



A DIGEST OF NEWS AND VIEWS ON BRITAIN'S ECONOMY  
AND OUR ROLE IN OVERSEAS TRADE AND PAYMENTS

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## THE COMMONWEALTH INDUSTRIES ASSOCIATION

The Commonwealth Industries Association has had a long and honourable history, stemming back to the last century. The British Empire League was founded in 1895 and the Empire Industries Association in 1926. The two organisations were amalgamated in 1947, the name changed to Commonwealth Industries in 1961 and became a Company limited by guarantee in 1967.

In common with many other organisations the Association has, for the past few years, suffered from a diminishing income, while costs of everything have soared. Over the years many loyal supporters have died, others have retired and some of our industrial supporters have either reduced the amount of their donations or ceased them altogether. Efforts to recruit new supporters and additional sources of finance have met with discouraging results, many expressions of good will but little in the way of financial support. This fact, coupled with rising costs in every aspect of the Association's work have brought about a situation where our continued activity has virtually become impossible. For the past twelve months the Association has been running on an overdraft which now has to be repaid.

Fortunately the Association has some invested funds which, when realised, will enable all outstanding liabilities to be met.

In these circumstances the Council of the Association has very reluctantly decided that activities should cease as from 31st March, 1977. From this date the Council will cease trading with a view to closing down finally in twelve months time.

This has been done in order to give an opportunity for those, including our Treasurer, Mr. Campbell Voullaire, who have been active in attempting to raise funds to enable the Association to be put on a sounder financial basis, to complete their investigations. If these negotiations should prove successful proposals will be formulated to make it possible to reorganise and reactivate the Association in a new form, more in line with the requirements of the present situation.

One aspect of the Association's activities which will be maintained is the publication of the quarterly journal **BRITAIN AND OVERSEAS**. In spite of all the difficulties the circulation of the journal has been increased by nearly 200 in the past twelve months. Subscriptions do not, of course, cover costs of publication, but arrangements are being made for the journal to continue publication by agreement with the Trustees of the Overseas Trade Research Fund which will finance the journal, at any rate for a period of twelve months, under their auspices as part of their educational work.

It would be fitting to pay a tribute to our President, Sir John Reiss, to our Director, Edward Holloway, and to the memory of the late W. A. Wells

who was previously the Director of the Association. Also to recognise the loyal and devoted service given by Miss H. V. L. Packer as Secretary of the Association. She has given many years of work for the Association which has only been able to meet a very modest payment.

31.3.77.

NEIL MARTEN

Chairman

Commonwealth Industries Association

## FINANCING TRADE WITH THE USSR

A revealing interchange on the subject of trade with Russia took place during Question Time in the House of Commons on 21st March 1977. Mr. Peter Blaker asked the Secretary of Trade how much of the Anglo-Soviet line of credit of £950 million arranged in 1975 had been taken up at the last available date. A similar Question was asked by Mr. Hooley who wanted to know what major contracts have been secured by British companies for the supply of goods and equipment and the aggregate total of these contracts.

Mr. Edmund Dell, the Secretary of State for Trade replied that signed contracts concluded within the terms of the Anglo-Soviet Agreement in 1975 total £168 million. He went on to say that other major contracts are under negotiation and that he had every expectation that more contracts will be concluded. He pointed out that it is not customary to identify the contracts placed under this agreement.

In a supplementary question Mr. Blaker asked if the Secretary of State was aware that the distinguished Soviet exile, Andrei Amalrik had made the point that, by transferring resources to the Soviet Union by means of generous credits of this kind, the West is helping the Soviet Union to maintain its police state. Mr. Dell replied that we are simply competing with credits given by other Western countries. He added that it is necessary to do this if we are to get the business with the Soviet Union and it is our wish to build trade with them. That, he said, seems to us to be a right objective.

The matter was summarised by Mr. Winston Churchill who asked—can the Secretary of State confirm that not one penny of profit will accrue to Britain under any contract placed as a result of this line of credit? Furthermore, can he deny that approximately 50 per cent of the total production costs of anything that the Soviets purchase under this agreement will be footed by the British taxpayer?

Mr. Dell replied that he could not confirm either of the facts which the Hon. Gentleman suggests. He went on to claim that these contracts bring employment to this country, and he did not think that the firms concerned will enter into them if they did not think it worth while to do so.

Perhaps the best comment on this matter is contained in the following extract which is taken from a book published in 1959.

### The Great Loan to Mars

When contact was finally established with the planet Mars, the Martians announced that they were very anxious to buy our goods so we immediately offered them a loan of a thousand million pounds to enable them to do so. They were delighted and sent a Trade Delegation to decide what they should buy. They had no difficulty in finding plenty of things they wanted, and soon rocket ships were following each other to Mars laden with our manufactured goods. Trade had been rather slack for some time and there had been a good deal of unemployment, but now all the factories were working overtime, trade was booming, and the government had record majorities at by-elections. As soon as other countries saw what was happening they also hastened to make loans to Mars and to export their manufactured goods. As the Martians seemed ready to take everything that anybody would send, before long every country in the world was sending their unwanted goods there instead of trying to dump them on their neighbours. For the first time in history every single country had a favourable balance of trade, and as tariffs and quotas were no longer needed, they were all scrapped. It all seemed too good to be true. And then, literally out of a clear sky, the blow fell. The Martians started to send their own goods to the Earth.

There was general consternation and dismay. The papers came out with scare headlines such as "Mars opens Trade Offensive" and "Employment Threatened; Mars dumps goods on the world". Stock exchanges panicked and Bank Rates were doubled, while a party of Martian Trade Delegates who were touring the industrial areas were roughly handled and had to be rescued by the police. Our government lost no time in making strong representations to Mars, but they received the extraordinary reply that, as the first instalment of interest on their loan was now due, the Martians thought that they were doing the right thing by sending us their goods. When, however, their Trade Delegation returned to Mars, rather the worse for wear, they persuaded their government not to send any more goods, so when the next instalment of interest was due they did nothing about it. This time the newspapers showed considerably less interest, and although they published the news under such headings as "Mars defaults on Loan", they could only find room for it on the back pages. The front pages were all filled with the news that we were busy negotiating a new loan to Mars.

Meanwhile the latest reports from Mars confirm that the whole population is living in idleness and luxury. When Martians are asked why they are not doing any work, they answer that they no longer see any point in it. They explain that the only reason why they ever worked was that there seemed to be no other way of getting the things which they needed, but as the people of the earth apparently liked work for its own sake and were willing to supply them with everything free, they intended to let them get on with it while they took things easily and enjoyed themselves.

Extract from *Money, The Decisive Factor* by Allhusen and Holloway, published by Christopher Johnson 1959.

### THE CAP AND INTERNATIONAL TRADE

by Richard Body, MP

To what extent should the State interfere with agriculture by subsidising farmers, preventing imports of food by high tariffs and stimulating exports of food by artificially lowering their price with the taxpayers' money?

That all this is being done on a massive scale is made only too plain in "Agriculture and the State" and in no part of the world more actively than in the EEC.\* The authors, who are ten of the foremost experts in the field of agricultural policy, also make it very plain that the high degree of state interference with agriculture, which is the Common Agricultural Policy, benefits no one more than the large-scale efficient farmer who should be able to stand on his own two feet without the support of the taxpayers.

More important still, the authors show how dangerous is the CAP to international trade. Does it matter if it stops trade across the seas between peoples with different soils and climates, with different skills and temperaments, with different resources and technologies? It should be obvious that if we are to make the best of our world then we should all produce the kind of food—and everything else—that we can produce better than the other people. Such a simple proposition is not at all obvious to the apostles of agricultural protectionism who say that the British farmer should grow as much of our edible needs as possible.

It would be *possible* for us to be totally and wholly self-sufficient; every mouthful we eat could be produced on our own island. It would be possible to grow all our own bananas; they would have to be in huge glass-houses heated at great expense. The only, and rather obvious, snag is that the housewife would have to pay several times more for her bananas than she does now. No matter, competition from West Indian bananas could easily be thwarted by a system of high import duties or import levies, supplemented by health regulations, quotas or any other of the scores of non-tariff barriers that now stand in the way of the housewife buying the food that she would otherwise choose.

Of course, there would be some difficulty in enabling the housewife to buy these high-cost bananas, but the problem would not be insuperable. All we would need to do is to resort to some of the devices that already make our existing high-cost food artificially cheaper. Substantial grants could be made to growers to erect these extra-large glass-houses, generous fuel subsidies to heat them, exemption from rates, free advice how to grow and market them; and if all those fail to quell the consumer resistance, consumer subsidies of the kind that numerous foodstuffs have today could be resorted to. And, needless to say, Sir Henry Plumb would come on the box to tell us that the British banana growers are fulfilling an essential import-saving role and saving the country millions of £s on the balance of payments as well as making secure our future supplies.

What we are doing already is only marginally less absurd. Why is the housewife living in the Common Market barred from buying beef from Australia or the Argentine and able to buy only Community-grown beef at twice the price? And why must Australian farmers slaughter 50,000 head of cattle and burn their carcasses because they cannot find a market for what they can produce so cheaply? Every kind of food available in our shops today, except for tea and coffee, could be cheaper but for the taxes imposed by the EEC in the form of import duties and import levies. Moreover, if we were allowed to buy more food from across the seas, the taxpayer would carry a lighter burden upon his back.

It is not only the consumer and taxpayer who pay out more than they need by a system of high protection. This book shows how serious it is for the Western World to be impoverished by the barriers to agricultural trade and how they threaten any further liberalisation of trade. The book marshalls a great body of facts to support this argument. Anyone reading it must be convinced that the CAP poses a threat to the peace and security of the free world. Sadly, the price (£15) will deter many a reader.

\* Edited by Hugh Corbet and published by MacMillans for the Trade Policy Research Centre.

## THE ROLE OF MONETARY POLICY TODAY

While we look ahead into this year it is vital that the authorities should exude confidence that the money supply will be held at the chosen target. This will hold the exchange rate and reduce inflationary expectations, thus tending to bring short- and long-term interest rates down. As the year progresses it is to be hoped that the authorities will become confident of financing the declining public sector borrowing requirement in the long-term markets, so that they will be able to manage the money supply without having to bear down so heavily on the private sector. This policy prescription is similar to what the authorities wished to achieve last year. It has now become clear, however, that there was a serious gap between the commitment which the government had adopted towards the money supply and which they thought had been made clear to the markets, and the assessment made by the markets of the government's intention in this regard. Even if only because of pressure from the IMF this gap in understanding is now reduced. Perhaps somebody on the official side might sometime have the confidence to say openly that pursuing a responsible monetary policy does not imply rocketing interest rates or the savage and vicious use of market forces, but is simply a means of bringing some stability into economic affairs, leading both to lower interest rates and to lower inflation.

*Extract from an article by David F. Lomax published in the National Westminster Bank Quarterly Review, February 1977.*

## THE ISLAND HOMELAND OF THE BANABAN PEOPLE

### THE WORST EXAMPLE OF COMMERCIAL EXPLOITATION IN THE PACIFIC

*by Sir Bernard Braine, MP*

A hundred years ago this Jubilee Year Britain's imperial role over the scattered islands of the South West Pacific began with the appointment of the Governor of Fiji as High Commissioner for the Western Pacific.

Today our last island colonies are fast approaching full political independence. On the whole, the process of decolonization has been smooth. But coinciding with the end of British rule over this vast area will be the departure of the giant excavators of the British Phosphate Commissioners from Ocean Island. They will leave behind them a sadly appropriate monument to the worst example of commercial exploitation in the Pacific: the island homeland of the Banaban people will be abandoned, a derelict waste of jagged coral pinnacles, 1,154 of its 1,500 acres ripped from its centre to provide subsidized cheap food for Britain, and revenue to support the administration of Britain's Gilbert and Ellice Islands Colony (GEIC).

Britain is not only responsible for an ecological disaster beyond the imagination of anyone who has not personally witnessed it. The indictment of successive colonial administrations extends further and goes deeper. These are the charges.

#### **Ocean Island forced into the Gilbert and Ellice group**

Having licensed the Pacific Islands Company to inveigle the unsophisticated Banabans into signing away their birthright in 1900, we arbitrarily included their homeland with the neighbouring Gilbert and Ellice Colony in 1916. The Colonial Secretary explained to the Company at the time that taxation of Banaban phosphates was essential to ensure the efficient administration of the Gilbert and Ellice Islands. It would also be possible, in due course, to seize Banaban land by compulsory purchase. The Treasury had thus been absolved from virtually all responsibility for financing the future development and administration of two neighbouring island groups. Not surprisingly, in view of the grave future consequences, the Banabans were not asked if they wished to join with peoples who had previously had little or no connection with them.

#### **Banaban land seized at unjust prices**

250 acres, 22½% of Ocean Island's phosphate land, had been leased for excavation up to that time. The Banabans had already shown considerable reluctance to part with any more. Britain, Australia and New Zealand then bought the Company out, and by 1923 the British Phosphate Commissioners (BPC) were demanding nearly 10% more of the available phosphate (150 acres) for future mining. The Banabans refused. Where, they asked, would

their children live? If, however, more land were leased they would require, not £150 per acre as suggested, but £5,000 per acre. As the proceeds of mining amounted to some £40,000 per acre, the Western Pacific High Commissioner commented at the time that the Banaban demand did not appear to him unreasonable.

Britain's Resident Commissioner, Arthur Grimble, pressed the BPC's requirements unscrupulously during 1927 and 1928. He offered £150 per acre for their land, an amount equivalent to 1¼ d. per ton of phosphate, together with a royalty of 10½ d. per ton. The Banabans made it plain they did not wish to sell, but they did ask Grimble why 10½ d. was the limit the BPC could pay. Grimble told them that competition in Australia and elsewhere made it necessary for the BPC to sell at the lowest price possible. Increased royalties would make them uncompetitive, a sentence of death on BPC and therefore a sentence of death on the Banabans who were by then dependent on the industry. At the time Grimble was telling the Banabans that a total payment of anything more than 11¾ d. per ton would render the BPC uncompetitive, Banaban phosphates were being sold to Australia at 12s. 6d. per ton cheaper than the nearest equivalent source.

In moral terms this amounted to fraud perpetrated with the assistance of blackmail. If you do not sell on my terms, Grimble told the Banabans, your land will be seized for the Empire at any old price and your homes destroyed. Although the Banabans still refused, their land was compulsorily purchased in 1928 at £150 per acre with a royalty per ton to be prescribed by Grimble himself.

### Removal to Rambi

World War II and Britain's abandonment of their homeland to the Japanese saw most Banabans exiled for forced labour. The rest were shot.

After the war, the surviving Banabans were shipped by the British to Rambi, an alien island in the Fiji group, 1,600 miles south. The Colonial Government regarded the opportunity of removing the Banabans from Ocean Island as unique, and urged the BPC that shipping difficulties should not be permitted to frustrate a project which they had been striving to achieve for decades. A return to Ocean Island, the Banabans were told, was impossible: everything was destroyed; they would have to live there in tents. But they were offered a free choice: go to Rambi or "fend for themselves in the Gilbert Islands as they had done during the Japanese occupation."

Given this invidious choice, the Banabans went to Rambi. There they were dumped to fend for themselves with a few months' provisions and some tents—because no more permanent accommodation existed on Rambi than they would have found on Ocean Island. At the same time, unbeknown to them, the BPC, with the active co-operation of the colonial authority, were busy recruiting labour elsewhere to resume phosphate mining and were preparing permanent accommodation and social services for them on Ocean

Island which would have been most welcome for at least part of the indigenous Banaban community.

### The Major Disaster

The *coup de grace* was administered in 1947 when our unfortunate wards were persuaded both to remain on Rambi and to sign away on fixed and immutable terms an area of 671 acres, 58% of the total phosphate land which had existed at the outset and virtually all that remained.

The Banabans were in no fit state to negotiate two agreements which, between them, were aimed at settling their entire future. They were weakened by their brutal experiences under Japanese occupation; they were confused by their sudden transference to the strange environment of Rambi; and, above all, they were indelibly marked by their experience less than twenty years before at the hands of Arthur Grimble. They had been shown the raw power of Britain's sovereignty in 1928 when they refused to part with any more land. They had learned that they were powerless to control their own destiny. They were allowed no independent advice on the negotiation of leases which would swallow nearly all their remaining land. Phosphate which would take over thirty years to mine was to be leased on terms which permitted no review.

Their signature at that time and in those circumstances rendered them powerless to prevent the vast majority of the proceeds from their single wasting commercial asset being diverted by Britain for the benefit of others. On the Government's figures, the amount which will have been diverted to the Crown in the Gilbert and Ellice Colony is \$A 90 million (£57.3 million). The amount diverted for the benefit of Australian and New Zealand farmers, as estimated by the Banabans for the High Court, is an additional \$A 28 million (£17.8 million).

At the time the Banabans signed away the remainder of their land, they were asked to confirm their intention to stay on Rambi Island.

Emlyn Hooson, Q.C., M.P., has related in his letter to *The Guardian* of February 21st, 1977, the terms of the referendum which was held. One ballot box was marked "I shall stay on Rambi", the other "I shall not stay on Rambi". They had been told that a return to Ocean Island was impracticable; they had been persuaded to part with the rest of their minable land. No one had suggested to them that some Banabans could remain on Rambi while others could be employed in the mining on Ocean Island. No independent advice was offered to them at any time; they were not even allowed to visit their homeland before reaching their momentous decision. All in all, the transfer of the Banaban people to Rambi was as voluntary as the removal of the crew of a sinking ship to the life rafts.

### Retribution

It was twenty years before the Banabans awoke to the enormity of their exploitation. Successive British administrations then reacted to ten years of

dogged campaigning with persistent denials of responsibility, procrastination, evasion and worse. Inevitably, but unnecessarily, the longest and costliest legal actions in our history took place. The Banabans were awarded damages against the BPC while the action they lost against the Crown was an ignominiously hollow victory for Britain.

The Vice-Chancellor, Sir Robert Megarry, in his judgement berated past colonial administrations for grave breaches in our higher trust towards a colonial people. He described the bullying threats of Resident Commissioner Grimble as outrageous and said the failure of the colonial government in 1947 to see that the Banabans were properly advised could not possibly be called good government or the proper discharge of the duties of trusteeship in the higher sense.

The Vice-Chancellor began delivering this severe and authoritative stricture on our colonial rule on 29th November last. On the very same day the Foreign Office was briefing the media on "the British Record". "HMG," reads their astonishingly ill-timed and inept hand-out, "are convinced that an impressive degree of care and attention to detail was shown by successive Resident Commissioners and the Colonial Office on behalf of the Banabans . . ."

A Special Envoy despatched to the Pacific by the Minister to assist in achieving a settlement has now returned. Parliament awaits with limited patience to hear what the Minister proposes the Government should do to rectify the "enormities", as he rightly puts it, "of past colonial policy". He knows the total benefit from Ocean Island phosphates of which, by the time mining ends, the Banabans will have been deprived by the arbitrary actions of British officials. He will know if Australia and New Zealand are prepared to repay the benefit which their farmers were allowed to derive from subsidized phosphates between 1920 and 1968. He knows the Fiji Government's views on the grave breaches in Britain's obligations which left a colonial people, now citizens of Fiji, bereft of the knowledge and the power to resist the savage exploitation to which we subjected them. **The moment of truth has arrived.**

## QUESTIONS IN PARLIAMENT

### £ Sterling

**Mr. Crawford** asked the Chancellor of the Exchequer what had been the value of the £, taking 1971 at 100, in 1972, 1973, 1974, 1975 and 1976.

**Mr. Denzil Davies:** Taking the internal purchasing power of the pound as 100p in 1971 its value in each succeeding year is estimated to be 93p, 85½p, 74p, 59p and 51p, respectively. These estimates are based on changes in the General Index of Retail Prices.

Hansard Vol. 926, No. 57, 25.2.77. Col. 744.

### Public Sector Debt

**Mr. Tebbit** asked the Chancellor of the Exchequer what was the total public

debt per head of the population when he took office in 1974; and by how much it has since increased.

**Mr. Joel Barnett:** Statistics of outstanding public sector debt are compiled only in respect of 31st March each year. On 31st March 1974 the nominal value is estimated to have been £950 per head; a provisional estimate at 31st March 1976 is £1,315 per head. Net borrowing from 1st April to 30th September amounted to £95 per head.

Vol. 926, No. 57, 25.2.77. Col. 690.

### Intervention Stocks

**Miss Richardson** asked the Minister of Agriculture, Fisheries and Food what stocks of foodstuffs and beverages are being held by the European Economic Community.

**Mr. Bishop:** The following table shows the amounts of agricultural produce held in official intervention stores in the Community. There is no buying or storage of wine or other beverages by Community agencies.

*Amounts of Agricultural Produce Currently Held in Official Intervention Stores in the EEC:*

<i>Commodity</i>	<i>Quantity* (Tonnes)</i>
Beef	264,996
Cereals:	
Common wheat	1,389,446
Rye	160,840
Barley	210,245
Durum wheat	462,689
Milk products:	
Butter	192,232
Skimmed milk powder	967,489
Olive oil	41,000
Rape seeds	1,642
Sugar	145,000

\* Figures produced by the EEC Commission

Vol. 928, No. 71, 17.3.77. Col. 290.

### Common Agricultural Policy

**Mr. Marten** asked the Minister of Agriculture, Fisheries and Food whether he has any new proposals for reform of the common agricultural policy.

**Mr. George Rodgers** asked the Minister of Agriculture, Fisheries and Food if he will make a statement on the progress of the negotiations to reform the common agricultural policy.

**Mr. Strang:** My right hon. Friend explained to the House yesterday our general approach to the CAP and the progress of negotiations on the

Commission's price proposals for 1977-78, which include changes in CAP mechanisms.

**Mr. Marten:** Does the Minister recall that about nine or ten years ago Dr. Mansholt called for reform of the CAP, and that since then, because of the vested interests, very little other than tinkering with the fringes has happened? In view of the almost universal contempt in which it is now held, is it not time to scrap the CAP and start again?

**Mr. Strang:** Some modifications have been made since Dr. Mansholt's statement, but the hon. Gentleman is substantially correct to this extent: the CAP relies far too heavily on end prices in meeting the problems of smaller producers in Europe.

**Mr. Rodgers:** Is it not a melancholy truth that the CAP is dominated by nations other than Britain and that any attempts to achieve a reform must depend on other Governments? Since the system is highly advantageous to those other Governments, are not those attempts by my right hon. Friend liable to be frustrated?

**Mr. Strang:** Certainly it is the case—the EEC proposals have brought this out strongly—that the attitude of other Governments to CAP price fixing in the Community is very different from that of the United Kingdom. I hope, however, that when we finally bring home a settlement on the basis of the current proposals we shall be able to demonstrate to my hon. Friend that we can secure significant changes in the British national interest.

Vol. 928, No. 71, 17.3.77. Col. 604.

### European Community

#### Direct Elections

**Mr. Marten** asked the Secretary of State for Foreign and Commonwealth Affairs whether he will discuss direct elections with the French Foreign Minister.

**Dr. Owen:** I am ready to discuss this matter on any suitable occasion.

**Mr. Marten:** In view of the increasing unpopularity of the Common Market in both Britain and Denmark, would it not be wise—I mean this as a helpful suggestion—for the Common Market to reconsider the whole question of direct elections? Also, in view of the possible enlargement of the Community with Spain, Portugal and Greece, would it not be wise to consider at the same time the real aims of the EEC today?

**Dr. Owen:** I always take questions from the hon. Member as being asked in a most helpful spirit, particularly on EEC matters. I think that a reconsideration has, in fact, occurred in Denmark. The Danes are taking steps towards meeting the May-June 1978 target date. Every Government must try to seek to carry public opinion with them on any aspect of policy, but particularly on direct elections. That is the British Government's view too.

**Mr. Jay:** Would it not be better to clean up the scandal of the common

agricultural policy before we wade further into the Brussels quagmire? Is it not wholly disreputable that, with the connivance of the Commission, 30,000 tons of butter has been sold to the Soviet Union at one-quarter of the price at which it is sold in member States in order to make further profits for a French Communist millionaire?

**Dr. Owen:** I have a great deal of sympathy with what my right hon. Friend has said. I made it clear to the House yesterday that this deal can be criticised very strongly on many different grounds. Although my views do not always coincide with those of my right hon. Friend on EEC matters, I have made it clear that where there are grounds for criticism we will criticise.

Vol. 927, No. 60, 2.3.77. Col. 357.

### THE FALKLAND ISLANDS

*Specially Contributed by F. G. Mitchell*

In the House of Commons on the 2nd February, 1977, the late Foreign Secretary, Mr. Anthony Crosland, announced a new British initiative in the long-standing dispute between Britain and Argentina over sovereignty. The Foreign Secretary stated that the economy of the Falkland Islands was stagnant and that without a framework of political and economic co-operation with Argentina the outlook for the Islands was bleak. It had therefore been decided by the British Government that the Minister of State at the Foreign Office, Edward Rowlands, should visit the Islands and Argentina.

All concerned with the Islands, not least the Islanders themselves, welcomed the news of the Minister's visit, particularly as Mr. Rowlands had taken a close personal interest in the Colony and had availed himself of every opportunity of meeting the Islanders in the United Kingdom. The underlying assumptions of the visit were, however, called into question. The economy, which is based on wool production, far from being stagnant had shown an increase of 80% in the Gross National Product in 1976 with a further increase of between 30 and 40% expected in 1977. The future outlook for wool is favourable.

#### Doubts on Sovereignty

The limiting factor in achieving diversification of the economy is not a shortage of resources but the doubts over future British sovereignty of the Colony which have been brought about by Foreign Office equivocation. The Falkland Islands Company has announced that it is investigating joint participation with non-Argentine interests in in-shore fishing for shell-fish and fish meal production. Alginate Industries Ltd., a British public company which has the seaweed concession in the Colony, has plans for capital investment there of £13 million which would bring in revenue of £6½ million to Britain, much of it in hard currency. However, British free enterprise capital is unlikely to be committed to the Falklands whilst the doubt over British sovereignty remains because Argentina's post-war record of treatment of

foreign investors is far from encouraging. It is for this reason that the British Government is being urged to accept Lord Shackleton's strong recommendation that the permanent airfield which is now nearing completion be extended to take long-range jet aircraft, thus freeing the Colony of dependence upon Argentina. Extension of the airfield would be accepted as tangible evidence of Britain's intention to retain sovereignty of the Islands and thus to honour its pledge to the population of 2,000 British people.

The Parliamentary statement referred to economic co-operation being sought with Argentina in the South West Atlantic but significantly without limiting such discussions to off-shore development in which most people would agree that international co-operation is essential. It has subsequently been established that the talks on economic co-operation will embrace development within Falkland Islands territorial waters which will clearly impinge upon British sovereignty.

#### **Right of Self-Determination**

The Minister's visit to the Colony was a successful one. Mr. Rowlands is now aware of the depth of feeling among the Islanders over retention of their links with Britain. On the other hand the Islanders have accepted on trust the Minister's assurances that any talks with Argentina would take place under the sovereignty umbrella and that the United Kingdom position on sovereignty over the Islands would in no way be prejudiced. Nonetheless, the Islanders are naturally apprehensive over a change in Government policy with Britain for the first time, initiating talks on sovereignty after 144 years of uninterrupted status as a British Crown Colony and no less than 385 years after these previously uninhabited Islands were discovered by Captain John Davis in the *Desire*. The British Islanders, in the absence of an indigenous population are entitled to exercise their right of self-determination under the United Nations Charter which ironically was exemplified in the earlier words of the Argentine National Hero, General San Martin, following his liberation of three countries:

*"My promises to the people on whose behalf I have made war have been carried out. They are to make you independent and to leave to your wishes the election of the Government you want."*

It has long been recognised that acquisition of control of the Falkland Islands Company by Argentine interests would be an effective method of circumventing the sovereignty policy of the British Government. The Company, the sole active survivor of the trading companies incorporated by Royal Charter in the Victorian era, owns 46% of the farm land and because of the responsibilities placed upon it by its Charter, operates and controls the shipping, banking, butchery and major retailing services, the very life-blood of the Colony.

The Board of Directors of the Company has always accepted a far higher degree of trust towards its employees than is normal between employer and

employee and, furthermore, extends a measure of trust towards the population as a whole. It was to protect that trust that the Board insisted in 1972 upon legally binding deeds of undertaking from Dundee Perth & London Securities Ltd. before endorsing their take-over bid. The deeds embodied, inter alia, warranties relating to standards of trading and maintenance of conditions of service for employees in addition to granting pre-emption rights for the Company to the Falkland Islands Sheepowners' Association Ltd. The obligations under these deeds have been accepted as binding by Charringtons Industrial Holdings who subsequently took over Dundee Perth & London Securities Ltd. It is the opinion of the Board of the Falkland Islands Company that any agreement to sell control of the Company to Argentinian interests would be tantamount to selling people. This is because the people of the Islands settled there on the basis that they would retain their British nationality, of which they are intensely proud, and their British way of life. Transfer of control of the Company to Argentina would inevitably lead to the ending of the status of British Colony.

#### **Approaches from Argentina**

There have been approaches to the Company from Argentine sources during the past twenty years but these have all been firmly rejected, including the two recently reported which were made at a particularly sensitive period in the Colony's affairs. In addition to the commercial sanctions there exist two effective means of preventing transfer of the Company to Argentina. Firstly, the Governor of the Falkland Islands in Council must authorise by license under the Aliens Ordinance any transfer of land or any transfer of control of a Company owning land before it can become effective. It is the policy of the Falkland Islands Government to refuse licenses to Argentinian interests. Secondly, the British Government could prevent under the Exchange Control Act the transfer of control of the Company to foreign interests. It is understood that this power would be exercised to prevent transfer to Argentina.

The Islanders look upon the Company as their watch-dog. The Company will not let them down.

#### **COMMENT FROM RHODESIA**

*From a Special Correspondent*

"Cui Bono" has always been the touchstone in deciding who was the real culprit when a crime has been or is being committed. In the context of the Kissinger plan and the Geneva talks this criterion was irrelevant. One may cry "Cui Bono" and there is no sane answer.

The five million Africans of Rhodesia will gain nothing except, for some, an early grave as a result of tribal warfare. For others, starvation and no employment as the expertise and drive of the white man ebbs away. Need we go on?

Socially the African will gain nothing. For long, there has been practically no public facility from which he was excluded. He has had entry to



almost everything from the best hotels to integrated football teams, and athletic events and has now been assured that discrimination is on the way out in almost all remaining areas.

For the 270,000 whites it will be a time of anxiety and indecision as a breakdown in the high standards of Government service, a collapse of the economy, deterioration of the splendidly maintained communications systems and indifferent servicing of the reticulation of the National electricity supply will build up frustrations. For others, a gradual breakdown of a quite fantastic agricultural development, including widespread irrigation and costly schemes, and the loss of their homes, their capital investment and a lifetime's work from dawn to dusk will signal that the time has come to go.

So now we ask ourselves, is it the Western nations that may benefit by the proposed change of Government and, again, the answer is "no". The strategic value of Rhodesia in the defence of Southern Africa is obvious and it is upon Southern Africa that the West depends for much of its vital mineral supplies. These, and the Cape route, will be in great jeopardy under an unaligned Black Government.

America may believe it will be able to buy the needed security of these things by grants in aid and food handouts but, having for 45 years lived in close contact with African people, I believe that even the sanction of hunger will have little effect *nationally* as such a state of affairs is regarded as an individual rather than a national problem in black society, and accepted with a strange resignation to fate.

"Cui Bono." Who then? None, in practical terms. Indeed not a better, but worse life for all who have to endure it, and all just to satisfy the favoured false dogma of the starry-eyed liberals and intelligentsia that Lenin called the "useful idiots".

Already the hunting dogs of world Communism are pacing to and fro in the surrounding bush, ready to rush upon the carcase when the lions have finally been driven off.

The less grim and alarming picture presented by Kenya and Malawi must not mislead the reader. They have little to offer the neo-colonialist. Rhodesia and South Africa have much."

**To our Subscribers:**

**We very much regret that we were unable to publish our Winter issue which was due in January 1977. This was partly due to the new arrangements referred to on page 2 of this issue and also to other unforeseen difficulties.**

**The current number covers Nos. 1 and 2 (Winter/Spring 1977). Allowance will be made for this when renewal subscriptions fall due.**