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# Callaghan calls Falklands pact feasible

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London—A lease-back arrangement with Argentina for the Falklands Islands is still possible, if the islanders consented and a democratic government achieved power in Buenos Aires, former Prime Minister James Callaghan said yesterday.

Speaking on a BBC television show, Mr. Callaghan said: "If the junta goes and a democratic regime takes over, it might be possible to revive the idea of a lease-back. Otherwise we are just going to have a military base of no particular value and it is going to cost a tremendous amount of money. The islands cannot thrive unless they live in a state of some amity with the Argentine."

Proposals for Britain to cede the islands to Argentina under a long-term lease-back were rejected in 1981 in the islands and in Parliament. Sources who were recently in the Falklands with Prime Minister Margaret Thatcher said yesterday that the island inhabitants are more determined than ever to remain British and have "no truck" with Argentina.

It is unlikely there will be any change in attitude in the foreseeable future, the sources said, asserting that with the British commitment to the islanders' wishes, the only present alternative is to maintain the present "Fortress Falklands."

If Argentina formally terminates hostilities, Britain is prepared to discuss economic cooperation between the islands and the mainland, but

there are no prospects for discussing sovereignty, the sources said.

For Argentina, however, sovereignty remains the only issue worth talking about, for economically the islands need the mainland far more than vice versa.

Government sources said yesterday that the Defense Ministry is "taking seriously" American television reports that Argentina is preparing a harassment campaign against the British forces in the Falklands. The Foreign Office refused to comment on the report, but sources said that even though British forces are on constant alert, there is little to prevent a commando force from landing in a remote area, planting a flag and taking pictures.

Their stay would be brief, however, once they were discovered, the source said.

It was suggested that the report originated in an Argentine campaign to maintain psychological pressure on the British and to reinforce Argentina's "macho" image of itself.

Former Secretary of State Alexander M. Haig Jr., arrived in London yesterday on a private trip and said the Falklands conflict was "worth while" because "the rule of law has been maintained."

Mr. Haig said it was "one of the vicissitudes of the world" that American intelligence agencies had not known in advance that the Argentines would invade. "Did you know that Mount Vesuvius was about to erupt?" he asked, asserting that U.S. intelligence did a good job during the crisis.

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