

Ref A08857

MR WHITMOREFalkland Islands Inquiry

The Prime Minister is to see Dr David Owen MP and Mr David Steel MP later today to discuss with them the Falkland Islands Inquiry.

2. In advance of this meeting, Dr Owen has written to the Prime Minister raising a number of points about the Inquiry.

3. Dr Owen says that the Social Democratic Parliamentary Committee believe that the Inquiry should not be established by the Government but by Parliament. Dr Owen appears to accept that the Committee of Inquiry should be composed of Privy Counsellors but takes the view that their appointment is a matter for Parliament rather than for the Government. The impartiality of the Inquiry is, however, less a matter of who appoints its members than who they are and what are their terms of reference. The Government is consulting other political leaders about these points.

4. The requirement that the Committee should be appointed by and report to the Government stems from the sensitivity of the material which the Committee will have to see, if the inquiry is to do its job properly. It is bound to require access to very highly classified intelligence assessments and indeed to raw intelligence material. It would be impossible to be as open as will be required with an inquiry reporting to the House than with a Committee of Privy Counsellors reporting to the Government. The agencies will not be willing to release such material unless they have an unqualified assurance that it will be protected and are satisfied about the reliability of those to whom it is entrusted. A Committee of Privy Counsellors appointed by and reporting to the Government would be able to have full access to all the relevant intelligence material. It could be given guidance as to what could or could not be published in its report; and in the last analysis the Government could take out of the report before publication anything whose publication would be prejudicial to national security or damaging to international relations. There would have to be an undertaking by Government

that deletions would be confined strictly to those criteria, and that there would be no question of deleting any material on any other grounds (eg domestic political or official embarrassment). It has to be the Government which decides in the last resort whether the publication of something would be prejudicial to national security or international relations; but some additional safeguard could be offered by promising that the (independent) Chairman of the Committee would be consulted about any deletion proposed by the Government.

5. The proposal that the Committee should be one composed of Privy Counsellors reporting to the Government and not Parliament is the best way to deal effectively with Dr Owen's point about exclusions in the national interest. She has already told Dr Owen in her letter that those conducting the Inquiry will need to have "access to all the relevant papers and documents including sensitive intelligence material". She also told the House last week that she wished to have "every single bit of evidence before an Inquiry". She can assure Dr Owen that the Inquiry will be able to do a more comprehensive piece of work in terms of looking at all the available evidence without any exclusions if it is a Committee of Privy Counsellors reporting in the first instance to the Government. The Government's intention will of course be to publish the report, and to do so in full. Deletions will not be made unless they are for compelling reasons.

6. In his penultimate paragraph, Dr Owen questions the reference to "Departments" in the terms of reference. There is no difficulty about the Prime Minister assuring him that, if the inquiry is conducted by a Committee of Privy Counsellors reporting to the Government, it will not face any restrictions on access to Cabinet documents, Departmental papers, intelligence assessments and other intelligence material. Nor is there likely to be any reluctance on the part of the Government on the inquiry's right to question Ministers.

7. Finally, Dr Owen raises the question of the Inquiry's composition. The Prime Minister will wish to give Dr Owen the same indication which she gave to Mr Foot about the Inquiry's composition. Mr Foot was pressing for two representatives of the Labour Party, possibly Mr Rees and Lord Elwyn-Jones.



The Prime Minister told Mr Foot that she would tell Dr Owen that he wanted two Labour and two Conservative representatives on the Committee. She may wish to resist pressure from the SDP/Liberal Alliance for a representative, but she could say that she envisages an independent chairman and possibly one or two independent members.

Robert Armstrong

(Approved by Sir R Armstrong
and signed on his behalf)

29 June 1982