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BUENOS AIRES

An interesting if -
analysis. It differs
Mrs Hutchinson's view
3 March 1982
background for use with
show our position as well
clearer. Vegh Villegas' comments
that we may feel the program (you)
of the Argentine feel longer - we should
encourage this

1. I am enclosing a copy of a self-explanatory minute recording a conversation last week with Vegh Villegas, whom I know reasonably well. I was struck by the gravity with which he spoke. Vegh Villegas visits Buenos Aires frequently, where he has a house. He also has many friends within the Government, the Armed Forces and the political parties.

2. I dictated my minute before we received URMIS NEW YORK's telegrams numbers 186, 187 and 188, which I have read with considerable interest.

Patricia M Hutchinson

cc: (with enc): R Fearn Esq, Head of DAMD, FCO

ARGENTINA AND THE FALKLAND ISLANDS

1. Dr Vegh Villegas (please see our Leading Personalities Report) and who in June will become Uruguayan Ambassador in Washington, deliberately made an opportunity last week to express to me his grave worries about the hardening attitude of Argentina vis-a-vis the Falkland Islands. As a friend of both the United Kingdom and Argentina he had after much thought concluded that he should pass on to me his misgivings for the background confidential information of Her Majesty's Government.

2. Vegh Villegas said that in recent visits to Buenos Aires, he had been much struck by the much tougher way in which everybody was talking about the Falkland Islands, including those civilian members of the Government who in other respects might be described as liberals. This seemed to him to be significant when in other respects Argentina was trying to work more closely with the West, particularly the United States, and to get away from the Non-Aligned. Vegh Villegas said that we would find the Argentines much tougher negotiators and if they did not get what they wanted, they might well take some military action.

3. Vegh Villegas went on to say that there was really no solution to the Beagle Channel dispute from the Argentine point of view. All the various juridical procedures which had been used, including the current arbitration by the Pope, had resulted in support for the Chilean stand point, and not that of Argentina. At the end of the day, Argentina would have to climb down, "perhaps with a few adjustments", because given current economic and budgetary problems, Argentina simply could not afford a costly and possibly lengthy war with Chile. However, a climb down would involve a loss of face internally for the Argentine Government, and the Armed Forces. In order partially to try to counter-balance this, a solution on Argentine terms of the Falkland Islands problem would be very attractive, particularly as on this issue the Armed Forces, the Government, the political parties and the population as a whole could unite.

4. Vegh Villegas reluctantly agreed to my reporting the source of this personal assessment, but only when I pointed out that it would carry more weight. Given Vegh Villegas' forthcoming responsibilities, it is of course very important that he should be "protected".

26 February 1982

Patricia M Hutchinson

cc: HE A J Williams Esq, British Embassy, BUENOS AIRES
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