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DESK OFFICER		REGISTRY
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47 YOUR TELS NO 1248 AND 1268 : ECONOMIC MEASURES AGAINST ARGENTINA.

1. WHILE YOUR TELNO 1268 IS TO SOME EXTENT REASSURING ABOUT THE LIKELY FUTURE DEVELOPMENT OF THE ADMINISTRATION'S POLICY, YOU SHOULD TAKE THE EARLIEST OPPORTUNITY TO SAY AT A HIGH LEVEL THAT I REMAIN GREATLY CONCERNED LEST THE PROPOSED VISIT BY BROCK TO BUENOS AIRES SHOULD GIVE A MISLEADING SIGNAL TO THE ARGENTINES MEANWHILE.
2. WHILE I UNDERSTAND THE REASONS WHY THE ADMINISTRATION IS RELUCTANT TO EMBARK ON ECONOMIC SANCTIONS AGAINST THE ARGENTINES SO LONG AS MR HAIG'S GREAT EFFORTS TO MOVE THEM CONTINUE, IT IS EXTREMELY IMPORTANT THAT THE ARGENTINES SHOULD NOT BE ALLOWED TO CONCLUDE THAT THE AMERICANS ARE WILLING TO DISCUSS LONGER TERM DEVELOPMENTS, EG. IN THE GATT, AS IF THE HEAVY CLOUDS NOW APPROACHING WERE IRRELEVANT.
3. I SHOULD OF COURSE PREFER THE KIND OF SIGNAL WHICH WOULD BE GIVEN IF BROCK'S VISIT WERE CANCELLED, OR CARRIED OUT AT A MUCH LOWER LEVEL. IF IT IS TO GO FORWARD I HOPE WE CAN BE GIVEN AN ASSURANCE TO THE EFFECT THAT THE ARGENTINES WILL BE TOLD WITH UNMISTAKABLE CLARITY THAT IF THEY ARE NOT PREPARED TO COMPLY WITH SECURITY COUNCIL RESOLUTION 502 AND WITHDRAW FROM THE FALKLANDS THE ADMINISTRATION'S APPROACH TO ECONOMIC QUESTIONS IN THE FUTURE WILL INEVITABLY CHANGE FUNDAMENTALLY.

PYM

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S AM D

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