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Mr Day  
PS/Mr Ridley

*Mr. Ure. Thank you.*

*Profile 30/6*

SOME THOUGHTS ON THE FALKLANDS DISPUTE, FOLLOWING A VISIT TO ARGENTINA AND THE FALKLAND ISLANDS IN JUNE 1981.

1. I submit below a speculative paper written following my recent tour in the hope that this may be a contribution towards the review of policy which is to take place with HM Ambassador at Buenos Aires and the Governor of the Falklands on 30 June.
2. Some of the ideas explored may already have been incorporated in telegrams to the Department from Buenos Aires and Port Stanley following my discussions in those places.

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*J B Ure*

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26 June 1981

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- PS/PUS
- Mr Fearn
- HM Ambassador Buenos Aires
- HM Governor, Falkland Islands

SOME THOUGHTS ON THE FALKLANDS DISPUTE, FOLLOWING A VISIT  
TO ARGENTINA AND THE FALKLAND ISLANDS IN JUNE 1981 BY  
MR JOHN URE

1. I visited Buenos Aires on 7-8 June and went on to the Falkland Islands from 9-16 June. In Buenos Aires I had talks with H M Ambassador and with the Argentine Foreign Minister (Sr Camilion), the Under-Secretary for Foreign Affairs (Ambassador Enrique Ros), the Adviser on Foreign Affairs to the Commander-in-Chief of the Air Force (Comodoro Cavandoli), the editor of La Prensa and others. In the Falkland Islands I had talks with the Governor and expatriate officials, all members of the Legislative and Executive Councils, the Sheepowners Association, the Falkland Islands Company, a considerable number of farmers and other islanders living in "the Camp" (at sheep-stations away from the capital). I also visited most of the major development projects in and around Port Stanley, and the Royal Marines base.

Argentine reactions and views

2. In Argentina, I found the Ministers and officials with whom I spoke reasonably relaxed about the progress - or lack of progress - on the Falklands negotiations and well disposed towards the lease-back idea. They were aware that elections were pending in the Islands and that it was unrealistic to expect any clear negotiating mandate from the islanders until their new Councillors had assembled in the autumn. More importantly, the Argentines were highly preoccupied with the deterioration of their relations with Chile during the period of my visit: they were actively involved in trying to arrange a reciprocal exchange of prisoners accused of espionage, and reopening of the frontier between the two countries. The Chilean confrontation was thus occupying both military and government attention to the exclusion of Falklands considerations, but could not be expected to do so indefinitely.

3. Argentine Ministers and officials with whom I spoke also impressed on me that, while they themselves appreciated the constraints on our progress in the Falklands negotiations, their military masters were less patient and might require a more "forward" policy at any time. One way of our lessening the chances of this would be to do more to establish direct contact with the Junta and other military leaders in Argentina. To this end, visits by British Chiefs-of-Staff or senior officers to their Argentina opposite numbers might be for consideration. (It is relevant that all three American Chiefs-of-Staff have visited Argentina within recent months.) One opening for such

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visits would be the discussion of the currently publicised proposals for international Naval collaboration in the South Atlantic; this was a theme of recurrent interest to my Argentine interlocutors. But buying time in this way is only worthwhile if we intend to make good use of the respite purchased.

#### Falklands developments and views

4. In the Falkland Islands, I found that Mr Adrian Monk (a member of both the Legislative and Executive Councils) had been campaigning vigorously and fairly successfully, since his return from the New York talks last February, against the concept of lease-back. He had been instrumental in turning Mr Stuart Wallace - his fellow Councillor - against the idea, and had aroused much emotional feeling on the Islands to this effect. Without any justification, he had accused both the Governor and the British Government of pressurising the islanders in favour of a lease-back. (For this reason the Governor advised me against addressing a joint session of the Councils and recommended that I pursue my brief in private conversation with individual Councillors.) I was told that it was unlikely that the question of lease-back would be an explicit issue at the forthcoming elections, and any attempt to make it so would be likely to result in encouraging candidates for Council to seek popularity by speaking against lease-back and thus to arrive in office committed to oppose any further dialogue with Argentina.

5. However, I formed the impression that opinion was not yet irrevocably hardened against the lease-back proposal and that many of the better informed and more progressive islanders recognised that an accommodation with Argentina was necessary to secure the continuance and development of their existing way of life. There was a general recognition that all other formulae ("freeze", con-dominion, etc) were no longer worth consideration. A number of people, including Mr A Monk, told me privately that they thought it should not be beyond the capacity of the British Government to convince the majority of the elected representatives to the new Councils that they should authorise a realistic dialogue and negotiation with the Argentine Government designed to secure the best possible lease-back arrangements for the islands.

#### A campaign to "sell" lease-back?

6. Before this result could be achieved however, it would be necessary to educate islander opinion to a far greater extent than has been done so far both about the dangers of inaction and about the safe-guards which we would insist upon in any lease-back arrangements. At present, the opponents of lease-back and the advocates of inaction have largely monopolised the debate in the islands. This has stemmed partly from the

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natural disinclination (reflected in my own brief) to appear to be putting pressure on the islanders; partly from the Governor's requirement to avoid the role of an active advocate if he is not to lose the confidence of the islanders in his championship of their interests; and partly from the islanders own tendency to pick up and feed on British parliamentary, press, radio and TV comment about their Daily-Express-type "loyalist" sentiments and their repudiation of all things Argentinian. It follows from this that if HMG wishes to convince opinion on the Islands about the advantages of substantive negotiations towards the lease-back solution, then we shall have to be prepared to enter the arena of public debate in a much more active manner than hitherto. The campaign would need to be pursued both in the UK and on the Islands.

7. In the UK, HMG should endeavour to get a better presentation of the advantages of a lease-back solution in the British media. Ministers would need to consider making speeches outlining the dangers of inaction, stressing the safe-guards to the British way of life upon which we should insist in any negotiation, and explaining that "whether we like it or not, the Islands are dependent on Argentine goodwill and co-operation". FCO information departments would require to be more active than hitherto in giving in-depth briefing to journalists and broadcasters. A determined effort would have to be made to build on those elements in the Falkland Islands Committee in London who profess to see advantages in the lease-back solution. Such actions would inevitably draw vocal criticism onto both Ministers and the FCO, but I think that such criticism could be contained until the emergence of more visible support for these proposals from the islanders themselves, providing it was stressed throughout that (a) the ultimate decision will be left to the islanders; (b) there is no question of dismantling existing defence and development support for the islanders, (c) other constructive inducements (see below) are associated with the proposals, and (d) the alternative to progress with lease-back is heavy supplementary expenditure by HMG to provide for additional defence or development of the Islands in the face of probable Argentine boycott and harrassment.

8. In parallel, it would be necessary to initiate a campaign of convincing the islanders on their own ground of the attractions of lease-back negotiations. Mr Ridley's visit in November 1980 made an important start in this direction but its efforts have been largely eroded by the activities of Mr Monk as described above. Further visits by back-bench MPs, from both sides of the House, who were prepared to argue publicly in talks about lease-back, would greatly help to open up a public debate in the Islands. In particular, if Mr Ted Rowlands MP could be persuaded to revisit the islands and argue the case for exploring lease-back with Argentina (a solution which he himself privately professes to believe to be the only acceptable one) this would have a substantial effect, since - like Mr Ridley - he still enjoys the trust and

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affection of many of the islanders. A bipartisan approach from Westminster of this sort would go a long way towards persuading islander opinion that lease-back was not merely a device for ridding the current British government and its officials of a tiresome residual colonial problem. MPs who travel around the Falkland Islands addressing public or private meetings in the sense proposed would have to be prepared for criticism both in the Islands and in the UK on the grounds that they were "pressurizing" the islanders, but - for the reasons mentioned in the paragraph above - I believe such criticism could be contained and outlived, particularly if it were pointed out that there are good precedents for urging a course of action on an electorate while leaving that electorate to make its own decision (e.g. the European Community referendum in the UK in 1975.) The appointment of a British information officer at Port Stanley (analogous to the officer appointed in Belize to advocate the treaty with Guatemala) might also be advantageous, particularly in view of the inhibitions on the Governor referred to above.

#### Inducements and Reassurances to Islanders

9. However much effort were put into the process, it would none-the-less be extremely difficult to persuade the islanders to authorize HMG to negotiate further on their behalf. It is therefore important that the process of persuasion is supported by whatever inducements and reassurances may be possible. From my visit to the Islands, it appeared to me that four factors would be particularly potent as inducements.

10. Firstly: access to the UK. Many islanders are convinced that ceding even nominal sovereignty to Argentina would adversely affect their prospects of residence in the UK. Most of them recognize that the new Nationality Bill could not be modified explicitly in their favour, but they seem to be less than conversant with the assurances already given by the Home Secretary and others regarding the special consideration that would be extended to Falkland Islanders of British extraction who might wish at some future date - e.g. if Argentine sovereignty eventually encroached on their way of life - to take up residence in the UK. In my view, repeated reiteration by senior British visitors of what has already been said on this point would go a long way towards winning islander opinion round to further negotiation.

11. Secondly: a resettlement option. Many islanders feel their tenure of their own property and of their jobs would be somehow less secure under even nominal Argentine sovereignty. They feel that if they had to give up their farms or their work they would be destitute. Mr Stuart Wallace (now a vocal opponent of lease-back) told me that he thought some offer of a resettlement scheme for islanders who might at a later date become disillusioned with the new arrangements would go a long way towards persuading many of them to withdraw their opposition.

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12. Thirdly: redistribution of land. I was much impressed with the beneficial effect on islander morale of the Green Patch and Roy Cove schemes (by which large properties formerly belonging to the Falkland Islands Company (FIC) or others are purchased by Government for redistribution on generous mortgage terms to aspiring small farmers.) Further such schemes, or - were it to prove possible - the buying out of the FIC altogether (an idea which has been considered in the past and which is privately supported by the FIC manager on the Islands) would be a powerful inducement to the islanders if proposed by HMG as part of any final lease-back settlement. Apart from the material attractions to those who profited from the scheme, it would demonstrate to the islanders as a whole that HMG is itself investing in the future of the Falklands.

13. Fourthly: initiation of new productive schemes. I encountered some criticism in the Islands of the concentration of British aid on supportive rather than productive projects. In particular, there is much sentiment in favour of launching a salmon ranching scheme to provide an alternative source of income to wool. The Governor has already approached the Commonwealth Development Corporation about this without success, but further efforts to find financial support for such a project would produce positive dividends in islander goodwill.

14. Conversely, some tactics conceived as palliatives did not seem to me to have the desired effect. For instance, further contacts with Argentina in the context of communications agreements, fuel supplies, educational facilities in Argentina, etc were doing little or nothing to "win over the hearts and minds of the Falkland Islanders". In fact, the reverse appeared to be the case. Increased contact was clearly an irritant in many cases: islanders were quick to resent inadequacies in Argentine services and were deeply suspicious of the motivation behind such services. Also, the argument that possible oil revenues would bring prosperity to the Islands had a mixed effect on local opinion, where there are serious fears about the changes this would bring in its wake. The advantages of a settlement with Argentina as a prelude to oil drilling are more readily appreciated in London than Port Stanley.

#### The Alternative

15. I realize that whatever the qualifications or explanations we may give, and whatever the inducements we may associate with a campaign to sell lease-back to the islanders, this course may be considered by Ministers as politically impracticable in present circumstances. If that is so, I think we must face the fact that the lease-back idea will not gain acceptance in the Islands on its own merits or as a result of Argentine efforts. We shall, by the end of this year, have to recognize that our dialogue on sovereignty with Argentina has come to the end of the road, and the Argentines will not be prepared to continue a dialogue on any other topics.

In these circumstances I think we should explore urgently the possibility of developing communication links between the Islands and Chile or Uruguay. This would not be easy and indeed might not be possible. For instance, the senior Chilean officials and Naval officers with whom I talked on my subsequent visit to Santiago were unanimous that, although the idea of providing logistical support to the Falklands was an attractive one to them, it would be too explosive in the context of their relations with Argentina to be contemplated unless there had already been a total breach in relations between those two countries. We should also have to make more detailed contingency plans for the defence and development of the Islands in the face of Argentine harrassment and be prepared for a further cooling off (with all its commercial implications) of our relations with Argentina. For all these reasons I suggest that the proposals outlined in the paragraphs above might at least be for consideration in any general review of Falklands policy.

26 June 1981

J B Ure

Copies to:

PS/PUS

Mr Fearn (SAMD)

HM Ambassador, Buenos Aires

Governor, Falkland Islands.