

Spare

Ref: B06678

MR BUTLER

c Sir Robert Armstrong

Franks Report

In your minute to Sir Robert Armstrong of 14th January, you asked for material for the Prime Minister's speech opening the debate on the Franks Report to be sent to you by close of play today.

2. This is now attached. How it is used will clearly depend on the lines of attack developed by the Opposition between now and next week's debate: so we have taken you at your word and not attempted to work the material up into a continuous draft.

3. The material follows the outline attached to Sir Robert Armstrong's minute of 12th January and comprises contributions from Mr Rawsthorne, the Foreign and Commonwealth Office and the Ministry of Defence, as well as the Cabinet Office. For Parts V and VI, I have simply indicated the relevant sections in the "Goodall Group's" commentary on the report, which you already have.

4. I am copying this minute and the material to Sir Antony Acland and Mr Whitmore. If they have any comments, perhaps they could let you have them direct.

18th January 1983

A D S
A D S GOODALL

PRIME MINISTER'S SPEECH OPENING THE DEBATE ON THE FRANKS REPORT

- Part I - Origins of the Review Committee
(paragraphs 1-7)
- Part II - Proceedings of the Committee
(paragraphs 8-11)
- Part III - The Committee's Report
(paragraphs 12-19)
- Part IV - The Committee's comments on developments
from 1965 to May 1979
(paragraphs 20-22)
- Part V - The Committee's comments on the way the
Government discharged its responsibilities
(paragraph 23)
- Part VI - The Committee's suggestions on the intelligence
community
(paragraph 24)
- Part VII - The Committee's main conclusions
 - Could the invasion have been foreseen?
(paragraphs 25-27)
 - Could the Government have prevented the
invasion?
(paragraphs 28-32)
- Part VIII - Conclusions
(paragraph 33)

DRAFT

PART 1: ORIGINS OF THE REVIEW COMMITTEE

1. It was on 8 April 1982, just six days after the unprovoked act of Argentine aggression, that I stated in reply to the Rt Hon Member for Orkney and Shetland (Mr J Grimond) that a review should be held of the way in which the Government Departments concerned had discharged their responsibilities in the period leading up^{to} the Argentine invasion (Hansard, Col 416, 8 April 1982).

2. During the following three months, the Government's energies were directed towards reversing the illegal Argentine seizure of the Islands, initially by diplomatic methods but, when that failed, by military means. Once that had been accomplished, consultations were set in hand with the Leader of the Opposition and of other Opposition parties about the nature and scope of the proposed Falkland Islands Review. Consultations were completed by 6 July 1982 when, in a written answer to a Parliamentary Question, I was able to announce the appointment of a Committee of Privy Counsellors, under the chairmanship of Lord Franks, with the following terms of reference:

"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".

(Hansard, Col 51, 6 July 1982).

The same day I announced the names of the other members of the Committee (Hansard, Col 52, 6 July 1982).

3. On 8 July, the House of Commons debated and approved the Government's decision to set up the Falkland Islands Review. Introducing that debate, I explained why the Government had decided to appoint a Committee of six Privy Counsellors to conduct the Review and to give it the terms of reference which I have just mentioned. I should like to recall the salient points of my statement.

4. On the nature of the Review, I said that the over-riding considerations were that it should be independent, that it should command

confidence, that its members should have access to all relevant papers and persons and that it should complete its work speedily. Those four considerations, taken together, pointed naturally to a Committee of Privy Counsellors since with this form of inquiry, compared to others, there need be no reservations about providing it with all the relevant evidence - much of it highly sensitive - subject to safeguards upon its use and publication.

5. I recalled that there were several precedents for a Government setting up a Committee of Privy Counsellors in this way and cited the Committee established in November 1955 to examine security procedures in public services as a result of the defection of Burgess and Maclean. I explained that, in the case of the Falkland Islands Review, it would be necessary to take steps to protect information made available to it whose disclosure would be prejudicial to national security or damaging to the international relations of the United Kingdom. While retaining the Government's right to delete such material from the Committee's report, I nevertheless gave the House three assurances:

first, that no deletions would be made save strictly on the grounds of protecting international security or international relations. Second, that Ministers would consider any proposed deletions individually and critically and accept such proposals only on the grounds I have specified. Third, that the Chairman of the Committee would be consulted if any deletions had to be proposed. I stressed that it was the Government's aim to present to Parliament the report of the Committee in full.

6. I then dealt with the scope of the review, explaining that geographically it would include the Dependencies - ie South Georgia and the South Sandwich Islands; and that, in order to have a fair perspective on the events leading up to the Argentine invasion, the Committee's terms of reference empowered it to take account of the negotiations, actions, intelligence and other assessments over previous years. For this purpose, the Committee would have access to any relevant documents of previous Administrations. Following consultations with previous Prime Ministers (Mr MacMillan, Lord Home, Mr Wilson, Mr Heath and Mr Callaghan), it was agreed that the Committee should

have such access, subject to certain conventions, consistent with what has been done in the past. Amongst these was the rule that no member of the present Government could or would see any documents of any previous Administration unless he or she was a member of such an Administration or was entitled for that reason to see those papers.

7. Finally, I said that while the Committee must be given the time it needed to carry out its work thoroughly, the review also needed to be completed as quickly as possible. I therefore expressed the hope that it could complete its task within six months.

PART II: PROCEEDINGS OF THE COMMITTEE

8. No-one could question the speed and thoroughness with which the Committee has fulfilled its remit. In a period of six months, it not only assimilated the substantial body of papers made available to it, but held 42 meetings and, in 39 sessions of oral evidence, interviewed the present and former Ministers and officials principally concerned, Members of both Houses of Parliament, and others.

9. The introduction to the Report makes it clear that the Committee received all the papers relevant to its review, including all relevant Cabinet and Cabinet Committee papers and a comprehensive collection of reports from the intelligence agencies. The Committee itself acknowledges that any files it wished to see were freely available to it and that all its requests for additional papers and information were met.

10. I can also assure the House that all the conventions that I described in my speech on 8 July have been observed. In particular,

neither I nor any other member of the present Government has seen any documents of a previous Administration other than those we are entitled to see. All the original documents made available to the Committee have been returned to the Departments concerned; and all copies made for the use of members of the Committee have been destroyed.

11. I can also assure the House that the procedure which I explained the Government would follow in publishing the report has been exactly and scrupulously followed. The only ground on which amendments have been made is to protect national security. As I informed the House on 18 January, all these amendments have been agreed with the Rt Hon and noble Lord, Lord Franks. To repeat what I said on that occasion, Lord Franks has authorised me to say that he agrees that:

- (a) all the references to intelligence reports included in the Committee's report as submitted have been retained in the report as present to Parliament, most of them without amendment;

(b) none of the amendments that have been made alters the sense, substance or emphasis of the reference to the intelligence report concerned, or removes anything of significance to the Committee's account of the matters referred to it or to its findings and conclusions;

(c) apart from those agreed amendments, no other deletions or amendments have been made to the Committee's report as submitted.

PART III: THE COMMITTEE'S REPORT

12. I turn now to the Report itself which I presented to Parliament in a brief statement on 18 January.

13. It consists of four chapters. The first three describe, in progressively greater detail, the development of the dispute with Argentina over the Falkland Islands from 1965 to the invasion on 2 April 1982.

14. The account starts with the steps taken by the Argentine Government in 1965 to bring the dispute to international attention at the United Nations. It describes the negotiations in which successive Governments participated and the various attempts made to reach a settlement that included resolution of the sovereignty issue. This part of the report deals in some detail with the events of 1976 and 1977, a previous period of tension in the dispute. As the report points out, parallels have been drawn between this period and the period leading up to the invasion.

15. The report gives an account of the naval deployments made by the previous Government. Of these, the deployment to the area in November 1977 of a nuclear-powered submarine and two frigates has attracted particular attention since the Rt Hon Gentleman, the Member for Cardiff, South East, made its existence known at the time of the invasion. The Committee records that it found no evidence that the Argentine Government ever came to know of the existence of this deployment.

16. The report also makes clear that leaseback was seen by the previous Government as ultimately the most likely means of achieving an agreed solution of the dispute, although they did not at that stage propose it to the Argentines.

17. The second chapter of the report describes the way in which policy developed from the time the Government took office in May 1979. It outlines the consideration given to the issue by Ministers, which

led to a decision to seek a solution based on leaseback, on which Mr Ridley was authorised to sound out Islander opinion when he visited the Islands in November 1980. It refers to the hostile reception he received in this House on his return from the Islands and to the review of policy undertaken in the Foreign and Commonwealth Office in the summer of 1981. It describes the subsequent action taken by the Rt Hon and noble Lord, Lord Carrington, the diplomatic exchanges with Argentina that followed, notably the last round of formal negotiations between the two Governments in New York at the end of February 1982, and the events that followed them.

18. The third chapter sets out in detail the events of the fortnight leading up to the invasion, from the landing on South Georgia on 19 March. This account is particularly relevant to an understanding of when information reached Ministers indicating that an invasion was likely to take place, and to the Committee's judgement whether the invasion could have been foreseen. On this matter, I would also

draw the House's attention to Annex A, which deals with several misleading assertions that have been made. In commenting on the

third of these assertions, the Committee states categorically that

it is satisfied that

{ no communication was sent from Buenos Aires to London on or around

24 March warning that an invasion was imminent.

19. Chapter 4 deals with the Government's discharge of their responsibilities, I shall come later to the Committee's conclusions on the central issues in its report.

PART IV: THE COMMITTEE'S COMMENTS ON DEVELOPMENTS FROM 1965
TO MAY 1979

20. I should like first to mention the issues that the Committee identifies from its study of the whole period as important for an understanding of more recent events. The report points out that over this period the main features of the dispute remained constant. The Argentines were committed to the 'recovery' of the Islands; the Islanders consistently resisted proposals for constitutional change involving any form of transfer of sovereignty; while successive British Governments sought a negotiated settlement and were prepared to agree to one involving some form of sovereignty transfer, provided that it was acceptable to Parliament and the Islanders.

21. At the same time the report identifies developments in British policy under successive Governments that may have led Argentina to conclude that Britain's commitment to the defence of the Falkland Islands and to its sovereignty over them was diminishing. These included the maintenance by all Governments of only a token military

presence in the area; the previous Government's response to the establishment in 1976 of an Argentine presence on Southern Thule; and the decision not to implement some of the recommendations of Lord Shackleton's 1976 report.

22. The cumulative result of these developments was, as the Report makes clear, a gradual narrowing of the negotiating options. What we are concerned with is a process which began in 1966 when the Labour Government decided to abandon the position that British sovereignty over the Falkland Islands was not negotiable. In March 1976 they formally stated to Argentina that they would be prepared to cede sovereignty over the Islands under certain conditions. As the House knows, there followed a period of 15 years of negotiations. When this Government took office in May 1979, 12 of those years had passed and with the benefit of hindsight it is clear that we were approaching the end of a process: the resources of diplomacy were close to exhaustion. That was not however apparent at the time. Nor was it expected that the crunch, when it came, would take the form of direct Argentine aggression.

PART V: THE COMMITTEE'S COMMENTS ON THE WAY THE GOVERNMENT
DISCHARGED ITS RESPONSIBILITIES

23. I would now like to deal with the comments in chapter 4 of the Report on the way in which the Government discharged their responsibilities which is based on the detailed description in chapters 2 and 3 of the events leading up to the invasion.

√ Draw on the recension prepared by the Goodall Group,

in particular:

- A6 - No immediate response to Prime Minister's request of 3 March 1982 for contingency planning (paragraphs 152 and 303).
- A12 - Policies casting doubt on British commitment to the Islands (continued arms sales to Argentina, 1976 Shackleton survey and British Nationality Act (1981)) (paragraph 280).
- A13 - HMS Endurance (paragraph 288).
- A14 - Lord Carrington allowed the initiative to pass to Argentina (paragraph 290).
- A16 - No Cabinet or OD discussion between January 1981 and 25 March 1982 (paragraphs 291-292).
- A17 - Misjudgement of Argentine intentions by the Foreign and Commonwealth Office (paragraph 296).
- A18 - Failure of Foreign and Commonwealth Office officials to press for action (paragraphs 300, 302 and 330).
- A26 - SSN should have been sent earlier (paragraph 332).
- A27 - Prime Minister not clear enough over meeting force with force (paragraph 333).]

PART VI: THE COMMITTEE'S SUGGESTIONS ON THE INTELLIGENCE ORGANISATION

[Consideration is still being given to what the Prime Minister should say about the changes being made to the Intelligence organisation, partly in response to the Franks Committee's comments. Sir Robert Armstrong will be minuting some suggestions shortly. Meanwhile, the relevant passages in the "Goodall Group's" commentary are:

- A20 No revision of the July 1981 JIC Assessment (paragraphs 308, 309 and 315).
- A21 No allocation of additional intelligence resources (paragraph 311).
- A23 Insufficient weight paid to Argentine press campaign and to the effects of actions by the British Government (paragraph 316).
- A24 Assessments machinery too passive and in need of review (paragraphs 318-319).]

PART VII: THE COMMITTEE'S MAIN CONCLUSIONS

Could the invasion have been foreseen?

25. As the Report makes clear, the invasion of the Falklands on 2 April 1982 could not have been foreseen. Invasion had always been seen as one of the options available to the Argentines; but not a single one of the many knowledgeable people interviewed by the Franks Committee thought before the very last days of March that an invasion was likely to take place in April.

26. The Report relates details of the information available to the Government in early March, notably that despite the evidence of increasing Argentine impatience, direct pressures would follow, not precede, a breakdown of negotiations and the crucial period would be the second half of 1982. This was consistent with the Government's own analysis. It was the Government's purpose to ensure the continuation of those negotiations, providing it could be done on terms acceptable to all concerned including, of course, the Falkland Islanders. As the Report records, my Rt Hon and noble friend, Lord Carrington, was ready to send a reply, agreed with the Islanders, carrying forward

the Argentine proposal to establish a negotiating commission when the illegal landing took place on South Georgia and changed the situation.

26. Thereafter, as the Report demonstrates, the Government made determined efforts to resolve diplomatically the question of the illegal presence on British territory and went to great lengths both to avoid exacerbating the situation and to offer constructive proposals for a solution. Even though we would have been perfectly within our rights, the British Government were careful to take no action which the Argentines might see as provocative. But the Argentine Government, despite the initial indications that they did not wish the South Georgia incident to escalate, decided to exploit it and resisted all our efforts to resolve it.

27. In the weeks preceding the invasion there were a number of reports about Argentine naval movements. But it was not until 31 March that we received the first clear indication that action might be

planned against the Falkland Islands themselves. By this time one nuclear submarine had already been ordered to the South Atlantic and another was being prepared. To support our diplomatic efforts, I asked President Reagan to exert his own influence to contain the situation, which he readily agreed to do. Regrettably, the Argentines chose to rebuff the President. Even as late as 1 April, there was no firm evidence that the Argentine junta had taken the decision to mount an invasion although the deployment of several of their naval ships to the area was increasingly ominous. We may all judge for ourselves the hypocrisy of the Argentine Foreign Minister's reference, in the statement given to our Ambassador on 1 April, to the 'unusual British naval deployment towards our waters'. When it became clear at a very late stage that the Argentines were determined to press ahead with their folly, the British Government reacted, as the House knows, with a speed and strength of purpose which have won this country great respect around the world.

Could the Government have prevented the invasion?

28. I now turn to the question whether the Government could have prevented the Argentine invasion of the Falkland Islands. As the Report makes clear, this is a complex question. One thing, however, is clear. The Falkland Islands and the South Atlantic Dependencies have always been vulnerable to hostile military action by Argentina. Successive Governments accepted that the small Royal Marine detachment on the Falkland Islands could not deal with a full-scale invasion. It was there to provide a symbol of our determination to defend the Islands and to deal with small-scale 'adventurist' incursions. The Ice Patrol ship HMS Endurance, has a limited military capability and could not defend the Islands against full-scale aggression on the part of the Argentine Navy. No Government was prepared to establish a garrison on the Islands and a naval presence in the South Atlantic of sufficient strength to repel a full-scale invasion. And it is the case that successive defence reviews, conducted by Governments of both main parties, have resulted in a concentration on our roles within NATO.

29. The other essential point to understand about the defence of the Falkland Islands is the difficulty of reinforcement. Given the distances involved, the lack of diversion airfields and the lack of facilities at Port Stanley, reinforcement by air was never a practicable proposition in the period we are discussing. Reinforcement of the garrison therefore would have had to be by sea. This would take at least three weeks. Moreover, large scale reinforcement could not be kept secret. In a tense situation, there was always the risk that reinforcement could provoke the very action it was designed to deter. Such an action was also liable to severely damage the prospects for diplomacy. These are the facts - and facts accepted by successive Governments. Without exception, they rejected the alternative of "Fortress Falklands". Nor at any time did the House press for this alternative.

30. Nor did this Government give the Argentines any reason to suppose that we would stand idly by if they took the Islands by force.

On the contrary, we made it clear in diplomatic exchanges that while sovereignty over the Islands was a subject for negotiations, it was not one for surrender. We made it clear time and again that the garrison remained as a symbol of our commitment to the defence of the Islands. And our reaction to the landings in South Georgia, while seeking a peaceful solution, should have given the Junta clear warning that we would not acquiesce in any occupation of South Georgia, let alone of the Falklands. And in this context let me remind the House of the fact, fully documented in the Committee's Report, that the previous Government, when faced with the establishment of an Argentine military presence on South Thule in December 1976, contented itself with a formal protest; and, I quote, 'took no steps to make public the Argentine presence on Southern Thule, which did not become known in the United Kingdom until May 1978'. [The Argentines maintained their presence there and were still in occupation at the time of the invasion].

32. I believe that the House will reach the same conclusion as the Franks Committee. That, in what were extremely difficult circumstances,

there was nothing more which could in reality have been done to prevent the invasion, short of agreeing to yield sovereignty. The House and successive Governments have set their face against this. unless it were in accordance with the wishes of the Islanders. The invasion was a gamble by an unpredictable and unstable dictatorship, frightened by the evidence of economic collapse and riots in the streets, at a time when it was able to exploit to its advantage the developments in South Georgia.

PART VIII: CONCLUSION

33. To be drafted by No 107.