

MR COLES

THE FALKLANDS

1. You might be interested, before the Prime Minister goes to Washington, in the views expressed to me today by Mr Walt Rostow, who is here for a few days as part of a European tour. (You may remember that Rostow was a Harvard economic professor who worked for President Kennedy and then became President Johnson's National Security Adviser, taking a very determined line in particular over Vietnam - a line which, after the end of the Johnson administration, cost him his friendships and position in East Coast universities. He is now at the University of Texas.)
2. His suggestion was of the need to get things back in balance and restore co-operation between the US and Latin America and also between Britain, Europe and Latin America. There could be two tracks:
 - (a) some sort of process of dialogue with the Argentinians which might be protracted and would not immediately solve the issues but would be a long-term process of rapprochement;
 - (b) there should be a second independent dialogue developed from the Herrera Report. (This is the report of the Committee chaired by Snr. Luis Herrera, asked for by the Secretary of the OAS to define an agenda for economic co-operation in the Western hemisphere in the eighties and beyond.)
3. Rostow claimed that the Reagan administration was interested in this approach, or certain parts of it, particularly the emphasis on food and energy; and that Mr Haig had suggested at the Santa Lucia Conference that this should be followed up. He had also found in his talks last week with various Germans, French and Italians a consistent emphasis on the need to "get back on a constructive track". The idea of Europe joining the United States in co-operation over an economic programme for Latin America had a certain attraction: he believed that some sort of dialogue along these lines could be beneficial both to the United States and to Western Europe; and he suggested that it might be worth our bearing this in mind in case it came up during the Prime Minister's talks in Washington.
4. I pass this on for what it is worth and without having seen the briefing that has been prepared for the Prime Minister's visit. But I think there is a grain of interest in this and you might like to keep it up your sleeve for any oral briefing that is given to the Prime Minister.

M.P.

22 June 1982.

(Michael Palliser)

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