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High Noon in the Falklands

Time is slipping away from us," said Alexander Haig. But the Secretary of State shuttled on last week, plying the skies over the Atlantic in search of some compromise that might stop Britain and Argentina short of war over the Falkland Islands. After 22,000 miles on circuit between London and Buenos Aires, Haig paused in Washington to take stock with President Reagan—then returned to his VC-137 jet and flew off once again. As he trudged back into his hotel in Buenos Aires, a reporter shouted: "Mr. Secretary, is this your last chance?" Muttered Haig: "Never say that."

Haig was gambling his prestige on resolving a colonial feud that looked less absurd and a good deal more dangerous as Britain's armada steamed ever deeper into the South Atlantic. In Buenos Aires Haig urged President Leopoldo Galtieri to withdraw his occupation army from the Falklands. In London he pressed Prime Minister Margaret Thatcher to turn back the royal battle fleet bearing down on the islands. He suggested formulas for installing a temporary island government organized by the United States or United Nations while London and Buenos Aires haggle over the sovereignty of the Falklands. During intense negotiations in Buenos Aires, Haig offered a "new idea." When the Argentines balked, Haig packed his bags, threatened to leave—then stayed when the Argentines agreed to further talks. But both Thatcher and Galtieri still refused to back down publicly—or to allow the other's flag to fly over the Falklands.

The Reagan Administration portrayed

itself as a scrupulously evenhanded peacemaker between Britain and Argentina. When news leaked out that the United States had passed intelligence to Britain, Haig protested that U.S. ties with both sides had kept to "customary patterns of cooperation." The Administration supplied the Argentines with satellite weather information and on at least one occasion warned the military government that one of its ships might be within range of a British sub. The British tacitly approved of that intelligence handoff, and the Administration insisted

Neither side wants a shooting war, but jingoism and political machismo could still overwhelm diplomacy.

that it was only trying to keep the two navies apart. Even so, in both Britain and the United States there was a growing feeling that Washington was being far too evenhanded—at the expense of its oldest ally.

Haig's best hope was that the spirit of compromise might brighten when Thatcher and Galtieri stare down one another's gun barrels. By late last week most of the British fleet had passed Ascension Island, 4,500 miles northeast of the Falklands and more than halfway to a 200-mile "military exclu-

sion area" patrolled by the British submarines. To bolster a second-wave attack, Britain recommissioned the assault ship Intrepid and requisitioned eight additional civilian vessels to ferry jet fighters, mine-sweeping equipment and hospital facilities to the islands. Argentina built up its defenses on the Falklands and sent troops to South Georgia and the South Sandwich Islands to the east. The Argentine Navy sent two small patrol boats to flout the war zone in a sprint to the Falklands—and ordered most of its war fleet back out to sea.

Deficit: If Thatcher and Galtieri manage to avoid a shooting war, the rising price of their showdown might force a compromise. The Falklands crisis has swelled Argentina's budget deficit by at least \$50 million, hampered the country's exports and dried up the international loan market. Minister of Economy Roberto Alemann went on television to try to slow a run on banks by depositors worried that the cash-hungry government might freeze private accounts. "We are not in a war-economy footing because we are not at war," Alemann assured Argentines. At the same time, the crisis has sent the British pound plummeting to a four-year low against the dollar. It could cost Britain as much as \$200 million in exports to Argentina and threatens to break Thatcher's defense budget under the burden of a prolonged naval operation some 9,000 miles away.

Haig's shuttle was the only vehicle keeping negotiations in motion. After his first session in Buenos Aires early last week,

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