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TO IMMEDIATE FCO

TELEGRAM NO 332 OF 2 JUNE

INFO IMMEDIATE PARIS (FOR PS/MR BLAKER) MODJK (DS11 DOP'S)
PRIORITY CANBERRA WELLINGTON WASHINGTON UKMIS NEW YORK SUVA
HONIARA PORT MORESBY.

Read in full

NEW HEBRIDES: GENERAL APPRECIATION.

1. IT MAY BE WORTHWHILE TO HAVE MY THOUGHTS IN ADVANCE OF MR BLAKER'S MEETING WITH M DIJOU.
2. FROM THE CURRENT ATTITUDE OF THE FRENCH RESIDENCY, THAT THERE IS NO SUBSTANTIAL PROBLEM ON THE GROUND AND THAT ONE SHOULD BE CAREFUL NOT TO OVERREACT, I WOULD GUESS THAT M DIJOU MAY TAKE THE LINE THAT, REGRETTABLE THOUGH THE EVENTS OF SANTO ARE,, THE ANSWER IS TO GET JIMMY STEVENS AND THE CHIEF MINISTER TOGETHER AGAIN TO WORK OUT A QUOTE MELANESIAN UNQUOTE SOLUTION. STEVENS HAS PROPOSED A MEETING IN A RADIO MESSAGE RELAYED FROM CUSTODY BY DALESA, (WHO ACCORDING TO REASONABLY RELIABLE BUT NOT EYE WITNESS REPORTS, WAS BEATEN TO MAKE HIM DO IT AND TAKEN TO THE FRENCH HOSPITAL) AND WE UNDERSTAND HE MAY BE PREPARING A COMMUNIQUE TO THIS EFFECT. DIJOU MAY PERHAPS URGE THAT MEANWHILE ANY THREAT OF ECONOMIC SANCTIONS SHOULD BE AVOIDED SINCE THEY WOULD DAMAGE THE ECONOMY OF THE COUNTRY AS A WHOLE WITHOUT ACHIEVING MUCH AND THAT THE THREAT OF USE OF MILITARY FORCE IS UNTHINKABLE.
3. ASSUMING TGAT WE ARE NOW PREPARED TO GO ALONG WITH THIS SCENARIO, THERE APPEAR FROM HERE TO BE THREE OPTIONS:-
 - (A) THE DIRECT USE OF MILITARY FORCE. LATEST REPORTS DISCOUNT WIDE DIRECT INVOLVEMENT BY FOREIGNERS OR USE OR THREAT OF FIREARMS IN THE EVENTS OF WEDNESDAY MORNING. NUMEROUS HALF-CASTES ARE HOWEVER NOW IN EVIDENCE IN CONTROLLING ACTIVITIES IN SANTO TOWN. I WILL DISCUSS MILITARY POSSIBILITIES WITH ADVISERS TOMORROW BUT I AM INCLINED AT THIS MOMENT TO DOWNGRADE THREAT OF EXTENSIVE RESISTANCE FROM WHITE SYMPATHISERS WITH FIREARMS. IF WE GO FOR THIS OPTION HOWEVER I ASSUME THAT IT WILL BE ESSENTIAL TO HAVE EITHER FRENCH PARTICIPATION OR AT LEAST ACQUIESCENCE. USE OF BRITISH FORCE AGAINST FRENCH CITIZENS IN FACE OF OPPOSITION OF FRENCH GOVERNMENT SEEMS POLITICALLY ALMOST UNTHINKABLE AND I HAVE TOLD AUSTRALIAN CONSUL AS MUCH.
 - (B) PRECAUTIONARY MOVEMENTS OF TROOPS. GIVEN THE UNCERTAIN ATMOSPHERE IN THE ISLANDS THE NEED TO BE SEEN TO BE DOING SOMETHING AND THE BASICALLY TIMID NATURE OF MELANESIANS, THERE MAY BE SOMETHING TO BE SAID FOR SENDING SOME FORCES (SAY TWO COMPANIES, BEST OF ALL IN A SHIP) DIRECT TO VILA BUT WITHOUT ORDERS AT THE MOMENT TO TAKE ACTION IN SANTO. EVEN IF THE FRENCH

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DECLINED TO JOIN THIS, WE COULD EXPLAIN OUR UNILATERAL PRESENCE AS BEING NO MORE THREATENING THAN THE STAND-TO OF FRENCH UNITS IN NOUMEA, SINCE WE HAVE NO HANDY BASE OF OUR OWN. UNDER THE VISIBLE THREAT OF BRITISH FORCES (IN WHICH THREAT EVERYONE IN THE NEW HEBRIDES NOW BELIEVES, WHILE THEY HAVE NO SUCH BELIEF IN A FRENCH THREAT ACCOMPANIED BY ECONOMIC MEASURES (SEE C) BELOW), IT IS POSSIBLE THAT POLITICAL NEGOTIATIONS COULD GET UNDER WAY, WHICH WOULD BE MORE THAN THE MERE REITERATION OF THE EXTREMISTS ULTIMATE DEMANDS. SUCH A PRECAUTIONARY AND WARNING PRESENCE WOULD ALSO DOUBTLESS HELP OUR IMAGE IN THE ANGLOPHONE PACIFIC. A RISK WOULD HOWEVER BE THAT SINCE WE WOULD PRESUMABLY HAVE TO ASSURE THE FRENCH THAT THE FORCE WAS NOT THERE WITH THE INTENTION OF USING IT, IT MIGHT BECOME KNOWN TO THE OPPOSITION THAT IT WAS A PAPER TIGER.

(C) ECONOMIC, ADMINISTRATIVE AND POLITICAL PRESSURES ON THE EXTREMISTS TO NEGOTIATE. WITH THE TANKER DIVERTED THERE IS ENOUGH PETROL IN SANTO FOR FOUR WEEKS NORMAL USE AND TWO MONTHS DIESEL. WITHOUT OVERT CONNIVANCE OF THE FRENCH, IT MAY BE DIFFICULT TO RESTOCK. THE PHOENIX FOUNDATION PROBABLY DO NOT HAVE THE RESOURCES TO CHARTER TANKERS. ECONOMIC ACTIVITY IN THE TOWN WILL ALSO INEVITABLY DECLINE. THE MAIN FRENCH DEPARTMENT STORE CLOSED LAST WEEK AND REMOVED ITS STOCK (THUS PROMPTING ACCUSATIONS OF PRIOR KNOWLEDGE, THOUGH THE REASONS WERE PROBABLY TRADE LOSSES). THE AUSTRALIAN BURNS PHILP HAS, UNDER PRESSURE FROM THE GOVERNMENT, AGREED TO RESTRICT ITS SALES TO FOOD, WHICH WILL ANYWAY SOON RUN OUT IF THE HARBOUR IS KEPT EMPTY. BARCLAYS BANK HAS BEEN PERSUADED TO CLOSE AND TRANSFER ITS ACCOUNTS TO VILA. THE OTHER MAIN BANK (THE FRENCH BANQUE DE L'INDOCHINE ET SUEZ) IS HOWEVER STAYING OPEN FOR CASH TRANSACTIONS. WITH THE WITHDRAWAL OF CIVIL SERVANTS AND PEOPLE FROM OTHER ISLANDS WHO HAVE LIVED IN SANTO TOWN, ECONOMIC LIFE MAY WELL SLOW DOWN CONSIDERABLY IN THE SHORT RUN.

NEVERTHELESS I DOUBT IF THIS DECLINE WOULD BE ENOUGH TO BRING ABOUT REAL NEGOTIATIONS. THE BUSHMEN FOLLOWERS OF STEVENS, AND EVEN THE COLONS, LARGELY LIVE OFF THE LAND, AND ON BALANCE I CONSIDER THAT A PROMISE OF NEGOTIATIONS THROUGH SANCTIONS WOULD PROBABLY BE FALSIFIED. IT WOULD CERTAINLY NOT BE BELIEVED. LINI KNOWS ALL ABOUT RHODESIAN UDI AND QUOTE WEEKS RATHER THAN MONTHS UNQUOTE.

4. IN THE LONGER TERM TIME IS PROBABLY NOT ON THE NHG'S SIDE, BECAUSE OF THE EXTERNAL FACTOR. IN THIS SANTO IS DIFFERENT FROM PNG'S BOUGAINVILLE AND THE WESTERN SOLOMONS. IT WOULD NOT BE DIFFICULT FOR SANTO, WITH ITS 15,000 POPULATION, TO SURVIVE, EVEN TO PROSPER AS AN ECONOMIC SEMI-DEPENDENCY OF NEW CALEDONIA, WITH FINANCIAL AND POLITICAL HELP FROM THE PHOENIX FOUNDATION. THE FRENCH HAVE ALREADY SUGGESTED A CONSUL IN SANTO AND REGIONALLY DIRECTED AID. THIS WOULD PRESUMABLY BE INTENSIFIED.

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5. WHAT WOULD SUFFER FROM THIS WOULD BE THE RESIDUAL NEW HEBRIDES.
[SIC] THE FRENCH MIGHT WELL AGREE TO CONTINUE SUBSTANTIAL AID TO THE
RUM FOR FRENCH EDUCATION IN ORDER TO PROTECT FRANCOPHONIE AND
BUY ACQUIESCENCE TO A CONFEDERAL (IE COSMETIC ONLY) LINK
WITH SANTO. BUT THE NHG IS ALREADY WILTING UNDER ALL THIS
PRESSURE TO THE POINT WHERE I DOUBT WHETHER IT AND THE RESIDUAL
UNITY OF THE NEW HEBRIDES COULD LONG SURVIVE. MOREOVER WITH
EITHER AN INDEPENDENT SANTO OR A LOOSE CONFEDERATION THE NEW
HEBRIDES WOULD BE EVEN MORE ECONOMICALLY UNVIABLE THAN IT
IS AT PRESENT AND WE MIGHT BE STUCK WITH BUDGETARY AID INDEFINITELY.
6. MY HARD CONCLUSION IS THAT IF WE CANNOT GET OPTION (A)
THEN WE SHOULD AT LEAST HOLD OUT FOR (B) COUPLED WITH
(C).

STUART

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