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THE SECRETARY OF STATE
WASHINGTON

May 26, 1982

MEMORANDUM FOR: THE PRESIDENT
From: Alexander M. Haig, Jr.
Subject: Falklands Crisis

Our latest exchanges with the British confirm that they are currently not of a mind to work toward a negotiated settlement which gives anything at all to the Argentines before they retake the Islands. After my conversation with you on Monday, I put to them the idea of a US-Brazilian peacekeeping force as a way of enabling them to contemplate withdrawal of British forces as part of an interim agreement. The reply I just received from my British counterpart, Pym, states that the ideas of mutual withdrawal and interim administration are "no longer realistic," given the major change in British mood resulting from their successful landing.

In the meantime, the UN Secretary General has asked the two parties for their positions on a ceasefire within 24 hours. The Argentines have replied that they could accept a ceasefire first, followed by discussions of mutual withdrawal. The British position, which has not yet been given officially to the Secretary General, is that a ceasefire is acceptable only if there is a simultaneous Argentine withdrawal. The two sides could not be further apart. The Secretary General has asked us to put pressure on the British to accept mutual withdrawal, warning that he will announce Thursday evening that a ceasefire is not possible if the British have not moderated their position.

It would be a major error for us to pressure the British at all at this point. Given the mood in London, American pressure would be in vain; we should conserve our leverage with Mrs. Thatcher until it can be used to produce results, i.e., when the islands are effectively in British hands.

At my suggestion, the British will try to delay responding to the Secretary General on the ceasefire question. At a

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minimum, we would hope to have the OAS meeting -- which begins Thursday and could last for several days -- behind us before the Secretary General declares that the British position makes a further effort on his part impossible. As it is, we will not find it easy to get through the OAS meeting without a bad resolution. If the latest UN effort aborts -- and the British are blamed -- our support from moderates in the OAS will disintegrate.

There is virtually no hope of productive negotiations before the British complete their re-occupation of the Islands. Even then, the British will be reluctant to offer anything to the Argentines. They will want a ceasefire, and they are sensitive to our concerns about further damage in the Hemisphere and new opportunities for the Soviets and Cubans. But they will not be flexible, at least in the short term, in the flush of victory.

At the right time, we should go back to the British with suggestions regarding the sort of offer they should make once they have retaken the Islands. A British victory on the Islands, unless followed by an effort to reach a negotiated solution, would lead only to further conflict and an unhealable wound in our relations with our Latin neighbors. We are now working on ideas for such an offer.

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