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FOR DEAN FISCHER FROM PA/PRESS

E.O. 12065: N/A  
 TAGS: SOPN, OVIP (HAIG, ALEXANDER)  
 SUBJECT: MORNING NEWS SUMMARY, APRIL 13, 1982  
 FOR DEPUTY SECRETARY STOESSEL, TODEP 20014  
 NO. 24

1. "HAIG MEETS BRITISH IN FALKLAND CRISIS; PROBLEMS REMAIN,  
 '11 HOURS OF DISCUSSIONS" BY STEVEN RATTNER, NEW YORK TIMES.  
 LONDON, APRIL 12--HOPE FOR A BREAKTHROUGH IN THE FALKLAND  
 ISLAND CRISIS FADED TODAY WHEN HAIG SAID AFTER 11 HOURS OF  
 TALKS WITH BRITISH LEADERS THAT "A NUMBER OF SUBSTANTIAL  
 DIFFICULTIES REMAIN."

ALTHOUGH NO OFFICIAL COMMENT WAS MADE ON THE SUBSTANCE OF  
 THE TALKS, THE PRINCIPAL ISSUE APPEARED TO BE THE INSISTENCE  
 BY BOTH BRITAIN AND ARGENTINA ON RETAINING SOME ELEMENT OF  
 SOVEREIGNTY OVER THE ISLANDS, WHICH WERE SEIZED BY  
 ARGENTINA FROM BRITAIN ON APRIL 12.

THE SETBACK TO THE MOOD OF OPTIMISM CAME AS THE BRITISH  
 NAVAL BLOCKADE AROUND THE FALKLANDS WENT THROUGH ITS FIRST  
 DAY WITHOUT ANY ENCOUNTERS. BRITISH OFFICIALS SAID ONLY  
 TWO ARGENTINE SHIPS WERE KNOWN TO BE AT SEA AND NEITHER WAS  
 WITHIN THE 200-MILE RADIUS IN WHICH BRITAIN HAS SAID IT WILL  
 FIRE ON ANY ARGENTINE VESSELS.

AS A RESULT OF THE FAILURE OF MR. HAIG'S SECOND VISIT IN  
 FIVE DAYS TO BRITAIN TO RESOLVE THE IMPASSE, "THE MARITIME  
 EXCLUSION ZONE REMAINS IN FORCE AND THE TASK FORCE REMAINS  
 ON COURSE," A BRITISH OFFICIAL SAID, REFERRING TO THE  
 BATTLE FLEET THAT IS EN ROUTE TO THE FALKLANDS.

"THERE IS NO TRUCE, HESITATION OR PAUSE IN ANY OF THE  
 MILITARY PREPARATIONS, AS I UNDERSTAND IT, THAT ARE UNDER  
 WAY," SAID MR. HAIG.

SECRETARY GENERAL PEREZ DE CUELLAR OF THE UN CUT SHORT A  
 TWO-WEEK EUROPEAN TOUR TO RETURN TO HIS HEADQUARTERS IN  
 NEW YORK. HE SAID NEITHER SIDE HAD SOUGHT HIS ASSISTANCE.

ACCORDING TO REPORTS FROM ARGENTINA, HAIG ARRIVED HERE WITH  
 A PROPOSAL PROVIDING FOR THE WITHDRAWAL OF ARGENTINE TROOPS  
 FROM THE FALKLANDS, TURNING BACK OF THE BRITISH TASK FORCE,  
 AND JOINT ADMINISTRATION OF THE ISLANDS BY ARGENTINE  
 OFFICIALS AND LOCAL RESIDENTS. THE PROPOSAL ALSO  
 REPORTEDLY CONTEMPLATED THE TRANSITIONAL INVOLVEMENT OF

OAS OR OTHER INTERNATIONAL ORGANIZATIONS.

BRITAIN HAS INSISTED THAT IT WILL CONSIDER A PERMANENT SOLUTION ONLY AFTER ARGENTINA WITHDRAWS ITS TROOPS, AFTER BRITISH SOVEREIGNTY IS RESTORED AND IF THE PROPOSED SOLUTION IS SUPPORTED BY THE 1,800 ISLANDERS. GOVERNMENT SOURCES SAID THIS POSITION HAD NOT CHANGED.

"THERE IS NO DOUBT DIFFICULTIES STILL REMAIN," FOREIGN SECRETARY PYM SAID. AT THE SAME TIME, IN REFERRING TO MR. HAIG'S EFFORTS, MR. PYM SAID, "WE ARE BOTH VERY ANXIOUS TO RESOLVE THE PROBLEM BY PEACEFUL MEANS."

BRITISH OFFICIALS, AS IF TO EMPHASIZE THAT THEY WERE NOT INTERESTED IN NEGOTIATING, SAID NO FORMAL COUNTEROFFER HAD BEEN MADE.

IN ANOTHER INDICATION OF THE SERIOUSNESS OF THE SITUATION, THE GOVERNMENT SAID PARLIAMENT WAS BEING RECALLED FROM A 17-DAY EASTER RECESS AND WOULD MEET WEDNESDAY. THE DECISION FOLLOWED A REQUEST BY FOOT, THE LEADER OF THE OPPOSITION LABOR PARTY. MRS. THATCHER IS EXPECTED TO MAKE A STATEMENT.

ALTHOUGH MOST OF THE BRITISH NAVAL FORCE WILL NOT REACH THE FALKLAND AREA FOR A WEEK, AS MANY AS FOUR NUCLEAR-POWERED SUBMARINES ARE BELIEVED TO BE PATROLLING THE ZONE. THE

SUBMARINES ARE EQUIPPED WITH TORPEDOES AND MISSILES CAPABLE OF SINKING ANY ARGENTINE SHIPS IN THE AREA.

2. "PERU'S TRUCE PROPOSAL ACCEPTED BY ARGENTINA", BY EDWARD SCHUMACHER, SPECIAL TO THE NEW YORK TIMES.

THE ARGENTINE NAVY HAS WITHDRAWN FROM THE AREA, ARGENTINE MILITARY SOURCES SAID, AVERTING THE LIKELIHOOD OF AN ARMED ENGAGEMENT FOR THE TIME BEING. THE BRITISH FLEET STEAMING TOWARD THE AREA IS STILL AT LEAST SEVERAL DAYS AWAY.

"ARGENTINA DOES NOT INTEND TO INITIATE OR PROVOKE HOSTILITIES," FOREIGN MINISTER MENDEZ SAID IN A CABLE HE SENT TO PERU SUNDAY THAT WAS RELEASED THERE TODAY.

"THE MEETINGS WITH MR. HAIG ARE MORE IMPORTANT THAN ANYTHING ELSE," THE ARGENTINE SPOKESMAN SAID.

"MUTUAL PULLBACK PROPOSED"

MR. HAIG LEFT BUENOS AIRES WITH A PACKAGE OF ARGENTINE

NEGOTIATING "IDEAS" THAT INCLUDED THE MUTUAL PULLBACK OF ARGENTINE FORCES IN THE FALKLANDS AND OF AN APPROACHING BRITISH FLEET. IT WOULD GRANT SOME FORM OF LIMITED AUTONOMY TO THE 1,800 ISLANDERS.

ARGENTINE OFFICIALS AND FOREIGN DIPLOMATS HERE ANXIOUSLY AWAITED NEWS OF THE BRITISH RESPONSE TODAY.

A SECRET MESSAGE OUTLINING THE PACKAGE HAS ALSO BEEN SENT TO SENIOR MILITARY COMMANDERS, ARGENTINE MILITARY OFFICERS SAID.

ONE REASON THAT THE PROPOSALS ARE CALLED "IDEAS" BY MR. HAIG AND BY MANY ARGENTINE OFFICIALS IS THAT NO FINAL AGREEMENT CAN NOT BE REACHED WITHOUT THE APPROVAL OF THE ARGENTINE ARMED FORCES.

"WON'T BE BECAUSE OF A FOLLY"

MR. COST MENDEZ AND OTHER SENIOR OFFICIALS SAID THEY WERE SATISFIED THAT NEGOTIATIONS WERE AT LEAST CONTINUING. SECRETARY GENERAL IN THE OFFICE OF THE PRESIDENT, SAID THAT IF WAR SHOULD BREAK OUT, "IT WON'T BE BECAUSE OF A FOLLY BY US BUT BECAUSE OF A FOLLY BY GREAT BRITAIN."

IN THE MEANTIME, ARGENTINE MILITARY SOURCES SAID THE AIR-LIFT OF TROOPS AND EQUIPMENT TO THE FALKLANDS, 240 MILES OFF THE ARGENTINE COAST, WAS CONTINUING. THE SOURCES SAID THE NUMBER OF TROOPS IN THE FALKLANDS WAS NOW WELL OVER 6,000 AND BUILDING RAPIDLY.

3. "FALKLAND IMPASSE: HAIG SEEMS UNABLE TO WORK OUT A PACKAGE SOLUTION YET" BY R.W. APPLE, JR., NEW YORK TIMES.

Cute! Now we know UK effort--AMH

LONDON, APRIL 12--THE DISPUTE OVER THE FALKLAND ISLANDS IF PROVING FAR MORE INTRACTABLE THAN HAIG HAD EXPECTED IT TO BE, AND THERE IS NO ASSURANCE THAT HE WILL BE ABLE TO FIND A FORMULA THAT WILL AVERT OPEN HOSTILITIES BETWEEN ARGENTINA AND BRITAIN.

Cute!  
Now we know UK effort.

THE ARGENTINE JUNTA SAYS THAT BRITAIN MUST TURN BACK ITS MAIN BATTLE FLEET, NOW ONLY ABOUT A WEEK FROM THE ISLANDS, BEFORE ARGENTINE TROOPS CAN BE WITHDRAWN FROM THE FALKLANDS. THE BRITISH SAY THE TROOPS MUST LEAVE BEFORE THE FLEET CAN BE HALTED.

TO PUT THE MATTER ANOTHER WAY, GENERAL GALTIERI AND HIS JUNTA PARTNERS DO NOT WANT TO HAVE TO NEGOTIATE WITH A BRITISH NAVAL GUN POINTED AT THEIR HEADS, AND MRS. THATCHER DOES NOT WANT TO NEGOTIATE WITH SOMEONE WHO, FROM THE BRITISH POINT OF VIEW, REMAINS IN CONTROL OF A BRITISH POSSESSION THAT HAS BEEN SEIZED BY ILLEGAL MEANS.

Have heard before!!  
Have heard before!!

THE PRIME MINISTER HAD VERY LITTLE ELBOW ROOM IN HER TALKS WITH MR. HAIG. WHATEVER SHE AGREED TO, SHE KNEW WHEN THE LONG MEETING BEGAN, SHE WOULD HAVE TO DEFEND ON WEDNESDAY AT A SPECIAL SESSION OF THE HOUSE OF COMMONS. AND EVEN AS SHE TALKED, IT BECAME OBVIOUS THAT MANY MEMBERS OF

Right on  
He's plugged in!

*uk line*

PARLIAMENT WERE PREPARED TO ACCEPT FEW CONCESSIONS.

ONE OF THE PLANS THAT WAS ON THE TABLE REPORTEDLY CALLED FOR A THREE-PART PACKAGE: ARGENTINE WITHDRAWAL FROM THE ISLANDS, BRITISH RECALL OF THE FLEET AND A JOINT INTERIM ADMINISTRATION WITH A SINGLE ARGENTINE FLAG LEFT FLYING IN STANLEY, THE CAPITAL OF THE FALKLANDS, AS A TOKEN OF SOVEREIGNTY WHILE LARGER ISSUES WERE SORTED OUT.

true

*x 200*

NEITHER OF THE NATIONAL LEADERS INVOLVED IS IN A STRONG POSITION AT HOME, AND THE FALKLANDS CRISIS IS MORE ABOUT DOMESTIC THAN ABOUT INTERNATIONAL POLITICS. FOR MRS. THATCHER TO SEEM TO YIELD TO AGGRESSION MIGHT BRING HER DOWN; FOR GENERAL GALTIERI TO FAIL TO RETAIN SOME VESTIGE OF A SOVEREIGNTY TENUOUSLY ESTABLISHED AFTER 149 YEARS OF NATIONAL FRUSTRATION MIGHT CAUSE HIS REGIME TO COLLAPSE.

*12/80*

not so!

A NUMBER OF IDEAS HAVE BEEN PUT FORWARD TO HEDGE ON THE SOVEREIGNTY QUESTION, INCLUDING THE "HONG KONG SOLUTION" -- UNDER WHICH SOVEREIGNTY WOULD BE SHARED.

BUT OFFICIALS IN BUENOS AIRES HAVE BEEN SAYING PRIVATELY THAT THOSE IDEAS ARE UNACCEPTABLE, PRESUMABLY BECAUSE THEY FEAR THAT THE ARGENTINE PUBLIC WOULD SEE THEM AS A SELLOUT AFTER A GLORIOUS VICTORY. IT IS NOT KNOWN WHETHER THE FALKLANDERS, WHO REJECTED SIMILAR PROPOSALS IN 1980, HAVE CHANGED THEIR MINDS IN THE 10 DAYS SINCE THE INVASION ON APRIL 2.

IN ANY WAR BETWEEN THE TWO COUNTRIES, THE ODDS WOULD FAVOR BRITAIN, A FACT THAT MUST WORRY GENERAL GALTIERI. BUT SUBSTANTIAL BRITISH CASUALTIES WOULD ALSO BE HIGHLY LIKELY, AND MRS. THATCHER WILL HAVE TO TAKE INTO ACCOUNT THAT WHILE OPINION POLLS SHOW WIDE SUPPORT FOR HER PRESENT POLICY, THEY ALSO SHOW THAT A MAJORITY OF THE PUBLIC THINKS THAT REGAINING THE FALKLANDS IS NOT WORTH LOSING THE LIFE OF ONE BRITISH SOLDIER.

*[Faint handwritten notes and scribbles in the bottom left corner]*

THE BRITISH ARE USING THEIR TRUMPS WISELY, REVEALING THEM TO THE ARGENTINES BEFORE THEY ARE PLAYED. PRIME MINISTER THATCHER HAS CLAMPED A FAST FREEZE ON ARGENTINE ASSETS IN BRITAIN, INCLUDING BILLIONS IN BANK DEPOSITS. SHE HAS BARRED NEW LOANS TO ARGENTINA BY BRITISH BANKERS, HISTORICALLY THE KEY ACTORS IN SYNDICATING MULTINATIONAL LOANS FOR ARGENTINE BORROWERS. MERCHANDISE TRADE BETWEEN BRITAIN AND ARGENTINA HAS BEEN STOPPED COLD. AND NOW THE COMMON MARKET HAS FOLLOWED WITH A BROAD BAN ON ARGENTINE IMPORTS - THE TOUGHEST BOYCOTT MEASURE EVER UNDERTAKEN BY THE 10-NATION GROUP.

THE FULL DIMENSIONS OF THIS FINANCIAL WAR ARE STILL NOT KNOWN. THE BRITISH HAVE AVOIDED THE MOST PROVOCATIVE POSSIBLE STEP - PLUNGING ARGENTINA INTO DEFAULT. BRITAIN'S BANKS MAY STILL HONOR REQUESTS TO REFINANCE ARGENTINA'S OUTSTANDING DEBT EVEN AS NEW CREDIT DRIES UP. IF SUCH ROLLOVERS, TOO, WERE STOPPED, ARGENTINA COULD LOSE BORROWING OPPORTUNITIES THROUGHOUT THE WESTERN WORLD AND FIND ITS ASSETS ABROAD ENTANGLED IN ENDLESS LITIGATION.

THE ARGENTINES HAVE SEEN THE STERLING FIST AND ARE CLEARLY WORRIED. THEY WERE IN NEW YORK LAST WEEK EXPLORING ALTERNATIVE SOURCES OF LOANS AND FOUND SOME ADDITIONAL SHORT-TERM FUNDING. BUT NEW YORK, TOO, COULD DRY UP IF THE AMERICAN MEDIATION EFFORT FAILS.

NONE OF THIS PROVES THAT FINANCIAL WARFARE IS ALWAYS A SUBSTITUTE FOR OR EVEN AN EFFECTIVE SUPPLEMENT TO THE MARTIAL KIND. BUT IN SELECTED CASES IT CLEARLY CAN BE. SENSING ARGENTINA'S VULNERABILITY, BRITAIN MAY PROVE TO BE A SHREWER BATTLER THAN MANY EXPECTED, AVENGING THE USE OF FORCE IN THE DEFTTEST OF WAYS.

4. "IN THE CAPITAL OF ARGENTINA, NO WAR MOOD", BY JAMES M. MARKHAM, SPECIAL TO THE NEW YORK TIMES.

BUENOS AIRES, APRIL 12 - BUENOS AIRES DOES NOT HAVE THE FEEL OF A CITY THAT IS ABOUT TO GO TO WAR.

PERHAPS 100,000 PEOPLE TURNED OUT IN THE BIG PLAZA DE MAYO ON SATURDAY TO CHEER LIEUT. GEN. GALTIERI, AND TO SHOW SECRETARY OF STATE ALEXANDER M. HAIG, JR. THAT THE NATION STOOD BEHIND A MILITARY REGIME THAT SEEMED IN DEEP TROUBLE ONLY TWO WEEKS AGO.

IT IS HARD TO FIND AN ARGENTINE WHO BELIEVES THAT THERE IS GOING TO BE WAR, PARTICULARLY SINCE MR. HAIG BEGAN HIS SHUTTLE ACROSS THE ATLANTIC. THE FEELING SEEMS TO BE THAT ARGENTINA HAS CLEVERLY GOTTEN AWAY WITH GRABBING THE DESOLATE ISLANDS, AND THAT IT IS NOW UP TO THE UNITED STATES TO FIND A DIPLOMATIC SOLUTION THAT WILL SAVE FACE FOR PRIME MINISTER MARGARET THATCHER.

oh my!  
oh my!

"A LOT OF THEATER"

CAFIERO, A FORMER ECONOMICS MINISTER AND A MEMBER OF THE PERONIST OPPOSITION, WAS DEPARTING FOR WASHINGTON THIS EVENING - ONE OF A NUMBER OF OPPOSITION FIGURES WHO ARE BEING DISPATCHED ON MISSIONS ABROAD TO EXPLAIN ARGENTINA'S FALKLAND CASE TO THE WORLD.

"4 DAYS OF MARCHES ARE ENDED BY WEST GERMAN MISSILE FOES" SPECIAL TO THE NEW YORK TIMES.

BONN, APRIL 12 - FOUR DAYS OF MARCHES AND DEMONSTRATIONS AGAINST THE ARMS RACE BY THOUSANDS OF PARTICIPANTS IN SEVERAL WEST GERMAN CITIES ENDED TODAY.

THERE WERE NO CLEAR FIGURES ON PARTICIPATION, WITH THE POLICE AND THE ORGANIZERS OFFERING SHARPLY DIFFERING TOTALS.

IN FRANKFURT, THE ORGANIZERS SAID 60,000 PEOPLE ATTENDED A MEETING AGAINST NUCLEAR MISSILES ON EASTER SUNDAY, WHILE THE POLICE SAID THE CROWD WAS ABOUT 20,000, ACCORDING TO THE WEST GERMAN PRESS AGENCY. IN NUREMBERG, THE POLICE SAID 4,000 DEMONSTRATED AND THE ORGANIZERS SAID THE FIGURE WAS ABOUT 15,000. IN MANY AREAS SPONSORING GROUPS, ACKNOWLEDGING THAT TURNOUTS WERE POORER THAN EXPECTED, SAID BAD WEATHER WAS THE CAUSE, THE NEWS AGENCY REPORTED.

flop  
flop.

5. "BRITAIN'S FIST OF STERLING" NEW YORK TIMES.

BANK POWER, NOT THE NAVY, MAY TURN OUT TO BE BRITAIN'S CRITICAL WEAPON AGAINST ARGENTINA'S SEIZURE OF THE FALKLANDS. ARGENTINA'S ECONOMY IS IN DEEP TROUBLE, SIMULTANEOUSLY WEAK AND SEVERELY INFLATED. ITS DEBT TO FOREIGN BANKERS STANDS AT \$32 BILLION - GREATER THAN POLAND'S - AND IT HAS BEEN GROWING. IF THIS FINANCIAL LIFELINE IS SEVERED OR EVEN DAMAGED, THE ARGENTINE GENERALS MAY SEE EVEN MORE RIOTING IN THE STREETS, AS THEY DID JUST DAYS BEFORE THE FALKLANDS INVASION.

6. "GLOBAL ISOLATION PRODS ARGENTINA CLOSER TO USSR"  
JUNTA STUNG BY WORLD FALKLANDS REACTION, BY DANIEL  
SOUTHERLAND, STAFF CORRESPONDENT OF THE CHRISTIAN  
SCIENCE MONITOR, BUENOS AIRES.

THE CRISIS OVER THE FALKLAND ISLANDS APPEARS TO HAVE  
OPENED DOORS TO THE SOVIET UNION IN THIS SOUTH AMERICAN  
COUNTRY THAT WERE NOT OPEN BEFORE.

BECAUSE OF THE DIPLOMATIC ISOLATION THAT WAS BROUGHT ON  
BY ITS INVASION OF THE ISLANDS, ARGENTINA IS CASTING  
ABOUT FOR FRIENDS WHEREVER IT CAN FIND THEM.

AFTER AN INITIAL PERIOD OF HESITATION, THE SOVIET UNION  
IS CLEARLY TILTING AGAINST BRITAIN IN THE CRISIS AND IN  
FAVOR OF ARGENTINA. AS ARGENTINA'S LEADING TRADE PARTNER,  
THE SOVIETS ARE ALREADY IN A STRONG ECONOMIC POSITION HERE.

SUCH TRAWLERS HAVE TRADITIONALLY BEEN USED FOR ELECTRONIC  
SPYING AND FOR THE SUPPORT OF SOVIET SUBMARINES OPERATING  
IN THIS REGION.

(HOWEVER, UPI REPORTED APRIL 12 THAT THE SOVIET UNION  
DENIES IT HAS ENCOURAGED ARGENTINA AND SAYS IT HAS NOTH-  
ING TO GAIN BY SUPPORTING ARGENTINA AGAINST BRITAIN.)

THERE ARE LIKELY TO BE LIMITS AS TO HOW FAR THE SOVIETS  
CAN GO IN WOOLING ARGENTINA.

ARGENTINA'S CURRENT ATTEMPTS TO WOO THE SOVIETS ARE  
CONSIDERED IN PART AN EFFORT TO PUT PRESSURE ON THE US.  
IN EFFECT, THE ARGENTINES ARE SAYING TO THE AMERICANS:  
"IF YOU DON'T HELP US, WE CAN ALWAYS GO TO THE SOVIETS."

ARGENTINE OFFICIALS HAVE CIRCULATED A STORY, CARRIED BY AT  
LEAST TWO NEWSPAPERS HERE, CLAIMING THAT THE SOVIET UNION  
IS SUPPLYING ARGENTINA WITH INTELLIGENCE ON THE MOVE-  
MENTS OF THE BRITISH FLEET THAT HAS BEEN GATHERED FROM  
SOVIET SPY SATELLITES. THE STORY WAS CLEARLY DESIGNED FOR  
AMERICAN EYES AND EARS, BUT IT IS LIKELY TO BE SEEN FOR  
WHAT IT ALMOST CERTAINLY IS: DISINFORMATION, THE TERM  
THAT PROFESSIONAL DIPLOMATS USE TO DESCRIBE INFORMATION  
SECRETLY PLANTED BY GOVERNMENTS IN ORDER TO INFLUENCE  
OPINION.

ARGENTINE PRESIDENT GALTIERI IS CONSIDERED TO BE  
STRONGLY ANTI-SOVIET, AND MORE THAN A YEAR AGO HE AND OTHER  
ARGENTINE MILITARY OFFICERS WERE REPORTED TO HAVE REJECTED  
A SOVIET OFFER TO SELL JET FIGHTER PLANES TO ARGENTINA.

BUT SOME OBSERVERS THINK THAT ANTI-AMERICANISM AMONG  
SOME OTHER ARGENTINE MILITARY OFFICERS COULD BE  
EXPLOITED BY THE SOVIET UNION.  
EAGLEBURGER