

**218. Memorandum From James M. Rentschler, Dennis C. Blair,  
and Roger W. Fontaine of the National Security Council  
Staff to the President's Assistant for National Security  
Affairs (Clark)<sup>1</sup>**

Washington, May 4, 1982

SUBJECT

The Falkland Islands: What Now?

*Situation*

The sinking of the Belgrano brings the South Atlantic conflict to an alarmingly new and perhaps desperate stage, one which throws into sharper relief the negative strategic factors which the U.S. will increasingly confront as the hostilities persist. We are in a situation where only an act of sanity may now save not only the belligerents from further loss, but larger U.S. strategic interests as well.

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<sup>1</sup> Source: Reagan Library, Executive Secretariat, NSC Country File, Latin America/Central, Argentina (04/28/1982-05/04/1982). No classification marking. Sent for action. A stamped notation at the top of the memorandum indicates that Clark saw it.

With this in mind, your own private “Falklands Task Force” provides a rundown of judgments we consider relevant and outlines what we consider to be the necessary act of sanity (which really depends on the U.K., by far the saner of the two disputants at this point). In brief, we feel the moment has been reached in this conflict when the Brits can declare victory on the military level and demonstrate some magnanimity with a political offer designed to stave off an Argentine Götterdämmerung (in which we would all substantially suffer). Urgency is now *the* issue: as this goes to press the wires are reporting another Vulcan attack on Port Stanley. . . .<sup>2</sup>

### *Key Judgments*

—Contrary to British hopes, tightening the screws on Argentina will *not* make them more amenable to negotiations. On the contrary, Galtieri is a high-stakes gambler who will keep putting chips on the table as long as he has them, hoping for the lucky strike to bail him out;

—What is true of Galtieri is probably also true of anyone who succeeds him (with the possible exception of Orfila, who might favor a diplomatic route but whose margin of maneuver would be tightly constrained by the military).

—Continuation of the British blockade with sporadic military action will result in a grave setback to all our policies in this hemisphere as Latin American positions harden, while tying the Royal Navy down 8,000 miles away from its NATO responsibilities.

—Now that we have come down on the British side, our leverage with Mrs. Thatcher is greatly increased; we are a *de facto* partner in the enterprise and can use that position to push our own interests in ways denied to us in our previous “honest broker” role.

### *Proposal*

—That the United States initiate another peace offer, this time through the OAS. The offer would link ultimate Argentine sovereignty after a reasonable protracted period (say, 20 years) with immediate withdrawal of Argentine troops and a third country or mixed administration during the transition between now and then.

### *Rationale*

—To the U.K., the plan offers a chance to escape from having to defend the Falklands forever, should the Brits succeed in retaking them.

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<sup>2</sup> A May 4 intelligence memorandum for the record reported the May 4 British air attack on the Port Stanley airport was conducted by one Vulcan bomber in order to make the airport “unusable for light transport and communications aircraft from the Argentine mainland.” (Washington National Records Center, OSD Files, FRC 330-84-0003, Argentina (Jan-15 May) 1982)

The 20-year grade period will allow the Falklanders sufficient time to make up their minds to become Argentinian or emigrate, or otherwise take advantage of whatever resources and options the Brits can put at their disposal during the period in question—a kind of qualified self-determination (the Brits must—and probably do understand that the desires of 1800 shepherders cannot eternally dictate the larger strategic interests of the United Kingdom, let alone the United States). Part of the agreement could also be a bill of rights for the Falklanders.

—To Argentina, the plan offers a way to realize its core objective of ultimate sovereignty. It will not have the sovereignty by the end of 1982, as it had wished, but that is the price it pays for losing a war Argentina itself precipitated. [If] Galtieri (or a successor regime) is implored to accept this plan by a unanimous resolution of the OAS, it will have a face-saving way to do so.

#### *Implementation*

—We need to clear this plan with the Brits first. It should be done by private message to Mrs. Thatcher—we do not need more shuttle diplomacy now.

—We then need to send a message from the President to Galtieri once it looks as if the plan is gaining momentum.

#### *RECOMMENDATION:*

That you discuss the above outline with Secretary Haig, with a view toward gearing the diplomatic machinery in that direction.<sup>3</sup>

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<sup>3</sup> Clark neither approved nor disapproved the recommendation.