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Mr. Mc Namara

AMBASSADE D'IRLANDE

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WASHINGTON DC

para 4 in summary of para

12 in 10/15/82

Confidential
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S U M M A R Y

THE US DILEMMA OVER THE SOUTH ATLANTIC CRISIS

Present US efforts to restrain British actions in the Falklands are an expression of the Administration's desire to limit the damage done to US interests in Latin America by its support of Britain in this conflict. Although last week's OAS resolution (text supplied) could have been more severe, it is nevertheless a grave setback for US influence in the organisation and for inter-American relations generally. The US expected something of this kind in deciding to support Britain for reasons of Atlantic solidarity, loyalty to its most dependable ally and the defence of certain status-quo principles, but American business, in particular is worried about the long-term effects of a humiliation of Argentina, causing it to turn deeply anti-American and pull other states in the region along with it, thus disrupting American interests for many years to come. The Council of the Americas, chaired by David Rockefeller, sent a delegation to discuss the problem with Clark. Wider political and military considerations, including the weakening of NATO by the prolonged diversion of British sea and air power and the opportunity to the Soviets and Cuba presented by this situation are also in the mind of the Administration.

2. The US has thus begun a "damage control" exercise hoping to achieve the same result with Argentina reached with Egypt in the 1973 Middle East war, where the US backed Israel but successfully restored its ties with Egypt. This presupposes an honourable outcome of the Falklands battle for Argentina and US support for a satisfactory political settlement thereafter as well as economic aid to Argentina. Hence Haig's repeated calls for "Churchillian magnanimity" (c.f. my report on EC lunch of 25 May) and Eagleburger's indication that the US would move before the Argentines were expelled to the mainland. But Thatcher has poured scorn on magnanimity, and telephone conversations Reagan has had with her are described as "difficult". He will make his last effort in the margin of the Paris summit. Meanwhile the US are concentrating on efforts to persuade the Argentines to withdraw under Res. 502.

3. If there is little hope of an honourable exit for Argentina, the outlook for a long-term political settlement seems equally bleak at present, given Thatcher's withdrawal of all concessions previously offered, her talk of developing the Falklands and the resurrection of the Shackleton scheme. It is worth noting however that the US has declared itself neutral on the sovereignty issue and would only be interested in participating in a joint administration in the context of an agreement with Argentina. Economic aid would probably be the simplest condition for the US to supply and the Rockefeller group's initiative points in that direction.

4. Irish neutrality in the Falklands affair has not affected our relations with the US in any appreciable way, probably because US support of Britain is due more to loyalty to a trusted ally than to any more immediate US interest. An illuminating aspect of the affair, from an Irish point of view, is the emotional depth of that loyalty and the spontaneous expression given to it by certain public figures who are also widely known as friends of Ireland.

F. O'Sullivan

Ambassador

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11. While it thus seems clear that there is little hope of bringing about a withdrawal "with colours and drums" that would save Argentina's honour as she herself sees it, the likelihood of the US being able to supply the second element of an Egyptian-type settlement - economic and political support for Argentina - falls into the realm of speculation. Of the two, economic support seems the easier in US circumstances, and the initiative taken by Mr Rockefeller's group seems to point in that direction. As regards support for a political settlement, it is worth noting that the US has declared itself neutral in the matter of ultimate sovereignty over the islands and has declared that it would be interested in participating in an interim administration only in the context of an agreement with Argentina, thus in effect rebuffing the British idea of a joint administration, including the US and one or more Latin American countries (Chile and Colombia ?) which would in effect defend the Falklands against Argentina. Meanwhile Mrs Thatcher's withdrawal of all concessions previously offered, her statements about developing the Falklands and her resurrection of the Shackleton scheme augur ill for the inception, let alone the success of any negotiations on sovereignty. All in all, the outlook for any US diplomatic fence-mending exercise on the lines of that achieved with Egypt in the seventies is hardly bright.

12. These events contain some useful pointers, where Irish interests are concerned. Our neutrality in the Falklands affair,

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damaging as it has been, at least temporarily, to Anglo-Irish relations, has not affected our relations with the United States in any appreciable way. Initial surprise, amounting to disapproval, at what was thought to be a volte-face on our part after the sinking of the Belgrano was not given official expression and was only informally adverted to. Our subsequent constructive activity in the Security Council removed any misunderstanding that may have existed under that head and may even have been judged helpful by the US, though Mr Haig might have a different view of its usefulness from Mrs Kirkpatrick. As regards the popular reaction, this also has been extremely mild, even if popular opinion has been misinformed. The Embassy has received no more than two letters, one for and one against Britain, but in casual conversation the question is often asked "why Ireland is supporting Argentina" and it is frequently suggested that this is "because of Northern Ireland". This virtual absence of criticism of Irish neutrality in the Falklands crisis is no doubt due to the fact that the US itself initially adopted a neutral or "even-handed" stance and that she is an ally of Britain out of a rather costly sense of loyalty rather than out of easily perceivable interest. One of the most illuminating aspects of the affair, from an Irish point of view, is the strength of that loyalty to Britain on the part of the American leadership and of other public figures who are also widely known as friends of Ireland, such as Senator Moynihan and Speaker O'Neill. The British

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Embassy made admirable use of the Speaker's remark that despite his Irish blood and heritage, he was 100% behind Mrs Thatcher. Leaving aside the merits of the case, and the fact that these statements were made immediately after the initial Argentine invasion, it is intriguing - though perhaps idle - to speculate whether loyalty to Britain would express itself with equal spontaneity in the event of serious differences between our own country and Britain, or whether it would be muted out of regard for the views of some, at least, of those 44 million Americans who, according to the latest census report, regard themselves as of Irish descent.

J. E. O'Sullivan

Ambassador

cc: Ambassador, PMJN, New York