

Mr Ure  
PS/Mr Ridley  
PS

FALKLAND ISLANDS: SECRETARY OF STATE'S OFFICE MEETING:  
1500 HOURS, 8 SEPTEMBER

A

1. Following Mr Ridley's minute of 20 July, the Secretary of State wishes to hold an office meeting at 1500 hours on 8 September to discuss Falklands policy prior to OD later in the month.
2. Discussion at the Secretary of State's meeting might most effectively be based on a draft of an OD memorandum. I submit a draft, together with supporting Annexes. A final draft of Annex C (military contingency action) is still in preparation by the MOD: but it should be ready by the Secretary of State's meeting and will be circulated separately.
3. I also attach for reference copies of:

B

- The Secretary of State's minute to the Prime Minister (PM/81/12) of 13 March 1981
- OD Memorandum (OD(81)2) of 26 January 1981
- OD Memorandum (OD(80)46) of 27 June 1980.

P R Fearn  
South America Department

27 August 1981

cc: PS/LPS  
PS/PUS  
Mr Day  
Defence Department

/I have seen  
→

PS/Mr Ridley  
PS

1. I have seen this draft at an earlier stage and am content that it sets out the options clearly and will form a useful basis for discussion at the Secretary of State's meeting.
2. I understand that Mr Hunt (the Governor of the Falklands) will be in this country and available on 8 September and I recommend that he should be invited to the meeting. I shall be on leave on that date but, in view of my recent visit to the Islands and responsibilities in that direction, intend to come up from the country for the meeting on 8 September.

*JBure*

28 August 1981

J B Ure

cc:

~~PS/LPS~~

PS/PUS

Mr Day

Defence Department

SECRET

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OD (81) \_\_\_\_\_ COPY NO \_\_\_\_\_

\_\_\_\_\_ September 1981

CABINET  
DEFENCE AND OVERSEA POLICY COMMITTEE

FALKLAND ISLANDS

Memorandum by the Secretary of State for Foreign and Commonwealth  
Affairs

- A
1. It is becoming increasingly urgent to find a solution to the Falkland Islands sovereignty dispute. The talks with the Argentines in February (my minute PM/81/12 of 13 March to the Prime Minister) bought us some time, at least until after the Islands' elections in October. But the Argentines have already made it clear by means of a Note from their Foreign Minister (and through a communiqué circulated at the United Nations) that they are impatient to see progress made and that, if none is forthcoming, they will look to other means of achieving their purpose.
  2. The prospects for negotiating a sovereignty solution with Islander agreement have diminished since February. The more realistic approach to the problem generated by Nicholas Ridley's visit to the Islands last November (OD(81)2) and during the February talks, has receded: partly because of the Islanders' reluctance to face facts and partly because of active campaigning by some Island Councillors against the principle of any transfer of sovereignty. The elections in the Islands seem certain to lead to a new Legislative Council opposed to substantive sovereignty talks with Argentina.
  3. For their part, while the Argentine Government are prepared to wait until after the Islands' elections before a further round of talks, they will not wait much longer than that. We might perhaps manage one more round simply to listen to what the Argentines have to say and without specific sovereignty proposals on the table. But we must then expect that Argentine patience will run out: and that the Argentine Government will come under strong internal pressure to show results. By early next year at the latest they will

be in a position to assess whether we genuinely intend to negotiate. If they conclude that we are unable or unwilling to do so, we must expect retaliatory action.

4. We must therefore look carefully at the options open to us to bring Island Councillors to the negotiating table once the Islands' elections have taken place. Simply to play for time, except in the very short term, is not a viable option: the Argentines have made clear their view that we have stalled them for 16 years and that we can do so no longer. On the other hand, we have to accept that our present policy of awaiting a mandate from the Islanders, without ourselves giving a more positive lead, will not achieve results.

5. I remain convinced that a leaseback as outlined in my memorandum OD(80)46 provides the only viable basis for a solution to the dispute. I see three possible courses of action:

(a) To open negotiations ourselves with Argentina whether or not we have Islander concurrence or participation. We could argue that the implications of leaseback can only become clear through negotiation; and that the outcome would continue to be conditional on the agreement of Islanders and of Parliament. Once such negotiations were underway, the scope for Argentine pressures would be much reduced.

(b) While taking no negotiating action without Islander agreement, to embark on a much more public and active campaign to educate Islander (and UK public) opinion about the facts of the situation, the consequences of a failure to negotiate, and the corresponding advantages of a sovereignty solution.

(c) To let the Argentines conclude that we will not talk about sovereignty: and to set in hand contingency action to deal with the consequences most likely to follow a withdrawal from the negotiating process.

6. Each of these options presents considerable difficulties. The first would breach our long-held policy that we will act only in accordance with Islanders' wishes. We would come under very strong pressure, not only from the Opposition, but also from our own back-benchers. Sympathy in the UK lies overwhelmingly with the Islanders. The second would oblige us to come out into the open much more than we have hitherto been prepared to do. We would be exposing our inability to deal in any effective way with the Argentine threat and would be strongly criticised in the UK and Islands for putting

pressure on the Islanders. We could argue that we were merely depicting the facts of the situation; but our critics would maintain, with justification, that the facts cannot be divorced from the politics. The third option (a Fortress Falklands policy) would be less controversial in domestic political terms. But sustaining the Islands would be difficult in practice and very costly: and we could ultimately become involved in a military confrontation with Argentina. (JIC(81)(N)34 of 9 July, circulated separately, assesses the threat to the Falklands and Annexes B and C outline the action which would have to be taken in both the civil and military fields.) We would have no international support. And not even such a dose of unpleasant medicine would necessarily bring the Islanders to recognise the need for a compromise on sovereignty; even if it did, we would find it uncomfortable to negotiate on the retreat.

7. I believe that the first option is diplomatically the most advantageous. It could open the way to resolving the dispute: and while negotiations continued, Argentine pressures would be removed. However the domestic political risks are self-evident and probably unacceptable. I cannot recommend the third option which is both defeatist and costly. This leaves the middle course: a more open advocacy of a sovereignty solution and a more active education of public opinion on the realities of the situation. The mechanics of this could be looked at by officials: a first step could be to invite the newly-elected Islands Councillors to London for a full discussion of the issue. But we should be clear from the start that there is no guarantee that such a course would bring the Islanders to the negotiating table or that, while the slow process of education continues, we can count on Argentine acquiescence. Those are risks we would have to take. If we are not prepared to give a clear lead and accept the dangers of greater exposure, we may soon be faced with more difficult problems. As long as we stand by our pledge on the paramountcy of the Islanders' wishes and on our commitment to defend and support them to the best of our ability, the criticism should be manageable.

8. I should like to discuss this with colleagues in OD.