



Before the final British assault in 1982, Royal Marines advance from Teal Inlet on their way to Stanley.

*Article and color photographs by Nicholas Dean*

## 'It's not right to let things go back to the old ways'

*A year and more after Argentine invasion, Falkland Islanders are at last getting used to the challenging business of change*

Just before the war, when I last visited the place, about the most traumatic event that Stanley was likely to experience was the arrival of a rare cruise ship, bound to South Georgia, loaded with amateur photographers and bird watchers. For a few hours the 1,100 inhabitants of Stanley felt uncomfortably crowded on their own turf. Souvenir hunters swarmed local shops in search of postcards, penguin T-shirts and Falkland Islands postage stamps, while pub regulars growled at the intolerable intrusion on their privacy. Some shops simply closed up until the last launch had returned to the waiting liner.

All that has changed, probably forever, but anyway until the present large British garrison departs—and that may be years from now. The Anglican cathedral is still in place, of course. So are the weathered hulks of a few old sailing vessels, relics of the days when Stanley was a port of refuge for square-riggers in the Cape Horn trade, which still sit forlornly in the shallows, even their later days as wool warehouses over. (See Fred Strebeigh's article, *SMITHSONIAN*, September 1981.)

But today, ships and small military craft buzz to and



Clutching a plastic helicopter and a warlike drawing, and sporting a "British Genius" button.

Ben Cockwell, 8, of Fox Bay East can look forward to a life probably far different from his father's.



## Challenge and change in the Falklands



Veronica Fowler's house was hit and three people died, but Daniel, 1½, and Rachael, 3, went unharmed.

fro like water beetles. Helicopters clatter overhead dangling cargo. As I came ashore (by landing craft, the only transport then available) the jetty seemed packed with uniformed figures. There are still about 4,000 British troops in the Falklands, roughly twice the total civilian population, and quiet little Stanley is often awash in soldiery. You see them queuing up at the foot of a jetty to buy overpriced candy bars at Des Peck's Philomel store, strolling in khaki twos and threes, and saluting each other, which they seem to do a lot, or just rumbling about in huge army trucks (read "lorries") which, only 18 months after hostilities ceased, have pounded the town's few miles of paved roads into interlocking potholes.

Anyone who knew the islands before (as I did) and goes back to visit friends (as I have just done) will naturally find people still much preoccupied with recollections of the fighting. The war swept the Falklands out of what was in many ways an idyllic, wind-swept, woolgathering past and into an uncertain future. Yet Falklanders today are also looking ahead, making plans as they never did before, because the islands' future promises to be richer and fuller of opportunity (as well as more hectic and dangerous) than the past ever was.

### *The house was shelled by "friendly" fire*

My hosts this trip are John and Veronica Fowler. When I first met them back in 1979, John was headmaster of the Darwin school outside Goose Green, where some of the heaviest fighting of the war later occurred. Before the war, though, the school was closed and they moved into Stanley. Now John is Superintendent of Education there, busy trying to keep the schools running properly under trying conditions. Veronica's time is now largely taken up with two extremely bright children, Rachael, 3, and Daniel, born a few weeks after the Argentine landings in April 1982.

The Fowlers are in temporary quarters. Their old house, on the west edge of town, was hit by "friendly" British fire in a celebrated but tragic incident that wrecked their kitchen and killed three island women who had taken refuge there. (John and Veronica suffered slight shrapnel wounds; the children, safe in an impromptu shelter made out of a large wooden sideboard, books and tea chests filled with peat, went blessedly unscathed.) Despite some close calls, the three women were the only civilian fatalities in a war that cost 1,032 British and an estimated 2,000 Argentine killed and wounded.

The Fowlers' present house, a spacious bungalow, has a guest room, which they offered me. It was no casual offer, either, I discovered. There was an acute housing shortage in Stanley then. The military constantly



Welcoming penguin belongs to Des Peck who owns Philomel variety store near Stanley's main jetty.

pled with civilians to spare space for rental to soldiers, at least until the three new prefab Swedish barracks going up near the airport were fully assembled.

Like other islanders, John and Veronica cope sensibly with everyday details of postwar living. A huge bunker dug by the Argentines in the backyard of their bungalow has been converted into a flourishing vegetable garden. We drink our instant coffee from Argentine Navy mugs left behind by the hastily departing enemy. These days, too, when Veronica gets a chance to lounge around at all, she lounges in a pair of blue pajamas left behind by a smallish Argentine officer.

Bizarre supply shortages do occur. On any given week the local stores may be out of anything from lighter fluid to onions, depending upon what the soldiers have been buying a lot of, or upon which huge container from Britain hasn't yet been unpacked from the jumble of crates down at the docks. As usually happens in garrison towns, resourceful hostesses tend to invite a military acquaintance for a home-cooked meal, casually mentioning that dinner might be improved if he brings "a few onions." A bit ironically, the garrison has its own excellent bakery and army bread has become a local delicacy.

At least with a visitor from the remote outside world like me, people still tend to "dine out" on stories about the war. Many recollections are lighthearted. All things

considered, Falklanders bear remarkably little animosity toward the Argentines—perhaps because the war turned out well, perhaps because "the Argies" (except for their air force) proved such hapless warriors, as well as being, almost until the very end, highly unthreatening occupiers.

The first weeks after the Argentine takeover were pretty relaxed, though the Argentine commanders caused consternation by changing the traffic laws so that British Falklanders (at least any who owned one of the islands' 371 cars and trucks) suddenly found themselves trying to drive on the right-hand side of the street. Islanders had considerable doubts about the value of the pesos they received in recompense, but they found the Argentines punctilious in matters of private property and claims for damages. After the British armada set sail for the Falklands, and especially after the first British air raid on the airport, the hours of darkness in Stanley became tense and harrowing. Nervous Argentine patrols fired at practically any sound. By Argentine order, if Falklanders so much as peered out a window at night, they risked being shot at.

But nothing entirely eradicated the musical-comedy aspect of the war. According to a story current in Stanley, with great stealth and under cover of darkness the Argentines cut down a section of the tall board fence that runs around an empty lot on Ross Road (Stanley's main street), just west of the Falkland Islands Company's West Store. Behind it, also under cover of darkness, they installed a machine gun. But came the dawn and the section of fence was back in place. Every night thereafter, down came the fence, so the gun



Fox Bay East Postmaster Ken Halliday is already branching out, raising vegetables and poultry for sale.



could have a range of unrestricted fire. Each day, back it went in place, covering the gun and thus, presumably, allaying Falklanders' fears. Needless to say, this whole performance was supposed to be—and of course wasn't—a great military secret.

Emma Steen, who runs the boardinghouse where I took some of my meals, left Stanley for the countryside during most of the troubles. When she got back there was an anti-aircraft gun in her flower garden. But it was what the young Argentine soldiers had left behind that touched her. "In the yard by the bunker," she recalls, "there was a collection of Dinky Toys which we had not seen before, in a sock with some money. That's how young some of the conscripts were!"

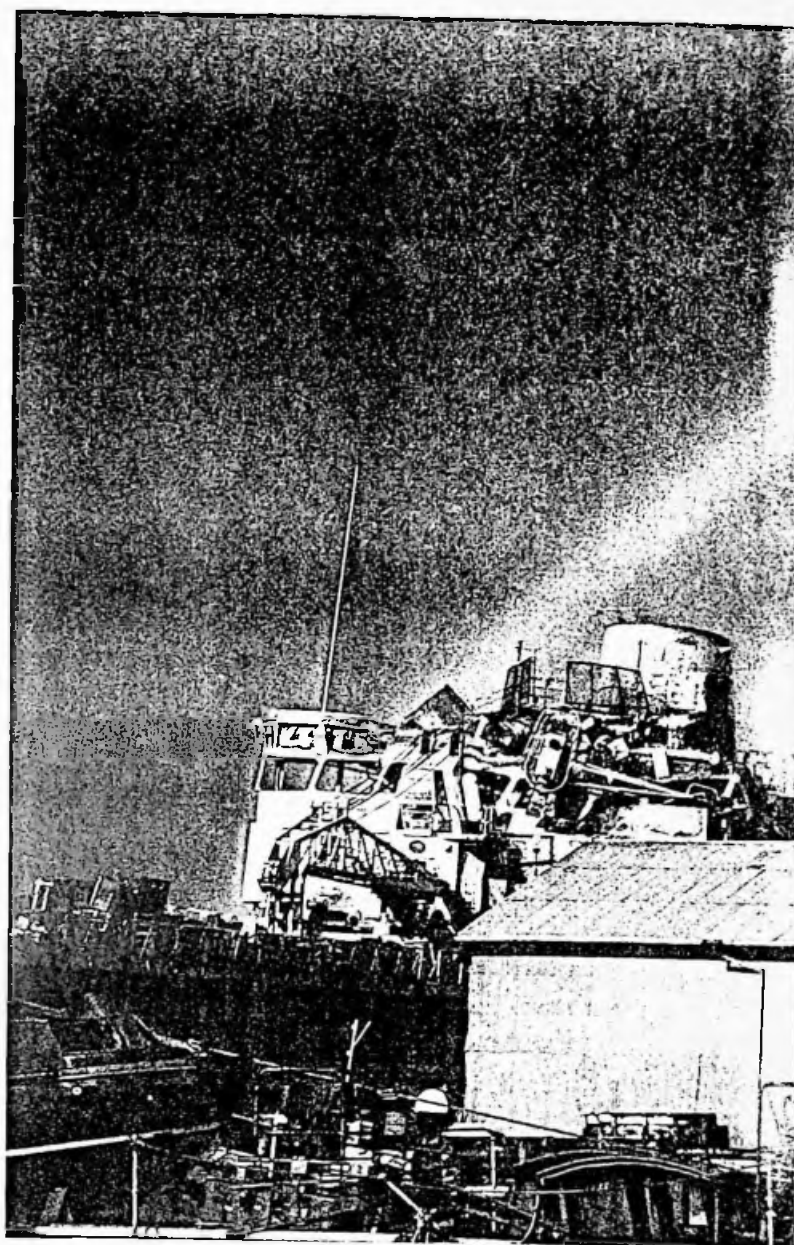
Nick and Sheila Hadden were living in a friend's house near the tiny sheep settlement of Fitzroy. Shortly after the British advance from Goose Green, the Haddens were awakened by two Argie noncoms who wanted to borrow their Land Rover and rejoin their outfit in Fitzroy. It was a cold night. Sheila offered them a cup of coffee—on condition they leave their guns outside. They agreed. Afterwards, they drove off happily toward town. What the two soldiers didn't know was that the British troops were already in Fitzroy, and the island's old, crank phone system was still working. Nick rang up Fitzroy and the two noncoms were taken prisoner.

#### *Gurkhas that go bump in the night*

Fooling the Argies is a fairly common theme. After the invasion the population of Goose Green, 114 people, was herded together at gunpoint, forced into the village hall, and kept locked up for a month. An elderly woman had left her false teeth behind, but the guards refused to let her—or anyone else—go collect them. The prisoners' principal form of retaliation consisted in telling their Argentine guards that the British Gurkhas were coming, with their celebrated reputation for savagery and their razor-sharp kukris (knives). Cutting off noses, ears and even heads of their enemies were the mildest atrocities that Gurkha victims might be treated to, Goose Greeners informed their shaking listeners. The kicker was usually an obvious question-and-answer joke: Q. How can you tell whether or not Gurkhas have come in the night? A. If you can turn your head, they haven't.

Later the Gurkhas—who reached the islands during the attack on Stanley—were accused of unspeakable atrocities, none of them true.

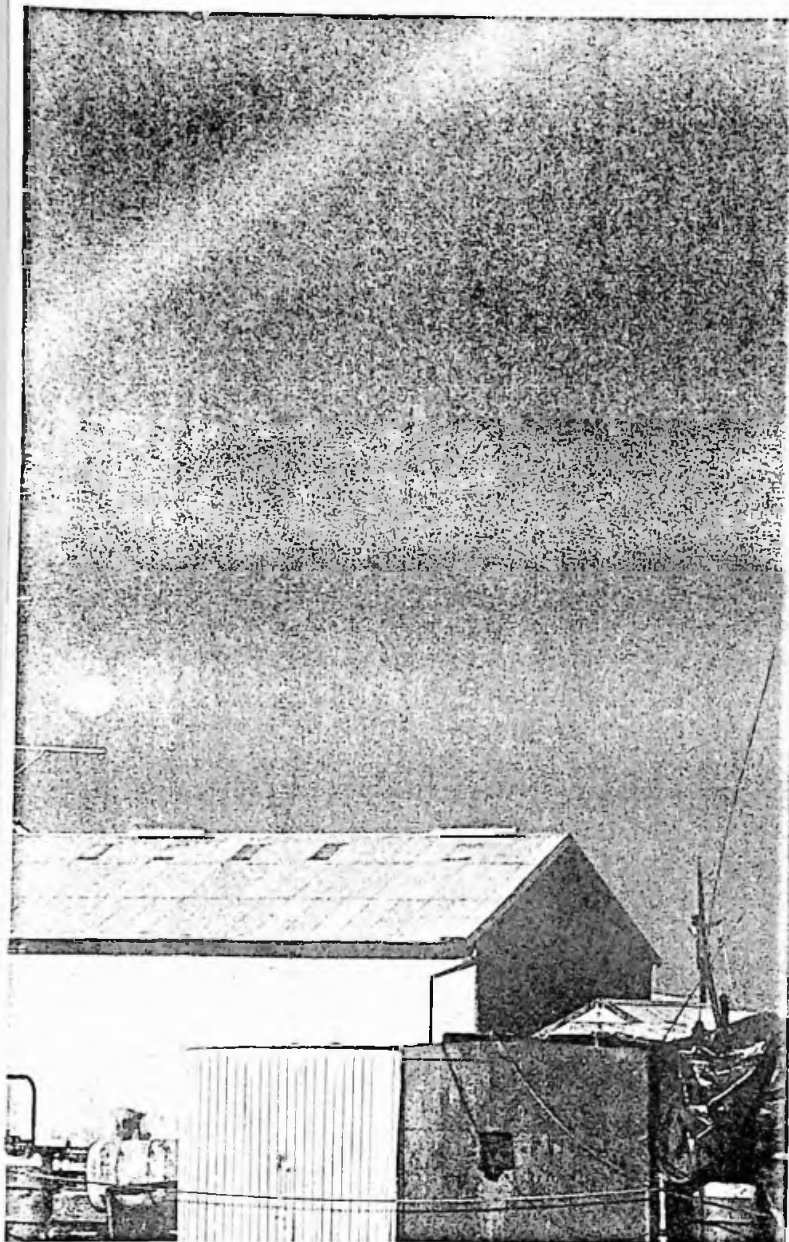
There is a darker side to memory, of course. Over coffee, one day after I'd been back in the islands awhile, I ventured to ask Veronica if she is still nervous about the war. There is no formal peace treaty. Ships in the outer harbor still observe blackouts at night, though



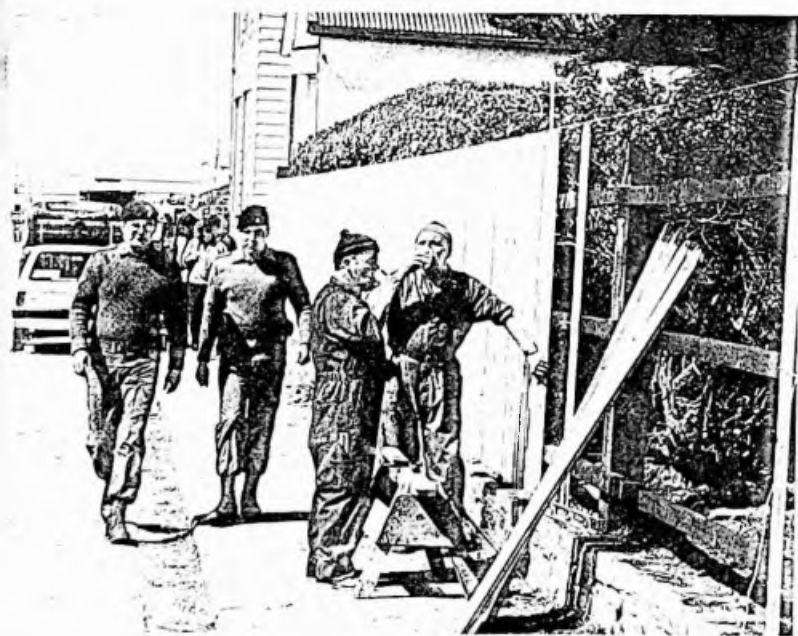
Rainbow, frequent sight in the showery Falklands, arcs up from damaged superstructure of *Sir Tristram*.



Hopeful sign painted on wall of a private house was intended to warn British pilots not to fire on it.



A landing-support vessel, she was hit during the landings, and has now been towed away for repairs.



Soldiers stroll Stanley street as islanders rebuild fence torn down to accommodate "Argie" machine gun.

the town is brightly lit. Besides, she had been hit by shrapnel, and had held one of the mortally wounded victims in her arms. "Yes," she said. "You do feel differently when a shell has gone through your roof," adding, after a pause: "You know it *can* happen because it has happened."

In part because islanders share her sense of vulnerability, and also are grateful to the army, town and troop relations have been good so far—despite shortages and crowding. There are raw edges, of course. There was what is known as the "Benny Affair," for instance. Benny is a dim-bulb character in a famous British TV soap opera that all the urban soldiers from Britain know well. Because Benny's TV trademark is a wool hat, while wool watch caps (with rubber Wellington boots) are almost a Falklands national costume, it was probably inevitable that garrison soldiers found "Benny" a convenient, and sometimes contemptuous, nickname for Falklanders. Its use became enough of an issue that garrison commander Maj. Gen. David Thorne felt called upon to forbid the use of the term—an order that probably did little more than drive it underground. The "Bennies," for their part, have their own set of pejoratives. They also tend to charge the British soldiers what are regarded as outrageous prices.

#### *"Chuckling out drunken Paras"*

Misunderstandings and recriminations can result even where the best of intentions exist. Many families had soldier lodgers, and Her Majesty's Government, anxious to be fair, insisted that householders accept a payment of £1.50 a day for each soldier. When some grateful citizens demurred they were told they *had* to take the money, but were reminded that if they were embarrassed by it, they could always "put in the collection plate in church." That was fine—until the Falkland Islands Government suddenly announced the rent money would be taxable—a double blow, as few people had kept any records.

Partly as a result of this kind of petty friction, one casualty of the postwar period has been the Globe Pub, a celebrated Stanley watering place, well seasoned with peat smoke and decorations from passing ships. Owner Chuck Clifton finally decided he'd had enough of "chucking out drunken Paras" (paratroopers). Some time ago he simply cleaned out his years of souvenirs and locked the doors. After I left the islands the Globe did reopen under a hopeful new management, but so far, everyone agrees, the place "isn't quite the same."

The challenge of a changing island after so many changeless years affects different people in different ways. The Fowlers, for example, belong to a tiny class of skilled government employees who come to the





The beach at Fox Bay East, like others all round the islands, is still Off Limits because of mines.

Falklands from the United Kingdom on a contract basis. At the end of each tour such folk always get transport "home" and some paid leave. Then, if both sides are agreeable, they sign up for another few years in the Falklands. The Fowlers first came here 12 years ago. In 1980, when their Darwin school closed and they had to move to Stanley, they found to their surprise that even the ways of a small colonial capital had become too citified for them. They longed to be back on the windswept, grassy hills and the lonely seashore. With the island so busy and its future in question, their very professional mobility made them ponder deeply whether or not to stay in the Falklands. At last report, they had decided to return to the north of England.

Most inhabitants, however, are "Kelpers," island-born Falklanders whose nickname comes from the lush local seaweed. Before the war they had few choices. There was no unemployment, to be sure, and nobody went hungry. But in a one-economy society, based on the wool industry, on islands largely owned by the London-based Falkland Islands Company and other absentee landlords, there was no opportunity, either. For years the price of wool has not kept pace with inflation. But many Kelpers felt that the landlords were not seriously interested in trying to improve the quality of the islands' only product, or in trying to diversify.

Faced with stagnation, some bright islanders mi-

grated to New Zealand. But in prewar days a young lad who had grown up on one of the outlying farms had little choice but to join the ranks of unmarried farm workers who lived in dormitory-style housing on the larger farms and ate in communal dining halls. If he was especially promising and attractive, he *might* get married and go live in one of the company-owned houses. But the odds were against it. There was (and is) a shortage of marriageable women in the Falklands, and some of the islands' comelier lasses went off to England each year as brides of one or another of Stanley's small but perennial contingent of Royal Marines—a practice that is likely to increase as a result of the present large garrison of soldiers.

The situation created a certain passivity, both about the future and about how the island should be run. Today, though, the British government is eager to make the islands a strong, going concern, and to justify the great expense of the war. In Stanley more than \$22 million has been spent to repair or replace war-damaged homes. Some \$319 million is scheduled for use in building a new airport at Mount Pleasant and the creation of a 25-mile-long road—now a rugged track that should be tackled only with the aid of a four-wheel-drive vehicle and is simply a peaty morass in any wet weather—linking it with Stanley. In addition \$46 million will be spent over the next five or six years for the development of the Falklands. Among various projects is a \$3-million satellite earth station to improve the islands' long-shaky telephone links with the rest of the world. With help from the lately established Falkland Islands Development Corp., it is becoming easier than it used to be to borrow money.

#### *Encouraging the young and ambitious*

Following lines first explored in a prewar report written by Lord Shackleton, son of the famed Antarctic explorer, the government and the islanders are now branching out in a number of ways. Some of the huge farms have been broken up, with young and ambitious farmers encouraged to buy and work smaller units. There is the possibility, since fishing fleets from Poland, Russia and Japan now harvest in the South-west Atlantic, that the Falklands may start a modest inshore fleet of their own.

Just how much the spirit of change has set in politically became evident one evening at a rare public meeting called by Terry Peck, a member of the eight-man, locally elected Legislative Council. Peck is in his mid-40s, a former Stanley police chief who now works as a contractor. He is also a feisty politician and claims he is the first councillor ever to call such a "town meeting" just to find out what was on his constituents' minds. Although council members weren't up for re-



In a show of power and *politesse*, garrison gunners fired a salute during a week of parties,

parades and horse races last spring, celebrating the Falklands' 150 years as a British colony.

election, Peck suggested that the whole council resign, forcing immediate elections. Or, at the very least, there should be a vote of "no confidence" in the whole present system. Such a meeting would have been unthinkable before the war.

Peck took notes on a pad, promising that he would bring this or that matter "to someone's attention." There were typical small-town questions (Is it true that someone is going to open a fish-and-chips shop in a residential neighborhood?). But people clearly wanted to question just how decisions about the Falklands are being made and who is making them. "It's up to the people of the Falklands," said Steve Whitley, the local veterinarian (whose wife Susan was one of the people killed in the Fowlers' house). Decisions, he added, have thus far been made by a "very restricted group." (The Falklands are a British colony. They are administered by a British-appointed Civil Commissioner and two separate councils—the mostly appointed Executive

Council and Peck's Legislative Council, mostly elected).

Such a change should help people like Laurie Butler who, as Stanley's butcher, used to be an employee of the Falkland Islands Company, but is now in business for himself. Laurie leases the butchery from the Company, and brings large cuts of meat to the doors of his clients. (Early each morning gates and doorways in town sprout a crop of small signs for the butcher: "Half a sheep today, please," or "Cat's meat only, please.") He sells to the army, as well. The principal hurdle, so far, was figuring out an economical way to upgrade the Stanley butchery enough so that the army could buy from him regularly.

I talked to David Britton, managing director of the Falkland Islands Company, who happened to be in Stanley for one of his periodic visits. A dapper man who very much looks like the successful car salesman that he once was, Britton, perhaps predictably, urged caution about changes, especially when it comes to breaking up the huge farms and selling off the pieces to individuals. What is worrying him is that when the larger farms get broken up, their new owners will run the small units as family farms, thus requiring far fewer

*Writer-photographer Nicholas Dean first visited the Falklands before the war to report on the preservation of old sailing ships.*



## *Challenge and change in the Falklands*



Emma Steen's flower garden, now flourishing again, briefly sprouted an Argentine antiaircraft gun.

hired hands. "What are those displaced people going to do?" asks Britton. "Are we going to tell them all that if they want a job they have to go into Stanley and work on the roads?"

To be sure, Britton is a representative of the islands' principal absentee landlord. But he has been urging the development of local light industry and easier credit. Moreover, he isn't the only one beginning to confront what is, essentially, an old-fashioned land redistribution problem: who will remain on the land; how will it be divided?

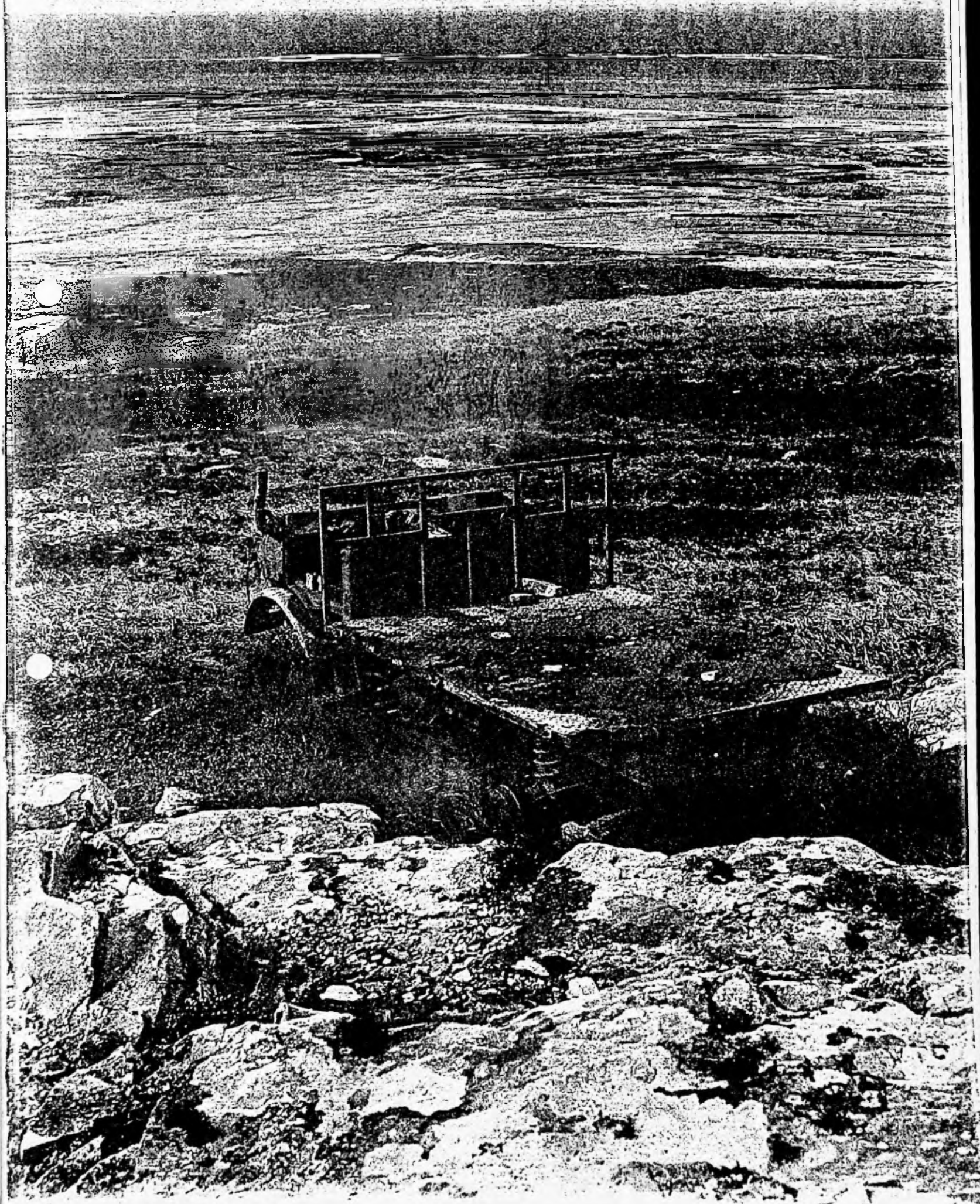
Richard Cockwell, for instance, was busy thinking about what ought to be done with the 140,000-acre Fox Bay East farm on West Falkland Island which, incidentally, he used to manage for absentee owners, the Packe Brothers. Cockwell lives there with his wife Griselda and sons Adam and freckle-faced Ben (p. 51). He hoped the farm would be broken up into several large tracts plus some common land in which current residents, if they could raise the money, would have a chance to buy the company houses they now live in and enough land for a garden and paddock. The major farm buildings in the village would belong to something like a Fox Bay village corporation.

But one large Fox Bay East family was opposed to the scenario. They wanted to buy the entire farm, all right, then run it as before, the only difference being that profits would go to local owners instead of the faraway company, and with no chance for ordinary folk to buy places of their own. There were merits to both plans, of course, and it is not clear how things will go in similar situations elsewhere in the islands. But in Fox Bay East a scheme similar to Cockwell's finally carried the day.

At the moment the Cockwells are planning to use part of their large house to manufacture woolen goods, and will ultimately set up knitting and weaving production with six knitting machines to start.

Since the war many islanders share a general feeling that I heard put best by George Stewart, a Fox Bay shepherd. Stewart has watched his flocks in that corner of the world for almost 40 years and, depending on how things eventually work out, may or may not be able to retire to a small house of his own. He thought about the problem when I talked to him one afternoon as he was saddling up his horse. "A lot of British lads died for us," he finally said. "It's not right to them to let things go back to the old ways." Then George Stewart was off, riding away over the yellow hills to round up some sheep.

View from Sapper Hill leads past war-blasted truck and across a bleak landscape to Atlantic Ocean.





## Beware of Falkland dogs

Sir, — In highlighting (January 24) what could prove to be a potentially serious health problem in the Falklands—you reported that only four out of 18 mutton carcasses were fit to eat due to the presence of parasite cysts. If these cysts are, indeed, those causing "hydatid" disease both the Army and the civilian population should be alerted to the danger, at once.

The danger is not, however, from eating contaminated mutton but from associating with dogs, which become infected by scavenging or being fed contaminated mutton and a small tapeworm (*Echinococcus granulosus*) develops in their intestines.

These worms release eggs which are spread by faecal contamination, and ingested in food, drinking water, etc. As eggs also stick to the fur, even handling dogs can cause infection; children are particularly at risk, for obvious reasons. The recent conflict, in which numbers of stray sheep must undoubtedly have been killed and scavenged by dogs, can only have exacerbated the situation.

The problem is worldwide in sheep-raising communities and control programmes are in operation in some countries, such as New Zealand, Tasmania, Cyprus and (very recently) Wales.

I have written to the Ministry of Defence (and also my MP) asking what steps have been taken to survey the extent of the disease on the Islands? Has the dog population been examined and has the Army being warned of this unexpected hazard?

The disease takes a particularly unpleasant form, resulting in large cysts growing in the liver or lungs which can only be removed by a difficult surgical operation. An important point is that it may take some time—even years—for clinical symptoms to appear and it is possible that Army personnel, having left the islands (and perhaps even the Army) may find themselves with the disease. One can see the difficulties which could arise in proving (like radiation effects) that the disease was acquired during active service!

We do not know, of course, if the cysts referred to are those of hydatid disease, but there is a strong possibility that this is the case. If so, there is clearly a need for much more information on the extent of the infection, and what measures are being introduced to control it.—

Yours faithfully,

J. D. Smyth.

Emeritus Professor of Parasitology,  
University of London.

## Antarctic survey goes back to S. Georgia

By JOHN SHAW

THE British Antarctic Survey is planning a major expansion of its scientific research in the South Atlantic, and a return to Grytviken, on South Georgia, at a site opposite the old whaling station

whose occupation by Argentine scrap merchants led to the Falklands war.

The expansion follows a Government decision last year to give the survey—the world's leading Antarctic scientific organisation—an extra £14 million, spread over three years.

The Government wants to maintain its acknowledged lead as other countries begin to pump money into similar Antarctic research.

Dr Richard Laws, director of the survey, which is based at Madingley, Cambridge, said the earth and marine life sciences' work would be extended. There would also be a marine geophysics programme carried out in collaboration with Birmingham University.

This would be on the west coast of the Antarctic peninsula, and in the Scotia and Weddell seas in the British Antarctic Territory.

### Oil find hopes

The extra money comes at a time when there is increased international interest in the whole area, particularly in its possible oil and untapped mineral resources, which would be of vital interest to the West.

Part of the work will be to determine the thickness and extent of any potentially oil-bearing sedimentary basins in the area. But Dr Laws emphasised that the survey's rôle was "purely scientific."

The bases at Grytviken and on Signey Island, in the South Orkneys will also be expanded.

At Grytviken research workers will study the rich shoals of krill in the sea off South Georgia. The survey has bought a third De Havilland II Otter aircraft and is considering building a hard airstrip at Rothera, on Adelaide Island, at a point just south of the Antarctic Circle.

About 40 extra scientists have been engaged and a further 60 staff will be hired to cope with the extra work. The total number will eventually reach about 420.

## MEMORIAL FOR FALKLANDS

A second attempt is to be made to ferry a stone memorial monument from a quarry in Retford, Nottinghamshire, to the Falkland Islands.

Four of the original stone memorials now lie at the bottom of Port Stanley harbour after an explosion damaged the cargo vessel which shipped them there last summer.

Replacements have been prepared and should be on their way in time for the second anniversary of the Falklands war.

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The Daily Telegraph  
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## School bans Navy visit after parents' 'peace' protest

By CHARLES LAURENCE

A ROYAL NAVY promotions team was banned from a comprehensive school in Rye, Sussex, after a small group of parents complained that the visit should be balanced by members of the "peace movement."

The parents complained that the Sir Thomas Peacocke school authorities would be open to a charge of "political manipulation" if they allowed the Royal Navy visit alone, to have taken place last Friday.

The Royal Navy Schools Presentation Team is aimed principally at recruitment.

It delights schoolchildren by arriving by helicopter, with Royal Marines dropping down 100ft ropes to the ground.

When the Rye visit was publicised in the local newspaper, nine parents wrote to the editor to complain that "the school appears to be co-operating with the Ministry of Defence in a one-sided presentation of political and defence issues."

Mr Ray Fooks, headmaster, cancelled the visit at two weeks' notice, even though the complaint was confined to the newspaper. He plans to discuss the issue with the parent-teachers' association and the governors.

"My objectivity was questioned, and I thought that cancelling was in the best

interests of the school. I am very confident that there is no imbalance in the teaching here," he said.

Mr Fooks has already shown at the school the banned BBC television film "The War Game," which shows the horrors of nuclear war.

A Royal Navy spokesman said that the presentation team is barred from "two or three" schools each year, usually by "anti-militarist" local authorities.

### Brutality claim

Members of the Ex-Services Campaign for Nuclear Disarmament, a splinter group within the CND, called at their meeting this weekend for an inquiry into alleged brutality by members of the Parachute Regiment towards Greenham Common peace women.

The ex-Servicemen, headed by Parachute Regiment veteran John Stanleigh, claim to have had reports of women having their fingers broken and being assaulted with "electric cattle prods" during the period that the Regiment bolstered the guard at the cruise missile base.

The Defence Ministry said no investigation was under way because they had received no formal complaint. Cattle prods were not listed in the Parachute Regiment inventory.



## Tension on pay levels feared in Falklands

By Air Cdre G. S. COOPER Air Correspondent

**B**RITISH construction workers living in isolation at the barren site of the new airfield at Mount Pleasant, in East Falkland, are pressing for approval to make recreational visits to Port Stanley, 25 miles away to the north-east.

This seemingly-harmless request is being viewed with concern in the Falklands capital because of the tensions that could arise between the highly-paid workers, members of the Armed forces, and locals.

There are 500 workers at the site, and the number is growing at a rate of 200 a month. By April they will outnumber the residents of Port Stanley, and reach a peak of 1,400 by July.

The little town's three public houses are already well-frequented by members of the 4,000-strong British garrison. Drunkenness is a problem in the Falklands.

The airfield workers are on salaries of £10,000 a year or more, with some estimates putting wages as high as £400 a week. By comparison, the most that an islander can expect to earn is about £100. The average wage is well below that.

### Imported workers

The Laing-Mowlem-Amey Roadstone contract made the consortium import its workforce from the British labour market to forestall a crippling transfer of local workers from the farms to the airfield site.

Sir Rex Hunt, Civil Commissioner, has told the islanders there is no control of labour in the islands, to prevent them from seeking work at Mount Pleasant.

He has appealed to their commonsense not to over-react to the situation, nor seek short-term financial gain in a way that

would disrupt the Falklands' economy.

Nevertheless, an undercurrent of resentment remains, particularly among the younger islanders, at the lack of opportunity to get a share of the high wages.

### Long hours

The problem was raised during the three-day visit of Mr Heseltine, Defence Minister. The authorities can see advantage in letting the construction workers spend their money locally, but wonder how recreational runs can be organised without risking a threat to peace in Port Stanley.

For the money they get, the Mount Pleasant men are working long hours and making incredible progress.

The vessel Merchant Providence left Britain on Sept 26, arriving at East Cove on Oct 29, where it is now permanently moored as a jetty. Two other ships, the *England*, and *Beacon Grange*, are ferrying passengers and cargo from a transit base in South Africa.

A fourth ship, *Romney*, is carrying accommodation units.

A base on shore was established in three weeks, and by Dec. 17 a road had been built to the runway site on March Ridge.

Earthmoving operations began on Jan 2.

Three weeks later, Mr Heseltine was able to see that excavation was well advanced on a third of the 8,500 ft runway, which is due to be ready for use by April next year.

The value of equipment landed is already over £20 million.

# The price of freedom

## FALKLANDS

AS ARGENTINA begins to send out peace signals, defence experts in Britain have been calculating the cost of Fortress Falklands.

Their estimate is that by 1986 the British taxpayer will have picked up a bill for £3,000 million for ensuring the freedom of the 1,800 Falkland islanders.

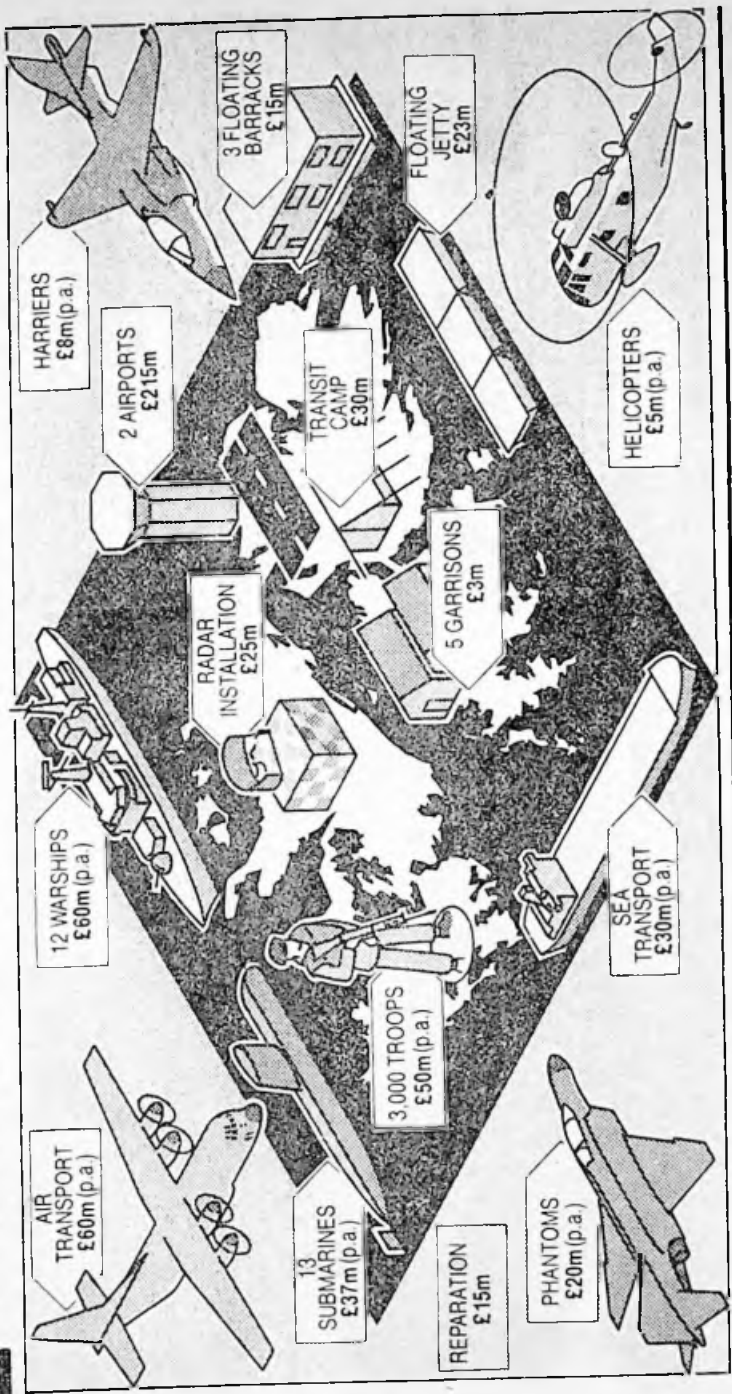
A third of this is for the ships, planes and equipment lost in the war. The cost of materials and fuel during the fighting was £800 million and Britain is committed to spend £325 million on capital works by 1986.

The annual 'running costs' of the garrison — excluding salaries which would have to be paid wherever the troops were posted — is £180 million a year and transport £90 million a year.

Ironically, one of the reasons for the high cost is the fact that Britain now has to compete with Argentina's growing new fleet of frigates boasting the best of modern British technology in their engines and radar systems.

Her air force is now stronger than it was before the Falklands War. For the British, the biggest problem has been the position of the Falklands. Just transporting troops out by air costs £200,000 a trip. And the conditions in the South Atlantic make everything more expensive.

Even the airport at Port



**FORTRESS FALKLANDS:**  
 How the bills mount up  
 Graphic: DAVID CASE  
 and GEOFF SIMS

Stanley has had to be resurfaced with steel matting to withstand the vicious weather. And an estimated £40 million is being spent on improving facilities at Widewake, the Ascension Island base which is a key staging post.

All this adds up to an extra four per cent a year on our defence budget until 1986.

Charles Cromwell

# Thatcher and the arms dealer

By  
RUPERT RADCLIFFE-GENGE  
in London  
and RICHARD HOLLIDAY  
in Lima

MARK THATCHER's name and reputation were used to try to set up an arms deal with Peru only weeks after the defeat of its closest ally, Argentina, in the Falklands war.

His name was dropped, without his knowledge, into a series of dated Telex messages and recorded telephone conversations by commodities dealer Leon Walger, 39, an Argentinian who had volunteered to serve with General Galtieri's armed forces.

The two were good friends who had kept up a correspondence by Telex throughout the South Atlantic war.

Mark was only to find out much later how Walger was abusing that friendship.

A special Mail on Sunday investigation which began before Mrs Thatcher came under fire about the Omani government deal, underlines the dangers for someone as close as Mark to the Prime Minister in becoming involved with international middle men.

In this strange world inhabited by deal fixers, the honest man must be particularly vigilant.

The trouble with Mark, say acquaintances, is not who he is but who he knows. Impatient to make a financial killing, he is less wary of those with whom he is prepared to do business than one would expect of someone in his position.



WALGER: Mark's name carries weight



MRS WALGER: Trips



HOWARD: Impressed

Mail on Sunday  
29th January 1984

CONT...1



Mail on Sunday  
29th January 1984  
cont../

## Opulent

Ordinary businessmen only make ordinary profits. Mark is said to have greater ambition. He would like to be a millionaire before he is 35 and that may, one day, get him into trouble.

Walger is a man with a financial killing already behind him. A commodity dealer in South America and London, his commercial acumen and contacts enable him to buy a £400,000 house near Hyde Park, run an opulent flat in Lima, Peru and use a holiday home near Montevideo in Uruguay.

He married Malena, the beautiful grand-daughter of a former President of Peru who sometimes accompanied him on his frequent visits to his London home.

Walger was a director in a London commodity company Cominter (UK) but still he found enough spare time to indulge his other passion apart from making money —

motor racing. But Walger, who until 1980 paid for his racing out of earnings, lost a fortune gambling in commodity futures. He is still trying to come to an arrangement with another Cominter director, Sandy Harper, over his losses.

Strapped for cash but still with good contacts, he thought a link-up with Mark's name would be mutually beneficial in the motor racing world. Mark agreed and the two communicated their ideas on the scheme to each other mainly by Telex.

Two of the Telexes they sent were apologies for not being able to drive in the June 1982 Le Mans race because of the Falklands war. It was around this time that the Argentine defence minister was signing Walger's certificate of honour, praising him for volunteering to fight for the islands.

## Connected

But five weeks after the surrender was signed in Port Stanley, on July 27, 1982, Walger sent another Telex — a lying Telex which implied Mark was involved in, and approved of, an arms deal to supply the Peruvian Govern-

ment with \$30m (worth at the time about £19 million) of arms for their counter-insurgency forces.

The Telex was sent to the Dallas office of American arms dealer and government agent Gary Howard. It read:

'Dr. J Azula (Walger's lawyer in Lima) has briefed me on your interests re: certain particular countries in which we are well connected and in which we might be able to help selling your ideas and/or equipment. I would also like to point out that I am a close friend and associate in some particular deals of Mr Mark Thatcher who, for obvious reasons, is also highly well connected in other parts of the world.'

It went on to say he would telephone that night and Mark would be with him.

Azula had got to know of the Peruvian arms deal through his friendship with the personal assistant of another arms dealer Howard was trying to ensnare for the United States government.

Gary Howard remembered the effect of the Telex when we contacted him.

'When we received this one, we asked ourselves "Is this the son of Margaret

Thatcher?" It was obvious from the wording that it was. That name definitely added credibility to the deal. No-one would figure that the Prime Minister's son would be involved in an illegitimate deal.'

The telephone call added further credibility. Mark was due to go to Walger's house in Kensington Gate to discuss motor racing sponsorship. Because he worked as a federal agent, Howard taped all his calls, including this one.

## Credibility

Howard told us: 'Azula asked Mark Thatcher to talk to us. You could hear the refined English voice in the background very clearly saying: "Don't use my name." It sounded very panicked, very frightened.'

After this call, Howard was sufficiently impressed to send two employees from his firm, Peregrine International Associates, to London to see Walger and Azula.

'They said that Mark Thatcher was being used simply because of his name and the credibility it held. They said Thatcher was not very bright and had to be instructed on what to do. But his name did carry a lot of weight,' said Howard.

The impression had been formed and the deal went far enough for a contract to be drafted and for a Peregrine employee to be sent to Lima for discussions with the Ministry of the Interior.

## Regret

However, President Fernando Belaunde rejected the Walger-Azula offer because 'the deal was too complicated' a Ministry source told The Mail on Sunday.

Walger has admitted to us Mark was 'totally unaware that I had named him in the telex. It was wrong of me to do so and I regret having mentioned his name.'

So where does all of this leave Mark? In this deal he was disgracefully used by someone he believed was a friend.

Obviously he needs to be more discriminating in future.

OBSERVER

29.1.84

## Argentine call

Lord Thomas, who as chairman of the 'think tank' is one of Mrs Thatcher's closest foreign policy advisers, has been invited to lecture at Argentina's foreign affairs institute.

He said yesterday he had not decided whether to accept and would not comment on suggestions that he might discuss British-Argentine relations with President Alfonsín.

# Blunders behind the Falklands contract

by HUGH O'SHAUGHNESSY and PATRICK BISHOP

AN ASTONISHING series of misjudgments, abrupt changes of plan and irregularities lay behind the Falklands contract for 54 prefabricated houses which, as *The Observer* revealed last week, cost more than £130,000 each to build.

At one stage the Prime Minister wrote personally to explain why the contract was being awarded to a firm which intended to rely on Swedish components rather than an all-British concern.

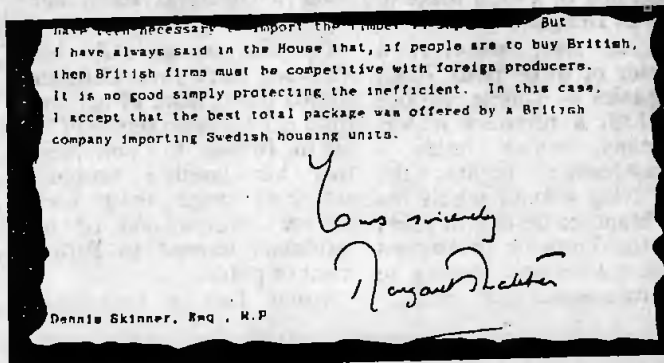
She told Mr Dennis Skinner, MP for Bolsover, who had complained on behalf of one of the under-bidders: 'I have always said in the House that if people are to buy British then British firms must be competitive with foreign producers.'

'It is no good simply protecting the inefficient. In this case I accept that the best total package was offered by a British company importing Swedish housing units.'

However, even at the time, doubts were expressed in the construction industry about whether the small London-based company of James Brewster and Associates, which won the contract, was a wise choice. In particular they questioned:—

- Why the contract went to a firm whose main experience lay in mounting exhibitions and trade fairs, rather than to experienced companies like Millers of Edinburgh or Halls of Sheffield, who have expertise in building in difficult conditions.

- Why the Overseas Development Administration, who



Battling for Sweden? The PM's letter to Dennis Skinner.

handled the deal, changed its mind twice in three months about the number and type of houses required, from 20 simple bungalows in June 1982 to 27, then 54 luxury houses in September.

- Why the basic price for the Brewster houses appeared to be nearly £1 million more than their nearest competitors, according to one bidder.

A series of accidents and delays in shipping the units to the Falklands meant that the houses, which were estimated at £79,021, cost £133,300 each to build.

The total cost of the 54 houses amounted to nearly half the £15 million allocated by the Government for the rehabilitation of the Falklands.

Many of these events could have been avoided. The cargo ship *Kaprifol*, loaded with containers full of the Swedish kits, sailed from Harwich for the Falklands although she already had mechanical defects.

Then, when the ship broke down in the Bay of Biscay and limped into the Spanish port of Cadiz, the containers were

loaded into another vessel in Cadiz in reverse order, so when she eventually reached Port Stanley the items needed first were unloaded last.

*The Observer* learnt last week that the Falklands housing contract was regarded by Ministers in late 1982 as an important scheme in which they took a keen interest.

Mr Malcolm Rifkind, at the time the Parliamentary Under-Secretary of State at the Foreign and Commonwealth Office, wrote to Mr Stephen Farley, of Octagon Contracts, one of the unsuccessful bidders for the contract, on 26 October 1982 that Mr Neil Marten, then Minister for Overseas Development, was taking 'a close personal interest in this important project.'

Two days later Mrs Thatcher wrote to Mr Farley: 'I would have liked to see the contract awarded to a company fabricating housing units in the United Kingdom, whilst recognising that the timber would almost certainly have been imported in any event.'

'But I accept that the best

total package, judged on the basis of international competitive tendering, was offered by a British company importing Swedish housing units.'

Last week Mr Farley claimed that the basic Brewster tender of £3,668,000 did not include sufficient provision for shipping, plant and transport.

According to Mr Farley, had those costs been taken into account the Brewster bid would have come to £5,180,000. Farley's bid was £3,993,118, which included shipping and most plant and land transport.

One of the reasons given by ODA officials for awarding the contract to Brewster was the high standard of housing they offered. However, there has been much criticism in the Falklands of the lavish nature of the houses and their furnishings and equipment.

The Brewster dwellings are the only ones in the islands, for instance, with triple glazing.

Last week an ODA spokesman defended the decision to opt for high standards. 'Triple glazing was a standard feature in the Swedish houses,' he said.

He was unable to explain, however, why Brewster, whose house-building experience is limited, was preferred to more experienced contractors selected to do a job of logistical complexity in a treeless territory where every scrap of wood has to be imported, where the total native-born civilian labour force for all purposes is only a few hundred men and women out of a total resident population of 1,800.

The Economist

28.1.-3.2.84

## LETTERS

### Falklands again

SIR—Mr Costa Mendez expresses curious views on the negotiations on the Falklands crisis which took place in New York under the auspices of the secretary general of the United Nations from May 6th to May 19, 1982. As the British negotiator I can illuminate some of the areas which Mr Costa Mendez apparently regards as obscure or sinister (Letters, January 14th).

It is simply not true that Britain "refused to abide by the UN secretary general's negotiating mode". On May 6th, my government formally accepted the secretary general's "set of ideas", shorthand for Heads of Agreement to be elaborated in negotiation. Thereafter I found myself plunged into the most vigorous, urgent and intensive negotiation of my life. I saw the secretary general daily, sometimes twice a day, and was throughout impressed by his systematic and orderly conduct of the process. I was in constant telegraphic and telephonic communication with London, and, by May 14th, the dozen or so draft articles in the Agreement had been thoroughly explored. At no time did the secretary general set me a deadline of May 14th for a "first British position", as alleged by Mr Costa Mendez. By that time, it was only commonsense to recall me to London so that my

government could discuss the overall position with me and reach final decisions on the Agreement as a whole. As things turned out, it would have been wise if the Argentine government had similarly recalled their negotiator in order to review their position. Certainly the Argentine response to our proposals, as delivered to the secretary general on May 18th, showed little evidence of the kind of meticulous and systematic consideration which ours had received.

I should add that the secretary general approved of my visit to London at the culminating stage of the negotiations, as did the security council; I had informed the council of my intention before I left, just as I had kept the president of the council briefed throughout. So much for Mr Costa Mendez's claim that I left "without prior consultation and contravening the express wish of the secretary general".

Ashburton,  
Devon

ANTHONY PARSONS



Daily Mail  
28th January 1984

# Maggie tells Italy: I'll do it my way

Mail Foreign Service

MRS Thatcher said yesterday that Britain is keen to improve relations with Argentina. But she firmly rejected any idea that Italy should act as mediator.

The Prime Minister's remarks came after talks with Italian premier Bettino Craxi at the Chigi Palace.

A British spokesman indicated before the meeting that in mending ties with Buenos Aires the Government might seek to draw on the expertise of Italy, closely linked to Argentina because of the large number of Italian immigrants there.

But Mrs Thatcher declared at a Press conference: 'If we feel we are likely to get any further with resuming better commercial relations and trying to establish more friendly relations — which we would like—we feel it's better to do these negotiations or explore that fact direct.'

While there was room for improvement on the business front, she warned that little pro-

gress could be made over diplomatic ties until Argentina's newly-elected government declared a formal end to hostilities following the 1982 Falklands War.

The Prime Minister, on a 24-hour visit to Rome, told journalists that the Argentine problem formed only a small part of her discussions with Mr Craxi, a Socialist.

The two concentrated on ways of overcoming the Common Market's financial crisis and the situation in Lebanon, where both countries have troops.

With Britain's partners pressing for an increase in the EEC's resources, Mrs Thatcher again hammered home Britain's deter-

mination to block any rise until there was a new system of payments.

With only 50 days to go before the March 19 Common Market summit in Brussels, Mrs Thatcher confirmed that no progress has been made on the details of any reform package since last year's disastrous breakdown of talks in Athens.

And while she does not appear to have won Mr Craxi over to her way of thinking, she certainly left him in no doubt that she is ready to plunge the Community into its biggest crisis yet if Britain does not receive the £450 million rebate on overpayment due at the end of March.



Mrs Thatcher with Premier Craxi; No mediation over Argentina

Daily Mail  
28th January 1984

## **Daily Mail COMMENT**

### **Reforging links with Argentina**

THE fact that Mrs Thatcher while in Rome repudiated any intention of using Italy's good offices to improve relations with Argentina does not mean that she underestimates the importance of promoting that end.

As she well knows and as she showed she realised with her good will message to the newly-elected Argentine president Mr Alfonsín, a month ago, there is now in Buenos Aires a democratic government which respects human rights, and this offers an opportunity which did not exist under the junta of doing some sort of a deal.

This explains why she made another peaceful gesture this week by agreeing to allow relatives of Argentine soldiers who died in the fighting to visit their graves.

Of course there is no question at this stage of discussing Falklands sovereignty. But neither country wants the islands to continue as a heavily-guarded military base.

The sensible next moves therefore would be for the Argentines to end formal hostilities and for us to abolish the 150 mile exclusion zone.

After that, we could look for the resumption of normal trade and a bit later on diplomatic contacts could be restored.

What will have to be understood throughout this process of normalisation is that the wishes of the Falkland Islanders will remain paramount.

In practice, this means that there can be no change in the status of the islands except by their agreement and Falklands Council representatives will have to sit in on any talks which affect their interests.

All this should be possible because in Buenos Aires there is now a democratic government like our own. With good will, there should now be every prospect of our two nations honourably ending their dispute and becoming friends once more.

## Thatcher rules out Falklands mediation

BY JAMES BUXTON IN ROME

MRS MARGARET THATCHER, yesterday ruled out mediation by any third country to help re-establish relations between Britain and Argentina in the wake of the Falklands conflict. She would prefer Britain to have direct contacts with Buenos Aires, she said.

The Prime Minister was speaking in Rome after meeting Sig Bettino Craxi, Italy's Socialist Prime Minister. Reports earlier in the week had suggested that Sig Craxi might act as an intermediary between Britain and Argentina. He said yesterday: "I am limiting myself to expressing my opinion, both to my friend the Argentine Government and to the British Government."

Mrs Thatcher said that as long as Argentina maintained a state of hostilities with Britain—which she called astonishing

—Britain could renew only commercial links with Buenos Aires. Only if Argentina ended the state of hostilities could the two countries re-establish diplomatic ties.

While it was not possible to establish more friendly relations with Argentina, it was pointless to talk of mediation she said.

It is understood, however, that Argentina may soon make proposals to Britain on bridging the gap between the two countries. Italy's close ties with Argentina could be useful.

In particular Britain would like the Argentine Government to allow the British diplomats based in the British interests section of the Swiss Embassy in Buenos Aires to have direct contact with the Argentine authorities to speed up communications.

Both Mrs Thatcher and Sig

Craxi said their talks had been "friendly and very constructive." Only a "very brief part" had been devoted to the Falklands question, the British Prime Minister said.

Additionally Mrs Thatcher said she had made clear to Sig Craxi that Britain would not allow an increase in the EEC budget "unless there is a fair and equitable sharing" of the burden.

On Lebanon the two Prime Ministers stressed their common desire for a greater role for the United Nations in peacekeeping there.

In Buenos Aires yesterday, Sr Dante Caputo, the Foreign Minister, restated Argentina's willingness to seek a peaceful solution to the Falklands dispute but urged the British Government to clarify its position.



## Thatcher rejects Falklands mediation

Rome: The Prime Minister, Mrs Thatcher, said yesterday that Britain wanted better relations with Argentina, but she ruled out any Italian mediation in the matter.

Mrs Thatcher, who was on a 24-hour visit to Rome, conferred yesterday with the Italian Prime Minister, Mr Bettino Craxi. They told a news conference they had exchanged ideas and information on the Falklands.

But Mrs Thatcher said this had formed only a brief part of their discussions, which were largely devoted to ways of overcoming the European Community's financial crisis and to the situation in Lebanon, where both countries have troops.

A British spokesman said earlier that in repairing ties with Buenos Aires, Britain might want to draw on the expertise of Italy, which is closely linked with Argentina by the large number of Italian immigrants there.

But when asked if Britain would accept Italian mediation, should it be offered, Mrs Thatcher said: "No. if we feel that we are likely to get any further with resuming better commercial relations, and trying to establish more friendly relations, which we would like, we feel it is better to do those negotiations or explore that fact direct."

The Argentine Foreign Minister, Mr Dante Caputo, also rejected suggestions of Italian mediation in an interview with the Rome daily, *La Repubblica*.

Mrs Thatcher said Britain's commercial relations could develop with Argentina but, despite the installation of an elected government in Buenos Aires, little progress could be made on diplomatic ties unless it declared an end to hostilities.

Mrs Thatcher and Mr Craxi reported similar views on Lebanon, where they saw a possible expanded role for the UN which could affect the role of the multinational force. "In the meantime, we are there, and do not intend to pull out to leave a vacuum in that country," Mrs Thatcher said.

## Falklands runway 'too short for civil aircraft'

By John Ezard

THE £215 million Falklands airport is being built with a runway too short for civilian aircraft on practicable commercial routes despite government assurances, the Falkland Islands Association said yesterday.

The association, a British support group for the Falklands, reached this conclusion after three months of private technical discussion with the Civil Aviation Authority, airlines, Ministry of Defence and other government departments.

The Defence Secretary, Mr Michael Heseltine, announced the project to the Commons last June with the assurance that it would be a powerful boost to the islands' economy and said he thought civilian traffic would include industrial and tourist flights. The Government has emphasised the airport's civilian role in trying to allay Argentinian concern about its use as a long-term strategic air base.

But the association said yesterday that British Caledonian whose Latin America experience should make it the airline most interested in civilian flights, would only be able to fly fully laden from the 8,500-foot runway as far as Cape Town or Recife in Brazil. Both have been ruled out for political reasons, although Recife would become available if there were rapprochement between Britain and Argentina. Ascension, the RAF's stopping point has no civilian passenger facilities.

The logical civil aviation route — Heathrow-Dakar-Falklands — would not be commercially practicable with such a short runway. It would also rule out using the islands as a main staging post in a long-haul transpolar route being considered from America and Europe to Australia.

The runway will be long enough for the RAF's Tristar wide-bodied jets, an aircraft not operated by British Caledonian, but too short and too narrow for Boeing 707s.

Mr Heseltine and the minister for defence procurement, Mr Geoffrey Pattie, have been told of the association's disquiet and its arguments are at least partly accepted. But they have said that money to lengthen the runway for civilian use could only come from the Overseas Development Administration, which has shown no enthusiasm for the suggestion.

● A British contract worker, David Eric Twanley, of Hoylake, Merseyside, was killed on Thursday when he was hit by a steel hawser on the floating dock in Port Stanley harbour.



Mr Pattie—ruled out extra spending

**LETTERS TO THE EDITOR**

## The nuisance 8,000 miles away

**S**IR—Lord Gladwyn (Jan. 19) refers to the Argentine claim to the Falkland Islands as a "silly and unjustified" myth and then attempts to make the myth come true.

After a fashionable side-swipe at "Fortress Falklands" and a hint that all our Fleet should be concentrated in the "Western Approaches," leaving the rest of the high seas to look after themselves, he proposes a return to the abortive and discredited policy of "lease-back."

This would provide that Britain become the lessee of the islands and the Argentine the lessor, and thus the owner of the freehold and the sovereignty which goes with it. Lord Gladwyn adds a few optimistic alleged safeguards that could be swept away by specious casuistry (reinforced by a display of ill-temper) by any later Argentine Government, whether democratic or tyrannical.

When Labour and Conservative Governments carried on discussions with the Argentinians from about 1966 until 1982 the "lease-back" proposal was raised more than once and greeted with angry hostility within the Governments themselves and by Parliament, Press and people.

The mere fact that these discussions were held should not be taken as an admission that there was substance in Argentina's claims, but as recognition that they had a nuisance value and that the nuisance value was 8,000 miles from our shores.

The Argentine "lobby" in this country is now in full cry and its frequenters well nourished with propaganda. The response of Great Britain, magnanimous after victory, has been diplomatically almost timid.

What is needed now, therefore, is a robust restatement of the British case, historical, legal and logical, strengthened by an exposure of the flimsiness and, indeed, the absurdity of the Argentine claims. This would reassure our own people, dishearten our foes, and encourage our friends and allies throughout the world.

MAURICE PETHERICK  
St Austell, Cornwall.

### Firmly rejected

From Sir MILES CLIFFORD

SIR—May I refer to the letter from Lord Gladwyn? The Ridley lease-back proposal of 1980, to which he refers, was firmly rejected by the Islanders and its repetition linked to a derisory term of (I quote) "say 10 or 15 years" would be even more vehemently rejected today.

Moreover, such a suggestion would surely be a betrayal of our national honour and of those who gave their lives to defend it?

MILES CLIFFORD  
The Athenaeum.

# Craxi set to act as mediator in Falklands dispute

FINANCIAL TIMES

26.1.84

BY JIMMY BURNS IN BUENOS AIRES  
AND ROBERT GRAHAM IN LONDON

SR BETTINO CRAXI, the Italian Prime Minister, is today likely to act as mediator in a bid to resume commercial and diplomatic relations between Britain and Argentina.

Sr Craxi is expected to pass on a message about the Falklands from the Argentine Government when he meets Mrs Margaret Thatcher, British Prime Minister, in Rome today.

The involvement of Sr Craxi was discussed on Tuesday when the Italian Premier met Sr Dante Caputo, Argentina's Foreign Minister, in Rome.

The Foreign Office was yesterday cautious about the participation of Sr Craxi in any mediating or messenger role. However, a spokesman said that Falklands would be one of the topics likely to be raised by Mrs Thatcher, who will be in Rome for two days as a part of a regular round of consultations with EEC leaders.

At the time of President Raul Alfonsin's inauguration in December, Sr Craxi announced that he had brought a message from Mrs Thatcher to the new Argentine President. This caused some embarrassment as Britain, since the Falklands conflict, has preferred in public to deal with Argentina via the Swiss, who are looking after Britain's diplomatic interests.

Reports that Sr Craxi had been asked to become involved in normalising relations be-

tween Argentina and Britain were published yesterday in the Buenos Aires Press, based on officials accompanying Sr Caputo. The Alfonsin Government is anxious to establish a momentum in efforts to normalise relations with Britain. Success in this would give a major boost to the new Government's prestige in dealing with delicate domestic issues such as the handling of the military and unpopular measures tackling the economy.

In the past week the Argentine Government has indicated it was preparing a new initiative to speed up the resumption of commercial and diplomatic links with Britain. This coincides with recent visits to the islands by Mr Michael Heseltine, the British Defence Minister, and Baroness Young, Minister of State at the Foreign Office.

One of the problems of dealing with Argentina via the Swiss is speed. Communications between the Swiss embassy in Buenos Aires and London are understood to take a minimum of 24 hours. However, the Foreign Office yesterday said that Britain still preferred to deal via the Swiss since this was the normal diplomatic channel. Sr Craxi earned Mrs Thatcher's displeasure during the Falklands conflict by backing Argentina. He is since reported to have gone a long way to make amends for this stance.

## Argentina announces plan to revitalise economy

ARGENTINA'S NEW civilian Government has announced an economic plan aimed at reducing the country's 433 per cent inflation rate and reactivating the depressed economy.

The Government plans to sharply reduce interest rates, raise real salaries by 6 per cent to 8 per cent, and achieve 5 per cent economic growth in 1984, according to an economic statement issued on Tuesday night.

The 46-day-old administration of President Raul Alfonsin has been under fire from opposition politicians, who have accused the Government of lacking a coherent long-term economic plan.

The 30-page statement said the Government had a strategy to reverse what it called the irrational economic policies of the former military government by reviving idle industrial capacity and boosting employment.





Mr Michael Heseltine visiting a Rapier site during his recent Falklands visit.

## Sappers pulling out of Falklands

From Rodney Cowton, Defence Correspondent, Port Stanley

One of the great features of British military activity in the Falkland Islands since their recapture from Argentina has been the surge of involvement by the Royal Engineers in each of the last two South Atlantic summers.

Around September large numbers of corps members have travelled south to join colleagues who have spent the winter here to take advantage of the good weather for intensive building work.

At present there are about 1,200 sappers, making the largest army contingent on the islands.

Their tasks included repairing and extending the runway at Stanley airport, roadworks and battlefield clearance, and the construction of camps, power stations and sites for radar stations and Rapier ground-to-air missiles.

One estimate puts their effort since the end of the fighting at about 700,000 man-days. Explosives disposal experts are

believed to have removed about 2,500,000 pieces of ordnance that were lying around the islands, and they have quarried about 400,000 tons of stone, some of it for road making.

Now most of that is to end. From April 1 responsibility for the construction work which the sappers have been doing will be taken over by the Property Services Agency, which is the normal arrangement in most areas where British military forces are stationed.

A step towards disengagement takes place today when ARC Construction becomes responsible for the operation of the quarry near Stanley airport, which the sappers have been working for 18 months.

There are some qualms within the Army as to whether the agency can take over the construction efficiently in April, and there is a feeling that it is being dilatory in making known its arrangements for the changeover.

As the changes proceed, the sapper presence will be reduced gradually. From April it will be about 450 men, and by March, 1985, it will have fallen to 150, largely engaged in maintenance.

Colonel John Kitching, the Royal Engineers commanding officer in the Falklands, rates their experience there highly for the breadth of task it has provided. He says: "I cannot remember us having filled every part of our war role over a period of 18 months before".

● The Falklands conflict was a great boon to Nato, Dr Joseph Luns, its retiring secretary general, says in an interview in *Jane's Defence Weekly* published yesterday (the Press Association reports).

"If in Moscow the impression had become so certain that never, whatever the provocation or circumstances, never would you use force to redress blatant injustice, it would be very bad for West Berlin."

# Argentina high on agenda as Thatcher flies to Rome

From Peter Nichols  
Rome

Mrs Margaret Thatcher arrives here tonight for a round of talks colourlessly described as normal, bilateral consultations, which, nevertheless may prove unexpectedly stimulating.

Apart from the perennial questions of the British contribution to the Community budget and ways which Europeans can impose themselves more effectively on Washington, the Italians propose a close look at the Polish situation, a thorough review of the multinational force in Lebanon and a study of the sign of possible improvement in British relations with Argentina.

In this last field, Signor Bettino Craxi, the Prime Minister, sees a special role for Italy. There is no question yet of mediation, but Italian good offices will be available to help improve matters.

On Tuesday Signor Craxi received Señor Dante Caputo, the Argentine Foreign Minister, for private talks. The Italians are aware that sovereignty over the Falklands is not yet a point for discussion, but they believe it is time steps were taken, unilaterally if necessary, to change the psychological climate.

Such change would help public opinion on both sides to envisage moves aimed at reestablishing more normal relations. Given the strong ties Italy has with Argentina, Signor Craxi sees a chance for a role, and his associates feel his relationship with Mrs Thatcher

## Naples hot-seat

Signor Franco Picardi, Social Democrat, has been elected Mayor of Naples, frequently described as the most uncomfortable chair in Italy (Our Rome Correspondent writes).

His predecessor, Senator Maurizio Valenzi, a Communist who held the post for eight years, showed Signor Picardi to his seat and said: "I do not envy you." The new mayor leads a minority administration and is expected to call elections once he has managed to win approval for a budget.

is based on a common sense of realism.

Talks on the future of the multinational force in Lebanon are seen to turn on two main points. One is that the moment is now past when it was supposed that three of the four contributing countries and perhaps all, were near to a decision to withdraw because of the change in the task facing them.

There is now a feeling that the troops will have to remain, but that means a strategy must be devised to make their presence constructive.

The Italians are "restructuring their force, which means diminishing somewhat the total, but making it more effective. They remain the largest component of the force. "The Americans," as one official said, "have more bombs, but we have more men there."

The second point about Lebanon concerns the appraisal

the British and Italians make of Syrian intentions. The Italians believe that President Assad feels time to be on his side: he can well expect to outstay the multinational force.

Signor Craxi is in communication with him, but there is no clear idea of what Syrian intentions really are. They could be territorial and, in particular, aimed at regaining the Golan Heights from Israel or aimed more at increasing Syria's relative weight in the Arab world because of its prominence in Lebanese affairs.

In another sphere, Poland will form part of the problem of relations with the East, brightened in the Italian as well as the British view by President Reagan's latest statement.

There will be a special contribution from Signor Craxi, who has been briefed on the talks last week between the Pope and Cardinal Glemp, the Polish Primate. The Vatican has told him that diplomatic relations could well be established this year with Poland.

Rome and the cardinal have, however, imposed a condition that, in the interim, the church's role in Poland's national life be clearly defined.

Mrs Thatcher's talks with Signor Craxi will last for little more than half a day. She arrives tonight with four members of the Cabinet. They will be guests at a dinner given by Signor Craxi at Castel Sant'Angelo.

The principal talks will take place tomorrow. In the afternoon Mrs Thatcher will see President Pertini before flying back to London.

Daily Mail  
26.1.84

### **Falklands visit**

RELATIVES of Argentine soldiers killed in the Falklands will be allowed to visit the islands again, Foreign Secretary Sir Geoffrey Howe said.



DAILY TELEGRAPH

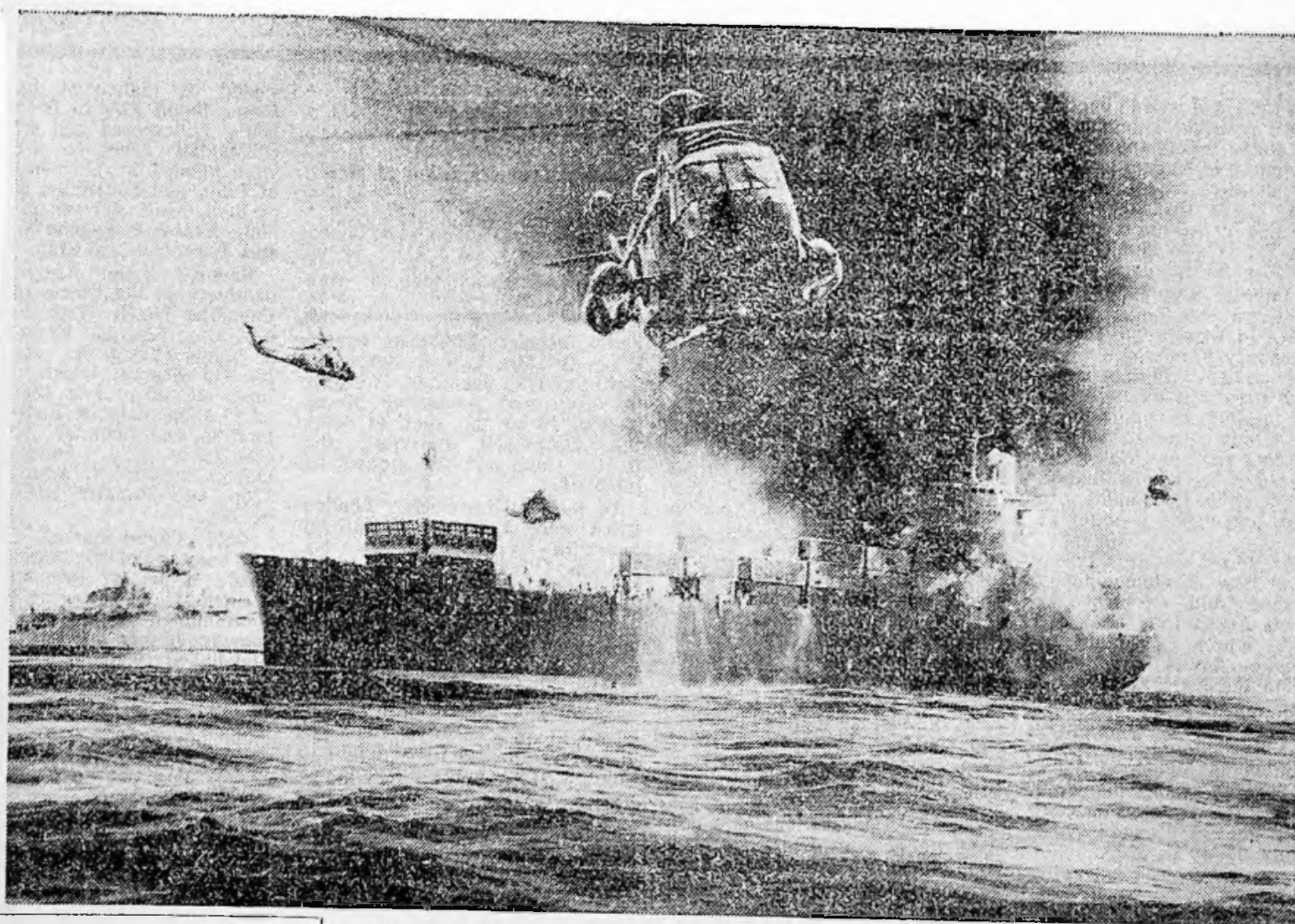
26.1.84

## ARGENTINE TALKS OPPORTUNITY

By Our Diplomatic  
Correspondent

The inauguration of Dr Jaime Lusinchi as President of Venezuela next Thursday will provide the first opportunity for British and Argentine Ministers to meet since Senor Alfonsin's government took over in Buenos Aires last December.

Baroness Young, Foreign Office Minister of State, will be representing Britain in Caracas. Senor Alfonsin and his Foreign Minister, Senor Caputo, will represent Argentina.



Prince Andrew flying again in the Falklands conflict in a vivid painting by marine and aviation artist Robert Taylor of the sinking Atlantic Conveyor, the chartered container ship. The Prince has signed 100 prints for sale in aid of the King George's Fund for Sailors.

McMillan-Scott Associates Public Affairs

41 Whitehall London SW1A 2BZ Telephone: 01-930 6935

## JOHN EZARD continues his chronicle of soaring costs and mounting irritation in Port Stanley A Falklands tale of going through the roof

RENTS on the controversial £133,000 houses on the Falklands were increased yesterday to a level "far out of reach of the normal wage-earning Falklander," as one of them put it. Meanwhile, inquiries into how they reached such a high building cost continued in London with the expectation of strong parliamentary criticism.

The rents were announced in Port Stanley as going up from their present range of £75-£145 a month to a new range of £82.50-£159.50. The lowest rent is for an unfurnished bungalow, the highest for a fully-furnished and equipped chalet in which, the only problem is said, "the only problem is that the insulation is so good that they get too hot when you turn the central heating on."

New details also emerged on the allocation of finished houses so far handed over to the Falkland Islands Government. Only three have so far gone for rent to islanders, in addition to two which have been transferred to locals as replacements for homes lost in the 1982 conflict. Wages for islanders are only about half the British level.

Two have so far gone to Ministry of Defence garrison

staff, four to immigrants from the UK, and ten to overseas aid staff who are paid enhanced salaries for working in the Falklands. Rents on older local government properties were also increased as part of a general revision. No reason was given for the rise in the new properties, but the Falklands government is known to fear that it will be left short of revenue by future recurring costs from some of the capital spending paid for from the British Government's £15 million rehabilitation fund.

More of the total of 54 houses remain to be finished and accepted by the Falklands government. But the market pattern of allocations so far confirms some of the fears voiced when building work started last year — an estimated construction cost of £79,000 a house — that the most attractive houses ever seen on the islands would tend to be affordable only by a subsidised class of outsiders.

In Whitehall, it became known that the British Government now hopes to pare the final £7.2 million building estimate, which caused a row when the per-house cost involved was disclosed earlier this week, to a final figure of £6.9 million. This throws

light on a figure of "under £7 million" gnominically given by the Overseas Development Minister, Mr Timothy Raison, in a written answer, without further elaboration, to the Labour MP, Mr Tam Dalyell.

No hope is held out of reducing the cost of houses, transported 8,000 miles and provided complete with tea-spoons and spare Hoover bags, below a cost "which suggests that someone in Whitehall thought they were settling a group of unusually pampered, hypothermia-prone old age pensioners in the middle of the Arctic circle, instead of on islands which have a less on violent temperature range than Britain," as one of the Government's sharpest critics claimed yesterday.

Although none of those involved are prepared publicly to discuss detailed figures until Parliamentary questions are answered, the expense of the project is being vigorously defended as inevitable in the chaotic conditions of the post-conflict Falklands. It is being maintained that the affair is not—as Mr Denis Healey has alleged — "typical of the fecklessness of the cost of Fortress Falklands," but a one-off, pioneering disaster from which lessons have been learned that have resulted in effective financial

planning and supervision of later projects.

However, it emerged yesterday that a seemingly small but hugely costly gap in local knowledge—not untypical in the history of London's dealing with the Falklands—could have contributed to unexpected, crippling heavy unloading and demurrage costs in Port Stanley.

Members of the team for the contractors, James Brewster Associates, were said to have gone on record when they reached the Falklands as stating that they had been led to expect they could unload ships on a little used slipway reserved for a sea-plane only a few hundred yards from their main construction site.

But on arrival they found—as most people who have glanced at the slipway could have told them—that the water at the slipway was far too shallow for a roll-on, roll-off ferry. "It's even too shallow for a seaplane at low tide," one Falklander said yesterday.

As a result, they had to compete for access to the Army slipway on the opposite side of Port Stanley at a time when the build-up of garrison equipment was also at a peak. Plant had to be

inched ashore on military mexi-floats. Then it had to be driven in small convoys under police escort the wrong way down a one-way street 1½ miles to the construction site. This way, the first ship took 27 days to unload. The full unloading operation took six to eight weeks.

The contractor Mr James Brewster, who flies to the Falklands tomorrow to inspect the remaining houses, declined to deny or confirm this claim. "It would be unfair of me to comment," he said. He would only add that the army jetty had been "one alternative" for unloading in the original contract plan finalised with the Crown Agents on behalf of the Overseas Development Administration.

Elsewhere, it was privately denied that use of the sea-plane slipway had been a basic assumption in the original contract estimate—£3.6 million plus on expected £900,000 shipping costs estimate. Final shipping costs turned out to be an official £1.6 million.

On top of this, extra unloading costs were said to have been incurred because Falklands public works department staff, who were expected to do the work,

were busy on other projects. Building labourers had to unload ships. Documentary evidence for this was said to be available for any official inquiry.

"Overall, the sheer emburgescence in the rise in the cost of this project was at least 20 per cent," said one man involved. Doubt was cast on the notion that the use of cheaper material, or even traditional Falklands material of timber and corrugated iron would have produced houses costing no more than £30,000 each. "For bulk construction, you'd have had to import labour and set up a sawmill and workshop."

At the end of the affair, an irony is that, whatever the emburgescences or "fantastic blunders" (Mr Healey's phrase) that any inquiry finds to have occurred, they will not have cost the British taxpayer an extra penny. The overspend of £2 to £3 million will, on present Whitehall planning, have to come indirectly from the cherished £31 million development fund allocated to the Falklands after the Shackleton Report. And that could mean that several hundreds of thousands of acres of absentee-owned farmland will not be purchased for redistribution to islanders.

THE TIMES

25.1.84

## Falklands garrison to reduce alert level

From Rodney Cowton  
Port Stanley

Nineteen months after the recapture of the Falkland Islands, the British forces are now moving from a high state of readiness to a more normal and sustainable state of alert.

There is a general view that given their strength the Argentines do not have the ability to launch an effective major assault, although they are well able to launch limited operations.

The main infantry force, the 2nd Battalion, Royal Regiment of Fusiliers, is kept at very short notice to meet any threat, with its men on patrol most of the week.

Naval ships on patrol keep at least a third of the crew ready to move instantly to action stations.

In the North-west sector, where any threat would be most likely to emerge, ships routinely operate at "defence stations", with half the crew wearing anti-flash and other protective gear.

The question being considered is how much longer it is reasonable to require men to operate thus.

It is unlikely that the Argentines contemplate substantial action, but they might attempt some pinprick activity to gain political capital.

The Navy could cease to operate so frequently at "defence stations" and revert even in the North-west sector to the more normal "cruising stations".

Generally the forces find they are no longer in the happy position of perhaps a year ago when they virtually only had to ask London for something in order to get it.

The Navy's ability to patrol the coastal waters against any rapid incursion will be enhanced from next month, with the arrival of the first of three 1,000-ton offshore patrol vessels.

● Prince Andrew has signed 100 prints of a painting by Robert Taylor of the sinking of the Atlantic Conveyor. They are to be sold by the Military Gallery in Bath for £150 each to aid the George V Fund for Sailors.

GUARDIAN

25.1.84

DAILY TELEGRAPH

25.1.84

### Breeding ill will

SIR—Some years ago, we used to import beautiful chilled Argentine beef, which was equal in quality to the home product.

I believe it was the Wilson Government which had the brilliant idea of depriving us of this source of supply, which we were purchasing at bargain prices to the benefit of the public; the consequence was a general increase in meat prices.

Is it not logical to import food from Argentina and thus assist in reducing our own cost of living, while at the same time reducing the huge banking debts which are causing such a headache?

Surely balanced trading is preferable to huge loans, which unpaid or delayed produce frustrations on both sides, and as has already been demonstrated, breed ill-will.

E. OLDHAM  
New Malden, Surrey.

## Falklands document withheld

AN OFFICIAL document relating to a British plan in 1940 to reunite the Falklands with Argentina will not be released until 1991 at the earliest, Mr Ray Whitney, a junior Foreign Office minister, has told the Commons.

The file is one of several — others refer to Whitehall's doubts about Britain's legal claims to the islands — which have not been released in the Public Record Office under the 30-year rule. It is titled "Proposed Offer by Her Majesty's Government to reunite Falkland Islands with Argentina and acceptance of lease."

Mr Whitney's statement came in a written parliamentary answer to Mr Tam Dalyell, Labour MP for Linlithgow, who is continuing to question the Government about the Falklands. He said last night that the title of the file alone suggested that Whitehall entertained serious doubts about the British claim to the islands.

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THE TIMES  
25.1.84



“... which includes a mere £80,000 for conveyancing.”

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## Falklands initiative

From Professor O. N. V. Glendinning

Sir, It is to be hoped that the Government will not delay any further in making a positive response to the overtures of President Alfonsín.

Lack of policy and indecision on the part of our present Government was an important contributory factor in precipitating the Falklands crisis and the war that followed. It also helped to alienate public opinion in many parts of the world.

Readers of the Franks report will recall the complaint of the British Ambassador in Buenos Aires that Mrs Thatcher's approach was to have "no strategy at all beyond a general Micawberism." It is surely time for the initiatives suggested by Sir Frank Cooper and others in recent weeks to be taken.

It is also time for the Government to read the Franks report again to see more clearly the historical perspective of the crisis

and the changing attitudes of the Falkland islanders themselves. To judge from that report the islanders did not object to talks on condominium with Argentina in 1974, nor exclude discussions on sovereignty in 1977, nor yet reject leaseback in 1980.

At an earlier date they do not seem to have protested strongly when the Argentinians built them a runway, provided them with medical supplies, petrol at mainland prices, or free secondary education in Argentina if their children wanted it (and some certainly did).

It should not be argued that the war and its tragic sacrifices have changed all that. The military regime that sought to bolster its fortunes with the invasion has fallen. There should be serious negotiations on a broad front now.

Yours faithfully,  
O. N. V. GLENDINNING,  
32 Aberavon Road,  
Bow, E3.  
January 24.

## THE DYNAMICS OF PEACE

The sovereignty of the Falkands is not negotiable - both our government and the Argentine government are likely to stick to this position, and to continue to disagree on where sovereignty resides. The recent Argentine offer to end formal hostilities in return for an end to the exclusion zone and a reduction in the garrison raises the question of how much the two countries might agree on if they agree to differ about sovereignty. How much is Argentina likely to offer, how much can we expect? What will be expected in return? How much should we accept? It is possible, indeed desirable, to speculate about these questions without expecting continual official pronouncements about what is obviously a delicate process of negotiation better carried on without them.

One fundamental element in it is the development of Argentine politics. At present they offer a spectacle that is at once horrific and impressive. The horrific element is the flood of detailed revelation about what has long been known to have been a savage and indiscriminate re-

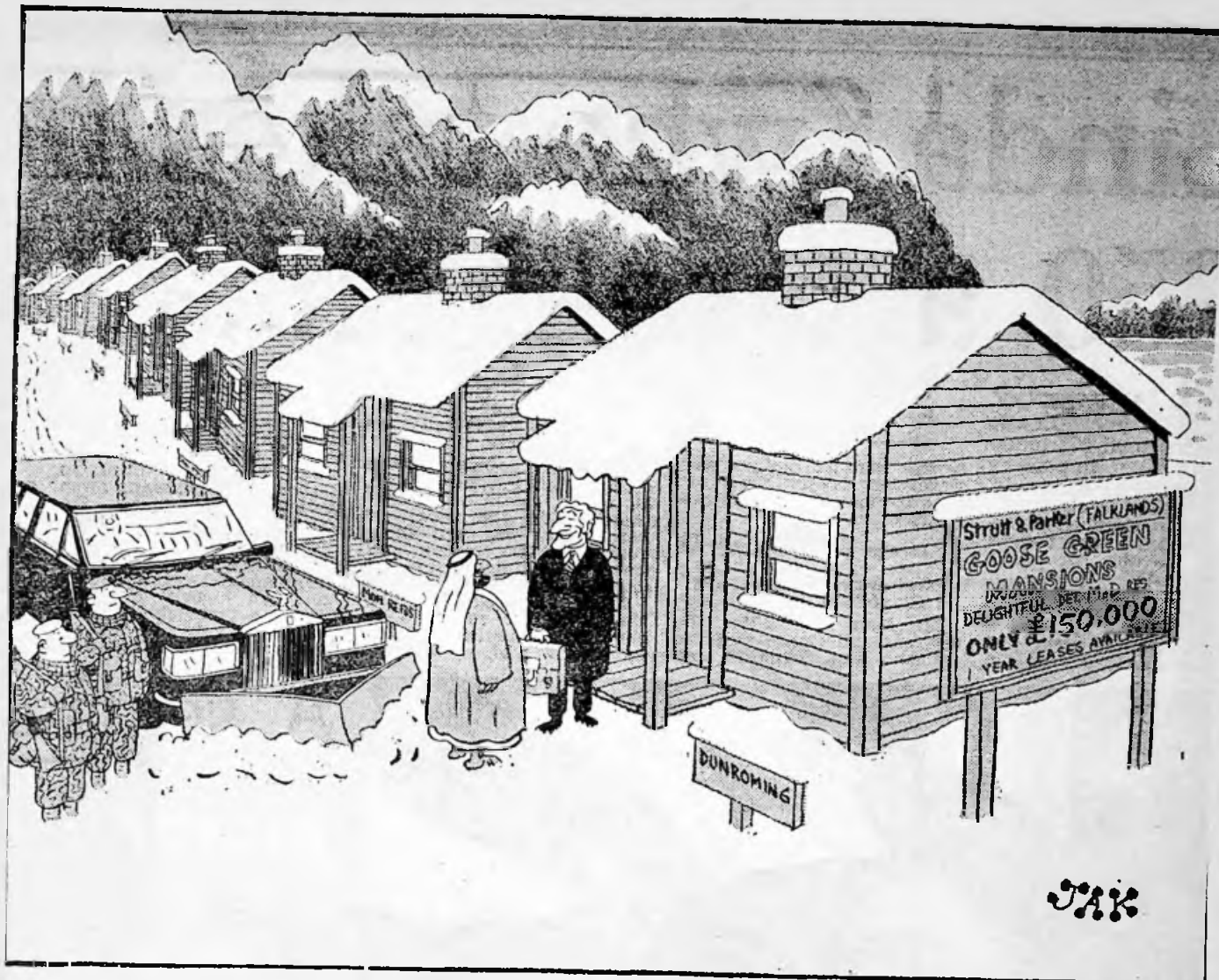
pression. These revelations may have no strict relevance in international law to a dispute about offshore islands, but they certainly do not strengthen the arguments of critics of the decision to resist General Galtieri. The impressive element is the sight of a society engaged in confronting these facts in its own recent past by constitutional and legal means. The 'Nuremberg' that the Argentine armed forces so much dreaded has begun. It is hard to think of a precedent for these trials, of former heads-of-state and commanders-in-chief on charges of such gravity, in the recent history of any country. This is strictly Argentine business, but business that certainly concerns us.

The speed and decision with which Dr Alfonsín has moved lead one to forget that he has not yet been in power two months. *En palacio todo va despacio* - 'In the palace everything goes slowly' - is an old Spanish proverb that does not fit the Argentine *Casa Rosada* just now. It is however usually and necessarily true of dealings between nations,

particularly after a war, however small, and when one of the parties is in a state of high political stress, however necessary and salutary. A long-term solution to the South Atlantic is not the more obviously to be obtained by going too fast. It is not something to be placed like a bet, but something to be worked towards gradually.

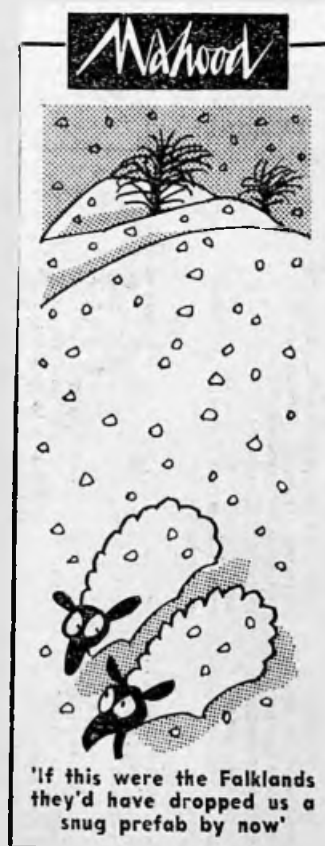
That is why Dr Alfonsín's offers and the relatively low-key statements of Baroness Young and Mr Heseltine are more important than the costs of military housing, costs that are not so much absurd in themselves as part of what both sides must come to recognize is an absurd confrontation. That has always been easier to state than to remedy. Here leaders of all parties, for their dilatoriness and indecisiveness in handling the question before the war, bear their part in the blame for bringing it about. They can best begin to end it by giving the current change of atmosphere a sober welcome and by being willing to see what it will bring. One thing can lead to another, sometimes in the right direction.

The Standard  
24.1.84



"Of course, if it was in Mayfair it would be half the price."

Daily Mail  
25.1.84



FINANCIAL TIMES 24.1.84

GUARDIAN

24.1.84

## Let's not slam Buenos Aires stable doors

### Argentina, Chile move on Beagle settlement

By James Suxton in Rome

ARGENTINA and Chile yesterday took a firm step towards settling their dispute over the Beagle Channel by signing a joint declaration of peace and friendship in Rome in the presence of Cardinal Agostino Casaroli, the Vatican secretary of state.

The joint declaration, signed by foreign ministers Sr Dante Caputo of Argentina and Sr Jaime del Valle of Chile, commits both countries to reaching a formal solution as soon as possible. The signing is a major success for Vatican diplomacy on a secular issue. Pope John Paul II involved the Vatican in the dispute after Argentina and Chile nearly went to war over the Beagle Channel in late 1978.

The dispute is over the ownership of three islands, Lennox, Picton and Nueva in the Beagle Channel at the southernmost tip of South America. The Vatican proposed that Chile should have sovereignty over the islands and the new civilian government in Buenos Aires agreed.

Yesterday Sr Caputo said that Argentina believed firmly that "a negotiated settlement, despite the sacrifices it involved is always the best way to resolve controversies. Both he and Sr del Valle said that a final agreement was "very close."

Cardinal Casaroli urged both parties not to let this opportunity to reach a final settlement slip by.

The only issue now remaining to be settled is the division of jurisdiction over the waters around the Beagle channel. The Vatican proposal of 1980, which led to yesterday's declaration, gave Argentina sovereignty over the waters, but with provision for joint economic exploitation of them in the zone between three and 12 miles from land.

The Pope, who yesterday met both foreign ministers separately and then jointly with their delegation, is expected to visit both countries. But yesterday he ruled out a visit this year. He paid a brief visit to Argentina during the Falklands War in 1982.

Reuter adds: Vatican and diplomatic sources have given much credit for the breakthrough in the mediation to the new Argentine civilian Government of President Raul Alfonsin.

### Healey critical of 'blunders'

MR DENIS HEALEY, the Shadow Foreign Secretary, said yesterday he would be tabling "tough questions" to the Government about the "quite fantastic blunders" in the provision of prefabricated houses in the Falklands.

The cost of the 54 dwellings has now soared to £7.2m—£133,330 each—swallowing up nearly half the £15m postwar rehabilitation fund allocated to the Falklands by Britain.

Mr Healey, speaking on the BBC Radio 4 World at One programme, said: "The whole thing is typical of the fecklessness about the cost of Fortress Falklands."

"The real disaster was in port handling and shipping. When I was in the Army in charge of these sort of things, I would have sacked a lance corporal if he had made that sort of mistake."

## Alfonsin to offer deal on Falklands

BUENOS AIRES: Argentina is preparing an offer to normalise relations with Britain in return for a demilitarisation of the Falklands and negotiations on the islands' future, Foreign Ministry sources said yesterday.

They said that the new government of President Alfonsin would offer to declare a formal cessation of hostilities with Britain and restore diplomatic and commercial relations.

In return, it would demand a lifting of Britain's 150-mile exclusion zone around the Falklands archipelago, a great reduction in British military forces on the islands, and a British commitment to open talks on their future relationship with Argentina, they said.

The British Government has repeatedly said it would not discuss the sovereignty of the islands.

The Argentine proposal would probably be transmitted to Britain confidentially by direct channels in February or March, sources said. It might also include guarantees for the 1,800 Falklanders under an eventual Argentine administration, they added.

Diplomatic relations were severed when Argentina seized the Falklands in April, 1982. A British task force recaptured them 10 weeks later.

Two weeks ago, Mr Alfonsin suggested that both sides could restore the situation on the islands to that existing before the 1982 conflict as a first step before discussing their future.

This would offer a way round the main sticking point in normalising relations between the two countries — Argentina's insistence on linking a formal cessation of hostilities with a British commitment to negotiate the future of the Falklands and Britain's refusal to discuss their sovereignty. — Reuter.

Leader comment, page 10

Sir, — Six weeks after Margaret Thatcher's generous message to the new Argentine president it is sad to find that no use was made of Baroness Young's Falklands visit to prepare the way for some new initiative.

Is our Government not interested in serious talks? They seem to regard "negotiation" as a dirty word like "appeasement." The war was not fought so that the islanders could continue indefinitely to block all options but one, tying down a third of our surface fleet in the South Atlantic. There is a new spirit abroad in democratic Buenos Aires. It would be criminal not to exploit it. There is no need to go round slamming all stable doors beforehand.

The recent detailed Argentine inquest on the war confirms that Margaret Thatcher's government helped precipitate the crisis by pursuing a pretence of negotiation and not realising in time that their bluff had been called. The junta had laid its contingency invasion plans by Jan. 12, 1982. Negotiations were suspended at the end of February. On March 2 the Argentine Foreign Office issued a tough communique that was "definitely an alert for Great Britain" and Costa Mendez was severely criticised in the report for his "imprudence." On April 3 the threatened invasion began.

We must learn from past mistakes. If those lives tragically lost on both sides are

not to be wasted, Britain must have to show imagination and magnanimity. The sacrifices of the dead must somehow be matched by the living. Sterile insistence on rights, the erosive rhetoric of half-truths will no longer serve. Margaret Thatcher can still shift her stance, if enough pressure comes from the country and in Parliament. But time is short.

The Beagle Channel dispute between Argentina and Chile looks to be near resolution. Argentina has made important concessions in a genuine desire for peace. Exploring this welcome new pragmatism in Buenos Aires in relation to the Falklands could prove fruitful. Yours Harold B Mattingly, (Prof.) University of Leeds



## ALFONSIN SIGNALS TALKS

By Francesca Bonasegna  
in Buenos Aires

ARGENTINA is working on overtures to Britain aimed at a restoration of normal diplomatic relations between the two countries in return for a demilitarisation of the Falklands.

Foreign Ministry sources in Buenos Aires said yesterday that President Alfonsín would offer to declare a formal cessation of hostilities with Britain, and restore diplomatic and commercial relations.

In return, Argentina would demand a lifting of Britain's 150-mile exclusion zone around the islands, a drastic reduction in British troops, and a British commitment to open talks on the future relationship of the Falklands with Argentina.

Senor Alfonsín and Senor Dante Caputo, the Foreign Minister, expressed in public a willingness to hold talks over the Falklands. The next step, depended on an increased sign of goodwill from London.

The reports said Argentina would soon inform Britain of its initiative through the Swiss and Brazilian Embassies both in Buenos Aires and in London.

Since the two governments broke off diplomatic relations in 1982, both countries have been represented by two Argentine and two British diplomats stationed at the Brazilian Embassy in London and the Swiss Embassy in Buenos Aires.

### Proposals 'old hat'

OUR DIPLOMATIC CORRESPONDENT writes: The Foreign Office will wait for a formal Argentine proposal to restore diplomatic relations, but yesterday's reports of the terms prompted the reaction that they were "old hat" and unacceptable.

## Longer Falkland tours for key Servicemen

By ROBIN GEDYE Diplomatic Staff

MR HESELTINE, Defence Secretary, returned from the Falklands in record time yesterday, and disclosed that he was considering extending the tour of duty for key personnel from four to 18 months.

His non-stop flight to Northolt in an R A F Nimrod sliced one hour off the previous record of 18hr and 15min.

He said that while most of the 4,000-strong garrison would continue to serve four-month tours, key members of the defence forces would undertake tours of up to 18 months accompanied by their families.

Mr Heseltine said he was looking at the cost of housing a handful of key military personnel on the Islands. There would be no spare housing for officers on extended tours, and the price of extra homes was "very high."

"There is no construction industry and no materials, so you have to bring all the people and materials by ship, and it becomes, from that moment on, very expensive.

Before leaving the Falklands he called for all three services to move forward to a more co-ordinated approach. "I am not looking for a revolution because we have such remarkable professional leaders," he said.

He added that the back-up services were sometimes acting not in parallel, "but in triplicate.

### Row over houses

"Obviously what we want to do in the defence field is to talk perhaps a little more about output for the money we spend rather than the actual percentage increases on what we spend each year.

"We are going to have a look at what value we get from the money. The money has got to go to the front line."

Mr Heseltine said he would inquire further into allegations that 54 prefabricated Swedish-style houses were being constructed in Stanley for civilian use at a cost of £7 million.

But he admitted that the cost of housing at an average of £133,300 per home was very difficult to understand.

"I was immensely impressed with the dedication, ingenuity and personal commitment of the British Armed Services there," he said.

Morale was extremely high, even among the small number of people who said they did not like the posting. Most



believed it was not as bad as they thought it would be.

Residents of Port Stanley said Mr Heseltine was well received by the 1,800 Islanders. "He toured for three hard days and met hundreds of people.

"The islanders thought he spoke frankly and reassuringly, and showed a sensitivity to them and their problems," a local said.

But he kept his distance from the Islanders' request for a 200-mile fishery protection zone which would inevitably add to the garrison's existing defence burden.

He also emphasised that the development of the new airfield could go no further on defence money than the minimum size required by the basic needs of defence.

Some Islanders are complaining that the 8,500ft runway will not be long enough to satisfy their ambitions for an international airport to bring in revenue from airlines flying South Polar routes to Australasia.

A longer runway, to let wide-body jets take off throughout the year, would have to be paid for out of civil funds in a grant from the Overseas Development Agency.

The airfield is scheduled to cost £190 million, on top of which will be added the cost of facilities at the base for RAF and Army use.

DAILY TELEGRAPH

24.1.84



An army of penguins capturing Mr Heseltine's attention to remind him of his visit to the Falklands.

McMillan-Scott Associates *Public Affairs*

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# £1m plan for 10 more Falklands houses

By John Ezard

As the shadow foreign secretary, Mr Denis Healey, spoke of fantastic blunders over the Falklands contract which produced de luxe £133,000 houses, concern emerged yesterday over a military plan to build ten other houses at a reported total cost of £1 million.

The houses would be for married quarters for senior personnel due to spend up to 18 months on Falklands post-

cost only £30,000 to build before the conflict.

Mr Heseltine, at the end of a three-day visit to the Falklands, said: "I have seen figures, about the cost of providing houses in this area which certainly make you stand back and ask some pretty searching questions." After arriving at Brize Norton yesterday, he said the cost of building houses there was very difficult to understand.

Mr Healey said the Labour Party would be asking tough questions about the mess of the contract which, as the Guardian reported yesterday, has produced 54 houses in Port Stanley at a total £7.2 million, an average of £133,000 each.

Mr Healey said in a radio interview yesterday: "I think the main responsibility for the mess was that the Government chose a small firm which had two very bad years and which had an ambassador on the board."

"The real disaster was in port handling and shipping and the mistakes made there. When I was in the Army in charge of these sort of things I would have sacked a lance corporal if he had made that sort of mistake. The mistakes were quite extraordinary — quite fantastic blunders."

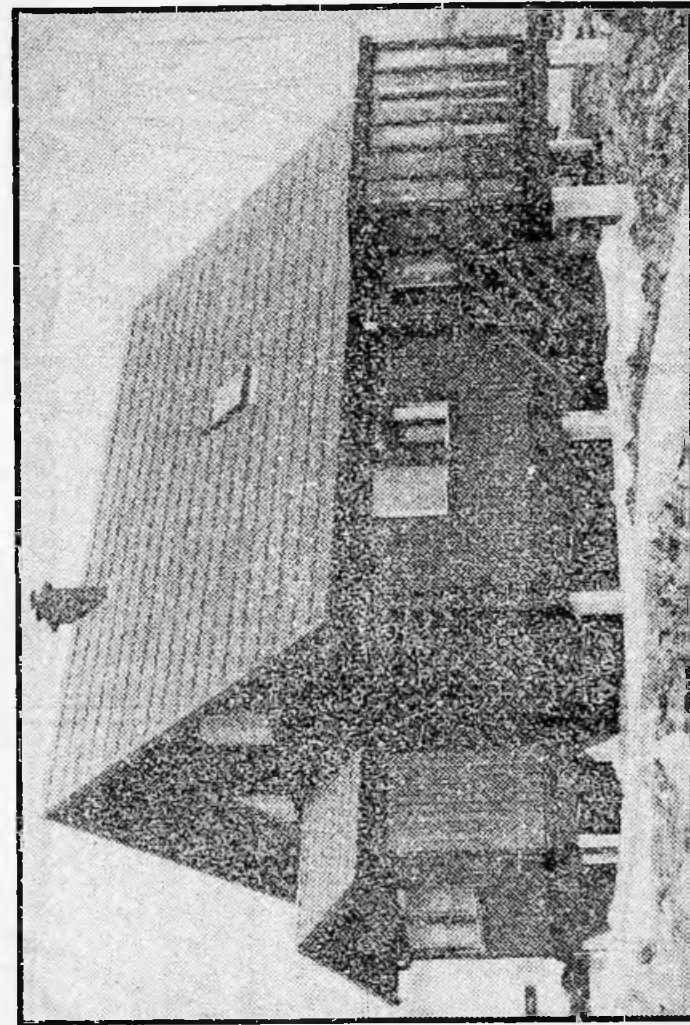
The contractor, Mr James Brewster, has already denied

ings, compared with the four months spent by most of the garrison. These would be senior officers plus one civilian, the command secretary at forces headquarters.

The Ministry of Defence regards this as an established requirement. It has already arranged to borrow four houses from the Falkland Islands Government until the new homes are built. But the Defence Secretary, Mr Michael Heseltine, has cast doubt on the plan after hearing — in the wake of the contract revelations — that the military houses could cost £100,000 each. According to a leading Falklander yesterday, houses using wood and corrugated iron imported from Britain

Leader comment, page 10

# 10 more Falklands houses



What the row is about: one of the Brewster Associates' prefabricated houses

that the former British Ambassador to Argentina, Sir Michael Hadow, who was a director of James Brewster Associates when the contract was awarded, played any part in influencing the award.

Mr Brewster said yesterday: "I think everything was miscalculated — the whole effort of getting everything ashore on the Falklands so quickly with the facilities available. In discussions (with the Overseas Development Administration), we were led to believe it was a little easier than it proved to be."

He added that he had to work to ODA contract specifications for the houses which required full fittings down to "six goblets and seven tumblers — we never quite

worked out who the seventh tumbler was for. When you get down to the Falklands and see the traditional housing they have there, ours are extremely luxurious. One can see problems on who has them."

Such problems were cited in a statement made more in sorrow than in anger on behalf of islanders by the Falklands representative in London, Mr Adrian Monk.

He said some of the houses would be occupied by military personnel but most by civilian advisers whose salaries were significantly higher than the kelpers.

A check made for the Guardian in Port Stanley showed that the last houses built with imported UK timber and corrugated iron before the conflict cost £45,000 and £35,000.

The Civil Commissioner, Sir Rex Hunt, is on record as saying: "The ODA pushed these houses, and Brewster as contractor, on us without any choice by the Falkland Islands Government. We wouldn't have had them if we had been given a say in the matter. The Swedish style was too extravagant. Something more modest would have been acceptable."

The Labour MP Mr Tam Dalyell, who had already tabled two parliamentary questions on the contract, submitted a further 17 after reading yesterday's Guardian report.



# Argentina and Chile sign peace accord

Rome (Reuter) - Argentina and Chile signed a declaration of peace and friendship yesterday and pledged to settle the Beagle Channel dispute which almost led them to war in 1978.

The Foreign Ministers of Argentina and Chile, Señor Dante Caputo and Señor Jaime del Valle, respectively, signed the declaration at the Vatican, which has been mediating the dispute for five years.

The two-page document did not refer to the terms on which the dispute may be settled. The two resident delegations are due to start work on the final treaty tomorrow.

Foreign Ministry sources in Buenos Aires said there was basic agreement to award the disputed islands in the Beagle Channel, off South America's southern tip, to Chile, along with a 12-mile stretch of territorial waters on the Atlantic side.

Beyond this, offshore waters would be under Argentine jurisdiction. A treaty may be signed within months, the sources said.

The Pope expressed satisfaction at the friendship declaration when he met the two delegations after the signing ceremony. He said he was ready to visit both countries.

In the declaration, the two nations solemnly declared their intention to preserve and develop ties of peace and friendship and to solve any controversies by peaceful means.

The Vatican Secretary of State, Cardinal Agostino Casaroli, expressed the hope that the momentum towards a settlement would not be lost.

Señor Caputo said that his Government was aware that peaceful solutions were sometimes threatened by "the politics of power", a possible reference to opposition within the Argentine military.

● **BUENOS AIRES:** Police arrested a leader of the left-wing Montoneros guerrilla movement at Buenos Aires airport as he was attempting to leave the country after returning to Argentina secretly a week ago from exile in Italy (AFP reports).

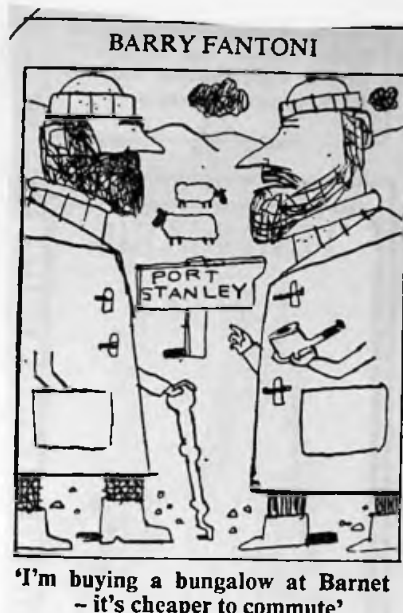
Señor Juan José Baravalla, aged 31, was detained on a warrant from a federal judge in Rosario, who charged him with illegal possession of arms and explosives.

The Montoneros, created in 1969 by left-wing members of the Peronist Party, announced their own dissolution in December, after President Raúl Alfonsín's democratically-elected civilian Government took power.



THE TIMES

24.1.84



## Science report

# How Falkland minefields have become wildlife sanctuaries

By Tony Samstag

The war in the Falkland Islands made a surprisingly slight impact on the wildlife of the region and its habitats. The "Fortress Falklands" policy that grew out of the war may, however, prove far more destructive.

Mr Ian Strange, a naturalist and an islander, has found, for example, that fear of erosion caused by defensive dugouts in and around Stanley, Darwin, Fox Bay, Port Howard and Pebble Island, have mostly failed to materialize as wind and rain assist to fill them in.

Similarly, mines laid on beaches were less dangerous to penguins than had been feared because even the small anti-personnel mine requires more weight to set it off than the average penguin attains.

Seals might have been more vulnerable, but by chance their favoured beaches escaped mining. "No one wishes to view minefields as a credit to conservation", Mr Strange says, "but in an odd twist, very large areas of 'camp' or countryside have suddenly become places where no one dares to tread and they have become sanctuaries for wildlife".

During the occupation there were casualties, especially towards the end as the Argentine troops ran out of food, among such species as steamer duck, crested duck

and kelp geese. That these species were not considered edible by the islanders, made no difference to the hungry troops, especially in Stanley harbour where almost any form of bird was being taken for food, Mr Strange says.

Scare depth charges ("so powerful at times that the shock waves would travel through the town's sewer system, often making us wonder if the explosion was taking place beneath our own house") might have damaged populations of dolphin, porpoises, whales or resident colonies of gentoo penguins in the outer harbour of Port William, but there has been little evidence to that effect.

What damage there was to wildlife had been localized and was not sufficient to have a long-term effect on the total Falkland populations, in large part because the conflict took place during the winter when many of the islands' breeding species were absent, Mr Strange says. The time of year also minimized the effects of fire on the tundra-like, peaty ground.

Since the war, however, the Falklands lost its protective isolation to become "another part of the world that has to be defended".

The flood of men and machinery since the conflict ended in June, 1982, has already brought

pollution to the almost land-locked inner harbour of Port Stanley, where the natural flushing action of the tides is inadequate to remove the volume of sewage and fuel spillage from the town and the ships that use it.

The wildlife of the Falklands might be its own salvation in the long term, according to Mr Strange. Before the war, the islands, described by many naturalists as a southern Galapagos, had been seen even by many Argentines as potentially some form of international wildlife reserve, with the islanders as trustees. Even now, perhaps some form of trusteeship under the United Nations was a possible answer.

"Is it not possible that the Antarctic Treaty could be extended to include the Falklands, thus freezing claims to sovereignty and, more important, to demilitarise the area? It would seem that over a period of time all signatories of the treaty, especially the major powers, would come to see this as an acceptable way of ending a dangerous situation", he says.

Source: *Oryx*, journal of the Fauna & Flora Preservation Society, vol XVIII, January, 1984, (Zoological Society of London, Regent's Park, London NW1 4RY)

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**Air Marshal Sir Peter Harding (to Mr Heseltine's left) and the Nimrod crew at Brize Norton yesterday on his return from the Falklands (Photograph: Bill Warhurst).**

## Healey attacks 'blunder' over £133,000 Falklands prefabs

By Christopher Warman, Property Correspondent

The controversy over the cost of the £133,000 pre-fabricated houses for the Falklands sharpened yesterday when Mr Denis Healey, Shadow Foreign Secretary, spoke of "quite fantastic blunders" associated with the project.

[Mr Michael Heseltine, Secretary of State for Defence, said yesterday on his return from the Falklands that he was studying the cost of housing a handful of key military personnel on the islands. Mr Heseltine broke records on the return home trip: the non-stop flight of 8,000 miles in an RAF Nimrod took 17 hours and 15 minutes, and three mid-air refuellings. The flight broke the previous record by one hour, our Oxfordshire Correspondent writes.]

Mr Healey said on the BBC Radio 4 *The World At One* programme: "The whole thing is typical of the fecklessness about the cost of Fortress Falklands, spending £2m a year

for every family on the Islands."

Mr Healey promised that he would be tabling some "tough questions" for the Government. Mr Tam Dalyell, Labour MP for Linlithgow, who has been a consistent critic of the Government over the Falklands, has also tabled 20 questions on the issue.

The total cost of the 54 dwellings, which in basic form cost £18,000 each, was £7.2m, taking nearly half the £15m rehabilitation fund allocated to the Falklands by Britain after the conflict with Argentina in 1982.

They were provided by the London firm of James Brewster and Associates, one of whose directors at the time the firm won the contract was Sir Michael Hadow, a former British Ambassador to Argentina.

Mr Brewster said yesterday that Sir Michael, who resigned as a director last September but

remains a consultant, had nothing to do with the project.

Mr Healey said: "I think the main responsibility for the mess was that the Government chose a small firm which had two very bad years and which had an ambassador on the board. The real disaster was in port handling and shipping and the mistakes made there."

He described the mistakes as "quite extraordinary; choosing prefabricated houses and discovering they had to buy special trucks to carry them and a 40-ton crane to take them out of the ships, stowing them in the wrong order and not foreseeing they would arrive at the end of a long queue of ships, thus having to pay 27 days' demurrage, quite fantastic blunders."

Speaking on the same programme, Mr Brewster said the houses would have cost between £49,000 and £50,000 in Britain, but his firm's extra costs included £455,000 for plant and



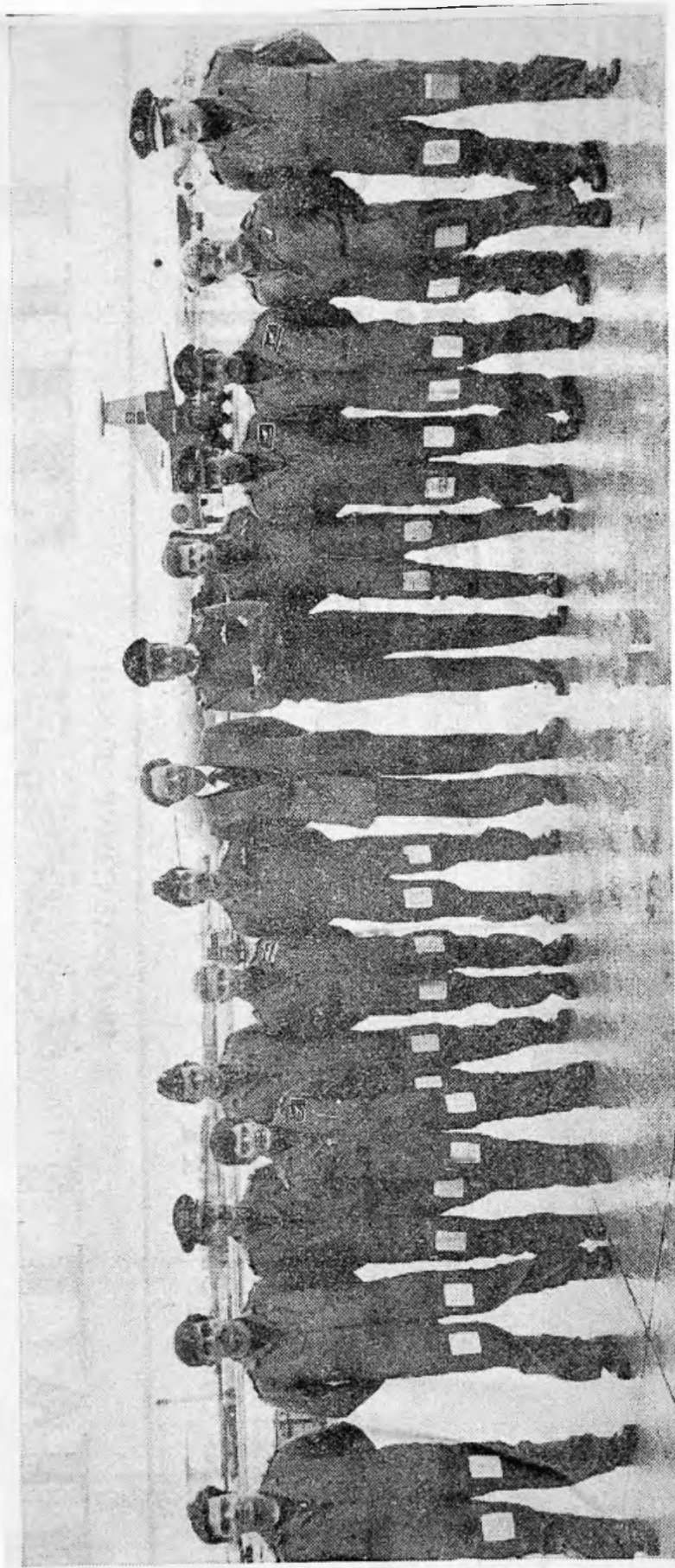
**Mr Heseltine thanking Flight Lieutenant Nick Lee, who piloted the Nimrod, after the 8,000-mile flight.**

equipment to take them off the ships and erect them in the Falklands.

Other costs which have increased the total include £1.6m shipping costs, and £1.2m for local costs and services such as new roads and the provision of sewerage, water and power.

Mr Dalyell has tabled 20 questions on the project. He is asking why estimates of shipping costs overshoot the estimates by between £700,000 and £800,000, and what is the Government's policy on formulating rents for the Brewster homes, which are let at rents of £75 to £145.

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24.1.84



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# A new start at the same old game

The sorry story of the £133,000 a time Falklands' prefabs provides a chinking, cash register descant to the current torrent of diplomatic words pouring over the islands. Mr. Heseltine wants a "new start" with Argentina and the "maximum goodwill." Flying into Port Stanley he passes Baroness Young of the FO who is also jolly anxious for the normalisation of this and that. In Buenos Aires, it is reported, Mr. Alfonsín is on the point of suggesting talks about talks. One might, if one had no appetite for the small print, foresee rapid progress to harmonious conclusions.

In fact, of course, the British Government position, far from making any "new start," rests exactly where it has lain transfixed since the war ended. Mr. Heseltine, Baroness Young and (naturally) Mrs. Thatcher still find sovereignty an untouchable issue. As the civil administrator, Sir Rex Hunt, put it recently to the island council: "We need to speak out plainly and firmly, and with one voice: the sovereignty of these islands is not negotiable. This means that, as long as the Argentines equate negotiations with the transfer of sovereignty, there can be no negotiations."

In short, Britain will talk about everything except the thing Buenos Aires wants to talk about. This doesn't mean that there won't, in time, be diplomatic exchanges. Both sides have a keen vested interest in stripping away some of the high cost of Falklands' confrontation. Both sides would like to trade smoothly again. Both sides find the exclusion zones an irritation. But such discussions must be merely palliative and ultimately arid unless there is a joint determination to take the islands off the agenda for good and all. Mr. Alfonsín can only do that by some distant arrangement which addresses sovereignty. Otherwise he is at the mercy of his own public opinion.

Yet time is on no one's side. Not on Mr. Alfonsín's, for he must know that, given Argentina's history, the generals in gold braid will one day seek a return to the

power they so viciously abused. Not on Mrs. Thatcher's for she is politically mortal, and one day some opposition party — all of them already committed against Fortress Falklands — will secure a majority. And nor, most fundamentally, is time on the indigenous islanders' side. For the moment they have a friendly Westminster government and a democratic administration in Buenos Aires. For the moment they can sleep easy in their beds. But the true interests of the Falklanders cannot be measured in moments of history. What this small community wants is a settled context in which lives, across generations, can be lived. It wants its children and children's children to have a settled future; and there is scant comfort, in such circumstances, in Mrs. Thatcher telling them that they're all right for another year. If they are wise, too, they will recall a central thesis of the Franks Report. Forget the possibility of reinforcement, said Lord Franks. Forget what might or might not be rushed out from London by sea or air in a jam. That is the old hall of mirrors again. What matters for deterrence is what you have on the ground, the manifest pledge of on-site defence. And already Mr. Heseltine is tap-dancing about the new airport, about unilateral ways to cut costs. There are fundamental signals here. Britain may solemnly say it can afford the Fortress; but it can't and won't, and in the end there will be a settlement. Why not begin that search now, when you have Mrs. Thatcher on your side and Mr. Alfonsín over the table? Why take a risk on some better deal later when the odds against are stacked so mountainously?

The incipient tragedy, of course, is that some of the keener political brains on the islands pose precisely these questions. They want a very good deal, to be sure: but they see the point of making the effort. How, though, do you even begin to open up an honest debate when one central Whitehall promise remains unfulfilled? Both Mrs. Thatcher and her (then) Foreign Secretary promised full consultation about the future as soon as the traumas of invasion had passed. Those promises will be two years old this year as the first tulips bud. But there is not a word in London about them. It seems there will be no referendum on the islands after all because Mrs. Thatcher dare not formulate the questions for that referendum in Westminster, nor seek the all-party support that would guarantee continuity of purpose. We are back, at much

higher price, to the ancient, delusive game so clinically chronicled in Franks: the game of hoping something will turn up. And meanwhile, inevitably, the wild cost overshoots that the gales and storms of the South Atlantic winter inflict drip, drip away at British electoral consciousness. A kidney machine: or another prefab? There will, at the inevitable close, be no way left of meeting such arguments. Not, at least, if everything that can now so easily be prophesied turns up — and the islanders and their hopes and their simple aspirations become once more the victims of forces that irresolute politicians conveniently decline to address.

IF YOU go to see the Honorary Consul the chances are you will have to endure a short second feature, *Firefight*, which dramatises an action by the Royal Marines during the Falklands War. It drags a bit to begin with, but makes up for it at the end by showing a fair number of Argies being shot and blown to pieces in slow motion and in close-up. You will then see the Argies that surrendered being sneered at by a Royal Marines Captain for complaining of the cold. There are four actors credited — the rest of the cast appear to be Royal Marines playing themselves. The film is made by Roymark productions "for the MoD" and was funded by the PR department of the Navy. Roy Baird, who produced *Quadrophenia* and *McVicar*, directs.

The film seems to be causing a bit of a stink, one way or another, which may be why 20th Century Fox, its distributors, are offering to replace it if the Honorary Consul's director, Mr. John Mackenzie makes a formal request. This he might well do, since his view of it, as expounded to *City Limits* magazine, is that it is "tub-thumping, crudely-made, designed to raise the worst chauvinism, right wing militaristic claptrap."



# NAAFI niggle at local lamb

By John Ezard

THE long shadow of EEC regulations has reached out 8,000 miles to cloud temporarily at least, a brave and money-saving bid to bring the 660,000 sheep and 4,000 servicemen on the Falklands more closely together.

Mutton, at 15p a lb, plays so large a part in the round-the-year diet of many islanders that it is called "365". Physically they thrive on it, though it is sometimes found to be a little monotonous.

It is almost entirely absent from the garrison's diet, unless soldiers eat it as guests in local homes. This is because, until recently at least, there was no attempt to encourage mutton produc-

*Lender comment, page 10;  
Alfonsin to offer Falklands  
deal, page 7*

tion for the military, who sometimes report that frozen meat shipped expensively 8,000 miles from Britain can be a little monotonous.

The problem was raised by the Defence Secretary, Mr Michael Heseltine, during his three-day visit to the islands, which ended yesterday. He emphasised the need for Falklanders to generate money for themselves, save Britain money and diversify the garrison's diet by "making local produce available."

But he had to announce the collapse of the first experiment. Eighteen sheep had been killed for the garrison. "Only four were declared edible," said a puzzled Mr Heseltine. The remainder had some form of boils or cysts which could not harm human beings and had not, indeed, harmed soldiers at local dinner tables or the

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The Defence Secretary, Mr Michael Heseltine, arrives at RAF Brize Norton after a non-stop record-breaking flight from the Falkland Islands. The Nimrod maritime patrol aircraft was refuelled in flight three times during the 17hr 15min journey.  
Picture by Martin Argles

## Falkland lamb won't do

Continued from page one  
islanders during 150 years of British settlement.

All very strange, said Mr Heseltine after his hasty inquiries before leaving but there were "certain problems meeting EEC standards regarding the slaughter of local sheep". And if the EEC was involved, he indicated, any solution was bound to take time.

Not necessarily so, according to more leisurely inquiries by Falklanders and by the Ministry of Agriculture yesterday. The British forces NAAFI, mainly used

to operating in Europe, do have to abide by EEC regulations. And EEC directive 64/433 on the Public Health Aspect of Trade in Fresh Meat does mention hydatid disease.

However, close official examination of 64/433 yesterday indicated that it mentioned hydatid disease only to exempt it as a reason for rejecting entire sheep carcasses. Flesh can be eaten provided that the parts showing evidence of the disease are removed at the slaughter house.

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# Aerosol peril theory proved to be false

By ADRIAN BERRY Science Correspondent  
at Faraday Base, British Antarctic

THE great "aerosol scare," the theory that people using aerosol spray cans might damage the Earth's atmosphere, has finally been demolished by experiments conducted in Antarctica.

According to the theory, which was taken seriously by many legislators, fluorocarbon chemicals in aerosols would break down the Earth's layer of ozone, or triatomic oxygen.

If this ever happened, mankind would be exposed to dangerous ultra violet radiation



from the Sun, and the Earth might eventually be rendered uninhabitable.

Ozone absorbs this radiation and without it there would be no protection.

But at Faraday, a scientific station in a tiny island off the Graham Land peninsula scientists have satisfied themselves beyond doubt that there has been no significant depletion of ozone over the last 30 years.

## Pointed at the sky

In an attic of the station's main building, partly filled with stores of cornflakes and canned food, there is a small box-like machine called a spectrophotometer.

During the summer months, this is continuously pointed at the sky through a hole in the roof to measure the amount of ultra-violet radiation.

There has been no significant long-term increase of it, and consequently, no long-term decrease of ozone.

The ozone level can change considerably from day to day, and even from year to year, but over a timescale of many years, no changes have been detected.

The discovery will prove embarrassing to members of the United States Congress and the European Parliament who, in the 1970s, passed measures severely restricting the use of aerosol sprays.

Mr Stanley Johnson, Conservative European MP for East Hampshire and the Isle of Wight, who helped introduce such a measure in the European Parliament in 1978, is visiting the Antarctic.

"I accept now that we made a mistake. But it was an honest mistake because the scientific evidence for the theory looked impressive at the time."

# Beagle pact would be triumph for Pope

By LESLIE CHILDE in Rome

CHILE and Argentina signed a "pact of peace and friendship" at the Vatican yesterday as they embarked on the final round of negotiations aimed at ending their dispute over the Beagle Channel—an area which could prove to have enormous commercial and strategic importance.

The Vatican has been mediating in the bitter controversy ever since dispute brought both countries to the brink of war in November 1978.

From today a permanent commission representing Chile and Argentina will begin further talks to try to resolve the issue. Two Vatican prelates are taking part in the discussions.

At the behest of the Pope, the Vatican sponsored secret talks to settle the Beagle Channel controversy which reportedly had made "significant" progress since they began in 1979.

Now the Vatican's mediation has reached the treaty drafting stage. Under the proposed agreement, the Holy See also wants both Roman Catholic countries to resolve peacefully any other "present and future" territorial disputes.

If they sign a permanent treaty—as now seems likely—it will be a major diplomatic triumph for the Pope. The treaty would be based on a secret proposal he sent to Buenos Aires and Santiago in 1980.

The Chileans accepted the proposals immediately, but the Argentines—then governed by a military régime—raised unspecified objections.

It is believed that the Pope's



peace plan calls for handing all the 10 uninhabited islands in the Beagle Channel to Chile. In return, Chile would give up its 200-mile offshore claim on the Atlantic side, which is based on British arbitration.

It was that claim which made the dispute so explosive and triggered the massive military build-up by both Chile and Argentina at the southern tip of the continent.

## Unbending opposition

Buenos Aires started to have second thoughts about their unbending opposition to the Pope's plan after the humiliating defeat by Britain during the 1982 Falklands war.

Argentina's new civilian government is anxious to seek a quick agreement with Chile. A permanent treaty would help reduce its military spending and get rid of its second most important international question after the Falklands.

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## Flying a tie

DEFENCE MINISTER Michael Heseltine is far from the first member of the government to visit the Falklands—indeed, the Prime Minister herself has been. He is, however, the first to be awarded the "Nimrod Tie."

Dark blue and depicting the airplane flying above light blue wavy lines, it was presented to him by 206 Squadron at RAF Brize Norton yesterday to mark his record-breaking return flight from Stanley.

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Daily Mail  
24th January 1984

# Peace move on Falklands

ARGENTINA and Britain are continuing to edge nervously towards some kind of Falklands talks.

Buenos Aires sources were reported yesterday as saying that Argentina is to offer to normalise relations.

The report followed Defence Secretary Michael Heseltine's remarks in a televised interview from the islands that Britain wants a 'new start' with Argentina.

The Argentines are still making conditions. The new government of President Alfonsín wants the lifting of the 150-mile exclusion zone, a drastic reduction in British forces on the islands and a commitment to open talks on the future relationship of the islands

By ROBIN OAKLEY

with Argentina before declaring a formal end to hostilities.

Britain's view is that Argentina started the war and that there can be no concessions in return for Buenos Aires formally ending it.

However, Whitehall has been encouraged by the clear efforts being made by Buenos Aires to work towards normal relations.

Britain wants to see the restoration of trade and commercial relations first, followed by the eventual resumption of diplomatic relations.

The formal cessation of hostilities would be considered a major step in that direction, and would probably be followed by an application to increase the size of the

British interests section now working in the Swiss Embassy in Buenos Aires.

Yesterday's reports from Buenos Aires suggested that the Argentines would put forward their proposals next month, possibly including suggested guarantees for the Falklanders' future.

President Alfonsín is keen to keep pushing on with an initiative, and now apparently seeks direct channels of communication with London.

Mr Heseltine flew back from his Falklands visit in record time yesterday—17½ hours. He will be facing Commons questions from Shadow Foreign Secretary Denis Healey on the high cost of prefabs sent to the Falklands.

● Argentina and Chile signed a joint declaration in the Vatican yesterday confirming their commitment to end their dispute over the Beagle Channel which runs between the two countries.

# Hong Kong talks focus on power transfer

BY ALAIN CASS, ASIA EDITOR

TALKS OVER the future of Hong Kong, which resume in Peking this week, have now entered a phase which focusses on the actual transfer of power from Britain to China.

Britain's negotiating team, headed by Mr Richard Evans, London's new envoy in Peking, is backed up by expert advice from key government departments in Whitehall as the two sides tackle the many complicated and delicate issues involved before sovereignty is formally conceded to China.

Britain told China as long ago as the fifth round of talks last October that, provided adequate guarantees would be forthcoming over the continuity of Hong Kong's capitalist system and lifestyle, the UK would concede both titular sovereignty and administration to Peking after 1997 and pull out of the colony altogether.

That is the date when the 19th century leases covering the New Territories and much of the Kowloon peninsula, expire. Hong Kong Island was ceded to Britain in perpetuity in another treaty which China does not recognise.

The fact that the negotiations have "broken the back" of the problem—as one observer close to the talks put it—will now become more intensive, was indicated earlier this month by two key moves in London and Peking.

First, Sir Percy Cradock, Britain's former envoy to Peking, moved into Number 10 Downing Street as Mrs

democratic process in the colony by the election of officials. While Communist China would not countenance universal suffrage, greater democracy is seen by Whitehall as one way of bringing pressure on Peking to keep its pledges.

Although a substantive agreement seems unlikely before next September's deadline set by China—such an agreement would in any case have to be ratified by Parliament—a fuller statement by both sides may emerge, possibly after this week's talks.

The new cordiality in the talks has boosted confidence in Hong Kong after nine months of doubt and concern. Prime Rates were cut on Saturday by a full point to 12.5 per cent,

Thatcher's foreign policy adviser two months earlier than expected at the Prime Minister's express insistence.

Second, China replaced their chief negotiator in the talks, Deputy Foreign Minister Yao Guang, with a slightly junior Assistant Foreign Minister, Zhou Nan.

This did not signal a downgrading of the talks, but a more detailed phase, now that Britain has, in effect, conceded sovereignty to China. The Foreign Office is pleased at the appointment of Zhou, a fluent English speaker with United Nations experience.

The kind of details which have already been tackled and will continue to be traded across the table when the two sides meet on January 25 and 26 include:

- Hong Kong's position in the GATT and the Multi-Fibre Arrangement;
- the tax benefits to companies operating in Hong Kong after 1997;
- the replacement of senior officials such as the governor and financial secretary.

China indicated last week, in a comprehensive statement, that the territory would be allowed to maintain its lifestyle for at least 50 years. Hong Kong would become a Special Administrative Region within the mainland and all top jobs would be held by local Chinese.

One of the specific items on this week's agenda is believed to be the widening of the

Continued on Back Page

3.5 per cent below last October's crisis level of 16 per cent. The Hang Seng stock market index recorded a 58 point rise over last October's low, reaching 1,034. Even the property market has begun to pick up.

In spite of the optimism, however, there is increasing anxiety beneath the surface among top Hong Kong officials about what next year prospects as the talks "get closer to the bone" as one put it.

There has been considerable tension beneath the surface between the colony's unofficial executive council, which was in London last week for talks at Number 10, and the Foreign Office.

## Heseltine hints at willingness to talk

By Air Cdre G. S. COOPER Air Correspondent in Port Stanley

A "MUCH better relationship with the Argentine" was called for by Mr Heseltine, Defence Secretary, yesterday, at the end of his three-day tour of the Falkland Islands.

But while there was a need for "a constructive dialogue," he said: "We will not negotiate the sovereignty of these islands."

The beauty and purity of the Falklands must be defended against allcomers.

He said he had come to see how the British garrison was performing; to get a feel for the views of the islanders; and to look at the environment and consider its protection.

His tour took in over 100 points of call, ranging from Stanley in the east to Hill Cove, 100 miles to the west.

There was little Mr Heseltine did not see, from a 1926 mobile bakery brought back into use from the Royal Corps of Trans-

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port's museum at Leconfield, to an unplanned confrontation with late-night revellers relaxing after a hard day's work.

He also walked along the route taken by Col H. Jones to the point where he fell in the attack on Goose Green, and laid a wreath at the Welsh Guards memorial.

Construction of the new airfield at Mount Pleasant in East Falkland is moving ahead on schedule.

Three weeks after excavation of the main runway began, the contractors say it can be completed by April of next year.

Completion of the entire air base at a cost of over £200 million is due by the end of 1986.

### Record attempt

Our Defence Correspondent writes: Flight Lieutenant Richard Lee, 26, from Wimbledon, pilot of the Nimrod carrying Mr Heseltine back today, hopes to set up a record for the 8,000-mile non-stop flight from the Falklands to Britain.

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# Argentina prepares Falklands initiative

By Jimmy Burns in Buenos Aires  
and Peter Riddell in London

ARGENTINA IS preparing an initiative on the Falklands, aimed at paving the way for the re-establishment of diplomatic relations with Britain and a resumption of negotiations over the islands' future.

It is thought that the Argentine Foreign Ministry will soon inform Britain that it is willing to allow the prompt re-establishment of direct communications between senior British diplomats in Buenos Aires and London as a way of speeding the effectiveness of informal contacts.

Argentina unilaterally interrupted direct links between British diplomats in Buenos Aires and London at the start of the Falklands conflict after breaking diplomatic relations. Four British diplomats who have since been working in Buenos Aires have formed part of the British Interests Section of the Swiss Embassy.

In London, Argentine diplomats have been working in the Brazilian embassy.

Significantly, the Argentine initiative coincides with efforts by the British Government to reassure Buenos Aires about its own intentions with regard to the islands.

Mr Michael Heseltine, the Defence Minister, said in a BBC radio interview yesterday that his Government wanted "a new start" with Argentina, and that he did not want his current visit to the Falklands to be interpreted negatively by the Argentines, still less as a provocation. Mr Heseltine said he "very much hoped that we will not have to keep a large military commitment" in the Falklands indefinitely. But he stressed that Britain was not prepared to negotiate on sovereignty.

Sr Raul Alfonsín, Argentina's new civilian president, has hinted repeatedly that he is in favour of declaring a formal cessation of hostilities simultaneously with the lifting of Britain's exclusion zone around the islands.

Argentina publicly still says negotiations must include the sovereignty issue. However, officials privately say both sides should seek "imaginative formulas" which would avoid an early deadlock.

Argentine officials are willing to offer the islanders guarantees including the retention of their British nationality.

Falklands home spending defended, Page 5

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## Falklands homes spending defended by Government

BY LISA WOOD

THE GOVERNMENT yesterday defended spending nearly half the £15m allocated for rehabilitation of the Falkland Islands after the conflict with Argentina on 54 pre-fabricated houses.

The houses, which cost about £18,500 to erect in Britain are costing on average more than £133,000 each to complete in the Falklands.

Mr Timothy Raison, the Overseas Development Minister, said on Radio 4 yesterday that there had been unforeseen problems.

He said: "Although costs do look rather high, the fact is that at the end of the day the Falklands will benefit from 54 really rather attractive houses."

The houses, which Mr Raison said were not "grotty housing" were ordered soon after the recapture of the islands in 1982.

A contract for the supply, erection, fitting and furnishing of an original 27 houses was won by James Brewster Associates at a price of £2,133,570m or £79,021 per house.

The Overseas Development Administration said that before the contract was let, the Govern-

ment took responsibility for shipping and the tender, less shipping, became £1,708,570. A contract was then let to Brewster Associates for 54 houses at £3,668,545 or £67,936 each.

However, the contractor had submitted extra costs because of unforeseen developments which lifted the price to £4,018,545. With extra costs incurred during shipping the total bill, said the ODA, was now just under £7m.

The ODA said: "The cost of the project has risen sharply largely because of the problems of shipping to the Falklands and problems and delays in getting materials unloaded. One vessel had its cargo shift because of storms in the Bay of Biscay and had to go to Corunna to be re-packed. Neither could we have foreseen the problems in Stanley Harbour."

It took two months to unload one vessel at Port Stanley because of congestion of vessels waiting with military and civilian supplies.

## Privatisation of Crown Agents 'just one option'

BY DAVID DODWELL

THE GOVERNMENT'S appointment of merchant bankers Morgan Grenfell to investigate whether the Crown Agents could be privatised does not imply the Government has made up its mind about the fate of the organisation, Mr Peter Graham, the Senior Crown Agent, said at the weekend.

While conceding that he was not privy to Government thinking on the Crown Agents, Mr Graham insisted the idea that the organisation could be privatised was essentially his own, and was just one option being considered by the Government.

The Crown Agents, which last year celebrated its 150th anniversary, acts as a procurement agency, and provides financial services to developing countries throughout the world. Its future has been put in jeopardy by the loss in July last year of a lucrative contract to manage a £3.5bn investment fund on behalf of the Sultan of Brunei.

Mr Graham said: "Once the reorganisation programme started last year has been completed, then there appears no reason why the organisation could not be privatised."

He argued this view was not at odds with comments made by the Crown Agents in October

that the reputation of the organisation as an "honest broker," independent of private industry, was essential to its success. He hinted that any privatisation plan would leave the Government with a substantial stake.

He emphasised that his own views might not be shared by Morgan Grenfell, which was appointed a week ago to investigate scope for privatisation.

Morgan Grenfell is due to report to the Government by the beginning of February. A decision on the fate of the Crown Agents is not expected until four weeks later.

Senior staff at the Crown Agents have already been interviewed by Morgan Grenfell—including Mr Graham, and Mr Alan Frood, the organisation's managing director. Mr Keith Knox, chairman of the body representing the four Civil Service Unions at the Crown Agents, last week voiced strong opposition to privatisation.

The organisation has complained that delay in deciding its fate has put in jeopardy a number of contracts. However, it won new procurement contracts worth £191m in 1983—almost £50m higher than those won in 1982.

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# Falklands fiasco as £133,000 houses drain funds

John Ezard reports on 'a disastrous waste of money' as cost of providing 54 houses soars to £7.2m

A BUILDING contract awarded in a controversial Government deal 15 months ago is now producing houses in the Falklands at an officially estimated final cost to the taxpayer of £133,330 each.

The history of the 54 houses in the capital, Port Stanley, has become a cautionary tale to other contractors and Government departments.

The houses cost £18,000 each when bought as prefabricated kits from a Swedish manufacturer. But shipping costs alone overshot estimates by £700,000 to £800,000 as a result of a series of errors and mishaps in planning, loading, transport and unloading.

These costs were the responsibility of the Crown Agents, acting for the Overseas Development Administration, which is part of the Foreign Office.

The final £7.2 million overall estimate for the project has swallowed up nearly half the £15 million postwar rehabilitation fund allocated to the Falklands by Britain. This has left the fund too low to cover repairs still scheduled.

As a result, it is officially calculated, some £2 million to £3 million will have to be

spent on rehabilitation out of the £31 million development fund intended after the Shackleton Report to be set aside for the Falklands economy.

The deluxe, triple glazed wooden homes are being let fully furnished and equipped. Forty eight are up so far. Their comprehensive fixtures and fittings include freezers and spare bags for vacuum cleaners.

But they are having to be let at rents ranging from £75 to £145 a month, in a dependency where average pay is only half the UK level. Even these charges are heavily subsidised. The Falklands government is being forced to strip some of the houses of their opulent fittings to reduce rents.

Six houses have been allocated to senior garrison officers and some others to overseas aid staff. Their rents are paid by the British Government. One three bedroom bungalow is understood to have been allocated to an unmarried aid worker.

The contract, now six months behind schedule, was to replace badly war damaged houses and to provide extra accommodation for local and British Government employees. Some 35 firms

showed interest, including Laings, Wates, and Taylor Woodrow. Fourteen tendered.

In its tender papers, the firm made no secret of the fact that in 1980 and 1981 it had declared trading losses of £26,446 and £25,673 respectively. These were later justified as "bad years" in a trade where revenue from projects is often long term.

The Liberal leader, Mr David Steel complained bitterly that, though a Scots firm using British materials had tendered, the contract had gone to a company using Swedish materials. Mr Peter Rost, Conservative MP for Erewash, Derbyshire, raised the fact that one of Brewster's four directors at the time was Sir Michael Hadow, a distinguished former Foreign Office official and a former British Ambassador to Argentina.

Sir Michael resigned as a director last September, but remains a consultant to the firm. He was unavailable for comment yesterday.

Mr James Brewster, the contractor, said yesterday: "Questions can be asked as long as people like. But Michael had no connection with this. He tended to pull back. He's not getting any younger. I can guaran-

tee he made no phone calls on this contract. I will swear on the Bible he made no contacts on our behalf." His instructions did not help on this matter. His name was not on the tender document we submitted. We have nothing to hide on any aspect of the contract."

The fullest figures disclosed so far for the total project costs have emerged in the latest monthly newsletter issued by the Falklands Government office in London. This lists figures — earlier given to councillors in the Falklands — which have helped swell the price of the operation to £7.2 million.

The figures are £1.6 million shipping costs, £1.2 million for "local costs and new services," plus £600,000 for "variation orders, claims and contingencies." Some of the £600,000 "will be to Brewster's account," according to a statement given to councillors. However, the statement indicates that the full £7.2 million will be deducted from the rehabilitation fund.

Brewer's tender to the Crown Agents, who processed the contract, was for £2,133. This covered the supply, erection, fitting and furnishing of 27 homes for war damage victims. On that

basis the final cost per house would have been £79,000 — a figure which caused disquiet when it became known in the Falklands early last year. Falklanders are accustomed to considerably cheaper housing costs, even when all materials have to be shipped

The tender included an allowance of £425,000 for shipping supply costs, according to published figures. But before finalising the contract the then Overseas Development Minister, Mr Neil Marten, decided that the Government should take over responsibility for shipping — and that the number of houses should be doubled to 54 to provide roofs for extra UK and local government staff.

As a result, the contract — minus shipping costs but plus extra houses — was finally awarded to Brewster's for £3,668,000 but in a little-noticed written answer issued just before Parliament rose for the summer recess in July, Mr Marten's successor Mr Timothy Raison gave a revised figure for the final contract price of £4,018,000. The extra £350,000 was for Brewster's claims for "extra costs caused primarily by delays in shipping and port handling."

An Overseas Development Authority spokesman said yesterday that this £350,000 indicated the extent of Brewster's financial "over-run" on its part of the contract.

Mr Brewster said yesterday that he did not yet know the size of over-run on his or the Government's side of the contract. "One is always terrified of costs to the taxpayer," he said.

The full arithmetic of the project's escalating costs was not available yesterday. But some of the details of how they occurred could be pieced together from Mr Brewster and other sources.

Whitehall "discovered" after the first contract price was fixed that there were no heavy trucks available on the Falklands for handling the housing containers.

This added £445,000 to the contract for buying trucks plus extra costs for shipping the trucks and a 40-ton crane to the South Atlantic. Two ships had to be reloaded in transit because of storms or engine troubles. On arrival at Port Stanley, their cargoes were found to be in the wrong order for unloading.

They reached Stanley at the peak phase of garrison build-up when "vessels were

queuing in harbour clocking up demurrage charges like aircraft tachometers" according to a port source. Mr Brewster said: "It took us 27 days to unload the first ship. At Harwich in normal conditions, we'd have done it in 72 hours."

Unloading took a total of six weeks, with the Brewster workforce — at its peak 47 men — helping the overworked Army and harbour staff instead of doing the construction work for which it was paid. It was then decided that the 54 houses should be on six sites instead of the one originally planned. The workforce had unexpectedly to lay sewers to some of these because the Stanley public works department was overwhelmed with other rehabilitation work tasks.

Mr Timothy Raison sensed quivers of local alarm about the project when he visited the Falklands in February. As a result, senior staff from the Crown Agents and the Property Service Agency were sent to manage and monitor later projects for road repair and airport construction.

Mr Brewster said the fact that lessons had been learned was shown by the more streamlined off-loading plans made for equipment working on the airport.

GUARDIAN

23.1.84

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Telephone: 01-930 6935

# Reports on a pact on Hong Kong are 'premature'

By John Gittings  
and Patrick Kealey

There was no confirmation in Whitehall last night of week-end reports in London indicating that the Government has "conceded" sovereignty over Hong Kong to China after 1997.

The Foreign Office resolutely stuck to its self-imposed rule, which has applied throughout the negotiations since they began in Peking in the autumn of 1982, which was to meet all questions with the same reply: "No comment."

Hong Kong sources indicated that the reports at the week-end were sweeping and premature. There is, certainly, a readiness to see a transfer of sovereignty to China when the leases run out in 1997, but this will be conceded in advance in the present negotiations — with the next session due on Wednesday and Thursday this week — only if the Chinese government, for its part, agrees to a considerable list of conditions.

The elements of the package deal now being negotiated are so many and so complex that a

simple concession of sovereignty now would be diplomatically naive and politically foolish.

The Chinese are much more confident about the outcome of the talks than they were before the last round in December. The Chinese Prime Minister, Mr Zhao Ziyang, has publicly stated that he "has the ground for optimism."

The turning-point has been Britain's willingness to move on to detailed discussion of the Chinese proposals for an autonomous Hong Kong after 1997. In doing so they have

put on one side the question of principle — sovereignty and administration — over which the talks have previously been bogged down.

While it is incorrect to say that Britain has conceded on these questions, it has strongly implied that, if China can deliver satisfactory guarantees in the fine print of a plan for post-1997 arrangements now can deliver on sovereignty and administration. China's new optimism suggests confidence in Peking that the package of post-1997 arrangements now being discussed will be sufficient.

ciently acceptable for Britain to honour this implied pledge. But the Chinese may also wish to create a climate of expectation in which the onus for a breakdown would be placed on Britain's shoulders if it sought to query China's terms.

The most interesting development since the New Year has been China's apparent commitment to some form of democratic election for Hong Kong after 1997. The British pro-Peking, pro-British, and neutral delegates. This sort of arrangement would have to be engineered and could hardly be reached through real elections.

The future Hong Kong legislative assembly would be divided into pro-Peking, pro-British, and neutral delegates. This sort of arrangement would have to be engineered and could hardly be reached through real elections.

## Heseltine's new Falklands hope

By Stephen Cook

The Defence Secretary, Mr Michael Heseltine, said yesterday that he wanted a new start over the Falklands with the recently-elected democratic government in Argentina, and hoped that the large British military garrison would not have to stay on the islands indefinitely.

Speaking on the third day of his visit to the Falklands, Mr Heseltine repeated that a declaration of the end of hostilities by the Argentinian Government was no longer a

and the laying of a wreath at the San Carlos military cemetery, Mr Heseltine began an 18-hour flight back to Britain in an RAF Nimrod reconnaissance plane.

John Ezard writes: A Conservative MP last night said that the Commons public accounts committee should be called in to scrutinise the details of a contract which has led to 54 fully furnished houses being built in the Falklands at an average cost to the taxpayer of £133,000 each.

Mr Peter Rost, MP for Derbyshire South-east, said Government assurances given when he criticised the awarding of the contract last winter had been called into question by disclosure of the final cost figure.

Falkland's fiasco, page 2.

necessary precondition of a dialogue. But Britain was not prepared to negotiate on sovereignty.

Britain wanted to see normal diplomatic and trading relations established. "We want to put the past behind us and try to get the relationship onto the basis with a democratic government which obviously reflects the genuine interests of the people living in both countries," Mr Heseltine said.

"We just cannot believe that the state of armed hostility and the threat of further conflict is in anyone's interests, and we want the maximum goodwill."

At the end of the day, which included an early morning tour of wildlife sites, a visit to the £215 million strategic airport being built on East Falkland,

Mr Rost complained in December when the contract went to a firm using foreign building materials. He also pointed out then that Sir Michael Hadow, a retired senior diplomat and British Ambassador to Argentina, was one of four directors of James Brewster and Associates, the company which won the order.

Mr Rost said then that questions were bound to be asked when "a moving force" in the successful company was "known to be an ex-Foreign Office man of high standing." Mrs Thatcher told Mr Rost and other critics, including the Liberal leader Mr David Steel that the company's tender was "the most suitable."

The firm's head, Mr James Brewster said yesterday: "Michael Hadow had no connection with this. I will swear on the Bible that he made no contacts on our behalf." Sir Michael was unavailable for comment.

The Overseas Development Minister, Mr Timothy Raison denied in a radio interview that the project had been mis-handled.

Transporting the homes to the Falklands, and harbour delays for military reasons have inevitably added to the cost, he said.

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## Heseltine tells the Falklands to trade

From Rodney Cowton  
Defence Correspondent  
Port Stanley

The civilian population of the Falkland Islands should seek ways of increasing its income from the presence of about 4,500 members of the British Armed Forces. That was the message Mr Michael Heseltine, Secretary of State for Defence, left behind yesterday at the end of his three-day visit.

At a meeting with the island's councillors, he said that the troops would like to be able to buy locally supplies which had to be shipped in, such as meat and fresh vegetables.

Mr Heseltine told them that he realized that they had traditionally reared sheep for wool rather than meat, and it would take time to increase meat production.

As he prepared to leave, Mr Heseltine said that he had found the level of readiness among the Armed Forces very impressive.

He repeated the Government's assurances that Britain would not negotiate over the sovereignty of the islands, but said that apart from that limitation the Government was keen to move towards a more normal relationship with Argentina. A dialogue was needed through all available channels.

[Earlier, (the Press Association reports), Mr Heseltine, interviewed on Radio 4's *The World This Weekend*, said: "We want to have a dialogue, we want a new start, we want to look forward not back."

"We just cannot believe that the state of armed hostility and the threat of further conflict is in anyone's interest and we want the maximum good will."]

On Saturday, Mr Heseltine inspected construction work on the £200m airport being built at Mount Pleasant, 25 miles west of Port Stanley.

● The £7.2m bill for building 54 prefabricated houses on the Falklands was defended yesterday by Mr Timothy Raison, Minister for Overseas Development, (the Press Association reports). The houses, which cost £18,500 each to erect in Britain, are costing £133,333 in the Falklands.

Mr Raison said that the well-equipped houses were not "prefabs" in the British sense and that mishaps in shipment and unloading had added to their cost. Officers in dock, page 6

## Argentine Army in the dock

### Thirty officers face 'dirty war' charges

From Trevor Fishlock Buenos Aires

Four former Presidents of Argentina are among 30 senior officers awaiting trial, or under investigation, in connexion with the disappearance, torture and murder of people during the years of military rule.

Nine members of juntas which ran the country after 1976 are to be tried by court martial on charges of murder, torture and illegal detention.

They include three ex-presidents: General Jorge Videla, General Roberto Viola and General Leopoldo Galtieri.

The other junta members charged with them are: Admiral Emilio Massera, General Orlando Agosti, Admiral Armando Lambruschini, Brigadier Omar Domingo Graffigna, Admiral Jorge Anaya and Brigadier Basilio Lami Dozo.

President Alfonsín has also ordered the trial by court martial of General Ramón Camps, former police chief of Buenos Aires, on charges that he took part in the abduction and killing of thousands of people, and that he kidnapped children and ran "a sinister terror apparatus".

A number of officers are being questioned by a judge investigating the disappearance of Alfredo Giorgi, a government scientist, in 1978. The action is brought by the Giorgi family and it is alleged that Señor Giorgi was taken to a clandestine prison in Buenos Aires known as El Olimpo and tortured. The examining judge is hearing evidence in private and will submit a report to the government prosecutor.

One of the principal witnesses in this case is former President Reynaldo Bignone, who was leader of the last of the four juntas.

Others being questioned in the Giorgi affair are General Ramón Camps, General Guillermo Suárez Mason, former Commander of the First Army Corps, General Santiago Riveros, former Commander of a military college, General Federico Minicucci, General René Ojeda, General Albano Harguindeguay, General Carlos Rovere, Colonel Roberto Romuáldez, Colonel Enrique Rospide, Colonel Mohamad Ali Seineldin and Colonel Ernesto Trotz.

General Bignone has also been charged in another case, in connexion with the disappearance of Luis Steinberg and Luis García, two army conscripts.

General Camps and General Suárez Mason are also involved in another case, concerning the disappearance of Carlos Alayé, abducted in 1976.

### Children shot as terrorists

Three children aged between five years and six months who disappeared with their parents in 1976 were shot dead by the security forces and buried in unmarked graves, according to the Grandmothers of the Plaza de Mayo, an Argentine human rights group. The army said at the time they were "terrorist delinquents" (Reuter reports).

The group which was set up to search for more than 100 children who disappeared with their parents during military rule, said it had found their burial records at Boulogne cemetery in Buenos Aires. Roberto and Amelia Lamuscón and their children, Roberto, aged five, Bárbara, aged four and Matilde, six months, died from bullet wounds in the brain.

Mail on Sunday  
22nd January 1984

## Cutback in troops

By DAVID ROSE

### FALKLANDS

BRITAIN is ready to cut its garrison on Fortress Falklands — if Argentina signals it wants to restore normal relations.

That is the new offer Mrs Thatcher is making in an attempt to coax Argentina's new President Raul Alfonsin into renewing links.

Defence Secretary Michael Heseltine is in the Falklands this weekend discussing with Major General Keith Spacie

the minimum force needed on the islands.

Force numbers in the Falklands have already been quietly scaled down. An infantry company was withdrawn last year.

The size of the garrison regarded as secret, is officially put at around 4,000, but one estimate suggests the true figure lies between 2,000 and 3,000.

Daily Mail  
23rd January 1984

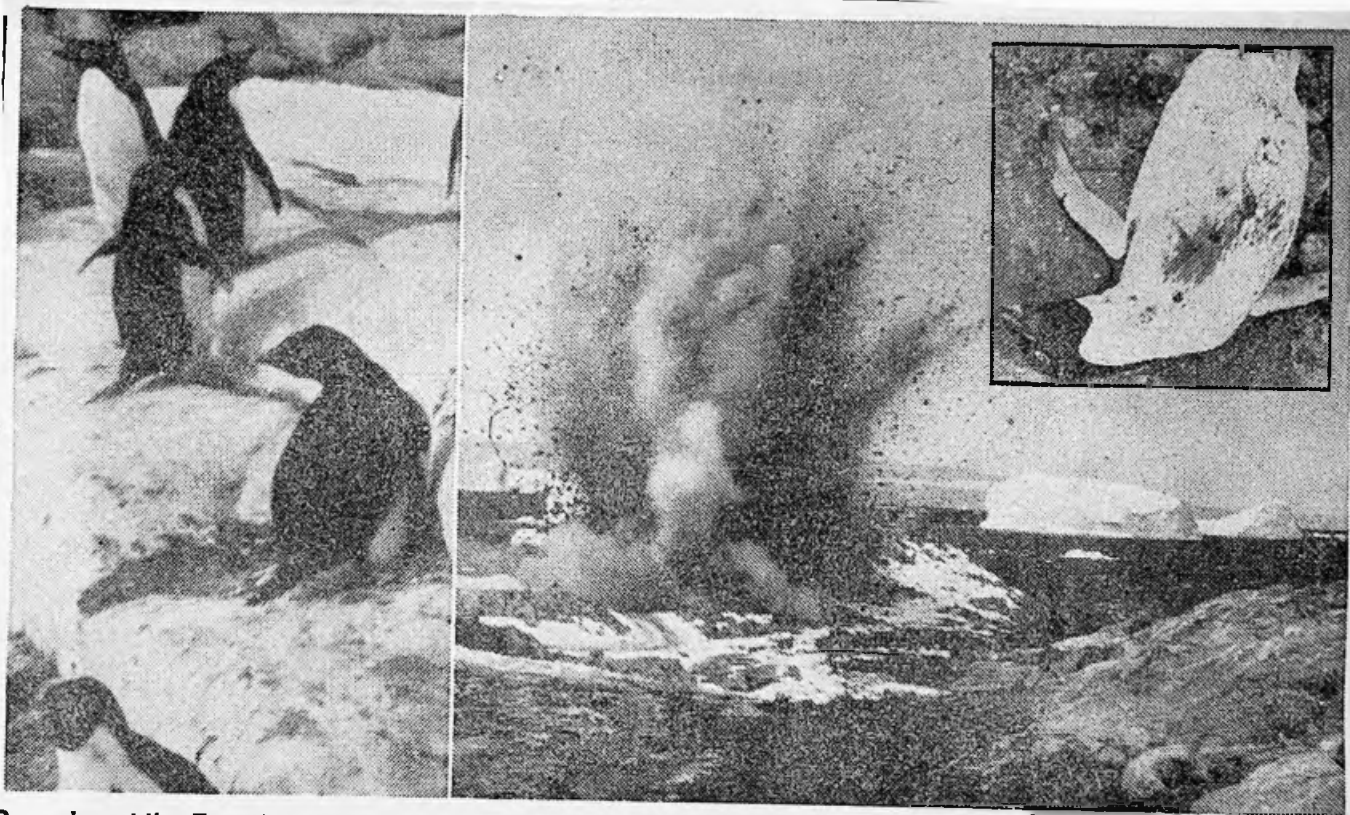
## Falklands peace hint

DEFENCE SECRETARY Michael Heseltine, who is on a flying visit to the Falklands, said yesterday that the Government wanted a new start with Argentina over the islands dispute. He said that Britain hoped not to have to keep a large garrison there permanently, and would like to see a normal relationship between the Falklands and the mainland.



OBSERVER

22.1.84



Penguins at the French Antarctic base die as engineers use dynamite to build an airstrip. PHOTOGRAPHS BY GREENPEACE

FRANCE is blowing up penguins to build an airstrip in Antarctica in defiance, environmentalists say, of an international agreement.

This is likely to cause embarrassment at a particularly sensitive time for the 16 nations that control Antarctica under the Antarctic Treaty. They are now meeting in Washington to agree on ways of exploiting the frozen continent while safeguarding its environment and wildlife.

The airstrip is at the French

## Penguin SOS

by GEOFFREY LEAN, Environment Correspondent

base of Dumont d'Urville on the Antarctic coast, in the heart of one of the continent's most important wildlife areas. It threatens the only one of Antarctica's 26 emperor penguin colonies that has been studied consistently over 20 years, and it is also one of the five sites where the snow petrel breeds.

Penguins have been killed by

the explosions, and 1,600 penguin nests are being destroyed.

Greenpeace, the environmental pressure group, says the work is a 'clear violation' of measures for the protection of wildlife agreed by the Antarctic Treaty powers and ratified by France. The environmentalists add that it also appears to break France's

own code of conduct for its workers in the area, which rules that explosives should not be used near wildlife colonies except for scientific necessity.

Greenpeace says: 'The consequences for wildlife in the area are incalculable but are certain to be both severe and irreversible. This project provides a graphic example of the inability of the Antarctic Treaty to prevent damage, as well as how much priority governments are actually giving to environmental protection.'

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**WORLD EXCLUSIVE:** Sunning himself surrounded by pretty girls ... the mass torturer of Argentina

# THE SMILE ON THE FACE OF CAPTAIN DEATH



**FLASHBACK:**  
Astiz surrenders  
South Georgia to the British

By PAT MALONE

**T**HE SMILE is that of a happy holidaymaker without a care in the world, a bronzed young swinger on a sunny beach studded with pretty girls and washed by a warm sea breeze.

He has much to smile about.

The smiling blue eyes gaze out to sea — the sea over which just a few years ago he dangled innocent men and women from military planes to extract confessions from them. They confessed, and he dropped them anyway.

The smile was the last thing a 17-year-old Swedish girl called Dagmar Hagelin saw before she died in a pool of blood after he shot her in the back and watched through the agonising hours as her life ebbed away.

## Agonising

The smile was on his face as he burst into a church with a gang of killers called the Lizards and dragged away two French nuns, Leonie Duquet and Alice Domon, to torture them with electric shocks.

The smile struck terror into the hearts of 4,000 people who were hauled into his dungeon in the Naval Mechanical School in Buenos Aires during the dark days of the Argentine Junta.

Only 100 of them emerged alive to testify that the smile is that of Alfredo Astiz, alias Captain Death, The Blond Angel and The Raven, a man described by a human rights group as being 'cut of the cloth of Adolf Eichmann' — a murderous pervert who tortured thousands by attaching electrodes to their eyes and most sensitive parts of their bodies and watched smiling as they screamed their lives away.

Astiz's enthusiasm for his work earned him promotion to the military's diplomatic arm and eventually he took command of the Argentine forces which invaded South Georgia at the start of the Falklands war.

## Admiring

The last time the world saw the young Navy officer was in a newspaper photograph in May 1982 when bearded, uniformed — and unsmiling — he signed the surrender document which gave the islands back to the British.

Today 33-year-old Astiz leads a life of luxury. He has two cars — a BMW and a Ford like those his death squads used. He plays rugby and tennis regularly. And the smile is always ready for the other holidaymakers on the beach at Mar del Plata, Argentina, where he sunbathes for five hours every day under the admiring eye of dozens of beautiful girls attracted by his aristocratic air and lean, tanned body.

His Navy superiors can find no excuse for his atrocities. And Astiz will not talk about the past. 'I'm still in the Navy on active service,' he says. 'I can't say anything.' And he smiles.



**LEAN, TANNED ... AND EVER-SMILING:** Alfredo Astiz relaxes on the beach at Mar del Plata, Argentina, without a care in the world



# Falkland prefabs, £130,000 each



has cost Britain £7 million to erect 54 houses like this.

NEARLY half the £15 million allocated by the Government for rehabilitation of the Falkland Islands after the war with Argentina has been spent on just 54 prefabricated houses.

The houses, which cost £18,500 to erect in Britain, are costing on average £133,333 each to build in the Falklands.

The project has been dogged from the beginning by bad luck, foul weather and administrative blunders. A spokesman for the Overseas Development Administration said yesterday: 'We reject the charge that this has been a financial and managerial debacle.'

Shortly after the recapture of the islands in 1982, the ODA sought tenders for the supply, erection, fitting and furnishing of 27 dwellings for Port Stanley to replace houses wrecked during the war and to provide desperately needed accommodation for the new experts

## Exclusive

HUGH O'SHAUGHNESSY

and executives who flooded into the islands.

The contract was won by the small British firm of James Brewster Associates at a price of £2,133,570, or £79,021 per house. Mr James Brewster, head of the firm, said last week that the weatherproof shells of similar houses could have been erected in Britain for £18,500 and that the difference in price was accounted for by triple glazing, complete fittings and the cost of erection and of supervising the project 8,000 miles away.

Subsequently it was realised by the ODA that nearly another £500,000 would have to be spent on importing plant with which to erect the units.

It was then decided to increase the number of houses to 54. Brewster's original price was £3,668,545, or £67,936

each, but this rose sharply because of a series of mishaps.

Disaster struck as the units were being shipped out. The containers in which the kits were packed in one vessel collapsed, the cargo shifted in a storm and the whole consignment had to be transferred to another vessel in Cadiz.

Another vessel carrying housing kits developed engine trouble and had to put into Corunna. In the ensuing mud-dles items which needed to be unloaded first were packed at the bottom of the holds.

When the ships eventually reached Port Stanley they had to join a long queue of vessels waiting with military supplies and civilian goods. It took up to two months to unload them, notching up demurrage charges approaching £350,000.

One vessel, the Olsterberg, managed to get alongside the Falkland Islands Company's jetty at Port Stanley but had to move several times during unloading to make way for the

Monsunen, the company's own vessel, which was bringing in the wool clip from outlying farms in the Falklands.

'It was like a three-lane motorway. If you reduce traffic to one lane you're sure to get traffic jams,' Mr Brewster remarked yesterday. 'Or to put it another way, it was like D-Day.'

When the housing kits had been brought ashore further problems developed. There was not enough building equipment to erect the smart bungalows and chalets.

The choice of site was rock or peat bog and the services, sewerage, water and electricity which were to have been

provided by the Falkland Islands Public Works Department were not ready.

Brewster's firm was commissioned to provide some of the missing pieces at Callaghan Road and Race Course Road, near Government House.

Forty-eight houses have now been completed. Controversy has already broken out over the

low rents, £30 a week, which are being charged for some of the most luxuriously fitted accommodation in the Falklands.

The cost of the 54 houses, at £7.2 million, has eaten up nearly half the 15 million allocated by the British Government for the rehabilitation of the islands.

One Falklander remarked yesterday: 'I think the ODA were given orders from on high to get the houses erected in Stanley as quickly as possible. They just didn't appreciate the difficulties they would run into.'

Further light is expected to be shed on the matter tomorrow when Mr Tam Dalyell, the Labour MP, gets answers to 110 parliamentary questions he has put down on the Falklands.

Last week the office of Mr Timothy Raison, the Overseas Development Minister, was working overtime on research for the replies.

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# Thatcher hands Hong Kong to China

SUNDAY TIMES

22.1.84

## Britain accepts Chinese 'guarantees' over colony's capitalist future

by Murray Sayle

IN A major breakthrough in the year-long negotiations with the People's Republic of China, Britain has in principle conceded that China will have both sovereignty over Hong Kong and control of the administration after 1997, the year the lease on most of the colony runs out. After that date the people of Hong Kong would no longer have any British protection.

The British concession was first offered on the personal instructions of Margaret Thatcher in mid-December, after the talks had stalled on Britain's original demand to retain administration of the colony for an indefinite period after 1997. The next round of talks with China is due to resume this week in Peking.

Mrs Thatcher was advised that, given the impossibility of defending Hong Kong, it was better to accept Chinese demands and then seek the best guarantees possible from Peking.

The news will be greeted with mixed feelings in Hong Kong. Last week, prices on the stockmarket soared after the news that the Chinese were prepared to offer a free-market economy to continue, private

series of fine-sounding guarantees for 50 years. But it was not then fully realised what Britain was prepared to concede in return. However, the news that a deal will soon be announced – and the realisation that Britain will continue to control the colony until 1997 – will be welcome. Doubts will centre on how long the Chinese will stick to their guarantees after 1997, since neither Britain nor Hong Kong will be in any position to force China to keep its side of the bargain.

The negotiations have proceeded rapidly since Britain indicated it might concede both sovereignty and administration of all Hong Kong – Hong Kong island and part of the mainland are supposed to be British – "in perpetuity" according to treaties the Chinese say were extracted by force and threats in the last century.

The Chinese have offered a long list of undertakings which, in essence, provide that the colony's life and commercial activities will go on much as they do now, but under a Chinese governor or administrator who will be from Hong Kong but subject to China's over-riding authority. The Chinese proposals would permit a free-market economy to continue, private

property, foreign ownership, freedom of entry and exit for Hong Kong and even free speech, subject to certain limitations (ie no verbal attacks on China).

The Hong Kong currency would continue to be separate from China's and it would still be possible to keep reserves

abroad. That would allow the Hong Kong dollar to remain a convertible hard currency after 1997. Access to hard currency is Hong Kong's main benefit to Communist China now. Even gambling, a notorious sign of bourgeois degeneracy to Communists but a major Hong Kong industry, will be allowed to continue.

The Chinese negotiators have not even raised objections to a British proposal to introduce a measure of Western-style democracy before the Communists take control, so that the people of Hong Kong would be able to negotiate with China through democratically-elected representatives.

Although the negotiations are still technically at the "conditional level" – that is, nothing has been formally accepted until everything is accepted – the Chinese clearly feel that they have now achieved their main objectives. But there are bound to be deep misgivings about the chances of China keeping its promises.

There is doubt both about the way in which the ultimate Communist authority in Hong Kong after 1997 will interpret such concepts as "free speech" and "free elections", and how far the present Peking government, led by the 79-year-old Deng Xiaoping can commit its successors.

The historical omens are not encouraging. Tibet, supposed to be an "autonomous region" was turned thoroughly communist

after China resumed sovereignty. Monasteries were closed, monks imprisoned and the picturesque Tibetan way of life destroyed, probably forever.

Politics are to be introduced into Hong Kong in the period between now and 1997, and the Chinese Communist party, which up to now has kept a low profile on orders from Peking, will obviously be contesting any elections. This offers a mechanism for turning the colony communist even before the changeover is due, enabling Peking to assume total control while honouring its undertaking to send no non-Hong Kong officials to the decolonised city.

Clashes with anti-communist Chinese in Hong Kong would seem inevitable, a general drift into lawlessness a distinct possibility. Last week's riot by Hong Kong taxi-drivers over low fares and the looting of tourist shops are a worrying footnote to what is, on the face of things a notable feat of defensive diplomacy.

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DAILY TELEGRAPH

21.1.84



Mr Heseltine, Defence Secretary, being greeted by Sir Rex Hunt, Falklands Civil Commissioner, and Maj.-Gen. Keith Spacie, Commander British Forces, on his arrival at RAF Stanley for a tour of the islands' defences.

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21.1.84

## Heseltine ready for Falklands force talks

By John Ezard

The Defence Secretary, Mr Michael Heseltine, yesterday called for a dialogue with Argentina and said he was visiting the Falklands to discuss among other things, a minimum force level which Britain could keep there if diplomatic relations improved.

He emphasised that there were no plans to reduce the 4,000-strong garrison, and stressed the importance of the new airport project, which is ahead of schedule.

Speaking at RAF Stanley on the first day of a three-day garrison tour, he said: "It cannot be in Britain's or Argentina's interest for this condition of hostilities to be prolonged. We would like it to end and we would like a dialogue."

Asked about reports of annoyance at his visit in Argentina, he said: "I hope it will not be seen as provocative. It's my duty to forces' morale. It's my duty to go round and see conditions on the ground. It's just as relevant for me to come here and discuss the minimum force level we can keep in the improved climate we would welcome. There is a significant

political change in Argentina. We should try to build from there."

Mr Heseltine's conditional hint of a garrison reduction is a new note in the Government's public messages to Argentina. He also said nothing significant should be read into the fact that some infantry had already been withdrawn late last year.

Mr Heseltine has changed his itinerary to talk to a formal combined meeting of the two democratically elected councils. This would enable him to discuss the possibility of a minimum force level with them and also possibly draw up a locally acceptable agenda of topics which could be broached if contacts with Argentinian improve.

Although he is not responsible for foreign affairs, he is the most senior politician to visit the Falklands since Mrs Thatcher. He said on arrival that he would discuss anything with councillors. However, Britain has repeatedly ruled out discussions with Argentina on sovereignty. A Foreign Office minister, Baroness Young, avoided raising diplomatic issues during a visit to the South Atlantic last week.

THE TIMES

21.1.84

## Heseltine's Falklands trip 'not provocative'

From Rodney Cowton, Defence Correspondent, Port Stanley

Mr Michael Heseltine, Secretary of State for Defence, began his visit to the Falkland Islands yesterday by saying that he hoped it would not be seen as provocative by Argentine.

Journalists here had told him that the Argentine authorities had expressed concern at the visit.

He said he was sure that the Argentines would see that as Secretary of State for Defence he had responsibilities for the moral and well being of the British forces in the Falklands. It was part of his responsibility to visit British forces on the ground.

Mr Heseltine said that the visit would enable him to discuss with commanders on the spot what was the smallest number of forces needed to ensure the security of the islands.

The Argentine Government had not announced a cessation of hostilities, but he very much hoped that the restoration of democracy in Argentina might mean a more normal relationship could develop. That was what Britain wanted.

Major-General Keith Spacie, commander, British forces in the Falklands, confirmed that towards the end of last year the size of the infantry battalion which constitutes the central combat land force of the Falklands garrison was reduced

by one company, or roughly 120 men.

It was emphasized that the reduction was the result of a constant review of how military resources could be most effectively deployed, and did not arise from any change in the political climate.

Although the Ministry of Defence refuses to disclose the precise size of the military forces in the Falklands, it is believed to total about 4,500 people, including members of all three services.

Of these roughly 1,200, are members of the Corps of Royal Engineers most of whom are engaged on constructional work.

Mr Heseltine arrived in the Falklands Islands on Thursday night. Earlier that day he had shown equal enthusiasm for a huge colony of sooty terns on Ascension Island and a stunning display of skill by RAF aircrew involved in carrying out in-flight refuelling of his Hercules aircraft in its 14-hour flight from Ascension.

The final point of that 3,900-mile flight was made in the company of an escort of two RAF supersonic Phantom fighters.

Mr Heseltine is spending slightly less than three full days in the Falklands, during which he will make more than 100 visits and journeys.

## Falklands solution

From Mr Philip Chambers

Sir, The change of government in Argentina surely gives our Government an opportunity to make a new beginning in deciding the future of the Falklands.

Would not a practical solution to the impasse be for the Government to approach the people of the Falklands with the question of how many of them would consider it worth while to leave the Falklands for a home in Britain for compensation of say £100,000 for every man, woman and child on the islands? Also to be compensated at the going valuation for their property and, in the case of farmers, for their land?

An unofficial referendum could be carried out by the Governor and his staff. As such a decision is so important to the islanders it could be considered that a 75 per cent or

even 80 per cent majority be required for the scheme to be enforced. Of course if there were those who preferred to stay and live under Argentine rule then they would be fully entitled to do so.

On finding the people agreeable to such an offer then the Argentine Government could be approached giving them the opportunity to fund the operation. It is hardly conceivable that the Argentinian Government would refuse such an opportunity to acquire so easily their dream of a century and a half.

On the assumption of a population of 2,000, the cost, including property and land, would be unlikely to exceed £250m. The replacement of their sunken battleship, Belgrano, would cost them a fifth of that amount; and if all the reports of oil deposits lying beneath the Falkland waters are true then, once the oil was in production, it is not unreasonable to assume that in a

year or two profits would pay for the compensation to the islanders.

From Britain's standpoint an intractable problem would have been solved with honour. For after all it is the welfare and wishes of the people that is our only interest and the reason we went to war with Argentina.

I am sure both the Treasury and Ministry of Defence would sigh with relief, the former by the saving of the hundreds of millions of pounds now being spent to create "Fortress Falklands" and the latter by not having to divert so much of its resources to an area far from their main centre of operations.

The above is surely worth consideration.

Yours faithfully,

PHILIP CHAMBERS,  
Keen Ground,  
Hawkshead,  
Cumbria.  
January 4.

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41 Whitehall London SW1A 2BZ Telephone: 01-930 6935

21.1.84

## Falklands forces to stay at strength

By Air Cdre G. S. COOPER in Port Stanley

**T**HERE will be no significant cuts in the strength of Britain's garrison in the Falklands before the opening of the new airport next year, Mr Heseltine, Defence Secretary, confirmed at Stanley Airport yesterday.

He said his visit was not intended to be provocative as had been suggested in Buenos Aires. Nor was it related to the recent change of government in Argentina.

"I have come to discuss what is the minimum level of force we need to keep. It cannot be in either of our interests for hostilities to be prolonged.

"But there has been no official end to the declaration of hostilities and we must have sufficient force to achieve the declared aims of the British Government.

### £684m added

When the Falklands war ended 18 months ago, Argentina was expected to use harassment, probing the 150-mile protection zone to increase the cost of defence.

This year the amount added to the Defence Budget for the Falklands is £684 million, half to maintain strength in the South Atlantic and half to replace equipment lost during the war.

Mr Heseltine wants to reduce this cost, but he cannot afford to drop Britain's guard in a way that Buenos Aires might read as a sign of weakness.

So far this year no attempt has been made by Argentina to probe the garrison's defences.

The RAF might like to withdraw its Harriers, leaving the

very effective force of Phantom Fighters to protect the islands. But these are vulnerable to a surprise attack on the only runway at Stanley.

So the Harriers, which can operate from alternative surfaces, must stay until a well-defended air base is available at Mount Pleasant.

Tomorrow, his last day of the tour, Mr Heseltine is to visit the Welsh Guards memorial, Fox Bay and Mount Kent before leaving for Britain in an RAF Nimrod.

## HARDLINER TO BE URUGUAY ARMY CHIEF

The Uruguayan Army has appointed Gen Pedro Aranco, 59, one of the country's most hardline officers, as its new Commander-in-Chief following a 24-hour general strike against the military government.

He succeeds Gen Boscan Honrou who retired. Gen Honrou had promoted discussions with political parties on a return to democracy, but the talks were suspended last July.

Political sources said Gen Aranco was regarded as the right-hand man of President Gregorio Alvarez. His appointment bodes ill for elections in November. While there is also discontent among trade union leaders.—Reuter.

## Economy on ice for British explorers

By ADRIAN BERRY Science Correspondent at Rothera Base, British Antarctica

**SEVEN** more "Skidoo" motorised sledges were delivered to the Rothera Base in British Antarctica yesterday by the survey vessel John Biscoe. 1,245 tons, to help in Britain's exploration of the frozen continent.

A "Skidoo" is a highly efficient one-man vehicle for cheap and rapid travel across snow and ice. With a two-stroke engine and running on skis and tank-tracks, it is easy to drive having no controls, but a throttle and handlebars for steering.

Four British scientists have just completed a 1,400-mile journey across the ice which took them three months.

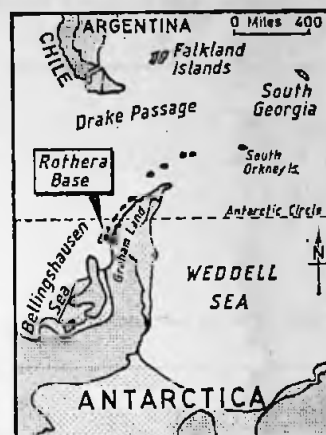
### Mail trip south

A typical scientific expedition by "Skidoo" consists of two vehicles and an ordinary sledge, all in tow, with two men, a scientist and a trained mountaineer who has the final say on what parts are safe to traverse and explore.

I was flown in a twin-engined Otter aircraft fitted with skis, to an icy plain 100 miles south of Rothera Base to hand over to two lonely explorers mail which had been posted to them in Britain.

Mr Stephen Harrison, a geology graduate student from Aberdeen University, and Mr Mike Sharpe, a mountaineer, were carrying on their sledge two pairs of skis, a tent, a stove and six weeks' supply of dehydrated food.

"There's no danger of our getting lost," said Mr Harrison.



"We're in touch with Rothera by radio every day, and whenever there's a blizzard we simply pitch our tent and wait for the return of clear weather."

The British Antarctic Survey has recently had a budget increase from £6 million to £10 million for the current year, and of up to £11 million for each of the next two years.

### Immeasurable wealth

This money pays for two ocean-going ships, three Otter aircraft (each with a range of up to 1,000 miles), about 60 "Skidoos," five permanently occupied bases in Antarctica and South Georgia, and the survey's headquarters in Cambridge.

The ostensible aim is exploration and science, but there is a strong feeling in Government that Britain needs a strengthened "presence" in a continent that is believed to contain resources of immeasurable wealth.

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# High-flying Heseltine

From Rodney Cowton, Ascension Island

It is extraordinary the life that high-flying ministers lead. In order to spend three days in the Falkland Islands, Mr Michael Heseltine, Secretary of State for Defence, is undertaking three air journeys, each of more than ten hours, in the space of five days.

The last of these flights will be a non-stop 8,000-mile 18-hour journey direct from the Falkland Islands to Britain. It will almost certainly be the longest non-stop flight ever undertaken by a politician.

Last night Mr Heseltine arrived at Ascension Island at the end of the first stage of his outward journey. He was expecting to have consultations here with Lady Young, Minister of State at the Foreign Office, who is returning home from the Falklands.

Since the conflict with Argentina, all air journeys to and from the Falklands have been by way of Ascension Island. The

R.A.F. has however recently demonstrated that its Nimrod maritime patrol aircraft can make the journey non-stop, although they require refuelling in flight three times.

The first such flight was made in November. It was done again at the end of last month as part of an exercise by forces in the Falklands to test their alertness and defensive capabilities.

The purpose of flying the Nimrod out was to demonstrate that Britain could if necessary re-inforce very rapidly its ability to carry out reconnaissance patrols over the 2,000-mile protection zone

The Nimrod has remained in the Falklands for the last three weeks and Mr Heseltine, with Air Marshal Sir Peter Harding, Vice-Chief of the Air Staff, and officials, will be on board as it returns to Britain

FINANCIAL  
TIMES

20.1.84

DAILY  
TELEGRAPH

20.1.84

## Off to Germany

BRIGADIER David Ramsbotham, sometimes described as "the public face of the British Army," took leave of his many friends in Fleet Street and the provincial Press yesterday after a two-year appointment as the Army's Director of Public Relations—a position reserved for potential "high fliers."

Ramsbotham, thrown into the deep end by the Falklands war, won widespread admiration at the time for his consistently wise counsel, steady nerves and truly military unflappability at a time when others about him were overwhelmed by the turmoil which prevailed at the MoD.

Now he has been entrusted with a study on the impact on the Army of automatic data processing before, in the Autumn, taking over the Third Armoured Division in Germany with the rank of major-general.

The Royal Greenjacket will be a hard act to follow but his successor is well-qualified. Brigadier Michael Hobbs, a Grenadier and former commander of 39 Brigade in Northern Ireland, is the son of a former DPRO. Brigadier Godfrey Hobbs, who was charged with expounding the Army's viewpoint just after Suez.

## Ceasefire

When the Franks Report on the Falklands conflict was published just over a year ago, there was some concern in the Foreign Office that, although the report stressed that no individual was at fault, certain individuals responsible for South American affairs might find they were no longer in line for rapid promotion. The recent appointments of John Ure, Assistant Under-Secretary at the FCO (South America), as ambassador to Brazil and of Robin Fearn, recently head of the same department, as ambassador to Cuba has been taken as a signal that all is well.

## Wildlife link for Falklands

Sir Peter Scott, the naturalist, and the Falklands Governor, Sir Rex Hunt, are to be trustees of a new charity linking the wildlife of the South Atlantic island with a bird sanctuary in Britain.

The Birdland and Jason Island Foundation is being Set Up next month by Mr Richard Hill, owner of the tropical bird centre at Bourton on the Water,

THE TIMES

20.1.84

# Pressure grows for UK-Argentine trade

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

BRITISH business interests are pressing discreetly but firmly for a resumption of trade with Argentina, though the balance of trade, when it is resumed, is expected to be markedly in Argentina's favour.

The import of all Argentine goods, with the exception of books, is banned under emergency legislation dating from World War II. HM Customs has been assiduous not only in banning direct imports from Argentina but also in checking on items, possibly of Argentine provenance, entering Britain from third countries.

While Anglo-Argentine trade in 1981, the last full year of normal trading, amounted to £298m, exports to Argentina in the first 11 months of last year amounted to just £4.3m and imports from Argentina to £510,000.

No British restriction on exports to Argentina exists, and British sales have been dependent on the degree of urgency that British goods have been needed by Argentine importers. A large consignment of whisky was sold to Argentina at the height of the hostilities in 1982.

Supporters of a resumption of trade with Argentina argue that trade, being supposedly beneficial to both sides, is a useful first step in a normalisation of relations which has to come about some time.

Those concerned with Anglo-Argentine relations, including some parts of Whitehall, say the lifting of the ban on imports from Argentina could form part

of a British response to the more conciliatory attitude on the Falklands question adopted by the new civilian government of President Raúl Alfonsín in Buenos Aires.

British businesses in Argentina are still subject to government-appointed *interventores* or overseers, and are still forbidden to dispose of assets, though there have been few complaints of outright interference by the overseers. *Interventores* have been removed from British banks operating in Argentina, and British companies may remit profits with no more restrictions than those placed on other foreign businesses.

British importers are keen in particular to resume purchase of various kinds of Argentine cereals. Argentina, for its part, is unlikely to be a large market for British products given the extreme shortage of foreign exchange in Buenos Aires. There is speculation, therefore, that Argentina might run up a surplus of perhaps £50m a year if trading were to be resumed with Britain.

Business interests are expected to be represented on the newly-formed South Atlantic Committee which is expected to announce its aims and membership today.

Mr Tam Dalyell, the back bench Labour MP with a particular interest in the South Atlantic is expecting answers next week to 110 questions he has tabled in the House of Commons on topics to do with the Falklands and Argentina.

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Daily Telegraph  
19.1.84

## Myth of Falklands holds Argentina together

From Lord GLADWYN

SIR—However silly and unjustified we, and Sir John Colville (Jan. 13) may believe Argentina's claim to "sovereignty" over the Falkland Islands to be, the unfortunate fact remains that, myth though it is, it is one of the few things that hold that rather rickety republic together.

It is, moreover, fully endorsed by all the other Latin-American States, and sympathetically regarded by many of our closest allies.

Unless, therefore, it is in some way met, no agreement with Argentina will be possible and we shall have to continue with a "Fortress Falklands" policy.

This will not only be a severe strain on our finances but will also be highly dangerous. The British admiral commanding the Western Approaches has just said that, with the limited vessels at his disposal, he cannot guarantee the naval defence of these islands in the event of war. For so long as so many of our ships are in the South Atlantic, there will always be this fearful gap in our own defences.

How, therefore, could we best meet Argentina's requirement in negotiations with the new and well-disposed Government in Buenos Aires that are now so evidently necessary?

The original "lease-back" scheme sponsored by Nicholas Ridley in 1980 was entirely sensible and was, it seems, thought to be so by the Government then presided over by Mrs Thatcher herself.

It could provide for a formal hand-over only at the end of (say) 10 or 15 years (subject no doubt to the continuance of a democratic régime in Buenos Aires). It could also be made dependent on Argentina's acceptance of some sort of autonomy for the islanders, ensured, perhaps, by the presence of a United Nations observer.

As part of such an arrangement an internationalisation of Port Stanley and its use as a base for the joint exploitation of the riches of the Antarctic by the signatories of the Antarctic Treaty (as suggested by Sir John) would certainly make much sense.

The islanders would, of course, be consulted throughout the negotiations; but in the final stage the views of the Westminster Parliament should prevail. It is our own interests which are at stake as well as those of the islanders. Indeed, if things should go wrong, we stand to lose far more than they do.

GLADWYN  
London. S.W.1.

Daily Telegraph  
19.1.84

## HESELTINE'S HOP

By Our Air Correspondent

A non-stop 8,000-mile flight from the Falklands to R A F Brize Norton in Oxfordshire has been arranged for Mr Heseltine, Defence Secretary, in an R A F Nimrod on Sunday. The 19-hour journey, which involves three in-flight refuellings, has been made only once before by a Nimrod.

The Standard  
19.1.84

BRITANNIA Hospital, a picture that viewed the old country as a rather decaying infirmary, suffered the misfortune to be released bang in the middle of the Falklands campaign. Reviews were unkind and it ill-suited the mood of the nation. However, abroad it has done well and has just collected a glowing set of crits. Where? Buenos Aires, where it has caused queues outside every cinema showing it.

Daily Telegraph  
19.1.84

## RAF TO REFORM TWO OF OLDEST SQUADRONS

By Our Air Correspondent

The R A F is to reform two of its oldest squadrons this year to meet new commitments connected with the protection of the Falkland Islands.

No. 74 Sqn ("The Tigers") which will be based at R A F Wattisham, Suffolk, is to rejoin the front line equipped with ex-United States Navy Phantom F4J interceptors being bought to replace Phantoms transferred to Falklands defence; and No. 216 Sqn will be reformed at R A F Brize Norton to operate six Lockheed Tri-stars bought from British Airways to expand air-refuelling tanker fleets.

No. 216 was first formed in 1918 as a night-bomber squadron. Before being axed in the 1974 Defence Review it was the R A F's premier transport squadron, operating Comets for nearly 20 years and flying members of the Royal Family.

19.1.84

## Government firm on Falklands

By PATRICK WATTS  
in Port Stanley

**F**ALKLAND islanders have been given no hint of a dialogue with Argentina to resolve the 150-year-old dispute over sovereignty, by Baroness Young, who is leaving after a week's visit.

In a final Press statement the Foreign and Commonwealth Affairs Minister said: "Influential islanders themselves acknowledge that more normal commercial and economic relations are desirable."

These were important "not only between Britain and Argentina but also, in due course, between the islands themselves and Argentina."

But she reiterated the Government's stance of no talks with Argentina and quoted Mrs Thatcher on several occasions.

The question of a 200-mile fishing zone around the Falklands was raised again and she insisted that she had been misquoted by some Falklands councillors who said she had assured them it would be "within 12 months."

### Looking closely

"I did not say that we would announce our intentions to introduce such a zone." We are well aware of the importance that the islanders attach to this and are looking closely at it."

She refused to say what the obstacles were to such a declaration or when the British Government would decide.

Baroness Young suggested that a step towards normalising relations between Britain and Argentina might be to return the bodies of the dead Argentine soldiers.

Alternatively, next of kin



Baroness Young receiving guidance on the Milan wire-guided missile system from men of the 2nd Bn Royal Regt of Fusiliers in the Falklands.

would be allowed to visit the islands under Red Cross supervision.

Turning to land reform in the Falklands she said that land should be made available on the open market "at a rate that meets realistic demand from suitably qualified people."

### PARTITION IDEA Islanders' fury

The 350 people who live on West Falkland were baying for the blood of Sir Philip Goodhart, Conservative MP for Bromley, Beckenham, after his suggestion for partition and the handing over of their island to Argentina.

Mr William Luxton, a member of the executive council

and manager of Chartres Shee Farm, said: "My people feel Sir Philip should be hung, drawn and quartered. I think he should at least be halved."

### 100-YEAR SECRET Howe challenged

OUR DIPLOMATIC STAFF writes: Mr Tam Dalyell, Labour MP for West Lothian, has asked Sir Geoffrey Howe, Foreign Secretary, why Government papers on the Falklands affair are being kept secret for a century instead of the usual 50 years.

He and other critics believe the Foreign Office is anxious to conceal the fact that the British claim to sovereignty was not as well founded as it had claimed.

## HESELTINE TO SEE HUNT IN PORT STANLEY

By Our Defence  
Correspondent

Mr Michael Heseltine, Defence Secretary, is to arrive in Port Stanley today on his first visit to the Falkland Islands. He returns to Britain on Monday.

On his visit to familiarise himself with the islands and their people he is to have talks with Sir Rex Hunt, Civil Commissioner, members of the armed forces and some of the islands' councillors.

FINANCIAL TIMES

18.1.84

## Baroness Young urges Falkland-Argentina links

PORT STANLEY — Britain's Deputy Foreign Secretary, Baroness Young, yesterday told Falkland Islanders they would benefit from better economic relations with Argentina.

Baroness Young, on the last day of a six-day visit to the disputed colony, said: "There are obviously economic advantages to the islands to have better economic relations, certainly with countries of South America and also with Argentina."

Since Britain and Argentina fought a war over the South Atlantic islands in 1982, there have been no economic ties between the Falklands and Argentina.

In a press statement at the end of her visit, the minister said: "Influential islanders themselves acknowledge that more normal commercial and economic relations are desirable not only between Britain and Argentina, but also in due course between the islands themselves and Argentina."

She said that apart from the normalisation of commercial links, Britain and Argentina could discuss the possibility of Argentine families visiting their war dead on the Falklands under Red Cross supervision, or the return of the bodies.   
Reuter

## Violence in Argentina

# Paramilitary thugs go on rampage

From Douglas Tweedale, Buenos Aires

Paramilitary kidnappers and torturers left jobless by Argentina's shift to civilian government could be responsible for a wave of common crime and violence that has swept the country since President Raúl Alfonsín took office in December.

Armed robberies and kidnappings for ransom have increased dramatically in the past two months, according to Señor Héctor Bertoncello, Under-Secretary for Security of Buenos Aires province.

A rash of antisemitism last week peaked with an attack by vandals on the main synagogue in Buenos Aires, forcing Jewish leaders to ask the Government for protection.

On Sunday unidentified men firebombed the residence of the papal nuncio, causing little damage but deeply shocking this overwhelmingly Catholic nation.

The Interior Minister, Señor Antonio Troccoli, publicly blamed these incidents on

"paramilitary and parapolice gangs that have been left out of the game and are serving (the interests of) perturbation".

Others are more specific. They say that the violence is provoked deliberately by the military to forestall court investigations into illegal human rights violations committed while they were at the height of their power in the mid-1970s.

Whether the recent incidents are organized or simply a coincidence, few people doubt they are being perpetrated by civilian thugs formerly employed by military intelligence services to carry out much of the "dirty work" of their campaign against subversion after the 1976 military coup.

Local and international human rights groups claim that between 7,000 and 30,000 people were kidnapped, tortured and secretly killed by state-sponsored paramilitary groups under military rule.

DAILY TELEGRAPH

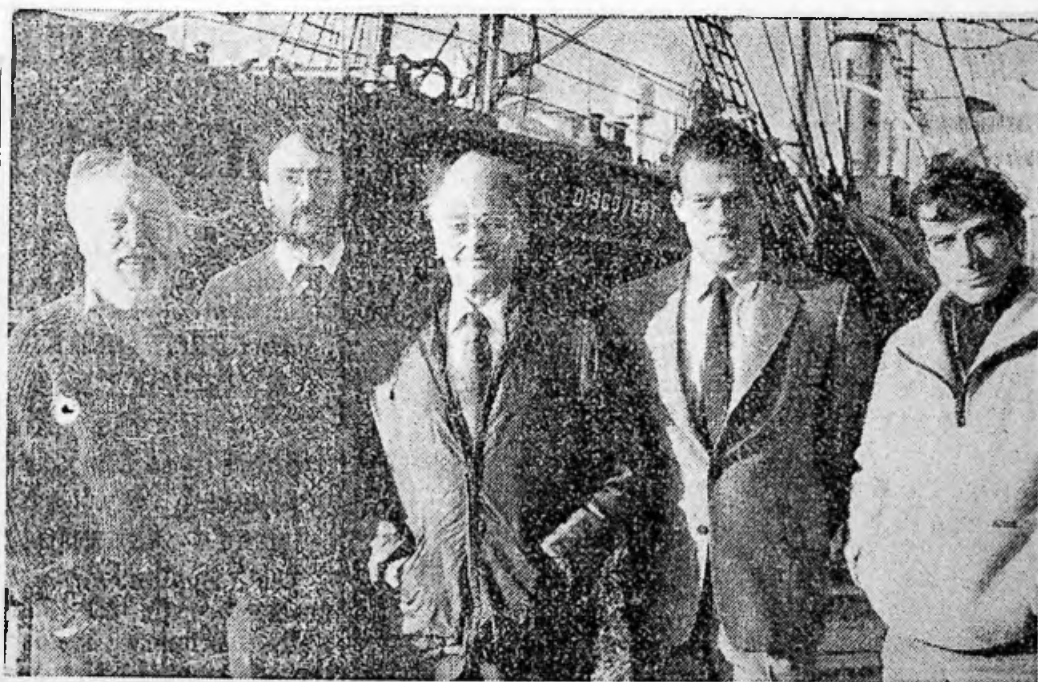
18.1.84

## In anticipation

CLARE COLLEGE, Cambridge, should receive more than £100,000 towards its £900,000 new library appeal from the forthcoming sale of what the auctioneers, Harpers, describe as "one of the most important collections of Falkland Island stamps ever to come on the market."

It was compiled from 1919 till his death by Cecil Neild, founder member of the thriving Falkland Islands Philatelic Group, whose widow, Noel, wants his former college to benefit from the March 20 auction.

Star items include an 1869 letter from the islands' governor bearing the earliest Falklands frank, initialled 1883 stamps which outlying residents were obliged to leave in Stanley to cover their frequently-underpaid letters, two 1911 picture postcards from the German South Polar Expedition, and a letter-wrapper sent via the Falklands in 1862. "We have had a good voyage so far," observes the sender, "but shall catch it going round Cape Horn."



Scott's expedition ship the Discovery providing an appropriate backdrop at St Katherine's Dock yesterday as Sir Peter Scott (centre) held a Press conference on the 72nd anniversary of his father's reaching the South Pole. With him are (from left): Dr Sidney Holt, Mr Mark Glover, of the Greenpeace conservation group; Mr Robert Swan, who is to lead an "In Scott's Footsteps" expedition this year; and Mr Roger Mear, deputy leader.

PICTURE: PAUL ARMIGER

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## Early Hong Kong polls likely as direct vote idea accepted

From David Simpson  
in Hong Kong

A senior Hong Kong official has for the first time accepted the principle of direct democratic elections for the colony's main government bodies, the executive and legislative councils, at present appointed by the Governor.

The move comes at a time when China's own plans for Hong Kong's future after 1997 have begun to refer to the possibility of local elections to choose key officials for the "autonomous" government Peking intends to set up.

Sir John Bremridge, the Financial Secretary, said in an interview that direct elections to the main government bodies was now only a question of time. He also suggested that the changes might be sooner rather than later.

Indicating that the process of transferring administrative control to local people will be accelerated, Sir John said that his own job — he is also one of the five ex-officio members of the Executive Council — could easily go to a local Chinese when he retires in 2½ years' time. So far, the five top posts which make up Hong Kong's cabinet have been held only by expatriates.

The move towards direct

elections in Hong Kong and the speed with which these may now be introduced—Legislative Council elections could be approved within two years—would not have been possible a few months ago. At the very least, China would have then seen the idea as an attempt by Britain to stamp its own government system on Hong Kong, to reinforce its own sovereignty claims.

Now that Britain has virtually yielded sovereignty, it can be seen as part of the process of preparing the territory for local administration under the Chinese umbrella. As such, it is permissible, with its implied acceptance of Chinese sovereignty. It is also clear that these opening moves towards a broader level of direct elections would not have been launched without Britain's full approval.

The beginnings of a dialogue between China and Hong Kong, even if indirect—and there is still no place for Hong Kong representatives at the Peking negotiating table—augurs well for the progress of the talks over the next six months. However, a great deal of bargaining remains before the outline of Hong Kong's future emerges.

China, despite probable

British pressure, is unlikely to give way on demands that a future constitution or status for Hong Kong be consolidated in international law.

● Hong Kong's foreign exchange, gold, and stock markets will remain open and the Hong Kong dollar will still be freely convertible when China takes over sovereignty in 1997, a top official said in Peking yesterday.

Th pledge was made by Mr Ji Pengfei, director of China's Hong Kong and Macao Affairs Office.

Mr Ji said that the territory's status as a free port and international trade and finance centre would continue. "The foreign exchange market, stock exchange and gold market will remain open and the Hong Kong dollar will continue to circulate and be freely convertible. Hong Kong will remain an independent tariff zone," he said.

The economic interests of Britain and other countries would be protected by law, he said.

The eighth round of the second phase of the Hong Kong talks is scheduled to open on January 25 in Peking. Mr Ji said: "The time is ripe for a solution."

## Prospects of talks with Argentina fade after Minister's visit to Falklands

By John Ezard

Prospects of any substantial talks or contacts between Britain and Argentina over the Falklands appear to have been ruled out for many months, after a visit by Baroness Ycung, Minister of State at the Foreign Office.

Lady Young left the capital, Port Stanley, yesterday after a six-day tour. Her visit included four hours of formal private meetings with all elected Falklands councillors, as well as a public meeting.

But to the surprise and relief of some of her audiences she studiously refrained from seeking reactions on any possible proposals for compromise which could be explored to exploit the thaw in mood which began between the two countries after President Alfonsín's election.

One idea floated privately by Mr Alfonsín's Radical Party has been a solution under which Argentina would guarantee continuing British common

law on the islands for at least 50 years in exchange for some stake in their administration.

Instead, Lady Young delivered a full-blooded, "complete and unequivocal consolidation" of Mrs Thatcher's pledge to maintain British sovereignty and to defend and develop the islands. She held out hopes that a long-range airport being built would be ready to receive its first wide-bodied military and civilian aircraft within 18 months.

Her approach is assumed to mean that she was under no pressure to return to London with any reactions which would enable the Government to tell the Commons or Argentina that it had consulted Falklands opinions about adopting a more flexible posture in talks.

Mrs Thatcher has said that the islanders must be consulted before any new initiatives. After Mr Alfonsín's election Lady Young's visit—first in settled peace-time con-

ditions — was widely expected to be used for this purpose.

But she confined herself to saying in a press statement that "influential islanders" acknowledged the need for a restoration of economic and commercial relations between the Falklands and Argentina "in due course."

The main reaction left behind by her visit, after it became clear that no political compromises were on the Westminster agenda, was disappointment that she had been unable to give firm news on the Falkland Government's urgent request for a 200-mile fishing limit.

But it would cause no surprise or concern if the Defence Secretary, Mr Michael Heseltine—who leaves for the Falklands today to tour the garrison — used his visit to announce formally the abolition or reduction of the 150-mile Falklands protection zone in an exchange for an Argentinian declaration that last year's hostilities had ceased.

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Daily Telegraph 17.1.84

### **'200-MILE LIMIT' FOR FALKLANDS**

**By Our Port Stanley  
Correspondent**

Britain may announce within a year that a 200-mile fishing zone will be established around the Falklands, Baroness Young, Minister of State, Foreign Office, is said to have told the Falklands Legislative Council. She hoped such an announcement would be made within a year.

She also said she did not have a "package deal" to start any form of talks with Argentina.

## Whitehall brief

## The unlearnt Falklands lessons

By Peter Hennessy

A year ago tomorrow Lord Franks, about to catch a train home to Oxford after listening to the Prime Minister's statement on his Falklands findings, declined to make a comment before the television cameras waiting at Paddington station. His report, he said, would be the subject of debate among historians for years to come.

One of the surprises of the past year is how little it has been discussed. For in its way it was no end of a lesson. The Franks report did for foreign and defence policy making and the intelligence machine what the Crossman and Castle diaries did for economics and domestic policy making, showing it to be drastic but of more or less benign intent.

Never before had the truly secret parts of Whitehall been so exposed. Not even after 30 years can one get hold of assessments from the Joint Intelligence Committee. And for one participant in the Falklands affair the question

that remains is: Has cabinet government been restored?

"The biggest gap we had was trying to get the Falklands put before some kind of Cabinet committee. The whole thing went undiscussed throughout 1982, though people had been trying to have it discussed since they came back from their holidays in 1981".

The Franks committee was precise on that point. From January 1981 to March 25 1982, eight days before Argentina invaded the islands, government policy on the Falklands was not discussed formally outside the Foreign Office, despite clear indications from January 1982 that Argentine patience was running out and the belief in Whitehall that 1982 could see a progressive stepping up of Argentine measures, possibly culminating in an invasion.

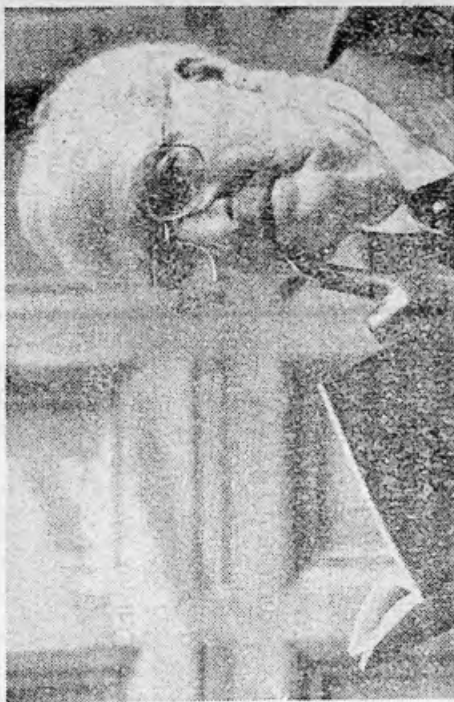
There were some in Whitehall who believed that Franks had so exposed the inadequacies of the intelligence

assessment machinery and the general backup for the cabinet's Overseas and Defence Committee, that nothing short of a full review would suffice. Instead all that happened was a change in the status of the chairman of the Joint Intelligence Committee.

"Falklands, is now on the agenda", one insider said. "But how do people know that things are not the same today? How often is Hongkong discussed? Belize? Gibraltar? The Caribbean?"

The indications are that it is as difficult as ever to get ministers together to review foreign and defence issues. The members of the Overseas and Defence Committee are often dispersed at summits or on foreign visits. A high proportion of the committee is usually airborne. There is an aversion to holding meetings at short notice with a diminished complement.

Franks indicted the machine for being too "passive" and too



Lord Franks and his report: A year on, little changed

bureaucratic. Meetings took place and Joint Intelligence Committee assessments were updated only if it was felt a decision was required. It has been a longstanding complaint in Whitehall that unless ministers meet periodically to put intelligence laymen's questions to the experts, on the basis of hunch and instinct if necessary, inertia results.

For one participant the lesson of Franks is the dangerous degree to which civil servants run policy: "Ministers

should meet and say 'we have heard what you think but our view is . . .'. Should not the select committees take more interest and haul up the executive even if they have to take evidence in camera?"

But for security reasons one thing the select committee cannot do, even in camera, is to investigate the inner workings of the Joint Intelligence Committee and the Cabinet Office's overseas and defence secretariat. Only the Prime Minister can make that happen.

# China pledges to keep Hong Kong's social and economic systems

BY OUR FOREIGN STAFF

CHINA presented yesterday the most comprehensive outline to date of its plans for the future of Hong Kong.

These pledges that the colony will be allowed to maintain its social and economic systems well into the next century.

At the heart of the Chinese proposals is creation of a "special administrative region" for Hong Kong, free to run its own affairs with the exception of defence and foreign policy and to be run by Hong Kong Chinese.

The plans were outlined by Ji Pengfei, China's State Coun-

cillor with special responsibility for Hong Kong, in an interview with a Chinese magazine.

The interview was later released by the official New China News Agency and apparently timed to coincide with talks yesterday at Downing Street between Mrs Margaret Thatcher and a delegation from Hong Kong.

Those at the two-hour meeting included Sir Edward Youde, Governor of Hong Kong, and members of the appointed Executive Council.

The next round of talks

between Britain and China over the colony's future after the 19th-century leases run out in 1997 are due on January 25 and 26, in Peking.

There remains considerable scepticism in the colony about Peking's real intentions for the future.

But it seems that Britain's willingness to concede sovereignty after 1997, provided China gives clear guarantees for the territory's future, has elicited what diplomats described as the most positive response yet.

In the interview, with the

magazine Liaowang, Ji said that the negotiations between Peking and Britain "have made definite progress".

Zhao Ziyang, the Chinese Premier, said in the U.S. last week that Hong Kong's social and economic systems and way of life would be unchanged for 50 years after China took charge.

Ji listed the conditions under which post-1997 Hong Kong would take shape as a special administrative region:

- The new administration would be run by Hong Kong officials drawn from the present

- resident population, and not mainland-based bureaucrats.

- Key officials would be chosen after consultation with, or election by, the Hong Kong people, and be appointed by the Chinese Government.

- China would take over defence and foreign policy, but Hong Kong would retain the power to sign agreements with other countries and outside organisations on economic and cultural matters.

- Hong Kong would have its own rights and legal system, and its own final court of appeal.

- The special administrative

- region would have financial autonomy, form its own economic policies and retain "free port" status. Its place in world financial and trade markets would be guaranteed.

- The administration would be able to issue its own entry and exit visas.

- Its foreign exchange, stock and gold markets would continue to operate and the Hong Kong dollar would continue in circulation and be freely exchangeable.

- The economic interests of Britain and other countries would be guaranteed by law.

## Wool secretariat aims for growth in textile markets

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

TWO MAJOR changes in the organisation of the International Wool Secretariat were announced in London yesterday by Dr John McPhee, who took over as managing director of the organisation at the start of this month.

Mr Ian Graham, director of research and development at the IWS's technical centre in Ilkley, West Yorkshire, is to add responsibility for central marketing, fashion styling and technical services to his portfolio. He will have the title of director, technical and marketing services.

Mr Egon Kolsch, area director for Western Europe, has been promoted to the new post of director, international marketing. The aim, Dr McPhee said, was to ensure a more co-ordinated multinational approach to the promotion of wool as a major fibre.

"We are aiming to get wool into the growth sectors of the

textile market," Dr McPhee stated.

"Wool is the world's premier textile fibre and it is essential we should have a flexible organisation which can produce the goods that will appeal to the younger buyers — those people between 25 and 35 who have the money to spend."

Dr McPhee added that other fibre producers were trying to blur the difference between themselves by playing up their own characteristics on grounds of aesthetics, general comfort and warmth.

The consequence of the grouping of greater control under Mr Graham in Ilkley is that between 30 and 40 of the London-based staff will move to Yorkshire.

The 100-strong branch of the IWS, which shares the same office in London, will not be affected, but as a result of staff moving out, the IWS will be looking for a tenant for two or three of its eight floors.

## Caught in flight

Communications between the Foreign Office and the Ministry of Defence still seem to be a bit haphazard, especially where the Falkland Islands are concerned.

Hence, Defence Secretary, Michael Heseltine's trip to the island—most widely leaked of defence secrets—has been postponed. He was to have left yesterday but will now set off tomorrow instead.

The reason for the delay is that Baroness Young, Minister of State at the FO, who arrived in the Falklands last week, was still there yesterday.

And, quite apart from the undesirability of having two ministers tramping around the island, bumping into each other, there is an accommodation problem. Sir Rex Hunt, the Governor, cannot provide lodging for more than one ministerial entourage at a time,

let alone get them into the official car—a maroon London taxi.

Heseltine will go out by the usual route—to Ascension Island and then onwards in a bumpy Hercules. But the trip back—an attempted non-stop flight by an RAF Nimrod reconnaissance aircraft—will be more in keeping with his flamboyant style.

Not the least annoying aspect of Heseltine's enforced wait for such deeds of derring-do is that he will now be in London for the Commons vote tonight on the second reading of the Government's controversial bill to limit rate rises.

Heseltine argued strongly against the move during his year at the Environment Department but will now be obliged to march loyally into the lobby to vote for it.

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# Astiz is silent on torture claims

From Trevor Fishlock  
Buenos Aires

A young man photographed sunning himself on a beach in Argentina is the notorious Captain Alfredo Astiz, named in connexion with the kidnapping, torture and murder of two French nuns and a Swedish girl in the years of military repression.

Captain Astiz, who is 33, was briefly a prisoner of war in Britain after he and his men surrendered South Georgia to the British in the Falklands war. He was photographed signing the surrender on board a British warship in May 1982.

While he was a prisoner of war the Swedish and French authorities wanted to question him about the women's disappearance. But his prisoner status protected him from extradition.

During the "dirty war" of the late 1970s - the campaign against left-wing subversives which deteriorated into a round-up of thousands of innocent men and women - Captain Astiz worked in a task force at the Navy Mechanical School in Buenos Aires.

This was one of the detention centres into which many people were taken, never to be seen alive again.

Captain Astiz is suspected by the Swedish Government and by a human rights group of having been involved in the kidnapping, torture and killing of Dagmar Hagelin, aged 17. He is also suspected of involvement in the abduction, torture and murder of the nuns, Renée Duquet and Alice Domon.

He refuses to give an interview. "I cannot say anything because I am still serving in the Navy", was all he would tell the magazine *Gente*. But Rear Admiral Horacio Zaratiegui, who was jailed after criticizing the Falklands war, gave his views on Captain Astiz in the magazine.

He said there were many Captain Astizes, young officers who carried out orders in the undercover war against terrorists. "To judge his responsibility we must first judge the responsibility of those who ordered him to act in that way. We should start at the top, not at the bottom."

The admiral says he did not hear about torture being carried out by the forces until 1979. Until then the torturers he had heard about were the subversives. The conditions of a campaign could change people's values and could make them lose control.

The consequences of the "dirty war", he said, should have been foreseen, but "no one thought these things would happen."

# Chinese unveil Hongkong plans

By Rodney Cowton  
Defence Correspondent

China's plans for Hongkong when the British lease expires in 1997 have been revealed in greater detail than ever before. They would guarantee the maintenance of the present social and economic system for 50 years, and officials would be drawn from the present resident population.

The details were revealed yesterday by the semi-official China News Service in Peking. It coincided with a two-hour meeting in London between Mrs Margaret Thatcher and a team from Hongkong led by Sir Edward Youde, the Governor. The next round of negotiations with Vhina on the future of Hongkong is due to be held on January 25 and 26.

It is believed by well-informed sources that Whitehall has effectively abandoned any hope of negotiating an extension of British sovereignty beyond 1997.

Such an assessment of the position would be received with hostility by most of those who speak for Hongkong. In view of the fact that the official statement after yesterday's Downing Street meeting referred to "a close identity of views" being reached, it is unclear how fully the Prime Minister disclosed her hand.

The central feature of the Chinese plans is that Hongkong would be declared a Special Administrative Region.

Peking would take over the defence and foreign policy of the territory but Hongkong would retain the power to sign agreements with other countries on economic and cultural matters.

It would retain financial autonomy and continue to form its own economic policies. Its foreign exchange, stock and gold markets would continue to operate and the Hongkong dollar would remain freely exchangeable. The economic interests of Britain and other countries would be guaranteed by law.

THE TIMES

17.1.84

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## Letter from Buenos Aires

# Learning democracy the hard way

The million-peso note I hand over for lunch bears the portrait of General San Martín, heroic liberator of Argentina. He looks boot-faced, as well he might. The land he set free is one of the richest on Earth; why it is so hard up and in so comprehensive a mess is an enduring puzzle.

Since last year's currency change, the million-peso note equals 100 new pesos, worth about £3 today, but maybe not tomorrow. Inflation, 1,000 per cent three months ago, levelled at 435 per cent for the year. A Buenos Aires couple, recently back after a week away, expressed incredulity at the way prices had risen in their absence.

The new President, Señor Raul Alfonsín, must feel that he has been asked to cork a volcano. No one saves. Everyone speculates. People deal in the dollar black market if they can, or else they spend without delay, as if money were like snow in this summer heat.

A girl tells me there is more substance in a new skirt than in pesos. The shopping streets are crowded. Matrons berthed alongside enormous lunch-time steaks in the restaurants grumble, like everyone else, at the rising price of beef.

The economic task facing President Alfonsín is formidable. It could break him. Some people are pessimistic, some just wary of hoping for too much.

But in Argentina's curious mixture of moods at the moment, there are also great expectations and some exuberance. After the long winter of soldiers' rule, shops sport signs saying "Welcome Democracy". Crowds in the streets enjoy the novelty of pavement theatre, musicians playing haunting Andean music and lively argument in Speaker's Corner fashion.

There is an almost self-conscious unbuttoning after the repression and censorship of military rule. A cabaret revue, with exiguously-costumed girls and political comment, styles itself Opera Democratica. Artists and writers are encouraged by the President to start a cultural renaissance.

The Roman Catholic Church frowns at the new taboo-breaking discussion of divorce and abortion, evidence of change in a society whose family life is traditionally strict, and where girls live at home until they marry

The pendulum's swing has brought naughty *Emmanuelle* to the cinema, and, more significantly, the American film *Missing*, about the disappearances of people in Chile. Its impact is considerable. The fate of Argentina's desaparecidos was an element in the election of Señor Alfonsín. Now the hated generals are going on trial – and television shows the unearthing of the bones of the disappeared ones.

"Argentines forget quickly," a woman said. "People want to put the past behind them – the dictators, the Malvinas war started by those military monsters, the kidnapping, the torture. The Army is reminding us now that the people wanted the terrorists stopped but the newspapers were silenced. How could we know the Army was going mad with its torture and killing?"

To help Argentina remember, the Mothers of Plaza de Mayo meet in central Buenos Aires every Thursday afternoon at 3.30. They wear white headscarves bearing the names of their disappeared children, and walk in a circle in the plaza, not chanting, not shouting. They have done this every Thursday for eight years and have, at times, endured abuse. But they have demonstrated the power of dignified demonstration. Drops of water on stone, they helped to break the generals.

While the mothers quietly walked last week, Señor Alfonsín held his first presidential press conference. It was an event, the first such open conference after 40 years of dictatorships.

The President took questions for 90 gruelling minutes, as if to make up for those wasted years. He was not grilled: the press has to get used to the idea of questioning a leader with vigour.

Democracy has bestowed a certain dignity on Argentina's people that they have not had for many years. But there is in this country an economic and social fault-line. Argentines are a spoilt people. They have never known real struggle and have long lived off the fat of the forgiving land. They are not the sort of people to make sacrifices. And their rulers have always been plunderers, not builders.

The President needs all the help he can get. There is much to do before Argentina's infant democracy toddles.

**Trevor Fishlock**

THE TIMES

17.1.84

## Falkland archives

From Dr Peter J. Beck

Sir, Recent revelations about British policy towards the Falklands in 1953 cannot disguise the fact that a considerable amount of archival material remains closed not only for 1953 but also for those years beyond the 30-year limit.

Foreign Office archives for 1940, if they were open, would presumably show that Argentina floated the idea of buying the Falklands in that year and that the idea was rejected. However, these files are subject to extended closure, and, as I have shown in a recent article (in the *Bulletin of Latin American Research*, vol 2:2, May, 1983), one has to go to the American archives in Washington to throw any light upon this episode.

The proposal originated in Buenos Aires during December, 1940, and was passed on to London by Lord Willingdon, head of the British Economic Mission in Argentina. As Willingdon predicted, the British Government was "too stubborn to consider it seriously", but readers might like to speculate about the proposal for a lease-back solution based upon a 100-year lease at a rent of some five pesos per year. Compare this to the costs of the Fortress Falklands policy.

This example illustrates that a lease-back solution has a relatively long pedigree, while emphasising the extent of the archival closures on the Falklands dispute. There is a need for historians and others – and several MPs and peers are pursuing the matter – to exert pressure upon the Government to release not only the files previously open but withdrawn in the wake of the 1982 war but also those archives subject to extended closure.

In fact, one 1930 file on the Falklands Dependencies is closed for 100 years!

Yours faithfully,  
PETER J. BECK,  
Kingston Polytechnic,  
Penrhyn Road Centre,  
Penrhyn Road,  
Kingston upon Thames,  
Surrey.  
January 6.

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THE TIMES

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## Trevor Fishlock reports on Argentina's attempt to atone for a brutal past



The power and the price: General Galtieri with his officer corps two years ago, and the grave of a "No Name" military victim.

McMillan-Scott Associates *Public Affairs*

41 Whitehall London SW1A 2BZ Telephone: 01-930 6935

# Dilemmas of naming the guilty men

Buenos Aires

The generals are squirming and Argentina looks on in wonder. It was not so long ago that the snap of military fingers struck terror. Today the men who presided over Argentina's years of decline and humiliation are being made to leave their luxurious homes to face the questioning of judges. On the pavements of the capital they are spat on and jeered.

Outside the barracks an army uniform is an object of contempt. Officers prudently change into civilian dress when they go out. People are astonished at how the wheel has turned. The army is discredited and broken and the former masters of the land, a procession of ex-presidents and generals, are charged with murder, kidnapping and torture.

In the background, gravediggers and searchers of cemetery records find more bodies of those thousands who were dragged to the army's clandestine prisons and never seen again. In newspaper headline shorthand they are called the NN (No Names) and it will be hard to identify them. The death squads cut off their hands to prevent identification.

The prosecution of the military tyrants is an emotional issue. Señor Alfonsín owes his election, in part, to the backlash against military oppression. There is a fierce

argument - vengeance or justice? - over who should be tried and how.

It was symptomatic of the army's arrogance and isolation from reality that one of its last acts in power was to decree an amnesty preventing prosecution and investigation of servicemen and policemen for crimes committed during the anti-left campaign.

Señor Alfonsín repealed the amnesty and opened the way to prosecutions, an unprecedented break with tradition. He announced murder and torture charges against junta leaders and named nine generals and admirals, including three former presidents.

But human rights activists, among others, are dismayed that the disgraced generals are to face military courts. They argue that justice will not be done, that in the closed world of the forces it will be hard to find judges who do not know the accused. (One member of the forces' supreme court was an aide to one of the junta leaders).

There is also anger over a government proposal to define degrees of blame in atrocity cases. It introduces a "concentration camp defence" by drawing a distinction between men who gave orders, those who obeyed with excessive enthusiasm and those who just obeyed.

There is little public confidence in military courts and the holding of army trials will mean trouble for

Señor Alfonsín. The government is trying to improve its position by saying the results of military trials will be subject to civil court review. A number of senior officers, meanwhile, are being questioned by civil judges in side actions connected with disappearances. At least one of them, former president Reynaldo Bignone, has asked for a military hearing.

Señor Alfonsín is also strongly criticized for trying to confine prosecutions to the top military leaders. He wants to keep his promise to bring tyrants to book but he does not want his struggle to nurture democracy undermined by numerous trials of less senior men. Some of the human rights activists want a wholesale round-up and trial of hundreds of military men. They are a powerful voice and are in an angry mood.

A moderate human rights lawyer here said: "You cannot prosecute everyone. You have to have proof, you have to have a legal process. Nevertheless, the prosecution of the top layer is not enough. Guilty men will draw the conclusion that they can get away with tyranny and murder. Alfonsín has to show the army that it is under the law and constitution, not over it. He has to prosecute more people, and quickly. If the public sees that there are no trials, no punishments, it will lose confidence in constitutional govern-

ment. The president has the most difficult and urgent task in striking the political and judicial balance."

Part of the equation, of course, is the army. Señor Alfonsín wants exemplary trials, not a witch hunt. He is aware that pushing too hard in a clean-out could cause explosive resentment among extremists in the barracks.

The evidence of what happened in the years of state terrorism is unearthed almost daily. Exhumations and the stories of torture and repression now coming out in books and magazines are bringing home to people the extent of the brutality. Some people did not know what had happened. Others who had seen the reports from abroad had not believed them.

In the cramped offices of the eight human rights groups here the staff painstakingly build their files on those who disappeared and a presidential commission is investigating the disappearances. It can subpoena witnesses and its evidence will go to the courts. But there are complaints that it is not skilled or authoritative enough.

In any case, not everyone who suffered or who lost relatives wants to report the matter or give evidence. Some have had enough. They do not want to rake up the painful past, or they feel it is simply better, in uncertain Argentina, to remain silent.



16.1.84

**Man in the news****Whitehall mandarin with a Chinese background**By Henry Stanhope  
Diplomatic Correspondent

A new but not entirely unfamiliar face crossed the narrow threshold of 10 Downing Street last week – and will be much in evidence today when unofficial (non-administrative) members of Hongkong's executive council, the colony's "Cabinet", arrive for talks with Mrs Margaret Thatcher.

It belongs to Sir Percy Craddock, who at the age of 60 has succeeded Sir Anthony Parsons as Mrs Thatcher's special adviser on foreign affairs. Like Sir Anthony he is a recently-retired diplomat and again like his predecessor he has gone to No 10 after a round of complex negotiations over a residual legacy of empire. But the resemblance largely stops there.

Parsons' piece was the Falkland Islands, when he was Britain's permanent representative at the United Nations during the 1982 war with Argentina. Craddock's is Hongkong, in whose uncertain future he became involved while conducting the Anglo-Chinese talks as our ambassador in Peking.

Again, unlike his predecessor he will be at No 10 for only part of the time, crossing Downing Street to a second desk he is retaining at the Foreign Office, from where he will keep an official eye on the Hongkong crisis. But for his wife's health he would probably have remained in China to see the talks through.

Intellectually at least the dual responsibility should present him with few problems. Sir Percy might lack Sir Anthony's broad experience, having spent most of his career in the Far East or in the East-West forum. But he has long been regarded as having one of the best brains in the Foreign Office with an elegant succinct prose style which has made his telegrams from abroad minor classics of their kind.

He took first-class honours in English and Law at Cambridge (St John's College) where he went after war service with the RAF.



Sir Percy Craddock: New post at No 10.

He served in Kuala Lumpur, Peking, Berlin – where he was ambassador to East Germany – and Geneva (as leader of the British delegation to the Comprehensive Test Ban Treaty talks) before returning to China as ambassador in 1978. In the late 1960s he was frequently in the news as British charge d'affaires in Peking during the Cultural Revolution, when he worked hard for the release of Mr Anthony Gray, the Reuters correspondent held under house arrest. More recently he entered the headlines when Watford FC footballers and their famous pop-singing chairman Elton John objected to being entertained by the British Embassy in what was described as a "scout hut" while playing China in Peking. Sir Percy was said to be "fuming" over the incident, but did not apparently attend the match.

He is not the sort of man one associates with football matches. Sir Anthony Parsons is sociable, volatile, humorous. Craddock is described by colleagues as the perfect mandarin – Whitehall if not Chinese – discreet and "economical in his use of words". A raised eyebrow is his most awesome sign of displeasure, but its effect is said to be devastating.

The Chinese found him a tough nut anyway and admired his negotiating skill. They found him, by all accounts, wonderfully inscrutable. It is a quality he should find useful at No 10.

GUARDIAN

16.1.84

**Heseltine pledge on Falklands**

By Martin Wainwright

The Defence Secretary, Mr Michael Heseltine, said last night that he did not expect his journey to the Falkland Islands this week to affect the slightly warmer atmosphere between Britain and Argentina.

He told a panel of journalists on the Channel 4 programme, Face the Press, that he was responsible for the garrison and had a duty to see that it was in good order.

"I want to get a feel for the whole situation in the Falklands," he said, adding that he would speak to islanders as well as the garrison and would reassure them of Britain's support.

"It would be quite wrong to give the impression that we were going to abandon the commitments we have given. We are not prepared to do that," he said. But he offered a small olive branch to Buenos Aires by referring pointedly to "... the former regime, which we found intolerable."

Mr Heseltine defended his refusal to debate the nuclear issue directly with the Campaign for Nuclear Disarmament, arguing that the group was simply seeking a joint platform to gain the credibility which it had failed to win at the polls. He said that he frequently debated the matter with elected politicians, many of whom held very similar views to CND.

On the defence budget, he denied that he had fought his corner too vigorously at the expense of departments like health or the environment, where he was secretary of state. He recognised that the quality of British society was as valuable a weapon against Communism as a successful military deterrent.

**Falklands colonels on trial**From Jeremy Morgan  
in Buenos Aires

Two army colonels who served in the Falklands have testified before the Argentine military's high court on charges carrying a possible death penalty.

Colonel Juan Mabragna and Colonel Alejandro Repossi appeared before the Armed Forces Supreme Council accused of surrendering on the islands while still able to defend their positions "and without having received orders to that effect."

The former Argentine president General Leopoldo Galtieri and the navy commander during the war, Admiral Jorge Anaya, also could face sentences of execution or life imprisonment for their part in the conflict, but have yet to be summoned. In all, 16 top officers were blamed by a special armed forces investigation for planning the invasion or losing the war.

Argentina's military commander on the islands, General Mario Menendez, also went to the Council to comply with "administrative procedures," sources said. He faces the most charges but appears to have been excluded from the threat of execution.

The second stage of proceedings against those deemed responsible for the ill-fated adventure got under way as President Raul Alfonsín expressed optimism over recent British statements.

Speaking at his first press conference since taking office last month, the President drew attention to a recent statement from Britain's Defence Minister, Mr Michael Heseltine, that it was inconvenient to continue maintaining a large military force on the Falklands.

The President said one of his Government's main objectives was "to return to the situation before the warlike events, and from there work to obtain recognition of our rights."

## LADY YOUNG IN ISLAND WALKABOUT

By PATRICK WATTS  
in Port Stanley

**BARONESS YOUNG**, Minister of State at the Foreign Office, caused a few moments anxiety at the start of her first full day in the Falklands.

Doctors were concerned when Lady Young's official car failed to deliver her for a scheduled tour of Port Stanley's hospital.

She turned up 20 minutes late, with a couple of gasping aides bringing up the rear after walking from the Civil Commissioner's residence. She had decided to enjoy the warm summer morning and take the opportunity to talk to several people along the waterfront as she came.

Dr Alison Bleaney, who runs the civil side of the hospital, told Lady Young that besides 1,800 Falklanders, she also looks after 5,000 Polish seamen who trawl Falkland waters.

### 'Benefit to all'

Col John Longwill, the military administrator, said that his staff had recently taken on the responsibility of 1,400 contractors who are building the £215 million airport at Mount Pleasant, in addition to his estimated 4,000 troops.

Lady Young said that the civil-military relationship in the 50-bed hospital was "complicated, but an important organisation which was of benefit to all."

Later Lady Young officially opened the islands' first commercial bank, Standard Chartered, which has been operational for just over a month. She said it was "a step forward in the development of the islands."

### Fishing zone

Earlier she was reluctant to answer questions on the lack of Foreign Office response to a 200-mile fishing zone around the Falklands and the length of the Mt Pleasant runway.

There is speculation in some quarters in the Falklands that Lady Young may have some form of proposals to put to the islanders regarding their future much in the way that a former Minister of State, Mr Nicholas Ridley, tempted the population with the "lease-back" proposals in 1980.

Asked if she had any such proposals "in her back pocket" she replied: "I think we will have to see how the visit goes don't you before we go into all that."

DAILY  
TELEGRAPH

14.1.84

## FIRM SACKED WOMAN BORN IN ARGENTINA

The chairman of an Ipswich firm which makes clothes for Falklands troops ordered the sacking of a woman machinist when he found she was born in Argentina, an industrial tribunal was told yesterday.

The company, Vacuum Reflex Ltd., of Martlesham Heath, near Ipswich, agreed to pay Faviania Mayhew, 37, of Whitton, Ipswich, compensation of £500 for loss of earnings, after admitting discrimination under the Race Relations Act.

She was awarded an extra £500 by the tribunal for hurt feelings caused by the sacking in August. The company contested the sum. Mrs Mayhew told the tribunal that Mr Ian Fairfield, company chairman, had decided it was not right to employ her

THE TIMES

14.1.84

## Alfonsín ready for Falklands talks

From Douglas Tweedale, Buenos Aires

President Raúl Alfonsín of Argentina said that his Government wanted to solve the simmering border dispute with Chile as soon as possible, and that he believed the time may have arrived for talks with Britain over the Falkland Islands.

In his first press conference on Thursday, just 33 days after taking office, Señor Alfonsín reacted positively to Mrs Thatcher's offer to lift the 150-mile exclusion zone around the islands if Argentina signs a formal cessation of hostilities, and to the admission by Mr Michael Heseltine, the Defence Secretary, that it is inconvenient for Britain to maintain a large military force there.

"If this is truly the case, I think the time may have arrived for discussions within the UN framework, to try to achieve one of the first objectives of our Government, which is to return to the situation existing before the conflict, and work from there for the recognition of our rights", Señor Alfonsín said.

He also confirmed recent reports that Argentina and Chile are nearing a solution to their long-standing sovereignty dispute over the Beagle Channel, at the extreme southern tip of South America.

The two countries came within minutes of going to war in 1979 over the ownership of three uninhabited islands in the channel, Lennox, Picton and Nueva, prompting the Vatican to intervene as mediator.

The press conference impressed local journalists accustomed to the secretive style of previous administrations, and

Señor Alfonsín was peppered with questions about his human rights policies and his treatment of military officers accused of abuses.

● LONDON: Señor Nicanor Costa Méndez, Argentine Foreign Minister during the Falklands War, yesterday accused Mrs Margaret Thatcher of ordering the sinking of the cruiser General Belgrano in order to scupper the Peruvian peace proposals in May 1982 (Henry Stanhope writes).

He made the charge in a long letter to *The Economist*, in reply to an article last November by Sir Nicholas Henderson, British Ambassador in Washington during the war.

The British Prime Minister could not allow the Peruvian plan to prosper, he said, partly because it did not simply restore the status quo on the Falklands, as she had pledged to do. On the other hand she could not very well oppose it because it had been endorsed by Mr Alexander Haig, the US Secretary of State, and "practically accepted" by Argentina.

"She had no option but to speculate on Latin emotional reactions and therefore locked the course of the crisis into one of open war", he alleged.



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GUARDIAN

14.1.84

## Grey area around Falklands

Sir, — Having been quoted in two letters published on the Falklands (November 29, 1983, January 2, 1984), albeit re-employed in the former as an archivist (I am an international historian) and re-named "John" in the latter, it seems desirable to emphasise that in reality the Anglo-Argentine sovereignty dispute is clouded by historical and legal uncertainties in spite of the black and white versions advanced on the matter by the British and Argentine governments.

As long as the latter maintain and publicise their rival versions of the history of the Falklands, it will prove difficult to persuade opinion about the merits of a realistic compromise solution. One needs to remember that

the Argentine invasion of April 1982 demonstrated in part the power of history, or at least of one version of the past, for the Argentines had been indoctrinated to believe that the Malvinas belonged to Argentina and were worth fighting for.

As I have indicated in a study forthcoming in *The Round Table* (April 1984), a more objective understanding of the historical and legal realities of the sovereignty dispute is a prerequisite of any improvement in the Anglo-Argentine relationship, and thus, of any moves towards a resolution of this long-standing problem. — Yours faithfully,  
(Dr) Peter J. Beck,  
Kingston Polytechnic,  
Surrey.

FINANCIAL TIMES

14.1.84

## Alfonsin renews peace talks call

BY JIMMY BURNS IN BUENOS AIRES

PRESIDENT Raul Alfonsin of Argentina yesterday renewed a call for the resumption of peace talks on the Falklands, and hinted strongly that his country was close to signing an agreement with Chile over the Beagle Channel.

Sr Alfonsin raised the prospect of an early breakthrough in Argentina's two ongoing territorial disputes in his first Press conference since he became President last month.

This was the second time in less than a week that Sr

Alfonsin publicly hailed as an important "step forward" recent peace moves emanating from London. He specifically mentioned Prime Minister Margaret Thatcher's recent suggestion that Britain might lift its 150-mile exclusion zone around the Falklands if Argentina were to declare a formal cessation of hostilities in the South Atlantic.

He also described as "very important" a recent statement by Mr Michael Heseltine, the British Defence Minister, that it was inconvenient for Britain to continue maintaining a large

military force in the Falklands. The statement coincided with a visit to the Falklands by Baroness Young, Minister of State at the Foreign Office.

Sr Alfonsin did not say if and when his government would declare an end to hostilities. But significantly he did not lay great emphasis on the word sovereignty in contrast to previous Argentine official statements. Instead he made his strongest suggestion so far that in his view both sides were closer than ever before to resuming some kind of dialogue.

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# LETTERS

## Falklands: An Argentine reply

SIR—I feel it my duty to comment on Ambassador Henderson's article on the outbreak of the Malvinas (Falklands) war (November 12th).

Sir Nicholas Henderson has not been fair. Contemptuous references to the junta's attitudes, to the "Latin lobby" in Washington or the solidarity of the Latin American countries with Argentina are either untrue or inappropriate in the context.

It is simply not true that Argentine corps commanders came in and out of the room where negotiations were carried out, even less were they in a position to "interfere". It is ridiculous to claim that decisions in Buenos Aires were taken by 50 or more persons. On the contrary, the junta has been questioned for not acting in due consultation with high ranking officials.

It is not true that, before the Peruvian plan was presented, Argentina "had always responded negatively . . . to the numerous proposals that had been made in previous weeks". Again it is not true that the Argentines "were still prevaricating . . ." when considering the British May proposal.

No formal propositions were made to Argentina before it made its first proposal to Britain, through Secretary Haig, on April

19th. Likewise, Secretary Haig made his first formal offer to Argentina (in fact the only one he ever made) on April 27th. Argentina made serious objections to this document but did not completely reject it.

It is highly meaningful that only when negotiations had been going on for more than six weeks—Argentina having made public her formal position repeatedly—did Britain advance on her first proposition on May 17th. Before then Argentina had no clear idea of Britain's official bargaining stance. At that point, Argentina again refused to reject it outright. Instead, it presented a simultaneous proposal to the secretary general of the UN.

Argentina's main objection was to the scope granted in both plans, American and British, to the self determination principle. This principle was not acceptable to Argentina since its application to the case had been twice discarded by the United Nations general assembly (a position that the UN has maintained to this day.) Thus Argentina could not waive a legitimate argument that supported her claim, especially since it was stated by the United Nations as a basis for all negotiations after 1965.

Regarding the Peruvian plan, the author accepts that the cruiser *Belgrano* was hit at 15.00 Washington time on May 2nd. His chronology of the events leading to the sinking is as follows: On Saturday, May 1st, Secretary Haig had suggested to President Belaunde the presentation of the plan; in the early hours of Sunday, May 2nd, President Belaunde formally presented the plan to the Argentine government and, according to him, President Galtieri had accepted the plan, in principle, by noon; President Belaunde told the journalists that peace would be signed by Saturday night.

Now, Mr Pym arrived in Washington on the evening of May 1st; on the morning of May 2nd, he met with Haig for two hours; they then had lunch together and finally they talked on the telephone before Mr Pym's departure. It then follows that, during that Sunday and before the *Belgrano* was sunk, Mr Pym had been three times in touch with Mr Haig; moreover, Mr Haig had simultaneously been in touch with President Belaunde



Haig and I

and the latter repeatedly in touch with President Galtieri. Is it conceivable that Mr Pym did not keep his government informed of all these talks and communications when he came to Washington to discuss peace?

The military decision to sink the *Belgrano* is highly disputable since the order was carried out when the *Belgrano* posed no threat to the British fleet as it had been heading for the Argentine continental coastline at the time (a course that had been ordered many hours before). The sinking was ordered with the precise timing margin to cause the maximum effect and ruin the immediate negotiation. The Peruvian plan directly "threatened" London with immediate peace.

The Peruvian plan had two main differences with the Haig proposal: it did take into account the two principal Argentine objections to the Haig document and therefore advanced over two great stumbling blocks of the original Haig negotiations: (1) the Peruvian plan contained a different approach to the self-determination principle, and (2) it created a group to administer the islands during the interim period. Britain could easily guess that those two points made the plan acceptable to Argentina.

Mrs Thatcher could not allow this plan to prosper, (1) coming as it did after a frustrated attack, and (2) not leading inexorably to the status quo ante bellum, to the restoration of the British administration that she had promised. On the other hand, she could not very well refuse or oppose such a peace proposition since it had been endorsed by Mr Haig and practically accepted by Argentina (even publishing the hour of acceptance in Peru).

She had no option but to spec-

ulate on Latin emotional reactions and therefore locked the course of the crisis into one of open war.

Very many objections can be raised on the basis of Ambassador Henderson's account. His constant demeaning attitude towards the whole of Latin America; his extraordinary repeated refusals to concede what his ally—the United States—considered the only solution to the conflict, that is, an immediate negotiation and cease-fire when the British had gained a favourable position over the tide of the war; his phrase and date juggling so as to minimise the strangest episode of all, the British refusal to abide by the UN secretary general's negotiating mode. On this last issue, it still remains to be seen why both British negotiators, Henderson and Parsons, abandoned both New York and Washington to travel to London for three days without prior consultation and contravening the express wish of the secretary general to inform him of a first British position by May 14th.

Moreover, this issue is further complicated by the first attacks on the islands as a preparation for the final British invasion which would take place during the early morning of May 21st. It would seem that when the invasion force was ready, the British had to procrastinate in the talks and then break them off outright. This is the impression one gains by reading Ambassador Henderson's article with reference to Mr Haig's panic at the San Carlos landing and his urge immediately to negotiate a cease-fire, which, he was led to believe, would follow such a move.

Buenos

Aires

NICANOR COSTA MENDEZ

# Diplomatic victory for Chile over Beagle Islands

By ADRIAN BERRY Science Correspondent  
in the Beagle Channel, Chile

CHILEANS were jubilant yesterday as Argentina backed down in the eight-year-old dispute over possession of the uninhabited Beagle Islands, which several times brought the two nations close to war.

Their jubilation was not so much over the islands themselves, which are of little or no value.

But ownership of them extends to the southern seas, down to the Antarctic.

After their diplomatic victory, produced for them by a Vatican arbitrator in Buenos Aires, Chile yesterday sent off the exploration ship *Capitan Alcazar*, 336 tons, to the Antarctic to catch krill, the shrimp-like fish which is the most plentiful source of protein in the world's oceans.

The great blue whale, the largest animal on earth, eats three tons of it per day, it is



believed that krill could one day feed the Third World.

But the Beagle Channel dispute, now apparently settled, is seen as the forerunner of much more serious disputes in the future about possession of the lands and waters of the Antarctic.

## Pregnant posture

British, Chilean and Argentine claims overlap in many places. Argentina often seeks to enforce her claims by flying down pregnant women to their bases there, on the dubious legal grounds that where a baby is born, that land belongs to the nation of its parents.

Yesterday the British exploration ship *John Biscoe*, 1,245 tons, owned by the Cambridge-based British Antarctic Survey, set out with myself on board on a voyage to the frozen continent with four women on board—although none are pregnant.

The *John Biscoe*'s visit to three British Antarctic bases will be seen as a reminder to both Chile and Argentina that Britain's claims are not to be disregarded lightly.

## NUCLEAR CLAIM BY DALYELL

Men's lives had been risked to salvage nuclear depth charges from British ships sunk during the Falklands war, Mr Tam Dalyell, Labour MP for Linlithgow, said last night.

Speaking in Ardrossan, Strathclyde, he said his claim was supported by the award of the Queen's Gallantry Medal last year to diver Petty Officer Michael Harrison. The citation said he had put himself "at grave personal risk" to retrieve items from a ship extensively damaged in the conflict.

## ARGENTINE REPLY ON BELGRANO

By DAVID ADAMSON  
Diplomatic Correspondent  
SENOR COSTA MENDEZ, the former Argentine Foreign Minister, says in a letter published in today's edition of *THE ECONOMIST* that the *Belgrano* was sunk "with the precise timing margin to cause the maximum effect and ruin the immediate negotiation."

His letter was a reply to the "case study" written for the magazine by Sir Nicholas Henderson, British Ambassador to Washington during the Falklands war, and published in November last year.

Sir Nicholas argued that the sinking was unrelated to the Peruvian seven-point plan, and a report on what was known of the plans was communicated by Mr Francis Pym, the then Foreign Secretary, to London after the sinking.

There was, in any case, nothing new or particularly hopeful in the outline of the plan given to Mr Pym by Mr Haig, then American Secretary of State, during the former's visit to Washington.

## Galtieri agreed

Senor Costa Mendez says that President Galtieri of Argentina had accepted the plan "in principle" by noon on Sunday May 2. The *Belgrano* was sunk at 1500 Washington time on the same day.

Mr Haig had been in touch "repeatedly" with President Galtieri and had spoken three times with Mr Pym.

"Is it conceivable that Mr Pym did not keep his government informed of all these talks and communications when he came to Washington to discuss peace?"

Senor Costa Mendez claims that the Peruvian plan took into account Argentine objections on two points. It contained a "different approach" to self-determination, and it created a group to administer the islands during an interim period.

Mrs Thatcher "could not allow the plan to prosper" as it did not lead to the restoration of British administration that she had promised.

## 'Practically accepted'

On the other hand she could not refuse the peace proposition since it had been "endorsed" by Mr Haig and "practically accepted" by Argentina.

"She had no option but to speculate on Latin emotional reactions and therefore locked the course of the crisis into one of open war."

Senor Costa Mendez's account of what went on in Washington on the day in question appears to be based on assumptions rather than inside knowledge. It does not present a serious challenge to Sir Nicholas's detailed recollection of events.

Special Article—P16

DAILY TELEGRAPH

13.1.84

## JOHN COLVILLE puts forward 10 proposals for ending Argentina's dispute with Britain while protecting the islanders

WHEN civilised people sit down to negotiate, they often concentrate on the non-essentials. They also, like children, build imaginary castles and enjoy pulling up the drawbridges.

In the case of the Falkland Islands, the Argentines are subject to nursery fantasies. The imaginary castle they have built, and successive generations have rebuilt, is their historic claim to the islands. It is true that for a few decades in the late 18th century, Spain did by virtue of an Anglo-Spanish treaty possess the East Falkland Island, the West Island being, by the same treaty, British. It is also true that in 1823 the by-then-unoccupied islands were colonised for eight years by a party from the River Plate led by a German from Hamburg, and including people of various nationalities, until they were thrown out by an American naval expedition as a reprisal for hijacking two sealing ships.

These unimpressive interludes in the history of the Falklands fall into the category of non-essential negotiation points; but in the fantasy world of their history, the Argentines have established emotional claims to sovereignty, especially that based on the inheritance of Spanish colonial possessions, even those uninhabited by Spanish settlers. It is a claim which the Chileans share, though less vociferously. Perhaps if any nation apart from the British has some historic right, it is the French who, under the command of Monsieur de Bougainville (better remembered for the beautiful shrub called after him), first established a settlement in 1764.

★

TENUOUS historic claims have no significance, except in the realm of fantasy, by comparison with 150 years of uninterrupted British rule since 1833 and the clearly expressed desires of the inhabitants. Indeed few recent episodes have been more brim full of cant, and blatantly illogical, than the support given to the Argentine invasion by a chorus of ex-colonial countries whose own demands for independence were based on the wishes of their inhabitants; for the inhabitants of the Falkland Islands have made their wishes abundantly clear.

Nevertheless, however untenable the Argentine claim to sovereignty, it will not speedily evaporate, and although the islands are 400 miles from Buenos Aires, they are clearly in the zones of interest of both the Argentine and Chile. So it seems sensible to concentrate for once on the essential and devise a means of bringing this particular

# An international way for the Falklands

Mad Hatter's Tea Party to a rational conclusion.

Cessation of the islands and leaseback would be a measure of appeasement, doubtless soothing to Argentine *amour-propre*, but scarcely justifiable to the islanders or the British people as the reward for unprovoked, armed aggression. However, perhaps the following set of proposals, elaborated as may be appropriate, might provide a solution if supported by half a dozen countries governed more by reason than by emotion.

The Falkland Islands would be designated the gateway to Antarctica, South Georgia (which is in fact that gateway) remaining a dependency and becoming an operational outpost. The islanders, and perhaps thereafter the United Nations, would be invited to accept these propositions:

- 1 Port Stanley would become a staging-post available to all 14 signatories of the Antarctica Treaty. These are, at present, Argentina, Australia, Belgium, Chile, France, Russia, Japan, New Zealand, Norway, South Africa, Britain, America, Poland, and West Germany.
- 2 Port Stanley would be declared a free port and each signatory, as well as any other country (such as, for instance, Brazil) subsequently adhering to the treaty, would have the right to construct and maintain its own headquarters and warehouses in the town. The maximum number of employees allowed to each signatory would be, say, 30. The object of this restriction would be to bridle those signatories whose policy might be inspired by designs not wholly confined to the exploration and development of Antarctica.
- 3 The signatories choosing to make use of the facilities offered to them would jointly contribute to the cost of such additional wharves, docks and other infrastructures as might be required. They would also be expected to pay an adequate rent.
- 4 The internal administration of the islands, apart from the administrative affairs of the international contingents in the free zone, would remain within the jurisdiction of a council elected democratically by the islanders.
- 5 A police force would be recruited from sources, foreign or

domestic, freely chosen by the Islands' Council. This force would maintain law and order throughout the territory, including the free port at Stanley. Otherwise the islands would be demilitarised.

- 6 Each participating signatory would be entitled to maintain in its office and warehouses stores of all kinds required for its post in Antarctica, but no arms or munitions except under licence from the Council.
- 7 There would be no extra-territorial rights and all foreign personnel would be subject to the islands' laws and regulations.
- 8 Those signatories who so wished would be permitted to maintain extensions of their Port Stanley organisation in South Georgia and, if appropriate, in the South Sandwich Isles, subject to similar conditions and restrictions on the number of their nationals allowed to reside.
- 9 The independence of the Falkland Islands, and their security, would be guaranteed by the signatories. This guarantee might be submitted for endorsement by the United Nations, but obstruction by the Assembly of the United Nations would be disregarded.
- 10 The legal status of the Falkland Islands, whether Crown Colony or independent member of the Commonwealth, would be decided by a referendum confined to the islanders.

★

THUS the threat of aggression by a future Argentine government would be removed. The question of sovereignty would be resolved, the demand for international participation would be met, the security of the islanders would be assured, normal communications could be restored and the economy of the islands would no longer depend on sheep and fish alone.

No doubt, at least initially, the Argentines would resent the dismantling of their dream castles in the air; but in due course their imagination might be fired by the opportunities available to them in the development of Antarctic riches more valuable than the possession of a few barren and inhospitable islands.

Sir John Colville was Joint Principal Private Secretary to the Prime Minister, 1951-55.

**Latest appointments**

**Brigadier Michael Hobbs**, aged 46, Commander of 39 Infantry Brigade, late Grenadier Guards, to be director of public relations (Army) at the Ministry of Defence from January 20 in succession to Brigadier David Ramsbotham.

## PLAN FOR CROWN AGENTS

By TONY ALLEN-MILLS

**P** RIVATISATION is emerging as the likeliest option for the embattled Crown Agents, which received a severe blow when the Sultan of Brunei withdrew his funds last year.

A preliminary plan for privatisation of the 150-year-old organisation, which buys goods and manages funds on behalf of other countries, has been considered by the board, a Crown Agents spokesman confirmed yesterday.

A Cabinet decision on its future is not likely for several weeks, but privatisation is being considered once a streamlining and restructuring exercise is concluded, the spokesman said.

Left-over from Empire days when the financial affairs of Britain's colonies were administered in London, the Crown Agents has developed a wide range of functions which critics believe might be more usefully performed on a competitive basis in the private sector.

### Jobs in danger

The organisation ran into serious difficulties last July when the Sultan of Brunei marked his State's independence from Britain by withdrawing £3,500 million invested by the Agents.

The Sultan's decision cost the Agents about £3,500,000 a year in management fees, more than a tenth of the organisation's annual income.

The move forced the Agents to draw up a major re-organisation plan, which, although not formally approved, is likely to lead to the loss of a quarter of the 1,200 workforce.

Senior Crown Agents have warned against the break-up or abolition of the organisation, but the Government appears to be seeking a stock market quotation by 1986 or 1987.

## Government urged to start talks with Argentina

By Henry Stanhope, Diplomatic Correspondent

Sir Frank Cooper, Permanent Under-Secretary at the Ministry of Defence during the Falklands conflict, urged the Government yesterday towards talks with the new civilian administration in Argentina, without delay.

The cost in human lives in 1982 was fresh in all our memories, he told the Royal United Services Institute in London.

Sir Frank, who retired from the Civil Service more than a year ago, said that he had thought it wrong to send a British contingent to the Lebanon because the aim was unclear.

He added that successive

British governments had paid far too little attention to arms control, which was not just a matter for the superpowers.

Sir Frank complained that Europe had become mesmerised by numbers. It should be thinking more of their operational characteristics and capabilities. He questioned whether the West should build nuclear cruise missiles.

"Again is there not merit in seeking the complete abolition of short-range battlefield nuclear weapons? I do not think that this would do anything other than enhance our safety and reduce the risk of nuclear exchange."

DAILY TELEGRAPH

13.1.84

GUARDIAN 13.1.84

## Falklands protest greets minister

By Patrick Keatley  
Diplomatic Correspondent

Sir Geoffrey Howe's deputy, Baroness Young, arrived in the Falkland Islands yesterday to find a considerable campaign aimed at getting Britain to proclaim a 200-mile economic exclusion zone under way. The baroness is making a six-day visit.

One of the most outspoken members of the colony's legislature Mr John Cheek, leads the group which plans to present this and other demands to Baroness Young.

It will argue that the Thatcher Government's speed in making use of 200-mile EEZ limits to protect fisheries and North Sea oil should be used to protect the Falkland's economic interests.

The EEZ system, with its convention of a 200-mile perimeter irrespective of sea depths, is now enshrined in the UN Law of the Sea Convention. But a majority of the world's 156 states had already anticipated this with their own unilateral proclamations.

Mr Cheek and the Falkland activists said before Baroness Young's visit that action to protect their fisheries was overdue, and that Argentina's failure to declare an end to the 1982 hostilities should not be allowed to hold up economic development.

Baroness Young's visit is the

first by a British minister since Mrs Thatcher formed her new administration last summer. The last ministerial mission was almost a year ago when the Overseas Development Minister, Mr Raison, spent a week there.

Since then, several of the Shackleton Report's recommendations—including the creation of the Falkland Islands Development Corporation—have been put into effect. Its chief executive, Mr Brian Taylor, was on hand to greet Baroness Young when she arrived at Port Stanley airport yesterday, together with the joint commissioners, Sir Rex Hunt and Major General Keith Spacie.

The British minister is expected to visit the new airport where, with a full-length runway and all-weather facilities, the in-flight refuelling process on the Ascension run will no longer be needed. She will also visit army, navy and air force units in various parts of the islands, which cover a land and sea area the size of Wales.

At a public meeting being organised by the Island Council, she can expect to hear demands for constitutional reform from the more militant Falklanders who believe that the present legislature, which is only partly elected, is not nearly democratic enough.

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Daily Mail  
13.1.84

## FROM THE FALKLANDS TO THE OLYMPICS

MARINE John Spotswood, who served during the Falklands war, was one of six servicemen named yesterday to represent Britain in the tough cross-country skiing at next month's Sarajevo Winter Olympics. Spotswood, 23, who first stepped on to skis only four years ago was so determined to make the Olympic team, that he continued his fitness training aboard ship when in the Falklands, and did land

distance work on roller skis, when ashore. Andrew Rawlin, 23, from Sheffield, another member of the Marines, is also chosen along with four from the Army—Lieutenant Mark Moore, 22 (Farham Common, Bucks), the team captain, Lance-Corporal Martin Watkins 21 (Coaley, Wilts.), Sapper Michael Dixon, 21 (Fort William, Scotland), and Sergeant David Marshall, 31 (Galloway, Scotland).

Daily Mail  
12.1.84

## 480 'dirty war' bodies found

THE unidentified bodies of 482 people have been exhumed at a cemetery in La Plata, south of Buenos Aires. More than 200 had been shot through the head.

They are believed to be victims of the 'dirty war' against Left-Wingers, when some 6,000 people in Argentina disappeared.

The cemetery director said the burials took place between 1976 and 1982 on the orders of the area police chief and the army.

He stressed that the investigation on the 'no name' graves was 'provisional'.

More than 1,000 unidentified bodies of people believed to have been tortured and

executed by security forces have been exhumed since last September.

In Buenos Aires, former President Reynaldo Bignone, was summoned to give new testimony on the disappearance of two Communist army recruits under his command at a military academy eight years ago.

Bignone, 64, headed the caretaker government which handed over power to elected civilian authorities in December.

He is under arrest at a military base and faces preliminary charges of abuse of authority, covering up a crime and illegal detention.

12.1.84

# Hull trawlers admit final defeat in deep-sea war

**T**HE demise of deep-sea fishing from Hull—whose mighty trawler fleet dominated the northern waters off Europe less than a generation ago—became reality yesterday.

The owners of five of the port's largest deep-sea freezer trawlers decided to apply for the joint British Government and EEC decommissioning grant.

Under the scheme, vessel owners, who get £400 a tonne based on gross registered tonnage, undertake to withdraw them from European fishing operations.

It will mean the loss of about 120 potential seagoing jobs and six ashore.

British United Trawlers are applying for decommissions of the Dane, Norse, Goth, Roman and Defiance.

Another of their vessels, the Pict, is at sea. Her future has yet to be decided.

## Chance to sell

J. Marr and Son of Hull are considering decommissioning one or more of their freezer trawlers.

Mr Andrew Dalrymple, operations director of British United, said: "It appears there can be no long-term feasible future in fishing for these vessels. Taking them out of the European operation presents us with the possibility of selling them."

A spokesman for the British Fishing Federation said the decommissioning was the result of 200-mile territorial water fishing zones.

Guardian

12.1.84

# Crown Agents told 'go private or bust'

By Maggle Brown

The Crown Agents organisation is working on an emergency privatisation plan, after being told by Sir Geoffrey Howe, the Foreign Secretary that this is the only chance of winning a six months battle for survival.

Mr Peter Graham, the chief Crown Agent confirmed yesterday that a preliminary privatisation plan had been put before a board meeting on Tuesday.

The aim is to seek a stock market quotation by 1986 or 1987 for the 150-year-old organisation which manages funds and acts as a buying agency. The Government would be expected to hold an initial 49 per cent stake, with staff taking 20 per cent, and with the remaining 29 per cent being offered to the public.

Mr Graham said a decision by Cabinet is not expected until the end of the month.

Even if the Government allows the Crown Agents to continue and be put up for sale the organisation will have to be reconstructed before it is commercially viable, in much the same way as larger targets for asset sales, such as British Airways.

A plan has been drawn up and includes cuts in the 1,200 workforce of at least 300, and sales of central London property. Privatisation would threaten civil service conditions for remaining staff, who will have to be persuaded to give up their entitlement to index-linked pensions.

The Crown Agents, a legacy of the British Empire, ran into financial difficulties in July when the Sultan of Brunei abruptly decided to withdraw the £3.5 billion entrusted to the agents for investment management. He decided to place the funds through commercial outlets.

The loss of about £3.5 million a year management fees plunged the organisation, which has splendid headquarters on Millbank, London, into financial deficit. This led to its very existence being questioned, and to a battle between the Foreign Office, which supports continuation, and the Treasury, which thinks its functions could be switched to the Foreign Office and Overseas Development Administration.

Financial Notebook, page 18

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Argentina's grim legacy

# Exhumed bodies reveal junta's brutality

From Trevor Fishlock  
Buenos Aires

Nearly 500 bodies of people who disappeared in Argentina's years under military oppression have been found in a provincial capital - and yesterday for the first time, the cause of death has been established.

The records show that of the 482 people buried at La Plata, 229 were shot in the head, nine were strangled or otherwise asphyxiated, 19 were burnt, 28 died of shock, 28 of haemorrhage, 106 of heart failure and one in an explosion. In the 62 other cases, the cause of death is not known.

It is the largest number of bodies of *desaparecidos* (disappeared ones) found in one place since judges ordered searches of graveyards and cemetery records.

Meanwhile, the nation was yesterday astonished by the arrest of former President Reynaldo Bignone in connexion with the disappearance of two young men. A judge ordered him to be detained, incommunicado, at an army base in Buenos Aires.

General Bignone, aged 55, headed the last of the military juntas which ruled Argentina for nearly eight years. He took



Taking a back seat: Former President Bignone leaving the Palace of Justice after his arrest on Tuesday.

over when General Leopoldo Galtieri was ousted after the Falklands War.

Nine generals and admirals, including three former presidents, have been charged with murder and torture. In a break with a Latin American tradition, President Alfonsín has ordered trials of the former military rulers. He is determined they should be called to account.

In cemeteries in several parts of the country, grave-diggers are finding some of the bodies of those who disappeared in the "dirty war", the campaign against subversives which went out of control and developed

into the large-scale detention and slaughter of thousands, many of them innocent people.

More than 7,000 have been registered as having disappeared during the anti-left campaign of the 1970s. But human rights groups estimate the true figure is nearer 30,000. More than 200 bodies have been exhumed since the search started last month. Many have been found with their hands cut off to prevent identification. Some are children.

The authorities in La Plata, 20 miles south of Buenos Aires, and capital of Buenos Aires province, yesterday released the records of the 482 unidenti-

fied bodies buried between 1976 and 1982 in the municipal cemetery.

The authorities said the bodies arrived at the cemetery in boxes and were buried by municipal workers in individual graves under the eye of police, or soldiers.

Argentines are having their fill of horrors. As well as the exhumations, shown on television, there are the confessions of a former serviceman who witnessed torture and has told his story to a magazine.

The trials of senior officers will reveal more details of the years of repression. General Bignone has been charged with illegal detention, abuse of authority and trying to cover up the case of two conscripts who disappeared from the military college in Buenos Aires where they were serving. The general was director of the college at the time.

He is also being investigated in a case concerning the kidnapping of a technician. A number of other senior officers, former members of the juntas, are also being investigated by the judge in this case.

They have been insulted and struck by demonstrators outside the court where the hearings are held.



THE TIMES  
11.1.84

## Prince to go to South Atlantic

Prince Andrew, who served as a helicopter pilot during the Falkland conflict, returns to the South Atlantic in April, to visit St Helena on the 150th anniversary of the island becoming a Crown colony.

## Date named for Beagle accord

Rome (AFP) - The heads of the Argentine and Chilean delegations involved in negotiations over the Beagle Channel dispute met at the Vatican in the presence of two papal mediators, to put the finishing touches to a document in which they undertake to conclude negotiations "within a relatively brief period".

The document is expected to be signed on January 20.

## Envoy named

Mr Robin Fearn, aged 49, who was head of the South America Department at the Foreign Office when Argentina invaded the Falkland Islands, has been named British Ambassador to Cuba.

## Falklands solution

From Sir Miles Clifford

Sir, The suggestion of President Balaunde Terry of Peru as reported and seemingly supported by Sir Philip Goodhart (feature, January 5) will be - and rightly be - rejected with contempt by the Falklanders.

The West Island is not, as quoted, "almost entirely uninhabited" for with the lesser islands off its coastline it holds some very good farms and the people, as on the East, are deeply attached to their lands.

Historically, too, the proposal is an irrelevance since it was at Saunders Island (West Falklands) that the British first established themselves and the doctrine of "prescription" applies.

As the Prime Minister repeated recently, "The question of sovereignty is not negotiable".

I have the honour to be, Sir,  
Your obedient servant,  
MILES CLIFFORD,  
The Athenaeum,  
Pall Mall, SW1.  
January 5.

## Argentina cautious on Beagle dispute

From Jeremy Morgan  
in Buenos Aires

The Foreign Minister, Mr Dante Caputo, reacted cautiously yesterday to suggestions that the Beagle channel dispute with Chile was approaching a solution.

Although Mr Caputo said that "important information" would be issued later this week, he denied that an accord was about to be signed. However, in an apparent allusion to recent talks held under the auspices of the Vatican, he added: "The advances have been very important . . . We have probably entered the final stage of negotiation".

Some reports have suggested that an agreement would be signed next Monday, but diplomatic sources say such an accord would not be final. The

dispute, centred on three islands, nearly caused war between Argentina and Chile in 1978.

The diplomats said it was more likely that President Alfonsín and General Pinochet of Chile might reach a preliminary accord to provide a "holding pattern" until a democratic government was installed in Chile and a full treaty could be signed.

● Demands grew yesterday for the arrest of the former Argentine President, General Bignone, after he failed a second time to appear before a court investigating the case of a missing, government-employed scientist.

There was no explanation from General Bignone for his absence.

# BEAGLE CHANNEL PACT NEAR

By  
CHRISTINA BONASEGNA  
in Buenos Aires

THE basis of a settlement to the Beagle Channel dispute between Argentina and Chile may be signed in Rome on Monday week, after five years of Vatican mediation, Foreign Ministry sources said in Buenos Aires.

Vatican sources said that the Pope would announce later in the week the preliminary agreement to end the century-old feud over several small islands at the tip of the continent.

The Foreign Ministers of Argentina and Chile, Señor Dante Caputo and Señor Jaime



del Valle, are due to travel to Rome later this month to sign the agreement which could lead to a definite border treaty.

The dispute took Argentina and Chile to the brink of war in 1978.

The proposals award all the disputed islands at the eastern end of the Beagle Channel south of Tierra del Fuego to Chile.

The islands are Picton, Lennox and Nueva - now occupied by Chilean sheep farmers - and a chain of uninhabited islands between the three and Cape Horn.

According to the proposals, Chile would get 12 miles of territorial waters around the islands beyond which the sea would be under Argentine jurisdiction.

Although the windswept islands have little economic significance and the channel is not a frequent navigation route, the disputed islands have strategic and political importance.

In 1893 treaties between the two countries asserted that Argentina had exclusive control over the Atlantic Ocean and Chile over the Pacific.

Those opposing the proposed pact claim it implies the advancement of Chile into Atlantic waters.

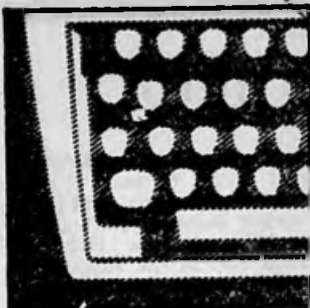
GUARDIAN  
11.1.84

### Channel open

PROGRESS has been made in the Vatican's mediation in the Beagle Channel dispute between Chile and Argentina, informed sources said yesterday. An announcement, expected this week, would outline a broad understanding that could be the basis for further talks, the sources said.—Reuter.

GUARDIAN

10.1.84



## DIARY

MR MICHAEL Heseltine is going to some lengths to polish up his image after the drubbing it got after his Telethon-style round-the-clock media appearances The Day After. Next Monday he's clambering into his combat togs and jetting off to the Falklands.

The journey out is via the usual VC 10 to Ascension and then by Hercules to the Falklands. But he is determined to fly back in a Nimrod surveillance plane — a 19 hour non-stop journey involving five refuellings from Port Stanley to Kinloss in Scotland. He will thereby establish a record for the longest non-stop operational flight — or would, if the RAF hadn't already rehearsed it on November 29 to make sure it was possible. He will also get his name in the papers. And doubtless a picture or two, posing in his immersion suit.

The RAF is not wholly amused, since extremely complex preparations are involved in such 8,456 miles joy-rides. Mr H has been told he won't have a bed and that the plane will not even have spare room for a parachute since two crews will need to fly with him. Mr H is not dissuaded.

McMillan-Scott Associates Public Affairs

41 Whitehall London SW1A 2BZ Telephone 01-930 0935

# THINK TANK

## The Falklands in 1984

TO: CABINET MINISTERS FROM: THE POLICY REVIEW STAFF\*

1. We have been asked to prepare options on government policy towards the Falklands in 1984 in the light of recent statements from Buenos Aires and the prime minister's emphasis, reiterated in her new year's message, that Falklands sovereignty is not negotiable.

### Points of conflict

2. This week's statement from Buenos Aires again requested a transfer of sovereignty but also promised a special statute of guarantee for the interests of the islanders. The British government has now firmly committed itself against any transfer of sovereignty against the islanders' wishes.

### Time pressures

3. We take the view that time is not on Britain's side in three respects. First, the political flexibility of the Alfonsín cabinet in Buenos Aires is likely to diminish with time rather than increase. Regaining the islands has long been a fixation of the Peronist opposition. In addition, despite Mr Alfonsín's moves to discipline the armed forces, they (and particularly the navy) will become more influential over Falklands policy the longer the matter is unresolved. Without a settlement, harassment of the islands' defences will probably increase.

4. Second, the cost of those defences will start to increase rapidly once building of the airport commences and will continue at a high level for some five years until the airport enables us to reduce garrison size. There will be a need for improved defences on the outer islands. Troop morale will also require progressive improvements in garrison accommodation.

5. Third, both the recent United Nations vote and the United States decision on arms sales certification indicate a declining international acceptance of Britain's stand on sovereignty. Diplomatic isolation on the issue is not likely to be a severe handicap to our international relations, except in Latin America, but the new

\*Most Think Tank memoranda commissioned by The Economist are prepared by members and associates of the now defunct central policy review staff. The opinions are their own.

Buenos Aires government will use its goodwill to maximum diplomatic effect, for instance in deals at the UN.

### Primacy of islanders' wishes

6. The prime minister has declared that sovereignty is not negotiable, subject to the wishes of the islanders. The use of the word "wishes"—in place of the "interests" emphasised in earlier negotiating rounds—effectively gives the islands council a veto over any decision of the British parliament. It is unlikely that even growing backbench and select committee concern over the cost of Fortress Falklands will make possible any backing away from self-determination in the foreseeable future. Support from a majority on the Falklands Islands Council is thus a necessary precondition for any initiative. We recommend that members of this council should play a leading part in all Falklands policy formation and in subsequent negotiations.

7. This approach requires the recommencement of the "hearts and minds" campaign of 1970-72, backed by assurances of government commitment to the protection of the islanders' security of tenure and way of life, and to the primacy of self-determination. As part of this we feel the government must proceed with measures already announced for the economic development of the islands. These measures must include enthusiastic backing for the development corporation and a long-haul jet runway. In the event of an early and successful negotiation with Argentina, this of course need not be (and should not be) a full-scale military facility with advanced air defences as now planned.

### Preconditions for negotiation

8. Talks with Buenos Aires should be offered by Britain as a matter of urgency, preferably in advance of the next UN debate on the issue in November. Britain's precondition for such talks is no longer a formal cessation of hostilities, though we should insist on a promise that there will be no aggressive harassment of the islands. Argentina's precondition for such talks is that they be part of a wider

discussion on the islands' future status, and that they be to a fixed agenda and time limit, to prevent a repetition of the drawn-out 1965-82 negotiations. It is possible that Argentina may be prepared to enter the talks without sovereignty being formally on the table, provided some phrase such as "long-term status" is discussable. We could agree such an agenda under the strict understanding that any settlement is subject to the islanders' self-determination. Since a readiness to negotiate must be cleared with the islands council, assurances on this must be discussed with the council before any offer to negotiate can be made.

### Britain's objectives

10. To leave the Argentines in no doubt of Britain's position, and to reassure the islanders, we feel it worth setting out Britain's basic objectives in advance of negotiations. These are to obtain long-term guarantees of security and respect for the way of life of the islanders (at least for all those now living on the islands) sufficient to obtain the acquiescence of the islanders in a reduced British military commitment. These guarantees must be proof against any resurgence of revanchism in Buenos Aires. For this purpose, we believe they are better guaranteed by some third parties, including the United States, than by British armed forces.

11. We reject as impracticable a "leaseback" proposal which involves any transfer of sovereignty to Argentina (as has occasionally been floated in Buenos Aires). However, we feel the vesting of formal sovereignty in some international body, backed by military guarantees, might meet the islanders' concern over their long-term security. One method would be to institute some form of UN trusteeship (in which both sides lodge their claims), as was discussed by both sides during the Falklands crisis. Another would be condominium, backed by third-party nations as guarantors of continued British administration of the islands. This might permit the Argentine flag to fly alongside those of Britain and UN at the guarantors' base (presumably the airport), but not on administrative buildings. Argentines would enjoy right of access to the islands, though their right of residence and land acquisition should be subject to quota to prevent rapid change in the balance of character of the community.

12. Such proposals would grant Argentina some advance towards a changed status for the Falklands and dependencies, and a role in their development. For Britain, they would yield a drastic saving on Fortress Falklands and long-term security for the islanders themselves.



ed out that the icebox is not actually locked. Any state that demonstrates its ability to carry out substantial research in Antarctica can become a consultative party under the treaty, with full voting rights.

Last year India thus qualified for membership of the club. After sending out two expeditions, it decided to set up a permanent scientific station on the Antarctic coast. The 83 Indians sent for this purpose arrived in Antarctica on December 27th. (The southern midsummer seems to have greeted them with milder weather than UN delegates in New York had been facing.) Brazil, too, has undertaken the necessary research activity and has become the club's 16th member.

Most third-world states, however, feel that Antarctica ought to be treated as part of the "common heritage of mankind", like the ocean floor, and that they should have a say in what goes on there regardless of their own ability to mount research operations. Malaysia became their main spokesman at the UN during the latest annual assembly session. When the club members made it clear that they would doggedly oppose any plan to supersede the treaty, a compromise was reached. A text adopted by general agreement in the political committee was endorsed by the assembly on December 15th.

This text merely asks the UN secretariat to prepare a comprehensive study on Antarctica before the 1984 assembly session. The club members felt it was wiser to go along with this, rather than provoke the third-world majority into voting a stronger resolution. At least the club will gain more time to pursue the negotiations it began in 1982 for a regime for the exploitation of Antarctic minerals. But its members foresee some heated debate when the 1984 assembly meets. The door of the icebox has not been flung wide open, but the wedge that the UN has inserted will keep it ajar—and the room temperature looks like rising.

## Antarctica

### Defrosting?

If you open a refrigerator, does the room get cooler, or hotter? While readers of *The Economist* were debating the question on its letters pages in late 1983, a rather similar debate was held in the United Nations assembly. The icebox that interests the UN is Antarctica. Should it be thrown open? If it were, would disputes about it hot up to a dangerous extent?

Those governments that form the Antarctic Treaty "club"—including Russia and America, Britain and Argentina and Chile, all in agreement just for once—argue that the treaty, which froze all existing claims, has successfully kept things cool for 22 years. Leave well alone, they say. In a joint statement delivered at the UN, they contended that it was not realistic to suppose that any better regime for the frozen continent could be established in the present political circumstances. They have also point-





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# Nato needs more warships, says admiral

By Henry Stanhope, Diplomatic Correspondent

A top British allied commander has complained that he lacks the ships to cover all his Nato tasks.

Admiral Sir William Staveley, Nato commander-in-chief for the eastern Atlantic and the Channel, says he has only half the anti-submarine escort vessels he needs and is having to concentrate his mines counter-measures vessels on "absolutely minimum essentials", with the protection of British and American submarine bases on the Clyde heading his list.

"I hope the politicians will be able to stomach the de-

cisions we shall have to take," he says in an interview in the new journal, *Jane's Defence Weekly*, which appears this week.

Admiral Staveley, who is also commander-in-chief of the Royal Navy's own fleet, says it is essential to have enough forces ready for the first indication of hostilities. "We are very short indeed in percentage terms of a lot of things," he adds.

The Soviet Union's frigates and destroyers cost up to four times as much as Nato warships but its older vessels

are now being replaced by "very up-market" warships.

the growth in numbers of Soviet nuclear-powered hunter-killer and ballistic missile submarines had been the most significant development in recent years.

● Mr Tam Dalyell, Labour MP for Linlithgow, yesterday challenged Mr Michael Heseltine, Secretary of State for Defence, to acknowledge that Britain's commitment of men and ships to the Falklands was an important reason for the shortage (the Press Association reports).



Admiral Staveley: A warning for the politicians

## Healey attack on 'Star Wars' Reagan

By DAVID ADAMSON  
Diplomatic Correspondent

PRESIDENT Reagan was accused yesterday by Mr Healey, Labour's foreign affairs spokesman, of displaying a combination of ignorance and ideology which made him more dangerous than any previous American president.

"He feels he is fighting Star Wars," he said on TV-am. "He is the Return of the Jedi fighting Darth Vader. This approach to world affairs is profoundly dangerous."

Mr Reagan was "totally ignorant" about the world and saw the current confrontation between East and West as a dispute between "goodies and baddies."

In Mr Healey's view, 1983 had been the most dangerous year since the war and 1984 was going to be worse.

"Unless we can get the Americans and Russians to talk about controlling the arms race and about the trouble in the Middle East there is a real risk of war."

### Comment on Wilson

Asked about Lord Wilson's assertion last week that Labour was no longer the natural party of Government or even of Opposition, Mr Healey replied: "I don't agree with him at all. He's living a little bit in the past."

He added: "Old men when they have retired from politics sometimes get a little bit sour."

Other points made by Mr Healey were that Mrs Thatcher should negotiate with the Argentines on the sovereignty of the Falklands and the Elgin Marbles should be returned to Greece as Mr Kinnoch had proposed.

The return of the Marbles should be "part of a general agreement to deal with any works of art which are not in the country which produced them."

DAILY TELEGRAPH

9.1.84

### 433 pc INFLATION

Inflation in Argentina reached 433.7 per cent. in 1983, believed to be the world's highest rate for the second year running. In 1982 it was 209.7 per cent.—U P I.

FINANCIAL TIMES

9.1.84

## Argentina talks urged by Healey

By Our Political Editor

THE BRITISH Government should start negotiations with the recently elected Argentinian administration, Mr Denis Healey, Labour's foreign affairs spokesman, urged yesterday.

Interviewed on TV-am, Mr Healey said: "We have to try, now we have a democratic Government in Argentina, to reach an amicable settlement there."

He maintained the United Nations might have an important role to play in the future of the Falkland islands.

Mr Healey also warned that world prospects in 1984 could be even worse than 1983, which was the most dangerous year since the Second World War.

"Unless we can get the Americans and Russians to talk about controlling the arms race and about the trouble in the Middle East, there is a real risk of war," he said. He reiterated his critical view of President Reagan who, he said, was "totally ignorant about the world."

Mr Healey also supported last week's call by Mr Neil Kinnoch, the Labour leader, for the return to Greece of the Elgin Marbles, at present in the British Museum in London.

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FINANCIAL TIMES

7.1.84

## FALKLANDS DISPUTE

# Alfonsín welcomes Thatcher hint

BY DAVID WELNA IN BUENOS AIRES

PRESIDENT Raúl Alfonsín of Argentina yesterday hailed as "an important step" remarks by Mrs Margaret Thatcher on Thursday about the future of the dispute over the Falkland Islands.

Sr Alfonsín's statement came after the British Prime Minister had expressed readiness to lift the 150-mile exclusion zone around the Falklands if Argentina were to declare a formal cessation of hostilities in the South Atlantic. Mrs Thatcher spoke on Independent Television News.

But the Argentine President made clear his displeasure over Mrs Thatcher's refusal to discuss the island's sovereignty, and reiterated his belief that negotiations in line with a United

Nations resolution would result in "recovery of our islands."

Sr Alfonsín emphasised Argentina's willingness to resume talks and said that although Britain has called for the cessation of hostilities for quite some time, the exclusion zone around the islands and continued fortification "could bring serious problems."

On Tuesday, the Argentine Foreign Ministry called for negotiations "in good faith" to resolve the Falklands dispute, emphasising the government's determination to achieve "restitution" of the islands for Argentina.

Sr Caputo, Foreign Minister, on Thursday characterised the UK Foreign Office's statement that it would "study" Argentina's latest declaration as

"less cold" than Mrs Thatcher's repeated opposition to negotiation for sovereignty.

Meanwhile, Sr Alfonsín's proposed legal reform intended to open military trial verdicts to appeal in Federal courts and limit future infractions tried by court martial to strictly military affairs, was approved in a tumultuous session of the Chamber of Deputies on Thursday.

Human rights activists, led by the "Mothers of Plaza de Mayo," whose children disappeared during military repression, protested from the galleries surrounding the Chamber of Deputies.

They and the Peronists deputies, who are outnumbered by members of Sr Alfonsín's

Radical Party, object to military judges—rather than civilian—trying nine former military junta members accused of murder and torture in connection with the disappearance of more than 7,000 Argentines.

The reform still has to be passed by the Senate next week to become law. Chances of this happening are considered slim, since the Radicals who will guarantee the reform's passage in the Chamber of Deputies constitute a minority in the Senate.

● Sr Alfonsín has ordered an investigation of all economic measures approved during the seven years of military government to decide if the military's economic authorities should be prosecuted.

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## FALKLANDS QUERIES FOR LADY YOUNG

By PATRICK WATTS  
in Port Stanley

**BARONESS** Young, Minister of State, Foreign Office, can expect to be confronted by several Falklands councillors when she begins her visit to the islands on Wednesday.

They have several controversial matters to take up, not least what has happened to their request for a 200-mile fishing zone to be established around the Falklands.

A motion was unanimously passed by the Falklands legislature some time ago but there had been no response from the Foreign Office to date, said Councillor John Cheek.

Councillor Terry Peck, who will also want an explanation, said: "I really think that the Government has absolutely no intention of declaring a fishing zone around the Falklands."

### 'Runway too short'

Councillor Peck will also be questioning Baroness Young as to why the new airport being built at Mount Pleasant at a cost of £215 million will have a runway too short to take fully-laden wide-bodied jets of certain types.

"The present proposed length does not comply with international safety standards. So I can see the airport being used for military purposes only," said Councillor Peck.

Councillor Cheek indicated he would also ask Baroness Young also about changes to the Falklands constitution that were agreed locally several months ago and had received no positive reaction from the Foreign Office.

"They can reject our wishes for a majority of elected members ruling the islands, or they can agree," said Councillor Cheek. "But they can't modify our plans. It has to be one or the other."

DAILY TELEGRAPH  
7.1.84



## Lady OLGA MAITLAND'S Diary

### 1 IDYLIC NO LONGER

**EXPLORER** Cindy Buxton's plan to have an idyllic retreat in the Falkland Islands is in danger of turning sour.

After the conflict she bought

a peaceful plot of 50 acres of land near the Fitzroy Settlement.

Alas, it will not be peaceful for very much longer. The international airport at present under construction will have a main road, designed to cater for heavy military vehicles, with two lanes which will cut straight through Cindy's land.

She tells me: "I was sent a plan. It looks as if they are planning a road of motorway proportions. By the time they have finished allowing for a width of 250 metres all along there will not be much left of my land."

"I am not panicking yet. I will wait and see what happens. Certainly nobody has offered me any compensation."

"The spot is an idyllic setting in between two hills with a trout stream. As there are no trees, I have ordered thousands of seedling trees to plant out. I also wanted to provide some basic accommodation for Servicemen to enjoy while holidaying there."

Says a spokesman for the Department of the Environment, who are handling the project: "Construction on the airport is under way. The road, which will lead into Port Stanley, will be ready next year. Obviously compensation will be offered."

## Argentine threat on Falklands

From Our Correspondent  
Buenos Aires

Señor Raúl Alfonsín, Argentina's new civilian President, said yesterday that if Britain is unwilling to negotiate sovereignty of the Falkland Islands with his country "we are not willing to negotiate either".

Referring to remarks by Mrs Margaret Thatcher on Thursday, President Alfonsín also said that Britain's continued enforcement of an exclusion zone around the disputed archipelago and "fortification" of the islands "could bring a grave problem, not only for Argentina, but for the South Atlantic".

Mrs Thatcher said on Thursday that Britain would be willing to raise the exclusion zone if Argentina declared an end to hostilities in the region, but refused to consider talks aimed at turning the islands over to Argentina.

President Alfonsín, who was inaugurated on December 10, ending seven years of military rule, called for a cessation of hostilities in the South Atlantic during his campaign for the presidency, but also emphasized the need for negotiations.

● **Helicopter lost:** An army Lynx helicopter has been missing in the Falklands since Wednesday with its crew of Captain John Belt, from Filey, Yorkshire and Sergeant Roger Jones, from Peterborough (Rodney Cowton writes). The helicopter was on a training flight over West Falkland.

THE TIMES

7.1.84

## Lady Young will visit Falklands next week

By Rodney Cowton

Lady Young, the Minister of State at the Foreign Office, will pay an unexpected visit to the Falkland Islands next week.

She is in the Caribbean where she has been visiting Grenada and consulting governments in the area. She will spend tomorrow night at Dakar, Senegal, before going to Ascension Island and the Falklands.

The Foreign Office said the purpose of the visit was to familiarize herself with the situation in the Falklands. She will meet Sir Rex Hunt, the Civil Commissioner, councillors and as many of the islanders as possible.

One of the matters under

consideration is a recommendation by Lord Shackleton that a fisheries protection zone, extending 200 miles around the Falklands, should be established.

● **ST GEORGE'S:** Lady Young yesterday arrived in the Grenadian capital British aid to the island is likely to be on the agenda (Reuter reports). Lady Young met Sir Paul Scoon, the Governor-General.

Canada's Minister for External Relations, Mr Jean-Luc Pepin, also arrived in the nearby island of St Lucia at the start of a three-nation Caribbean tour aimed at helping Grenada.



## Hongkong fears a sellout

FROM OUR SPECIAL CORRESPONDENT IN HONGKONG

### Only the well-off need apply for refuge in Britain

After seven rounds of talks between China and Britain over the future of Hongkong it is clear that there is no serious prospect of any constitutional links between the British government and Hongkong beyond 1997. China is determined, and now publicly committed, to recover sovereignty in what Peking describes as "the fullest sense of the word" over the whole of Hongkong, when the lease on 92% of it expires in 13 years' time. By this the Chinese mean that after 1997 Britain will have no further administrative role in any part of the former colony, which will then be a special administrative zone of China. Britain's official presence there will be reduced to that of all other foreign countries—a consulate general.

The Chinese are promising that Hongkong will be preserved as a capitalist enclave inside China for at least 50 years after 1997. It is to have its own mini-constitution, whose principles will be announced next September and which will later be written into China's own constitution. But a unilateral declaration by China is not sufficient, either for Britain or for the people of Hongkong. Many influential people in Hongkong are profoundly unhappy at the prospect of a Chinese takeover. The wealthy have already made contingency plans to move themselves and their money out of the colony. Increasing numbers of young middle-class professionals and executives are hoping to make their careers elsewhere.

With hindsight, the decision to press the Chinese for an agreement on Hongkong's future, so long in advance of 1997, is now widely seen in Hongkong as a tactical error by Britain. The British entered the negotiations expecting to secure Chinese acceptance for some form of British administration to continue beyond the end of the lease. They (and most of the Hongkong Chinese) saw a British presence as the only reliable guarantee of Hongkong's autonomy. The British have since narrowed their objective to some form of constitutional link with the Crown. But this too looks likely to fall by the wayside.

For months the delegations were

bogged down over China's demand that Chinese sovereignty over the whole of Hongkong, including the 8% of the territory which was ceded to Britain in perpetuity, should be acknowledged as a precondition for further discussion. The sovereignty question was put aside a few months ago, on the implicit understanding that Britain will concede China's demand as part of an overall settlement. What the next months of bargaining will be about are the safeguards that can be written into a settlement to ensure Hongkong's right to run itself, unhindered and unhelped by Peking.

Hongkongers have never been allowed a voice in the talks about their future. On China's insistence, the governor of Hongkong, Sir Edward Youde, attends the talks only in a subordinate capacity as a member of the British government delegation. Britain's chief negotiator and Peking ambassador, Sir Percy Craddock, has now returned to London where he will advise Mrs Thatcher on foreign policy generally and direct a new foreign office task force on Hongkong. When the Peking talks resume at the end of January, Britain's negotiating team will be led by the new ambassador to Peking, Sir Richard Evans, who is considerably junior to Sir Edward.

### Irritation

China is showing increasing irritation towards those members of the Chinese community in Hongkong who presume to criticise the Chinese proposals. Nowhere is this hostility more evident than towards the Chinese members of the executive and legislative councils, through which the governor administers Hongkong. The governor briefs the executive council on the progress of the talks, but its members are insisting on a full minute being taken of their reservations at each stage of the negotiations.

The ordinary Hongkong Chinese are pinning much faith, perhaps too much, on Mrs Thatcher's repeated assertions of Britain's moral responsibility to the people of Hongkong. Many Hongkongers also rely on the British parliament to stand by them. China assumes

that Mrs Thatcher could and would use her parliamentary majority to force through whatever terms China is prepared to concede. However, Mrs Thatcher is well aware that the house of commons not only has a mind of its own but a strong suspicion of foreign office sellouts—dating from the forcible return of the Cossacks to the Soviet Union after the war and more recently the Ridley plan for the leaseback of the Falklands.

Some members of parliament argue that Britain's responsibility to the people of Hongkong is limited by Britain's power to help. This raises the thorny question of accepting refugees from Hongkong. Under Britain's immigration rules virtually only those Chinese Hongkongers who have served the Crown or who could bring with them at least £150,000 to establish a business would be allowed in. Other MPs believe that if an agreement for a total Chinese takeover has to be accepted it would be better that it should be implemented before the dying authority of Britain over Hongkong results in local unrest.

It is unlikely that China would welcome the premature return of Hongkong any more than it would be ready to countenance an extension of the present arrangements beyond 1997. This at least is one card in Britain's negotiating hand.

Peking also seems to be increasingly suspicious of the traditional British business "hongs", such as Jardines, Swires and the Hongkong and Shanghai Bank. The bank has been in particular disfavour since the run on the Hongkong dollar in September. This enabled the Bank of China to intervene in the currency markets at a profit to itself, until the Hongkong dollar was linked to the American dollar at the rate of HK\$7.80. The fact that this rate has held firm reinforces Peking's suspicion that the currency crisis, which was accompanied by a very real panic in Hongkong, was deliberately engineered by the Hongkong bank, with the connivance of the British and Hongkong governments, in order to put pressure on China in the negotiations.

The lower Hongkong dollar, coupled with the recovery of American trade, has contributed towards an export-led boom in Hongkong. But no big new private construction projects are being undertaken. When existing work is completed there will be a lot of people without jobs. Domestic investment in

plant and machinery is at a standstill. And, with interest rates now the main means of keeping up the value of the Hongkong dollar, there is a risk of further inflation, which is still in double figures, if confidence again deteriorates.

Promises that Hongkong will be a special capitalist zone inside China are hardly reassuring. China's attempts to set up laboratories of capitalism in its two economic zones across the border in Shekou and Shenzhen suggest that China confuses capitalism with the introduction of technology and modern management (under which workers have achieved only a low rate of productivity).

Confidence in Hongkong would pick up if China confined its proposed plan to general principles and at the same time undertook to publish a series of consultative documents, which the Hongkong government could help to draft, on the legal system, policing, taxation, currency, banking and stock markets, education, citizenship and controls over travel, the media and language. The formal Anglo-Chinese talks could be suspended for this consultative process, which would probably take up to five years to complete.

#### **Democracy**

Now that the Chinese have committed themselves to allowing Hongkong to be run by local people, Britain should be free to throw off all constraints about encouraging local democracy. Its first target should be to fill 90% of the 880 top civil service posts in Hongkong with local Chinese; 53% of these jobs are now filled by British expatriates. At the moment elections are held in Hongkong only for one third of the members of 18 district councils, and half the urban council. New elections are due in 1985. For a start, a majority of all these councils should be directly elected. The elected councillors could then be given the right to vote for the unofficial members of the executive council (13 out of 17) and legislative council (37 out of 40) who are now nominated by the governor.

Such changes would give greater democratic legitimacy to Hongkong's government and prepare Hongkong people for self-rule. China's tolerance of such developments, which it has rejected in the past, would be a major test of Peking's good faith about Hongkong's future.

GUARDIAN

7.1.84

**Minister describes London's  
response as being 'divided'**

# Argentina welcomes British hint of progress

From Jeremy Morgan  
in Buenos Aires

President Alfonsín of Argentina yesterday welcomed Mrs Thatcher's suggestion that Britain might lift the exclusion zone around the Falklands in exchange for an Argentine declaration that hostilities were over.

Stressing that Argentina was "disposed" to implement United Nations resolutions calling for negotiations between the two countries over the islands, the President said Mrs Thatcher's remarks were "an important step."

However, it appeared that both governments were waiting for the other to make the first move. The Foreign Minister, Mr Dante Caputo, had earlier warned that any end of hostilities by Argentina would have to be preceded by a formal request from the British Government.

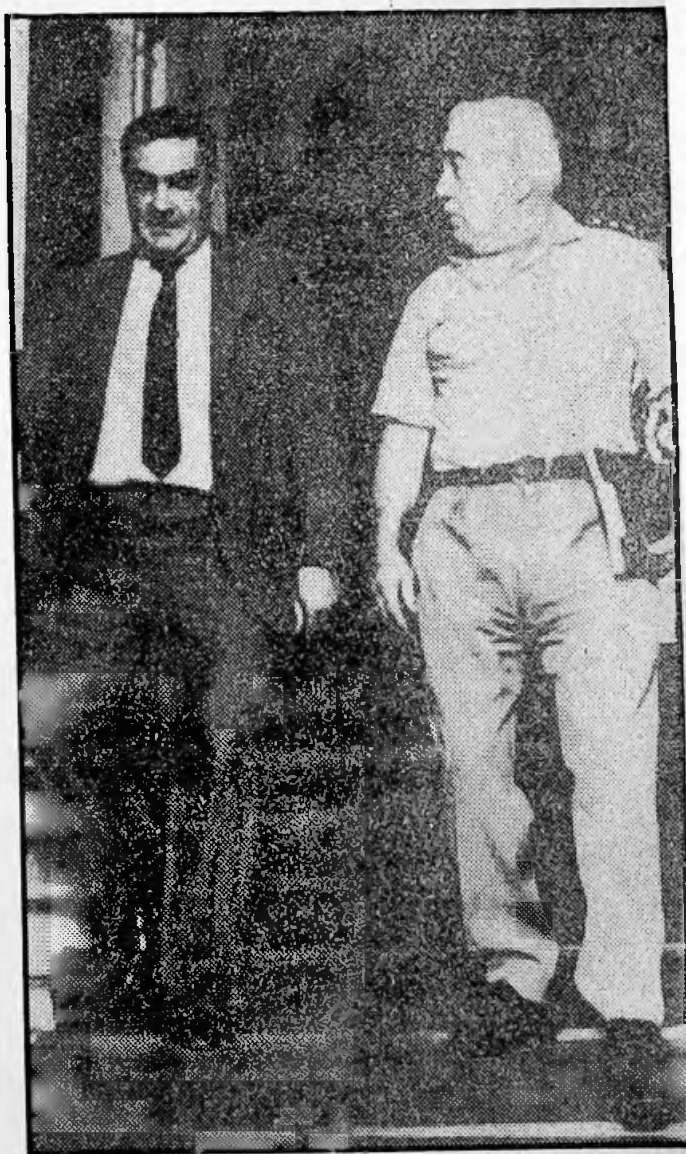
Mr Caputo noted that the

British response to Argentina's latest offer was divided because the Foreign Office statement was "less cold" than that of the Prime Minister.

He said the Argentine communiqué issued three days ago calling for negotiations towards a peaceful transfer of sovereignty over the islands and offering a special statute to guarantee the interests of their 1,800 inhabitants, was not a formal Note to the British Government.

He declined to comment on the press reports quoting Mrs Thatcher as saying Britain would be willing to lift its exclusion zone around the islands if Argentina formally declared an end to hostilities.

"Any (Argentine) reply must be the result of a formal request by the British Government," Mr Caputo said. "We need a concrete and official offer then to be able to state our stance. We cannot reply through journalistic channels."



Admiral Emilio Massera, left, after being charged yesterday with brutal repression and abuse of authority.

McMillan-Scott Associates Public Affairs

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6.1.84

# Partition of Falklands urged by Tory MP

By NICHOLAS COMFORT Political Staff

**A** FORMER member of Mrs Thatcher's Government called yesterday for the Falkland Islands to be "partitioned" with Argentina as a means of settling for all time that nation's claim to sovereignty over the colony.

Sir Philip Goodhart, Conservative MP for Beckenham, proposed that Argentina be granted the thinly-inhabited island of West Falkland.

Britain would retain East Falklands, where most of the islanders live.

He further proposed that the rights of the islanders to remain British be entrenched by a referendum in Argentina to confirm the partition agreement and relinquish that country's outstanding claims.

The official reaction to Sir Philip's suggestion, in an article in the *TIMES*, was short and crisp: that the Prime Minister had stated on Wednesday night that sovereignty was not negotiable and that was the end of the matter.

## Idea floated

However, the floating of the idea by a former Defence and Northern Ireland Minister on the Right of the Conservative party underlines the readiness of a number of senior backbench Tories to show more flexibility over the Falklands than the Government would wish.

A further sign of this has been the readiness of Conservatives on the all-party Foreign Affairs Committee chaired by Sir Anthony Kershaw, Tory member for Stroud, to examine a second time the future of the islands and the "Fortress Falklands" policy.

The line of questioning pursued by the committee in the last Parliament was put down to a fortuitous combination of maverick Tories and Scots Labour MPs for whom the Falklands is something of a crusade.

But the new committee, reconstituted almost from scratch, has now decided to consider once again evidence taken before the election, and could reach some equally heretical conclusions.

As for Sir Philip, he has in the past taken issue with

central themes of Government defence policy, notably on the need for the Trident nuclear missile which he questions.

In his article he noted that Britain remained adamant that sovereignty was not negotiable, while Dr Alfonsín, the newly-elected Argentine President, remained committed to "the right of our nation to its sovereign territory."

## Peace plan

Sir Philip argued that the Peruvians, whose "peace plan" at the start of the Falklands conflict has been made much of by Labour critics of continued sovereignty, are attracted by the idea of partition.

"They have noted that inhabitants of the Falklands are largely concentrated in the East Falklands, while the West Falklands and the adjoining islets are almost entirely uninhabited.

"Partition would involve the abandonment of the Argentine claim to sovereignty over the East Falklands, while we would accept Argentine claims to sovereignty over the West Falklands."

"The basis for this suggestion of a partitioned sovereignty is simple enough.

"No British Government could lightly abandon the Falkland Islanders, and no Argentine government can drop its national claim to the islands."

## SHARING PROPOSAL Ministry denial

OUR BUENOS AIRES CORRESPONDENT WRITES: The Argentine Foreign Ministry yesterday denied knowledge of any proposals by Senor Belaunde Terry, the Peruvian President, to share control of the Falkland Islands with Britain.

A Foreign Ministry official said no such proposal had been presented officially to the Argentine government, although he said the subject may have been discussed "informally" at high levels. "We want to discuss the sovereignty of the Malvinas, not just a part of the islands," he said.

GUARDIAN

6.1.84

## Falklands visit

THE Foreign Office minister, Baroness Young, will not return directly to London from her Caribbean trip but will go on, via West Africa, to pay a six-day visit to the Falklands, writes Patrick Keatley. The surprise announcement last night gave no specific reason for the decision.



4.1.84

## More corpses dug up from nameless graves

A TOTAL of 110 corpses, including those of several children, were exhumed yesterday from five cemeteries around Buenos Aires, bringing to more than 200 the number of bodies dug up from nameless graves throughout Argentina in the past fortnight.

The courts have received evidence suggesting that the bodies are those of an estimated 6,000 to 30,000 people who disappeared during the last eight years of military rule.

Witnesses have said that most of the corpses were buried on police and army orders, and some of those examined so far by forensic experts show bullet wounds and signs of torture.

### Leaders face trial

Many of 110 bodies exhumed yesterday were pure skeletons. Experts said it would be difficult to identify positively most of them without the help of additional data.

A major investigation of human rights' abuse under military rule has been undertaken since Argentina returned to democracy on Dec. 18.

President Raul Alfonsin has ordered the trial of Argentina's military leaders from 1976 to 1982 on charges of authorising the kidnap, torture and murder of thousands during the Armed Forces' campaign against Left-wing guerrillas.

He has also set up a special

government commission to investigate the fate of those who disappeared, known in Argentina as the *desaparecidos*.

Meanwhile, many witnesses of rights abuse are now coming forward to testify in the courts.

The newly-elected local government authorities have also assumed an active role in the investigation of unmarked graves, and in many cases they have formally initiated court proceedings.

The fresh evidence of widespread torture and cold-blooded killings by security forces under military rule prompted an angry reaction yesterday from Senor Victor Martinez, the Argentine Vice-President.

"Unmarked graves have been opened in the past," he said, "but now everything can be visualised more clearly, and every charge is being investigated."—Reuter.

# CHILDREN OF THE LOST TRACKED DOWN

By MARY SPECK in Buenos Aires

FOR six of his seven years, Juan Pablo Moyano was one of Argentina's "disappeared," a victim of what the country's armed forces dubbed their "dirty war" against subversion.

Juan Pablo vanished from his family at the age of one when a group of armed men invaded his home and took away his mother. He was found six years later in a poor home outside of Buenos Aires when someone recognised his huge dark eyes in a photograph.

His picture had been published by human rights groups in Argentina.

In the past year, the "Grandmothers of the Plaza de Mayo," have found eight children who, like Juan Pablo, disappeared when their parents were dragged away by paramilitary squads.

Their discovery gives human rights activists hope that some of the thousands of people who disappeared during the 1970s, especially the more than 140 children and infants born in captivity, may still be alive.

## 20 names added to list of infants

"Young men, pregnant women, adolescents and infants were taken away from their homes alive," said Senor Adolfo Perez Esquivel, who won the Nobel Peace Prize in 1980 for his work protesting against human rights abuse under the military régime.

"At the very least—unless we're faced with a conscious genocide—we know the children must still be living."

As the fear of reprisals begins to ease with Argentina's return to democracy, human rights groups say that more and more people are coming forward with information about missing children.

Over the past several months, 20 names have been added to the list of infants and pregnant women who disappeared, say the Grandmothers of the Plaza de Mayo.

Of the 11 children who have been found since the Grandmothers began their collective search in 1977, eight were found in the past year.

## Officials ready to adopt babies

Human rights groups claim they have found several more children whose names remain a secret.

The reason for their caution, they say, is that the children have been adopted by members of the police and military forces who kidnapped their parents.

"We know from the testimony of former prisoners that pregnant women were taken to specific prisons and allowed to give birth before they were 'transferred' and never heard from again," said Senor Perez Esquivel.

"Prisoners also say they were told there were lists of officials who wanted to adopt the children."

The Grandmothers say they have documented several cases of children adopted by military families whose descriptions fit those of their missing children's babies.

"We know that we have to proceed carefully," said Senora Isabel de Mariani, president of the Grandmothers.

"We don't want to harm a child by dragging him away from an adopted family that loves him."

"But neither I, nor the rest of the Grandmothers, can bare the thought of leaving one of our grandchildren with members of the repressive forces that took away his parents."

The story of the kidnapping

of Juan Pablo and his family is still difficult for most of the Argentine people to comprehend.

Popular magazines, which two years ago were still denouncing human rights activists as "anti-Argentine," have only recently begun to print stories about unmarked graves and drugged prisoners tossed alive from aeroplanes.

Like most of the eight children found recently by the Grandmothers, Juan Pablo was first located through an anonymous telephone call by someone who had recognised the dark-eyed baby's picture in an advertisement placed by human rights groups.

Though the courts had consistently denied knowledge of Juan Pablo's whereabouts, the Grandmothers discovered he had been placed under the guardianship of an unmarried woman and her teenage daughter six years previously.

"The judges disposed of him as if he were a stray cat," said Senora Natividad de Moyano, Juan Pablo's paternal grandmother. "And then they denied knowing anything about him."

Senora de Moyano discovered from court documents that her daughter-in-law had been taken away by armed men in August 1977, after she had gone into hiding following the disappearance of her husband.

A neighbour said Juan Pablo was abandoned by a policeman who said he would return. He never did. But luckily Juan Pablo's family had pictures of the infant.

## Mother and child separated at birth

More than a hundred of the Grandmothers of the Plaza de Mayo have no pictures or even records of their grandchildren's birth.

All they have are doctors' certificates verifying that their daughters were pregnant when they disappeared suddenly.

In November, the Grandmothers presented *habeas corpus* petitions for 11 pregnant women, all of whom gave birth while being held in secret detention camps, according to the testimony of former prisoners.

Many of the women in the camps gave birth themselves, attended by military physicians and their fellow prisoners, the witnesses said.

Others were taken to military hospitals to give birth.

But the witnesses said that all of the new mothers were almost immediately separated from their children. Shortly afterwards, the women themselves disappeared from prison.

## Doctors may come forward

The Grandmothers hope that by scouring adoption records for any irregularities, they may still find some of the infants born in captivity.

They hope, moreover, that with Argentina's new democratic government the doctors that attended pregnant prisoners may begin coming forward with information.

"These children have a right to know they weren't abandoned," said Senora De Mariani.

"They have families who love them and have been looking for them for years. And who will keep on looking for them."

DAILY TELEGRAPH

4.1.84

## No 10 AND THE F.O.

SIR PERCY CRADOCK takes up his duties at No. 10 this week. He represents Mrs THATCHER's first small step towards creating an alternative source of advice to the Foreign Office on overseas affairs. Alternative he may be, but independent he is not: as our former Ambassador to China, he goes also to the Hongkong desk of the FCO as deputy under-secretary; his time at Downing Street, though not yet finalised, will reportedly be just two days a week: while his staff consists of one shared secretary.

Those who currently argue the PM's need for more than Sir Percy—for, indeed, a National Security Council on the Washington model, to serve the Prime Minister—must first make good the charge of inadequacy in the FCO advice she receives. This habitually starts from a disturbing sense that the FCO got it wrong over Rhodesia and the Falklands, over Grenada and perhaps now over Lebanon, but goes much wider. It fastens on a consistent "departmental line" over the years, and is repelled: a sometimes naive subservience to the United States; an enthusiasm for the EEC shared by few elected governments; a faint-hearted distaste for plain speaking about the USSR as "megaphone diplomacy"; and an apparent failure to recognise the hydra which is the Communist threat in four continents.

If policy failure was the only salient difficulty with the FCO, however, the correct remedy would be for politicians to assert proper control of it. But even the strongest Ministers have been frustrated in this task. The cause is the nature of the beast. The FCO's greatest source of pride, its very *esprit de corps*, is the continuity it represents in British policy to the rest of the world, a continuity independent of political comings and goings at Westminster, and which is based on the FCO's own "departmental view." For this reason—and because the FCO also believes, often with justice, that it enjoys a finer grasp of detail than Ministers—advice too often arrives on the Foreign Secretary's desk pre-packaged as policy.

So it may now be opportune for the Prime Minister to reflect on her need for a small advisory staff, independent of the FCO, to provide her with genuine alternative policy analysis to that she officially receives. There is at least a case to be made for a group with access to raw foreign and defence intelligence, knowing more about the former than Mr HESELTINE and about the latter than Sir GEOFFREY HOWE. Its prime duty would be to speak for national security, and prevent Defence and the FCO pulling in different directions. During special emergencies it would see all relevant Whitehall paper; in advance of crisis, it would search for warnings of trouble. Above all, it would introduce new ideas. As the Prime Minister in Cabinet is in last resort responsible for foreign policy, she deserves the luxury of choice between alternative lines of argument.

GUARDIAN

4.1.84

## Alfonsin asks for Falklands peace talks

By Andrew Graham-Yooll  
ARGENTINA'S new civilian government issued its first formal statement on the Falkland Islands dispute yesterday with an appeal for renewed negotiations with Britain and an apparent offer of improved guarantees for the islanders.

A foreign ministry statement issued to mark the 151st anniversary of British occupation of the islands, did not clarify what increased guarantees were being offered, but appeared to contain the hint that the terms of a civilian government would be more attractive to Britain and the islanders than anything the military regime could offer.

The statement said that "the interests of the inhabitants of the islands will be correspondingly served and guaranteed by the national constitution and the democratic principles, rights and guarantees in effect in Argentina, as well as by any statutes and safeguards that might eventually be agreed to."

While the ministry only mentioned the "interests" of the Falkland islanders, and not the "wishes" as required by Britain, the statement held out the possibility of improved terms for the islanders as part of any future deal with Britain.

The UN instructions to both countries in 1965 to enter into negotiations over the islands only mentioned consideration of the islanders' "interests," and not their wishes.

During the South Atlantic conflict last year, Argentina's military regime said that it contemplated the islanders' interests, and would continue to respect the islanders' British nationality and the dual nationality status up to the grandchildren of present islanders.

Yesterday's communique appears to be a feeler for British reaction. While it is marked by moderation and the call for new talks, the communique did also say that Britain's occupation was "illegal and forcible" and emphasised the "permanent will of the Argentine people and government to reverse that situation and obtain the restitution of the Malvinas, South Georgia, and South Sandwich Islands."

The anniversary of British occupation was also marked by a previously unknown nationalist group, the "Sovereign Fatherland Commando Unit," which damaged the English Tower, a clock tower in Buenos Aires given in 1911 by the resident British community to mark Argentina's centenary of independence.

THE TIMES

4.1.84

## Argentina offers Falklands guarantee

Buenos Aires (Reuter) - Argentina's new elected Government called on Britain yesterday to negotiate a peaceful transfer of the Falkland Islands to Argentine sovereignty and offered a special statute to guarantee the interests of their 1,800 inhabitants.

It is the first time Argentina has officially offered a special statute to guarantee the way of life of the Falklanders, most of whom are sheep farmers of British descent.

The statement - on the 151st anniversary of Britain's seizure of the islands - was Argentina's first policy statement on the Falklands dispute since the elected Government of President Raúl Alfonsín came to power three weeks ago, ending nearly eight years of military rule.

moreover...  
**Miles Kington**

## Now for the Galtieri Diaries

The festive period must have been ruined for many people by reading that General Galtieri was to be court-martialled on charges of murder, torture, etc. How could they do this to the ever-popular Moreover guest columnist? Luckily, our latest mailbag from the general shows that he is still in good heart, and still anxious to answer your questions and problems. Over to you, General!

**This court-martial, General. Is it really going to happen? And did you do all those things? Well, did you?** - J. R. of Shepherds Bush.

*General Galtieri writes:* Yes, my friend, this court-martial is really going to happen. But probably not in my lifetime. It is very important for the new government to announce a court-martial. To have a court-martial is not so important. In fact, it would be a mistake for the government, as it would give publicity to my book.

**What book?** - J. R.

*General Galtieri writes:* My friend, did nobody tell you? All big trials are merely preludes to a best-selling book. My book is to be called *The Galtieri Diaries*, with an introduction by Adolf Hitler. It is the inside story of the Malvinas War as I wrote it day by day from the highest level, but in the light of subsequent events much revision has been necessary.

Remember that in our country a court-martial is rather like the sacking of a football manager in your country. I am the Terry Neill of Argentina! You may be surprised to find that I know about your unfortunate Mr Neill, but I have a press cuttings service which gives me news from round the world about military matters. So naturally I am interested when I see a headline: "Gunners Lose Again: Heads to Roll". Believe me, I know what it is like for one's gunners to lose again. Chin up, Terry. At least you are not under house arrest.

**You haven't answered the other question. Did you do all those things?** - J.R. again.

*General Galtieri writes:* I would love to answer this, but alas it is *sub judice*. We have a saying in Argentina: a man is presumed innocent until he disappears. **What do you think about the news from Nigeria?** - S.K. of Totnes.

*General Galtieri writes:* Yes, tremendous, is it not? The first big news of 1984 is about generals taking over a country! It just goes to show that progress is still possible. Out with corrupt civilians - in with honest soldiers. A lesson for us all.

**You must have been asked this a lot recently, but what do you think of George Orwell's *Nineteen Eighty-four*?** - N.S. of Newcastle.

*General Galtieri writes:* I first read this under the misapprehension that it was a contemporary novel, and as such I found it a sober, plain account of Argentina at the time. Since being placed under house arrest I have come to see it differently and I now view it as a chilling forecast of the future. **What happens when you are placed under house arrest?** - K.M. of London.

*General Galtieri writes:* Your house is arrested and taken away, and when you come home, there is nothing there! No, seriously, it just means that you are given a guard to make sure nothing happens to you, which of course is a great relief.

**What did you get for Christmas?** - C.M. of Bath.

*General Galtieri writes:* Very domestic things - a new pistol, a medal-cleaning kit, a polo stick with concealed sword, etc. One funny thing happened which I must tell you about. My guard was opening all my Christmas presents for me, a matter of security, and he came to a copy of Dame Jonathan Miller's *Pop-Up Book of the Body*. Well, pop-up books were a new concept to him, so when he opened the pages and it popped up at him, his immediate reaction was to fire back, so he pulled his gun and shot the book dead! We now have Jonathan Miller's *Lie-Flat Book of the Body*.

**What are your resolutions for 1984?** - M.G. of Brighton.

*General Galtieri writes:* To move about very quietly. To look both ways when leaving the house. To spend a lot of time with my lawyer. And to be ready and available when and if the government should change hands. Meanwhile, a happy new year to all my readers, and keep those letters rolling in!

McMillan-Scott Associates Public Affairs

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# BRITAIN TO KEEP FORCE IN LEBANON

## Thatcher offer to Argentina

By **NICHOLAS COMFORT** *Political Staff*

**T**HE Prime Minister insisted last night that Britain could not withdraw its contingent from the multinational force in Lebanon until alternative arrangements had been made, preferably through the United Nations, to avoid wholesale slaughter.

Mrs Thatcher also indicated to the newly-elected government in Argentina that she was ready to lift the total exclusion zone around the Falklands the moment that it made clear that hostilities over the islands were over.

She voiced the belief that 1984 would be the year in which unemployment levelled off, stating: "The revival is starting and we want it to gather pace."

And she warned Britain's Common Market partners that if budget refunds promised were not paid by the end of March, further contributions to Brussels would be held back.

The Prime Minister gave her views in an interview with the newly-knighted Sir Alastair Burnet on Independent Television News.

Dressed in black, Mrs Thatcher appeared confident and determined as she answered questions which ranged from the prospects of a visit by her to Moscow—which she ruled out—to her views on who should attend the Remembrance Day service at the Cenotaph.

### *Danger of vacuum in Beirut*

She was questioned first on the Lebanon and the role of the 110-member British contingent there at a time when President Reagan is under increasing pressure to reduce the far larger American force which, is widely, seen as less neutral.

Mrs Thatcher hinted that she did not feel the multi-national force in its present form was entirely suitable to the task, but stressed the need for something better, rather than a vacuum, to take its place.

She also emphasised that any changes must be made in consultation with America, France and Italy and the United Nations, and said that Britain was making diplomatic contacts on the issue in New York.

"We have got to make alternative arrangements, particularly in the Beirut area, and the obvious thing is to get a better role and an extended role for the United Nations forces," she said.

These forces, under the name UNIFIL, have been stationed south of Beirut for some years, with a mandate to try to keep the peace in an area fought over by Palestinian guerrillas and regular Israeli forces.

"We must act together," said Mrs Thatcher. "We can't just come out of the Beirut area and leave a vacuum there."

"I remember how terrible it was before the multinational force went in."

"And if there was terrible slaughter again we should all feel very, very guilty indeed because we haven't made proper alternative arrangements."

Questioned next on the Falklands following the election of Dr Alfonsín as President of Argentina, the Prime Minister insisted that sovereignty was still not negotiable and that a government elected through the feelings of the people should be able to understand why.

No country, whether a dictatorship or a democracy, could lay claim to another's territory and then announce that there was a dispute, and she expected the new rulers of Argentina to respect the wishes of the islanders.

Mrs Thatcher went on to stress that there were "all kinds of things" Britain would like to discuss with Argentina such as the restoration of commercial relations and the resumption of diplomatic links.

"This could not possibly be done until they have said that the hostilities have ceased."

"As a return for that, naturally they would want the exclusion zone lifted. It is only there because we have a state of hostilities."

"We would like, obviously, to have more normal relations if they will."

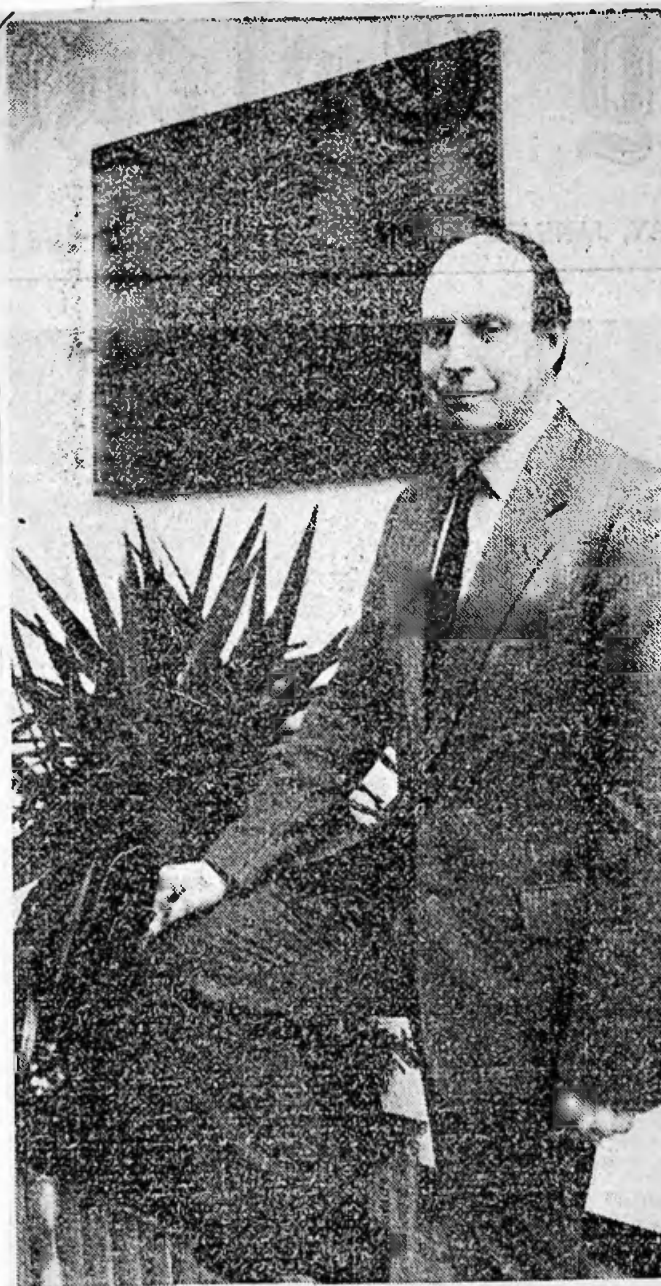
DAILY TELEGRAPH

5.1.84

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5.1.84



Mr Eric Varley, the former Labour Energy Secretary, arriving to take up his position in Chesterfield, Derbyshire, yesterday as executive deputy chairman of the Coalite Group, the solid fuel company which owns the Falklands Islands Company. Mr Varley has resigned as M P for Chesterfield where a by-election is pending.

DAILY TELEGRAPH

5.1.84

## A FALKLANDS FUTURE

THE NEW CIVILIAN, and let it be said, democratic government in the Argentine has lost little time in flying a small kite over the unresolved quarrel with Britain on the future of the Falklands. President RAUL ALFONSIN wishes it to be known that he wants to recover the "Malvinas" by peaceful means, seeks negotiations, and pledges consideration for the interests of the islanders. There is a sweetener of sorts: Buenos Aires will guarantee certain property and other rights to protect their way of life.

By no stretch of the imagination can it be said that Mr ALFONSIN, whose election ended eight ruinous years of military dictatorships, has come up with anything dramatically new on the Falklands. But it is his first formal move and the Foreign Office, while standing pat on the British position about never negotiating on sovereignty, etc, has promised to give it "careful study"—whatever that is. It is some 18 months since we rightly and properly and heroically went to war to preserve the way of life of the Falklanders, and it is now just possible to see how unsatisfactory is the present situation. It is an irritant to relations with Washington, as was underlined when President REAGAN authorised the resumption of arms sales to Mr ALFONSIN's new government. It damages long-term relationships with other Latin American countries. And at the present cost of some £650 million a year the Fortress Falklands policy can only but have a distorting effect on the defence budget.

Perhaps these costs will be reduced when the new airfield comes into use. Perhaps they will not, in which case maintaining large forces in the south-west Atlantic will be increasingly seen as Ruritanian folly. Mrs THATCHER has welcomed the so-called new dawn in Argentina, but she can surely be forgiven for harbouring some doubts about just how secure is the civilian hold over the military. Quite simply, no "solution" of the Falklands issue is on the cards right now. This should not hold up vastly improved trade relations, then firm diplomatic links, and then something a lot lot better than the desultory negotiating which marked the 20 or so years before the general's foolish and tragic grab.

## CAUTION ON FALKLAND OFFER

By DAVID ADAMSON  
Diplomatic Correspondent

THE Foreign Office reacted cautiously yesterday to an offer by the new Argentine Government to negotiate on the future of the Falkland islands.

A spokesman said that the text of the statement by the Foreign Ministry in Buenos Aires had not yet been studied, but it appeared to be based on the premise that there must be a transfer of sovereignty, regardless of the wishes of the islanders.

"British ministers have made clear that they stand by their commitment to the islanders and are not entering into negotiations about sovereignty," the spokesman said.

### Peaceful means

The Argentine statement commemorated the 151st anniversary of Britain's "illegal occupation" of the islands, which the Government vowed to recover by peaceful means.

It emphasised the importance given to the "interests" of the islanders and said they would enjoy all the democratic rights guaranteed by the Argentine constitution as well as special safeguards negotiated by Britain and Argentina.

The British position is that Britain wants a step-by-step normalisation of relations with Argentina. These include the restoration of full trade and economic relations and repatriation of the bodies of Argentine war dead.

## UK reacts coolly to Argentine call for talks

By Anthony Robinson

THE BRITISH Foreign Office yesterday reacted coolly to the new Argentine call for peace talks on the Falklands question. Senior officials promised to study it carefully, although first impressions were that the Argentine position concentrated too heavily on the question of sovereignty and too little on the wishes of the islanders.

"It appears that the statement is based on the premise that the outcome of any negotiations on the Falkland Islands must be the transfer of sovereignty to Argentina, regardless of the wishes of the islanders. British ministers have made clear that they stand by their commitment to the islanders and are not entering into negotiations about sovereignty," a Foreign Office statement said.

The latest Argentine initiative does not appear to have altered the British Government's view that at this stage the best way of improving relations between the two countries lies in limited practical steps such as normalisation of trade, economic and financial relations, allowing Argentine families to visit Falkland war graves under Red Cross auspices and repatriation of Argentine war dead.

Argentina is asking for a stop to construction of a military capable airport on the islands and the removal of the so-called exclusion zone around the islands, while offering guarantees that the interests of Falkland islanders would be guaranteed.

Hugh O'Shaughnessy adds: The cool British response is likely to be unpopular in Washington, where the Reagan Administration has been making efforts to repair the Anglo-Argentine relationship, trying to convince both sides that they had a common interest in re-establishing their financial and trade relations.

# PM in conciliatory mood towards Alfonsin

By Julia Langdon  
Political Correspondent

The Prime Minister last night indicated her readiness for talks about normal commercial relations with Argentina and about reopening diplomatic contacts.

In a wide-ranging interview with Sir Alastair Burnet for ITN, Mrs Thatcher adopted a more conciliatory tone than previously on future relations with Argentina.

She continued to insist that sovereignty over the Falkland Islands was not negotiable, but she said: "There is quite a lot to do and we would like obviously to have more normal relations, if they would."

She suggested that President Alfonsin, as a democratically elected head of state, should respect the wishes of others — by implication — Britain.

Talks could not take place until Argentina agreed that hostilities would cease, but Mrs Thatcher acknowledged that in

**"Nothing new" in Falklands overtures, page 5**

that event Britain would be ready to lift the Falklands exclusion zone.

Mrs Thatcher spoke optimistically about the economy in the coming year, but implied that some doubt could be cast over Britain's recovery if it

failed to secure the Common Market refund.

She also suggested that there should be attempts to achieve a greater understanding in East-West relations. She was not prepared to go to Moscow at present, but urged more visits to the West by Soviet leaders.

"Let's get them out and talk to them. I think the important thing now at this crucial stage in East-West relations to get a greater general understanding."

The exception to her generally pacifying approach was on the subject of the EEC refund. While not overestimating the importance of the default on

the £42 million due on January 1, Mrs Thatcher made plain that the £450 million due at the end of March was another matter.

In a characteristically aggressive manner she said: "We need the money. It is ours. It is due to us. It is promised."

The refund would be to assist the continuing British recovery which she suggested was on hand. There was a revival in parts of industry and she hoped that Britain would enter a period of regeneration later this year.

The country was now going through an interim stage but would soon enter the second phase of the current industrial revolution.

This would produce all kinds of jobs that did not exist previously and unemployment would then level off. She admitted, however, that there would be still more redundancies although insisting "the revival is starting and I want it to gather pace."

She had not sought any change in the existing arrangements for the annual ceremony at the Cenotaph to commemorate British war dead. It was only because of the wishes of the Social Democratic leader, Dr David Owen, that it had been proposed that all party consultations should be held.

Those talks were just starting and would have to be held with all the proper parliamentary authorities

GUARDIAN  
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WAR VETERAN: Forces entertainer Tassie Hamilton

## Falklands rejection angers trouper

By a Correspondent  
A VETERAN entertainer of troops since 1914 opened hostilities against the Ministry of Defence yesterday after being told she was too old to cheer up the forces in the Falklands.

Tassie Hamilton, a 74-year-old Australian-born comedienne who has entertained English, American and Australian soldiers in every major conflict since the first world war, said yesterday: "They don't know what they are talking about. None of them have ever seen me or my act. I'm fit enough to cope with the conditions down there and my material has never failed to leave the lads smiling."

Tassie, of Ripon, north Yorkshire, has appeared with stars such as Tommy

Trinder, Gracie Fields and Phyllis Diller. She first sang to the Australian and New Zealand troops as a child in the first world war. She still carried the shrapnel in her leg from a bomb explosion as she entertained the forces in New Guinea, in 1943, and then took her act to the Western Desert.

Mr Gordon Clark, the assistant head at the Combined Services Entertainment Organisation, which organises the Falklands shows, said: "There is no way that a lady of this age can be allowed to travel to the Falklands. It is a long and arduous trip and accommodation down there would not be suitable."

He added: "It's a different ball game now anyway: gone are the days of the White Cliffs of Dover.

I WAS just glancing through my copy of the Welsh weekly *Y Cymro*, when I read the astounding fact that President Raul Alfonsin of Argentina is Welsh. Well, partly anyway, because his great-grandfather Richard Foulkes was a Welsh emigrant to Patagonia in 1890, whose son Richard had a daughter, Anna-Maria, who married Senor Alfonsin, who ran the village stores at Chas Comus, and their son is Raul. So they look forward to the day when the Falklands issue will at last be resolved between two Welshmen, Neil and Raul.

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## Britain cool to Falkland proposal

By Rodney Cowton,  
Defence Correspondent

Britain reacted coolly yesterday to the Argentine proposal for a transfer of sovereignty over the Falkland Islands based on a special statute to guarantee the interests of the islanders.

The Argentine proposal, announced in Buenos Aires on Tuesday, was the first official policy statement on the Falklands by the new Government of President Raúl Alfonsín.

In an official statement the Foreign Office in London said it had not yet seen the text of the Argentine Foreign Ministry's statement, but when received it would be studied carefully.

"It appears that the statement is based on the premise that the outcome of any negotiations on the Falkland Islands must be the transfer of sovereignty to Argentina, regardless of the wishes of the islanders.

"British ministers have made clear that they stand by their commitment to the islanders and are not entering into negotiations about sovereignty," the Foreign Office said.

In the British Government's view, the way ahead for Anglo-Argentine relations should be to start in practical areas in which agreement should be possible. These could include the normalization of trade and economic relations, repatriation of the Argentine dead, and visits by next of kin.

● **Buenos Aires:** The Argentine proposal came in a message released by the Argentine Foreign Ministry to commemorate Britain's seizure of the Falklands on January 3, 1833. The government has sent a similar message to Senor Javier Pérez de Cuéllar, the UN Secretary-General (our Correspondent writes).

The statement also announced Argentina would agree to a "special statute of guarantees and safeguards" for the approximately 1,800 Falkland Islanders.

## British cool to overtures by Argentines

By Andrew Graham-Yooll

Britain yesterday played down the new Argentinian Government's first formal overtures on the Falkland Islands dispute. A Foreign Office spokesman said Argentina's apparent moderation in its hint on Tuesday of increased guarantees for the islanders' interests contained nothing new.

But Britain's indifferent reaction coincided with indications in Buenos Aires that Argentina planned even greater moderation in its search for ways to renew negotiations on the disputed islands.

Argentine foreign ministry officials said that mention of Argentina's claim to sovereignty over the islands could be dropped — though the claim remains — until well after bilateral contacts had been established.

The Foreign Office yesterday awaited a copy of the Buenos Aires statement, issued on Tuesday to mark the 151st anniversary of British occupation of the Falklands.

The Argentinian statement reiterated its claim to the islands but offered the islanders improved guarantees under "democratic principles."

Argentina and Britain have each indicated their desire for better relations since the October 30 election that took President Alfonsín to office. But both want to approach the improvement from different stances.

Britain, which appears to prefer to keep the issue out of public debate at present because it offers little political advantage to the government, wants improved commercial relations with Argentina to be kept separate from the Falklands dispute. For Buenos Aires the two are inseparable.

President Alfonsín's administration has tried to operate on two levels. While he has publicly asked Britain to make a gesture towards negotiations — by reducing further the 150-mile protection zone around the islands, and freezing work on the new Stanley airport — the foreign ministry is thinking of more moderate progress.

"The exchange of messages between Mrs Thatcher and President Alfonsín on December 10 was merely a step taken, which did not amount to progress. But progress is made step by step," a senior official

at the Foreign Ministry in Buenos Aires said.

"For Argentina, the next step could be that both sides express a wish for talks, with no gestures asked, and no concessions. From that expressed wish we would hope that we would look for a way to move towards a table for talks."

Britain waived financial restrictions on Argentina to facilitate international banking negotiations on Argentina's foreign debt; while Argentina did not release British investment from restrictions imposed during the war until almost a year after.

Britain has also reduced the 200-mile exclusion zone to a 150-mile protection zone, and offered to return the dead and give access to next of kin. For the time being, it is thought that Britain has given all it can without risking political controversy at home.

Mrs Thatcher told the Commons on November 1 that Britain "will be prepared to consider better economic and commercial relations . . . As to sovereignty, the Falkland Islands are British. . . . The House has regarded the touchstone (of sovereignty) as the wishes of the islanders. They, too, have a right to self-determination. . . ."

The islanders' "wishes" as recognised by Britain, and "interests," as admitted by Argentina, are the main stumbling block in past and future negotiations.

So while Argentina is offering the utmost moderation for an approach to talks, it is also planning to keep up pressure on the issue of the islanders' status. For this it is expected to seek greater support from the United States, and from the EEC members which seek better links with Latin America, in putting pressure on Britain to negotiate. What kind of pressure is sought was not spelled out by the Argentine officials.

# Falklands: a half-measure solution

by Sir Philip Goodhart

"Today brings new hope to your country," said Mrs Thatcher in a message of goodwill to Raúl Alfonsín, when he assumed the presidency of Argentina. "Where there's a will, there's a way", replied the new president. But the problem of the sovereignty of the Falklands remains.

There can be no doubt of President Alfonsín's personal commitment on sovereignty. During General Galtieri's invasion of the Falkland Islands, Raúl Alfonsín described the operation as "an illegitimate act, by an illegal government in a just cause". On the day that he took office, President Alfonsín declared: "Our undeniable object is, and will always be, the regaining of the islands and the definitive confirmation of the right of our nation to its sovereign territory." Meanwhile, our Prime Minister and Foreign Secretary have made it plain, in public and in private, that the sovereignty of the Falklands is not negotiable.

One of the guests at President Alfonsín's inauguration was President Belaunde Terry of Peru. The Peruvians have shown some interest in the concept of a partitioned sovereignty for the Falklands. They have noted that inhabitants of the Falklands are largely concentrated in the East Falklands, while the West Falklands and the adjoining islets are almost entirely uninhabited. Partition would involve the abandonment

of the Argentine claim to sovereignty over the East Falklands, while we would accept Argentine claims to sovereignty over the West Falklands.

The basis for this suggestion of a partitioned sovereignty is simple enough. No British government could lightly abandon the Falkland Islands, and no Argentine government can drop its national claim to the islands. Both countries have invested too much emotional capital in the islands to give any credibility to legal haggling over old claims and counterclaims.

Clearly, the arrival of Argentine forces to occupy the West Falklands would add to the problems and the dangers in the South Atlantic, but in an interview that he gave to *The Observer*, President Alfonsín revived the idea of a leaseback, and any recognition of Argentine sovereignty over the West Falklands would have to be accompanied by a leaseback arrangement for a transition period. At some time during that transition period, the Argentine flag could be flown in the West Falklands, or West Malvinas, and a handful of Argentine administrators could be added to the very small staff needed to oversee the empty island.

In order to ensure that some future Argentine government did not use a partition agreement as a springboard for renewed claims to the rest of the Falklands,

the British government could ask President Alfonsín's administration to put any agreement to the Argentine people in a referendum, in order to show that it was acceptable to the majority and not just to one set of ministers. In France, in 1961 and 1962, two referendums effectively removed the Algerian issue from French politics, and an Argentine referendum on the Falklands might have a similar stabilizing impact.

The division of sovereignty, combined with temporary leaseback of the western half of the islands, could then provide a platform for negotiations about fishing rights and mineral rights under the sea - matters that can properly be settled by negotiation, while the issue of sovereignty cannot.

Under the heading "Moral of the Work", Winston Churchill wrote at the beginning of his *History of the Second World War*: "In war: Resolution. In Defeat: Defiance. In Victory: Magnanimity. In Peace: Goodwill." President Alfonsín's inauguration marks the final victory of Mrs Thatcher over the junta. British discussion of the concept of a partitioned sovereignty for the Falklands could be interpreted as a gesture of magnanimity and goodwill.

*The author is Conservative MP for Beckenham.*

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DAILY  
TELEGRAPH  
3.1.84

## APPEAL OVER FALKLANDS WRECKS

By A. J. McILROY

**T**HE Falkland Islands Foundation has paid tribute to voluntary work by the Armed Forces in protecting unique wildlife and sites of historical importance in the islands.

But the foundation said it still needed financial help from the public to pursue its task as a charity to safeguard these special interests, particularly wildlife and off-shore wrecks.

Servicemen were collecting insects for the British Museum, were helping with an international bird survey, were reporting sightings of great whales, and were helping to establish a properly controlled culling programme to help the South Georgia reindeer herds survive.

Sir Peter Scott, chairman of the foundation, said: "The co-operation of the Armed Forces is invaluable.

### Appeal for members

"But our hope is that people in Britain will become members of our foundation, founded in 1979, to help finance the conservation and education work still desperately needed."

Wrecks had survived because the islands were isolated and free enough from pollution to be ideal for preserving wooden ships, Sir Peter explained.

"But decay is at last catching up with them, and they are now just as threatened as the islands' wild life," he added.

"The ships are mostly survivors of the great trades which flourished during the last century with the west coast of South America. Many failed to survive the voyage, and instead of braving the westerlies around Cape Horn limped into the Falkland harbours, which became the world's largest nautical graveyard."

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GUARDIAN

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## Doubts over sovereignty sunk in the Falklands

Sir, — You report that Baroness Young claims that "successive British Governments have made it clear that they have no doubts over our sovereignty of the Falklands" (Guardian, December 14). That this is untrue is demonstrated by the documents suppressed by the Government and whose withdrawal prompted the question to which Lady Young gave the above reply. Two brief examples must suffice:

Between 1910 and 1930, British policy was based on a 17,000 word Foreign Office memorandum which cast serious doubt on the validity of Britain's claim. The view of the then head of the Foreign Office's American Department, who commissioned the memorandum, was

that "it is difficult to avoid the conclusion that the Argentine government's attitude is not altogether unjustified and that our action has been somewhat high-handed."

The head of the same department in 1936 went further: "The difficulty of our position is that our seizure of the Falkland Islands in 1833 was so arbitrary in procedure as judged by the ideology of the present day. It is therefore not easy to explain our possession without showing ourselves up as international bandits."

The government may have suppressed the papers, but the results of academic research — from which the above examples are taken — is still available, most notably in the findings of

John Beck of Kingston Polytechnic, which appear in the Journal of Inter-American Studies and World Affairs of February 1982. It is abundantly clear that the Foreign Office, at least, has entertained serious doubts on the sovereignty issue, and it has certainly been unwilling to test its case in the international courts. The only conclusion that one can draw is that the government is engaged in a systematic attempt to disguise the facts in this case; and one is bound to ask how far the government is doing the same over other aspects of the Falklands War (in particular over the Belgrano). — Yours faithfully,  
Neil Schofield,  
Northwood,  
Middlesex.

G22/184

## EEC and Efta bring down most of their tariff walls

9  
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GWR

Brussels: Western Europe's two main economic groups yesterday became the world's largest free trade area for industrial goods after abolishing almost all remaining tariffs between them.

With temporary exceptions for three states, the European Community and the seven countries of the European Free Trade Association (Efta) now form an industrial market for more than 300 million people.

Final tariff cuts at midnight, referring mainly to paper and paper products, mark the end of a decade of efforts by Efta and the Community to scrap bilateral import duties on industrial goods ranging from steel to textiles.

Apart from some types of processed food, the new accords exclude trade in agri-

cultural produce. The new 17-nation zone includes all the main industrial countries of Western Europe except Spain, which had applied for Community membership. Efta comprises Austria, Iceland, Norway, Portugal, Sweden, and Switzerland, with Finland as an associate member.

In 1982, trade between the two blocs was valued at about £73 billion. The Community accounts for about half of Efta's trade, while Efta is a more important export market for the Community than the United States and Japan combined, according to European Commission figures.

Most Efta states signed free trade pacts with Brussels in July, 1972. Since then, Efta's exports to the Community have grown faster, and its imports

more slowly, than its trade with the rest of the world.

Both sides have hailed the decision to cut tariffs as coming despite world recession in recent years and trends towards protectionism.

From today, only Efta members Portugal and Finland and the Community's 10th member, Greece, retain tariffs on industrial goods in the new trading area.

Finland, which signed its free trade pact with the Community a year after most other states, has until the end of this year to phase out remaining tariffs.

For Greece, which joined the Community in 1981, transitional accords govern trade with Efta until the end of 1985. Most Greek exports apart from iron and steel goods now enter Efta duty free. — Reuter.

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# Argentina offered to buy Falklands in 1953

By Peter Hennessy and David Walker

An attempt by the Argentinian dictator, Juan Peron, to buy the Falkland Islands from the British Government in 1953 is revealed in secret Foreign Office papers declassified today under the 30-year rule.

The bizarre effort to solve the already longstanding Falklands sovereignty dispute was made when Peron's special envoy to the Coronation invited the Foreign Office officials to a private meeting in the Park Lane Hotel, London.

Rear-Admiral Alberto Teisaire, acting president of the Argentine Senate, claimed at the meeting that there was a precedent for the sale in the destroyers-for-West Indian bases deal concluded between Washington and Whitehall in 1940. But Lord Reading, Under Secretary at the Foreign Office with responsibility for Latin America, ruled out the claim and told Admiral Teisaire the

Churchill Government would fall if it concurred.

A note of meeting taken by Mr (now Sir) Roderick Barclay, a Foreign Office Under Secretary, records:

After a few preliminaries, the Admiral said that he wished to bring up the question of the Falkland Islands. His Government had received hints from a number of different quarters that HM Government might be glad to discuss this matter, which had long affected Anglo-Argentine relations. The Argentine Government wished to see Anglo-Argentine economic relations put on a firm long-term basis, and their proposal was that, as part of some long-term arrangement, HM Government should surrender all their rights and claims to the Falkland Islands. He did not see that there should be any great difficulty about this, since we had sold a number of islands to the US government (We here pointed out that if he was thinking of the US bases in some of the West Indian Islands this was an entirely different matter).

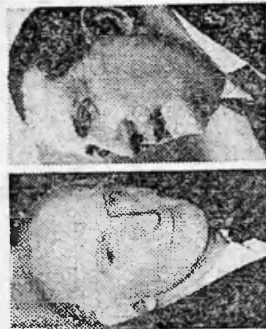
the public, and the Government would certainly be overthrown.

Sir Roderick, whose son-in-law, Mr Andrew Palmer, heads the present-day Falkland Island Department in the Foreign Office, was greatly amused by the revelation of the meeting, which he had forgotten: "I cannot say that I think we took it very seriously", he said.

Admiral Teisaire cut a rather pathetic figure, as Mr Kenneth Pridham, head of the Foreign Office's American Department, noted at the time: "The Admiral's major mistake was coming not only without a uniform but without any decorations at all."

"The result was that at the major functions he looked unhappily like a rather inferior waiter."

On a more serious level, fears entertained by the British Embassy in Buenos Aires since 1950 that Peron was employing



Lord Reading (left) and Admiral Teisaire

Lord Reading replied that as far as the Falkland Islands themselves were concerned our position was quite clear. The inhabitants of the Islands were British, and if a plebiscite was held they would vote practically unanimously to remain under the British flag (The Admiral agreed that this was probably true). Lord Reading said that in the circumstances it was inconceivable that any British Government should consider the sale of the Islands. If they were to do so there would at once be a tremendous outcry from

Nazi scientists to build an atom bomb finally receded in 1953.

Brigadier C D T Wynne-Pope, British Military Attaché in Buenos Aires, learnt from an Argentine informant that the atom plant was being dismantled.

there were three outbreaks of tension between Britain and Argentina in 1953. At the beginning of the year, the Argentines sent sledges through the Antarctic snow to rename a British base of the Wedell Sea "Eva Peron Bay".

In May and June, Sir Miles Clifford, Governor of the Falkland Islands, was concerned that growing unrest in Argentina might prompt Peron "to seek external adventures".

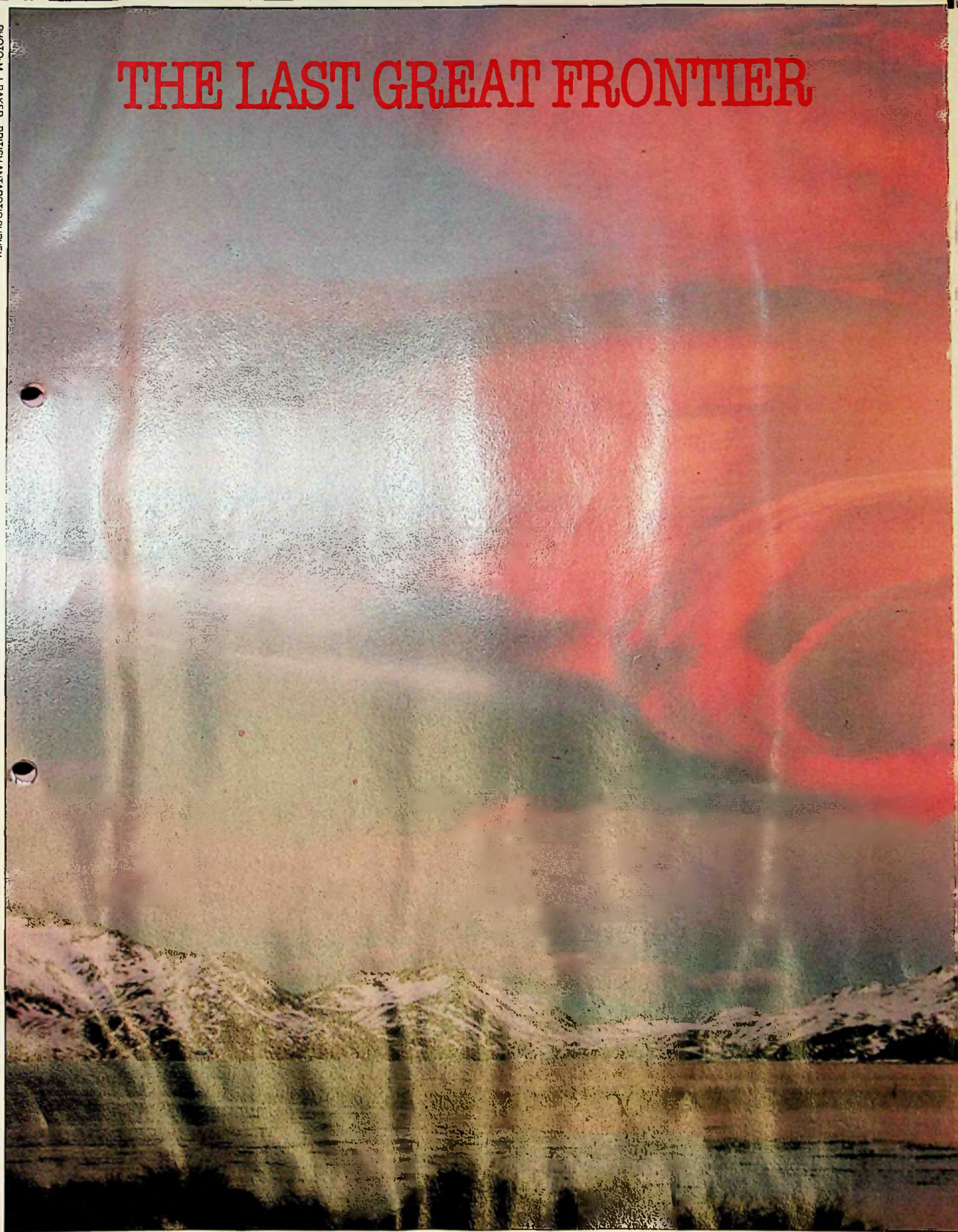
And in December, a threat to Dundee Island, another Falkland Islands dependency in the Antarctic, prompted the chiefs-of-staffs to review British military capability.

Documents released, page 2



# THE LAST GREAT FRONTIER

PHOTO: M. J. BAKER - BRITISH ANTARCTIC SURVEY





## CLIFF MICHELMORE reports on efforts to unlock the frozen treasures of the South Pole

**G**reat God! This is an awful place": Captain Robert Falcon Scott, *Journal*, 17 January 1912. Ten weeks later, the severity of the Antarctic weather, sickness and lack of food had claimed the lives of Scott and his party who had been beaten in their race to be first to the South Pole by Amundsen. "Had we lived," he wrote, "I should have had a tale to tell of the hardihood, endurance, and courage of my companions, which would have stirred the heart of every Englishman."

As a boy I read every word of Scott's *Last Expedition*, since when that strangely remote end of the world has been a source of fascination for me. I have never wanted to go there, but I understand those who do. "A great desert stretching away forever, ice, a howling wind tearing along at a hundred miles an hour across a vast and unspoiled wilderness" was how it was described to me. That was what made me understand the attraction and the challenge for those who know it well, and spend their lives probing its still deep-frozen secrets.

Ever since the International Geophysical Year brought the Antarctic to world attention in 1957-8, people have been wondering just how long that continent would keep its secrets. Here is the fifth largest continent in the world, the coldest, the last to be discovered, the highest, with the world's largest coalfield and the greatest collection of meteorites anywhere on earth, but it remains the continent about which we know least.

The British have been active down in the South Atlantic and Pacific ever since Captain Cook's circumnavigation in 1772-75. Then came Ross, Scott and Shackleton, but the foundation of modern scientific research began, perhaps, with the Royal Navy operation "Tabarin" 40 years ago, and today is carried out by the British Antarctic Survey (BAS).

Late last summer I was standing near the control tower at Biggin Hill airport, south of London, watching a de Havilland Twin Otter, the colour of a blood orange, going through its test flights in preparation for its migratory flight with its two companions south to the Antarctic.

Summer in that part of the world comes in November and lasts until March, at which time the Royal Research ships *John Biscoe* and *Bransfield* will be bringing supplies and reliefs, the Twin Otters will be flying into the more remote stations, laying depots, moving men and equipment. The temperature will be just below freezing at the coast, dropping to  $-30^{\circ}\text{F}$  on the plateau.

"When I first went out to the Antarctic my bunk was under the chart-table, so every time the course was plotted I got a boot in my ribs. Life is more comfortable now. Hot and cold water in pre-fabricated two-block bases which can hold a dozen men. It is not so tough these days," one Cambridge-based scientist of BAS told me. I nearly believed him until I saw the

*The South Pole - a wilderness on top, but untold wealth below?*





*The silent, spectacular beauty of the terrain disguises the bleak power of a vicious climate.*

photographs of men in voluminous white suits collecting samples from ice-bergs, and another wrapped, hatted, booted, gloved whilst negotiating a crevasse in a glacier. They make you shiver just to look at them.

But as they probe away in the deep south, around a table in Washington DC a group of diplomats and scientists have gathered to consider the future of the Antarctic and what to do about everything that lies beneath the vast ice-cap south of latitude 60°S. "The Gold Rush for South Pole Wealth", "The Great Ice Treasure Hunt" and "Another Middle East in Antarctic?" read the headlines. The accompanying stories, however, are more cautious. Qualifying words and phrases abound: "possible discoveries", "maybe vast deposits", "could be the source of gold rivalling the Klondike, and South Africa". Those who know the continent are, it must be said, far more cautious, although one did offer the thought that "when the good Lord created the earth, you do not think He left out the Antarctic, do you?"

Ever since the successful scientific co-operation everyone experienced during the International Geophysical Year, the twelve nations involved have pledged themselves to continue to promote scientific and technical research, on a co-operative basis, for peaceful purposes only. So the Antarctic Treaty (1961) which followed effectively declared the area south of latitude 60°S a "non-military zone". The territorial rights and claims of seven countries - Australia, France, Norway, Argentina, Britain, Chile and New Zealand - were held in abeyance, as was the equally contentious prob-



lem of who should control what resources under that vast ice-cap.

The whole question of what is known as the "Minerals Regime" is now under discussion in Washington. It is a question with many complications. No one doubts that there is, deep under the ice, a vast storehouse of the earth's resources. Nickel, cobalt, platinum, manganese, uranium and tin mineralisation have been recorded in the Dufek Massif; hydrocarbons are on the continental shelf at the head of the Weddel Sea and the Bellingshausen Sea; coal is in the Theron Mountains and tracts of porphyry copper and molybdenum are often quoted in reports and surveys.

Much of it, however, is hidden, a mile or more under the surface, and "we do not know what is really there, nor how much, nor in what sort of condition or quality - in short, we have not enough information in hand and we won't have for a very long time," one expert tells me. One problem is that the research results which reveal that sort of information could be commercially valuable and therefore be classified, if that is not too strong a word, "confidential" or "sensitive".

One school of environmentalist thought is that the whole area ought to be left untouched as a World National Park; another that the Antarctic is so ecologically fragile and important that there should be research but no exploration or prospecting let alone any exploitation, and a third, from a consulting geologist, that the whole notion of extracting anything useful is totally impractical: "It will cost a fortune to get at any minerals or hydrocarbons. It will cost a bigger fortune to get them out and then you have to transport them through ice bergs the size of small countries like Wales."

I found few to agree with that long term view that any resources would be unexploitable and so protected by their own inaccessibility. Some considered that the commercial exploitation would be extremely costly in the short or mid-

term but pointed out that new methods were always being discovered. "They said we could not get oil and gas out of the North Sea but we did," said one oil company man. What I found interesting was the fact that hardly anyone was willing to be directly quoted and I had the feeling that if they knew anything about even the *potential* riches of the south they were not going to tell me, or you.

Meanwhile the talks go on in Washington as they have in Canberra and Bonn and all round the world. The Third World countries are viewing the Antarctic Treaty powers with suspicion; the Antarctic Treaty powers are divided between those who want the territories to which they claim and the mineral rights that go with them; Russia is accused of wrecking previous talks by claiming the environment is too fragile for any exploration, and Greenpeace and Friends of the Earth are dismissing accusations that they are showing excessive concern: "We have seen it happen before and it will happen again - that we bring these dangers to everybody's attention after the damage has been done."

Should there ever be any oil production in the Antarctic, the thought of a major accidental oil spill in this delicately balanced environment does not bear thinking about: "There will be no bio-degradation down there," admits a scientist, "none."

Will that southern ice keep the cap firmly on the head of that "could-be-maybe-perhaps-possible-potential" treasure-trove? Will there ever be a political resolution to the problem of the Antarctic's wealth, if wealth there be?

In the Antarctic and Washington there are those who, at this moment, are trying to find answers to those questions and a few others I have not had time to raise. But they will do to be going on with.

*A glaciologist collecting ice samples.*

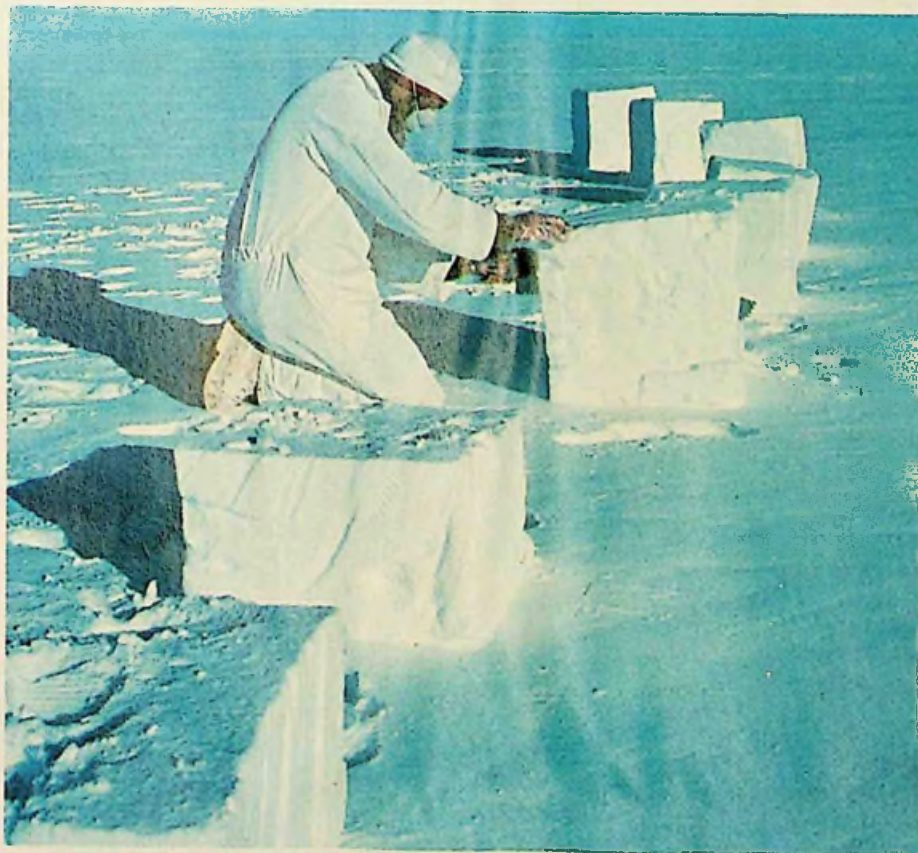


PHOTO: M. VALLANCE - BRITISH ANTARCTIC SURVEY