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CONFIDENTIAL

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TO IMMEDIATE FCO

TELEGRAM NUMBER 17 OF 15 JANUARY

FOR FEARN SAMD

PERSONAL

DES  
ADVANCE COPY

SAMD  
R/Mr Hedley

Mr Harding

Keep Falklands box

FALKLAND ISLANDS: NEGOTIATIONS

1. ALTHOUGH THE POINTS YOU PUT IN YOUR TELEGRAM NUMBER 4 OF 8 JANUARY WERE DIRECTED TO THE SPECIFIC QUESTION OF COUNCILLORS' INVOLVEMENT IN NEGOTIATIONS, BOTH IT, AND GORDON DUGGAN'S TELELETTER OF 27 DECEMBER TO HUGH CARLESS ON WHICH YOU SHOULD HAVE HAD MY COMMENTS YESTERDAY BY BAG, HAVE INCLINED ME TO TAKE THIS LAST OPPORTUNITY TO PUT FORWARD A FEW VERY PERSONAL THOUGHTS ABOUT THE CURRENT NEGOTIATING POSITION AND POLICY. I FEAR THEY MAY NOT BE VERY HELPFUL TO YOU AND I MUST APOLOGISE FOR THEIR SKETCHY DRAFTING IN THIS TELELETTER FORM.

2. I HAVE LONG FELT THAT THE NEGOTIATING POLICY THAT HAS BEEN PURSUED OVER THE PAST DECADE OR SO, SINCE THE UNHAPPY CHALFONT EXERCISE IN 1968, HAS LED US NOWHERE, AND ITS SERIES OF EXPEDIENT MEASURES, EG THE COMMUNICATIONS, YPF AGREEMENTS, ETC HAVE BROUGHT ALMOST AS MUCH TROUBLE AS LASTING BENEFIT.

I DID NOT GET THE IMPRESSION THAT THE PREVIOUS NEGOTIATING TEAM HAD MUCH HEART OR SAW MUCH HOPE IN IT, OTHER THAN AS A MEANS OF KEEPING THE BALL IN THE LONG GRASS FOR AS LONG AS POSSIBLE.

3. THE WHOLE POLICY HAS SEEMED FROM THE START TO HAVE BEEN BASED ON ONE FALLACIOUS PREMISE: THAT, GIVEN TIME, THE ISLANDERS WOULD EVENTUALLY RESIGN THEMSELVES TO AN ARGENTINE FUTURE, HOWEVER GRUDGINGLY. AS EVENTS HAVE SHOWN, THEIR BRITISH TIES ARE FAR TOO STRONG TO ALLOW ANY SUCH TIME TO WORK. IF THEY THINK THEY HAVE NO OTHER OPTION, MOST OF THEM WILL WANT TO GO QUOTE HOME UNQUOTE AS SOON AS THEY CAN. THOSE MORE ABLE WILL DO SO RIGHT AWAY.

4. WHAT DO ALL THREE PARTIES WANT FROM THE NEGOTIATIONS? AS SEEN FROM HERE, NATIONAL PRIDE APART, THE ARGENTINES WANT, ESSENTIALLY, TO STRENGTHEN THEIR POSITION IN THE SOUTH ATLANTIC AND THEIR CLAIMS TO THE ANTARCTIC REGION. INDIVIDUALLY, THEY ALMOST CERTAINLY WILL NOT WANT TO SETTLE HERE: ONE PROBABLY ACCURATE FORECAST IS THAT WITHIN TEN

HERE: ONE PROBABLY ACCURATE FORECAST IS THAT WITHIN TEN YEARS THE ISLANDS WILL BE ALMOST DESERTED.

5. WHAT DO THE ISLANDERS WANT? OBVIOUSLY TO STAY AS THEY ARE, BUT ALSO TO KNOW WHERE THEY STAND FROM DAY TO DAY, AND WHAT DISRUPTION IN THEIR LIVES THEY MAY HAVE TO FACE UP TO. NO-ONE LIVING HERE NEEDS EDUCATING IN THE REALITIES OF THE PROBLEMS.

6. WHAT DOES BRITAIN WANT? IT IS NOT CLEAR, AND THIS MAY PUZZLE THE ARGENTINES AS MUCH AS IT WORRIES ME. SIMPLY TO FIND AN EASY WAY OUT OF AN EMBARRASSING SITUATION WHICH WOULD DO LEAST HURT TO ANYONE? BUT IT OUGHT NOT TO BE LEFT AS SIMPLY AS THAT. WHAT BRITAIN SHOULD WANT IS THE MAINTENANCE, AS FAR AS IS POSSIBLE, OF HER UNIQUE POSITION IN THE SOUTH ATLANTIC AND ANTARCTIC, SO AS TO PRESERVE HER INTERESTS IN WHAT, IN THE LONG TERM FUTURE, COULD PERHAPS BE AN IMPORTANT PART OF THE WORLD.

7. WHAT THEN SHOULD BE THE BASIC REQUIREMENTS FOR THE FORMULATION OF FUTURE POLICY:

(A) TO ACCEPT THE PROSPECT OF HAVING TO SPEND A FAIR BIT OF MONEY.

(B) TO REMOVE SOUTH GEORGIA FROM THE AREA OF NEGOTIATION. A TOE-HOLD THERE WILL NOT SATISFY THE ARGENTINES, AND ONE MIGHT GUESS THEY WERE SURPRISED WE OFFERED TO DISCUSS IT.

(C) TO CONFINE ANY SCIENTIFIC AGREEMENT IN THE DEPENDENCIES TO THE ARGENTINE PRESENCE ON SOUTHERN THULE, IF WE CANNOT BARGAIN THEM OUT OF IT: IT WAS MIS-GUIDED TO INCLUDE THE WHOLE OF THE DEPENDENCIES IN THE DRAFT AGREEMENT.

(D) TO MAINTAIN THE ACTIVITIES OF THE BRITISH ANTARCTIC SURVEY BY, IF NECESSARY, ADDITIONAL FINANCIAL SUPPORT SO THAT THEY CAN CONTINUE THEIR PRESENCE AT GRYTVIKEN IN SOUTH GEORGIA AND AT SIGNY IN THE SOUTH ORKNEYS AS WELL AS AT THEIR OTHER BASES IN THE PENINSULA AND AT HALLEY.

(E) EITHER BY A ROBUST POLICY TOWARDS THE ARGENTINES, OR BY THE GRANT TO THEM OF SOME TOKEN CONCESSION, TO GIVE THE FALKLAND ISLANDERS THE PROSPECT OF AT LEAST A FEW GENERATIONS OF EXPANDED DEVELOPMENT UNDER THEIR OWN ADMINISTRATION.

(F) TO FINANCE THAT DEVELOPMENT BY ADEQUATE FUNDS FOR THE ACQUISITION OF LAND FOR SMALL FARMERS, FOR RE-SEEDING, RE-FENCING AND MECHANISED FARMING SCHEMES, FOR THE EXPORT OF FROZEN MEAT AND FISH, FOR HOTEL DEVELOPMENT AND IMPROVED SHIPPING ETC.

(G) BECAUSE MOST OF THIS DEVELOPMENT MIGHT BE BETTER MANAGED BY COMMERCIAL ENTERPRISE, AND IF WE CANNOT ACQUIRE THE COMPANY, TO SECURE A SEAT ON THE COALITE OR COMPANY'S BOARD (IN ESTABLISHING A REASONABLY CLOSE PERSONAL RELATIONSHIP

(IN ESTABLISHING A REASONABLY CLOSE PERSONAL RELATIONSHIP WITH NEEDHAM, I HAVE FOUND HIM, ALTHOUGH STILL RATHER OUT OF HIS DEPTH IN THIS SITUATION, WELL DISPOSED AND BEGINNING TO APPRECIATE WHAT HIS COMPANY TOOK ON WHEN THEY ACQUIRED THE FALKLAND ISLANDS COMPANY).

(H) FAILING (E), TO PREPARE FOR AN EXODUS FROM THE ISLANDS, WHICH COULD COLLAPSE ITS ECONOMY, LEAVING A VERY EXPENSIVE SOCIAL PROBLEM TO HANDLE AND A LOT OF PRIVATE INVESTMENT BANKRUPT. OR EVEN, FAILING THE WHOLE THING, TO RESETTLE THE ISLANDERS NOW, WHICH I THINK WOULD BE A MISERABLE END TO A COLONY WHICH HAS SERVED BRITAIN'S PURPOSES VERY WELL THROUGH 150 YEARS OF HISTORY AND TWO WORLD WARS. (SOME ISLANDERS SECRETLY THINK IT IS THE ONLY SOLUTION).

8. WHAT CONCESSION CAN WE MAKE TO THE ARGENTINES? I WOULD BE VERY SURPRISED IF THE LEASE-BACK OPTION WILL KEEP AFLOAT FOR VERY LONG. IT WOULD BE SUNK BY THE ARGENTINES' REFUSAL TO ALLOW IT AN QUOTE EQUITABLE UNQUOTE TIME SCALE WHICH WOULD BE LONG ENOUGH TO SECURE THE ISLANDERS' AGREEMENT. THE SORT OF AGREEMENT YOU ARE MOST LIKELY TO HAVE TO PRESENT TO THE ISLANDERS WOULD BE TAKEN AS AN INVITATION TO ABANDON SHIP. AS I SAID IN MY LETTER TO GORDON DUGGAN, A LARGE INFUSION OF DEVELOPMENT FINANCE SO AS TO GIVE THE ISLANDERS A CHANCE OF HIGHER EARNINGS AND INCREASED SAVINGS MIGHT MAKE THEM MORE ACREEABLE TO THE IDEA IN THE SHORTER INSTEAD OF THE LONGER TERM. BUT THEIR SHORT TERM IS BOUND TO BE MUCH LONGER THAN YOUR ULTIMATE STICKING POINT.

9. WHAT ELSE COULD WE OFFER? IN A NORMAL SITUATION, DEALING WITH A MORE STABLE AND BETTER MOTIVATED REGIME THAN THAT IN ARGENTINA, WE COULD MEET THEIR STRATEGIC REQUIREMENT (HOWEVER OUT-MODED IT MIGHT BE IN REALITY) BY OFFERING THEM A SOVEREIGN BASE AREA IN, SAY, PORT LOUIS (PORT SOLEDAD) WHERE, SO FAR AS THEY ARE CONCERNED, IT ALL BEGAN, WITH SOME SORT OF COADMINISTRATION OF THE MARITIME ZONES. THEY COULD HAVE ALL THE TELEVISED FLAG RAISING CEREMONIES THEY WOULD WANT TO SATISFY THEIR PUBLIC. BUT COULD WE TRUST THEM, AND WOULD THE ISLANDERS BE PREPARED TO TRUST THEM, NOT TO USE THIS BASE AS A TROJAN HORSE? I HAVE NOT THE FAINTEST IDEA HOW THE ISLANDERS WOULD REACT TO SUCH A SUGGESTION, AS I HAVE NEVER DISCUSSED IT WITH ANY OF THEM. WERE IT POSSIBLE TO FENCE THE HORSE AND ITS OCCUPANTS IN BY A FIRM TREATY, AND WERE THE ISLANDERS GIVEN A SUBSTANTIAL PRICE, BOTH IN FINANCE AND IN A GUARANTEE THAT THE SOVEREIGNTY QUESTION OUTSIDE THE BASE WOULD BE PUT INTO COLD STORAGE, THEN IT MIGHT JUST POSSIBLY BE ACCEPTED. NO DOUBT THE CHILEANS WOULD BE ALARMED, BUT THEY ARE JUST AS LIKELY TO BE DISTURBED BY THE LEASE-BACK

THEY ARE JUST AS LIKELY TO BE DISTURBED BY THE LEASE-BACK IDEA. HOWEVER, IN THE BEST OF ALL POSSIBLE WORLDS, AND PERHAPS IT IS TIME THE ARGENTINES WERE DRAGGED INTO THAT WORLD, IT COULD OFFER A SOLUTION.

10. TURNING NOW TO THE QUESTIONS IN YOUR TELEGRAM UNDER REFERENCE, I SOMETIMES DETECT A HINT OF BELIEF THAT COUNCILLORS' REACTIONS, GOOD OR HASTY OR OCCASIONALLY JEJUNE AS THEY MAY BE, DO NOT ENTIRELY REFLECT GENERAL ISLANDER OPINION. ONE SHOULD BE GRATEFUL THAT AT TIMES THEY DO NOT. AS A VISITING MP SAID: QUOTE I SYMPATHISE WITH THEM. I WOULD FAR RATHER HAVE MY CONSTITUENCY PROBLEMS THAN THEIRS UNQUOTE. ONE GOOD THING IS THAT THEY ARE NOW LESS INFLUENCED BY THE PRESSURES OF THE SELF-PERPETUATING LONDON COMMITTEE. THE IMPORTANT THING IS TO BOLSTER UP COUNCILLORS' CONFIDENCE AND STANDING AS THE SOLE REPRESENTATIVES OF THEIR PEOPLE; EFFORTS BY THE LONDON COMMITTEE TO UNDERMINE THEIR POSITION SHOULD CONTINUE TO BE RESISTED.

11. THERE IS NO CASE FOR EITHER URGING OR DISSUADING COUNCILLORS' PARTICIPATION IN FUTURE NEGOTIATIONS. AN OPEN INVITATION HAS BEEN EXTENDED TO THEM, AND THEY HAVE ACCEPTED IT IN PRINCIPLE. NOT ALL THE COUNCILLORS ARE PERSUADED IT WOULD BE IN THEIR BEST INTERESTS TO ATTEND - AND I FRANKLY WOULD FIND IT HARD TO ADVISE THEM EITHER WAY - BUT ENOUGH ARE SO FIRMLY ON RECORD THEY SHOULD PARTICIPATE AS TO MAKE IT AN EVEN CHANCE THEY WILL WANT TO WHEN THE NEXT ROUND COMES. WHO THEY WOULD SEND CANNOT BE CERTAIN; MOST LIKELY IT WOULD BE ADRIAN MONK AND STUART WALLACE, BOTH SHREWD, WITH MINDS OF THEIR OWN. AS MEMBERS OF THE UK DELEGATION THEY WOULD HAVE TO SEE THE BRIEFS BUT THERE MAY NOT BE MUCH HARM IN THAT; CERTAINLY THE TIME FOR THE UNDUE SECRECY OF THE PAST HAS LONG GONE. IF, HOWEVER, WITHOUT WARNING, SOME NEW AND RADICAL PROPOSAL WAS INCLUDED IN THE TALKS THERE MIGHT, AT THAT STAGE, BE THE POSSIBILITY OF A RUMPUS. CARE WOULD THEREFORE HAVE TO BE EXERCISED, BEFORE THEY GO, TO ENSURE THAT THEY FULLY UNDERSTAND WHAT THEY MAY BE TALKING ABOUT AND THAT IT IS ONLY FOR DISCUSSION AND EXPLORATION AND NOT FOR COMMITMENT AT THAT STAGE. IT MIGHT BE WORTH CONSIDERING BRINGING THEM TO LONDON FOR PRELIMINARY TALKS, INSTEAD OF TRYING TO KEEP THEM AWAY AS IN THE PAST.

12. THE MAIN DIFFICULTY WOULD COME WHEN THEY HAVE TO REPORT BACK BOTH TO THEIR COLLEAGUES AND TO THEIR CONSTITUENTS. THEY SHOULD NOT BE LEFT TO DO THIS ALONE.

13. WHAT I SUPPOSE MOST OF THE ABOVE ADDS UP TO IS THE NEED FOR A ROBUST IF CONCILIATORY (HAVING GONE SO FAR DOWN THAT THEIR ATTITUDE TOWARDS THE ARGENTINES WITH SUBSTANTIAL

3. WHAT I SUPPOSE MOST OF THE ABOVE ADDS UP TO IS THE NEED FOR A ROBUST IF CONCILIATORY (HAVING GONE SO FAR DOWN THAT LINE) ATTITUDE TOWARDS THE ARGENTINES WITH SUBSTANTIAL DEVELOPMENTAL ASSISTANCE TO THE ISLANDERS, AND SOME ASSURANCE THEY WILL HAVE TIME TO REALISE ITS BENEFITS. AS I HAVE SAID BEFORE, IF BRITAIN WISHES TO GET OUT OF THIS SITUATION IT WILL NOT BE POSSIBLE TO DO IT ON THE CHEAP. AND BRITAIN MUST ALSO LOOK TO THE PRESERVATION OF HER OWN LONG TERM INTERESTS IN THE SOUTH ATLANTIC AND ANTARCTIC REGION. POSTERITY WILL SURELY EXPECT THAT. BEST WISHES.  
FCO PLEASE PASS BUENOS AIRES

PARKER

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