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✓. Master act.

10 DOWNING STREET

From the Principal Private Secretary

8 April, 1982.

Dear Brian,

Falkland Islands

I attach a copy of the record of the discussion during the dinner which the Prime Minister gave for Secretary Haig and his party at 1930 this evening.

The British side briefly reviewed the discussion at dinner after the Americans had left, and the Prime Minister invited the Foreign and Commonwealth Secretary to set in hand work on the way in which we would want an Argentinian withdrawal from the islands to be organised and supervised, if such a withdrawal could be secured.

I am sending copies of this letter and of the record to David Omand (Ministry of Defence) and David Wright (Cabinet Office).

+ Wade Cary (co)

Yours ever,

John Whitehouse.

Brian Fall, Esq.,  
Foreign and Commonwealth Office.

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RECORD OF A DISCUSSION OVER DINNER ON THURSDAY, 8 APRIL, 1982, AT  
10 DOWNING STREET

Present:

Prime Minister	The Hon. Alexander M. Haig
Foreign and Commonwealth Secretary	The Hon. Edward J. Streator
Secretary of State for Defence	General Vernon Walters
Chief of Defence Staff	The Hon. Thomas O. Enders
Sir Antony Acland	Mr. James Rentschler
Mr. Clive Whitmore	Mr. David Gompert

Mr. Haig said that one of the Argentinian motives for their invasion of the Falkland Islands was to divert public attention from Argentina's present internal problems.

Mr. Enders added that in terms of resources relative to population, Argentina was one of the most favourably placed countries in the world. Yet, there was no growth and no dynamism in their economy. Their foreign borrowing was very heavy. But they could feed themselves, and somehow the economy got by.

Sir Antony Acland said that the Argentines did seem to be beginning to understand how strong was the public and Parliamentary reaction in Britain against the invasion. Our Ambassador to the Argentine who had just returned from Buenos Aires, had previously taken the view that the Argentines might resort to military aggression later this year. He had not anticipated an invasion now.

The Prime Minister added that the last round of talks between Britain and the Argentine on the Falklands had been described as "cordial and positive" in the communique which had been agreed by the two sides. But the communique had never been issued because it had been disowned in Buenos Aires.

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Mr. Enders said that Mr. Luce had telephoned him to say that he had been concerned about the way things had been developing after the talks in New York. General Walters added that the fact that the communique had not been published by the Argentinians should have been a warning sign. But we all have to concentrate our intelligence efforts on the areas vital to us, and we had to decide where our priorities lay. No western country, not even the United States, had the resources, especially the human resources, to cover all the danger areas. Britain and America had not devoted many human or technical resources to Southern Argentina.

Mr. Haig said that Sir Nicholas Henderson had given him a compendium of British intelligence on the Falklands, and this was much better than anything which the United States had compiled. The American analysis had said that they already had all the different pieces of intelligence which Sir Nicholas Henderson had provided, but they had not put it together to make the whole picture. Detailed planning for the invasion must have been going on for at least 3 weeks before Sir Nicholas Henderson's digest had been assembled.

The Chief of the Defence Staff said that Argentinian contingency planning for the invasion of the Falkland Islands had been in existence for years, and had been regularly exercised in the past.

General Walters said that in most situations the intelligence was there: what was critical was whether the analysis was applied to it, and whether that analysis was of the right quality.

Turning to the future, the Prime Minister said that British Sovereignty over the Falkland Islands continued in being. It had not been lost because of the Argentinian invasion. The sequence of steps towards a solution which we could accept began with the withdrawal of all Argentinian forces from the Falkland Islands. Thereafter British Administration had to be restored. And only after that could we negotiate. The result of any negotiations about

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the future of the islands had to be acceptable to the islanders. Their wishes had to be paramount, as they always had been in the past. If the British Government tried to introduce a solution which was unacceptable to the islanders, it would fall.

Mr. Haig said that it was fundamental to the American approach to the problem that the British Government should not fall. That was why he was here in London. The Americans believed, however, that there had to be a change in the approach to the problem, though without any change of principle. Neither side could hope to secure the totality of what it wanted. A solution had to be devised which recognised that fact, but equally it had to be a solution which did not depart from fundamental principles. The Americans envisaged a three part process. First, the Argentinian forces would withdraw from the Falkland Islands. Then, the local administration of the islands would be returned as nearly as possible to the status quo ante. Finally, there would have to be a negotiating process between Britain and the Argentine. This negotiation would have to be consistent with the right of the islanders to self-determination. The Americans believed that if this three part process was to have any hope of acceptance by the Argentine, it would be necessary for a group of third party countries, such as the United States, Canada and one or two other Latin American countries, to be involved in it. "They would provide a bona fide of internationally recognised objectivity that could help the negotiating framework."

The Prime Minister said that if British Administration was not restored following the pledges which the Government had given in the House of Commons over the last few days, Ministers would face a Motion of Censure. A fundamental principle for us was that the Argentine should not obtain by force what it could not obtain without use of force. The British Government had not sent the naval task force in order to give up that principle.

The Defence Secretary said that the British position was strong. We did not need to keep many naval units off the Falkland Islands to make life intolerable for the Argentines. They would have to

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sustain through the coming winter an authority in the islands which had no food, little water and poor accommodation. He did not believe that an unstable dictatorship could survive that kind of pressure. It was Argentina who had changed the status quo in the Falkland Islands, and perhaps, for that reason, it should be they who first came forward with proposals for solving the problem which they had created.

The Prime Minister reiterated that British Administration had to be restored. We could then negotiate in the light of the islanders' wishes. She acknowledged <sup>that</sup> ~~after~~ what had happened over the last few days the course of any negotiations might be different from those which had been held in the past. Following the invasion, the islanders were bound to think much more carefully about what the longer term future might hold for them, even if the Argentinian force withdrew. Many of them might now believe that they would do better to leave the islands and make their lives elsewhere.

Mr. Haig said that he was prepared to go to Buenos Aires and convince the Argentinians that the British Government meant business and that in the long run the Argentine Government would not survive the pressure which Britain would bring to bear. He was ready to tell the Argentinians that they had to give him proposals which he could take back to London. He was convinced that a solution had to be found, for otherwise where would we be if it came to a war.

The Foreign and Commonwealth Secretary said that he did not believe that what Mr. Haig was proposing included the restoration of British Administration to which the Government was pledged. He understood Mr. Haig's solution to fall into three stages. First, the Argentinian forces would withdraw. Second, British Administration returned, but there would be, in addition, an international body which would be an indication to the Argentines that negotiations of the kind previously held would be resumed. Third, the right of the islanders to determine their own future would be upheld and given practical expression. These three points were all ones to which the Government had committed itself in the House of Commons. He doubted whether the Argentine would accept an attempt by Britain to

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restore the situation to precisely what it had been before the invasion.

The Prime Minister said that she did not understand the nature of the second stage of the American proposal. The restoration of British Administration must mean the return of British law, British courts, and so on. She did not see what part an international group could play in this situation.

The Defence Secretary said that he shared the Prime Minister's doubts. British sovereignty already existed. It was a fact, and for the purpose of finding a solution it could be left on one side. We would all agree on the necessity of an Argentinian withdrawal, the restoration of British Administration, and the right of the islanders to self-determination. What he could not understand was what the proposed international group would do.

Mr. Haig said that the United States had no detailed formula worked out. Senor Costa Mendes had shown in conversations in Washington a willingness to let an autonomous Government remain in the hands of the islanders. This provided ground for possible solutions which would have to contain a face-saving device for Argentina. There was a need to get back into negotiations on the perennial issues which had been discussed by both Argentina and Britain. This would not preclude the islanders from self-determination. The group from third party countries would provide an internationally recognised, umbrella, which would prevent a war, safeguard the islanders, ensure the preservation of their traditions and their laws, and give international credibility to the agreed solution.

The Prime Minister said that she still did not understand what Mr. Haig was proposing. Once the Argentinian forces had gone, she saw no other way of providing for settled Administration and the rule of law except by the British Government carrying out these functions. Were the Americans saying that we would have to convince international opinion that any test of the islanders' wishes for the future had been properly carried out. That she could accept, but she still did not understand what the status and function of the international group would be.

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Mr. Haig said that he was seeking an arrangement which had "certain constructive ambiguities", but provided no real departure from the standards of administration which would essentially be what they had always been. The laws and rules of the islands would be administered on a day to day basis as they always had been. Negotiations on sovereignty and self-determination were for the future. What we were trying to do immediately was to stop a war. This meant that the question of withdrawal and administration had to be sorted out first. The Argentine had made a dreadful mistake in invading the islands, and he thought that they now knew it. If we can stop the conflict, he believed the problem would go away for 30 years.

The Prime Minister said that as she understood what Mr. Haig was proposing, she did not believe that she could take such a scheme to the House of Commons. But she would like to try again to be absolutely clear what he had in mind. She understood him to be proposing first, that all Argentinian forces would withdraw. Second, British Administration would return to the islands. Then, at a later date, an international group would supervise a test of opinion among the islanders about their future. They could choose to remain British, or become Argentinian, or become independent.

Mr. Haig said that this was not precisely what he was proposing. He did not believe that what the Prime Minister had set out would be acceptable to the Argentine. He thought that he could sell to them a solution on the following lines. First, there would be a withdrawal of Argentinian forces. Then, as regards the Administration, status quo ante would be restored in the islands. This process would need to be guaranteed because in due course it would lead to negotiations. So an international group would be needed. Its first task would be to supervise the Argentinian withdrawal.

The Prime Minister said that this proposal did not ensure the return of British Administration to which the British Government was pledged. Once that had been done, we could see what the islanders' wishes were: indeed, the British Government was pledged to regard their wishes as paramount. We would honour whatever decision the islanders made about their future.

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Mr. Haig said no. As he had explained already, the international group would supervise the withdrawal of Argentinian forces. Then it would provide a vehicle to get the local administration back, as nearly as possible, to the status quo ante. Finally, there would be a framework for negotiations between Britain and Argentina within which the issues which had been the subject of previous negotiations could be discussed.

The Prime Minister said that if, following the restoration of British Administration, the islanders were allowed to exercise their right of self-determination, negotiations would not be needed. The islanders would make it clear that they wished to stay British, and such an outcome would be unacceptable to the Argentine.

The Defence Secretary said that in order to avoid another conflict, it was possible that the islanders would choose a future status which was in some way more favourable to Argentina than the kind of thing they would have chosen before the invasion.

The Prime Minister said that the involvement of the international group would be acceptable to Britain if their function was to supervise the Argentinian withdrawal, the restoration of British Administration, and the test of self-determination for the islanders. But she did not believe that the Argentine would accept a scheme on those lines. Mr. Haig agreed.

Sir Antony Acland said that the Americans seemed to be suggesting the involvement of an internationally acceptable presence in addition to the restoration of British Administration. Such a group would give an international guarantee of the rights of the islanders in addition to their British guarantee. But he did not see that this really added very much to what Britain could already do.

Mr. Nott pointed out that the issues they had been discussing could apply only to the Falkland Islands themselves, and not to the dependencies. It was not for the islanders to determine what happened to the dependencies.

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The Prime Minister said that if the islanders decided to stay British, Argentina would not accept it. So the implication was that the Falkland Islands would have to accept something they did not want. The choice for them would be some form of Argentinian yoke, or departure from the islands. Mr. Haig said that he did not disagree with this assessment. But he was trying to find a way of stopping further conflict. He did not want a situation to arise where the United States could be accused of having failed to seize an opportunity to resolve the problem. The very fact that the United States were ready to volunteer to be a member of the proposed international group showed how important they thought this issue. The scheme would engage the United States in the Falkland Islands in a way in which they had not been engaged before. They would be sharing the burden with the United Kingdom. He would like to go over again the American concept. The international group would supervise the Argentinian withdrawal. British Administration would be restored for an interim period. There would be an agreement between Britain and the Argentine to resume prompt negotiations on the future status of the islands. This agreement would contain language referring to the provisions of the United Nations Charter on self-determination. It was quite possible that the third stage would go on without ever reaching a conclusion, and if this happened, the second stage - the resumption of British Administration - would continue indefinitely in parallel. Such an arrangement would give Britain virtually what existed before the invasion. It might make it saleable to the Argentine if they had an observer in the international group, but he was not optimistic about persuading the Argentine to accept anything.

The Prime Minister said that she could not accept the suggestion that the Argentine should be represented with an observer in any international group. Nor could there be equality of treatment between the Argentine and Britain, since the Argentine was the aggressor.

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Mr. Enders said that there would need to be some form of liaison between Argentine and the international group, if only because the group would be supervising Argentinian withdrawal.

Mr. Haig said that the British and Americans were agreed on the first stage - withdrawal - and the third stage - the resumption of negotiations between Britain and Argentina where they had left off. What they had not settled upon was what happened between these two stages - the restoration of British Administration and the part to be played in that stage by the international group.

The Prime Minister said that she hoped that Mr. Haig would now go to Buenos Aires to assess the Argentinian position. In dealing with the Press both sides should say that they were fully agreed that UN Resolution 502 should be implemented as quickly as possible. They had discussed how the United States could help in the process. Mr. Haig had heard the British view of the situation in the Falkland Islands, and he now knew how strongly the British felt about the matter. He should not give any impression that the British position had changed in any way or that the British were showing any flexibility. If asked about a possible return to London after his visit to Buenos Aires, he should say that it was too early to say. Mr. Haig agreed to deal with the Press along the lines proposed by the Prime Minister.

The dinner ended at 2300.

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8 April, 1982.

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