Final version

FALKLAND ISLANDS REVIEW COMMITTEE

Note of an oral evidence session held in Room 1/99
Old Admiralty Building, London SW1
on Tuesday 5 October 1982

PRESENT

Lord Franks - Chairman
Lord Barber
Lord Lever of Manchester
Sir Patrick Nairne
Mr Merlyn Rees MP
Lord Watkinson

Mr A R Rawsthorne)
Mr P G Moulson) - Secretariat

Witness:

Mr Richard Luce MP

Note taken by MPO Reporter

CHAIRMAN: We have some questions we would like to ask you. Is there anything that you would like to say in advance?

- A. (MR LUCE): I am very grateful, Lord Franks. I think it is probably more helpful if I do not say anything to start with, but perhaps I could reserve the option at the end if there are any particular points which I feel may not have been made.

Q. Certainly, and if I show signs of forgetting will you remind me?

- A. I will indeed, thank you very much.

Q. First of all some rather general questions: what were your areas of responsibility in the Foreign Office when you joined it? This would be what - September 1981?

- A. When I joined the Foreign Office I joined as a parliamentary under-secretary in May 1979 and my main responsibility then was Africa and specifically Zimbabwe. Then I became Minister of State in September exactly a year ago and my responsibilities then enlarged to the Commonwealth, North and South America, the Caribbean and, of course, the dependencies in the Caribbean and the Falklands itself.

Q. Very nearly the whole new world?

- A. I think it is something like 80 countries.

Q. How did you arrange matters between you and Lord Carrington? What I mean is what degree of delegation, what kind of delegation. Lord Carrington told us that he did delegate. How did it seem from your point of view?

- A. Thank goodness he did delegate. I think it would be a very great mistake for any person with responsibility not to do so, but I never at any moment thought that he delegated to such an extent that I was ever out of touch with him. Indeed in the process of delegating I always felt free to be able to come to him when I was anxious about a particular issue.

Q. As you did?

- A. As I did, frequently.

Q. One of the things, which we cannot tell from the papers is that the Foreign Secretary and his ministers used to meet not infrequently and alone in effect, perhaps with his private secretary, and there would not be any minutes, there would not be any record, but they would be important occasions for exchanging views and information.
- A. Yes. The aim was to meet certainly at least once a week if it was practical.

Q. It would depend on people being around?
- A. This was always the problem in the Foreign Office but at least if the Foreign Secretary was not there the Lord Privy Seal would chair, and it was always an important opportunity both for the Foreign Secretary to raise things he was anxious about and vice versa. I must say I would like to state that I always felt that Lord Carrington, quite apart from his remarkable qualities as a Foreign Secretary, had tremendous diplomatic and political antennae. I always felt he always picked up something which he thought was going to develop in a difficult way, and that was always very helpful to people who served under him.

Q. So that probably it would not be true to say that you had as it were instructions from the Foreign Secretary. You had an area of responsibility and you had known working arrangements. Is that right?
- A. Yes. I think there was a very clear understanding between all of us that he was finally accountable but we had our own area of responsibility accountable directly to him.

Q. Could I now come to rather more specific questions. There were these talks in New York 26-27 February. How did you personally assess the situation before the talks and after them?
- A. Perhaps I could try to answer the first part of your question by just saying that, of course, I took over responsibility for the Falklands in mid-September of last year, and the first thing I did on returning from Africa in that month was to have a series of very thorough reviews with

the officials in the office. In fact we had really several hours' worth of going over the whole ground because I had myself been to the Falklands as a backbencher in 1971. I recall very well the strong feeling of the islanders, and I then went on to Buenos Aires and met officials of the Argentine Government, and I had some idea, if not a strong idea, that this was potentially a very sensitive and difficult issue. We went over the ground very thoroughly, and one thing I think it would be right to say is that my predecessor, Nicholas Ridley, had tried very hard a new set of proposals, the lease-back, which you will be very familiar with, I am sure, but that had been as I understood really turned down by the islanders and also was unacceptable to parliament. Therefore in a sense I must confess I felt very boxed in. I knew the 150th anniversary was coming up in January/February of 1983. At that stage we had General Viola who was not a very forceful president and it did not look as though there was any immediate problem, but I think we felt we were very much more boxed in than we had been before in terms of trying to find a way out of this dispute between us and the Argentines over the Falklands. So, that was the broad background but, that having been said, the Argentine Government had made it clear to us at that stage that they would like more talks, and we hoped to have them in December but then, as you know, there was a transition and General Galtieri came into office and they requested a postponement of the talks, and we mutually eventually agreed a date at the end of February.

Q. Because you had had to have a postponement? - A. I had to postpone on my side for a few weeks - the Canada Bill and the Caribbean which I visited at the end of January. This seemed to be acceptable to them, and it was certainly acceptable to us, and it was against that background that eventually we came to New York. Of course we had received, as you know from all the documents, what the Foreign Office like to term a bout de papier which was a proposal, as you know, for a new structure for negotiating.

They wanted us to answer beforehand and give a clear answer before, or on arrival, at the talks as to whether or not we accepted it, so this really was the background when we went into the talks, that there was a proposal on the table, a proposal which we thought, subject to two or three days' discussion, might be acceptable to the British Government. So, although I had no illusions about the difficulties of 1982 - and Lord Carrington and I shared exactly the same views about General Galtieri, the fact that he was a more forceful president than his predecessor, the fact that they were in some economic troubles, the fact that we had the 150th anniversary, and their frustration at no progress - and all these things led us to believe it might be a difficult year, nevertheless we had something of substance to talk about in New York and that was really the background to the talks as I saw it myself.

Q. Could I ask you one question on that. As I remember the particular proposals at the end of the bout de papier they said that the talks must be about sovereignty, that they were about the transfer of sovereignty, it had to happen in 12 months, it had to be monthly meetings - concerned with the modalities, so to speak - and that was it. I think you said that you felt that something could be made of this from the British point of view. I wonder whether you would expand a little on that because, if I put it the other way, the whole experience of Mr Ridley had been that sovereignty and its transfer were at least extremely difficult with the islanders and with the House of Commons. Here is the Argentine Government saying that this is the topic of negotiations and nothing else, and yet you felt there was, shall I say, room for manoeuvre. Am I putting it fairly? - A. Yes, I see exactly. I think perhaps before I come to try to answer specifically I ought just to make one rather more general point which I ought to have made earlier. As I have said, I thought we were boxed in, and I thought we were in a difficult position, but it seemed to me and

it seemed to my boss and it seemed to the office, and we all shared the view, that talking to the Argentines was better than not talking. Jaw-jaw was better than the alternative and, of course, there was the thought in the back of our mind that all we might be achieving in these talks was buying some time before they might decide to do something else. That something else we may want to come on to, what sort of things we might have envisaged they might have done, but I certainly - and perhaps I should have said this earlier - had no doubt in my mind that if we could have reasonably sensible talks then we would be buying time but, in the process of buying time, one would not,remote though it might be,rule out the prospect, particularly with this new structure of discussion which had been proposed, that something might have emerged from it. That is really, I think, the perspective I would put. I would not like to suggest that I went into New York in the least bit optimistic, and I certainly thought that the most in tactical terms which I could get out of it for the sake of the islanders and for the sake of everybody was to buy some time to see if we could find a new way of moving forward. That bout de papier according to the advice I got was nothing unusual in terms of the robustness of its language. It came as no surprise to me because the one issue was the sovereignty issue. On the other hand they had proved in the Argentine back in 1971 that they were capable of agreeing to other forms of co-operation. The 1971 agreement to my mind was a very constructive form of bridge-building, and the main substance of their paper was the negotiating commission. We had never had this before. It was a new structure, a new permanent structure for talks between us, and it seemed to us that at least there was something worth talking about in New York, and if we could agree the terms of reference, never mind the bout de papier, then that would be something different.

LORD WATKINSON: Could I just ask: you also had with you two Falkland Islanders; on your point of although feeling boxed in still presumably thinking that talking was worth while, did you hope that full exposure to the rigours of the talks would do anything to condition island opinion? Or was it just a matter of form, so to speak?
- A. I think the main reason why I thought it was important, and we thought it was important, to have these two councillors - and they were extremely sensible men, very constructive and very helpful - was that it would be no good having discussions with the Argentine unless you could carry at every stage the islanders with you. Since these were two very responsible councillors and they had agreed to come, it seemed to me absolutely essential, otherwise the mistrust would grow. It was quite clear in my mind that if there was to be a negotiating commission, which we both agreed in substance, then we would always have to have island Councillors present.

MR REES: I suspect that from the media eventually we are going to come to a story which may appear in the Sunday Times at the weekend, but from what else has been written in the past, allegations that the islanders were not kept in the picture; that one or two of them are going to complain that ministers, Foreign Office, were doing things they did not know of. Is there any truth in that in your time?
- A. I think going back to that earlier answer it would be impossible for them to say that. Indeed it would have never been right to have put them in a position where they could say that with justification. I think that would be my answer.

Q. I take it that you agree that the argument, the allegation which is put forward that the Foreign Office had their own view, whatever government was in power, is not the case? This was your policy, not a Foreign Office policy?

- A. Yes. If I may I would just like to say one or two things about that. It has been a very familiar theme, as you will know as well as I, in the parliamentary scene, not just on the Falklands but on other issues about the Foreign Office, and it seems to me a very extraordinary reflection upon successive ministers at the Foreign Office if it should be suggested that every single Foreign Secretary and every single Minister of State in the last 15 years has been dictated to by officials and is incapable of making up his own mind.

MR REES: Following that, and I have not checked and it is not a catch question, I have read through all the parliamentary debates. I should have looked it up, and I have not, but you reminded me a moment ago that you visited the Falklands in 1971, and in a debate at that time you spoke in the House. My memory is - no more than that - that you were firm on the question of sovereignty and, I imagine, that the islanders had to be properly consulted. In this context of the Foreign Office policy and your policy, which I fully accept in the way you have just put it, in any way had you changed your mind on the policy since 1971 when, as a backbencher, you went to the Falklands?

LORD LEVER: Some of us know what his mind was in 1971.

MR REES: He will tell us.

- A. Perhaps I could answer that first. In 1971 after I had visited the islands and the Argentine, of course it was against the background very much of the implementation of the communications agreement.

CHAIRMAN: This is what I call early Heath government?

- A. Early Heath government and, therefore, there was a practical form of co-operation developing between the Argentine and the islanders. Although I discovered that many islanders were suspicious of this they were prepared to give it a try and, from the Argentine point of view, I discovered that they thought this was a constructive move

as well because it might lead them to be able to persuade the islanders that they could get together more closely. So, from all our points of view it seemed to me to make sense. Of course, what one can understand with the benefit of hindsight - and hindsight seems to be a wonderful thing to be able to have - is that over the years it did not bring them those benefits, and they were clearly feeling by the beginning of this year very frustrated indeed.

Can I then just come on to comment on the views I have held since. I do not think broadly speaking I have changed them. I suppose one could say we had some other choices than the choices which successive governments pursued of trying to hold talks but keeping a commitment to the islands. We could have said, "There is a claim by the Argentine but we are not going to have anything to do with it", and we could have taken decisions, successive governments, to commit substantial permanent defence forces to the defence of those islands. That might have been one choice. The other would have been to say, "Right, this is a dispute. We cannot afford the cost. The national interest does not move us in the direction of wanting us to commit ourselves indefinitely to a large defence commitment, so we have to insist we find a compromise and a way through and not make the islanders' wishes paramount but take their interests into account". That would have been the other choice. As it turned out - and I supported it so I cannot do anything else but say that I think it was probably the right thing to do - we tried to go on talking to them with a view to seeing whether there was a modus vivendi. The fact is we failed and, with hindsight, our judgment as ministers was wrong. With hindsight I say that, but I cannot say for one moment that I think the pursuit of that policy was wrong. At every turn and at every moment we always said, "We will not do anything without the consent of the islanders and parliament".

MR REES: If I may follow that up one of the allegations - and I use that word because they are all flying

around - is that people say one thing in government and another thing in opposition - there they are, lease-back, condominium, and then when they get into opposition there is the government and it is much easier to oppose. I think probably it was in that context that I was asking the question. Referring back to it, and I have not checked what you said, the point is that in general you had not changed your mind in government?

- A. No. Just to make sure that I have not misled you in any way there were two things which I did during those years as a backbencher or as an opposition spokesman. One was to quite formally ask for a reconfirmation, reaffirmation, from successive governments, Conservative and Labour, that we would not make any changes without the consent of the islanders and parliament. That was always one of my themes. The other thing I did do was soon after the Shackleton report was first published - I think it was 1976 - I sought and got an adjournment debate on the report with a view to saying, "Will you implement at least some of this?".

Q. That is right, and you spoke in 1971 as well, did you not?

- A. As I recall it I think I spoke soon after 1971. I do not know whether it was actually 1971, but soon after.

SIR PATRICK NAIRNE: Could I draw you out a bit further on the New York talks. I entirely understand what you were saying about the importance of going on talking and that something might turn up, and all that you were saying about being boxed in, but would it not be fair to say that by the time you got into the New York talks you were not only boxed in but Argentina had put the skids under you as well? We had got into a new situation by having to accept that the focus was to be on the modalities and timetables, and there was nothing, anything of substance, up one's sleeve?

- A. I accept entirely that the talks were not about the issues. The talks were about the modalities of how we could talk, and it seemed to us in view of the way in which things had gone in the previous 15 years that it would be very wrong

of us not to respond, if we could reasonably positively, to the proposition being put forward that we should have, for the first time, a new negotiating commission. There did not seem to me to be anything wrong with discussing that. What mattered was the discussion on the terms of reference of that commission. If I had sat there and said, "Yes, I entirely accept your proposition, and if you want to confine it to sovereignty then that is fine", that would have been absolutely unacceptable to us. That would have been very foolish. What we insisted, and what was accepted by Enrique Ros, the deputy foreign minister, was that it should cover every aspect of the dispute and that we should establish a permanent negotiating commission. Where we disagreed was not on the need for a negotiating commission but on the timing which, to me and to my government, was quite unacceptable because, by asking for an agreement by the end of 1982, and by asking for monthly meetings, they would have been putting such pressure on us that in itself it would have been counter-productive and would not have been conducive to making any progress at all.

CHAIRMAN: That was the 150 years, was it not? - A. The end of 1982 was the symbol to them, I think, to Galtieri.

Q. That is what I mean.

- A. Yes.

SIR PATRICK NAIRNE: Is it reasonable to ask you to put yourself back to the position of the communique at the end of those talks - in general the talks having really gone rather better than you had feared - and to say how you did see the way ahead - when you thought a further round of talks might take place, how it all might have worked out? I know that very shortly afterwards in a sense the communique was rather repudiated on the Argentine Government side, but before that happened how did you see it immediately, the months ahead immediately after the end of those talks?

- A. I thought it would take us a little time first of all to get agreement in Whitehall for the establishment of the commission. I thought then that we would propose a date in May or June of this year to have the first meeting, and I considered - and I had discussed this with Ros - that one way of doing this would be to have a series of subcommittees dealing with different aspects of the problem. If they wanted to throw sovereignty in that was their choice. For our part we would want to talk about forms of economic co-operation and various other issues which would be of mutual concern to us, so I envisaged a whole range of little working bodies, subcommittees of the negotiating commission which would be set in hand as a result of the first meeting of the negotiating commission. We would then have to see, perhaps in a review meeting in the autumn, how they were getting on, and the negotiating commission chaired jointly by ministers from Britain and from the Argentine would meet as and when required to see how these subcommittees were progressing. That is just in broad terms.

Q. That is very helpful. Would it be fair to say, though, that much depended on the way Ros really, in a sense, resiled a bit from the strong position taken up on sovereignty in the bout de papier; ie if they had said, against the background of the timetable, the 150th anniversary you have mentioned, and all the rest of it, "It is sovereignty, sovereignty, nothing but sovereignty, and we want actually to get all this worked out within a very short space of time", collision would have quickly taken place?

- A. We would then have been in difficulties, and Lord Carrington and I had no illusions about that.

SIR PATRICK NAIRNE: But one obviously - I can quite understand this - has to give it a try and see how it goes.

CHAIRMAN: And this does follow, does it not, because my recollection of your report of those talks was that on the one hand they had been perhaps rather easier to handle than you had expected - more courteous...

- A. Yes.

Q. But on the other hand the Argentine negotiator had no room for manoeuvre. They had to repeat their terms of reference, so to speak, and could not backtrack on any of them?

- A. I was very conscious that not only was I firmly boxed in but that Enrique Ros himself was very boxed in with a tight instruction. Whether it was from Galtieri or Costa Mendez is irrelevant for the moment.

Q. This is what I meant.

- A. But certainly I was very conscious that he, whom I found tough but really reasonable to deal with, was anxious to get an agreement, desperately wanted me to agree to the timing, thought at one stage, I think, that he might have to break off talks because I could not agree to the timing - and I suspect that he had a number of telephone conversations with Costa Mendez to refer back - but then, as I understand it, got agreement that at least we had conceded their main proposal which was a negotiating commission, and we had agreed in good faith to come back with a date as soon as we possibly could. I got the feeling that Ros was disappointed he had not got everything he wanted. On the other hand he is an experienced diplomat and probably did not expect it. I do not know - I am only guessing - but I suspect he was as much upset as everybody else by what happened in Buenos Aires before he got back from New York three days later.

LORD WATKINSON: Just to clear my mind, really the Argentine initiative, and it was an initiative, sprung from Peter Carrington's talks with the then Foreign Secretary at the UN, did it not, where he had really put the ball into their court? They responded, as I understand it, by offering these negotiating committees. On the talks, having looked through the things, I think both you and Ros made it absolutely clear at all points that they were totally ad referendum.

- A. Yes.

Q. Neither of you were really in a position to sign or agree anything. What you were doing was that you were sounding out one another's positions. You were then hopefully going to go back and report to your governments. What would have happened then? Would it then have gone back to the Carrington level, so to speak? I have just heard you say, and the papers all say, that you thought it went a bit better but that both you and Ros were very boxed in, so you both agreed to go back and report to your governments. I know then other things happened but supposing the leak had not happened and then South Georgia had not happened, would then Carrington and Costa Mendez have got into the act, or would you and Ros have gone at it again, so to speak?

- A. As you rightly say, it was ad referendum and this was clearly understood by both of us but, on the other hand, both of us thought because of the discussions we had before New York that both sides would accept the proposals. As I am sure you know from the papers I had an early meeting after my return with Lord Carrington. He had just returned from Zimbabwe, and almost the first thing we both did was to have a meeting to review. My recommendation was that we should accept this proposition but, of course, then events overtook.

Q. Yes, but you did go a bit further because, as I understand it from the papers, you decided it should be formally up to the islanders.

- A. Yes I am sorry, I have missed...

Q. And also I think that you should pray in aid the famous Mr Enders whom I want to ask something about in a moment, and I expect the chairman does too.

- A. Perhaps the difficulty here is that it is seven months ago. I have just refreshed my memory. I think what we said we must do was firstly that I recommend we accept this proposition; secondly that before we do anything else we must make sure the island council agree, if my memory is right; and then that we should put the whole proposition,

I think to OD, for final agreement; and then we could go ahead with a communication with the Argentine Government which would lead to the setting up of the first date for the negotiating commission.

Q. Then, of course, the thing began to run off the rails due to the leak which you think Ros was not a party to probably?

- A. I find it very difficult to believe, but then one can believe anything after the experience of the last few months.

Q. The paper of 5 March, which I expect you have a copy of, addressed to Mr Fearn by Mr Ure, really set it out. What I am getting at is this: it is very important for me - and I am only speaking for myself - when we come to these judgmental areas to try and have a clear judgment in my own mind, had we really come to the end of those talks of yours or, if two things had not slipped - one the leak in BA and then the South Georgia incident - would any reasonable man, any reasonable politician, judge that at least there was a bit more to play for? I must tell you, because I think it is only fair, that Williams thought there was, as I read him when we saw him. Williams was asked how long before it broke down, if the ball had rolled on. I said was it days, weeks or months. He said at least weeks, possibly months. I am asking you, is what I am saying correct or not correct?

- A. Yes. I should just preface that by saying that Mr Williams was part of my team in New York.

Q. Yes, I know he was.

- A. And was an extremely able adviser. Our assessment on 5 March after those talks was that although this was a serious setback, this communique not being published, nevertheless we thought in general terms this was something which the Argentines would want to try out, but that they would put great pressure on us - going back to the earlier question - if no progress was made by the late summer or, say, early autumn. If it is any help perhaps I will just expand

on how our minds were working - clearly not how other people's minds were working - and that was this: that if we were making no progress on this issue they had three options in certain grades as we saw it. One was to go to the United Nations because, after all, unlike Belize, the United Nations was very much on their side on decolonisation; secondly they could do a Spanish-type blockade like Gibraltar which could have been very devastating; thirdly we thought it was possible that later in the year if they did not succeed with these kind of things they might try some kind of military venture, not necessarily on the main part of the Falklands but on a part of it. That was our general thinking.

SIR PATRICK NAIRNE: Can I just pursue this because it is an awfully important point really. We were boxed in and we were, so to speak, moving towards an inevitable cul-de-sac - I just put this so that you can correct me - though that cul-de-sac might not be reached for several months. On the assumption, of course, and I have the record in front of me here, that all Ros had been saying following the bout de papier about sovereignty being all on their side, and we continuing inevitably to say that the views of the islanders were paramount on our side, and there being nothing of substance like lease-back or another idea, we would inevitably have found that the British Government approach and the Argentine approach would have landed us both some time sooner or later in a complete cul-de-sac. Is that not a fair summary?

- A. I think we thought there was a danger, a very big danger of that happening with a very remote chance that the negotiating commission would produce something which would keep the flame going at all, but that was really the reason why on 5 March at the meeting which Lord Carrington was chairing we decided to put in hand various contingency plans - although there were contingency plans even on the military side - on the diplomatic side and on the blockade side so that we could be prepared for all these various

three main areas which we thought might come about during the course of 1982. That was really the reason we set that in hand.

CHAIRMAN: Could I ask you to choose what words you think proper. I am thinking about the state of mind on 5 March at the meeting. There must have been a sense in which one could say you thought a critical stage had been reached. Why? Because the sorts of things you then contemplated doing involved an extension of what you might call the normal negotiating round. You began thinking about the UN, you began thinking about the Americans, you began thinking about contingency plans etc, and this meant perhaps that the problem was moving into a different dimension and degree. I think it must mean - this is a question I am putting in the form of a statement - that the chances of getting anywhere through negotiations over time were getting less and less. Therefore the possibility of having to face alternative measures from the Argentines was increasing and therefore it was time to begin to be prepared for a wider set of options. Is that a fair way of putting your state of mind then, or is it unfair?
- A. I do not think that is entirely unfair. I think it is right to say that we thought that was the moment to set in hand all these various contingencies but, that having been said, to put this in perspective although we were concerned by what was happening in Buenos Aires that particular week, only three days after the talks, the advice we were getting was that this really was something that had happened in one form or another in previous years, that they very often blow hot and blow cold before and after talks, and that there was no evidence available to suggest that they were contemplating anything other than at least giving this commission a try. Of course, the breakdown puzzled us all, and why the press was behaving like that in Buenos Aires obviously was worrying us, and that was why we took this other view. I should just add the point in answer to your question that our main priority was to try

and recover the New York talks and, as you know from the papers, we suggested that after allowing a period of settling down for the dust to settle, a few days of that, we would then go back to Costa Mendez and say, "Subject to your confirming that this covers all aspects of the dispute, subject to your confirmation that we will not indulge in mutual threats, we can then go ahead with the commission", so we were wanting very much to try and rescue the talks, and that was our main objective at that stage.

SIR PATRICK NAIRNE: At the stage when it was all being weighed up - the end of February, the beginning of March, the 5 March meeting if you like - while very readily trying to look positively at how one could get the whole thing going again was there then any discussion of - and let me draw on an earlier letter from Mr Williams that Anaya the admiral was in the driving seat - the possibility that a rather irresponsible junta not in total control of affairs might have given his head to Anaya, who had been very much himself served with a timetable, and that some of that may have been linked with not only the leak and what had happened in relation to the communique but the building up in the press and so on - what one might call the black side of the picture?

- A. Here I feel as much as anybody else in a difficulty in trying to distinguish now between hindsight and the benefit of hindsight and the actual set of circumstances at the time. This is what I do find very difficult. I know that you are agonising hour after hour on this issue to get your judgment but, of course, Lord Carrington and I and many others have been agonising for a long time as to what else we could have done taking the existing circumstances into account. I was aware that the navy of the three services in the Argentine was the most hawkish, and had been in fact on and off over the years. I certainly felt towards the end just before the invasion that it was the navy probably from the evidence which was setting the lead and trying to push the junta into this broader conflict. My judgment is

just as likely to be wrong as everybody else's. There was very little intelligence to guide us on this but what was available pointed rather in that direction. Whether they contrived South Georgia still one does not know but it is possible.

LORD LEVER: Can I put a couple of questions on this about the general position before you go on into the detail. You said you were boxed in on the talks but was not that obvious because what they cared about, and the only thing they really cared about, was sovereignty transfer? They knew and you knew that your ability to deliver on that was, shall we say, very frail. In all previous talks in a fundamental sense the British Government had been boxed in and every British Government still urged that talks should be held, and always hoped that something would emerge, not necessarily the transfer of sovereignty because there seemed to be insuperable difficulties known to all parties, but the alternative of being willing to talk, as it might seem fruitlessly, and the shallow view could be said to be not altogether in good faith since the talks were about sovereignty. Nevertheless the alternative would have been to say to the Argentines, "No point in talks because we are not prepared to give you sovereignty. As you know, we are not able to, and that is what you want", and that would have simply put the Argentines into a position where they would be more or less forced pretty readily by their own public opinion to do something rather violent. Was it not clear to you from the whole history of this matter that we had to proffer talks to avoid that? The Argentine Government, successive Argentine Governments, must have been perfectly aware of the substantial fundamental boxing in of both sides, but they appeared to have a need for talks too rather than force themselves in the eyes of their public opinion to take violent action, so they had a need for these talks even in the boxed-in position. You could see they had because they were willing apparently to go on.

- A. Yes, I agree that on the assumption that all Argentine leaders were rational men that would be a rational way of looking at it, and I do not disagree with you, but it appears they were not all rational.

Q. But the boxed-in Argentines and the boxed-in British have had a whole series of talks over 16 years which, looking back at any rate, and probably looking at it coldly at the time, never had any chance of solving the problem, or any substantial chance of solving the problem, but merely giving both sides a means of continuing without actual hostilities taking place. What I want to put to you is this: you said you hoped that something would emerge. Obviously in spite of their knowledge, which was pretty well as good as yours, about the prospects of sovereignty transfer they obviously, for their own reasons not all of which could be known to you, also hoped if we took them as being in good faith that something might emerge.

- A. I suppose there was one other factor. I think that is probably right but I think there is one other factor, that one of the tactics may have been to try and prove to the outside world that they had tried everything with the British including a negotiating commission.

Q. That was one of the things you both had in mind.

- A. Yes, but from different angles.

CHAIRMAN: And with different consequences.

- A. And with different consequences, and that may have been another factor in the back of our mind.

LORD LEVER: One final question: I just want to conclude and see if I have it right. Some people might take the view that when these talks arrived - I am not denying there was a particular sense of urgency earlier but perhaps there was a special one on this occasion because of the 150th anniversary - there was no point in believing that talks would postpone action, whatever it might be with the Argentines, because the larder was empty. It was a cul-de-sac, but every set of talks was moving to a cul-de-sac on this

fundamental point, and every time these negotiations with the Argentines of all governments have taken place basically the larder was empty of the relevant object. It was no use offering a man a vegetable marrow when what he really wanted was a peach. We never had this peach, and no other government had it to offer in these negotiations - the peach of sovereignty.

- A. I think then we had to pose to ourselves what were the alternatives. I am not disagreeing with your general assessment.

Q. But though your larder was empty it had always been fundamentally empty in the previous 16 years of negotiations. That is what I wanted to say. Do you agree with that?

- A. With some reservations, with some reservations because it could have been. After all, the islanders and the British Government agreed to the 1971 agreement, and this was one of the many 'ifs' of history. It could have been possible that parliament and the islanders could have been persuaded that some kind of an arrangement might have been better for their future.

Q. I am sorry, I should have said so long as the British Government retained its position and the islanders retained their position, as they did, the larder was empty.

- A. On that assumption.

Q. And any chance of it filling up depended on a change of mind by one or other of the parties involved in these negotiations.

- A. I accept that on that assumption that the islanders would wear nothing else. The question then we have to ask ourselves is whether this government and previous governments should have tried harder to persuade parliament and the islanders, but that again is a part of history. I am not disagreeing broadly but the alternative is the question one has to ask oneself. What could we have done? If we had broken off talks and said, "No, we will not talk to you again", I think we all know what the consequences of that

would have been, and so it seemed to me that the best of the three alternatives was to pursue the course we were pursuing.

Q. And on the previous occasions when these kind of situations arose, maybe in a less tense expression by the Argentines, they had negotiated in broadly good faith? - A. Yes.

Q. Did you have any reason to believe that this particular lot were no worse and no better than the evil predecessor governments of the Argentine, were any less in good faith in being likely to keep talks going for quite a while?

- A. No, I thought they would give us a try.

CHAIRMAN: Could I just ask one question. The thing which puzzles me in the point of view you are putting forward, which is in its essentials the same point of view as Lord Carrington was putting forward, is this: the bout de papier of late January did two things - it proposed a policy and it proposed a mechanism. The policy was transfer of sovereignty; the mechanism was a commission. When you met you were able to make encouraging noises about a commission suitably modified but not, of course, about the policy because certain transfer of sovereignty was not the thing you could say yes to. Then you explain how at the talks which were finding out about how to talk - methodology if you like - you were boxed in. So were they; they could not move from their position. Then two or three days after you got this sudden thing from the foreign affairs department dictated, we know, by the junta saying, "This is very unsatisfactory. We reserve all rights to other means", so to speak, whatever the other means might be. Why should reasonable men think that if that was the position which the Argentines were taking up - what they wanted, what they reiterated, what they reaffirmed in their communique - our desire which is clear enough, which is to go on negotiating, was really more than a will of the wisp?

- A. I would then, Lord Franks, just have to go back to those talks and stress that whatever they wanted - and of course sovereignty was the one thing they wanted - what we

said we were prepared to talk about and embrace in a commission was something different.

Q. Yes, it was roughly everything else.

- A. It was everything else; it was all aspects of the dispute. We had a long discussion as I recall it on that issue, and they conceded that, all right, this commission would cover every aspect of the dispute. In fact it was only on that clear understanding that we were prepared to go ahead with those talks at all and agree to the commission. It was against that background that that happened.

Q. Does that answer my question?

- A. Perhaps it does not, if I have not understood you fully.

LORD FRANKS: I will come back if need be but I think Lord Watkinson has a question. We are probably on the same thing but maybe not from quite the same angle.

LORD WATKINSON: We have to attach considerable importance to this wretched date of about 5 March because that was the last date on which, if the government had decided to send any military force either covertly or overtly, it could be done. This is why we keep on nagging about this particular thing. I have two questions if I may. One is really supporting the chairman, and that is that we are very puzzled. I am not clear in my mind - I am not speaking for anyone else - as to whether it was reasonable to expect that one could carry on the dialogue or not. We just have to listen to your view, I think. Rather more important because it is fact, I think you were present with Lord Carrington when one of the officials said that a Labour Government had sent a task force, so to speak. Lord Carrington's phrase was, I think, 'in a rather throw-away manner'. Were you present?

- A. Yes, I think that was brought up at that meeting. I think it was mentioned to us for the first time.

Q. It did not impinge on you much?

- A. I mentally took note and, without for one moment criticising the decision to send ships down at that time, I do not know what the circumstances were. There may have been a serious threat. I think I would just make two reflections on that specific point. One is that I was led to believe on that occasion that the Argentines were not told, and if they were

not told then how could it be a deterrent? Secondly, when we are talking about a deterrent I do not see a temporary positioning of ships 400 miles from the islands at any time in the last 15 years as a proper and effective deterrent. It seems to me no government, Conservative or Labour, has ever had an effective permanent deterrent since they have never had more than 45 or 50 marines there at any one time.

Q. But I must just finish this because it is a formal question I wanted to ask. I am asking it now and I am not speaking on behalf of the committee. Therefore did any official or any person - like Williams if you like, or like CDS, or Mr Nott, or anyone - indicate to you at this point, which was the last point at which probably even SSNs could have been despatched, that this was desirable, should be considered, was necessary or anything?

- A. I am very sensitive about that point because I do realise just that very point. It was the last moment at which we could have sent, if one was going to send anything, submarines which could have gone there secretly. All the advice we had was to the contrary, that, "Look, we have seen all this before in the press. This is only the press. Galtieri may be trying to play games and toughen up with us". All the advice we had was, "Look, there is every hope we can recover. It may be difficult but there is every hope", and that is why Ambassador Williams was sent to see Costa Mendez. Costa Mendez appeared to give some reassurances at that time although, as you know, we asked the Americans to help, and I would like to have a chance to reflect on the Americans.

CHAIRMAN: We are coming to that.

- A. So all the advice was the absolute contrary and, of course, I had been asked to produce my own views incidentally about the HMS Endurance after the New York talks, and it was at that stage that I said I thought that the withdrawal of the Endurance, because of wider defence review decisions - and Lord Carrington thought the same - gave a wrong signal. Even though the Endurance was not an effective deterrent it gave a wrong signal to the Argentine, and that was certainly something we wanted to get reversed as quickly as possible.

LORD WATKINSON: Nonetheless nobody asked you or advised you or recommended you to send a gunboat?
- A. Oh, on the contrary.

CHAIRMAN: Why do you think they did produce this fact about 1977 if all the advice you received was that that was not the sort of thing to be doing in the present circumstances? Why should they suddenly say, "By the way, ministers, you ought to know..."? Does anything occur to you on that?
- A. If they had said, in producing the advice - and I do not criticise them at all for bringing it up - but if they had said, "This happened and we think you ought to take precautions this time because the same set of circumstances exists", as I understand it the evidence they had at that time, in 1977 - but of course you will be in a better position than I to judge - was that the situation really was, from the intelligence point of view, far worse. We had no intelligence - and I cannot wait to come on to the Americans because they feature in this too. On the contrary, the intelligence was saying that there was no evidence at all that there was any indication that they wanted to do anything then.

Q. Why did they mention it?
- A. That is for them to answer, Lord Franks. I really do not think I can answer that. They produced the idea as a throwaway towards the end, as I remember, just saying, "You ought to know...", and they have to answer, and I hope they will be given that opportunity.

SIR PATRICK NAIRNE: I absolutely understand the point about not an effective deterrent but did you from time to time feel unhappy that the Foreign Office had had to give in on Endurance, simply from the other angle: not effective deterrent but as a symbol that at the end of the day if things went badly wrong we meant what we said about defending the Falkland Islands? After all, clearly Argentina misjudged our position on that.

- A. The first thing that I wanted to see reversed when I took over responsibilities was the Endurance decision, even though I felt that the decision itself had done a lot of harm. In fact, as you know from the papers, Lord Carrington had a fresh go, I think with Mr Nott, at the end of January. That was turned down and then I was asked to produce my views after the talks as to whether we should have it again. I have no doubt that that, along with a range of other things which happened over the last 5 or 6 years, had given to Galtieri, or had given to the government of the Argentine, an impression - and I say this now with hindsight - an impression that they might get away with no reaction from a British government if they did something fairly forceful.

Q. The other things being?

- A. The occupation of Southern Thule, going back, where the British Government did not react; not implementing every aspect of Shackleton, some aspects only.

CHAIRMAN: Very few.

- A. In substance, not much money. The ODA not spending as much as the islanders wanted - and I am reflecting upon my own responsibilities as much as anybody, I am not trying to hide anything here.

Q. Citizenship?

- A. I think that gave another impression. Even though I happened to be on the Nationality Bill and thought that the broader decision was right, I think that must have given an impression, a small part of the picture. So I think their perception of us was one in which they thought they might get away with it, and I have to say that quite frankly.

LORD BARBER: But the information that you had from sources of one kind or another was that if in fact things went wrong, if they had that impression and if they

thought they could get away with it, you were - I do not know, you tell us - how convinced? Certainly your view from what you said earlier was that the first thing would be such things as the United Nations, communications, economic and commercial.

- A. Yes.

Q. I think that is important in considering what the consequences would be of this frame of mind which we had in part instilled into the Argentines' minds, that the consequences would not have been of the sort that in fact happened on 2 April.

- A. Yes. I would just like to reaffirm that that was our assessment, that it would not happen like this at all. As it turned out we were totally wrong. But I would also like to remind you of advice that was available to us. After all, I did have this very able ambassador, Williams, with me who was living with the scene in Buenos Aires every day, was then sending us telegrams after the talks and it was only right and proper that we should go on what advice he gave and our officials gave and intelligence gave. And there was absolutely no indication at all from them that anything other than blowing hot and blowing cold was taking place in Buenos Aires.

MR REES: Could I take Lord Franks' point. Eventually the Foreign Office, whose job is to give advice for you to take decisions, in a throwaway manner said something pretty cursory about the previous occasions, when a sort of task force - it was a big one eventually - went down there. They did not discuss it; they did not say, "We were not in favour of it last time". It was a cursory thing, not to advise you because, given the past, that would have been surprising, but at least you could have taken it into account when there were negotiations that this had been done as a back-up in case anything went wrong. They did not spell it out?

- A. I do not know whether you have asked - and it is really for him - Lord Carrington this question but, as I recall it, he asked 2 or 3 very sharp questions on that particular remark - this was towards the end of the meeting - as to whether it was effective. In other words, were the Argentines told; at what stage; what was the intelligence information available at that stage? It would be for him to answer that but I recall him actually saying and just asking questions which would obviously have been on anyone's mind, including mine, so I think it would be unfair to suggest that we just said, "Oh, that is uninteresting", because for a minister to discard previous experiences, whatever government, would be rather irresponsible.

Q. But they did not spell the circumstances out?

- A. As I recall it - and the officials presumably will remind you - they said, "By the way, you ought to know that there was one occasion previously when...".

Q. They said 'one occasion'?

- A. I think they said one occasion. This was before the negotiations took place that the ships were sent.

CHAIRMAN: I think we ought to move, if we may, to Mr Enders. You briefed him in New York and you no doubt had an impression of his attitude at that time and thereafter. Would you tell us something about that, which goes to the attitude of the Americans more generally? (Lord Lever left the meeting at this stage)

- A. I was very anxious before going to New York to arrange to see Mr Enders. I knew that the United States was, in strategic terms, wanting to get closer to the Argentine. They were concerned about East/West relations; they wanted to review strategy in the southern cone and I knew that Mr Enders was going the following week down to Buenos Aires for a first set of talks with the Argentine

leaders. Apart from other issues, like Belize, which I needed to talk about with them, I thought that it would be right to try and ensure that Mr Enders understood that we had a problem and that if they were going to get closer to the Argentine Government, which was fine, then could they use what influence they had in a constructive fashion to try and ensure that the Argentines were co-operative in the discussions and did not do anything silly.

Q. "Cool it down" was the magic phrase, was it not?
- A. Whether I used that phrase at that stage or whether it came in telegrams, I cannot remember. But that was the objective, to cool it down.

Q. Yes.
- A. Of course on that Monday morning it was not bad because the communique had not been published as yet when I saw Enders. But that was the objective and then what followed of course is of great importance. Whether you would like me to elaborate or whether you prefer to ask questions, I leave to you.

LORD WATKINSON: Do you think Enders muffed it? Do you really think he went to the Argentines and said, "Look, if you go in the Brits will kick you out"?
- A. I do not know whether it is fair to say this, but I have seen him since and he said, "I am sorry, I misjudged it". He did say that he asked them to cool it. I am not sure how strongly he said it and there was a telegram when we got back, on 12 March I think, which said that it was quite clear in their minds they were not planning anything drastic, something along those lines.

CHAIRMAN: That is right, yes.
- A. And all the way along the impression from the Americans was - and after all they did have a set-up down in the Argentine, they were trying to get closer to them so therefore

it was sensible and logical to try and keep in touch with them - that really nothing was going to happen, do not worry. There was certainly no intelligence information to indicate that anything drastic was going to happen. On the contrary, they were getting closer to them and they would keep us in the picture and they would make sure everything was all right. That was the impression throughout and I do feel it is important to have that clearly stated because that was the picture. I do not blame them for it; I am simply saying that was the fact.

SIR PATRICK NAIRNE: Did any evidence ever come your way that there could have been part of the US administration that positively sought a closer military relationship with Argentina, perhaps even with the idea that we have seen mentioned of some kind of anti-Soviet base, even in the Falkland Islands?

- A. Mr Enders did not appear to attach importance strategically to the Falklands. In fact I think he felt that it was a fairly irrelevant business altogether. He had bigger things to talk about.

LORD WATKINSON: And yet Mr Enders' boss had to be spoken to very severely by Sir Nicholas Henderson when he decided that they would not take sides on the thing. This is of course after the 2nd.

- A. I had disappeared from the scene by then.

MR REES: Were the Argentines told, either through Enders or through the ambassador or perhaps from what you might have said if the occasion had arisen, that if it did go wrong we would react militarily in some way or another? May I tell you, to be fair, that it has come my way that afterwards General Walters, who was down there, is supposed to have said, "They did not know the Brits would react".

- A. Galtieri is on record in The Times as having said he did not think we would react. Whether he meant that or not is for us to judge.

CHAIRMAN: Are you like my father, who believed that The Times could only tell the truth?

- A. Very nearly, but not quite. That was an interview with the Italian journalist.

Q. Yes.

- A. I would like to try and meet that point you have made, which I am very aware of. But may I just ask: I take it you are talking about the last few days before the invasion as opposed to the earlier stage when we were not thinking of an invasion at all?

MR REES: Yes, that at the very end they may have drawn back if they had known what the British Government were going to do.

CHAIRMAN: This would effectively be the days from 23/24 March onwards.

- A. Certainly from that Sunday night or Monday before the invasion I thought, and we all thought, that something serious might happen and, as you know, the Americans were asked to intervene as forcefully as they could. As I understand it - though others will be able to give the evidence - the Reagan talk with Galtieri was fairly tough and I believe that on our behalf and in a general sense he conveyed to Galtieri that if he did do anything silly the consequences could be very serious and there could be a serious reaction. But at the same time I ought to say, trying to sort out the hindsight from the reality, the fact was, as I recall it, the Chiefs of Staff, until really almost the point of invasion, were not absolutely clear whether it would be possible for us to retake those islands. And, as I recall it, it was not really until a few hours possibly before the invasion that it was beginning to become the view that it might be possible, if they were taken, for

us to retake them.

LORD WATKINSON: CDS was out of the country then.
- A. He happened not to be there. The First Sea Lord was very active and in attendance. All I would say is that I think that point needs to be borne in mind in terms of what kind of warnings we were capable of giving and that it would be sensible for us to give to the Argentine Government.

MR REES: We did decide eventually to retake them.
- A. And we decided very quickly, on I think the day of the invasion - that will have to be checked - that it was possible for us to do it, in military terms.

CHAIRMAN: Could I go back to another question: South Georgia. Were you involved in the handling of that incident, particularly in its early days?
- A. Yes, very much. I think I was the first to be rung up and told at the weekend.

LORD WATKINSON: You were telephoned, were you not?
- A. I was telephoned by Mr Ure.

Q. You were at home?
- A. I was sitting at home.

Q. Could you tell us, if you remember, what he said to you?
- A. Yes, he told me in broad terms that what had happened was that the scrap metal merchant, Mr Davidoff, who had this contract with a British firm...

Q. He told you about the contract?
- A. Yes - with Christian Salvesens.

Q. Could I just intervene and ask: when Davidoff went in the December of last year on a reconnaissance did the Foreign Office ever tell you then that this might cause trouble?
- A. First of all, I did not know about the reconnaissance of Davidoff at all until after the South Georgia incident.

Q. You did not? If I may just remind you, if the Chairman will allow me.

- A. I do now; I know now.

Q. We are talking about then. Davidoff went and the Governor, who was always deeply suspicious of Davidoff, wanted to have him disciplined - I will not go into all the reasons why. The Foreign Office immediately sent a telegram to the Governor saying that this would cause a most serious incident, in other words, "Watch your step, chum!". And although the Governor wanted Williams to get very rough about it in BA, the Foreign Office would not have this and merely told him to make a formal protest. Bearing in mind that the Foreign Office said, "This could cause a most serious incident" - I think those are the correct words - I am surprised they never told you about it.

- A. I have to say - and I cannot believe my memory has lapsed so badly as that - I certainly was not aware of any of that background until after the incident at South Georgia had taken place.

Q. And before you heard about it, he had also been to Williams in Buenos Aires - this may all be phoney but I am reporting the facts, so to speak - apologised for making a boob of going there and said, "What can I do to get myself regularised when I go again in March because I am going and I am going to give you a list of the men who I am sending?" - he did not go himself in the end. Was any of that reported to you?

- A. Not before the incident.

Q. No, I am talking about later on.

- A. After the incident, yes.

Q. So when you were rung up on this Sunday, what you are now telling us - and I apologise for interupting you - was all first time?

- A. It was all first time in terms of...

CHAIRMAN: You were a babe unborn on this at that moment?

- A. I was indeed, yes.

LORD WATKINSON: I am sorry, you were in the middle of telling us what he said. I just wanted to be sure that this to you was absolutely the first you had ever heard of it.

- A. Very much so.

Q. Thank you.

- A. He told me the background, which you are all familiar with, that he had landed but he had not got documentation. I said I thought it was sufficiently serious for us to bring in Lord Carrington and I think Lord Carrington brought in the Prime Minister over the weekend because it was then decided over the weekend to send Endurance down.

Q. That is what I was going to ask. Did you decide this on your own?

- A. No.

Q. You consulted the Foreign Secretary?

- A. No. As I recall it, on this my own view was that it would be better to try and at first just see if we could regularise it. But I think - and again I must be checked by other sources - the Prime Minister and Lord Carrington jointly felt - they were on the telephone to each other that weekend - that it really was right and proper to show that we meant business and that Endurance should set sail.

LORD WATKINSON: Could I ask you perhaps a slightly unfair question. Incidentally, I think we have no record of any conversation between Lord Carrington and the Prime Minister about this.

CHAIRMAN: No, none, which does not mean it did not happen at all.

LORD WATKINSON: Oh no.

CHAIRMAN: Lots of things are not recorded.

LORD WATKINSON: Was it represented to you in terms of what I would call a serious incident which might lead to another Thule, because that is rather the impression that the House of Commons in the end was given I think? Williams' view - and he reiterated it to us when we saw him, and he did plead always to play this thing down - was that it really might have just been a very stupid, clueless, nationalistic Argentine entrepreneurism with nothing to do with, initially, agent provocateurism at all.

- A. In one sense that could have been the case because after all he did have this contract and it was a contract that had to be fulfilled by 1983.

Q. That is right - £130,000 worth.

- A. And he had to get on with it.

Q. Yes.

- A. So from that point of view, yes. But the Southern Thule point was a point in the back of my mind. I felt that if we did not react this time it would lead to an even more serious deterioration, not only in terms of our understanding with the Argentine of our position but also with the islanders and with parliament. So I do not criticise for one moment the Prime Minister and the Secretary of State, Lord Carrington's, decision to send Endurance; it simply did not occur to me at that moment to be the right thing.

Q. Let me be fair, because I think these interviews are sometimes a bit unfair - I am only speaking for myself - I have written down - and I checked this with the Governor and with Mr Williams as far as I can - that I think the whole incident was somewhat misjudged and that in the end the steer you were given, and therefore the steer that Lord Carrington and no doubt the Prime Minister were given, was that this was a sort of invasion, if you like, whereas it might well have been, to begin with anyway, nothing to do with the junta - the junta itself said so,

for what it is worth, from a secret source - and was just a stupid bit of cluelessness of a chap trying to implement his contract but, being an Argentine, being unwilling to go to Grytviken and all that sort of thing. What I am asking you is - you may not be able to answer it - was the briefing in that sense, or was the briefing in the sense, "This may be another Thule, we had better send Endurance, we had better get tough"?

- A. Not that 'We had better get tough' too much, but that 'We cannot ignore it'. Although he had this contract he had been landed by a naval ship with naval personnel who were seen there - of course that might have been the only way he could have got there.

Q. Yes, this was a ship that did the rounds.

- A. That is right. But that this was not something, from the political point of view and in the general sense that I have just argued, that we could ignore. And I agreed with that judgment; I did not think we could ignore it. On the other hand, it seemed sensible, in view of the background of Davidoff, to try and see if we could find a way of papering over the difficulties, finding some way in which we could compromise over the question of diplomatic recognition, which was the difficulty.

SIR PATRICK NAIRNE: Was it the putting up of the Argentine flag which was important? I am not altogether clear why you did see it as so serious.

CHAIRMAN: He ran the flag up at Thule, of course, originally.

- A. I did not know about the flag until the Monday, incidentally.

SIR PATRICK NAIRNE: It was not mentioned by Ure?

- A. I do not think so. I was then asked in parliament when

I made a statement on Tuesday. And then I think the flag was taken down. I thought that was a deliberate thing that you would expect the Argentines to do. They had a flag on Southern Thule for a long time so that was not something which shocked me too much. I think it was difficult to keep this in proportion. We just wanted to try and calm the whole thing. That is why Ambassador Williams was instructed all that week simply to try and find a formula that would enable us to get over this little local difficulty and yet at the same time not show or demonstrate real weakness to the outside world by doing precisely nothing because what had happened was getting out to the outside world very quickly.

LORD WATKINSON: There is a possibility that this triggered the thing. It is only a possibility. The sending of the two frigates to cover Endurance; then the honour position. You remember Costa Mendez saying, "Harsh events will cause a harsh reaction", as reported by Williams. This was when Endurance was threatening to take off the remaining 10 or 11 chaps - incidentally, the chaps were never asked what they were doing there, the base commander never got around to that, he just observed them as if they were a sort of raiding party. It seems to me - again, I may be wrong about this - that the House of Commons rather got the bit between its teeth, that this was another Thule, when in fact it might not have been.

- A. The thing that bothered me all the way through, from experience in parliament, and perhaps their understandable sensitivity about the issue after the lease-back issue and so on, was that one really had to have an eye to parliamentary reaction and in an odd way if one had not done something positive one might have had an even worse situation from parliament and from the islanders in not doing that. I was extremely concerned about how things would go in parliament - indeed, with some justification! - and certainly I had

no way of knowing whether after that they were literally using Davidoff or, having seen this, the navy saw this as an excuse under the admiral to up the whole thing and push the junta into it. I think the latter is still quite the most likely prospect.

Q. It never occurred to you - and, to be fair, I think it never occurred to the Governor - that this might trigger an invasion of Port Stanley?

- A. It did not, not that kind of thing. I thought there was a danger there might be some military action on South Georgia and I was concerned about that.

Q. Yes, that is what the Governor thought too, but it never occurred to you that the junta might use this as an excuse to press the button on something bigger?

- A. No, it did not.

Q. And no advice given to you indicated this?

- A. No, absolutely not.

CHAIRMAN: One last question. Do you reckon you saw all the telegrams, the intelligence reports etc, about the Falklands while you were primarily concerned with it? I know it is amongst other things but it was hotting up gently. Did you see it all, do you think? How were things arranged?

- A. I am really not sure whether I saw all the intelligence reports that perhaps I ought to have seen. I do not know. I am in a rather difficult position to judge on that. I am told today that we should have been aware of the dangers of the La Prensa reports in January; I am told that there was a conversation between the British Ambassador and the Uruguayans - I did not see that at the time; I am told that there were some reports that Endurance had a very hostile reception at the end of January in a southern port - I was not aware of that. The only question I perhaps ought to

ask in fairness is whether having that information would have made any difference to our judgment. I do not know. But I get the feeling perhaps that one did not see everything that one ought to have seen, but I am not in the best position to judge that.

LORD WATKINSON: You did see the JIC report of July?

- A. Yes, I did.

LORD WATKINSON: You are of course aware that there was not anything else in the JIC, but are you equally aware, for example, that a certain Colonel Love went from Buenos Aires and spent some time in the Falklands and wrote a long despatch to the Governor when he got back to Buenos Aires expressing a good deal of alarm. It then went through the diplomatic bag and did not reach London until I think about 15 March. We had all this out with CDS yesterday. This man did express a good deal of alarm. What I am saying to you is that there were some signals, but you did not get them?

CHAIRMAN: There were things going on in the undergrowth and the question is how far, mixing metaphors, it came through the undergrowth and into the vision of people who were ministers.

- A. I am not in a position to judge because I do not know what I did not see. I am aware of one or two of those things that I have just mentioned. I am not aware of this Colonel Love at all. I have not to this day heard that story.

LORD WATKINSON: I used it just as an example really.

CHAIRMAN: But these other things that you have mentioned, you were not aware of at the time, you said?

- A. I was not aware of them at the time.

CHAIRMAN: Exactly.

LORD WATKINSON: And you were not aware of Davidoff until he did his second landing?
- A. I was not aware of Davidoff until he...

Q. Although there were a lot of telegrams, and a whole lot of to-ing and fro-ing before all this happened.
- A. I was not aware of that. I may be proved wrong, but I simply cannot remember being told about Davidoff before that incident.

SIR PATRICK NAIRNE: Did officials ever say to you, "We are all agreed as to how we should play this. Do you not think that we officials had better do some work looking beyond the end of the autumn 1982, hoping that things go well, as to how on earth we are going to carry this particular British Government's handling of this famous dispute forward?" - forward planning on the diplomatic front?
- A. It depends how forward you mean. That 5 March meeting was set in hand for all the various things we have already discussed.

Q. Quite so. I do not want to go over that again.
- A. It was not going beyond the 150th anniversary and all the things that might happen in 1982. I am not sure that I would criticise them for that. I think that this was as much as we could do in the circumstances for 5 March. I do not quite see that anything practical or useful would have been gained in going right beyond that because every contingency had been set in hand as a result of that meeting and the officials had a leading say in that and helped to recommend it.

Q. That I quite see would take you forward say 6 months.
- A. Yes.

Q. But I was raising deliberately the question, looking beyond that, as to what was going to happen in 1982-83.

- A. I think that 6 months to the end of 1982, looking at the 3 possibilities of UN, blockade and military action, were all the things that we were discussing and putting in hand at that particular meeting.

CHAIRMAN: Thank you very much indeed.

- A. Lord Franks, could I, in order that I do not have to bother you, make sure there was not something that I wanted to get across? (After consultation) I think by the remarkably thorough questioning I have more or less covered in my own mind the points that I think should be got across. I do not know whether I have a right, if I have any further reflections when you send me the script which I believe I have of this meeting, of putting additional points if they occur to me, in writing, rather than bothering you orally?

Q. I think if it is a matter of correcting what you have said, there is no problem at all. If you have comments which go beyond correcting of the record - a new one - I think I must consult my colleagues. I do not mind you being present at all. My own view is that this would simply be you saying that you had thought of further things which were relevant to us and you would be writing in and telling us. We would circulate it amongst us and use it or not use it as we thought fit. There is no reason why you should not and we would make whatever use of it we thought. This is sensible, is it not? (Agreed)

- A. If that is acceptable to you.

SIR PATRICK NAIRNE: And we might wish to see Mr Luce again.

LORD WATKINSON: One last very unfair question. Was the misjudgment - and this word 'misjudgment' is used; Lord Carrington used it - so was this misjudgment on which you and your colleagues resigned the misjudgment that when the confrontation came it would be 'measures', meaning

economic, blockade and so on; it would not be war or invasion?

- A. We were using, and I used it in my resignation speech - the word misjudgment in the sense that hindsight has proved us to be wrong, simply in that sense.

CHAIRMAN: "We did not expect an invasion, our policy did not include it, but it happened".

- A. That is what we meant by misjudgment. Maybe we misused the word but that was the reason for using it there.

Q. Thank you very much indeed.

- A. Thank you.

(The witness withdrew)