

IMMEDIATELY TO THE  
TO STOP US SINKING THE WHOLE ARGENTINIAN FLEET. THIS WOULD BRING ABOUT THE COLLAPSE OF ANY AUTHORITY IN BUENOS AIRES AND THE CREATION OF CHAOS. THE LIVES OF ALL FOREIGN SUBJECTS WOULD BE ENDANGERED. THERE WOULD BE NO-ONE TO DEAL WITH IN ARGENTINA AND THE WHOLE AMERICAN WORLD WOULD BE ALIENATED. I REPEATED THE VIEW THAT I HAVE EXPRESSED TO HIM OFTEN THAT THE LATIN AMERICANS WILL NOT BE ALIENATED BY FORCE BUT THEY WILL DESPISE AND BE ENCOURAGED BY ANY SHOW OF WEAKNESS, PARTICULARLY WHEN WE HAVE THE CARDS IN OUR HANDS.

2. HAIG SAID NEVERTHELESS THAT HE THOUGHT IT WAS DESPERATELY URGENT FOR THE PRIME MINISTER TO PROPOSE A CEASEFIRE TO COME INTO EFFECT WITHIN A CERTAIN NUMBER OF HOURS. UNDER THIS PROPOSAL FOR A CEASEFIRE WE WOULD UNDERTAKE NOT TO SHELL OR ATTACK THE ISLANDS, NOR TO CARRY OUT ANY OFFENSIVE MILITARY OPERATIONS OUTSIDE THE TEZ. THE ARGENTINES WOULD UNDERTAKE TO WITHDRAW ALL NAVAL VESSELS FROM THE TEZ AND TO UNDERTAKE NO AIR ATTACKS. IF THE ARGENTINIANS REFUSE THIS CEASEFIRE, HOWEVER, THEY WOULD PUT THEMSELVES IN THE WRONG WITH WORLD OPINION AND MRS THATCHER WOULD HAVE SHOWN MAGNANIMITY IN VICTORY.

3. HAIG'S IDEA WAS THAT THIS CEASEFIRE WOULD BE FOLLOWED BY THE IMPLEMENTATION OF THE SEVEN-POINT PLAN. HE EXPECTS TO HEAR AGAIN FROM THE PRESIDENT OF PERU WITHIN A MATTER OF AN HOUR OR TWO AND IS MOST ANXIOUS TO HAVE SOME INKLING FROM LONDON ABOUT HOW HIS IDEAS ARE RECEIVED.

4. I TOLD HIM THAT AFTER WAITING THREE WEEKS WHILE THE ARGENTINIANS REINFORCED THE ISLANDS WE WERE NOT IN A MOOD TO RUSH TO AN ARMISTICE JUST BECAUSE THE ARGENTINIANS WERE LOSING HANDS DOWN. BUT HAIG SAID THAT HE THOUGHT THAT EVERYBODY KNEW NOW WHERE THE MILITARY SUPERIORITY LAY AND HE WAS VERY WORRIED IF WE GAVE THE IMPRESSION OF DRIVING THINGS TOO FAR.

5 I AM SORRY IF ALL THIS SOUNDS A BIT IMPETUOUS BUT I WOULD LIKE TO HAVE SOME SORT OF REACTION FROM YOU IF ONLY TO GIVE HAIG A STEER IN HIS PRESENT EXTREMELY ACTIVE FRAME OF MIND.

HENDERSON

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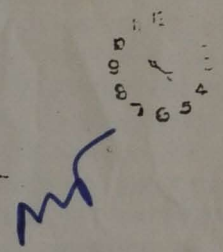
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FALKLANDS

1. HAIG HAS BEEN ON THE TELEPHONE TO ME AT SOME LENGTH THREE TIMES ALREADY TODAY.

2. HE WAS ANXIOUS TO KNOW HOW YOU HAD GOT ON IN NEW YORK AND I TOLD HIM OF PEREZ DE CUELLAR'S IDEAS AND OF YOUR IMMEDIATE COMMENTS (UKMIS TELNO 631).

3 HE TOLD ME THAT HE HAD SPOKEN TO THE PERUVIAN PRESIDENT AT 1.00 AM TODAY. THE LATTER HAD COMPLAINED BITTERLY THAT BRITISH ACTION HAD TORPEDOED THE CHANCES OF PEACE. HE WAS CRITICAL OF THE USA AS WELL AS OF THE UK. THEY WOULD BOTH NOW HAVE TO PAY A HEAVY PRICE. HE HINTED THAT THE SOVIET UNION WOULD NOW BE INCREASINGLY INVOLVED. HAIG SAID THAT HE THOUGHT A GOOD DEAL OF JOINT THINKING WAS NEEDED ON HOW TO GET NEGOTIATIONS GOING AGAIN. THERE WAS A HEAD OF STEAM BUILDING UP IN THE AMERICAN HEMISPHERE. COSTA MENDEZ MIGHT COME BACK TO THE RIO TREATY ORGANISATION CONFIDENT THAT HE COULD GET SUPPORT FOR SANCTIONS. THE AMERICANS WOULD OF COURSE VETO IT BUT IT WOULD DIVIDE THE HEMISPHERE BETWEEN NORTH AND SOUTH. ACCORDING TO HIS INFORMATION THE MOOD IN BA WAS GETTING VERY UGLY BOTH AGAINST THE BRITISH AND AMERICANS. IT WAS BEING PUT ABOUT THAT THE CRUISER HAD BEEN HIT AS A RESULT OF INTELLIGENCE PASSED BY US SATELLITES AND WITH THE HELP OF A SPECIAL WEAPON PROVIDED BY THE AMERICANS. THE US AMBASSADOR IN BA WAS MOST ANXIOUS THAT SOME DIPLOMATIC INITIATIVE SHOULD BE TAKEN.

4. HAIG THOUGHT THAT THERE WAS A SERIOUS DANGER THAT IF FURTHER SUCCESSFUL MILITARY ACTION WAS TAKEN BY US U.S. OPINION, AND FOR THAT MATTER WESTERN OPINION MORE GENERALLY, MIGHT BECOME LESS FAVOURABLE TOWARDS US. PEOPLE MIGHT SAY WE WERE OVER-REACTING.

3. YOU DINED AT... WHO WAS ACCOMPANIED BY RAFAE AHMED AND A NOTE-TAKER.

5. I REMINDED HIM THAT, ACCORDING TO INFORMATION THAT HE WOULD HAVE SEEN, THE ARGENTINIANS HAD ORDERED THREE FRIGATES TO ATTACK THE HERMES AND THE CARRIER HAD BEEN GIVEN INSTRUCTIONS TO ATTACK BRITISH SHIPS. IT COULD NOT THEREFORE BE SAID THAT THE ARGENTINIANS WERE BEHAVING PEACEFULLY AND THAT IT WAS ONLY US WHO WERE PREPARED FOR CONTINUED ACTION. IF THE ARGENTINIANS WANTED PEACE THERE WAS NO DIFFICULTY WHATEVER FOR THEM TO SHOW IT.

6. HAIG SAID THAT IT WAS DIFFICULT TO KNOW WHETHER BANGING THE ARGENTINIANS HARD WAS THE ONLY THING THAT WOULD BRING THEM TO NEGOTIATE OR WHETHER IT MADE THEM MORE INFLEXIBLE. I MADE THE OBVIOUS RETORT THAT WHEN FOR THREE WEEKS WE HAD NOT DONE ANYTHING AGAINST THEM THEY HAD SHOWN NO FLEXIBILITY.

3. YOU DINED AT ... WHO WAS ACCOMPANIED BY RAFEE AHMED AND A NOTE-TAKER.

7. HAIG SAID THAT HE DID NOT DISAGREE BUT HE WAS SURE SOMETHING SHOULD BE DONE. HE WONDERED WHETHER IT WAS NOT NOW THE TURN FOR LONDON TO SHOW AN INITIATIVE IN FAVOUR OF PEACE. HE REPEATED HIS FEAR ABOUT THE WAY THE PRESS IN THE USA MIGHT SWING AGAINST US IF WE APPEARED TOO BELLICOSE. COULD NOT MRS THATCHER COME FORWARD WITH SOME SUCH DECLARATION THAT SHE WOULD BE PREPARED TO DESIST FROM HOSTILITIES IN A CERTAIN SPACE OF TIME, PROVIDED THE ARGENTINIANS EXPRESSED A READINESS TO DO THE SAME AND TO AGREE TO WITHDRAW. I SAID THAT THE ARGENTINIANS HAD HAD PLENTY OF TIME TO NEGOTIATE AND WHAT WE COULD NOT DO AT THIS STAGE WAS TO LET UP THE MILITARY PRESSURE UNLESS THERE WAS A CATEGORICAL ASSURANCE THAT THE ARGENTINIANS WERE GOING TO WITHDRAW AND DESIST FROM MILITARY ACTION. HAIG REPEATED HIS CONCERN AGAINST JUST CARRYING ON AS WE ARE. HE DID NOT THINK PEREZ DE CUELLAR WOULD GET ANYWHERE. HE WAS THINKING OF PUTTING TOGETHER A SEVEN POINT SCHEME THAT HE HAD DISCUSSED WITH YOU YESTERDAY BUT HE WOULD CONSULT WITH US FIRST. HE REPEATED THE VIEW HE HAS PUT TO US ALREADY THAT THE ONLY ADVERSE ASPECT OF IT FROM OUR POINT OF VIEW WAS THE FACT THAT THE CONTACT GROUP WOULD COMPRISE SIX PARTIES, THREE OF THEM FROM LATIN AMERICA. THE GROUP HE IS NOW THINKING OF FOR AN INTERIM AUTHORITY WOULD INCLUDE THE USA, THE FRG, JAMAICA, VENEZUELA, BRAZIL AND PERU. I SAID THAT THIS WOULD MEAN THAT THE LATIN AMERICANS COULD BLOCK ANY ACTION. I ALSO SAID THAT ACCORDING TO OUR INFORMATION THE ARGENTINIANS HAD REJECTED THESE PROPOSALS, WHICH WERE THE SAME AS THE PERUVIAN PROPOSALS, ON THE GROUNDS THAT THEY COULD NOT NEGOTIATE UNDER DURESS (IE THE TORPEDOING OF THE CRUISER). HAIG SAID HE THOUGHT THAT ALTHOUGH THE ARGENTINIANS WERE BENT ON A SUICIDE COURSE SOME EFFORT SHOULD BE MADE TO REFLOAT SUCH IDEAS. HE WOULD BE PUTTING SOMETHING TO US VERY SHORTLY AND WAS MOST EAGER FOR YOUR REACTIONS. I SAID IN ANSWER TO G'S LAST CALL THAT YOU WERE ON THE FLIGHT HOME SO YOU COULD NOT BE EXPECTED TO REACT IMMEDIATELY.

8. I TRIED TO RESTRAIN HAIG FROM BEING TOO PRECIPITOUS. HE ASSURED ME THAT HE WAS NOT BEING PANICKY.

HENDERSON

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