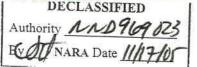
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EMBASSY OF THE UNITED STATES OF AMERICA

Port Louis, Mauritius



OFFICIAL-INFORMAL SECRET

James K. Bishop, Jr., Esquire Department of State (AF/C) Washington, D. C.

Dear Jim:

REE DEFY STUP- NO I appreciate your sending me a copy of Phil Hilbert's letter to Dave Newsom commenting on our A-246. While I am sure your draft reply will effectively dispose of the various arguments he raises, I would like to comment on several aspects:

Phil's letter confirms the two main points which prompted our airgram. First, the Department of Defense was ignorant of the number and nature of the population of Diego Garcia when the basic agreement with the UK was concluded, and in the intervening years DOD has not clarified in its mind the actual position. Second, DOD acknowledged its responsibility for the removal of the Ilois by payment of \$14 million to HMG; Phil makes plain that subsequently the USG has done little or nothing to assure that HMG properly dispensed that money or manifested interest in seeing that the Ilois were justly compensated.

On the first point, it is of course absurd to state that there "was no connection except by happenstance between Mauritius and any of its related islands ... no ethnical or geographical relationship whatever..." or to imply that Diego Garcia had "no fixed population." While we have done no deep research into the history of the Diego population, there is no question that the island has been inhabited since the Eighteenth Century. A "large and costly" British naval expedition caused the return to Port Louis of Franch planters back in 1786 (see the enclosed extract). Suffice it to point out that Article 20(4) of the Mauritian Constitution confers citizenship on all persons born

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on Diego before November, 1965. Persons in this category and their Mauritian-born relatives probably constitute the 1000 Ilois who have ended up in Mauritius.

On the second point, I don't think any lawyer will agree that the USG can fully satisfy its responsibility to the Ilois simply by giving the British \$14 million. One would hope that at the outset, the USG had had some idea of how the British proposed to use the money and would follow-up to see that equity was done. Phil himself implicitly acknowledges DOD's failure in this regard when he states that "We have also been seeing the British at least appearing to renege on the agreements that were reached with them." That is precisely the point of our exercise: The USG should make sure that the British do an adequate job of compensation. Although HMG has built an airfield in the Seychelles, no one has "built...airfields in Mauritius" since 1965 nor are there any HMG-aided projects that can be identified with the sale of Diego. Here it is generally believed the GOM received only Rs. 40 million in a forced sale. The Rupee equivalent of \$28 million is about 140 million. We have heard that a disproportionate amount of our total payment was devoted to the Seychelles airfield.

Per your earlier letter, we shall continue to report on this subject - without, of course, making "substantial trouble" for Phil, or his associates, in Mauritius. Hank's letter of January 5, 1971, indicated Dave Newsom wanted us to follow these matters. I leave it to your, and his, discretion whether to show Dave this letter.

With warm regards.

Sincerely.

William D. Brewer

Enclosure:
As stated

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