but this is why I am asking you very particularly about the date at which you first knew, and what your thoughts were occupied with when things were definitely ugly in the days of the week before, and what it was. I think you have told me with complete clarity that up to 7.30 on 31 March the preoccupation with South Georgia, the developing situation there, and then for the first time that evening in the House of Commons with all its, as it were, dramatic quality something else became, as it were, almost inevitable in your mind.

- A. That is correct. May I just add to that to defend myself against what is the most appalling attack - I was about to say why we used that phrase, we could not acquiesce in it. That night no one could tell me whether we could re-take the Falklands - no one. We did not know - we did not know.

LORD LEVER: Not very surely for quite a time afterwards.

- A. That is correct, and if you look at the debates in the House of Commons you will find, and you will remember Mr Callaghan actually saying to me, "Do not go against the advice of the Chiefs of Staff". And you will have seen - I

do not know whether you have seen the minutes of the emergency or the Cabinet...

CHAIRMAN: No, we cut off on April 2.

- A. I just think it is relevant, because I must clear myself. I did not know. It was a subject to which we addressed ourselves that evening, we could not know, and before we decided to land, which was some time later, not only did we all have a briefing, but I got each and every one of the Chiefs of Staff over to the relevant meeting, and I asked them all individually to record their view as to whether we could achieve a landing successfully with a good chance of retaking the islands. And you will also know it was some time after the taskforce was sent and some time after Canberra was sent that we then chartered the QE2 because we were told we needed 3000 more. That night we addressed our minds to it - could I say that we would retake them? I could not be sure. So the phrase went, 'we cannot acquiesce in that'. I am afraid it is one of those things that we all are subject to the most appalling and cruel comments.

LORD LEVER: The more serious ones surely are the stories put about in the press, including people normally described as the responsible press, who have either asserted or promoted the assertion that you knew a week or 10 days before the date you have stated in the House and again today here; that, let me make it absolutely quite clear, has no basis whatever?

- A. No basis. Of course if we could reveal such as we know from the intelligence to them they could see that it had no basis, but we cannot do that.

MR REES: I accept this completely, and there is so much that has been written, but we have to deal with a number of issues, and with other people we have had them take away a bit of paper and deal with them, because we will have to. With regard to the SSN on the 29th, about which again they got the wrong end of the stick in The Observer yesterday, though they got the date right, when the SSN was authorised,

all right, on the evening of the 31st, if that is the right evening...

- A. That is the Wednesday night.

Q. That is right, but the evening when you had your meeting.

- A. It was Wednesday night.

Q. I fully understand what you are saying about an invasion and all the discussions with the Chiefs of Staff about what one could say about that. Now come back to the SSN on the 29th which was...

- A. The discussion with the Chiefs of Staff was finally before we actually decided to land.

Q. That is right.

- A. Admiral Leach was the only person at that meeting but there were various people, Frank Cooper was there too and the Defence...

Q. That is the 31st?

- A. Yes. Terry Lewin was in New Zealand on the 31st, and Peter Carrington had not come back, was in Israel.

Q. I completely accept that. Now on the 29th when the SSN was sent down in the context of South Georgia, in terms of what you were saying earlier about the dangers of sending stuff down there why was the SSN sent down there if earlier on there would have been a problem in doing exactly the same thing, because other people have raised, or are raising the question of why was not an SSN sent earlier rather than on the 29th? There would have been time. And then there would have been the question of at least some sort of deterrence, however you chose to use it. That is a point that has been put to us, and I would be interested to know what you say.

- A. It gave you an extra option at that time to send it down.

Q. Why not earlier?

- A. Because earlier it just seemed an incident that one was not sure in any way, or it had really not occurred to us I

think, particularly after what I still thought were reasonable talks, that this was an incident master-minded by the authorities in Argentina. Indeed I still suspect that it was not master-minded by them, but it undoubtedly I believe was made use of. Then we protested vigorously, and you will remember that they put on about 50, and they took off 40, and we thought they had taken them all off, and it was not for some time, the Endurance signal, no, they had not been all taken off, there were some left on. Then after that they came back, and at that time one would have thought that Endurance could have coped with it. It escalated really very badly after that.

Q. But again in the context of perusing through Hansard...

- A. To deter - I have one view - to deter you have to have enough. Deterrence is not deterrence unless you have enough I am afraid, and it is very difficult to have enough when you are an offshore island against a quite powerful Argentina.

CHAIRMAN: And only what, 300 or 400 miles away?

- A. Three hundred or 400 miles away - particularly as they had got some of our stuff.

MR REES: One of the other things in Hansard which I only came across the other day - we talk in questioning about La Prensa and the articles, and everybody now is coming up with examples of how from December onwards there were signs and so on. In the House on 25 February Mr Farr...

- A. I remember the question.

Q. He said, "Has my right hon Friend seen the reports in today's press about the possibility of the Argentines taking military action against the Falkland Islands?". Now I do not know, everyone has their own views as to what one takes in the House.

- A. No, one had not seen them. After all I am now looking at Gibraltar and Hongkong. You should see some of the things in the press about that. I would not necessarily - look at some of the things in the press about us - I would not

necessarily take that. There is a good deal of sabre rattling. I got the intelligence people to go back after it was all over and have a look at what had been in the Argentine press compared with previous times - you must have access to that - but I was told that it was no worse in any way - perhaps not as bad, but that might be a little bit of my wishful thinking - certainly no worse, and also I think that it occurred substantially only in one paper, which was La Prensa - perhaps if you have seen people about it...

CHAIRMAN: A lot. Repeatedly La Prensa anyhow.

- A. Yes.

LORD LEVER: And also repeatedly adopting the Foreign Office view about the vital timing of events as to escalation?

- A. Yes. But just because you get that you do not sort of say, "All right, we must cave in and roll over", when there are other diplomatic channels and possibilities available, and before really your people on the Falklands have started to come to grips with the negotiation.

CHAIRMAN: Now could I ask in general, Prime Minister, whether you feel you were well-served both by ministers and officials in all this matter up to 2 April concerned with the Falklands?

- A. Yes, I was. You see, I think the more one talks about it the more you realise, I do not think there is any force which we could have sent down to an island with a tiny little air strip, undefended, short, that in fact would have done anything other than precipitate the incident that one was trying to avoid, and which having started on the way it had to be a sufficiently big force to overcome. So however one analyses it I think one comes to that conclusion. Could I just say one thing about it because there has been a lot of criticism about the intelligence and the assessments - I say 'criticism', a lot of comment. It would be the easiest thing

in the world for the JIC, or whoever does the actual intelligence assessment, to say to ministers that every single thing in the world could blow up into a major incident within the next few weeks or months - Belize, Cyprus, Hongkong...

Q. Gibraltar.

- A. Gibraltar I leave to the last, I live on a knife edge on Gibraltar. It would not be helpful, it would be incompetent, it would be weak. They have to try to alert us to some of the priorities, they have to make an assessment which does not say everything is on a knife edge. They do not flinch from coming to their assessments or their decisions. They may sometimes not be right, anyone who makes decisions knows that, but it is far better that they go on that way than by trying to cover themselves the whole time with a little paragraph at the bottom by saying, "Of course we must warn you that an invasion..." or something could blow up every time, and I do think that one should take that into account.

Q. Yes. Then, possibly lastly, Prime Minister, do you have a view about why the junta apparently so totally misjudged the British response to an invasion?

- A. I think there are several possible reasons. Just look at them down there. They knew that they had a very considerable navy and air force, well equipped, well trained - it was well equipped, well trained. We were 8000 miles away, heavily committed, and it may well have seemed to them, 8000 miles away, heavily committed,

against a formidable navy and Argentine air force with an approaching winter that for 1800 people we would not go down there. They may even have said do you allow 1800 people to determine a large part of your naval priority and commitments? And after all when it happened I did not know that we could retake them. It also may be that the junta is much much more isolated from our views than we who tend to have much broader horizons would be.

Q. Most real dictatorships are I think.

- A. Most real dictatorships tend to be isolated and incestuous in their views. But if you were just to look at it from the viewpoint of ordinary logistics, their military men, well, it would not have been difficult to come to the conclusion that they could get enough there in the three to four weeks to make it well nigh impossible for us for the coming winter, and after all when they came to that conclusion I did not know that we could retake. So that they did know. Now I asked President Reagan in my message to say that Britain could not acquiesce. From the letters, from the reports that came back, it will only have been a summary of the conversation which I understand was 50 minutes, I do not know whether that message was put across, but looked at militarily, and ask Terry Lewin, and knowing the problems we had 8000 miles away with the coming winter it would not have seemed to me to have been an unreasonable military conclusion to have reached.

SIR PATRICK NAIRNE: Could I ask, Prime Minister, really very much in that connection whether you yourself felt that the government's decision to withdraw the Endurance may have had a particular psychological impact? I entirely accept what you were saying a moment ago that if you want to deter something you have to find the force that will actually deter it, but of course one does sometimes in military terms need rather less than that in order to convince a possible enemy, somebody who may be wanting to undertake military action, that you are going to stand by the defence commitment that you had. I wondered whether you had a view on Endurance on which the Foreign and Commonwealth Secretary did fight a pretty hard battle himself?

- A. Yes, I thought Endurance really was a symbol to the islanders rather than having any effect on the Argentines. Endurance was down there from December to March, only in summer. She left in March to come back. So she was only down there a short time. She had two 20mm guns and two Wasp helicopters. I really cannot think that that would have had any effect on the Argentine mind at all. I think possibly it did have an effect on the islanders, which is why I had thought we must send more naval visits - and you will find some reference to it in the papers - ships down there to show the flag. After all, they would at least be better equipped than the Endurance. You look at the might of the Argentine, you look at her air force. We now know its performance. But when you looked at the numbers, everything from Super Etendard to the American, to the Skyhawk. I do not think that would have affected the minds of the Argentines. At one stage I wondered if we should not have extended that runway, and you know that is why eventually the Argentines kicked up a fuss when the Shackleton report came out. But then I realised it would have been no good unless we totally and utterly defended it, had the radar, the Rapier, and if you have aircraft down there you have to have the maintenance and servicing. So I think that Endurance was more a symbol to the islanders. But as far as deterrence

and as far as the military aspect was concerned she was only there four months. And then of course she was there when the South Georgia incident came. It would have made much more sense for them not to have done it at that time but to have waited. She was, I believe, a psychological symbol to the islanders: I doubt very much whether she would have been to the Argentines.

CHAIRMAN: Might I ask you a question of my own? I think that when you set us up you were anxious that we should look at the years before your own administration as far as might be relevant to the purpose we had, which was to consider responsibilities of government and the way they were discharged. Could you tell me what you had in mind when you wanted us to look at previous years? I might say what we have done. We had to take an arbitrary date. We have taken the date when the Argentines took the matter to the United Nations in 1965. This made a date. We have looked back over the period, which involves I think two Labour governments and one Conservative government.

- A. I do not think it is possible to assess the intelligence or the press unless you are able to look back and compare them with similar messages in previous years and what happened after those. That was the main thing that was in my mind. A proper assessment of messages, intelligence, press reports, actions, can only be made against a much longer background. The people who were making those would have been making them against a much longer background. It seems to me that is the only way to judge. Also again one would play it so differently.

Q. That means you think we can learn from history?

- A. I think you are very foolish if you do not. But also I do not think you do justice to those who make the assessments or to any of us unless you put them in their proper context.

Q. Which in this case is a historical one and involves the past.

- A. It is indeed. I think I then have only one thing to

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say. I had tremendous confidence in Peter Carrington, tremendous confidence, and his loss seemed to me a devastating blow for Britain, and I would back him up all the way.

Q. Are there any further questions that any member of the committee would like to ask? Then thank you very much indeed, Prime Minister.

- A. I had prepared only one reply, and it is to a question you have not asked.

Q. Would you like to tell us about it?

- A. I thought you might ask me, as most people do, how much time I had to give to foreign affairs as well as home affairs. Therefore I just have my diary. It is quite interesting. It is much more time than any prime minister ever thinks. When you come into No 10 you think the economic affairs at home are the main thing. I was just a little interested and I thought you might be and I took out the March part. I started just after the New York conference on the 26th February. On Saturday 27th February I was at No 10 Downing Street. We started off with a Tanzanian hijack. That took two days. That is how March started. Then in March I had to see the Saudi minister of planning because I had been to Saudi Arabia and we get quite a lot of business there, so if he comes and asks to see me I see him. The next day I had M. Chirac over and had a part day with him to learn his views. Then on the Friday we had the High Commissioner for Tanzania in. Also on Wednesday 10 March I had the Tunisian Foreign Minister. We also had an official visit by the Norwegian Prime Minister because their governments have changed and they are much more NATO inclined and we do some training with them. We then had the international tin agreement on which we had to do a lot of consultation with the Indonesians and the Malaysians and we had that at OD. I then had the Speaker from Peru. Then the Indonesian Minister of Mining and Energy came in again. We then had two major visits that month, the Sultan of Oman, an official State visit which, as you know, involves the Prime Minister

for three days and a good deal more because they give us quite a lot of business and we have some defence there. Also that month we had an official three-day visit from Mrs Gandhi which I was closely involved in every single day, also quite allot of contracts. I also had a visit from Mr. Tindemans and M Thorn talking about the budget. I also had a visit from Japan with Mr Osaki on the trade, because we have problems of trade with Japan. I then had a delegation from the Afghanistan Support Committee. I then had a bilateral with Germany, Chancellor Schmidt, which was $1\frac{1}{2}$ days. We go into bilaterals with them twice a year. After that it was mostly India. Then we finished up with a meeting of the European Council. I just thought it was a little bit interesting because that is in a month in which we also had the Canadian Constitution going through parliament which I had quite a good deal to do with in the background. Also there was a little annual event known as the budget which we had on 9 March. That is just the amount which a prime minister has to do. It is not only the time taken up in the meetings, it is the briefing for them. I am sorry you did not ask me the question.

LORD LEVER: Nobody has accused you yet of underworking, Prime Minister.

- A. Thank you very much.

(The witnesses withdrew)



10 DOWNING STREET

From the Private Secretary

3 November 1982

Dear Tony,

Thank you for your letter of 29 October enclosing the verbatim record of the discussion which the Prime Minister had with your Committee on Monday 25 October.

The Prime Minister has asked me to make three points about the transcript.

Page 21 quotes the Prime Minister as saying that she had put down in her diary the sentence "Moreover, if faced with Argentine occupation on arrival there would be no certainty that such a force would be able to retake the dependency". To avoid any misunderstanding now or in the future, the Committee may care to know that the Prime Minister had simply made a note of the sentence concerned on the extract from the diary of events and meetings which she took to her meeting with the Committee and which is referred to on pages 51 and 52 of the transcript. The Prime Minister would not wish it to be thought that she had kept a personal diary and entered into it statements of such delicacy.

On page 22 the comment in the fourth line from the bottom of the page should perhaps be deleted. Otherwise, the meaning is obscured.

With regard to page 30, the Prime Minister did not wish to give the impression that she and Lord Carrington had personally telephoned the Ministry of Defence about an SSN - merely that she and Lord Carrington had discussed the matter and that, as page 30 of the transcript makes clear, a telephone call was later made to the MOD.

*Yours ever
John Gals*

A.R. Rawsthorne, Esq.