

SUBJECT
as Mark's

10 DOWNING STREET

 CC MOD AG
 WPSO CWO
 LCO
 FCS
 WPO
 CAR

From the Principal Private Secretary

16 June, 1982.

Dear John,

Falkland Islands Review

At the end of the meeting of OD on 27 May, the Prime Minister took the opportunity to discuss the Falklands review with the Ministers who had attended OD (less the Chancellor of the Exchequer and the Secretary of State for Trade, but including the Chief Whip). This discussion followed the earlier meeting on Saturday, 22 May, of a much smaller group of Ministers about which I wrote to you on 24 May.

There was general agreement that a review of some kind was unavoidable, although doubts were expressed about its usefulness. The term "review" was to be preferred to "inquiry". It was also agreed that the review would need to evaluate recent events in their longer context, going back in time at least to 1965, when it appears to have become accepted that the Falkland Islands were not in the last resort defensible and that our long term objective should therefore be some kind of accommodation with Argentina. Finally, it was agreed that the review would have to have discretion to examine intelligence assessments during the period leading up to the Argentine invasion, although it would probably not need to examine raw data or be informed of the sources from which the intelligence had been procured. This pointed to a Committee of Privy Counsellors.

The meeting then discussed possible candidates for membership of the committee, going over much of the ground covered on 22 May. Once again the names most strongly favoured (but without final agreement) were those of Lord Dacre as Chairman, and Lord Watkinson and Lord Cledwyn as the Conservative and Labour members respectively. (Since the meeting Lord Elwyn Jones has been mentioned as a possible Labour member.)

The meeting agreed that, as the next step, the Prime Minister should consult the Leaders of the Opposition Parties. The question whether the Prime Minister would consult those concerned orally or in writing (or both) was left open. We have therefore prepared the enclosed draft in the form of a letter from the Prime Minister to the Leader of the Opposition, the Leader of the Liberal Party and the SDP Spokesman for Foreign Affairs, proposing a meeting to discuss the

matter. It could be adapted to serve as a speaking note for the Prime Minister's use, but would then need to be more specific about names.

I am copying this letter to the Private Secretaries of the Ministers present at the meeting on 27 May, and should be grateful to have any comments on the draft by midday on Friday, 18 June.

Yours ever,

Alfred Sherman.

John Halliday, Esq.,
Home Office.

CONFIDENTIAL

CONFIDENTIAL

DRAFT LETTER FROM THE PRIME MINISTER TO:

The Rt. Hon. Michael Foot, MP.
The Rt. Hon. David Steel, MP.
The Rt. Hon. David Owen, MP.

Falkland Islands Review

In reply to a Parliamentary Question by Jo Grimond on 8 April, I said that I thought that there would in due course need to be a review of the way in which the Government Departments concerned discharged their responsibilities in the period leading up to the Argentine invasion of the Falkland Islands. I said that I was considering the form which this review might take, and that I would make a statement to the House of Commons in due course. The Government has now given some initial thought to the timing, form, composition and terms of reference for the review. Before reaching and announcing firm decisions on these, I should welcome your views.

On timing, I think it is clear that the review must be quick and thorough if it is to satisfy Parliamentary and public opinion. This suggests that the group chosen to conduct it should be small, and that its members should be in a position to devote a considerable amount of their time to it over a relatively short period.

If the review is to achieve its purpose, it is evident that those conducting it will need to have access to all the relevant papers and documents, including sensitive intelligence material. This points to the review being undertaken by a Committee of Privy Counsellors. I believe that there should be three of them, two of whom would be former Ministers (one Conservative, one Labour); I have some suggestions as to who they might be. We have considered whether the Chairman

CONFIDENTIAL

/ might

might be a senior judge, a retired senior civil servant or a distinguished academic. The questions to be examined are not justiciable and will have a high political content. I doubt therefore whether it would be right to have a judge; and since it is successive Governments whose handling of the issue will be under scrutiny I am not sure that it would be right to have a former civil servant. On balance I am inclined to go for an academic, and probably an historian; we already have one or two names in mind of people who would be appointed to the Privy Council and invited to chair this Committee. The secretary would be a civil servant from one of the Departments not directly involved.

On the terms of reference, I am inclined to adapt the formula which I used in the House on 8 April, as follows:

successive governments
governments

'To review the way in which the Government Departments concerned have ~~over a period of years~~ discharged their responsibilities in relation to the Falkland Islands, with particular reference to the period leading up to the Argentine invasion of 2 April 1982, and to report.'

When announcing these terms of reference I should make it clear that they would enable the Committee to examine, at least as far back as 1965 when this matter was revived by the Argentine and in as much detail as seemed appropriate to it, the historical background to recent events, the handling of issues relating to the Falkland Islands and relations with successive Argentine Governments concerning the Islands.

We should also need to give careful thought to the arrangements for publication of the committee's conclusions, given that much of the material under examination will be

highly sensitive and of a kind which it would not be in the national interest to publish. The committee will need guidance in advance on the form in which it should present its report.

On this I am inclined to the view that the committee should be asked to produce a report which can be published in full. This will impose on the committee the need for discretion in the way in which it deals with sensitive material in the report. I would not exclude the possibility of confidential annexes (which would not be published) if the committee considered that there were matters which needed to be drawn to the Government's attention but could not be made public without detriment to the national interest; but I would hope that anything of this kind would be kept to a minimum.

The committee would be appointed by and would report to me. I should expect to present the report to Parliament as a Command paper, excluding only material which ought in the national interest not to be published.

I should be glad to discuss these points - and any others which you may wish to raise - with you at an early opportunity. If you agree, our private offices might be in touch in order to arrange a mutually convenient time and date.