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cc: Co

10 DOWNING STREET

THE PRIME MINISTER

5 July 1982

Dear Mr Steel,

Falkland Islands Review

I have now had an opportunity to reflect on the comments which you and leaders of other Opposition parties made on the matters raised in the letter I sent you on 21 June; and I have also been able to have a further word with Michael Foot.

There is general agreement that this review should be undertaken by a Committee of Privy Counsellors. The official Opposition have pressed strongly that there should be two Labour representatives on the Committee; that would of course mean two from the Government side. I propose that there should be one other independent member; and a Chairman who should also be independent of the two main political parties. I am glad to be able to tell you, in strict confidence, that Lord Franks has agreed to be the Chairman of the Committee.

As to the terms of reference, it has always been my intention that it should concentrate on the period leading up to the Argentine invasion of the Falkland Islands on 2 April; but it remains my view that the decisions and events of that period can be rightly viewed only if they are seen in the perspective of the previous

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history. It has been suggested that the draft terms of reference which I suggested in my letter of 21 June did not get the balance of that quite right. I am accordingly suggesting revised terms of reference, with which Michael Foot tells me he would be content. They read as follows:

"To review the way in which the responsibilities of Government in relation to the Falkland Islands and their dependencies were discharged in the period leading up to the Argentine invasion of the Falkland Islands on 2 April 1982, taking account of all such factors in previous years as are relevant; and to report."

I propose to announce tomorrow, in a Written Answer to a Question which Michael Foot will put down, that the review is to be entrusted to a Committee of Privy Counsellors with these terms of reference.

We then propose to put down a Motion inviting the House of Commons to approve the proposals for a review announced in my reply. The House will be invited to consider this Motion in a short debate as first business on Thursday 8 July; the debate on the Army can then begin at 7.00 pm, and we shall invite the House to agree that the rule should be suspended so as to allow the debate on the Army to run on after 10.00 pm.

I am writing similarly to the leaders of other Opposition parties to whom I wrote on 21 June.

The Rt. Hon. David Steel, M.P.

Yours sincerely
Raymond Theobald