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From the Principal Private Secretary

19 May 1982

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The Prime Minister and the Foreign Secretary saw Mr David Steel and Dr David Owen at 1620 today in the Prime Minister's room in the House of Commons to discuss the present position on the Falkland Islands.

The Prime Minister said that there was very little she needed to say about military developments. At the moment there was little military action taking place. On the other hand, there had been a succession of major events in the diplomatic field. The Government had recalled Sir Anthony Parsons and Sir Nicholas Henderson for consultations to help them decide how best to handle the present, very delicate stage. Prior to the Ambassadors' return we had considered six sets of proposals. Every time we had come up against the same problems with the Argentines. They wanted asymmetrical withdrawal of forces. They were seeking interim arrangements which would allow them to flood the islands with Argentinian immigrants who would be so numerous that they would change the character of the islanders' way of life. Their aim was to have negotiations on the long term future of the islands which led quickly and ineluctably to a transfer of sovereignty to the Argentine. They also wanted a terminal date for the negotiations with no provision to deal with the situation where no agreement had been reached by that date.

In the light of these Argentinian objectives the Government had decided that we would communicate to them through the UN Secretary General written proposals which represented the limit of what we could offer. We had handed over our paper to the Secretary General on Monday, making it clear that this was our final position and that we could not accept amendments of substance to it. We had asked for a very rapid response from the Argentine. Although we had not yet received their full reply to our proposals, we had now got a preliminary indication of their response. This suggested that they had gone back to the position they had adopted during Mr Haig's second visit to Buenos Aires. It looked as though they would produce counter amendments which were designed to cause confusion and delay.

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Their approach to the negotiations appeared to be exactly as it had been to the Beagle Channel arbitration. We hoped to receive their full response in writing later that day. Once we had their answer, the Government proposed to publish its proposals as quickly as possible. We hoped to do this before the debate in the House the following day. In her opening speech she would make as full a statement about the British proposals as possible.

Dr Owen asked whether the Argentines appeared to be demanding that they should be allowed to purchase land in the Falkland Islands and settle in unlimited numbers in the interim period. He also wondered whether they would accept the involvement of the islanders in the interim administration.

The Foreign Secretary said that it did indeed appear to be the Argentinian's objective to send large numbers of their people to settle in the islands. The question of the involvement of the islanders in the interim administration had cropped up constantly in the negotiations, but there was no sign that the Argentines were ready to accept that the islanders should have some say in their own government. As regards the long term future, the Argentines had earlier accepted a formula which provided that negotiations should be conducted with no pre-judgment about their outcome. But it was not clear whether they would stand by this formula. His own view was that they found it politically impossible to reach agreement internally on a negotiated settlement, notwithstanding their growing military anxieties.

Mr Steel said that the Government's problem presumably was that it could not let negotiations drag on indefinitely. He wondered whether the UN Secretary General would produce proposals of his own.

The Foreign Secretary confirmed that we could not let the Argentines procrastinate endlessly. It was possible that Senor de Cuellar would produce his own proposals: at the moment we simply did not know whether he would.

Dr Owen said that he was not absolutely clear why the Government had offered a debate the following day. How did the Government hope the debate would end? Was it their aim to carry the House of Commons a little further down the road towards accepting large scale military action? There was a risk that the House of Commons was getting into a situation where it continually held interminable debates which had no conclusion.

The Prime Minister said that the proposals which we had put to the Secretary General were a new step in the negotiations. Once the Government published them, it was right that they should be debated. This was likely to be a critical week. The Government would be accused of bad faith by the Labour Party if no debate was offered. She was anxious to preserve as much unity

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in the House of Commons as possible at the present juncture, and she believed that it would help greatly to that end to have a debate on the Government's proposals. What she was not prepared to do, as she had made clear repeatedly, was to accept Mr Foot's argument that there should be a debate before the Government decided upon major military action. That was constitutionally wrong.

Dr. Owen said that he agreed with the Prime Minister about the constitutional aspect of Mr. Foot's request for a debate. More generally, he was worried about the public perception of the longer-term outcome of the Falklands crisis. The Government intended to publish its proposals following the Argentinian rejection of them. Presumably, British forces would land in the Islands shortly thereafter and repossess them. Then all previous proposals for a negotiated settlement would be at an end. Our forces might sustain extensive casualties. Sooner or later we could well be engaged once more in negotiations with the Argentine. People would then ask what we had fought for. He believed that before any attempt to regain the Islands was made, the Government should say publicly what its long-term aim was, difficult though he realised this matter was. One of our problems would be that in the eyes of many other countries it would appear that our objective was to reassert colonialism in the Falkland Islands. In this context he wondered whether it would be helpful to look again at the idea of UN trusteeship.

The Foreign Secretary agreed that at this stage it was very difficult to be clear about the long-term future of the Islands. None the less, after we had repossessed the Islands, we would be in a much stronger position physically and morally than the Argentine. Plainly, in taking decisions on the long term, the Government would take fully into account the wishes of the Islanders themselves. They would have the right of self-determination. It was possible that we might wish to try to arrange a multi-national guarantee of the security of the Islands, though it was worth mentioning in passing that Mr. Haig thought it inconceivable that the Argentine would ever attempt to reinvade once they had withdrawn from the Islands.

The Prime Minister added that Ministers had looked very carefully at the idea of UN trusteeship, but it contained a number of difficulties. For example, it was unlikely that, under a trusteeship, there would be any barrier to prevent Argentines settling in the Islands in such numbers that the present way of life of the Islanders was radically changed.

I am sending copies of this letter to John Halliday (Home Office), David Omand (Ministry of Defence), Keith Long (Office of the Chancellor of the Duchy of Lancaster) and David Wright (Cabinet Office).

Yours *was*,

Anne Whitmore.

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Foreign and Commonwealth Office.

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