

**309. Memorandum From Roger W. Fontaine, Christopher C. Shoemaker, and Richard T. Childress of the National Security Council Staff to the President's Deputy Assistant for National Security Affairs (McFarlane)<sup>1</sup>**

Washington, May 28, 1982

SUBJECT

Additional Suggestions on the Falkland Mess

We recognize that the momentum of battle and of our own diplomacy is very much in favor of a British victory in the Falklands and is very much against vigorous US action to forestall or mitigate such a victory. However, in the interest of our long-term relations with Latin America which will become increasingly crucial in the future, we need to review one last time what options could be available to us in dealing with the conflict.

*Background*

We will soon reach the critical stage of the South Atlantic crisis. The British can probably secure the Island and inflict a humiliating defeat on the Argentines within the week, although at greater cost than they or others apparently realize.

That kind of victory—which will shatter the prestige of the Argentine armed forces, the only coherent political institution in the country for the last century—will come at great cost to us, the British, and the Western world over the long run. A total victory in the Islands, followed by harsh peace terms (which is what Prime Minister Thatcher was laying out in Parliament Tuesday, May 25) would be the peace of 1870 and 1918—a peace, in short, that invites revanchism and ultimately further warfare, both hot and cold.

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<sup>1</sup> Source: Reagan Library, Executive Secretariat, NSC Country File, Latin America/Central, Falklands War (05/27/1982). Secret; Sensitive; Eyes Only. A stamped notation at the top of the memorandum indicates that Clark saw it.

Specifically, such an outcome would all but guarantee the following effects—all negative:

1. For the British:

—possible additional British naval losses, since there will be no incentives for the Argentines to cease air attacks against the British fleet.

—the provisioning of a permanent garrison on the Islands which would mean a permanent deployment of scarce NATO assets 8,000 miles from where they should be. Even a “small force” which the British Ministry of Defense now envisions would be important owing to the thinness of British conventional strength now and in the future—especially under a Labour Government. It is likely, however, that the MOD will underestimate Argentina’s capabilities and intentions after this round of the fighting which means a greater force will be required than currently planned.

—given the above, a greatly reduced capacity to meet its current or future NATO commitments and concomitant pressures on the US to make up the shortfall.

—Negotiations would prove impossible while a form of permanent warfare would develop with Argentina which would become a permanent strain in NATO relations with Argentina and the other Spanish-speaking republics in this hemisphere.

2. For the Argentines:

—Under the above conditions, that country would not hesitate to accept any and all help, no matter what the source. The consequences of Argentina taking Soviet and Cuban aid is clear to all. The consequences of accepting aid from its Latin neighbors are not so well understood but are equally damaging to US interests. Such an arrangement would also greatly contribute to the permanent estrangement of the Spanish-speaking countries from the English-speaking world.

—The present government would be replaced by perhaps a series of weak military governments, to be replaced ultimately by an elected Peronista government *a la* 1973/74. If not the Peronistas, then a weak radical government would probably accede to power. Neither would be pro-American, and both will be bad economic managers. Good US-Argentine relations are historically an anomaly, and it will be easy for many Argentines, including a large portion of the military, to return to old habits.

—A strong Peronista regime would try to form an anti-American South American bloc as Peron did in the 1940s. Brazil-Argentina, Argentina-Chile relations would be ruptured.

—A nuclear weapons capability would be virtually guaranteed, as both Brazil and Argentina would seek ultimate security in nuclear arsenals.

—In short, a defeated and humiliated Argentina would almost inevitably go in directions inimical to our interests and at direct, heavy, and prolonged cost to us.

The US cannot meet the Soviet/Cuban/Nicaraguan/Grenadian/ and now Surinamese challenge in the Caribbean Basin *and* simultaneously face a hostile, irredentist, and Peronist Argentina while continuing to meet its global commitments. All of post-war US foreign policy has been premised on the availability of a secure and non-hostile hemisphere while we met our Asian, Middle Eastern, and European commitments.

What can we do? Whatever is done must be done soon if we are to mitigate the damage of the above scenario. Whatever we do must also be bold and involve some unorthodox moves. Our objective remains finding a peaceful resolution of the dispute with no victors or vanquished.

The problem is that the British do not see it our way. They see themselves as winning a just war—why negotiate anything? We must force them to recognize that there are larger interests at stake. Tactically, we are where the Nixon Administration was in October 1973 at the moment the Egyptian Third Army was about to be exterminated.

The following needs to be understood:

—The Argentines are anxious for us to do something and probably would accept almost anything at this point provided they were approached properly.

—It is the British who need convincing to return to the negotiating table. Right now they are at their best and worst, best because they are fighting hard for a good principle in a remote spot on the globe, and the government has the support of most of the people. The British are at their worst because they smell and want unconditional surrender with a humiliating aftermath and, therefore, have not thought through the larger problems. (The suggested return of the British Governor is rubbing much salt in very big Argentine wounds.)

All of this is being driven by another factor: namely, the President's trip to Europe,<sup>2</sup> which will occur at precisely the time the Argentines are being overrun at Stanley—a development that will strongly enhance the perception of US-UK cooperation in bringing about Argentina's greatest military disaster and the splintering of hemisphere unity. Moreover, for the sake of a good European meeting, we will be tempted to say and do things that will exacerbate this already difficult situation.

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<sup>2</sup> Reagan was scheduled to leave on June 2 to travel to France, Italy, Vatican City, the United Kingdom, and West Germany. During the trip, he planned to attend the Economic Summit in Versailles and the North Atlantic Council meeting in Bonn.

In short, our policy as it evolves through the next critical week will be distorted through the prism of the President's European trip. What drives us (legitimately) to make this a successful trip in terms of our Atlantic interests may have disastrous consequences for our hemispheric interests.

### *A Proposal*

If we are to affect the outcome in the Falklands and mitigate the damage to US-Latin American relations, we need to move vigorously and immediately. In effect, we need to interpose ourselves between the belligerents so that Argentina has a face-saving mechanism to stop fighting and negotiate, and Britain has a reason to do the same.

Accordingly, we recommend the following steps be taken:

1. The President should simultaneously send letters to Galtieri and Thatcher. In his letter to Galtieri, the President should stress that one of his primary purposes in going to London now is to bring about a cease fire and the beginnings of a negotiated solution. In his letter to Thatcher, the President should forcefully stress the importance of an immediate cease fire and of an equitable, negotiated solution. He should urgently ask for an immediate cessation of hostilities and promise that he will bring with him a new proposal for beginning the negotiating process.

2. Prior to his departure for Europe, the President would make a public plea for both of our friends to stop killing each other. He would also promise new and vigorous US action to stop the fighting.

3. The President should follow the letters by a letter to President Figueiredo outlining what we propose to do in Britain and informing him of the contents of our message to Galtieri. He would also outline a new proposal for symbolically interposing an inter-American naval force (primarily composed of Brazilian and US ships)<sup>3</sup> between the belligerents.

4. Upon receipt of Figueiredo's agreement in principle for the proposal, the President would communicate again with both Galtieri and Thatcher asking both to accept the interposition of the naval force and outlining a new diplomatic mechanism for starting the negotiating process again. This mechanism would entail two US teams,<sup>4</sup> one in Buenos Aires, the other in London.

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<sup>3</sup> Clark placed an asterisk after the parenthesis, which corresponds to his handwritten notation at the bottom of the page: "Neither country acceptable to Arg."

<sup>4</sup> Clark placed a double-asterisk after this word, which corresponds to his handwritten notation at the bottom of the page: "Probably unworkable."

5. Should these proposals be accepted, we would then use the US Navy to assist in the withdrawal of combatants in the Falklands and the policing of the cease fire. Only under these conditions can we hope to make any progress toward a negotiated solution, and position ourselves for the damage repair that will inevitably be necessary in the foreseeable future.