



26 July 1982

The Right Honourable
Mrs Margaret Thatcher MP
10 Downing St
LONDON SW1

Seen Prime Minister

FALKLAND ISLANDS ECONOMIC STUDY 1982

I enclose with this letter four advance copies of our Study, which you requested at our meeting on 28 May. The Conclusions and Recommendations are presented at the front of our Report. May I add that we have been able to produce a fuller study than at the outset we expected. It may be that when you and your advisers have read it you may find it useful to discuss certain aspects with us; we should be only too happy to do so.

The printed version (offset litho) will be available later this week

I am aware that some of the facts and political assumptions set out in the Study, especially my Introductory chapter, may be too sensitive for general publication. (This applies particularly to some passages about the military garrison, some decisions concerning the size and type of which remain, I understand, for you and your colleagues to take.) I have therefore been advised to give the whole Study a "Confidential" classification; ~~they will be available later this week.~~ Given the attention the Study has received, I expect that you will wish to release it to Parliament and the public in due course, and we would be happy, subject to your views, to begin the preparation of an unclassified version in consultation with Whitehall, which the Government could then publish.

I should like to draw attention to one need which has arisen in our work, but which is even more immediate than the recommendations in the Study itself. This concerns the establishment of a Falkland Islands Government Office in London, if no decision to this effect has yet been taken. As you will see from our Report, we are recommending the creation of a Falkland Islands Development Agency, with a London representation, which in the long run could fulfil the requirement. But until then some form of official body with the help of the Foreign and Commonwealth Office and Overseas Development Administration must be able to receive and follow up the expressions of interest in commercial activity by British and other enterprises and to process

/correspondence

CONFIDENTIAL



correspondence by those individuals who seek to emigrate to the Falkland Islands. As you know the "Falkland Islands Office" purports to carry out these functions at present, but their role is basically that of a pressure group, and they are inappropriate for the task required. Meanwhile the Falkland Islands Rehabilitation Unit in the FCO is coping manfully, but the need is urgent.

I am very pleased that you asked me to update our 1976 Survey. I hope you will find our Study helpful. For our part we are grateful for the forthright stand you have taken. Although we have had some hard things to say, the Falkland Islands hold a warm place in our affections; if I or my team can help further we should be glad to do so.

*Yours sincerely
Shackleton*

SHACKLETON

CONFIDENTIAL

227 JUL 1962





Covering CONFIDENTIAL

CABINET OFFICE
70 WHITEHALL
LONDON SW1A 2AS

Telephone :

01 - 273

5073

(Direct Dialling)

01 - 273 3000 (Switchboard)

28 July 1982

Ref: 0284

J Coles Esq
No 10 Downing Street
London SW1

Jean John.

FALKLAND ISLANDS ECONOMIC STUDY

I am so sorry that a nonsense occurred in the covering letter which Lord Shackleton sent with the advance copies of his report, and that we failed to notice it.

I have already telephoned the necessary amendment to your staff, but enclose a further top copy of the letter which incorporates the correction.

Yours ever,
K D Temple
K D TEMPLE

Enc:

Covering CONFIDENTIAL

CONFIDENTIAL



26 July 1982

Dear Prime Minister

FALKLAND ISLANDS ECONOMIC STUDY 1982

I enclose with this letter four advance copies of our Study, which you requested at our meeting on 28 May. Printed copies (by offset litho) will be available later this week. The Conclusions and Recommendations are presented at the front of our Report. May I add that we have been able to produce a fuller study than at the outset we expected. It may be that when you and your advisers have read it you may find it useful to discuss certain aspects with us; we should be only too happy to do so.

I am aware that some of the facts and political assumptions set out in the Study, especially my Introductory chapter, may be too sensitive for general publication. (This applies particularly to some passages about the military garrison, some decisions concerning the size and type of which remain, I understand, for you and your colleagues to take.) I have therefore been advised to give the whole Study a "Confidential" classification. Given the attention the Study has received, I expect that you will wish to release it to Parliament and the public in due course, and we would be happy, subject to your views, to begin the preparation of an unclassified version in consultation with Whitehall, which the Government could then publish.

I should like to draw attention to one need which has arisen in our work, but which is even more immediate than the recommendations in the Study itself. This concerns the establishment of a Falkland Islands Government Office in London, if no decision to this effect has yet been taken. As you will see from our Report, we are recommending the creation of a Falkland Islands Development Agency, with a London representation, which in the long run could fulfil the requirement. But until then some form of official body with the help of the Foreign and Commonwealth Office and Overseas Development Administration must be able to receive and follow up the expressions of interest in commercial activity by British and other enterprises and to process correspondence by those individuals who seek to emigrate to the Falkland Islands. As you know the "Falkland Islands Office" purports to carry out these functions at present, but

/their

CONFIDENTIAL

CONFIDENTIAL



their role is basically that of a pressure group, and they are inappropriate for the task required. Meanwhile the Falkland Islands Rehabilitation Unit in the Foreign and Commonwealth Office is coping manfully, but the need is urgent.

I am very pleased that you asked me to update our 1976 Survey. I hope you will find our Study helpful. For our part we are grateful for the forthright stand you have taken. Although we have had some hard things to say, the Falkland Islands hold a warm place in our affections: if I or my team can help further we should be glad to do so.

*Yours sincerely
Shackleton*

SHACKLETON

The Right Honourable
Mrs Margaret Thatcher MP
10 Downing St
LONDON SW1

CONFIDENTIAL



29 JUL 1982





10 DOWNING STREET

THE PRIME MINISTER

2 August 1982

Dear Lord Shackleton.

Thank you so much for your letter of 26 July and the enclosed Falkland Islands Economic Study.

We shall be considering the Report urgently and I shall certainly want to discuss it with you in due course. Meanwhile, may I say how grateful I am to you for undertaking this task and for the splendid way with which you have accomplished it. Please thank your team on my behalf for all their hard work.

I should indeed be grateful if you could now, as you suggest, prepare in consultation with Whitehall Departments an unclassified version for eventual publication by the Government. We shall be informing the press that I have received your initial Report, that it is being considered, and that we shall hope to publish your final Report as soon as possible.

I have noted your recommendation that a Falkland Islands Government Office should be established in London and I am having this possibility considered without delay.

Best wishes.

Yours sincerely

The Rt. Hon. Lord Shackleton, K.G., O.B.E.

Margaret Thatcher



20
Argentinian
fe

10 DOWNING STREET

From the Private Secretary

27 July 1982

Falkland Islands Economic Study, 1982

I enclose a copy of a letter which the Prime Minister received earlier today from Lord Shackleton, together with a copy of the above study.

The Prime Minister has agreed that until such time as decisions have been taken on how the study should be processed, copies may be sent to the Foreign and Commonwealth Secretary and the Secretary of State for Defence for their personal use and that of their Permanent Under-Secretaries. Mrs. Thatcher has also agreed that a copy of the report should be sent to Sir Robert Armstrong on the same basis. You should know, with reference to the third paragraph of Lord Shackleton's letter, that the Prime Minister believes that it is desirable to set up urgently a Falkland Islands Government Office in London.

The Prime Minister may wish to discuss at OD(FAF) tomorrow the further handling of the report.

I am copying this letter and enclosure to David Omand (Ministry of Defence) and David Wright (Cabinet Office).

A. I. COLES

Brian Fall Esq
Foreign and Commonwealth Office

PRIME MINISTER

Lord Shackleton's Report

I attach a letter from Lord Shackleton forwarding to you his Report on the Falkland Islands. I have, as agreed, sent copies to the Foreign and Defence Secretaries for the personal use of them and their Permanent Under Secretaries and also to Sir Robert Armstrong on the same basis.

You will wish to settle soon, possibly at OD(FAF), how the Report is to be processed. If Whitehall Departments are to get to work rapidly on the recommendations we ought to send copies to all members of OD(FAF) soon. You may think that there should be a meeting of OD(FAF) in the first half of September to consider the various recommendations.

There will be wide public interest in the Report. Following the meeting of OD(FAF) tomorrow, you may like to write to Lord Shackleton, thanking him for his Report and asking him, as he suggests, to begin work on an unclassified version for publication purposes.

Meanwhile, if asked, Bernard Ingham will say that you have received the Report and are considering it.

*Weekend work please
in box
mf*

A.J.C. 27/7

27 July 1982

CONFIDENTIAL

FALKLAND ISLANDS ECONOMIC STUDY 1982

Room 1/6
Old Admiralty Building
Whitehall, London SW1A 2AS

Telephone 01-273 3045/5073

Chairman: Lord Shackleton KG PC OBE
Secretary: K D Temple

Ref: 0281

29 July 1982

J Coles Esq
No 10 Downing Street
London
SW1

Jean John,

FALKLAND ISLANDS ECONOMIC STUDY

We spoke yesterday about the people to whom Lord Shackleton would like to send copies of the confidential version of his Falkland Islands Economic Study. You asked me to send you a list of their names and a note on why they might receive the document; they are as follows:

*Paragraphs deleted and closed, 40 years
under FOI Exemptions.*

*Wayland
31 May 2012*

- c. HUGH THOMAS : (with whom Lord Shackleton had a discussion on the Falkland Islands when they had a chance encounter very recently).
- d. RAY ADIE : British Antarctic Survey (who provided Appendix 4 of our study, and much advice passim).
- e. JIM PARKER : (former Governor of the Falkland Islands, who has had two long meetings with us and provided much useful advice).
- f. LORD FRANKS : (as a courtesy, since I know that his team has studied Lord Shackleton's 1976 Report).

CONFIDENTIAL

We also discussed Lord Buxton who has been pressing to receive a copy of the report. I have passed a message to him explaining that the Prime Minister's Office are restricting circulation of the document very tightly at the moment, and that I can do no more.

I will not send copies to any of the above-named until I hear from you again, nor indeed will I distribute any of the offset-litho printed copies until so instructed by either you or someone appropriate in the Cabinet Office.

Yours sincerely,



K D TEMPLE
SECRETARY

CONFIDENTIAL

FILE

50

PRIME MINISTER

Lord Shackleton's Report

It would be helpful if you could let me know after the weekend how you wish this Report to be handled in Whitehall. At the moment, as you know, I have only sent copies to Foreign and Defence Secretaries and Sir Robert Armstrong for their personal use. Further copies are available. It will speed up work if the Cabinet Office can be authorised to distribute copies to all members of OD(FAF) and any other Departments who will need to be involved in considering the recommendations. Agree that we should proceed in this way?

A. J. COLES

29 July, 1982

Re-submitted to PM as per AJC to PM of 30/7/82

PRIME MINISTER

Lord Shackleton's Report

It would be helpful if you could let me know after the weekend how you wish this Report to be handled in Whitehall. At the moment, as you know, I have only sent copies to ^{the} Foreign and Defence Secretaries and Sir Robert Armstrong for their personal use. Further copies are available. It will speed up work if the Cabinet Office can be authorised to distribute copies to all members of OD(FAF) and any other Departments who will need to be involved in considering the recommendations. Agree that we should proceed in this way?

I also attach a letter from Lord Shackleton's Private Secretary listing a number of people to whom Lord Shackleton would like to send the confidential version of his Report. Distribution of these confidential versions will of course increase the risk of leakage. But you may think that, provided Lord Shackleton emphasises personally to all those on the list that they must protect the contents of the Report carefully, they may all receive copies.

Agree? Yes - but it would be better if they had the 'restricted' version

The letter refers to Lord Buxton's request for a copy of the Report. Would you wish him to have one also?

otherwise the parts Lord S thinks should A.S.C. not be published will get into the press not

30 July 1982



file B

10 DOWNING STREET

From the Private Secretary

2 August 1982

BF

Falkland Islands Economic Study

X I enclose a copy of a letter which the Prime Minister has sent to Lord Shackleton thanking him for his report. You will note that in her last paragraph Mrs Thatcher states that she is having considered without delay the possibility of establishing in London a Falkland Islands Government Office. The Foreign and Commonwealth Secretary may accordingly wish to let the Prime Minister have early views about this proposal.

I am copying this letter to Richard Mottram (Ministry of Defence) and Richard Hatfield (Cabinet Office).

A.J. COLES

Francis Richards, Esq.,
Foreign and Commonwealth Office.

2

CONFIDENTIAL



10 DOWNING STREET

From the Private Secretary

2 August 1982

Falkland Islands Economic Study

Thank you for your letter of 29 July listing the people to whom Lord Shackleton would like to send copies of the confidential version of his Study.

The Prime Minister has considered this but would prefer those listed to receive the unclassified version on which Lord Shackleton is working. She otherwise fears that the risk of the press learning of the parts of the initial report which Lord Shackleton thinks should not be published will be greatly increased.

Paragraph deleted and closed, 40 years, under
FOI Exemptions. Wayland
31 May 2012

A. J. COLES

K.D. Temple, Esq.

CONFIDENTIAL



10 DOWNING STREET

Prime Minister

I am so sorry to bother you again but do you agree with para. 1 of the attached, namely that the Cabinet Office should distribute copies of Lord Shackleton's report to all members of OD (FAF) and any other departments who will need to be involved in considering the recommendation?

If we do - i will
A.J.C. 2/8
leak. I have
not been through it - all
but. would prefer
to see what
should be deleted. *ref*



Argentina

10 DOWNING STREET

*From the Private Secretary*SIR ROBERT ARMSTRONGFALKLAND ISLANDS ECONOMIC STUDY, 1982

Would you please refer to my letter of 27 July to Brian Fall.

The Prime Minister would be grateful if you could arrange for the members of OD(FAF) to receive copies of the Confidential version of Lord Shackleton's report, with a view to preparing for a discussion in September of the recommendations in the report. Mrs. Thatcher would like you to stress to the Ministers concerned that it is of great importance that the contents of the report should be very carefully protected so that possible leaks to the press are entirely avoided. The report may be circulated within departments to those who need to know its contents in order to prepare their Ministers for the discussion in September but should not be circulated more widely than this.

Should you judge that departments not represented on OD(FAF) need to receive the report, I suggest that you seek authority separately to send it to them.

A. J. COLES

3 August 1982CONFIDENTIAL



10 DOWNING STREET

Note to the file

I discussed the attached with the Prime Minister who agreed that the report could be sent to members of ODFAF under strict conditions of confidentiality. See now my minute to Sir Robert Amstrong.

A.J.C. $\frac{3}{8}$

p.a.



Prime Minister:

agree i) to the additions
to the circulation list
ii) that publication
of the sanitised version can
be after the Ministerial meeting
on 6 September

Yes Mr

Ref. A09232

MR COLES

Falkland Islands Economic Study 1982

Thank you for your minute of 3 August. We have now arranged for the members of OD(FAF) to receive copies of the confidential version of Lord Shackleton's report, stressing the Prime Minister's wish that it should be circulated within Departments on a strict "need to know" basis and that its contents should be carefully protected.

JF
6/8

2. The report was considered at a meeting of ODO(SA)(FE) on 4 August with a view to preparing an interdepartmentally agreed commentary to help Ministers in their examination of the report at the next meeting of OD(FAF) on 6 September. Officials thought that it would be useful if copies of the confidential version of the report could also be made available to the Secretary of State for Energy, the Minister of Agriculture and the Secretary of State for Scotland, whose Departments have a direct interest in certain aspects of the report and will have a contribution to make to the preparation of the official commentary. I should be grateful for the Prime Minister's agreement to the report being made available to these three Ministers on the same basis as to the members of OD(FAF). It would also be sensible for them to be invited to the OD(FAF) meeting on 6 September.

3. The Foreign and Commonwealth Secretary will be making a copy of the report available to the Minister for Overseas Development, whose senior officials will be directly involved in assessing the report's recommendations; and I understand that the Prime Minister has already agreed (your telephone conversation with Mr Goodall of 4 August) that a copy may be sent to the Civil Commissioner at Port Stanley, on the strict understanding that it is for his personal information only and that he is not to reveal that he has received it or to discuss its contents with anyone else.

He will probably
have to discuss it
with the
Military Commissioner
MB



4. ODO(SA)(FE) also considered the question of publication of the unclassified version of the report which is expected to be ready by 13 August. Preliminary inquiry by the Secretary of the Shackleton Committee has established that it will take a minimum of two weeks and possibly three from the delivery of the text to HMSO before printing can be completed and copies can be put on sale to the public. An additional constraint on early publication is the need for copies to be available in the Falkland Islands; it was thought (I am sure rightly) that there would be public criticism both in the Falkland Islands and here if the report was published in London without being simultaneously available to the Falkland Islanders. Since Port Stanley airfield will be closed for reconstruction work for three weeks from about 7 August, there is no way in which copies of the unclassified report can be got to the Falklands before the first week in September. This being so, ODO(SA)(FE) took the view that it would probably be best to defer publication until after the Ministerial discussion on 6 September. Pressure for publication during August is in any case likely to be limited; and it may be easier to protect the sensitive parts of the report from Press interest over the next four weeks if publication is deferred until the end of that period.

5. q If this is agreeable to the Prime Minister, it will mean that Ministers can consider the public line which the Government should take on the report at their meeting on 6 September and that publication can take place shortly thereafter.

ROBERT ARMSTRONG

6 August 1982

CONFIDENTIAL

MR. HATFIELD

The Prime Minister has seen Sir Robert Armstrong's minute of 6 August (reference AO9232) about the Falkland Islands Economic Study 1982. She has agreed that the Report should be made available to the Secretaries of State for Energy and Scotland and the Minister of Agriculture on the same basis as to members of OD(FAF). She has also commented that the Civil Commissioner in Port Stanley will probably have to discuss the Report with the Military Commissioner.

On publication of the Report, the Prime Minister agrees that it would be best to aim for shortly after the Ministerial discussion of 6 September at which Ministers can consider the public line which the Government should take.

TIM FLESHER

9 August 1982

CONFIDENTIAL



CONFIDENTIAL

✓ Questions

T 05841

MR FLESHER

10 Downing Street

FALKLAND ISLANDS ECONOMIC STUDY 1982

In your minute of 9 August to Richard Hatfield you reported that the Prime Minister agreed that it would be best to aim to publish Lord Shackleton's Report shortly after the Ministerial discussion planned for 6 September.

2. The Secretary of the Shackleton Committee will soon be able to deliver the text of the unclassified version of the Report to HMSO for printing. If printing is to be completed in time for publication shortly after the Ministerial discussion on 6 September, decisions are required now on the format of the Report. Because of the inclusion of maps, printing will take longer than usual: it will take some two to three weeks to produce and print them.

3. Lord Shackleton would prefer his study to be published as a Command Paper and printed in the normal Command Paper size (Royal Octavo - 6" x 9½"). He believes that the subject is appropriate for publication as a Command Paper. Command Papers can have either glossy pictorial covers or plain covers: Lord Shackleton would prefer the former, though the latter is more usual and of course cheaper. It would be presented to Parliament by a Minister, presumably in this case the Prime Minister.

4. I should be grateful if you would let me know whether the Prime Minister is content that the report should be published as a Command Paper and presented to Parliament by her, so that printing can proceed without delay.

R L L FACER

12 August 1982

CONFIDENTIAL



601121
87854

13 AUG 1982

CONFIDENTIAL

File



Copy Questions

OSG

Argentina

10 DOWNING STREET

From the Private Secretary

MR. FACER

CABINET OFFICE

FALKLAND ISLANDS ECONOMIC STUDY 1982

Thank you for your minute of 12 August (reference T 05841). The Prime Minister has agreed that Lord Shackleton's report should be published as a Command Paper and presented to Parliament by her.

Timothy Flesher

16 August 1982

CONFIDENTIAL

CONFIDENTIAL

cc Mr J Goulden,
Head of News Dept, FCO
Mr S Davy,
Shackleton Unit, MPO
Miss T Rolleston
Parliamentary Unit

1. Mr Mawer
2. MR FLESHER

Mr Fletcher
has spoke
HERE 25.8.
Mr Butler:
Could we
have a word.

FF

25/8.

FALKLAND ISLANDS ECONOMIC STUDY 1982

I had a meeting yesterday with Simon Davy (Shackleton Unit) to discuss press and publication arrangements in respect of Lord Shackleton's Report. Teresa Rolleston was also present.

Publication Date

I understand Ministers will decide publication date when they meet on 6 September but there are a number of logistical and other points which they should be aware of.

Mr Davy is fairly confident that publication copies will be available from 7 September. He is in touch with MoD about sending copies to the Falklands so that the Report can be available there simultaneously with publication in London. The RAF will probably have to drop the copies from an aircraft. The earliest they could get copies to the Civil Commissioner would be Thursday, 9 September, but this presumes perfect weather conditions and absolutely no hitches. It would be safer to allow some leeway.

Lord Shackleton intends to give a Press Conference when his Report is published. He will not be available on Friday 10 September.

In view of the above, we have concluded that Monday, 13 September, would be the most suitable day for publication.

On that day, or whichever date is decided, the No 10 Parliamentary Unit would lay the Report before the Lords and the Commons at 11 am. Publication would be 11.30 am at which time Lord Shackleton could begin his Press Conference.

Press Conference

Lord Shackleton's intention in giving a Press Conference is to present his Report and to speak as the leader of the independent team that produced it. He would not speak for the Government.

After some discussion we agreed that the Government Press Centre would probably be the most suitable venue (we also considered No 12, the FCO and the Foreign Press Association).

Lord Shackleton would probably handle the Press Conference himself flanked by two or three of his team. The No 10 Press Office would make all the arrangements including inviting the Press but would otherwise leave Lord Shackleton to manage the occasion.

CONFIDENTIAL

2.

Further Action

Could we please discuss this and in particular any briefing or advice that should be put to Ministers.

IK

IAN KYDD
PRESS OFFICE

25 August 1982