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TELEGRAM

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12065 E.O. 12812 TAGS: SUBJECT: ACTION:	FROM	CLASSIFICATION
	AMEMBASSY BUENOS AIRES	SECRET NODIS
	RDS-1 4/8/82 (REX RENTSCHLER, JAMES M.) (Haig, Alexander M. Jr.)	
	SECRETARY'S WORKING DINNER WITH PRIME MINISTER THATCHER, Ap	
	SECSTATE WASHDC IMMEDIATE 6666 , 6667, 6668	
	SECTO 5038	
	NODIS	
	<p>1. SUMMARY. During an extended working dinner discussion April 8 in Number Ten, the Secretary and senior members of his party explored with Prime Minister Thatcher the possibilities of a peaceful settlement between the UK and Argentina of the South Atlantic crisis. The PM, strongly seconded by Defense Minister Nott and less so by Foreign Secretary Pym, asserted UK determination to achieve the status quo ante. The Secretary suggested a possible promising course which might ensure essential of British position (withdrawal of Argentine forces from the Falklands, restoration of British administration) while leaving Argentina a face-saving way out via interim arrangement involving internationally recognized presence. PM indicated little willingness of give in UK position but</p>	

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DRAFTED BY:	DRAFTING DATE	TEL. EXT.	CONTENTS AND CLASSIFICATION APPROVED
NSC:JMrentschler:fp	4/8/82		THE SECRETARY

CLEARANCES:

P:DCGompert

S:AAAdams

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BY LOJ NARA, DATE 1/28/08

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TALKING POINTS -- THATCHERArgentine Mood

- As we agreed, I was brutally frank with Galtieri about your resolve and the solidarity of the British people. I told him you were ready for war--militarily and psychologically--and that this would be the result unless he altered his course.
- Galtieri is being swept along by forces over which he has at best limited control. He has whipped up the public into a state of frenzy. He is not committed to fight--though the navy is itching for battle.
- He will have no choice but to see this through unless he can show his people that the original decision was not a mistake. And if his forces are attacked, he will have no choice at all.
- My sense is that your strategy of pressure is working--so far. But there is no doubt in my mind that it will not produce a withdrawal from the Falklands. Thus, if there is no settlement, and assuming hostilities do not occur, what it comes down to is whether the Argentine presence on the Island will become untenable over time.
- It will not. The Argentines are a fatalistic people. Your fleet will be in the South Atlantic indefinitely, even if we are lucky enough to avoid hostilities.

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NLS FOI-055 #26866BY LCS NARA, DATE 1/28/08

State of Play

-- After twelve hours of back and forth--and ups and downs--we came up with a package which the Argentines may be able to accept. I say "may" because as I left they reintroduced unacceptable demands involving Argentine interim rule and assumed sovereignty. We have no choice but to ignore this posturing.

-- The package I have brought here is not a US proposal. But I must tell you in candor, I would have to say it's reasonable.

-- If the choice is between this package and war, the view of the United States is clear.

Thatcher's Starting Point

-- I understand and support your basic position:

- withdrawal
- restoration of British administration
- preservation of the right of self-determination for the Falklanders.

-- My whole effort in Argentina was aimed at bringing them as far as possible on these fundamental points.

-- They began by demanding, as the price for withdrawal, Argentine rule in the interim and a commitment to Argentine sovereignty in a fixed, short period.

-- We brought them along way. If they were to confirm their acceptance of the package we developed there, your three basic needs would be met.

The Package

- The basic concept is to trigger withdrawal by giving the Argentines some sort of interim official presence on the Islands and a commitment on negotiations, without saying how the negotiations turn out.
- We would accomplish this by an agreement containing the following elements.
- First, the sides would agree to withdraw from the island and an agreed surrounding area. Knowing you do not relish the thought of keeping your fleet at the bottom of the world, we got the Argentines to agree to two weeks.
- Second, the vacated zone would become demilitarized until a final settlement. The Argentines would like a commitment from you to keep your fleet out of the South Atlantic altogether, but in the end will be satisfied if you simply announce unilaterally your plans to return the fleet as the crisis is defused.
- Third, compliance with these provisions would be entrusted to a commission made up of American, British, and Argentine representatives. Such a mechanism is needed anyway, and there is a logic to the composition. The alternative is the OAS or an ad hoc group of friendly countries.

- Fourth, the sanctions will be lifted. This would not have to include restoring of diplomatic ties.
- Fifth, traditional local administration would be restored, including the Executive and Legislative Councils. In keeping with the idea that the Commission is to ensure compliance with the agreement, your administration would submit its decisions and regulations to ensure that British actions on the Island were consistent with the agreement. I believe you told me last time that you could accept a mechanism to ensure your compliance. The fig leaf for Galtieri is his representative on the Commission.
- Sixth, the commission will recommend ways of facilitating communication, trade, and transportation between Argentine and the Islands. You would have a veto, though frankly I'm not sure that greater communication isn't wise.
- Seventh, negotiations on a final settlement will be pursued consistent with the Purposes and Principles of the UN Charter. This covers the right of self-determination.
- Rightly or wrongly, the Argentines claim that the negotiations would drag on forever. They therefore insisted that the parties undertake to complete them by December 31, 1982.

-- I took to heart what you said when I was last here about your position, and I believe what I've outlined is responsive.

Principles and Politics

-- I recall that you also stressed that we could not reward aggression. This is as important to us as it is to you.

-- Let's face it, if there is to be a peaceful outcome, Galtieri will, by definition, try to sell it as a victory. If we try to deny that, I'm convinced we'll have war.

-- But consider the larger equation. Argentina seizes the Falklands by force. Then, confronted with the British fleet and British resolve, he is compelled to withdraw, without much to show for it.

-- This will be a success for British will, British principles, British might, and American diplomacy. We want such a success as much as you.

The Consequences of Failure

-- I am sure you have considered the consequences of failure to arrive at a peaceful outcome.

-- Argentina has isolated itself by using force. If Britain does so now, the fact that you feel it's justified won't stop world opinion from turning against you. I'm sure you're ready for that, but it won't help you in proving your point that aggression doesn't pay.

-- The Soviets were cautious

at first, but no longer. The Cuban Ambassador to Argentina returned while I was there, after over a year's absence. He offered Galtieri full support and implied strongly that the Soviets were also ready to help.

-- The Soviets see a chance to replace the French and others as Argentina's arms supplier and thus establish a beachhead in the Southern Cone. The junta will not decline, if there is no settlement. Anti-communist feelings will be subordinated to the imperative of survival.

-- Soviet access to Argentina could have profound strategic consequences.

-- A conflict would tear the OAS apart, virtually eliminating it as a bulw^Ark against communist subversion.

-- It could trigger trouble in Belize, the Beagle Channel, and between Guyana and V^enezuela.

-- And of course, the Argentines will not leave the Falklands alone.

-- The problem will not simply be the destruction of American policy in the Western Hemisphere. Western interests are at stake in the broadest sense.

-- Finally, having brought the Argentines this far, how will we be able to explain to our own people why war was chosen over peace.

How to Proceed

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If you believe what I have outlined provides a basis for discussion, I suggest that I follow up with Francis and John and then get back to you.