April 12, 1982, 0219Z

Secto 5064. Subject: Memorandum for the President. For the President from the Secretary.

- 1. (S)–Entire text.
- 2. Let me share with you my thoughts on the Falklands crisis as I head into London.
- 3. Our immediate goal is unchanged: To find a way to permit Galtieri to withdraw with honor. The key issues are as we foresaw them: the character of interim rule and the tension between Argentine demand for sovereignty and British insistence on self-determination in negotiations on a final settlement.

¹ Source: Reagan Library, Executive Secretariat, NSC Country File, Europe and Soviet Union, United Kingdom (04/01/1982–07/31/1982 (6)). Secret; Sensitive; Niact Immediate; Nodis. Sent for information Niact Immediate to the Department of State. Printed from a copy that was received in the White House Situation Room. Reagan initialed the first page of the telegram, indicating that he saw it. Haig was then en route from Buenos Aires to London.

- 4. I am convinced that Mrs. Thatcher wants a peaceful solution and is willing to give Galtieri a fig leaf, provided she does not have to violate in any fundamental way her pledge to Parliament: withdrawal, restoration of British administration, and protection of the right of self-determination. Her strategy remains one of pressure and threat; by and large, it's working. My hope is that it may now be clear to her that while her strategy is having the right effect—in rattling the Argentines—it will not produce withdrawal. Only diplomacy, in combination with threat, will succeed. If she has come this far in her own thinking, the question becomes how much can she concede before endangering her government.
- 5. Galtieri's problem is that he has so excited the Argentine people that he has left himself little room for maneuver. He must show something for the invasion—which many Argentines, despite their excitement, think was a blunder—or else he will be swept aside in ignominy. But if he is humiliated militarily, the result will be the same. Although he is dealing with a more volatile domestic situation than Mrs. Thatcher, he can more easily be bought off with optics than can she, given the difference in the two societies and political systems. It will be hard for Mrs. Thatcher to sell to Parliament an agreement that does not measure up to her commitment.
- 6. We will soon learn whether Mrs. Thatcher is ready to deal. If she is, I believe what I am taking to London provides a basis for a solution. But progress must come swiftly. We cannot count on Mrs. Thatcher to hold her fire as our diplomacy proceeds. And any hostilities—even an incident—would change the picture radically.
- 7. In all likelihood, you will know from my next report whether war can be averted.

Haig