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**East of Suez and the Commonwealth  
1964–1971**

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BRITISH DOCUMENTS ON THE END OF EMPIRE

General Editor S R Ashton  
Project Chairman A N Porter

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Series A Volume 5

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**East of Suez  
and the  
Commonwealth  
1964–1971**

**Editors**

**S R ASHTON  
Wm ROGER LOUIS**

**Part III**

**DEPENDENT TERRITORIES,  
AFRICA,  
ECONOMICS,  
RACE**

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East of Suez and the Commonwealth  
1964–1971

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## Abbreviations: parts I–III

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AA	Automobile Association
AID	Agency for International Development
AMDA	Anglo-Malaysian Defence Agreement
ANF	Atlantic Nuclear Force
ANZUS	Australia, New Zealand and United States (Pact)
AOC	air officer commanding
ASA	Association of South-East Asia
AUS	assistant under-secretary (of state)
BAC	British Air Command/British Aircraft Corporation
BBC	British Broadcasting Corporation
BDEEP	British Documents on the End of Empire Project
BEA	British European Airways
BIOT	British Indian Ocean Territory
BMC	British Motor Corporation
BNEC	British National Export Council
BOAC	British Overseas Airways Corporation
BOAR	British Army of the Rhine
BP	British Petroleum
BPP	British Protected Persons
BSIP	British Solomon Islands Protectorate
BVI	British Virgin Islands
CAB	Cabinet
CAP	Common Agricultural Policy
CBI	Confederation of British Industry
CDC	Colonial/Commonwealth Development Corporation
CDS	chief of the defence staff
CD&W	colonial development and welfare
CEC	Commonwealth Economic Committee
CELU	Commonwealth Education Liaison Unit
CENTO	Central Treaty Organisation (Turkey, UK, Pakistan, Iran)
CFP	Compagnie Française des Pétroles (Total)
CIA	Central Intelligence Agency
cif	cost in freight
CINC	commander-in-chief
CINCFE	commander-in-chief, Far East
CO	Colonial Office/ Commonwealth Office
COI	Central Office of Information
COMECON	Council for Mutual Economic Assistance (Soviet bloc)
Con	Conservative Party (UK)
COS	Chiefs of Staff

CPA	Commonwealth Parliamentary Association
CPG	Chinese People's Government
CRO	Commonwealth Relations Office
CSA	Commonwealth Sugar Agreement
CSD	Civil Service Department
DAC	Development Assistance Committee
DEA	Department of Economic Affairs
DEP	Department of Employment and Productivity
DES	Department of Education and Science
DHC	deputy high commissioner
DOP(C)	(Cabinet) Defence and Oversea Policy Committee
DSAO	Diplomatic Service Administration Office
DTC	Department of Technical Co-operation
DTD	Dependent Territories Department/Division
DTI	Department of Trade and Industry
DUS	deputy under-secretary (of state)
EAP	Eastern Aden Protectorate
ECAFE	Economic Commission for Asia and Far East
ECFA	Economic Commission for Asia
ECGD	Export Credit Guarantee Department
ECSC	European Coal and Steel Community
EDC	European Defence Community/ Economic Development Committee
EEC	European Economic Community
EFTA	European Free Trade Association
EURATOM	European Atomic Energy Commission
FAA	Fleet Air Arm
FARELF	Far East Land Forces
FCO	Foreign and Commonwealth Office
FLOSY	Front for the Liberation of Occupied South Yemen
FM	field marshal
FMG	Federal Military Government (Nigeria)
FO	Foreign Office
fob	free on board
FSA	Foreign Service Assistance
GAP	gross annual product
GATT	General Agreement on Tariffs and Trade
GEIC	Gilbert and Ellice Islands Colony
GNP	gross national product
GOC	general officer commanding
HC	high commissioner
HE	His Excellency/high explosives
HEO	higher executive officer
HMOCS	Her Majesty's Oversea Civil Service
HO	Home Office
<i>H of C Debs</i>	House of Commons Debates (Hansard)
HQMEC	Headquarters Middle East Command
IBRD	International Bank for Reconstruction and Development
ICI	Imperial Chemical Industries

IDA	International Development Association
idi	illegal declaration of independence
IFB	Independent Forward Bloc (Mauritius)
IMF	International Monetary Fund
IPBA	India, Pakistan and Burma Association
IRD	Information Research Department (FO)
IS	internal security
ISA	(Office of the Assistant Secretary of Defence for) International Security Affairs (US)
JIC	Joint Intelligence Committee
KANU	Kenya African National Union
KCB	Knight Commander of the Bath
KCMG	Knight Commander of St Michael and St George
KCVO	Knight Commander of the Royal Victorian Order
KMT	Kuomintang (Chinese Nationalist Party)
KPU	Kenya People's Union
Lab	Labour Party (UK)
ldc	less developed countries
MCA	Malaysian Chinese Association/Muslim Committee for Action (Mauritius)
MEA	Ministry of external affairs/minister for external affairs
MELF	Middle East Land Forces
MFN	most favoured nation
MLF	Multilateral Force
MLP	Mauritius Labour Party
MoD	Ministry of Defence
MP	member of parliament
NASA	National Aeronautics and Space Administration (US)
NATO	North Atlantic Treaty Organisation
NCO	non-commissioned officer
NIBMAR	no independence before majority rule (or before majority African rule)
NLF	National Liberation Front (Aden)
NPC	Northern People's Congress (Nigeria)
NT	New Territories (Hong Kong)
NTS	Northern Trucial States
NZBC	New Zealand Broadcasting Corporation
OAS	Organisation of American States
OAU	Organisation of African Unity
OCS	Oversea Civil Service
ODA	Overseas Development Administration
ODM	Ministry of Overseas Development
OECD	Organisation for Economic Co-operation and Development
OPD	Oversea Policy and Defence (UK Cabinet) Committee
OPD(O)	Oversea Policy and Defence (Official) Committee
OSAS	Overseas Service Aid Scheme
PAP	People's Action Party (Singapore)
PKI	Partai Kommunis Indonesia (Indonesian Communist Party)

PLP	Parliamentary Labour Party
PM	prime minister
PMD	Prime Minister's Department
PMM	Prime Ministers' Meeting
PMSD	Parti Mauricien Sociale Démocrate (Social Democratic Party of Mauritius)
PNC	People's National Congress (British Guiana/Guyana)
POL	petroleum, oil, lubricants
PPP	People's Progressive Party (British Guiana/Guyana)
PSP	People's Socialist Party (Aden)
PUS	permanent under-secretary (of state)
PWD	Public Works department
qr	quota restriction
RAF	Royal Air Force
RBC	Rhodesian Broadcasting Corporation
RBMR	Royal Brunei Malay Regiment
RE	Royal Engineers
RF	Rhodesian Front
RISCO	Rhodesian Iron and Steel Corporation
RMA	Royal Malta Artillery
RN	Royal Navy
RRAF	Royal Rhodesian Air Force
RRB	Race Relations Board
Rsigns	Royal Signals
RTV	Rhodesian Television
SAA	South Arabian Airforce/Army
SACEUR	supreme allied commander, Europe
SAF	Saudi Arabia/Sultan (of Oman's) Air Force
SAL	South Arabian League (Aden)
SAS	Special Air Service
SASA	South Atlantic and South America
SB	Special Branch
SBA	Sovereign Base Area (Cyprus)
SDP	Seychelles Democratic Party
SEAD	South-East Asia Department (FO)
SEATO	South-East Asia Treaty Organisation
SNOWI	senior naval officer, West Indies
SPUP	Seychelles People's United Party
TAER	Territorial Army Emergency Reserve
TANU	Tanganyika African National Union
tel	telegram
TOS	Trucial Oman Scouts
UAC	Unified Arab Command
UAE	United Arab Emirates
UAR	United Arab Republic
UARAF	United Arab Republic Air Force
UDI	unilateral declaration of independence
UF	United Front (British Guiana/Guyana)

UF	United Front Party (Rhodesia)
UK	United Kingdom
UKMIS	United Kingdom Mission (UN, New York)
UMNO	United Malays National Organisation
UNCTAD	United Nations Commission for Trade and Development
UN	United Nations
UNDP	United Nations Development Project
US(A)	United States (of America)
USSR	Union of Soviet Socialist Republics
VCGS	vice-chief of the general staff
VOA	Voice of America
VSO	Voluntary Service Organisation
WCP	World Council of Peace
WEU	West European Union
WIAS	West Indian Associated States
ZANU(PF)	Zimbabwe African National Union (Patriotic Front)
ZAPU	Zimbabwe African People's Union



# Principal holders of offices 1964–1971

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## *Labour governments 16 Oct 1964–19 June 1970*

### 1. *Ministers*

#### (a) *Cabinet ministers*

Prime minister	Mr J H Wilson (16 Oct 1964)
Lord chancellor	Lord Gardiner (16 Oct 1964)
First secretary of state and (until Aug 1967) secretary of state for economic affairs	Mr G A Brown (16 Oct 1964) Mr M M Stewart (11 Aug 1966)
Chancellor of Exchequer	Mr L J Callaghan (16 Oct 1964) Mr R H Jenkins (30 Nov 1967)
S of S foreign affairs foreign and Commonwealth affairs from 17 Oct 1968	Mr P C Gordon Walker (16 Oct 1964) Mr M M Stewart (22 Jan 1965) Mr G A Brown (11 Aug 1966) Mr M M Stewart (16 Mar 1968)
S of S Home Department	Sir F Soskice (18 Oct 1964) Mr R H Jenkins (23 Dec 1965) Mr L J Callaghan (30 Nov 1967)
S of S defence	Mr D W Healey (16 Oct 1964)
S of S colonies came under Commonwealth affairs, 1 Aug 1966, office discontinued, Jan 1967	Mr A Greenwood (16 Oct 1964) Lord Longford (23 Dec 1965) Mr F Lee (6 Apr 1966)
S of S Commonwealth relations Commonwealth affairs from 1 Aug 1966 (office discontinued, 17 Oct 1968)	Mr A G Bottomley (16 Oct 1964) Mr H W Bowden (11 Aug 1966) Mr G R Thomson (29 Aug 1967)
President of the Board of Trade	Mr D P T Jay (16 Oct 1964) Mr A Crosland (29 Aug 1967) Mr R Mason (12 Oct 1969)



Minister of overseas development office not in Cabinet from 29 Aug 1967	Mrs Barbara Castle (18 Oct 1964) Mr A Greenwood (23 Dec 1965) Mr A G Bottomley (11 Aug 1966)
---	--

(b) *Junior ministers*(i) *Foreign Office, Foreign and Commonwealth Office from 17 Oct 1968*

Minister of state	Lord Caradon (16 Oct 1964–19 June 1970) Mr G R Thomson (19 Oct 1964–6 Apr 1966) Mr W E Padley (19 Oct 1964–7 Jan 1967) Lord Chalfont (23 Oct 1964–19 June 1970) Mrs Eirene White (11 Apr 1966–7 Jan 1967) Mr G R Thomson (7 Jan 1967–29 Aug 1967) Mr F W Mulley (7 Jan 1967–6 Oct 1969) Mr G O Roberts (29 Aug 1967–13 Oct 1969) Lord Shepherd (17 Oct 1968–19 June 1970)
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Parliamentary under-secretary of state	Lord Walston (20 Oct 1964) Mr W T Rodgers (7 Jan 1967) Mr M A Foley (3 July 1968) Mr W C Whitlock (17 Oct 1968) Mr E T Luard (13 Oct 1969)
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(ii) *Colonial Office (until 1 Aug 1966)*

Parliamentary under-secretary of state	Mrs Eirene White (20 Oct 1964–11 Oct 1965) Lord Taylor (20 Oct 1964–11 Apr 1966) Lord Beswick (11 Oct 1965–1 Aug 1966) Mr J T Stonehouse (6 Apr 1966–7 Jan 1967)
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(iii) *Commonwealth Relations Office, Commonwealth Office,  
1 Aug 1966–17 Oct 1968*

Minister of state	Mr C Hughes (19 Oct 1964–6 Apr 1966) Mrs Judith Hart (6 Apr 1966–26 July 1967) Mr G Thomas (7 Jan 1967–6 Apr 1968) Lord Shepherd (26 July 1967–19 June 1970)
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Parliamentary under-secretary of state	Lord Taylor (20 Oct 1964–11 Apr 1966) Lord Beswick (11 Oct 1965–26 July 1967) Mr J T Stonehouse (1 Aug 1966–7 Jan 1967) Mr W C Whitlock (26 July 1967–19 June 1970)
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(iv) *Ministry of Overseas Development*

Minister	Mr R E Prentice (29 Aug 1967) Mrs Judith Hart (6 Oct 1969)
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*Conservative government 19 June 1970 (until 1971)*1. *Ministers*(a) *Cabinet ministers*

Prime minister	Mr E R G Heath (19 June 1970)
Lord chancellor	Lord Hailsham (20 June 1970)
Chancellor of Exchequer	Mr I N Macleod (20 June 1970) Mr A P L Barber (25 July 1970)
S of S foreign and Commonwealth affairs	Sir A Douglas-Home (20 June 1970)
S of S Home Department	Mr R Maudling (20 June 1970)
S of S defence	Lord Carrington (20 June 1970)
President of Board of Trade	Mr M Noble (20 June 1970)
S of S for Trade and Industry and president of Board of Trade from 15 Oct 1970	Mr J Davies (15 Oct 1970)

(b) *Junior ministers*(i) *Foreign and Commonwealth Office*

Minister of state	Mr J Godber (23 June 1970)
Parliamentary under-secretary of state	Marquess of Lothian (24 June 1970) Mr A H F Royle (24 June 1970) Mr J A Kershaw (24 June 1970)

(ii) *Ministry of overseas development (under FCO from 15 Oct 1970, when announcement made, but change formally made 12 Nov 1970)*

Minister	Mr R F Wood (23 June 1970)
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*Civil servants*

(a) <i>Secretary to the Cabinet</i>	Sir B Trend (1963–1973)
(b) <i>Foreign Office, Foreign and Commonwealth Office from 17 Oct 1968</i>	
(i) Permanent under-secretary of state and head of Diplomatic Service from 1968	Sir Harold Caccia (1962–1965) Sir Paul Gore-Both (1965–1969) Sir Denis Greenhill (1969–1973)
(ii) Deputy under-secretary of state (select) <sup>1</sup>	Viscount Hood (1962–1969) Sir Geoffrey Harrison (1963–1965)

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<sup>1</sup> Officials below the rank of deputy under-secretary of state at the FO/FCO are identified in footnotes.

- Sir Bernard Burrows (1963–1966)  
 Sir John Nicholls (1963–1966)  
 Sir Roger Allen (1965–1967)  
 (Sir) Denis Greenhill (KCMG 1967  
 (1966–1969)  
 Sir Denis Allen (1967–1969)  
 Sir John Rennie (1967–1974)  
 Sir Arthur Galsworthy (1968–1969)  
 Sir Arthur Snelling (1968–1969)  
 Sir E Peck (1968–1970)  
 Sir John Johnston (KCMG 1966)  
 (1968–1971)  
 J R A Bottomley (1970–1972)
- (c) *Colonial Office (until 1 Aug 1966)*
- (i) Permanent under-secretary of state Sir Hilton Poynton (1959–1966)
- (ii) Deputy under-secretary of state Sir John Martin (1963–1965)  
A N Galsworthy (1965–1966)
- (iii) Assistant under-secretary of state C G Eastwood (1954–1966)  
W B L Monson (1951–1964)  
A R Thomas (1952–1964)  
A N Galsworthy (1957–1966)  
Trafford Smith (1959–1966)  
W I J Wallace (1962–1966)  
J E Marnham (1964–1966)
- (d) *Commonwealth Relations Office, Commonwealth Office, 1 Aug 1966–17 Oct 1968*
- (i) Permanent under-secretary of state and head of Diplomatic Service, 1965–1968 Sir Saville Garner (1962–1968)  
Sir Morrice James (1968)
- (ii) Deputy under-secretary of state Sir Algernon Rumbold (1958–1966)  
Sir Arthur Snelling (1962–1968)  
Sir Neil Pritchard (1963–1967)  
Sir Morrice James (1966–1968)  
A N Galsworthy (KCMG 1967)  
(1966–1968)
- (iii) Assistant under-secretary of state G E B Shannon (1956–1966)  
G W StJ Chadwick (1960–1966)  
L B Walsh Atkins (1962–1966)  
N D Watson (1965–1966)  
J B Johnston (KCMG 1966)  
(1966–1968)

J O Moreton (1966–1968)  
 H P Hall (1966–1968)  
 Trafford Smith (1966–1968)  
 J R A Bottomley (1967–1968, then FCO)

(e) *Ministry of Overseas Development, to 12 Nov 1970*

- (i) Permanent under-secretary of state Sir Andrew Cohen (1964–1968)  
 (Sir) Geoffrey Wilson (KCB 1969)  
 (1968–1970)

(f) *Department of Economic Affairs to 6 Oct 1969*

- (i) Permanent under-secretary of state Sir Eric Roll (1964–1966)  
 (Sir) D Allen (1966–1968)  
 Sir W Nield (1968–1969)

*Chiefs of Staff*

Chief of defence staff Earl Mountbatten of Burma (1959–1965)  
 Sir Richard Hull (1965–1967)  
 Sir Charles Elworthy (1967–1971)

Chief of general staff Sir Richard Hull (1964–1965)  
 Sir James Cassels (1965–1968)  
 Sir Geoffrey Baker (1968–1971)

First sea lord and chief of naval staff Sir David Luce (1964–1966) resigned  
 Sir Varyl Begg (1966–1968)  
 Sir M Le Fanu (1968–1970)  
 Sir Peter Hill-Norton (1970–1971)

Chief of air staff Sir Charles Elworthy (1964–1968)  
 Sir John Grandy (1968–1971)

*Select list of ambassadors and high commissioners*

Ambassador in Washington Sir David Ormsby-Gore (Lord Harlech)  
 (1961–1965)  
 Sir Patrick Dean (1965–1969)  
 J Freeman (1969–1971)

Ambassador to South Africa Sir Hugh Stephenson (1963–1966)  
 Sir John Nicholls (1966–1967)  
 Sir Arthur Snelling (1970–1972)

Permanent representative to the UN Lord Caradon (1964–1970)  
 Sir Colin Crowe (1970–1973)

High commissioner, Aden and Protectorate of South Arabia	Sir Kennedy Trevaskis (1963–1965) Sir Richard Turnbull (1965–1967) Sir Humphrey Trevelyan (1967)
High commissioner, Australia	Sir Charles Johnston (1965–1971) Sir Morrice James (1971–1976)
High commissioner, Canada	Sir Henry Lintott (1963–1968) Sir Colin Crowe (1968–1970) (Sir) Peter Hayman (1970–1974)
High commissioner, India	Sir Paul Gore-Booth (1960–1965) J Freeman (1965–1968) Sir Morrice James (1968–1971) Sir Terence Garvey (1971–1973)
High commissioner, Kenya	M MacDonald (1965–1966) Sir Edward Peck (1966–1968) (Sir) Eric Norris (1968–1972)
High commissioner, Malaysia	Lord Head (1963–1966) Sir Michael Walker (1966–1971)
High commissioner, New Zealand	Sir Ian MacIennan (1964–1969) Sir Arthur Galsworthy (1969–1973)
High commissioner, Nigeria	Sir Francis Cumming-Bruce (1964–1967) Sir David Hunt (1967–1969) Sir Leslie Glass (1969–1974)
High commissioner, Singapore	J V Robb (1965–1968) (Sir) Arthur de la Mare (1968–1970) (Sir) Sam Falle (1970–1974)
High commissioner, Uganda	(Sir) David Hunt (1962–1965) R C C Hunt (1965–1967) D A Scott (1967–1970) R M K Slater (1970–1973)
British government representative, West Indies Associated States	C S Roberts (1967–1970) J E Marnham (1970–1972)

## Summary of Documents: Part III

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## CHAPTER 11

**Dependent Territories**

Document numbers 282–356

**282** CAB 148/21, OPD(65)89

31 May 1965

**‘Future of the remaining British colonial territories’: minute of 26 May by Mr Greenwood circulated to the Oversea Policy and Defence Committee by Sir B Trend**

*Prime Minister*

At this stage in our colonial history our main task must be to liquidate colonialism either by granting independence to a number of territories or by evolving for the others forms of government which secure basic democratic rights for the people but which involve some degree of association with this country without any stigma of colonialism.

2. With these aims in mind, I have given the following directive to the Colonial Office:—

- (a) It is our aim to give independence to every territory which (i) wants it and (ii) is capable of sustaining it.
- (b) We have now reached almost the last stage, at which the territories involved all present special difficulties. We must therefore resist any temptation to drift (which would result in our having to produce *ad hoc* solutions in the most unfavourable circumstances). Instead we must seek to create the right circumstances for us to apply to each territory the solution which, in consultation with its people, seems to Her Majesty’s Government to be the right one.
- (c) In all this we must seek to carry international opinion with us. (That is why we have invited the United Nations to Basutoland and Swaziland, suggested United Nations participation in the constitutional commission to South Arabia, and established close contact with United Nations officers.) In the case of some territories, however, it may be necessary to adopt a solution which, although endorsed by a General Election or a referendum, would strictly fall short of what would satisfy the United Nations.

3. Since the end of October, Mrs. White and I have visited more than half of our 31 dependent territories. She has been to Gibraltar, Bechuanaland, Basutoland, Swaziland and Fiji, and I have visited Aden and South Arabia and the Little Eight, British Guiana and Mauritius. In the near future I intend to discuss the future of the Anglo/French Condominium in the New Hebrides with my French opposite number. In October I hope to go to Bermuda, the Bahamas and British Honduras. I also propose to send fact finding missions, each consisting of two M.P.s (one Labour and one Conservative) to:—

- (i) Turks and Caicos Islands and Cayman Islands
- (ii) Solomon Islands  
Gilbert and Ellice Islands and New Hebrides
- (iii) Seychelles
- (iv) St. Helena, Ascension
- (v) Falkland Islands

4. You are well aware of my efforts to get a Constitutional Conference in South Arabia and of my subsequent attempts to launch a Constitutional Commission.<sup>1</sup> I hope that we shall have more success in other areas (where there is no bedevilling issue like the Aden Base) and that there will be constitutional conferences at the end of July on Fiji, in September on Mauritius and, I hope, a month or two later on British Guiana. I have hopes that as a result of discussions going on in the Caribbean over the next couple of months it may be possible to organise a conference on an Eastern Caribbean Federation before the year is out.

5. As part of a general drive to bring our thinking on colonial problems up to date, I am planning to hold a Conference at Lady Margaret Hall in the middle of July.<sup>2</sup> I am inviting a number of Governors home for it, and a few prominent academics with knowledge of colonial problems, a few constructive journalists like Legum and Cameron<sup>3</sup> and men from the world of banking and business like Sir Jock Campbell<sup>4</sup> and Colonel Seebom.<sup>5</sup> My intention is that we should review our whole colonial policy, examine what other colonial powers have done, discuss the demands of the United Nations in the colonial field and consider, *inter alia*, what safeguards for civil liberties should be built into the constitution of new countries. I expect we should also find ourselves discussing the problems of particular territories, but any such discussion would, I think, be incidental to discussion of wider issues.

6. Meanwhile, we have been conducting a general review of policy within the Colonial Office. This has been a valuable exercise and the remainder of this minute embodies the preliminary conclusions which I have derived from it.

7. I am attaching at Annex I definitions of independence, forms of association, and integration. At Annex II I give an alphabetical list of the territories with their size, their present constitutional status, the suggestions I am considering as to their ultimate status and in some cases the dates by which we hope the ultimate status can be achieved. At this point therefore I will simply note the following general comments:—

(a) About half-a-dozen can become independent—Basutoland, Bechuanaland and Swaziland, South Arabia, British Guiana and perhaps Mauritius and British Honduras. The Eastern Caribbean territories can become independent if they can be persuaded to federate; otherwise it would probably be difficult to refuse independence to Barbados on its own.

(b) A few more may be able to enter into 'free association' with us. The United Nations recognise this as a legitimate final status provided that it is freely entered into by the people of the territory and that they are able to modify their status

<sup>1</sup> See 40, note 1.

<sup>2</sup> See 285, note 6.

<sup>3</sup> Colin Legum of *The Observer* and James Cameron, foreign correspondent and television producer and presenter.

<sup>4</sup> Chairman Booker Brothers Ltd.

<sup>5</sup> F Seebom, Barclays Bank.

when they wish and to determine their internal constitution without outside interference. The Bahamas and Bermuda are possible candidates for this status. It would not entitle them to membership of the United Nations or, I think, of the Commonwealth.

(c) Our Pacific territories constitute a problem *sui generis*. The Gilbert and Ellice Islands for example are scattered over two million square miles of sea. The Americans, French, New Zealanders and Australians all have groups of small islands in the Pacific, most of them with no real community of interest with their neighbours. At present a loose five-Power South Pacific Commission helps their social and economic development but has no political function. I am inclined to the view that the only *really* satisfactory solution is something like a joint mandate on the whole area administered under the United Nations. It would not relieve us of our responsibilities but it would at least ensure that we discharged them free from international suspicion. Such a proposal however would, I fear, not be acceptable to the U.S.A. or France, and I fear that all we can do in the immediate future is to concentrate on political and economic reform of our territories, and at the same time to lose no opportunity of strengthening and furthering the work of the Commission in the hope that closer political liaison will develop between the metropolitan powers.

(d) For the rest, a substantial degree of dependence on us seems inevitable. Some have no wish for looser ties. Some are too small or too undeveloped to support a much more advanced form of government than they have at present. Some depend on our grants for a large part of their income (though I recognise that financial dependence has not prevented Malta, Malawi or others from becoming politically independent). Others, like Fiji, are inhabited by different races who insist that we hold the balance between them. In Hong Kong any fundamental change in the present constitution would lead to dangerous repercussions with China.

8. One of our most difficult tasks is to work out the type of relationship between the smaller territories and ourselves which will be internationally acceptable. Apart from independence and free association no other final status is at present recognised by the United Nations except integration with another country (and I doubt if integration with Britain would be, from our point of view, a very acceptable solution for any colony). Basically what we have to do is to work out a relationship which will ensure that a territory's defence, finances and internal security are in safe hands while the people enjoy at least the same freedom and dignity as the Channel Islanders and have no awareness of any colonial status. There is of course no one answer: in all probability each territory will need a tailor-made solution. Nevertheless we should formulate a general policy, both to give coherence and pace to our efforts and to win understanding and support from world opinion and people in the territories themselves. We are at work on this.

9. If then the solution for each territory is endorsed by a general election or a referendum, if we can earn sympathy for our policy and at the same time ensure that the territories are not places over which strong emotions are aroused, there is a fair chance that we shall escape serious criticism in the United Nations. Lord Caradon and I are doing our best to improve relations with that body (United Nations officers now know that they are welcome in the Colonial Office and the official lunch we gave the Committee of 24 when they were passing through London was useful both to

them and to us) and there are some signs, too, of diminishing United Nations interest in the future of the really small territories.

10. I thought I would let you have these notes of the results of my first seven months. If you are in broad agreement with what I am doing it might be useful to circulate them to the members of D.O.P.

## Annex I to 282: Future status of British colonial territories; suggested definitions

### A. *Independence*

*A country is independent when it is not subject to the authority of another state.* A colony may achieve independence either alone (the normal Commonwealth pattern so far) or in a combination with other territories, e.g. the integration of the Borneo territories into Malaysia or the proposed East Caribbean Federation. Either way, they become independent. But thereafter they can adopt either of two courses.

#### *Type (i)*

The independent country may decide to exercise its full sovereignty on its own authority, applying for membership of the United Nations and/or Commonwealth. This has been the regular pattern for former United Kingdom dependencies so far.

#### *Type (ii)*

The country may after independence enter into voluntary treaty arrangements with another state (including its former Colonial Power) regarding the handling of its external relations. Provided that the treaty is terminable at will by the former dependent territory and does not subordinate it to the authority of another country the territory is still independent. The classic example of this is Western Samoa. So far as it can be seen its treaty does not affect its eligibility for United Nations or Commonwealth membership. It is not possible to predict what the result of an application for either would be.

B. *Free association.* This term was originated by the United Nations in Resolution 1541 (XV), text attached at Appendix A. The two crucial provisions in this are (a) that the arrangement 'retains for the people of the territory . . . the freedom to modify the status of that territory . . . through constitutional processes' and (b) that the territory 'should have the right to determine its internal constitution without outside interference'. The difference between A(ii) (see above) and B is this. Under A(ii) a territory has become, and remains, independent. Under B the territory has not yet attained independence but, according to the likely interpretation of the resolution by the United Nations, may have independence unilaterally at any time. The United Kingdom has interpreted the resolution to mean that the attainment of independence would require the agreement of the metropolitan power. It is proposed in future to use the term in the former sense.

C. *Integration.* Integration could mean making the territory of a present dependency into a part of an already independent country for the purpose of Government—i.e. making it generally subject to the laws of and administration of that country. It is a form of independence and is, strictly speaking, what happened to

Somaliland (Somalia); Togoland (Ghana); the Northern and Southern Cameroons (Nigeria and Cameroun respectively) and the Borneo territories (Malaysia). In the present context, however, we are mainly concerned with any possibilities of integration with Britain herself. The basic point in the United Nations definition of integration (Resolution 1541 (XV)–Appendix B) is that there should be complete equality of rights and status between the peoples of the territory and those of the independent country.

D. *‘Continuing association with Britain’* This term has not yet been adopted as a ‘term of art’ but might in future be used to cover any modernised form of dependence which does not fully comply with the United Nations definition of ‘free association’. The ultimate authority and responsibility would still rest with Britain, and the territory could not unilaterally become independent as it could under B. The category could include a wide range of differing relationships with Britain and different types of constitution.

#### APPENDIX A

##### *United Nations principles of Free Association as set out in Resolution 1541 (XV)*

(a) Free association should be the result of a free and voluntary choice by the peoples of the territory concerned expressed through informed and democratic processes. It should be one which respects the individuality and the cultural characteristics of the territory and its peoples, and retains for the peoples of the territory which is associated with an independent State the freedom to modify the status of that territory through the expression of their will by democratic means and through constitutional processes.

(b) The associated territory should have the right to determine its internal constitution without outside interference, in accordance with due constitutional processes and the freely expressed wishes of the people. This does not preclude consultations as appropriate or necessary under the terms of the free association agreed upon.

#### APPENDIX B

##### *United Nations principles of Integration as set out in Resolution 1541 (XV)*

Integration with an independent State should be on the basis of complete equality between the peoples of the erstwhile Non-Self-Governing Territory and those of the independent country with which it is integrated. The peoples of both territories should have equal status and rights of citizenship and equal guarantees of fundamental rights and freedoms without any distinction or discrimination; both should have equal rights and opportunities for representation and effective participation at all levels in the executive, legislative and judicial organs of government.



Integration should have come about in the following circumstances:

- (a) The integrating territory should have attained an advanced stage of self-government with free political institutions, so that its peoples would have the capacity to make a responsible choice through informed and democratic processes.
- (b) The integration should be the result of the freely expressed wishes of the territory's peoples acting with full knowledge of the change in their status, their wishes having been expressed through informed and democratic processes, impartially conducted and based on universal adult suffrage. The United Nations could, when it deems it necessary, supervise these processes.

### Annex II to 282: Forecast of future status of British dependent territories administered by the Colonial Office

The future status of these territories can be divided into five different categories as defined in Annex I. These are:—

- A. 1. *Independence* either as a separate sovereign state, or within a federation or in union with another state.
- A. 2. *Independence* accompanied by treaty arrangements with another state for the handling of external relations which are terminable at will (e.g. Western Samoa).
- B. *Free association as defined by the United Nations in Resolution 1541 (XV)*.
- C. *Integration* with Britain or another state.
- D. *Continuing association with Britain* (otherwise than under category B).

(Territories falling into category D might have various forms of relationship with Britain and varying degrees of internal self-government to suit their particular needs and the wishes of their peoples.)

2. The territories\* are listed in alphabetical order except that the Eastern Caribbean Islands are grouped together under one head and the three Southern African territories under another.

<i>Name of Territory</i>	<i>Size in Square Miles (land)</i>	<i>Population</i>	<i>Present Constitutional Position</i>	<i>Notes</i>
Bahamas	4,404	122,000	Full internal self-government with universal adult suffrage.	At present the government is largely drawn from the business community: they may be replaced after elections due in 1967 by the Opposition (the Progressive Liberal Party). A final status may be negotiable by 1968/69 and may be cat. A.2 or B. (Visit proposed by Secretary of State in October.)
Bermuda	22	47,000	Ancient constitution with considerable measure of self-government.	A committee is now at work reviewing the present outmoded constitution and it is hoped that a constitutional conference may be called by early 1966. Final status likely to be similar to that of the Bahamas (i.e. cat. A. 2 or B) but a year or two later, perhaps by 1970. (Visit proposed by Secretary of State in October.)

\* Excluding the British Antarctic Territory which has no permanent inhabitants.

<i>Name of Territory</i>	<i>Size in Square Miles (land)</i>	<i>Population</i>	<i>Present Constitutional Position</i>	<i>Notes</i>
British Guiana	83,000	613,000	Internal self-government but Governor has emergency reserved powers.	We hope to convene a constitutional conference before the end of this year to fix a date for independence (Cat.A.1). This might be late 1966 but the timing will depend on the ability of the present African dominated government to demonstrate its readiness to recognise the interests of the East Indian element of the population. The Venezuelan claim to a large part of the territory may complicate matters. (Visited by Secretary of State in February, 1965.)
British Honduras	8,866	100,000	Internal self-government but with certain powers reserved to Governor.	Final status likely to be independence, either cat. A.1 or A.2. Guatemala claims sovereignty over the whole country and future prospects depend on achieving a <i>modus vivendi</i> with her. There is also a dormant Mexican claim to part of the territory. If we can find a way through the international complications, independence may come by 1968. (Visit proposed by Secretary of State in October.)
British Solomon Islands Protectorate	11,500	132,000	High Commissioner retains wide powers. Elected element in legislature.	Still backward. It may take as long as 10 years before it can reach any degree of economic viability. As far as we can see at present some form of continuing association with Britain (cat. D.) seems most probable. Alternatively there might possibly be a link with Papua/New Guinea. In this way it might attain independence under cat. C assuming that Papua/New Guinea becomes independent of Australia. The Islanders are not likely to be capable of taking any decision on their future before 1969. Meanwhile we are proceeding with steady economic and political development. (To be visited by M.P.s in June or July.)
British Virgin Islands	59	8,000	Administrator has wide powers: unofficial majority in legislature.	Union with the United States Virgin Islands is an ultimate possibility but there is no immediate prospect of this. For the time being the territory should be included in cat. D. A Constitutional Commissioner has recently recommended for the next stage a status short of full internal self-government. There may be constitutional discussions in late 1965 or early 1966.
Cayman Islands	100	9,000	Administrator has wide powers: unofficial majority in legislature.	Geography suggests that the Cayman Islands should look to Jamaica. There is at present little prospect of union with Jamaica but association with it rather than with Britain is a possible final status. For the present the territory should be included in cat. D. A Constitutional Conference, probably in early 1966, is likely to bring it a stage nearer full internal self-government. (To be visited by M.P.s in June or July.)

<i>Name of Territory</i>	<i>Size in Square Miles (land)</i>	<i>Population</i>	<i>Present Constitutional Position</i>	<i>Notes</i>
Eastern Caribbean Territories				
Barbados	166	260,000	Full internal self-government.	Our aim has been to establish a Federation in the Eastern Caribbean which would become independent (cat. A. 1.). In Grenada the government wishes to join Trinidad while the opposition seems to prefer membership of a Federation. Union with Trinidad now seems improbable. We proposed a conference in July to consider a Federation (excluding Grenada) which could become independent during 1966. This is not now to take place and Antigua has withdrawn from the plan. Agreement may still be reached for a Federation of the remaining six and this could draw in again Antigua or Grenada or both. Failing federation Barbados is likely to seek separate independence in 1966 (either in cat. A. 1 or A. 2), or might possibly wish for free association (cat. B). The remaining seven Colonies (or six if Granada united with Trinidad—cat. C) would have to remain in some form of association with Britain either in cat. B or D. (All visited by Secretary of State, February, 1965.)
Leeward Islands:				
Antigua	170	61,000	Ministerial system in each Colony with Chief Minister, unofficial majorities in legislature and executive. Administrators retain certain powers e.g. in public service matters, internal security and in general interest of good government.	
Montserrat	32	13,000		
St. Kitts	138	66,000		
Windward Islands:				
Dominica	290	70,000		
Grenada	133	106,000		
St. Lucia	238	102,000		
St. Vincent	150	96,000		
Falkland Islands	4,700	2,150	Governor retains wide powers: unofficial majority in both executive council and legislature.	Their small size and isolation rule out independence, and the Argentine claim complicates further constitutional advance. Their ultimate future depends on a solution to this dispute. In the meantime the Islanders wish to remain dependent on Britain and they should therefore be included under cat. D. (To be visited by M.P.s in June or July.)
Fiji	7,015	434,000	Membership system with unofficial majority in executive and legislature: Governor retains considerable powers.	Constitutional advance is made difficult because of mistrust between the indigenous Fijians and the Indian population which is now in the majority. A conference in July may bring a limited ministerial system. There is no sign of the Fijians accepting independence as the aim and for the present at least the territory should be included in cat. D. (Visited by Mrs. White, May 1965.)
Gibraltar	2½	26,000	Governor retains wide powers: Ministerial system with unofficial majority in executive and legislature.	The difficulties with Spain impede further constitutional advance. The people do not want it and want to remain dependent on Britain. It should therefore be included in cat. D or possibly cat. B. (visited by Mrs. White, February 1965.)
Gilbert and Ellice Islands	369 (spread over an area of 2 million sq. miles of ocean)	50,000	Resident Commissioner has wide powers: Advisory Council and executive include unofficials.	For geographical and economic reasons the Colony is unlikely to be able to achieve independence. We cannot yet judge the possibilities and it must be included in cat. D. (To be visited by M.P.s in June or July.)
Hong Kong	399 (including leased area of 366. sq. miles)	3,740,000	Governor has wide powers: executive and legislature include nominated unofficials.	This is an international problem rather than a colonial one. The lease of the New Territories is due to expire in 1997 and their return to China is likely to be inevitable then. Meanwhile any attempt at constitutional advance would lead to serious repercussions with China.

<i>Name of Territory</i>	<i>Size in Square Miles (land)</i>	<i>Population</i>	<i>Present Constitutional Position</i>	<i>Notes</i>
Mauritius	720	720,000	Ministerial system with Premier: Governor retains certain powers. Unofficial majorities in executive and legislature.	A Constitutional Conference in September will work out a constitution for full internal self-government. The final status which may be reached by 1967 could be either independence under cat. A.1 or A. 2 or some form of association with Britain possibly under cat. D. (Visited by Secretary of State, April 1965.)
New Hebrides (Anglo-French Condominium)	5,700	64,000	Anglo-French Condominium. British and French Resident Commissioners exercise joint authority under an outmoded Protocol. Joint Advisory Council includes unofficals.	The territory is backward and only relatively slow constitutional advance would be possible even without the complications of the condominium. It is intended to seek early talks with the French Government on its future. (To be visited by M.P.s in June or July.)
Pitcairn	2	86	A local Island Council under the jurisdiction of the Governor of Fiji.	The tiny community is likely to remain dependent on Britain (cat. D) as long as it stays on the Island. Conceivably New Zealand might ultimately take over responsibility but there is no possibility of this at present.
Southern Africa				
(a) Basutoland	11,716	727,000	Internal self-government.	Independence (cat. A.1) possibly in 1966.
(b) Bechuanaland	220,000	503,000	Internal self-government.	Independence (cat. A.1) possibly in 1966.
(c) Swaziland	6,704	283,000	Internal self-government.	Independence (cat. A.1) possibly in 1968. (Basutoland, Bechuanaland and Swaziland visited by Mrs. White, April 1965.)
Tonga	270	68,000	Protected State. Britain is responsible for defence and external affairs and has certain rights and powers.	The Treaty of Friendship with Tonga is currently under review: Tonga is seeking a greater degree of freedom of action. Her final status is likely to be independence under either cat. A. 1 or A. 2.
Turks and Caicos Islands	166	6,000	Administrator has wide powers: unofficial majority in legislature.	Geographically union with the Bahamas would make sense but there is little prospect of this until the Islands are much more developed economically. The next stage of constitutional advance, perhaps in 1966, is likely to stop well short of internal self-government. For the present the Islands should be included in cat. D. but our policy should be integration with the Bahamas or some form of association with them. (To be visited by M.P.s in June or July.)
St. Helena	47	4,750	Governor has wide powers and is the legislative authority: his Advisory Council is partly elected.	The small size, isolation and lack of resources of these islands make continued association with Britain inevitable (cat. D.). (St. Helena and Ascension to be visited by M.P.s in June or July.)
(a) Tristan da Cunha	38	250	Dependencies of St. Helena each with an administrator.	
(b) Ascension Island	34	375		
Seychelles	45	45,000	Governor has wide powers: present constitution includes provision for unofficial majority in legislature.	It is intended shortly to send out a Constitutional Commissioner to discuss advance. Local opinion on the future is slow to form. It may wish to remain dependent on Britain (cat. D.) or seek free association (cat. B.) or even independence (cat. A.1 or A. 2).

<i>Name of Territory</i>	<i>Size in Square Miles (land)</i>	<i>Population</i>	<i>Present Constitutional Position</i>	<i>Notes</i>
South Arabian Federation (including Aden)	111,000	1,220,000	Aden is a Colony with a Ministerial system and fairly advanced internal self-government though High Commissioner retains certain powers. The South Arabian Protectorate consists of 20 states in treaty relationship with Britain whereby Britain is responsible for defence and external affairs. 16 of the Western States are united in the Federation of South Arabia which also includes Aden. 1 Western State and the 3 Eastern States remain outside the Federation.	Independence (cat. A.1) has been promised not later than 1968. Progress towards this goal is proving difficult primarily as a result of differences between Aden and other member states of the Federation. A Constitutional Commission is soon to visit the area. If the Eastern Protected states do not, as is hoped, join the Federation, they are likely to wish to retain their present relationship with Britain. (Visited by Secretary of State, November–December 1964.)

**283** CO 1031/4409, no 495 22 June 1965  
**‘Future of dependent territories’: record (PMM 9(65)2) of a meeting of Commonwealth prime ministers at Marlborough House**

The discussion on the progress of dependent territories was continued.

*Mr. Greenwood* said that when he became Colonial Secretary the Prime Minister gave him the task of working himself out of a job as soon as possible. He would like to remind the Meeting of the scope of the problem. Britain had 31 remaining dependencies with 10 million inhabitants, of whom over half were in Hong Kong and the South Arabian Federation. 19 of the dependencies contained less than 100,000 people, 6 less than 10,000 and one less even than 100. He had started by giving three directives. First, that the aim must be independence for every territory which wanted and could sustain it. Second, that no tendency to drift into ad hoc solutions should be allowed to develop in this last phase of the process but rather they must seek to create the right circumstance in which to apply to each territory the solution which, in consultation with its people, seemed to the British Government the right one. Thirdly, it was important to secure international agreement and understanding of this policy and its difficulties. He had been to the United Nations and met some of the United Kingdom’s critics on the Committee of Twenty-Four. He hoped Commonwealth members of the Twenty-Four would feel free to ask at any time for information they wanted from Britain: he would always be pleased to give it. In like manner, he had invited United Nations’ officials to come to the Colonial Office whose doors, and records, were always open to them provided of course this was consistent with security. There had likewise been a United Nations economic mission to the High Commission Territories, and he had asked U Thant<sup>1</sup> to nominate two members of the constitutional commission for the South Arabian Federation. The United Kingdom had nothing to hide, and he felt that the measures he had taken would diminish some misunderstandings which had been prevalent.

He and the Parliamentary Under-Secretary of State had already visited half the

<sup>1</sup> UN secretary-general.

dependent territories. Groups of M.P.s would in the next 6 weeks visit another 8. Talks were shortly to be held with France on the future of the New Hebrides Condominium; and he was shortly holding a conference of experts to study possible arrangements for the very small territories. In sum he hoped that 14 of the remaining British dependencies would reach independence in the next three years or so, perhaps as some six or seven independent states. In the next year Bechuanaland, Basutoland and British Guiana might achieve independence. Also, in 1966 or 1967, there was a possibility of an East Caribbean Federation, or alternatively of a separately independent Barbados, and Mauritius might achieve independence. In 1967 Swaziland should become independent, and in 1968 the South Arabian Federation and perhaps British Honduras and Tonga. He hoped also that the Bahamas and Bermuda would achieve a new status either somewhat like that of Western Samoa or in free association with Britain. The Fiji conference in July—though it could hardly bring independence—should make an advance towards internal self-Government by introducing a Ministerial system and a broader franchise. In 3 or 4 years' time the remaining dependent territories, with the exception of Hong Kong, should comprise only  $1\frac{1}{4}$  to  $1\frac{1}{2}$  million inhabitants.

He would like to deal individually with the South Arabian Federation, the East Caribbean, Mauritius and British Guiana. A joint meeting between the Aden Government and the Federation Government on a unitary state had been held before Christmas, but the Federation Government had later asked for more time for local discussions. As these seemed unlikely to prove fruitful, he had proposed a constitutional commission on which the United Nations and some Commonwealth countries would be represented. This commission could get down to the difficult practical problems of the institutions, franchise and arrangements for a general election in the Federation. It might also promote talks between the 20 South Arabian states, thus helping the objective of independence not later than 1968. In the East Caribbean, 7 islands had this February published proposals for a federation. The British Government agreed that they had better political and economic prospects in a Federation than as six or seven separately independent countries, but would not force any form of government on them. It was saddening that some ground had been lost since the hopeful beginning. He had sent a dispatch saying that the British Government was in favour and inviting them to a conference in July, but Antigua had later said [sic] opposed federation and Barbados had therefore asked for more time for discussions, which would be pursued locally. The prospects of a federation had not disappeared but were no longer so bright. Mauritius had been invited to a conference on 7th September to consider the island's ultimate status. Some parties there favoured independence and others integration or association with the United Kingdom. The conference could consider these possibilities and the means of consulting the people's wishes. There had been a distressing increase in racial tension on the island but the despatch of a company of British troops in May with the agreement of the all-party Government had had a stabilising effect. The most worrying and distressing problem of all was that of British Guiana. Nevertheless, there had been a marked improvement since the December election and he would like to express his thanks to the Commonwealth countries who had sent observers to the election for the valuable help given. There had been over 100 deaths in civil disturbances last year but it was encouraging that there had been none this year, and that with British, Canadian and United States help, the British Guiana Government

had been able to embark on a crash programme for improving the economic infrastructure of the country. Moreover the mission of experts under Sir Arthur Lewis was preparing a long-term economic plan, and the problem of racial imbalance in the army and the police was being tackled. The situation had needed time to settle down but must not be allowed to drag on: he hoped to hold a conference later this year with a view to independence next year.

*Dr. Williams*<sup>2</sup> said that he did not wish to embarrass the Colonial Secretary, but the Government of Trinidad and Tobago took a radically different view of the situation in British Guiana. The last Prime Ministers' Meeting had considered the subject after missions first on behalf of the then Colonial Secretary Mr. Sandys and then from Ghana and then again from Trinidad and Tobago had failed to bring the main groups together. Trinidad and Tobago, drawing upon their own experience of a multi-racial society, had therefore proposed at that Meeting the establishment of a United Nations Trusteeship, under the direction of a Commonwealth Commissioner appointed from New Zealand which had no interest in the territory. They had pointed out that this would involve a United Nations peace-keeping force, and suggested that the Commissioner's main task should be to re-establish confidence between racial groups with a view to elections preceding independence in October, 1965. This proposal had not been considered by the Meeting, nor had President Nkrumah's proposal for a Commonwealth Conciliation Mission been accepted. Instead the British Government had drastically revised the constitution and introduced proportional representation, a system advocated by one side of the dispute and vehemently opposed by the other. The result in the subsequent election had been to remove the party in power in favour of another. He did not see how this could be regarded as an adequate and appropriate basis for independence. He could see no future in a situation in which one procedure brought into power one party to an inter-racial dispute, and then was changed to another procedure which brought to power another party. His Government believed that the British action had aggravated racial divisions in British Guiana, and had underlined outside interference since racial polarisation was now reflected internationally in the support of different international powers for different parties. This not only complicated the issue in British Guiana but raised a fundamental question for all the small states in the Caribbean and Latin America. He did not wish to introduce the question of Santo Domingo into the present discussion: it would be more appropriate at a later stage. But he would like to put his Government on record as repeating the proposal for U.N. Trusteeship formally made to the last Meeting. He disagreed with British policy and would continue to hold the British Government entirely responsible for its results. It was not his aim to embarrass the British Government, but his own information was that an explosion in British Guiana might come at any time, and he had more confidence in this information than in the Colonial Secretary's statement.

Turning to the dependent territories in the Eastern Caribbean, he wished to acknowledge that the Colonial Secretary had at least taken the new step of recognising their existence in referring to them at the Meeting. But he could not accept his statement or its implications. For three years efforts to find a solution had been based on the policy that aid to countries whose economic problems were directly related to a history of British administration should be linked with their

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<sup>2</sup> Prime minister of Trinidad, 1962–1981.

federation. The Colonial Secretary had said that federation would give these territories a better chance to attract economic aid, and that the prospects for federation were not bright: the implication was that in 1965, as in the past, the British Government would not give first priority to economic assistance, which was their greatest need. It was unrealistic to suppose that small islands, often dependent on one crop which had become increasingly difficult to sell, could proceed to independence or free association without economic assistance. He hoped to see the British Government, instead of concentrating on a political federation which had no chance of success, take up discussion of economic aid and deal with political association in that context.

Although the British Government had not discussed aid with its dependencies, the French had found no difficulty in discussing aid with Guadeloupe, nor the Dutch with Surinam and the Netherlands Antilles whose constitutional position was more advanced than that of the British territories. Until such discussions were held the basic malaise and instability in the Caribbean would continue. Small countries there would remain under the constant threat of the landing of troops from some great power. He therefore formally proposed that the Meeting should consider, and if possible endorse, his proposal that the British Government should join with the Governments of Jamaica, Trinidad and Tobago and Canada to convene an international conference including the U.S.A., France and the Netherlands to discuss the future of the smaller dependent territories in the Caribbean in the context of their association with independent Caribbean states.

*President Nkrumah* asked whether Dr. Williams considered that the Colonial Secretary should discourage federation between the remaining West Indian islands.

*Dr. Williams* replied that it depended what was meant by federation. He did not wish to embarrass others present at the Meeting.

*Mr. Sangster*<sup>3</sup> said that Jamaica had tried the experiment of being part of a Federation but had withdrawn. He did not think it would be possible for the 'Little Seven' to federate at present. Three or four of them, i.e. the Windward Islands except perhaps Granada might do so, but the theory of federation had not yet been fully accepted in the Eastern Caribbean. Perhaps persuasion from the Commonwealth, and the economic re-appraisal proposed by Dr. Williams, might bring results. The British Government would have to find a new way of dealing with small territories, for the old pattern of the successive achievement of independence seemed impossible because the remaining territories were not viable. A new concept was needed.

In the Caribbean the British Government might re-create the West Indian Regional Economic Committee. This had been started in 1951 and had done valuable work in the economic and technical fields. It used to meet regularly and take decisions which were then implemented by the Government of each territory. It had come to an end as being no longer necessary on the establishment of the Federation, and had not been re-created when the Federation broke up. Dr. Williams had recently organised a meeting of the Governments of Trinidad and Tobago, Jamaica, Barbados and British Guiana, and this had achieved some useful results. It might prove possible to include other territories in these meetings, or alternatively to re-create the Regional Economic Committee. He also supported Dr. Williams' proposals for discussions between a number of countries directly concerned with the Caribbean.

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<sup>3</sup> Deputy prime minister of Jamaica and minister of finance (see 248, note 3).



He had visited British Guiana recently. The situation had not been as bad as had been reported, and seemed more satisfactory than for a long time. Without passing a judgment on the system of proportional representation, it existed, and it had quietened the country. At least there was one man, one vote, and a choice of candidates. The Government was trying to unite opinion in British Guiana; there was still some sabotage which seemed to be of internal origin, not stimulated from outside. The problem of British Guiana was also one of economic opportunity, not just of aid. It had large natural resources, and a very small population which could be increased by immigration from the West Indies. It should be possible to bring together capital from the rest of the world and manpower from the Caribbean, to develop the resources, and thus to help ease some problems in the Caribbean and in Britain. Some thought that the present constitution should be changed, but in view of the partial success which the British Government had achieved it should be given a chance, and that the British Guiana people should be given the economic opportunity to work out their salvation. He hoped that they would take the necessary assistance from the West.

*Mr. Holyoake* said that he wished to inform the Meeting of the progress of Western Samoa. It was a territory with a rapidly growing population of about 125–150,000, and the first example of a third-generation Commonwealth country, having been brought to independence by New Zealand, itself a second-generation country. Western Samoa was now progressing well and getting assistance, especially educational and technical, from New Zealand. There was free immigration into New Zealand, which gained about 4,000 to 5,000 to her population each year in this way.

New Zealand had now also brought the Cook Islands to full internal self-government. They had been annexed in 1900, and had always enjoyed New Zealand citizenship, though they had not voted or paid New Zealand taxes. They had had local councils, which had developed into their present democratic legislature. There had recently been a change of Government after elections carried out in the presence of United Nations observers. The new Government had changed the Constitution, but had wanted to keep New Zealand citizenship for the islanders with full internal self-government, and with New Zealand looking after foreign affairs and defence. The economy was not viable, and the Islands received a free grant from New Zealand amounting to about £50 a head per year which itself amounted to a higher total income than that received by the population of two levels of the world.

New Zealand experience could not necessarily be applied elsewhere: however it might be possible to follow this example with some small territories, which might be happy to join larger territories in free association, whether by Treaty of Friendship, as with Samoa, or by a provision of the Constitution, as with the Cook Islands. These territories could even claim membership of the Commonwealth and the United Nations. New Zealand had not sought to deter them.

*Dr. Williams* asked whether New Zealand, in annexing the Cook Islands, had taken them over from Britain.

*Mr. Holyoake* said that New Zealand had annexed them in 1900 and the inhabitants had immediately been given New Zealand citizenship.

*President Kaunda* said that he welcomed what the Colonial Secretary had said about his anxiety to work himself out of a job. From personal experience he knew that things were going smoothly in Bechuanaland, Basutoland and Swaziland. The Colonial Secretary knew that in Swaziland there might be future developments over

the tenure of land. The whole country was divided into national land and into land owned by persons of South African origin. The land question could promote antagonism between black and white, if it were not properly handled. He asked the British Government to look carefully into this question before granting independence to Swaziland. Some means of protecting the people in Swaziland should be enshrined in the instruments of independence. He had already mentioned the position of these three protectorates in relation to Southern Rhodesia. When the Prime Minister of Bechuanaland, Seretse Khama, had recently paid a State visit to Zambia, he had agreed with him in expressing a desire to work towards some form of economic co-operation for the three protectorates which at present depended on the South African economy. He did not know whether the British Government had plans for aiding Basutoland in particular once they achieved independence. Basutoland had said that they would look after themselves; but since they were completely surrounded by South Africa, their lack of communications with the outside world could frustrate their economic independence. Bechuanaland might be helped to develop their communications with Zambia. Zambia was traditionally a market for Bechuanaland cattle and would continue to offer this market. Could a good road be built to Zambia? The two territories had a common frontier of about a mile. If Zambia could then build a road or railway link to Dar-es-Salaam, Bechuanaland could maintain contact with the outside world through Zambia. He had no helpful suggestions to offer on Basutoland but hoped the British Government would have some. His two questions to the British Government were, therefore, whether they could ensure that black and white should not be divided over the question of land in Swaziland; and whether they would help Bechuanaland to improve its communications with the outside world.

*Mr. Pearson* said that he had learned the perfect formula for living: it was to go and live on an island associated with New Zealand where he would receive £50 a year without taxation. This was real independence.

*Mr. Holyoake* reminded him that recent legislation had introduced local taxation in the islands.

*Mr. Pearson* said that the British Colonial Secretary's report gave a dramatic indication of the progress towards independence that had been made over recent years, especially the fact that there were now only 10 million British Colonial subjects, of whom more than half were in Hong Kong and South Arabia. Fourteen colonies could look forward to independent status in the next 3 years or so. This might mean—if some of the smaller ones came together, as he thought was desirable—six or seven new international units. The Commonwealth had to accept that any former colony that became a member of the United Nations would be eligible for membership of the Commonwealth. It was, therefore, wise to look forward to an even larger Commonwealth in terms of independent members in the years immediately ahead. A bigger table would be needed in Marlborough House and the British Prime Minister might have to arrange for future Meetings to cover two week-ends in order to accommodate all the Prime Ministers at Chequers.

Canada had a special interest in the Caribbean because of her growing association with countries in that area. It was his impression that the British Guiana situation had improved and that progress had been made towards removing the causes of racial division and factional discord and towards achieving racial harmony. He would not advocate waiting until full racial harmony had been attained before a

territory could achieve independence: had that doctrine been followed, Canada might still be a colony. But there had to be a minimum of racial harmony in order to ensure internal stability and security. It was encouraging that Britain intended to call a conference later in the year to discuss the granting of independence to British Guiana.

While Canada would have hoped that a Caribbean federation of the remaining islands would be possible, he agreed that it looked unlikely. The organisation of economic assistance to the area should not be postponed on that account. Canada proposed to go ahead with her assistance to individual countries in the Caribbean needing economic aid, although it would have been easier to organise it on the basis of larger organisations. In future a greater proportion of Canadian mutual aid would be diverted to the Caribbean than in the past because of the geographical and other bonds that linked Canada to the Caribbean.

Dr. Williams had suggested convening a Caribbean conference of Jamaica, Trinidad and Tobago, France, Canada, the United States, the Netherlands and Britain to consider the problems of the area. Canada would not oppose that suggestion but it would be wise to explore first the likely reaction of the United States to participation. The United States might be concerned lest such a conference would lead to criticism of their aid policies and of their political policies in relation to Cuba and the Dominican Republic. They might also feel that the outcome of such a conference might be duplication of the aid machinery that operated under the Organisation of American States. He thought there was also a feeling in Washington that it would be wise of the United States to direct more aid more intelligently to the Caribbean and Latin America in order to anticipate any further trouble in those areas. The Canadian Government would not be averse from participating in a conference such as Dr. Williams had suggested.

*Dr. Banda* said there were two questions he would like to ask. First, had the British Government any information upon the rumour that on independence Swaziland might become a South African province? The chief adviser to the Swaziland Government, a Johannesburg lawyer, was alleged to be urging King Sabhuza [sic]<sup>4</sup> to join South Africa, but nothing was known for certain. On Basutoland he would like to know what plans the British had to avert the serious difficulties which the Union of South Africa might choose to cause her at some future time. The problems of transport and outlets to the sea which affected Malawi, Zambia and Bechuanaland were many times more serious for Basutoland, completely surrounded by South Africa as she was. Indeed the whole problem of Basutoland emphasised the point he had made earlier that it was no use giving their brothers, not yet free, false hopes by shouting. It was essential to be realistic, and not expect universal and rigid adherence in implementing resolutions passed. For instance, it would be cruel to expect Basutoland to conform with any resolution to boycott South Africa. Wool was her only industry, and labour her only export. Both of these were bought by South Africa, who was almost Basutoland's only source of money.

*Mr. Shastri*<sup>5</sup> said that Dr. Williams had drawn attention to the unsatisfactory

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<sup>4</sup> Sobhuza II, Ngwenyama (paramount chief) of the Swazi nation since 1921, and subsequently King of Swaziland, 1967–1982. See 294 and 296.

<sup>5</sup> Prime minister of India (June 1964–Jan 1966).

position in British Guiana. He felt that the system of proportional representation there had polarised racial groups and intensified racial feeling, and now considered [sic] about the timing of the constitutional Conference. Indian experience suggested that a joint electoral system was preferable. He hoped that the method of representation would be re-considered at the constitutional Conference.

Replying to the discussion *Mr. Greenwood* said that he would like to thank Dr. Williams and Mr. Sangster for the interest they took. The help and advice they gave from time to time on the Caribbean was appreciated. The origin of the electoral system in British Guiana was that in 1963 the three political parties had agreed to accept the then Colonial Secretary's decision on the arrangements for elections. Mr. Sandys had come down in favour of proportional representation. The Labour Government had taken office only a few days before nomination day. They were not happy about the proportional representation system, but at that date it would have been a breach of faith—and might have risked bloodshed—to delay the election and alter its method. Undoubtedly the system was open for discussion by the representatives of British Guiana parties at the constitutional Conference which would be held before the end of this year. The greater the agreement on the electoral system the better he would be pleased. United Nations trusteeship of British Guiana, which had also been mentioned, had its attractions; but it was not supported by the political parties in British Guiana and the United Nations might well think that such a solution fell far short of the full independence which was the goal they would wish. He agreed that the idea of an economic conference on the Caribbean was an interesting one, and should be worked for. The idea of an East Caribbean Federation was not necessarily an ultimate solution. But it should be remembered that the idea had come from the 7 islands themselves and it was the publication of their views which had led to the invitation to a conference. Their idea of federation should be given a chance before any more ambitious scheme was tried. Certainly Britain did not mean to hold up economic help until political progress was made. Such help was being given and a regional office of the Ministry of Overseas Development had lately been set up in the Caribbean where it had a great contribution to make.

President Kaunda had commented on the poverty of the High Commission territories. Indeed they had long been shamefully neglected, but the Government was now doing its best. Over the next three years £15½ M would be spent on development aid and £17 M on budgetary aid. The United Kingdom was trying to build up the economies of the territories, especially that of Swaziland. He would consider the idea of building a road between Basutoland and Zambia. Moreover, he and the Minister of Overseas Development would consider, in the light of the remarks made at this Meeting, the report of the United Nations economic mission. Of course the risk of South African domination, which Dr. Banda had mentioned, existed; one could not argue with geography. But the real solution to the problem of their future was economic viability and as their economies built up, they would be in a stronger and stronger position. It was also to be hoped that South Africa would not go looking for additional trouble, but would try to show that she could live in peace with her neighbours.

The Meeting:—

Agreed to turn to the remaining items in their discussion of the world political situation after a short adjournment.

**284** CO 1032/406, no 316

6 July 1965

**'Future of remaining British dependent territories: international and strategic aspects': FO memorandum***I. Introduction*

The policy problems posed by our remaining dependent territories are set out in detail in the Colonial Secretary's paper for the Defence and Oversea Policy Committee (OPD(65)89 of 31 May).<sup>1</sup> Since many of these problems have implications for British foreign and defence policy, the Foreign Office has undertaken to contribute a study of the international and strategic aspects of the subject. This is the purpose of the present paper.

2. From the point of view of British foreign policy, there are broadly three ways of looking at our remaining dependent territories overseas:—

(a) They can be seen as the last handful in a long line of territories where we have fulfilled and must continue to fulfil the obligations prescribed both by our own conscience and by the United Nations Charter. Under the Charter, 'members of the United Nations which have or assume responsibilities for the administration of territories whose people have not yet attained a full measure of self-government recognise the principle that the interests of the inhabitants of these territories are paramount and accept as a sacred trust the obligation to promote to the utmost, within the system of international peace and security established by the present Charter, the well-being of the inhabitants of these territories' (Article 73).

(b) They can be seen as actual or potential sources of tension and dispute, not only between Britain and world opinion (as encountered at the United Nations and in the attitudes of our friends and allies), but also between Britain and particular foreign countries which have irredentist claims on territories at present under our control.

(c) They can be seen as parcels of real estate scattered around the world which are or could become valuable for strategic or communications purposes to Britain, either directly or through our ability to make them available to our allies, notably the United States.

3. This paper is concerned to explore the implications of these three points of view. They apply effectively to all territories outside the United Kingdom where Britain exercises a colonial or quasi-colonial position of political paramountcy. This would include not only territories which are the concern of the Colonial Office, whether colonies or protectorates, but also protected states dealt with by the Commonwealth Relations Office (Brunei), or by the Foreign Office (Persian Gulf) and territories administered by the Ministry of Defence (Cyprus S.B.A.s). But the differences between various types of paramountcy can be important in practice as well as in theory. Protectorates or protected states where Britain can give compulsory 'advice' on internal matters (e.g. Brunei and the East Aden Protectorate) may have something in common with ordinary colonies. Protected states where British authority extends only to defence and external affairs (e.g. in the Persian Gulf) are by contrast more comparable to fully independent countries; indeed, their status differs very little if at all from that of e.g.

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<sup>1</sup> See 282.

the Cook Islands, which are independent in 'free association' with New Zealand. No attempt is therefore made in this paper to examine our policy towards such protected States. It need only be said that we must help them ultimately to devise a way of dispensing with our protection; whether and how this might be achieved (e.g. association with each other or a larger neighbour) raises complex problems which in the last analysis the rulers of these states must decide; but we are very closely concerned, in view of our interest in continuing stability in the Gulf and the difficulty of devising any alternative to the present military arrangements which we have there for ensuring this. Southern Rhodesia is excluded because our present problems there arise precisely from the lack of anything except a notional paramountcy; and so are the Channel Islands and the Isle of Man, which for a unique combination of geographical and historical reasons can be much more closely associated with the United Kingdom than are any other dependencies.

4. The extent of our overseas dependent territories is now so reduced that they can be separated, for the purposes of considering our future policy, into two broad groups:—

- (a) Continental territories, forming part of some large mainland with which their future destinies are certain to be involved;
- (b) island territories, in the Atlantic, Pacific and Indian Oceans, which are mostly too small and too remote to have any obvious future either as independent states or in association with a larger neighbour.

## II. *Continental territories*

5. In the long run our continental territories present neither problems nor opportunities. The pull of the mainland will be the dominant factor in all calculations for the future. A close relationship with Britain is unlikely to survive for long, except in one or two special cases considered below. Some territories, e.g. British Guiana and the former High Commission territories in Southern Africa, may conceivably have a future as independent countries. They are neither large nor viable enough to be ideal candidates for such a status, but we have probably now gone too far down the road in promising them independence to be able to draw back even if we wished. On the other hand, where the principle of independence has not yet been established, a serious alternative is some form of integration with a neighbouring state on the mainland.

6. There are three possible exceptions to this general rule that the future of the continental territories must lie in association with or independence alongside their mainland neighbours:—

- (a) The Cyprus S.B.A.s are an apparent exception only, not a real one. They are already administered as part of Cyprus and would still be if Cyprus were absorbed by one or more of her neighbours. Residual British sovereignty is convenient for strategic purposes at present, and, because we cannot today set a term to our strategic need for at least one S.B.A., we prefer not to base our policy on open acceptance of their eventual absorption into the rest of the Island. But no-one doubts that they will be so absorbed in due course, as and when our military needs decline and local irredentism builds up.
- (b) Hong Kong is certain to end up as part of China. Our lease of the New Territories expires in 1997 and no-one expects our sovereign territory to survive

thereafter, in spite of the considerable economic advantage which China derives from Hong Kong as a source of hard currency. If they wanted the Colony back before then, it is unlikely that the Chinese would attempt to occupy it by force, so long as they believed this involved any risk of United States retaliation against the mainland; and so long as Sino-American relations remain in their present state and the United States maintain overwhelming forces in the Western Pacific, the Chinese will probably consider that this risk exists. But if she chose to China could make things so difficult for us in Hong Kong by measures short of direct attack that we might well be glad to get out. Indeed, if China were to develop active designs on Hong Kong before 1997, we should probably be wise to negotiate rendition. Direct material loss (including valuable air traffic rights) would be substantial and we would probably suffer politically in East Asia as well, but our losses in both respects could be at least slightly mitigated by opting for an early negotiation rather than risking an eventual forced withdrawal. In addition to the question of material losses, rendition would involve appallingly difficult problems, charged with strong emotional appeal, about emigration arrangements for refugees and for Hong Kong citizens and employees who have claims on the British Government. In the present and foreseeable future, however, China seems content to leave Hong Kong as it is. But she would no doubt react unfavourably to any attempt to alter its status, e.g. by a move towards self-government (or towards integration with Taiwan); in the absence of local pressure for a change, therefore, the case for leaving well alone is overwhelming.

(c) Gibraltar could easily be absorbed by Spain if we raised no objection. But despite geography the Gibraltarians are not Spanish and the colony is perhaps unique in having a deep emotional appeal for the British people. Independence is out of the question for a population of 25,000; even Malta, the Gambia and Swaziland is each more than ten times larger. Despite Spanish objections, therefore, Gibraltar would be a better candidate than any other mainland territory for some form of permanent association with Britain, if this were in due course evolved for some of our remoter islands. On the other hand, the value of Gibraltar to Britain is declining and the disadvantages of a major British quarrel with Spain are likely to grow. Our economic interest in Spain is already considerable (she is now our most rapidly expanding export market); the political objections to opposing her would be all the greater if the Franco regime is followed (as it may well be) by something more democratic. In any case, resisting a complete Spanish blockade of Gibraltar, if it came to that, would be a costly business in terms of the military, financial and logistic support we should have to provide. In the end, therefore, our broader interests may demand the return of Gibraltar to Spain; and this may be less objectionable both to us and to the inhabitants of Gibraltar if the regime in Spain takes a more liberal form. But such a step would be that much harder if in the interval Gibraltar had moved from colonial status to some form of permanent association with Britain.

### III. *Island territories*

7. It is in the case of the island territories that both the problems and the opportunities arise. A few are just large enough to be possible candidates for independence: Mauritius (720,000) and Fiji (430,000), if their racial problems can be sufficiently overcome; Barbados (240,000) and the Leeward and Windward Islands

(370,000), if they can form a federation. Even in these cases, the difficulties in the way of independence are great and only in Mauritius is there yet any very active demand for it. In other cases, populations are so small (indeed, in some instances, there is no indigenous population) and distances so great that independence would be ridiculous. Some might be willing and able to associate with countries less remote than Britain; e.g. Grenada with Trinidad, the Bahamas and the Virgin Islands with the United States and some of the Pacific islands with the United States, Australia or New Zealand. But e.g. Bermuda (50,000), St. Helena and Ascension (5,000), the Seychelles (45,000)—unless they were to associate with Mauritius and a number of Pacific islands seem bound to stay in some sort of permanent relationship with Britain. Alternative ways of providing for this, and the strategic desirability of doing so, are considered below.

#### IV. *The traditional advance to self-determination*

8. The basic concept of a temporary empire, with Britain acting as a trustee for future nationhood, is as least as old as Burke's<sup>2</sup> speeches on India. Although it was not until after the First World War that we gave anyone their independence (except the United States; the Ionian Islands were an example of cession rather than independence), and not until after the Second World War that we handed over effective power to anyone other than white men, the policy of presiding over the dissolution of the British Empire has been readily accepted as a national tradition over the last twenty years because it is in fact grounded in our political beliefs. We do not like non-representative government, even when we are the governors. We value our own independence and recognise that others are entitled to value theirs. As a nation of shop-keepers, we are in any case averse to tying down in the maintenance of colonial order resources of men and money for which we have urgent need elsewhere; we have never forgotten for long Macaulay's<sup>3</sup> advice that the doubtful allegiance of distant provinces is generally worth less than the cost of securing it. With our usual mixture of altruism and self-interest, therefore, we have evolved the doctrine that it is an imperial duty to prepare subject peoples for independence. This has enabled us, in most cases to pursue decolonization at the pace urged on us by the United Nations, by our close friends and allies (e.g. the United States and Canada) and increasingly by the new Afro-Asian members of the Commonwealth.

9. In this process, we have found the idea of the Commonwealth a useful means of embodying and sustaining the hopes which we share with many of our dependents that some of the valuable legacies of empire can be preserved. But we have not been deterred from decolonization by the prospect of some former dependent territories not wishing to stay in or join the Commonwealth (e.g. Ireland, Burma, the Sudan and Kuwait).

10. We have, of course, been deterred from time to time by fears of decolonising in a particular territory at the wrong time or in the wrong way. We have recognised a number of pitfalls, notably:—

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<sup>2</sup> Edmund Burke (1729–1797), Irish social and political philosopher and a leading Whig politician at the time of the American and French revolutions. He was critical of the privileges and excesses of East India Company rule in India and instigated the impeachment of the governor-general, Warren Hastings.

<sup>3</sup> Thomas Babington Macaulay (1800–1859), English historian, essayist and philanthropist. As a civil servant in India he established a system of western education and a new criminal code.



(a) the possibility of leaving behind a local situation of chaos and massacre which could expose us to international criticism, harm our own (and probably everyone else's) economic interest and open the way for Communism; in the Congo Belgium has provided the most obvious recent example of such a process, but the appalling toll of bloodshed that resulted from the partition of the Indian sub-continent brought home to us sharply that the grant of independence is not in itself a panacea for all related problems.

(b) the danger of damaging our international image (and our self-esteem) by betraying our trust to particular local groups (e.g. the Turkish Cypriots) or by alienating particular friends or allies who have a local axe to grind (e.g. the Shah in relation to Kuwait);

(c) the risk of setting up economically unviable states (e.g. the Gambia) or politically controversial ones (e.g. Malaysia) which we may find ourselves with an embarrassing liability to sustain.

Such restraints have slowed down the decolonisation process but we have not regarded them as ground for suspending it altogether. We have been prepared if necessary to leave in circumstances where massacre is likely to result (India and Palestine); where there is a possibility of revolution and Communism (Zanzibar); where we have to abandon local interests we had promised to protect (the Indian Princes or the Kenyan settlers); and where we antagonised friendly neighbours (Ethiopia in the case of British Somaliland).

11. In the light of what has become accepted as a tradition, we now find it hard to think about the future of our remaining dependent territories except in terms of independence. We recognise that some territories may prefer to merge with a neighbour (e.g. Somaliland); but we like this to be done after independence. We accept that others for the moment prefer to remain dependent on us (e.g. Gibraltar or Hong Kong); but we regard such preferences as intrinsically temporary or exceptional. We are uneasily aware that others again are so small and remote as to be ludicrous candidates for eventual independence, even in a world which has accepted the Gambia and is apparently prepared to accept Basutoland; but we have not been able to agree on any policy for solving this problem. We toyed with the idea of integrating Malta,<sup>4</sup> but were on the whole relieved when it fell through. We have noted that New Zealand conducts (but is not responsible for) the foreign affairs of an independent Western Samoa and that the Cook Islands are to be granted independence on the basis of 'free association', whereby Wellington will continue to be responsible for defence and foreign affairs. But we have as yet reached no conclusions as to how far such arrangements are likely to last or should be applied to our own territories. We have studied the problem elaborately on a number of occasions—notably in the report by a group of Commonwealth officials in 1960<sup>5</sup> (a Canadian, Australian, New Zealander, Indian and Ghanaian under Sir N. Brook's chairmanship), in the 'Chadwick Report' of 1962<sup>6</sup> (a Working Party of British officials

<sup>4</sup> On Malta, see David Goldsworthy, ed, *The Conservative government and the end of empire 1951–1957*, II, 313–320. More detailed coverage will be provided in a forthcoming BDEEP volume on Malta (editor, Simon Smith).

<sup>5</sup> For the 1960 report by Commonwealth officials, see Hyam & Louis, eds, *The Conservative government and the end of empire*, II, 534.

<sup>6</sup> For the report of the Chadwick inquiry, see *ibid*, II, 545.

under C.R.O. chairmanship) and in the 1965 Review initiated by the Colonial Office<sup>7</sup>—but without reaching any conclusion more positive than that we should carry on granting independence at any rate for the time being. The independence policy has in fact become so much an instinct, and it has by and large served us so well hitherto, that we may find it difficult to break ourselves (and others) of the habit even if it becomes clear that we ought to do so.

#### V. *Sources of international dispute*

12. We are well aware of the disadvantage of alienating world opinion, and the opinion of our friends and allies, by the course of our colonial policy. By and large, however, we have rightly concluded that the way to avoid general international criticism of this kind is to guide our dependent territories as rapidly as possible towards independence. We hesitate only where we feel compelled to do so by the complexities of discordant local claims (e.g. Palestine) by strategic or economic considerations (e.g. Cyprus) or by a serious settler problem (e.g. Kenya). The United Nations has been notable for its bias in favour of independence as the cure for all ills even in defiance of the facts; in 1958 for instance, the General Assembly convinced itself that Cyprus wished to be an independent country although all the parties to the dispute (including the Cypriots) were unanimous in denying this; and the current United Nations proposal that 1965 should be independence year for *all* colonial territories is of course equally unrealistic.

13. Progress towards independence has inevitably been less successful in countering irredentist claims by third parties to particular dependent territories. Where our dependents have shown themselves generally willing to fall in with such claims, as in Somaliland or the Cameroons, little trouble has arisen. But where they are not, as in Gibraltar, British Honduras or the Falkland Islands, our problems are still with us and some appear almost insoluble. In the case of Somalia's claim to part of Kenya,<sup>8</sup> we have extricated ourselves from direct responsibility by ignoring the wishes of the Kenyan Somalis and handing over the problem to the independent Government in Nairobi; but this precedent may not prove successful elsewhere.

14. Despite the Ionian and the Cocos Islands, the cession of our overseas dependent territories to third parties has never been thought of in Britain as a satisfactory expedient. It is a gnat we have somehow always strained at while the camel independence has been swallowed time and again. This may be understandable

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<sup>7</sup> See 282.

<sup>8</sup> Kenya's Northern Province—the Northern Frontier District (NFD)—had around 200,000 Somali cattle farmers, some permanently, others seasonally resident in its north-eastern corner. After Somalia's independence in 1960, NFD Somalis demanded self-determination. A commission confirmed in 1962 that the Somalis were virtually unanimous for secession but African ministers in Kenya's government refused to compromise, largely because Kenya faced so many minority issues. Britain vacillated, recognising on the one hand the threat the Somali issue would pose to an independent Kenya, but wanting on the other hand to persuade the Kenyans to accept British base facilities after independence. Somalia broke off diplomatic relations with Britain in Mar 1963 by which time it was evident that although there would be no British base after Kenya's independence, a strong UK training and logistics presence would remain. British troops were not withdrawn at independence in Dec 1963 and were used to put down a mutiny by the Kenya Rifles in Jan 1964 (see 357, para 17). After the mutiny Britain promised Kenya assistance in expanding its military but studiously refrained from lending direct support against Somali incursions into the NFD. Britain's role was restricted to intelligence and reconnaissance; the future of the NFD was a problem for the Kenyan government. The editors are grateful to John Lonsdale for this background.

psychologically. But in some of the few cases that remain, we should perhaps consider carefully whether cession might not serve our overall interests better than any other solution. Clearly, the Eastern Mediterranean would be a less troubled place today if we had ceded Cyprus to Greece in 1947 (or 1924). It might also have paid us better, though the difficulties are obvious, if we had ceded Zanzibar to Tanganyika or Kenya and the Gambia to Senegal. Riding roughshod over local wishes goes against our instincts. But it is not always easy to know what local wishes really are. The present rulers of the Gambia may be representative of their people, but the Sultan of Zanzibar manifestly was not; and it is generally conceded that the massive indifference of the Borneo Dyaks would have made them as ready to accept integration with Indonesia as with Malaysia had we chosen to promote it. In any case there may in certain circumstances be both material and moral advantage in coercing the few in order to gratify the many. We may have other reasons for opposing the Argentine claim to the Falkland Islands in addition to the reluctance of the Falkland Islanders to be governed from Buenos Aires. But if that is our only motive, we should perhaps calculate how much it would cost us to bribe all 3,000 Falkland Islanders to emigrate to New Zealand (or to accept Argentine sovereignty on the basis of special local guarantees and privileges) as against what it could cost in military expenditure and the loss of economic interests if we were to have a really serious quarrel with the Argentine. A comparable calculation may need to be made over Gibraltar and Spain, on the lines indicated in paragraph 6(c) above.

#### VII. *Strategic real estate*

15. Whatever rearguard action we may conduct in the Middle East and South-East Asia, British policy is today essentially reconciled to the view that white men cannot expect indefinitely to maintain military bases in non-white territory. We are, nevertheless, liable to remain interested in having bases of a sort around the world not only so long as we have any pretensions to a world role but also while we remain a maritime power, while we retain our special links with Australia and New Zealand and while we are even potentially interested in weapons of a type which can only be tested in less populous regions than the British Isles or even the North Atlantic. Even if we lost some or all of these ambitions ourselves, it will still be useful for us to be able to offer facilities to our allies and to deny them to our enemies. This entails the need to plan and develop such alternative facilities while we still retain the use of our existing bases i.e. during a period that is difficult to define, though it would seem prudent to think in terms of a maximum of five years.

16. A number of our remaining overseas territories are islands with such small populations that they could in certain circumstances remain possible sites for bases long after Singapore and Aden have been forgotten. The potential strategic value of certain islands in the Indian Ocean is at present being actively examined with the Americans. A recent American request has also reminded us of the value of small Pacific Islands in the context of nuclear tests. It would have been difficult for the Belgians and Americans to mount the Stanleyville operation<sup>9</sup> if we had not been able to offer them a staging post in the middle of the Atlantic. We can compare the value which Portugal extracts from the Azores where the Americans enjoy facilities which they are unwilling to jeopardise by excessive opposition to Portuguese policy in Africa.

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<sup>9</sup> See 376, note 5.

17. An exact list of islands in which the British Government has or might have a strategic interest is not easy to draw up with certainty and is in any case as much a matter for the Ministry of Defence as for the Foreign Office. The list would certainly include Ascension Island in the Atlantic and Diego Garcia, Aldabra, Farquhar and Des Roches in the Indian Ocean; and perhaps St. Helena and Christmas Island and other islands in the Mauritius and Seychelles groups together with a number of islands (Socotra, Perim, and the Kuria Murias) off the Arabian coast. Islands where we might wish to offer (or have already offered) facilities to our allies include, in the Atlantic, Bermuda, the Bahamas, Barbados and the Leeward and Windward Islands; and in the Pacific, the Gilbert and Ellice Islands and Fiji. The most obvious islands which we should wish to be able to deny as bases to potential enemies are Mauritius and the Seychelles. Some islands have no, or virtually no, indigenous population. Such inhabitants as are there may well have been brought there because of our strategic interest. The future regime of such territories clearly requires careful study to ensure that it conforms to that strategic interest.

18. As the current exercise in the Indian Ocean illustrates, small islands also have a potential value for communications purposes of all kinds, civilian as well as military, and in relation to telecommunications as well as transport; some, e.g. Bermuda, have particular value in civil aviation, since we can exchange traffic rights at their airfields for concessions which our own airlines seek elsewhere. The land masses of the British Empire may have been acquired in a fit of absence of mind, but most of our small islands were deliberately seized because of their actual or potential value to a seafaring nation. Considerations of geography can change like any others; but they change rather more slowly than most.

19. Other things being equal, therefore, we may regard it as a British interest to retain control of at least a number of our smaller ocean islands for as long as possible or perhaps indefinitely. The difficulties of doing so may be great, but they are at least reduced by the fact that it is just these islands which are most obviously unsuitable candidates for independence on the pattern of Canada, India or even Basutoland. Continued colonial dependence is one alternative, but it is likely to become less and less acceptable to local opinion even in the remotest territories; it is also open to international criticism and contrary to our own ideas. Free association on the Cook Islands model is another possibility, but there seems little reason to hope that it will prove widely satisfying or particularly durable; in any case, bases in any island which can sever its relations with us at will are scarcely better than the treaty bases which have proved impermanent in recent decades. Apart from evolving a new form of permanent association (which would have to be sold, if possible, to the United Nations) there remains integration, which we almost tried in the case of Malta in 1956–58 but has been little mentioned since. The only models we have to go on are provided by France, where a number of erstwhile French colonial territories (e.g. Réunion and French Guiana) have now become Overseas Departments having equal status and an administration identical with the departments of metropolitan France; and by the Netherlands, where under the Charter of the Kingdom of the Netherlands which came into force in 1954, Surinam and the Netherlands Antilles are associated on a basis of equality of status with the metropolitan Netherlands. Their colonial traditions are very different from Britain's and it may be that their remaining territories present fewer problems than ours. Nevertheless, the Dutch have not in practice encountered in Surinam the difficulties which have plagued us in British Guiana;

and the calm of Réunion today is in marked contrast with Mauritius. At the Commonwealth Prime Ministers' Meeting, Dr. Williams of Trinidad has just compared our position in the Antilles unfavourably with that of the Netherlands and France.<sup>10</sup>

### VIII. *Possible alternative policies*

20. Future policy towards our remaining dependent territories will of course depend on other considerations besides those suggested by our foreign policy. But, as seen from the Foreign Office, there seem to be three broad alternatives:—

- (a) we could carry on as nearly as possible on the lines followed hitherto, i.e. granting independence wherever it is sought and postponing a decision in other cases;
- (b) we could formulate and announce a new policy aimed at achieving a definitive status (not necessarily independence) for all our dependents within a fixed period;
- (c) we could combine elements of both (a) and (b) by formulating new targets for ourselves in hitherto undecided cases, without tying ourselves to a public timetable.

#### A. *Present policy*

21. Our present policy has served us well enough hitherto. Independence as a general aim has almost always appealed both to our dependents themselves and to British and world opinion; and there has seldom so far been any great pressure to make up our minds in cases where independence does not fill the bill. From the point of view of our international and strategic interests, however, the disadvantages are now beginning to multiply:—

- (i) We are within sight of the end of the list of territories which are at all likely to qualify for independence. If we carry on as at present we shall fairly soon expose ourselves to the criticism that we have no policy at all for the residue. By admitting the principle that all our overseas territories are in a stage of transition, we also expose ourselves to much United Nations pressure and criticism, which is liable to increase and which in many cases we are unable to counter.
- (ii) We are in danger of encouraging demands for independence in unsuitable cases simply because we allow it to be taken for granted that independence is or should be the target in all cases. It is arguable that it was a mistake to have encouraged Zanzibar, the Gambia, or Malta to look to independence. We should perhaps have recognised that their small size made it impossible for them ever to be viable and only too simple for them to become centres of instability through being easy targets for hostile penetration. If so, the same is likely to be still more true of Swaziland and Mauritius; and it would be even worse if a serious demand for independence were stimulated in the Seychelles or in the Pacific islands.
- (iii) We are in danger of weakening the Commonwealth link and exposing it to ridicule by sponsoring too many small applicants for membership. The Commonwealth Prime Ministers' Meetings are in danger of losing such family atmosphere as they have hitherto retained, and we may soon reach the point where new candidates will not obtain a unanimous welcome. The Canadian Prime Minister has recently drawn our attention to this point and has recalled Canada's

<sup>10</sup> See 283.

earlier doubts about Cyprus, Zanzibar, Malta and the Gambia;<sup>11</sup> and the Australian Prime Minister has expressed his support for Mr. Pearson.

(iv) We may well deprive ourselves of real estate of potential strategic value if we continue to think primarily in terms of general independence and arrange our island administration accordingly. For example, we took administrative action as late as 1957 and 1964 to confirm that the Chagos Archipelago should be governed from Mauritius, although the two have little in common and are separated by more than 1,000 miles of ocean; now that we have discovered a possible strategic use for the former, we are faced with a delicate and probably expensive task in detaching it.

(v) By entertaining local pretensions to independence in continental territories which are in fact unlikely to have a stable or satisfactory future on their own, e.g. the Gambia or British Honduras, we discourage them from thinking seriously about the alternative of association with one of their neighbours.

(vi) By insisting on maintaining, in all cases that remain, the criteria for decolonization which have been appropriate hitherto, we are liable to involve ourselves in disputes which are far more costly than the issues at stake are worth to us. If we want to avoid a quarrel with Argentina, we should not shut our eyes to other possible ways of satisfying the 3,000 Falkland Islanders. The Dutch idea of an independent New Guinea was hopeless from the start; they lost much and gained nothing by deluding themselves and their subjects with it for so long.

(vii) Our determination to protect the vested interests we have created has latterly led us to sponsor a number of federations, which have tended to perpetuate rather than solve the problems posed by differing local attitudes. In the West Indies and Central Africa these ventures have collapsed. In South Arabia the outlook is unpromising and in Malaysia and Nigeria it is at least doubtful. If we make a further attempt in e.g. the smaller West Indies, we may once again create more difficulties than we solve.

(b) *A new public policy*

22. A new public policy would go to the other extreme from our present course. It could set a target date of, say, 1970 for the final liquidation of British colonial or protectorate rule; invite maximum United Nations collaboration in the process; and perhaps propose a plebiscite, on the French 1958 model, under which our remaining territories would choose between specified alternatives for their future. These alternatives could include independence; association with a neighbouring state; transfer to United Nations administration; and some form of close association with Britain, which might perhaps be open only to territories with a population of less than, say, 250,000.

23. A policy on these lines would have many attractions. Suitably presented, the declaration embodying it could come to be regarded as a historic turning-point. It would remove at a stroke almost all our troubles with the United Nations. It would probably leave us with a number of integrated islands which could meet at least some of our strategic and communications needs on an unimpeachable basis. And it would give the Commonwealth a definite shape which could be the starting-point for all future plans for Commonwealth co-operation.

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<sup>11</sup> See 249, note 3.

24. In practice, however, a dramatic new policy of this kind would be extremely difficult to put through. Too many territories would be eligible for too few of the alternatives; Hong Kong, in particular, would scarcely be eligible for any of them. In other cases we should in effect be abdicating responsibility at the wrong moment, as the Belgians did in the Congo. We could be faced with grab tactics by e.g. Argentina or Spain; and a rash of tiny independent islands in the Caribbean. Above all, there would be grave difficulties with British public and parliamentary opinion. A new policy could only be promulgated on an all-party basis, if it were not to be left open to change in mid-course with a change of government. But it is hard to conceive that the necessary general agreement could be reached on the issue of what would be seen as a daunting number of blank cheques.

(c) *A change of attitude*

25. The third alternative would involve not so much a formal change of British policy as an underlying change of attitude. This would mean general recognition in Whitehall (and in due course in Westminster) that the policy which has served us well hitherto should now gradually but consciously be replaced by a new one, of which the following could be the main lines:—

(a) We should aim to eliminate British colonial or protectorate rule in all possible cases (i.e. not Hong Kong) in the course of roughly the next decade; but even if we found it expedient to announce this general aim, we should avoid setting a definite date.

(b) We should draw up for our own information a list of territories over which it should be our aim to relinquish control during this period *either* by granting independence *or* by promoting association with a neighbour; and we should agree on our own preference, in the light of British interests in each case, as between these two alternatives. This list would no doubt comprise all our continental territories as well as some of the larger or less remote island ones.

(c) In working towards independence we should be ready to invoke the greatest possible co-operation from the United Nations even at the price of abdicating some of our own control over the local situations. We should thus be able to take the edge off at least responsible United Nations criticism of our policies; we cannot (and need not) hope to silence our extreme critics, e.g. in the Committee of Twenty-Four; and we should not allow even majority decisions of the United Nations to deflect us from what we believe to be the right course.

(d) In promoting associations with neighbours we should not hesitate to make clear that independence cannot be regarded as an automatic alternative; a territory in this category which insisted on independence should not be encouraged to expect our subsequent help in the form of economic aid or defence or our support in seeking Commonwealth membership.

(e) In the remaining cases we should explore—and we note that the Colonial Secretary has brought consideration of these problems a stage further forward by arranging the forthcoming Oxford conference<sup>12</sup>—the possibilities of establishing some framework for a permanent but non-colonial association between Britain and such small overseas territories as are in effect disqualified by size and situation

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<sup>12</sup> See 285, note 6.

from independence or association with a neighbour. It may be that some version of the Western Samoan Treaty of Friendship with New Zealand whereby the latter affords assistance in the conduct of Western Samoan international relations will prove acceptable; or that the Cook Islands model of 'free association' with New Zealand under which they are to have full self-government but where New Zealand is responsible for defence and foreign affairs will be the answer.<sup>13</sup> Within the list of solutions acceptable to the United Nations there is also the possibility of integration. But the difficulties of political representation at Westminster, which include such questions as the small size of the electorate and the remoteness of the island constituencies, not to mention the disproportionate influence which might be wielded by a small element of special overseas interests, all militate against a solution of this nature. We might also consider asking the United Nations to take over the administration of any small territories for which we had no strategic use and which did not wish to remain permanently associated with Britain. Foreign Office views on this possibility were set out in a memorandum UP 1515/25 sent to the Colonial Office on 28 April, 1965. But the prime task, in our view, is to evolve some form of permanent but non-colonial status for our smaller territories and to present it in such a way that it will be acceptable not only to the people of the territory concerned but also—a far more difficult task—to the United Nations.

(f) In trying to arrive at solutions to the problems presented by these smaller colonial territories, it is important also to assess the balance of economic advantage to Britain in each possible solution. This would require detailed study when solutions were under examination. The purpose should be, subject to the political and strategic considerations in each case, to ensure that the least possible long-term financial or economic commitments were entailed for this country. Plans for territories in this category would also need to be discussed with other members of the Commonwealth and at an appropriate stage explained in detail to the United Nations. As far as the latter are concerned it is essential, wherever possible, to present the plan as the outcome of an exercise of self-determination on the part of the people of the territory concerned, if there is to be any hope of gaining United Nations endorsement. We should also, of course, have to consider most carefully how to present our proposed solutions to each of the territories themselves in the hopes of gaining their acceptance. We should need to make clear from the start that independence was not a possibility.

(g) As an alternative to some close association with Britain we could perhaps explore, in consultation with other members of the Commonwealth, the possibility of granting some form of Commonwealth citizenship to the inhabitants of the small islands in this final category. This could carry with it an automatic right to settle in any independent Commonwealth country. Not many individuals would be

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<sup>13</sup> In 1962 New Zealand offered the legislative assembly of the Cook Islands four possible schemes for political development: complete independence, full self-government, integration with New Zealand, or ultimate integration with a Polynesian Federation. The assembly chose full self-government and continuing association with New Zealand, a status confirmed in elections for a new assembly in Apr 1965 held in the presence of a UN Mission. The UN approved the arrangement whereby the Cook Islands had control over their own affairs in free association with New Zealand and could move unilaterally at any time to independence if they so wished. For so long as this relationship existed, New Zealand continued to be responsible for defence and external affairs in consultation with the premier of the Cook Islands.



likely to take advantage of this right, but its existence could provide an outlet for those who might otherwise try to aim at independence and individual Commonwealth membership for their territory, however small.

(h) Our new ideas for all our remaining overseas territories should be discussed at an early stage with the Canadians, Australians, New Zealanders and Americans. The support of all four would be of major importance to us, and the three last have a number of quasi-colonial problems comparable with our own.

### *IX. Conclusion*

26. From the foreign policy point of view, this third course is much to be preferred. It is perhaps riskier than the first and less glamorous than the second; but it seems to offer the best means of safeguarding our international and strategic interests.

## **285** CO 1032/412, no 18 18 Aug 1965 'Future of the remaining colonial dependencies': circular letter from C G Eastwood to other government departments. *Enclosure*<sup>1</sup>

My Secretary of State is anxious to issue in September a White Paper setting out the general lines of policy for the remaining colonial dependencies. His hope is that it should come out before the Labour Party Conference and before the United Nations really get down to business in the autumn, and the provisional date is the 21st September—this is under discussion with the Lord President's Office.

2. I enclose a draft of the White Paper<sup>2</sup> and a draft also of the memorandum under which it is proposed to submit it to the first meeting of the O.P.D. Committee in September.

3. Both drafts are on lines laid down by the Secretary of State before he went on holiday a week ago though they have been somewhat expanded since he saw them and they are still very much subject to revision. He wished other Departments to have the drafts for comment so that revised drafts could be put to him when he gets back to London at the end of next week. Time is therefore very short.

4. The White Paper would be the culmination of a process which has been going on for a good many months. Poynton in his letter of the 17th March to Caccia, Garner and Hardman enclosed a memorandum on the Future of the Remaining Colonies which was itself a revised version of D.O.(0)(64)16. Since then the Secretary of State has sent a minute to the Prime Minister which was circulated to the O.P.D. under OPD (65)89<sup>3</sup> and on the 6th July you sent us copies of a Foreign Office memorandum on the International and Strategic Aspects of our Colonial Policy<sup>4</sup> (with copies to Garner, Hardman and Jackling).<sup>5</sup> Since then there

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<sup>1</sup> This letter was sent for comment to the FO, CRO, MoD, the UK delegation to the UN, the ODM, and the HO, specifically for comment about the Channel Islands proposal (for which see 286, para 9). Copies of the letter were also sent for information to the Cabinet Office, the Lord President's Office and the Treasury.

<sup>2</sup> Not printed.

<sup>3</sup> See 282.

<sup>4</sup> See 284.

<sup>5</sup> Sir H Hardman, permanent secretary, MoD, and Sir R Jackling, deputy permanent UK representative to UN.

has been the Oxford Conference<sup>6</sup> which Michael Palliser and Peter Derrick<sup>7</sup> attended.

5. The present drafts, I hope, speak for themselves but clearly there are important implications about them. As the draft O.P.D. paper makes clear in paragraph 11 a statement on the lines proposed is going to make it very difficult not to give most of the Eastern Caribbean territories free association when we have discussions with them in the relatively near future (planned for early next year). If they are granted free association as defined by the United Nations, it will carry with it the right to proceed to independence later on. That might have repercussions:—

(a) on the problem of Membership of the Commonwealth—while the existing Members may acquiesce in the addition of 7 or 8 places i.e. British Guiana, Bechuanaland, Basutoland, Swaziland and the other three or four territories we expect to proceed straight to independence, they might well cavil at another half-a-dozen tiddlers being added to the list, and

(b) for the Americans, Canadians and ourselves from the strategic point of view. We might, but one can put it no higher, be able to secure defence agreements with these places which would give us the right to intervene in matters of internal security but we cannot be sure of this. Such agreements might in any case be regarded by the United Nations as irreconcilable with free association.

6. As regards the proposed Enabling Bill the Prime Minister suggested to the Secretary of State some time ago that he should try to devise a simpler procedure to avoid the need for separate independence bills for each place which becomes independent. His conclusion is that an Enabling Bill is the best way of doing this. Our Legal Advisers are considering the form of the Bill and drafting instructions for it will be given as soon as Ministers have approved the proposal. We shall also seek a place for it in the legislative programme for the new session. We hope this will not be difficult as it would take the place of a number of Colonial Office bills which have already been approved for the 'contingent category' in the 1965/66 programme.

7. In the absence of Hilton Poynton on leave I am writing to ask for your Department's very early comments on the draft White Paper. I am sorry to fire this at you at such short notice but the time-table proposed makes this inevitable.

8. I am sending copies of this letter to Pritchard (C.R.O.) Melville (Ministry of Defence), Jackling in New York, Dudley at the O.D.M. and (with special reference to the paragraph about the Channel Islands) to Guppy at the Home Office. We should be grateful for their comments also.

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<sup>6</sup> The conference was held at Lady Margaret Hall, Oxford, 8–12 July 1965. It was chaired by Greenwood and attended by CO ministers and officials, officials from other departments (CRO, FO, Treasury, Ministry of Overseas Development), colonial administrators, academics, journalists, a banker from Barclays, and representatives from Uniliver and the Ariel Foundation. Participants were divided into three working parties on (a) the organisation of government in small territories, to ensure democratic government and the safeguarding of civil liberties, (b) the financial and economic problems of smaller territories and their staffing arrangements, (c) forms of continuing relationships between the UK and smaller territories, and the international aspects of this. For the report and associated papers, see CAB 21/5304, CAB 21/5296/5, and CO 1032/407, 413–422.

<sup>7</sup> F B B Derrick, 1st secretary, FO.

## Enclosure to 285: draft CO memorandum for Defence and Overseas Policy Committee

Under O.P.D. (65)89 I circulated to the Committee a copy of a minute to the Prime Minister giving the broad lines I wished to follow on colonial policy. The Committee took note of this with approval at their 28th meeting and I undertook to consult them again when my ideas had developed.

2. Since then I have held a conference at Lady Margaret Hall, Oxford, attended by some 60 experts on colonial problems including, besides officials, several Governors and Administrators and people in the academic world, in business and in journalism. I also arranged for four teams of M.Ps. to visit eight of the smaller and more remote territories and I have now had their reports—very useful documents. I think the time has now come for a clear statement of our future policy and there would be certain advantages in it being made before the Party Conferences and before the U.N. resumes work later this month. What I recommend therefore is the issue of a White Paper in about a fortnight's time. I attach the draft of such a Paper at Annex 1.

3. Most of the remaining 31 territories in the care of the Colonial Office are small and isolated and poor. They need continued help with defence and government services, especially external affairs, and many need help with economic development. In some, help may be required with internal security. But we cannot, and should not, resist demands for an end to colonialism. This must clearly be our aim.

4. The statement will have to be in quite general terms, for the future of each territory must be worked out in consultation with representatives of that territory and take into account any special considerations of defence or foreign policy which may affect it. We must also have regard to the fact that no change can be made in the position of Hong Kong and any changes in Gibraltar or the Falkland islands might create international difficulties. For the rest, however, I hope to be able to work out proposals in the near future, and we shall aim to arrive at the next stage of constitutional advance for them all within a period of, say two years.

5. I hope we can bring a number of them to a final status within that period. I described in my minute to the Prime Minister the possibilities in respect of each territory. As I indicated then, unless we can achieve a federation in the Eastern Caribbean (and now that Barbados and Antigua have withdrawn from that exercise I see little hope of bringing this about), I do not think that at the most more than seven or eight of the 31 territories will qualify for independence. I hope however that in the case of several more it will be possible to conclude arrangements which will meet or go near to meeting the criteria laid down by the U.N. for the status of 'free association' and I think that this status is a possibility for others in a few years' time. There is as yet no example of a territory with this status but New Zealand's intention is that the Cook Islands should achieve it. Under free association as defined by the United Nations Britain could retain responsibility for defence and external affairs with the free assent of the people of the territory, but the territory would have the right to determine its internal constitution without outside interference and to move to independence when it wishes 'by democratic means and through constitutional processes'.

6. I have considered integration with this country or with other countries as a possible future for some territories. Integration with this country would raise difficult questions about representation in Parliament at Westminster, citizenship,

the equalisation of social services and taxation, and freedom of movement and I do not think it is likely to be a reasonable or popularly acceptable solution. I would not, however, entirely rule out the possibility of one or two of the smaller territories seeking integration into other Commonwealth countries.

7. For those territories which move neither to independence nor to free association in the near future the choice may therefore lie between working towards free association at some date in the future and, where for any reason free association is not possible, or is not wanted by the people, devising a relationship of continuing association with this country under which Britain retains power to determine the future of the territory but as much responsibility is put into local hands as the particular circumstances permit.

8. The Channel Islands enjoy some of the practical advantages of integration while retaining a great deal of control over their own affairs and the relationship between them and the United Kingdom is a source from which we may be able to get some useful ideas in devising new forms of continuing association for some of the colonial territories. I have asked my Department to look into this further. Constitutionally the Channel Islands are subordinated to the United Kingdom to a degree which is distinctly suggestive of colonial status and the fact that no colonial stigma attaches to the relationship is no doubt in great part due to the close geographical, historical and ethnic ties between the Islands and this country. There are, however, some respects in which as a matter of constitutional law or convention the Islands appear to have greater autonomy than an internally self-governing colony. Furthermore the impression of political subordination to the United Kingdom may be mitigated by the fact that the authority in the United Kingdom to which the Islanders look for decisions concerning their affairs is, in form at least, the Privy Council and not a Minister.

9. If, in addition to the territories which become independent in the next two or three years, there are a considerable number in 'free association' which can move to independence at any time, this will pose a considerable problem in regard to Commonwealth Membership. The 'old Commonwealth' Members have already expressed anxiety about the increasing number of Members. Following the discussions in London at the time of the Prime Ministers' Conference this year they will not, it seems, raise objection to Membership for the seven or eight who will go straight to independence, and freely associated territories as such would not of course be eligible to Membership. Nevertheless, the prospect that they might at any time become so may by no means be welcome.

10. We must also try to devise a means of meeting the desire of all territories which do not become independent for some kind of status symbol. This will be important to satisfy their dignity and perhaps in particular to satisfy the ambitions of their leaders. I make no recommendations on this at the moment but one suggestion which merits further consideration is that they should send one representative each to the House of Lords. These representatives would change when there was a change of government in the territory (in the same way as Bishops are only members of the House of Lords for as long as they hold their offices). They would have no vote and they might perhaps only be expected to come to England for a period of two or three weeks each year during which a series of debates would take place on matters of overseas interest. They would be able to take part in these. (Another possibility is that there might be a special committee of the House of Commons at which

representatives from the legislatures of the territories would be able to discuss arrangements for financial assistance and other matters of special interest to them. Some such machinery is to be established between New Zealand and the Cook Islands. These and other ideas require further study.)

11. I have outlined the thinking on which the draft White Paper has been based. I must, however, point out to my colleagues an important difficulty which arises in relation to the Eastern Caribbean. There our hopes of federation based on Barbados have been disappointed. Barbados is seeking separate independence, and we are faced with the problem of the future of the seven Leeward and Windward Islands. There is a danger that by publishing our White Paper on general colonial policy at the very time when we are about to enter negotiations with these territories on their new status we shall prejudice the outcome of these negotiations. The territories may well maintain that they are as well fitted for the status of free association as any other of our colonies and we may therefore make it more difficult to persuade them to accept anything less than this if we have made public references to this status as a possible one for a number of our territories. By limiting our freedom of manoeuvre we may also find it more difficult to insist on regional co-operation in common services. Also free association implies independence whenever the territory wishes to take it and we should in effect be committing ourselves to the possibility of independence for all these territories at some future date. This may have serious implications for our relations with the United States and in respect of our own and their defence interests. I do not however believe that these considerations outweigh the advantage to be gained by making a statement on general policy now.

12. I do consider, however, that we must give the United States and Canada advance warning of our intentions and if possible time to comment on them (apart from other considerations we want aid from them for the Eastern Caribbean). We should also consult the three senior Commonwealth countries in view of the discussions with their Prime Ministers at the time of the Commonwealth Prime Ministers' Conference. If my colleagues agree to the publication of this White Paper, I suggest therefore that these consultations should be started at once.

13. To avoid a multiplicity of Acts of Parliament in implementing the policy of decolonization, I propose that a general enabling Bill should be introduced in the next session of Parliament conferring upon Her Majesty power to make provision by Order in Council for the independence of a territory. The Bill would also vest Her Majesty with such authority as might be necessary for conferring on a territory by Order in Council any new type of status such as free association. Parliamentary control over the grant of independence or of a new status like free association would be secured by a provision in the Bill that an Order in Council conferring independence on a territory or limiting the responsibility of H.M.G. for a territory or limiting the extent to which Acts of Parliament are to apply to a territory must be approved in draft by affirmative resolution of each House of Parliament. This would give Parliament the same opportunity of general debate as it has at present in the 2nd Reading Debates on Independence Bills. The practice of publishing a White Paper outlining the proposed constitution would, of course, continue.

14. Such a Bill would, I believe, serve to show that we really mean business and it would provide an opportunity to debate and publicise the new policy. Apart from that, the new procedure would have the material advantage of securing a considerable saving of Parliamentary time in both Houses. It would of course require

a place in the legislative programme. But it should not in fact make extra demands on that programme because if it were passed early in the session it would make unnecessary the separate Independence Bills which may otherwise be required a little later in the session and which have been included by the Future Legislation Committee in the 'contingent' category of Bills. If my colleagues approve my idea in principle, I will pursue this matter further in the Future Legislation Committee.

15. The implementation of the proposals in this paper would bring us next year in sight of a final liquidation of our colonial empire. For the foreseeable future a number of small territories will continue to be in some measure dependent upon us (as indeed are some countries which are already juridically 'independent') but it should be possible by proceeding along the lines I have suggested to exorcise the 'stigma of colonialism' from our relationship with these remaining territories and there would be tremendous international advantages in this for us as well as for them.

16. I seek the approval of my colleagues:—

(a) to the principle of a Bill on the lines suggested in paragraph 13, to be introduced in the autumn;

(b) to the issue of a White Paper on the lines of the attached draft.

## **286** CO 1032/412, no 31

27 Aug 1965

### **'The proposed White Paper on future policy': minute by C G Eastwood to Mr Greenwood on departmental reactions**

While you have been away we have been working hard on this but I fear there are considerable complications.

2. You will remember that the drafts of the White Paper and of the covering O.P.D. paper<sup>1</sup> which you saw before you went away—flags A and B—were only something of a cockshy as we had not had time to think out all the implications, and when we came to look at them again we felt that they needed some expansion. Mrs. White saw these expanded drafts and wrote the minute which is flagged C. We also discussed the drafts with her. In the light of her views we expanded the O.P.D. paper to explain the implications of the statement for the Eastern Caribbean and we added an annex to it to give Ministers our ideas as to the final status of the different territories.

3. The drafts at D and E were the result and these were sent to other Departments with the letter flagged F.<sup>2</sup> The copies at D and E now incorporate a few minor amendments suggested by other Departments.<sup>3</sup>

4. The Mission in New York welcome our approach wholeheartedly and think that it should form an excellent basis on which to defend and explain our policies in the United Nations. Nevertheless, they say one must bear in mind the general point that the Russians and other ill-wishers there will do their utmost to represent any new policy we may adopt as just another neo-colonialist manoeuvre and will be quick to seize on anything they can find in the White Paper to support their allegations.

<sup>1</sup> See 285.

<sup>2</sup> Attachments to this minute not printed.

<sup>3</sup> For the originals of the departmental responses to the letter at 285, see CO 1032/412. Additional copies are in CAB 21/5296.

5. The F.O. welcome the policy but they have serious doubts about the wisdom of making a public pronouncement of the kind contained in the White Paper at this juncture. They write as follows:

‘In its present form, the White Paper not only states H.M.G.’s intention of bringing to independence as many of the dependent territories as desire it and are capable of sustaining it, but also carries a strong implication that some form of “free association” as defined by the United Nations will be considered for most if not all of the remainder. From a Foreign Office point of view, an announcement on these lines would be open to the following serious objections:

(i) At the United Nations, as Lord Caradon’s reaction emphasises, we should undoubtedly gain a certain immediate popularity with the moderates. But, with respect, we doubt whether it would secure us much lasting advantage. Responsible members of the United Nations are already quite convinced that our colonial record is admirable and that our future intentions can be relied on to be honourable. Irresponsible members will remain hostile whatever we do, and give us no credit for virtue, and it would be over-optimistic to think that we shall get the Committee of Twenty-Four<sup>4</sup> off our backs by issuing a White Paper on these or any other lines. The present initiative might even do us positive harm in re-awakening United Nations interest in the subject of the smaller dependent territories, which we are glad to note has recently been allowed to drop out of the New York limelight.

(ii) The proposed announcement would be bound to stimulate to further efforts at the United Nations and elsewhere those countries which have claims on any part of our dependent territories; e.g. Argentina and the Falkland islands, Venezuela and part of British Guiana, Guatemala and British Honduras, the Yemen and South Arabia, Cyprus and the Sovereign Base Areas, perhaps even Iran and Bahrain. The specific exclusion of Gibraltar and Hong Kong from the terms of the announcement would constitute a direct challenge to Spain and China which they could hardly be expected to ignore; if the Falkland islands were also excluded, as they probably should be, this would constitute a similar challenge to Argentina. Tacit exclusions, as at present, are much less dangerous than the explicit ones that would be needed in the context of an announcement; we should remember the damage done when a British Minister in 1954 attempted to exclude Cyprus from the list of colonies which could ever hope to be independent.<sup>5</sup>

(iii) The proposed new policy does not make clear how it would be decided whether or not a particular territory is ‘capable of sustaining independence’. Where H.M.G. and a territory agreed on the answer, all would be well. But where there was a difference of opinion, British views would in practice be over-ridden—if only because a territory would always be able to opt for free association as a first stage and could thereafter exercise its right to move to full independence. We

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<sup>4</sup> The Committee of Twenty-Four (previously Seventeen) was the UN committee charged with the termination of colonialism (see 147, note 3).

<sup>5</sup> Marginal comment by Greenwood at the end of para 5(ii): ‘False analogy.’ The reference in question was a comment by Mr H Hopkinson, the minister of state at the CO, during a parliamentary debate on Cyprus in July 1954 when he said there were ‘certain territories in the Commonwealth which, owing to their particular circumstances, can never expect to be fully independent’ (*H of C Debs*, vol 531, cols 504–511).

might thus be faced with what would in effect be unilateral declarations of independence by a series of wholly unsuitable territories, which would then clamour for our economic assistance to meet the bill for going it alone. (To protect ourselves against this danger by refusing even free association would, if the White Paper were published in its present form, merely increase the risk of local trouble and difficulties with the United Nations.)

(iv) Even more seriously, the prospect of territories being able to demand independence in this way would gravely endanger our strategic interests and those of our friends and allies. As explained in our paper (paras. 15–19),<sup>6</sup> there are a number of Atlantic, Pacific and Indian Ocean islands in which we either have actual or potential strategic interests of our own; or might wish to make strategic facilities available to e.g. the Americans, Australians or New Zealanders; or would at least be concerned to deny strategic facilities to potential enemies. As you know, we and the Americans are currently interested in the contribution certain Indian Ocean islands can make to the security of Asia generally. The Americans would certainly be alarmed at the prospect of a rash of tiny independent islands in the Caribbean, any one of which might fall under Cuban influence;<sup>7</sup> and the Americans, Australians and New Zealanders would have similar cause for alarm if our Pacific islands were to become independent and thus open to hostile penetration.<sup>8</sup>

6. The Ministry of Defence are concerned like the Foreign Office lest the publication of the White Paper should add to our troubles, for instance by providing a pretext for reactions from Spain, China or the Argentine. Rather surprisingly they do not refer to the danger that small territories, able to proceed to independence at will, might endanger our strategic interests and those of our friends and allies.

7. The C.R.O. agree very much with the Foreign Office. It seems to them that the draft White Paper in its present form is likely to be interpreted as an ‘offer’ of either full independence or free association to pretty well everywhere. They continue:—

‘It seems to us that such an “offer” will give rise to pressures from a number of territories to make sure that they are in the independence bracket or at least in the free association bracket. This has implications in regard to the problem of Commonwealth membership, to which you draw attention. But I must observe that it is not only the “old” Commonwealth Governments who have hesitations about recognising many more small States as members of the Commonwealth; we too see strong objections from the United Kingdom’s point of view to a much further extension of membership if the Commonwealth is to remain at all a useful and sensible organisation.’<sup>9</sup>

They would have every sympathy with the idea of a *permanent* non-colonial association with Britain as an ideal to be aimed at. But they say that free association cannot be regarded as permanent; a freely associated country would be able to claim independence at any time and with it no doubt membership of the United Nations. ‘To withhold Commonwealth Membership from such a State would clearly be virtually impossible if it desired it. We would therefore prefer to avoid being committed to an open offer of free association to everyone.’

<sup>6</sup> See 284.

<sup>7</sup> Marginal comment by Greenwood: ‘I suspect they wd be able to cope.’

<sup>8</sup> Marginal comment by Greenwood: ‘Cook Islands!’

<sup>9</sup> Marginal comment by Greenwood: ‘Is the C[ommonwealth] then to veto freedom for colonial peoples?’



They also point out that whatever we do about our 31 territories, the problem with Rhodesia will still remain to sully our image in New York. They very much agree therefore with the Foreign Office comment in (i) above. They also fear that although Rhodesia is excluded from the White Paper, nevertheless the implied 'offer' is likely to prove an embarrassment in handling the Rhodesian problem which we expect to reach a particularly critical stage over the next month or so'.<sup>10</sup>

Finally, they say that consultation with the three 'old' Commonwealth Prime Ministers should take place before the publication of any White Paper and they would like to be free to take their comments into account before publication.

8. The Ministry of Overseas Development are concerned that independence or free association may call for increased subventions from us (which we cannot provide under the present ceiling) while lessening our ability to see that the money is properly spent.<sup>11</sup>

9. The Home Office do not like the mention of the Channel Islands in paragraph 7 of the White Paper because they think it would be unpopular there—flag G.<sup>12</sup> I am bound to say I do not see much in the paragraph which need trouble the Channel Islands. Meanwhile, however, we have been trying to determine the provisions which would constitute 'Channel Islands status'. I attach a note by Mr. McPetrie—flag H—which has been agreed with the Home Office. In many respects the Channel Islands are quite as much subordinate to the United Kingdom as any colony, but there are certain attributes which they have which colonies do not have. The principal ones seem to be as follows:—

- (i) the United Kingdom has absolutely no control over their executive government whereas in an internally self-governing colony the Governor usually has responsibility for internal aspects of foreign affairs and defence and sometimes for internal security;

<sup>10</sup> Marginal comment by Greenwood: 'Why? Is R[hodesia] to hold up const'l progress everywhere else?'

<sup>11</sup> Marginal comment by Greenwood: 'So what do we do—keep them poor and subject?'

The ODM and the Treasury were also concerned about a section of the draft White Paper suggesting the CO should be replaced by a new Department of Territories Overseas which would have a joint establishment with the ODM. According to the Treasury, this 'would not altogether solve the problem of giving the Colonial Office staff a career, since the combined establishment of the two Offices would still have to be reduced in numbers as the Colonial Office work diminished; it could effect the economies we had been hoping would be achieved by merger, by rolling up the existing specialist services of the CRO and Colonial Office; and an arrangement whereby the Colonial Office part of the combined establishment looked for political direction to another Minister (the Commonwealth Secretary) with heavy responsibilities of his own would not be ideal. But one of the main difficulties would be to get the idea accepted by the staff of the Ministry of Overseas Development. Their reaction would be that if this arrangement were designed to improve the prospects of Colonial Office staff, it would be bound to diminish their own, and the position is not helped by the fact that the original arrangements for staffing the Department of Technical Co-operation jointly with the Colonial Office gave rise to a good deal of dissatisfaction at the time' (CAB 21/5296, minute by Sir P Allen, 2nd secretary, Treasury, to D J Mitchell, under-secretary, Treasury, 31 Aug 1965).

<sup>12</sup> The HO opposed the inclusion of a paragraph on the Channel Islands in the proposed White Paper. 'While we might consider a "Channel Islands solution" for suitable colonies, I do not see the value of saying as much publicly, and I doubt if the Channel Islands would be very pleased by it. The Channel Islands do not look on themselves as colonial territories. They sometimes claim—somewhat jocularly—to possess the United Kingdom. This, however, hides deep-seated feeling dating back to 1066 when they were part of the Duchy of Normandy and to their free decision in 1203 to adhere to the English King and to sever themselves from Normandy' (CO 1032/412, R North to Eastwood, 23 Aug 1965).

- (ii) they have power to amend their own constitution;
- (iii) there is freedom of movement between the Islands and the United Kingdom;
- (iv) postage to and from the Islands is 'Inland Postage' and trade with the Islands is regarded as 'Home Trade'.
- (v) decisions regarding their affairs are in form taken by the Privy Council and not by a Secretary of State. In fact, however, decisions are really taken by the Home Secretary.

(ii) would be an attribute of 'free association' and (i) might be so also. (iii) would obviously raise great difficulties. (iv) is not of great importance. It might be supposed that (v) would be of psychological value in regard not to a few but to all the remaining dependencies whatever their precise status. In our judgment, however this would not be the case. People in the colonies like having access to a particular Cabinet Minister and the Privy Council does not evoke any particular affection.

10. In these circumstances, while we entirely agree that we can learn something from the Channel Islands and that there is no 'stigma of colonialism' about their position, we do not feel that it is possible to define a specific 'Channel Islands status' which might come, as it were, half-way between integration and free association.

11. The Committee of 24 resumed its sessions on the 16th August and is this week discussing Adeel's report on the Cook Islands.<sup>13</sup> Adeel's report, while showing that the islands will have full self-government and that the new arrangements have been freely accepted by the people, did draw attention to the very considerable powers being retained by the New Zealand High Commissioner. We had been fully expecting that for this reason the Committee of 24 might not be willing to regard the territory as in a state of 'free association' or to concur in New Zealand no longer transmitting information about it. Rather to our surprise, however, it now looks as if (on the initiative of Pachachi of Iraq, in itself very surprising) they may pass a resolution recommending the General Assembly to take action satisfactory to New Zealand on both these points. The debate will not, however, be concluded and the resolution passed until this evening (New York time) or on Monday. If the Cook Islands does become a precedent, it will make things a good deal easier for us.

12. You are about to start the Mauritius Conference and something like free association may be the result of that. We think it most unlikely, however, that even if the Cook Islands get off the U.N. hook, whatever is agreed for Mauritius will be accepted by the U.N. as free association. The Committee of 24 will still be in general unwilling to believe anything good of the U.K.—New Zealand's reputation with them is much better than ours. They will be additionally suspicious in the case of Mauritius because, even if the outlying islands are separated off, they will still think that we want to use Mauritius itself for strategic purposes and there are indeed strategic considerations there—H.M.S. *Mauritius* and the airfield. Apart from that, most if not all of the Mauritius parties will insist that we retain the right to intervene for internal security reasons and to exercise our own judgment as to when to do so, and this is not likely to be acceptable to the Committee of 24.

13. However, even if the U.N. did not accept Mauritius' status as one of free association, possibly it would be right for us still to call it that. A status which safeguarded our strategic position and gave us the right to intervene on internal

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<sup>13</sup> See 284, note 13.

security could still embody the following essential principles of free association, namely (i) a constitution which Mauritius could amend on its own initiative; (ii) power to proceed to independence when it wished; and (iii) free acceptance of the whole arrangement by the people. The provisions giving us whatever our strategic requirements may be and the right to intervene in internal security might perhaps be embodied in an agreement and not in the constitution.

14. We have not yet been able, as Mrs. White suggested, to do an exercise on just what free association would mean for Antigua because Mr. Wallace<sup>14</sup> has been very much preoccupied over Singapore and Mr. Douglas Williams has been away in hospital.

15. Different departments of the Office have, however, been considering what should be said to individual territories when the White Paper is issued. I attach a note by Mr. Trafford Smith<sup>15</sup> regarding his territories—flag I. You will see that special considerations arise in almost everyone of them. The same is true of the West Indian territories—see the note by Mr. Wallace, flag J. In the case of the Southern African territories Mr. Campbell<sup>16</sup> has put forward the rather horrifying idea that, if a White Paper is published laying considerable emphasis on free association as a possible final status, all three territories might choose this rather than independence. This would be decidedly awkward because this would mean that we should still have to come to their support. Mr. Wallace suggests that British Honduras might also opt for free association rather than independence, which might also be awkward.

16. As you will see, there are a great many facets to this problem. We also need to know, and to digest, the results of the discussion now going on on the Cook Islands. Most of the other Government Departments would, I know, also like longer to think through all the implications of the policy proposed, particularly the implications of a number of small places becoming freely associated and so having a ‘timeless cheque’ for independence and, presumably therefore, Membership of the Commonwealth and the United Nations.

17. What this amounts to, in effect, is doubt whether it is wise to make a general announcement at this precise moment which puts emphasis on free association as a possible final status. No one, however, has seen any objection at all to the proposed Enabling Bill and possibly the wisest course might be to put all the emphasis on this. We have accordingly tried our hands at an alternative draft of the White Paper on these lines. This is attached at flag K.

18. An alternative might be that, rather than issue a White Paper at all, something on the same lines could be said in a public speech.

19. If a White Paper is to be published, Governors ought to be told about it in advance and it would be helpful if some at least of them had it in time to enable them to comment on it. But I fear this is going to be difficult if it is to be published on the 21st September.

20. This minute is written after discussion with Mr. Galsworthy and others and you may like to discuss with us next week where we should go from here. If a White

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<sup>14</sup> W I J Wallace, assistant under-secretary of state, CO, responsible in 1965 for the Hong Kong and West Indian Depts.

<sup>15</sup> Trafford Smith, CO from 1937; served in Pacific; Lt-gov of Malta, 1953–1959; assistant under-secretary of state, CO/Commonwealth Office, from 1959; responsible in 1965 for CO Pacific and Indian Ocean Dept; in 1967 for Commonwealth Office Gibraltar and South Atlantic Dept; appointed ambassador to Burma, 1967.

<sup>16</sup> A Campbell assistant secretary, CO, head in 1965 of the Southern Africa Dept.

Paper is to be published on the 21st September, it ought to go to the O.P.D. Committee meeting on (probably) the 8th September and the papers for it should be circulated at latest on Monday the 6th September and preferably before the week-end.

**287** CAB 148/22, OPD(65)127 14 Sept 1965  
 'Future policy for the colonies': memorandum by Mr Greenwood for  
 Cabinet Oversea Policy and Defence Committee. *Minute* by Sir B  
 Trend

In O.P.D. (65)89<sup>1</sup> I set out the broad lines of my colonial policy. The Committee took note of this with approval at their 28th Meeting and I undertook to consult them again when my ideas had developed further. This paper has two purposes:—

- (a) to propose improved legislative machinery to enable us to give effect to the constitutional side of our Colonial policy; and
- (b) to indicate the result of further consideration of the policy we should follow in the remaining territories.

*General enabling bill*

2. There are five territories which may become independent before the end of 1966. These are British Guiana, Basutoland, Bechuanaland and, possibly Barbados and Mauritius. Others should follow soon after. To avoid a series of separate Independence Bills I propose that a general enabling Bill should be introduced during the next session which would enable us to make provision by Order in Council for the independence of any territory. The Bill would also enable us to confer on a territory by Order in Council any new status falling short of independence which might otherwise require an Act of Parliament. Parliamentary control would be secured by providing that such Orders in Council must be approved in draft by affirmative resolutions in both Houses. This would give Parliament the same opportunity of general debate as it has at present in the Second Reading debates on Independence Bills, but it would avoid the necessity of carrying a Bill through all its stages in both Houses. The practice of publishing a White Paper outlining the proposed constitution for the territory would continue.

3. Quite apart from saving Parliamentary time, such a Bill would demonstrate our intention to offer independence wherever this is practicable and to modernise the relationship between this country and its remaining dependencies. It would also provide an opportunity to explain to Parliament our general colonial policy.

4. As I stated in my minute of the 26th May, it is clear that we must give independence to every territory which wants it and is capable of sustaining it. But we have many dependencies which do not fall into this category and it is their future which presents the difficult problem. To discuss it I held a Conference in July at Oxford attended by some sixty experts on Colonial problems. I also arranged for four teams of M.P.'s to visit eight of the smaller and more remote territories which I could not hope to get to myself.

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<sup>1</sup> See 282.

### *Definitions of status*

5. In Annex I to O.P.D. (65)89 I set out certain definitions of status which might be open to the dependent territories. These summarised, were:—

#### *A Independence, either*

- (i) in the traditional manner with separate membership of the Commonwealth and United Nations, or
- (ii) with a treaty relationship like that between Western Samoa and New Zealand, covering the conduct of Western Samoa's foreign relations.

B 'Free Association', i.e. a final status for territories like Antigua and Bermuda which are too small to be, or to regard themselves as, credible as candidates for independent nationhood.

C *Integration* (with Britain or another country).

D *Continuing Association* with Britain in some modernised form of dependent status.

My conclusions on the applicability of these various possibilities to particular territories are developed in this paper and summarised in the schedule.

### *Integration*

6. I have considered integration with this country or with other countries as a possible future for some territories. Integration with this country would raise difficult questions about representation in Parliament at Westminster, citizenship, the equalisation of social services and taxation and freedom of movement to and from this country, and I do not think it is likely to be a generally acceptable solution. I would not, however, entirely rule out the possibility of one or two of the smaller territories seeking integration into Britain or other Commonwealth countries.

### *The colonial relationship*

7. The main result of the discussions referred to above has been to convince me that we must work out a new status, other than independent nationhood, for most of our small territories. Since they clearly cannot stand on their own—for instance they could not hope to defend themselves unaided, nor are they large enough to carry any weight in international politics—they need a protector and friend, who must in most cases be Britain. At the same time we need urgently to rid ourselves of the stigma of being a colonial power. I believe myself, as do the great majority of our supporters, that the colonial relationship is intrinsically undesirable, and that the colonial peoples—even in very small islands—will not realize their full potential, economic as well as political, until they can take full democratic responsibility for their own government.

### *Free association*

8. Similar reasoning has led the United Nations to work out criteria for a status of 'free association', the essence of which is that the people of the associated territory should assume the maximum practical responsibility for their own affairs, while delegating to a 'parent state', by a deliberate democratic act, such responsibilities as they cannot discharge for themselves. The United Nations attach great importance to the U.N. presence at the general election or referendum at which this is done. They also insist that the people of the associated territory should retain the right to modify their constitution, and the relationship of association itself, by proper constitutional processes. This would include the right to proceed to full independence. This seems

to me an acceptable arrangement: the right to alter it need not worry us, since a territory which made such a demand (through properly agreed procedures) would have been able to do so in any event. We have no interest in refusing independence when a majority of the people of a territory demand it through their properly elected representatives, and we have never done so.

9. Much will depend on the result of the consideration which the General Assembly of the United Nations is to give this autumn to the arrangements concluded between New Zealand and the Cook Islands, which constitute the first attempt to meet the U.N. criteria for 'free association'. If New Zealand secures the acceptance of the Cook Island arrangements we shall be one important step further forward. Rather than do anything to prejudice the chances of such acceptance I have reluctantly decided that we should not for the present make any general pronouncement that we regard 'free association' as the goal for many of our dependencies.

#### *Continuing association*

10. There are some territories (e.g. St. Helena and the Turks & Caicos Islands) so small that even 'free association' would make too heavy a demand on their resources and manpower; and for which the option of independence inherent in 'free association' would be inappropriate. For them there is no practical alternative in sight to continued direct dependence upon us, for which we have devised the name of 'continuing association'. It will be more difficult than in the case of free association to convince international opinion that this is a 'post-colonial' relationship. We must therefore do all we can to remove from this relationship the element of domination and to substitute for it recognition on both sides that the relationship exists for the benefit, and at the wish, of the inhabitants.

11. We are accordingly examining a number of formulae, including an adaptation of our relationship with the Channel Islands, for this purpose. The Channel Islands have some of the practical advantages of integration but yet retain to a very large degree control over their own affairs. They have closer historical and geographical ties with this country than any colonial dependency and their relationship between them and the United Kingdom, with its complete absence of colonial stigma, may have some features which could be incorporated in new arrangements for some of the territories and Lord Taylor is shortly visiting the Channel Islands to consider the extent to which their constitutional links with ourselves would be appropriate to, or could be adapted to, conditions in the smallest dependencies.

#### *Consultation*

12. It will be necessary to work out detailed arrangements for each territory individually, in consultation with its representatives, whether its final status is to be 'free association' or 'continuing association'. This process will no doubt throw up points which our general examination of the problem has overlooked and others on which our first thoughts will require modification: but I am clear that we have now gone as far as we can on general lines and that detailed negotiations with territories should be set in hand as soon as possible.

#### *Commonwealth membership*

13. Some of the existing Commonwealth members have expressed anxiety about the growing membership of the Commonwealth, but it is our responsibility to decide

whether to make a colony independent. If the other members of the Commonwealth do not wish to accept it as a Commonwealth member they must take the responsibility of this invidious decision themselves. It would be quite wrong for recently enfranchised members of the Commonwealth to be able to veto freedom for others.

#### *No statement of policy*

14. I had originally intended to publish a White Paper setting out these broad lines of our colonial policy, but there are difficulties which outweigh the advantages of doing so. In particular:—

- (a) We should have to exclude Gibraltar, Hong Kong, Falkland Islands and the New Hebrides from any general statement of policy.
- (b) The Cook Islands arrangements are, as I have said, shortly to be considered in the U.N. General Assembly. Publication by us of a general statement envisaging this status for our territories might make it harder for New Zealand to secure U.N. approval of their arrangements.
- (c) Similarly, it would obviously be better to await a U.N. pronouncement on the Cook Islands so that, when we do make a policy statement, we can bring it as close as possible to what is known to be acceptable to the United Nations.

#### *Eastern Caribbean*

15. We shall, however, very soon need to take a decision in relation to a number of territories, in particular the Eastern Caribbean, and I am in process of drafting proposals in discussion with interested departments. The effect of these proposals would be to offer to all the larger territories (St. Kitts, Antigua, Dominica, St. Lucia, St. Vincent and Grenada) a status which would be broadly free association as defined in paragraph 8 above; while we should offer Montserrat something close to continuing association (paragraph 10). Thus the Eastern Caribbean may provide a proving ground for both the new relationships.

#### *Conclusions*

16. I do not under-estimate the difficulties which must still be overcome. The people in some of our territories, e.g., those in the Pacific, are not yet ready to reach conclusions on their final status. In most of our territories, however, fairly rapid progress can now be made and I intend to conclude as quickly as possible final arrangements for as many as practicable and interim arrangements on the way to a final status for the rest. Only in that way can we avoid the criticism we at present attract and from which countries like France, Holland, New Zealand and the United States are free. Indeed, the steps I propose will bring us in sight of a final enfranchisement of our Colonial Empire, and will remove any stigma of colonialism from our relationship with the territories which freely choose to remain in association with us.

17. If my colleagues concur in the proposal to introduce legislation as indicated in paragraph 2 I will pursue it in the Future Legislation Committee. It will be desirable to issue a White Paper shortly before the Bill is introduced explaining its purpose and outlining in the broadest terms the principles which will guide us in our policy towards the remaining colonial dependencies but without going into detail about the merits of particular solutions. I would circulate the draft of such a White Paper at the appropriate time.

*Schedule**A. Territories likely to become independent*

- (i) already committed      Basutoland  
    Bechuanaland  
    British Guiana  
    Federation of South Arabia  
    Swaziland
- (ii) probable candidates      Barbados  
    British Honduras  
    Mauritius  
    Tonga

*B. Territories for which 'free association' might be suitable*

- Mauritius (if not independence under A)  
 Tonga                               "  
 Bahamas  
 Bermuda  
 Antigua      (probably)  
 Dominica                       "  
 Grenada                       "                       (if it does not join Trinidad)  
 St. Kitts                       "  
 St. Lucia                       "  
 St. Vincent                     "  
 British Solomon Islands Protectorate (perhaps ultimately)  
 Fiji   "  
 Gilbert and Ellice Islands                     "  
 Seychelles

*C. Territories which might ultimately link up with other countries*

- British Virgin Islands (with U.S. Virgin Islands)  
 Cayman Islands (with Jamaica or United States)  
 Turks and Caicos Islands (with Bahamas)  
 and possibly Grenada (with Trinidad).

*D. Territories for which arrangements short of 'free association' will be necessary*

- (i) *anyhow*                       Falkland Islands  
    Gibraltar  
    Montserrat  
    Pitcairn  
    St. Helena (with Ascension Island and Tristan da Cunha)
- (ii) *if not offered 'free association'*  
    Antigua  
    British Solomon Islands Protectorate  
    Dominica  
    Fiji  
    Gilbert and Ellice Islands  
    St. Kitts  
    St. Lucia  
    St. Vincent  
    Seychelles
- (iii) *if not integrated with neighbouring territories*  
    British Virgin Islands  
    Cayman Islands  
    Turks and Caicos Islands
- (iv) *Grenada* if it is neither offered 'Free Association' nor joins Trinidad
- E. Territories in which special considerations apply*  
    Hong Kong  
    New Hebrides (Anglo–French Condominium)



## Minute on 287

### *Prime minister*

The Colonial Secretary's proposals envisage four possible types of status for territories which are at present still dependent:—

- (i) Independence
- (ii) Integration (with Britain or another country)
- (iii) Free Association (with Britain)
- (iv) Continuing Association (with Britain)

As regards *independence*, the proposed technique of a single enabling Act (which would empower the Government to confer independence, or any other status, on a dependent territory by Order in Council) has obvious advantages in terms of administrative convenience. But this rather indiscriminate method of proceeding will be liable to give added force to the objection—which some other members of the Commonwealth may raise—that it should not be assumed that independence necessarily and automatically implies full membership of the Commonwealth. The Colonial Secretary may be right in arguing that 'if the other members of the Commonwealth do not wish to accept [a colony becoming independent] as a Commonwealth member, they must take the responsibility for this invidious decision themselves'. But they will expect us (as they indicated at the last Meeting of Prime Ministers) to give some sort of lead and guidance on this issue; and, if we are to institute a legislative procedure which will appear to put British Guiana, Basutoland, Bechuanaland, Barbados and Mauritius through a kind of sausage machine, from which they will emerge as fully independent members of the Commonwealth, we ought at least to explain privately to the older members of the Commonwealth why we are adopting this course.

As regards *integration*, I should have thought that the Government will be well advised not to pursue this device. When it was originally ventilated in relation to Malta, some years ago, it gave rise to endless trouble and ended abortively. One cannot easily think of any other candidate for integration for whom the dice would be loaded more favourably; and a revival of the controversy which raged about Malta could hardly fail to be embarrassing in relation, *inter alia*, to the Government's immigration policy.

As regards *free association*, the concept has a good deal to commend it. But somewhere between the separate spheres of responsibility which are envisaged—i.e. on the one hand, domestic affairs, for which a territory is to assume the maximum practical responsibility and, on the other hand, those functions which must continue to be delegated to a parent state—lies a no-man's land which we have always found very intractable, since it is here that internal security and external defence tend to overlap. We have found this in Aden and Southern Arabia; and we may soon encounter it in Singapore. Is the Colonial Secretary confident that the status of free association would always be capable of definition in such a way as to avoid trouble on this point?

As regards *continuing association*, this would appear to be inevitable for many of the smaller territories; but, the more it can be made to appear different from the present status of colonial dependence, the better. Personally, I have some doubts whether the Channel Islands—which stand in a unique relationship with this

country, both historically and geographically—will be found to provide much useful guidance in this context. But the Colonial Secretary should certainly be encouraged to pursue his search for a formula or formulae which will give some meaning and validity to the concept of continuing association.

B.T.  
15.9.65

**288** CO 1058/5, no 217/220 15 Apr 1966  
[Overseas Territories Bill]: letter from Mr Lee to Mr Bowden<sup>1</sup> on the arguments in favour of an enabling bill

At the discussion in Cabinet last Thursday on the Legislative Programme for 1966/67 it was agreed that we should consider whether the Overseas Territories Bill<sup>2</sup> is likely to effect any saving of time in the 1966/67 Session, with a view to deciding whether the Bill should remain in the main programme.

You are of course aware of the separate legislation (additional to the British Guiana Independence Bill) which will be required by the Colonial Office during the coming Session if we do not proceed with the Overseas Territories Bill. Bechuanaland and Basutoland are to become independent by September of this year and Barbados, assuming agreement is reached at the Constitutional Conference in June, probably by the end of the year. The steps to be taken before Mauritius becomes independent are expected to be completed by early 1967. We should thus require separate independence Bills for Bechuanaland and Basutoland before the Summer Recess and probably for Barbados and Mauritius before the Christmas Recess. In addition a separate Bill will be required either before the Summer Recess or in the early autumn for the new association arrangements for the Leeward and Windward Islands. I should also warn you that there is an additional possibility that separate legislation would be needed to provide for Swaziland to become a Protected State if agreement is reached on this during the summer.

These are our requirements for the 1966/67 session but looking further ahead we expect that provision will have to be made for the independence of Aden in 1968 and Swaziland in 1969. In addition I am hopeful that we shall be able to conclude association arrangements with a number of other smaller territories in the next few years, possibly on a pattern similar to those we are currently discussing for the Eastern Caribbean territories. If so, legislation would be required to give effect to these arrangements.

<sup>1</sup> Herbert Bowden (Lord Aylestone, life peer cr 1967) was lord president of the Council, Oct 1964–Aug 1966.

<sup>2</sup> It had earlier been suggested the enabling bill might have the title, 'Statute of Westminster'. In favour it was said the echo of 1931 aptly suggested a new stage in the evolution of relationships between Britain and its remaining colonies; also it had a particular association abroad in that it implied parliamentary democracy. 'Whatever kind of deliberative assembly we may find appropriate for small islands we shall still hope that they will conform to the spirit of parliamentary democracy.' Arguments against were that 'Statute of Westminster' might be offensive to Commonwealth countries, particularly the 'old Commonwealth', and that it had a 'certain portentousness'; 'a very unkind critic might even say that it was a sham of a sham' (CO 1058/21, minute by J W Stacpoole, 17 Feb 1966). The Office of the Parliamentary Counsel preferred 'Commonwealth Bill' or 'Commonwealth Independence Bill' (*ibid*, Kursin to Stacpoole, 16 Feb 1966) but Overseas Territories Bill was thought more appropriate.

Since July 1960 (according to calculations which I have had made) 14 independence Bills have taken on average nearly 3½ hours in the House of Commons and 1¾ hours in the House of Lords. There would be no guarantee that the debates on the affirmative Resolutions which will, if the Overseas Territories Bill becomes law, remove the need for independence Bills (or 'association' Bills) would take up much less time than this. In short we shall need much the same amount of time for such legislation whether we have the Overseas Territories Bill or not. The enactment of the Overseas Territories Bill would of course itself take up some Parliamentary time but I think this would be partially offset by subsequent savings of time during the passage of the legislation required later this year for the Windwards and Leewards since the concept of 'association' would have been thoroughly explained during the passage of the Overseas Territories Bill.

While I do not wish to contend that there will be any enormous saving of Parliamentary time, reckoned in the aggregate, if we proceed with the Overseas Territories Bill, I nevertheless think there is a considerable advantage to be gained from getting it on to the statute book. Once the Bill has become law, any legislation required for independence or association could be enacted by means of an Order in Council that would require only one stage in each House of Parliament. Furthermore, each House could, if this was thought desirable, proceed simultaneously on any such Order. As I see it, the Bill affords a considerable procedural economy and, so far as the Parliamentary programme is concerned, would give us far greater flexibility than we have at present: in half a Parliamentary day, both Houses could clear a matter which would otherwise stretch over five to six weeks. It has the incidental advantage of relieving us of the necessity for constantly asking Parliamentary Counsel to draft separate Bills.

I must also point out that the saving of Parliamentary time is only one of the objects of the Overseas Territories Bill. It has always been intended that the introduction of this Bill should demonstrate our determination to end the colonial relationship in as many territories as possible and as quickly as possible and should demonstrate that independence is not the only alternative to continued colonial status.

So far, I have dealt with the Colonial Office arguments for the Bill, but there are, as you will also be aware, three Bills in the Essential category and two Bills in the Contingent category in the 1966/67 programme, (the Singapore, Tanzania, Malawi Republic, The Gambia Republic and Sierra Leone Republic Bills) all sponsored by the Commonwealth Secretary, and two of which will be required before the Summer Recess. None of these would be needed if the Overseas Territories Bill were passed. As the Overseas Territories Bill is at present drafted, the Orders in Council taking the place of the separate Bills would not require even an affirmative Resolution in each House. There is therefore a definite saving of Parliamentary time to be found here.

Perhaps the simplest course would be for us to have a very early discussion (with officials present) about the future of the Overseas Territories Bill. Because of his interest in it I am sending a copy of this letter to the Commonwealth Secretary who may wish to attend (or be represented at) our meeting. I am also sending a copy to the Chief Whip.<sup>3</sup>

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<sup>3</sup> The Lord President's Office was not convinced an Overseas Territories Bill would save parliamentary time and an enabling bill was not introduced. D J Morgan, *The official history of colonial development vol V Guidance towards self-government in British colonies, 1941-1971* (London, 1980) pp 236-250.

**289** FCO 42/297, nos 11 & 12

24 &amp; 27 Jan 1969

**'Residual colonial problems': minutes by Sir A Galsworthy and Sir P Gore-Booth**

[Galsworthy's minute, addressed to Gore-Booth, was a response to a note by J G S Beith, assistant under secretary of state, FO/FCO, since 1967. Beith's note has not been traced, either by the editors or by the Records Section of the FCO Records and Historical Department, to which authority the editors made a special request. Gore-Booth's minute refers to a paper recording the conclusions reached at a ministerial meeting on 13 Mar 1968. This too has not been traced; the note and the conclusions are marked as 'N/R' (not registered) on FCO 42/297. The editors assume the conclusions predated Beith's note, the date of which is not recorded in the papers on file. The essence of Beith's argument is explained in para 3 of Gore-Booth's minute. A further assumption is that the ministerial recommendation (para 4 of Gore-Booth's minute) follows the line of argument suggested by Gore-Booth. The difference of opinion between Beith and Galsworthy is significant, the former representing an FO and the latter a Commonwealth Office view of policy towards dependent territories.]

I am grateful to have an opportunity of commenting on Mr. Beith's Note on this subject. I apologise for the delay in doing so: my copy of the Note was unfortunately slow in reaching me, and my subsequent absence from the Office caused further delay.

2. If I may say so, I—and indeed others on the Dependent Territories side—have found Mr. Beith's note a lucid and stimulating analysis of the external problems of these three territories. In honesty I must say that I have one basic and rather serious reservation about the main conclusion he draws from the experience he has recapitulated. If I now express this quite frankly, I hope it will not detract from the real sense of gratitude those of us on the Dependent Territories side have felt, both prior to and since the merger, to Mr. Beith for his sympathetic and patient understanding of—if I may so put it—'our side' of the problems, nor from our admiration for the imperturbability and skill with which he handled them.

3. My difficulty arises over his conclusion that 'the most important lesson to be learnt in these matters is that the tail should not be allowed to wag the dog'. Put this way, it does, with respect, seem to me to be rather an over-simplification. The thought is developed in paragraph 8 of Mr. Beith's Note, in which he points to the risks of consultation—in the case he quotes, with the Government of British Honduras—and adds:—

'I find that this is a thread which runs through all these colonial questions. Let us give help and succour to the territories concerned, let us have full accounts from the Governor of local views, both official and non-official, but let us never allow the play of politics in a territory to be in any way decisive for the policy decisions which H.M.G. have to adopt. That way lies frustration and failure, if only because it would be wrong to expect the small places in question to have anything but the most parochial understanding of the wider issues involved.'

4. I recognise to the full that consultation with the Government of British Honduras has in the past at times been a tiresome and indeed risky business. This has been because the Premier, George Price, is a weak politician, who is manifestly scared of his Opposition, and because Goldson,<sup>1</sup> the Leader of the Opposition, is an

<sup>1</sup> George Price, leader of People's United Party (PUP); premier, British Honduras, 1964–1981, prime minister, Belize, 1981–1984, 1989–1993. P S W Goldson, formerly a founder member of the PUP, leader of the National Independence Party.

unreliable and unscrupulous person, and because both judge every situation in the light of their calculation of its effect upon their own political futures. But the plain fact is that for decades the whole of our Colonial policy has been based not on decisions taken and imposed by the Home Government, but essentially on a continuous process of consultation between London and the Colonial Ministers, and on the recognition that basically we act in concert with them. This does not mean that we always surrender to their wishes. But it does mean that to the maximum possible extent we endeavour to conform with their wishes and judgments as to where their true interests lie, and that in any conflict of interests we examine the issues fully and frankly with them, and attempt to guide them and carry them with us, or work out acceptable compromises. We are on record with repeated statements that the basis of our Colonial policy has been, and remains, to work out solutions for the future of our dependent territories which accord with the wishes of their inhabitants; and we have consistently taken our stand on the fact that this accords with the principles enshrined in Article 73 of the United Nations Charter (not perhaps surprisingly, since it was after all the British Delegation at San Francisco which drafted that Chapter of the Charter). And specifically we are on record that we will not agree to solutions for these three 'problem' territories which are at variance with the wishes of the inhabitants.

5. The 'wider issues' involved in these particular disputes are certainly H.M.G.'s trade and general political and foreign policy interests, and our defence responsibilities. But it is important to remember also that what is at stake, too, at least for the local inhabitants, is their whole future, and that of their succeeding generations. Their understanding of the wider issues may well be parochial; but it would be remarkable if people who are as deeply attached to their traditions, and freedoms, as the inhabitants of these three territories were to accept that—as they see it—their future could reasonably be sacrificed in H.M.G.'s wider interests. They just as much as the people of Britain regard the Parliament at Westminster as the ultimate guarantor of their interests and of their future; and when the peoples of the dependent territories feel that H.M.G. is contemplating something seriously inimical to their interests, or to their future, they will always seek—and no doubt find—champions in Parliament for their causes. They always have done so, and I know of nothing that will ever stop them.

6. The whole art therefore of governing Colonies lies in maintaining a continuing relationship of close confidence between their elected Governments and the people in London responsible for their affairs. It has thus, for at least the thirty years that I have been in the business, been our practice to associate the representatives of dependent territories with us when we have been engaged in negotiations affecting their interests, by having them attached to our negotiating teams, or when this has not been practicable we have made a strict point of consulting them over the negotiations and keeping them closely informed over their progress. This has often been uncomfortable and awkward; nonetheless I am convinced that over the years it has paid off.

7. I recognise that there have been strong arguments for not having Gibraltarians, Falkland Islanders or British Hondurans with us in the confidential talks we have had with representatives of the claimant countries. Nonetheless, since these talks have touched on sovereignty, and therefore on an issue which more than anything else affects the wellbeing and indeed the whole future of the inhabitants of

the territories, we have, in my judgment, been wise when we have taken the local people into our confidence and consultation, and unwise when we have failed to do so. For the past three years at any rate we have consistently taken the Chief Minister of Gibraltar and his Deputy (Sir Joshua Hassan and Mr. Isola)<sup>2</sup> closely into our confidence over all our moves vis-à-vis Spain in the Gibraltar dispute. By this means we have succeeded in building up a relationship of entire confidence with them. We have persuaded them on more than one occasion to accept something they regarded as unpalatable; and in their turn they have given us full and unfailing support in the Gibraltar Council of Ministers and in their many public utterances in Gibraltar. I would say that our policy has paid off handsomely.

8. In the Falklands, however, I personally believe that in 1968 circumstances obliged us to make what proved to be a serious mistake in obliging the Governor to leave his Executive Council for several months in ignorance of what we were seeking to negotiate with the Argentines, despite more than one request from his Councillors for information as to what was going on and pleas from the Governor that he should be allowed to tell them.<sup>3</sup> Looking back over it, I personally believe that this was the real mistake we made. I know that we were afraid that one or two of his Councillors would leak the information, and thus precipitate the Parliamentary row which eventually blew up in December; and I know that there were serious difficulties of timing. But with the advantage of hindsight now, I believe that we would have been well advised to have arranged the Ministerial visit to the Falklands last Spring, even though we had not got matters to the boil with the Argentines. Had we then been able to establish a relationship of confidence with the Unofficials in the Falklands, I think there is a reasonable chance that we would have been able to get the Memorandum of Understanding through, on the basis of course of our Unilateral Declaration. I know it is Mr. Beith's view that the Ministerial visit was 'long overdue'; I agree (with hindsight) and also with his view that the Argentines spoilt their chance by protracted argument about the exact wording; but I also feel that one of the main reasons for the ultimate failure was because, during these protracted negotiations, we had no contact with the Unofficials in the Falklands and thus allowed their fears and suspicions to feed on themselves.

9. My own belief, therefore, is that the main lesson to be learnt is that we cannot hope to treat these problems as solely foreign policy problems which we alone can handle, but rather that we must remember that they are essentially problems affecting human beings for whom we are responsible, arousing strong fears and passions locally, and that we must do our utmost, by close and continuous consultation with the local representatives, to carry them along with us. It will never be easy to judge precisely when and how this consultation can best be carried out. In Gibraltar so far it has been relatively easy, because of the personalities and standing in their community of Sir Joshua Hassan and Mr. Isola. Whether it will be so easy after the next elections in Gibraltar remains to be seen. In British Honduras and the Falklands it has been much more difficult. But nonetheless we must find some method of pretty frequent consultation, and I am convinced that we can. If we do not do so we shall in my view inevitably run up again against serious mistrust locally, and further Parliamentary trouble. The future of these three territories must in the long run be decided by Parliament. While we can expect Parliament to accept

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<sup>2</sup> See 313 for Hasan, and 314, note 4 for Isola.

<sup>3</sup> See 316–331 for background.

solutions, even unpalatable ones, that are seen to be accepted locally, I think we shall be making a grave mistake if we expect Parliament to legislate against the overwhelming opposition of the local people. We cannot, at least under our present Constitution, solve these problems in the manner in which General de Gaulle solved that of Algeria. Indeed, if at any stage we were to contemplate an ultimate solution for any dependency which did sacrifice that territory's future to H.M.G.'s wider interests, there would be an important hurdle to be got through even before the ultimate clash in Parliament, namely the Constitutional Conference or other formal process of consultation as a result of which decisions were taken. Against the background of the many Constitutional Conference we have held over the years I find it hard to imagine that any British Minister chairing such a Conference could contemplate taking a decision for the territory's future against the united opposition of all the delegates from that territory—and that is what would be involved in the end if solutions were contemplated which the local representatives felt simply sacrificed their future.

10. There are one or two points of detail on which I could perhaps comment, but to do so would overburden a minute which is already too long. The one comment I do feel I should add is that I feel that in paragraph 4 of his Note Mr. Beith is a little unfair to Sir Cosmo Haskard.<sup>4</sup> It is not the case that he was not fully briefed when he came to London during the summer of 1967. He was fully briefed, but warned us of the likelihood, as he saw it, of the strong opposition that our policy would encounter, and urged then the need for an early Ministerial visit to get our policy thoroughly understood in the Colony. To say that he was thoroughly out of sympathy with any policy which looked like going too fast is not unfair; he took the view then that in the end the right policy is for the Falklands to be ceded to Argentina, and has consistently said this; but he expressed very frankly and plainly his view that the way we were setting about it, namely telescoping drastically the timescale, would arouse such fierce opposition locally that it would if anything serve to arrest for a time the social and economic forces that would in his view inevitably lead to the territory ultimately joining Argentina. What I think is unfair comment is to say that there was no question of his being an advocate of the policy with his Executive Council. The trouble is that we expressly forbade him from discussing the policy with his Executive Council, which caused him personal embarrassment locally. He is a loyal servant of the Crown, and whatever his personal feelings would carry out whatever policies we instructed him to execute, or else resign his Commission if he felt he must. I base this view on a long personal acquaintance with him over some years.

A.N.G.  
24.1.69

*Lord Chalfont*

*Policy towards certain dependent territories*

I attach herewith two interesting and important papers:

- (a) A note by Mr. Beith on his work in charge as Assistant Under-Secretary of the problems of the Falkland Islands, British Honduras/Guatemala and Gibraltar; and

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<sup>4</sup> Governor of the Falkland Islands.

(b) a minute by Sir A. Galsworthy on our responsibilities towards the peoples of Dependent Territories.

2. I also attach as of importance and relevance a paper containing the conclusions reached at a Ministerial meeting on this subject on 13 March, 1968.

3. The essence of the argument is as follows. Mr. Beith maintains the thesis that the wider interests of Her Majesty's Government and of Britain must be taken into account in these matters and, if necessary, given priority. Sir A. Galsworthy, on the other hand, argues that we have a priority, successfully exercised over many years, in the matter of carrying the people of the different Dependent Territories with us in any wider developments which may concern them.

#### *Recommendation*

4. That by and large we should continue to be guided by the Ministerial decision of 13 March, 1968.

#### *Argument*

5. This is one of the occasions on which two doctrines which are 'right' find themselves in conflict with each other. In such cases it is possible for a dictatorial government to opt for one or the other and to pursue it with ruthlessness if not cynicism. In the case of a Parliamentary democracy this is not possible (and I do not mean to say that a cynical policy is in any case desirable). Therefore, given freedom of discussion, British Governments will have to continue to pursue an amalgam of the two doctrines.

6. This may lead to differences of decision in different cases. For instance, the British Honduras case is different from the other two because British Honduras, by general consent, could and should become independent and this gives the British Government the opportunity, at a critical moment, of saying that the British Hondurans must have what they should have anyway. In the case of the other two this is more difficult, because there is scarcely any possibility of either Gibraltar or the Falkland Islands becoming independent; if they did, independence, certainly in the case of the Falkland Islands, could not last long.

7. It is also fair to say that we tried to do the right thing, in the long run, about the Falkland Islands but the failure of the Argentines to seize their opportunity has now made this impossible. (It is, I think, the right thing, because otherwise we shall find ourselves later in the position of the Portuguese at the time of Goa, when they were defiant but helpless and lost both dignity and Goa.) But one must reconcile oneself to the fact that in certain cases, for reasons of history, conviction, etc., we shall not be able to pursue our long-term interests as they should, in theory, be pursued. In those cases we can only negotiate with all the skill that we can command, getting as near to our long-term interest (which may not be abandoned) as we can, but in the end, as we have to do, accepting what the Government can with good conscience and good prospects, ask Parliament to accept.

8. You may wish to have a word with Lord Shepherd when you have seen this file.

P.H.G-B.  
27.1.69



**290** FO 371/182158, no 3

17 Nov 1964

**'Economic help to the Southern African territories in the event of retaliation by South Africa': CO note on the help that might be given to the High Commission Territories should South Africa act against an arms embargo**

This Note considers the question of economic help to the British territories in South Africa to strengthen them against possible retaliation by South Africa in the event of action by the United Kingdom Government on the supply of arms to South Africa. First, it examines the present dependence of the Territories on South Africa. Secondly, the impact of present development plans on this dependence is considered. Thirdly, there is some consideration of the question whether it is practicable or desirable to amend the development policies of the Territories so as to reduce the degree of dependence, and what help would be necessary to do this.

*The territories' dependence on the Republic*

2. All three Territories are heavily dependent to a greater or lesser extent on the Republic. They are part of a common customs area with South Africa; they share the same currency and monetary systems; the greater part of their investment in the private sector comes from the Republic—a situation which is possible largely because of the absence of exchange controls in South Africa against the Territories; many of the administrative and technical personnel in their Governments are South Africans, and the Territories might find the actual processes of Government nearly impossible to maintain if these people were withdrawn; apart from Swaziland sugar as from the 1st January next, their agricultural products are marketed within the framework of agricultural control policies in the Republic; and their communications systems are very largely dependent on similar systems in the Republic. It is not possible to estimate the proportion of territorial income derived from the Republic but the following paragraphs give some indication of the importance of the South African economy for the Territories individually.

*Basutoland*

3. All Basutoland exports are marketed in, or sold to, the Republic. Wool and mohair account for some two-thirds of total exports, and are sold at auctions in South Africa; grain and livestock are sold entirely to South Africa and diamonds are marketed by South African companies.

4. Basutoland is a net importer of food-grains and, although her deficit fluctuates from year to year according to the size of the local crop, the average deficit in the period 1960–62 was well over 100,000 bags per annum. This is all supplied by South Africa. Similarly, by far the greater part of consumer and capital goods come from the Republic.

5. There are very few avenues for employment in Basutoland, and most Basotho seeking employment do so in the Republic. It is estimated that at any one time there may be as many as 150–200,000 absentees from Basutoland, out of a total population of some 900,000. About 60,000 Basotho were employed in South African mines in 1962. In view of the local pressure of population on available land and the lack of other resources, Basutoland would face severe unemployment problems if this flow

of labour were stopped. In addition to the employment and incomes provided to migrants while in the Republic, the Territory received in 1962 some £800,000 in remittances and deferred pay. The total of migrants' earnings in 1961/62 is estimated at £7.8 million (of which £6.25 million was spent abroad) out of a total Gross National Product of home and absentee populations of £20.5 million.

6. The Basutoland Government is heavily dependent on its share of South African customs and excise duty under the Customs Agreement. This has amounted to not much short of £1 million per annum in recent years, or not far short of half of government revenue excluding grant-in-aid.\*

7. Basutoland has no means of communication with the outside world except through the Republic. Air transport into and out of the Territory has to land in the Republic. If there were scheduled flights (there are none) they would not have to comply with this requirement.

8. In these circumstances, any refusal by the Republic to employ workers from Basutoland, or to take or handle Basutoland exports, or a decision on the part of the Republic to repatriate Basotho resident in the Republic would cause widespread hardship and unemployment in the Territory. Moreover, the Republic could cut off supplies to Basutoland if it so wished, and little could be done to replace this source of imports. An abrogation by the Republic of the Customs Agreement would affect both government revenue and the Basutoland balance of payments.

### *Bechuanaland*

9. Bechuanaland is less heavily dependent on the Republic in economic terms than Basutoland. Cattle and cattle by-products are the Territory's principal export, accounting for well over 90% of total exports of the Territory. Until recently, well over 80% of cattle exports went to the Republic. With the establishment of an abattoir and tannery at Lobatsi, the Territory's dependence on the South African market has lessened, but, although new overseas markets have been opened up, it still appears probable that the Protectorate will continue to depend on the Republic for at least 50% of its exports of livestock products. Moreover, exports to overseas markets are railed through the Republic (although it might be possible for them to be railed through Rhodesia unless Rhodesia at this time were placing an embargo on trade with Bechuanaland). Other exports include asbestos and manganese, but these between them account for little more than 5% of total exports.

10. Most imports into the southern half of the Territory come from South Africa but the northern part is largely supplied from Rhodesia. If the South Africans were to cut off supplies, the Territory could be supplied through Rhodesia, although presumably the cost of imported items in the south of the Territory would be higher than at present.

11. Bechuanaland also is dependent on the South African labour market for a fair measure of employment. Some 20,000 adult men leave the Protectorate annually on twelve-month contracts to work in mines in the Republic, and some 10,000 workers are estimated to be resident in South Africa employed in commerce and industry. This compares with 10,000 workers employed in transport, construction and services

\* Note: The allocation of South African customs revenue as between the three territories has been under review for some time. It is probable that Basutoland's share will be reduced by about one-half, in favour of Swaziland.

in Bechuanaland itself. Although a closing of the South African labour market to workers from Bechuanaland would cause less of a disaster to the whole economy than would be the case in Basutoland, it would mean a substantial loss of income.

12. Bechuanaland, too, receives a share of customs duties levied in the Republic. These are, however, far less important in total revenue than is the case in Basutoland. The ending of the Customs Agreement would mean that Bechuanaland would have to establish its own customs service. This would probably entail little loss of revenue, but would cause an increase in expenditure.

13. Bechuanaland is less dependent on the Republic for its communications system since it has outlets to the north via Rhodesia and Zambia. The railway through the Territory is owned by Rhodesia Railways, although the southern part of the line is operated by South African Railways. If South African Railways stopped operating this part of the system, and if our relations with Rhodesia were such that we could approach them, an arrangement could be sought with Rhodesia Railways to supply this service. The loss, however, of South African markets would deprive the railway of a large part of its function from the Protectorate's point of view, and make the resulting service uneconomic.

14. Thus, action by the Republic against Bechuanaland could mean a loss of at least half of the Protectorate's export earnings, causing a substantial drop in employment and incomes, and severe difficulties in the field of communications.

### *Swaziland*

15. Swaziland's principal export now is sugar, which accounts for over 40% of total exports. At present Swaziland sugar is marketed through South Africa, but this arrangement will end next January when the Territory will join the Commonwealth Sugar Agreement. When this happens, Swaziland will no longer be dependent on the Republic's sugar market or on marketing arrangements entered into by the Republic. The other principal export is asbestos, which is transported from the mine to the Republic by aerial ropeway and is then railed to the port for export. It would theoretically be possible to improve internal communications with the asbestos mine in Swaziland, although in view of the mountainous nature of the country this would be very expensive and the eventual cost of shipping the asbestos would be higher than at present.

16. Swaziland's other principal exports in 1962 (with percentages of total exports in that year) were: cattle for slaughter (8.7%), timber and timber products (5.6%), rice (4.1%), seed cotton (2.8%), canned fruit (2.3%) and citrus (1.4%). Of these, timber and timber products are partly sold in the Republic and partly overseas; rice and seed cotton are sold in the Republic, where they receive favourable prices; canned fruit is sold overseas, and fresh citrus is marketed through the South African citrus exchange who have effective control over refrigerated shipping space. Thus, Swaziland is less dependent on South African markets for its products than either Basutoland or Bechuanaland, and could, if necessary, market a great part of them independently of South African facilities (although in the case of asbestos this might well involve substantially higher costs). There would, however, be a loss of income for rice and cotton growers if these had to be marketed overseas, and there might be difficulties in shipping and marketing citrus.

17. By far the greater part of imports into Swaziland come from South Africa, but with the completion of the railway to Lourenço Marques supplies could be obtained easily from abroad (although probably at higher cost).

18. Swaziland is also dependent on the South African labour market; in 1962 28% of African male employees were working outside Swaziland, mainly in the Republic. The recent growth in industry and other activities in the Territory have, however, tended to lessen the importance of the Republic in the Swaziland labour market.

19. Swaziland is less dependent than the other two Territories on South African communications. She now has a direct railway link with the Coast and, although a large part of her communications system will continue to be linked with that of the Republic, this is of less critical importance to her than is the case with Basutoland and Bechuanaland.

20. Action by the Republic against Swaziland could therefore cause her some injury and inconvenience, but would not necessarily wreck her economy. On the other hand, there would be an increase in unemployment in the Territory, and certain sectors, such as the rice, cotton and citrus industries, would be injured.

### *The impact of development*

21. Present development plans, both in the public and private sectors, influence the degree of the Territories' dependence on the Republic. As far as *Basutoland* is concerned, the main emphasis in development must be on agriculture, but, in view of growing population pressure and the shortage of land, the Basutoland Government is considering measures it can take for the encouragement of industry. Both agricultural and industrial expansion will depend on free access to the South African markets. It would be impossible for Basutoland to achieve self-sufficiency on any but a very low level of output and incomes. In particular, any industrial expansion can depend on the local market to only a very limited degree, both because of the narrow basis of that market and because of the balance of payments implications of industrial growth. Basutoland must import virtually the whole of her raw materials and fuel for industry, and she is extremely unlikely in the near future to be able to produce a surplus of foodstuffs sufficient to supply an industrial population. Therefore she must produce largely for external markets, and the only market where it appears likely that she could compete in the foreseeable future is South Africa. On the other hand, the Government's agricultural development programme will tend to reduce Basutoland's dependence on imports of foodstuffs. There are, however, many difficulties in the way of agricultural advance in the Territory, including the land tenure system and the attitude of the local Chiefs to agricultural progress. In spite of a very active and enterprising Agricultural Department, rapid progress is not to be expected.

22. Since there is virtually no investment in the private sector in Basutoland, public sector investment is likely in the immediate future to be the main determinant of the degree of dependence of the Basutoland economy on South Africa. The foregoing arguments would suggest that the effect of any development that takes place is not likely to reduce the dependence of Basutoland on the Republic and may well increase it. Moreover, if the Basutoland Government were to go ahead with the Ox-bow scheme for the development of water and hydro-electric powers, she would increase still further her dependence on the Republic, who would be the principal market for the water and electricity produced.

23. The principal objects of present development plans in the public sector in *Bechuanaland* are the improvement of water supplies for the cattle industry, the general improvement of farming and animal husbandry and the carrying out of

resource surveys. There is some prospective investment in the private sector in mining (e.g. soda ash and, possibly, copper). Insofar as the present development programmes lead to a diversification of Bechuanaland's exports away from cattle, this might theoretically reduce the Territory's dependence on the South African market. In practice, however, new developments in the mining industries are directed towards the South African market and it is known that the investors concerned would be unwilling to proceed if this market were in doubt. An increase in cattle production resulting from a development of water resources would increase the surplus to be marketed overseas and would thus diminish the relative dependence of the Protectorate on the S.A. market. It still appears likely, however, that South Africa will provide at least a half of Bechuanaland's markets for livestock and livestock products over the next few years. In all, then, prospective development in Bechuanaland seems unlikely to diminish the Territory's dependence on the South African market and may well, on balance, increase it, especially if proposed mineral development takes place.

24. Investment in the public sector in *Swaziland* over the past few years has been largely directed towards providing the infrastructure services for mining and industrial development. In particular, there has been a major improvement in the Territory's communications system both by road and rail, and there has been substantial investment in hydro-electric development. The present public sector development programme has a greater degree of concentration on social investment, and in particular on education—investment which is necessary in order to raise the general level of the Swazi economy. The Government also has a major agricultural development programme with much the same object in view. This is not, however, likely to produce rapid results in terms of additional output. There has also been large-scale investment in the European private sector. Iron ore mines are being opened up, and it is hoped that there will be some expansion in manufacturing industries.

25. The general effect of development in Swaziland is likely to be a lessening of the Territory's dependence on South Africa. The new industries (such as iron, to Japan) are for export overseas, and any improvement in the local economy would diminish the degree of Swaziland's dependence on South Africa as an outlet for her labour. Moreover, the existence of the new railway will encourage the type of industry which looks to overseas markets. On the other hand, new industry in Swaziland is heavily dependent on South African private capital, and any measures by the South African Government which stopped this flow could substantially reduce the rate of growth in the economy.

26. All three territories have programmes designed to promote the localisation of the public service, and thus lesson their dependence on South African personnel. In this programme, the University of Basutoland, the Bechuanaland Protectorate and Swaziland at Roma in Basutoland is playing a key part, and the Governments also have inservice training schemes. These programmes are unlikely, however, to produce rapid results, and any acceleration of the process of localisation which diminished the existing level of Governmental efficiency could well have a damaging effect in other directions on local development programmes.

#### *Can this dependence be reduced?*

27. The development plans of the Territories have as their primary aim an increase in the local level of output and incomes. In general, the reduction of their dependence on the South African economy has not been a primary aim of policy, and,

where such a reduction would conflict with the primary aim of economic growth, it has not been attempted. The question is, therefore, whether this order of priorities should be changed—that is to say, whether the Territories should aim, first, at reducing their dependence on South Africa and, only secondly, at increasing the rate of economic growth. This is a matter on which the territorial governments themselves and local public opinion would clearly have the predominant say. In Swaziland there may well be little conflict between those two aims: a large part of the development now proceeding will both reduce the Territory's dependence on the South African economy and cause economic growth. In the other two Territories, however, it seems likely that there is potential conflict between these two aims. The more that Basutoland emerges from its present semi-subsistence state, the more it will depend on external markets and sources of supply. It is difficult to imagine its dependence being on any other country than South Africa. Such development could also reduce the need for Basotho to work in the Republic, but, in view of the rate of population growth, it may well be difficult for the Basutoland economy to provide incomes and employment for its people even if the present level of employment in the Republic remains stable. Similarly, the most promising prospects for rapid growth in Bechuanaland are in the mining industry, and this, too, will depend on South African markets. It is true that, insofar as both Basutoland and Bechuanaland depend on imports of foodstuffs, this dependence can be lessened as a result of agricultural development, and existing plans are already concerned to a very considerable extent with promoting this. Any large increase in agricultural incomes is, however, improbable on the basis of supplying local markets for foodstuffs.

28. In the light of these considerations, it would follow that, first, any action which the territorial governments could reasonably take to reduce their degree of dependence on the South African economy would have only a marginal effect, and, secondly, that to take such action might, at least as far as Basutoland and Bechuanaland are concerned, be inconsistent with the most rapid possible growth in output and incomes. Since both these Territories are very poor, their governments and public opinion might well consider that the price to be paid for independence from the South African economy was too high a one for them to pay, and that it would be a misallocation of resources for them to invest substantially in projects designed for this purpose.

29. If, however, the Territories were to receive aid additional to their present C.D. & W. allocations for the specific purpose of helping schemes likely to reduce dependence on the South African economy, it would be possible, in consultation with the territorial governments, to draw up suitable projects. In particular, additional help could be given towards the work of the Agriculture Departments in Basutoland and Bechuanaland, so as to increase output of food crops for the local market. It would be necessary to consult the Territorial Governments before deciding how much additional funds could usefully be spent on these programmes, but Annex A<sup>1</sup> of this paper gives some indication of the order of magnitude involved. The rate of expansion would depend on the availability of suitable staff and the ability of the Departments to manage a greatly expanded programme. The impact of such assistance on agricultural output would, however, be slow to appear, and if action is required to meet an early emergency, little beyond relief works will be practicable.

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<sup>1</sup> Not printed.

30. There are possible minor measures in the field of trade which could reduce the degree of the Territories' dependence on South Africa. Some Commonwealth countries do not accord them preferences. This matter has been recently taken up with Commonwealth Governments, but so far without success. There is of course the major obstacle of the no-new-preference rule in the G.A.T.T. But we are nonetheless pursuing this question.

### *Conclusions*

31. (i) Basutoland is almost wholly dependent, Bechuanaland largely dependent and Swaziland partly dependent on the South African economy.

(ii) Present developments in Basutoland are likely to increase her degree of dependence on the Republic; developments in Bechuanaland are unlikely on balance to reduce her dependence; developments in Swaziland are tending to make her more independent of the Republic.

(iii) There could well be a conflict in Basutoland and Bechuanaland between policies designed to maximise the rate of economic growth and those designed to reduce their degree of dependence on the Republic. In these circumstances the Governments concerned would no doubt consider it a misallocation of resources to invest in schemes for the latter purpose.

(iv) Some assistance could be given to schemes for this purpose (e.g. further help—if additional money could be provided towards programmes of the Agriculture Departments in Basutoland and Bechuanaland) but these would have only a marginal effect and would make little impact in the short run.

(v) If the Republic were to take retaliatory measures in the economic field against the Territories, we should have to provide heavy budgetary support to finance relief. It would not be a question of aiding development but of doing our best to provide financial (and possibly other) resources for current consumption.

## **291** FO 371/182158, no 1 1–5 Jan 1965 'Possible United Nations political presence in the former High Commission Territories': FO minutes by R J M Wilson,<sup>1</sup> Mr Thomson and Mr Gordon Walker

The Secretary of State minuted on Pretoria despatch No. 62: 'I would like to press ahead with the idea of a U.N. *political* presence in the H.C.T.s. Otherwise we are going to be faced with extremely awkward decisions.'

2. Lord Caradon has urged the desirability of establishing a political presence of this sort in all three of the Southern African territories. Serious doubts about this have, however, been expressed by the Colonial Office and Sir Hugh Stephenson,<sup>2</sup> who fear that any major initiative of this sort may lead to political trouble in the territories themselves, may provoke the South Africans to take some action against the territories, and may create a dangerous precedent.<sup>3</sup>

3. There is already a United Nations presence of a sort in that Mr. George Ivan Smith, an Australian, who is the Secretary General's personal representative in

<sup>1</sup> First secretary (see 197).

<sup>2</sup> UK ambassador to South Africa, see 212, note 2.

<sup>3</sup> Gordon Walker commented: 'What precedent? St Helena?'

Southern, Central and East Africa, and includes the High Commission territories in his parish, does in fact, according to Lord Caradon, report to the Secretary General privately on political developments although his official function is purely economic, in that he is representative of the Technical Assistance Board and the Special Fund. An assistant to Mr. Ivan Smith in his capacity of representative of the Technical Assistance Board, a Welshman, Mr. ap Rees, is to take up residence in the territories themselves at Gaborones in February but with strictly economic functions.

4. This question was discussed at length at a meeting held by Mr. Thomson on December 29 to consider African and Middle East problems, at which Lord Caradon, Lord Walston and senior officials from the Foreign Office, the Commonwealth Relations Office and the Colonial Office were present. The main decisions on this particular question were:—

(i) that it would be unwise to take any steps to establish any formal political United Nations presence in any of the three territories before the elections which are to take place in Bechuanaland and Basutoland this spring. We must also bear in mind that local leaders in Swaziland would probably not welcome a United Nations political presence.

(ii) that we should respond to the Committee of 24's proposal that an economic study by the Secretary General should be made of the territories, by suggesting to the Secretary General that he might send a representative, accompanied by an economic adviser, to visit the three territories for this purpose. We would propose in confidence that this representative should be Mr. Ivan Smith. There was an earlier, and satisfactory, visit last year by Mr. Amachree, a senior Nigerian member of the United Nations Secretariat.

5. At Mr. Thomson's meeting the hope was expressed that, in the light of the report of the Secretary General and after the territorial elections, the existing United Nations technical representation in the territories might be expanded and converted into some form of politico/economic representation.

6. In general we are strongly in favour of United Nations economic representation in the territories and of increased United Nations aid. There is, however, a need to proceed very cautiously about political representation. With respect to economic aid it would be as well to have in mind that there are plans for radically increasing the amount of United Kingdom aid to be made available to the territories.

7. United Nations (Political) Department and the Colonial Office concur.

R.J.M.W.

1.1.65

The important thing is to promote a progressive UN involvement. The first step is the Economic Mission. The momentum could then be kept up with an individual UN economic representative in each of the three territories. By that time the character of a permanent political presence should have become clearer.

G.R.T.

4.1.65

I think the CO & Stephenson are being over-cautious. Certainly wait till the spring elections. But then we shd find out what the territories think—it is no good guessing



their views. We don't want to keep these territories. They cd be an immense embarrassment to us. If the UN is there it may make them more sensible about economic sanctions. If SA takes action against the territories, with the UN there, this wd not be a disaster; but I am sure they wd not.

I want to press this & will if necessary have a meeting of Ministers concerned after the by-election.<sup>4</sup>

P.C.G.W.  
5.1.65

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<sup>4</sup> A reference to the Leyton by-election of 21 Jan 1965 which deprived Gordon Walker of a seat in the House of Commons. He resigned as foreign secretary, to be replaced by Stewart. The impetus to involve the UN in the High Commission Territories was lost when Gordon Walker left office.

## **292** DO 195/390, no 145 3 Apr 1965 **[Gambia]: despatch from G E Crombie<sup>1</sup> (Bathurst) to Mr Bottomley on early impressions of independence**

It is over six weeks since The Gambia became an independent nation.<sup>2</sup> In that time I have been able to make only a week's tour up River as far as Basse by steamer and back by landrover. Aware of my inexperience as a newcomer to West Africa, I have the honour to record some first impressions and comments on the policy which I believe should be pursued towards this newly independent Commonwealth country, with particular reference to its relations with Senegal.

### *First impressions and background*

2. The Gambia is a poor, small country of 4,000 square miles with only about 300,000 inhabitants, a geographically mis-shapen and elongated strip of territory surrounded on all sides except the sea by Senegal, with no mineral wealth and hardly any natural resources except groundnuts and an income per head of the population lower than that of any other former British colony in Africa. I had therefore expected to find here something of the squalour to which one becomes accustomed in certain parts of India. Instead I found the people everywhere I have been, both in Bathurst and in the Provinces, relatively well fed and clothed, clean, cheerful and apparently contented. Bathurst is a small town of 30,000 inhabitants without large or distinguished buildings but well laid out and without any serious slums. The villages I have seen in the Provinces looked clean and well kept. The country is peaceful. The police are smart and efficient but not much in evidence except in Bathurst. The Muslim religion to which over 90% of the people subscribe has helped to bring about a pattern of orderly and decent behaviour. There is very little serious crime—hardly any at all up-country. The Government is stable and exceptionally well-disposed to Britain. The Opposition is in disorder and has partly defected to the Government.

3. This is the bright side of the picture. Other aspects are not so encouraging. The country is flat and uninteresting, parched and dusty during the present dry season except in the immediate neighbourhood of the River which, like most very big rivers, is not itself particularly attractive. The only large industry is agriculture—

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<sup>1</sup> UK high commissioner to The Gambia, 1965–1968. <sup>2</sup> The Gambia became independent on 18 Feb 1965.

mainly groundnuts and groundnut products with some palm kernels for export; rice, cattle, sheep and goats for domestic consumption. Apart from legitimate exports, mainly of groundnuts, there is a thriving trade in the smuggling of consumer goods into Senegal, where the cost of living, and import tariffs, are a good deal higher than in The Gambia.

4. The country gives one the general impression of having suffered from lack of capital investment in the past. It almost looks as if it had been kept going on a 'make-do and mend' basis. In line with this are the very modest development proposals agreed with Britain which will hardly produce more than a consolidation of past efforts and add little extra to the building up of the country's economy.

5. The health service is inadequate, and the education service rudimentary except in the neighbourhood of Bathurst and Georgetown. Education in a predominantly Muslim country has in the past been left mainly to Christian missionaries and up River most of the people have a strong disinclination from sending their children to Christian schools.

6. There are no railways, and the development of road communications has until recently been neglected. A French company, the Société Française de Travaux Publiques, has now completed a good road from Bathurst to Mansakonko (over 100 miles from Bathurst) where it joins the trans-Gambia highway; work is going ahead and the road should be through to Georgetown (about 200 miles from Bathurst) before the rainy season of 1966. River transport has recently been allowed to deteriorate and may not be sufficient to clear this year's bumper crop of groundnuts before the rains this year.

7. An astonishing feature of The Gambia is the almost total absence of newspapers. There is a Government news-sheet published in Bathurst three times a week. Gambia Radio broadcasts for a few hours five times a week and these broadcasts include short news bulletins in English and two of the local languages. The B.B.C. is heard here with difficulty except on powerful wireless sets, and the people listen mainly to news and entertainment from the adjacent countries of Mali and Senegal. I have strongly supported the recommendations which have been made recently to introduce the London Press and Reuter's news services on a regular daily basis. This would enable us to fill the present information vacuum from British sources with the goodwill of the Gambian authorities.

The Gambia is very dependent upon the ability and industry of its few remaining senior expatriate civil servants. Fortunately, there is no immediate pressure on these officials to leave. Gambianisation, which has probably proceeded too quickly, has now been slowed up and, uniquely in independent Africa, recruitment is still approved of expatriate administrative officers.

### *British policy and relations with Senegal*

9. I come now to the question of British policy and relations with Senegal. In this connection I have read Foreign Office despatch No. 5 of the 29th of January and Mr. Peck's interesting observations upon Gambian independence as seen from Dakar in his despatch No. 8 of the 18th of February.<sup>3</sup>

10. In paragraphs 3 and 4 of the Foreign Office despatch reference is made to the

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<sup>3</sup> The FO despatch of 29 Jan is at DO 195/396, no 105, and the despatch from J H Peck, ambassador to Senegal, at DO 195/396, no 14C.

British Government's previous conviction that it would be unrealistic on both strategic and economic grounds for The Gambia to come into existence as an independent sovereign state.<sup>4</sup> But it must be remembered here that although we hoped for more fruitful results from the Gambian/Senegalese negotiations in May last year, our decision to proceed with the Gambia Independence Conference was taken in April in advance of those negotiations and irrespective of what their outcome might be. In making the statement in the House of Commons on the 17th of April (referred to in paragraph 2 of the Foreign Office despatch) Mr. Fisher,<sup>5</sup> the Under-Secretary of State for the Colonies, also told the House that a complete fusion between The Gambia and Senegal had not been suggested. The situation which must now be faced is that The Gambia has in fact come into existence as an independent sovereign state despite our previous misgivings.

I do not think that this is a fact that need be taken too tragically, provided that an enlightened policy is pursued. The existence of The Gambia as a separate entity though surrounded on three sides by Senegal is only the continuance of a situation which has existed for a long time past. The facts show that the initiative during the last few years in trying to foster a closer relationship between The Gambia and Senegal has mainly come from the Gambian side. The Gambian offer to Senegal in May last year of a Senegambian alliance designed to bring about a merger of their foreign policy and defence (with Senegal acting as the major partner) while preserving their independence within their own territory, was a considerable step forward and was as much as public opinion here would willingly accept. It was surely unrealistic at that stage to expect the Gambians to mortgage their future independence by agreeing to accept the status of a province of Senegal. The foreign policy and defence agreements signed at independence and the agreement for the construction of the trans-Gambia highway connecting the Casamance with the rest of Senegal are evidence of The Gambia's readiness to co-operate as closely as possible with her larger neighbour. The strategic objections to Gambian independence are only valid in the event of her being attacked by or through Senegal. They do not appear to exist so long as Senegal remains stable and friendly. The talks between the two Governments at Dakar last weekend about the acceptance of foreign representation at Bathurst were conducted in a harmonious atmosphere. They should have convinced the Senegalese of The Gambia's determination to abide loyally by the terms of the Foreign Policy Agreement. Co-operation along the frontier has always been good, as was shown only the other day when two members of the Senegalese opposition party (P.A.I.) who had taken refuge in The Gambia were promptly arrested by the Gambian police and handed over to the Senegalese C.I.D. (my telegram No. 63). There is no evidence here of any subversive activities being directed against Senegal on Gambian territory. It is encouraging that the two Governments have agreed to meet again at Dakar at the end of this month to discuss security matters.

12. It is common ground that the two countries should work towards a closer association economically and in the long run we might look forward to a complete fusion. But it will take time—perhaps quite a long time—without causing great

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<sup>4</sup> On which see, Hyam & Louis, eds, *The Conservative government and the end of empire* part I, 111 and 112.

<sup>5</sup> Nigel Fisher, parliamentary under-secretary of state for the colonies, 1962–1964.

hardship to The Gambia, to integrate its liberal low-cost economy and the controlled high-cost economy of Senegal. Senegal is itself an impoverished country more heavily dependent on aid from France than The Gambia is at present dependent upon aid from Britain. The Senegalese have shown no desire to take over The Gambia's deficit and the French have made it clear that they have no intention of doing so.

13. Against this background it is difficult to accept the validity of the *laissez faire* policy suggested in paragraph 5<sup>6</sup> of the Foreign Office despatch of the 29th of January. The economic improvement of The Gambia and the maintenance of an effective public service and of internal security are to the interest of Senegal as well as of The Gambia. These things will require financial assistance, but in present circumstances it is not apparent that The Gambia's prospects of securing this would be improved by becoming a part of Senegal.

14. It is a truism that newly independent countries in Africa require more, not less, financial aid than colonies. This has been recognised elsewhere by the British Government, who have concluded generous financial settlements with a number of other African countries. But in the case of The Gambia, a peaceful and prudently administered country, aid is actually being reduced at this critical point in her development. I am sure it would not be argued that a serious problem of internal security is a necessary qualification for aid from Britain on generous terms. The massive support given by the British Government to the Malawi budget and the large-scale assistance given to Zambia and the East African Commonwealth countries have not escaped the notice of Gambian politicians (Mr. A.B. N'Jie<sup>7</sup> mentioned Zambia when I saw him the other day.) There is a serious danger that, if we do not give a sympathetic response to Gambian requests for assistance, they will sooner or later be tempted or forced to turn to less reputable quarters, unfriendly to Senegal and to ourselves, for the extra financial and technical resources they so badly require. I view with apprehension the still further reduction in our grant-in-aid to The Gambian budget for 1966/67. What is wanted is not an 'open-ended' commitment but a realistic attempt to put this country on its feet by adequate assistance for its development. The Gambia should not be written off as 'non-viable' because it is mainly agricultural and without mineral resources. There is scope for the further development of groundnuts, for which there is a large potential market in the confectionery trade which is only just beginning to be developed. Experts believe that with refrigeration plant and other equipment a prosperous fishing industry could be established. Citrus fruits and vegetables could be grown here for export to other parts of West Africa where the climate is not so favourable. Poultry breeding for export to neighbouring countries is another possibility. The building of roads, which has only recently been undertaken on any large scale, may bring about an improvement in the whole economy of the country.

15. Special priority should certainly be given to encouraging and assisting projects of mutual benefit to The Gambia and Senegal. The Prime Minister has asked me if Britain can provide £100,000 to rebuild a short stretch of the trans-Gambia

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<sup>6</sup> Para 5 of the FO despatch of 29 Jan suggested Britain should adopt the attitude of President Senghor of Senegal who was waiting for Gambia to savour what he described as 'les délices et les amertures de l'indépendance' in the conviction that economic realities would bring home to the Gambians the impossibility of a separate existence. Senghor believed if Britain wanted to foster closer relations between Gambia and Senegal, it should keep Ghanaian influence at bay in Bathurst (DO 195/395, note by G W StJ Chadwick of an interview with Senghor, 10 Sept 1964).

<sup>7</sup> Gambian foreign minister.

highway where it passes through Gambian territory (my letter of 1st April to Mr. Harrison). This project was mentioned to and approved by the Senegalese during the recent talks at Dakar. I understand that we may also be asked to help with the development of telephone communications between Bathurst and Dakar which the Gambians have been discussing with the Senegalese. I warmly endorse the suggestion in paragraph 11 of Mr. Peck's despatch for the establishment in The Gambia of a high grade institute for the teaching of English to both Senegalese and Gambians. I hope that the appointment of a British Council English language Officer, as already approved in principle, will not be much longer delayed; he would clearly have much influence in the planning and development of an English language centre here.

### *Conclusion*

16. The main problem facing The Gambia is her future relations with Senegal. The two countries have a great deal in common ethnically and otherwise. In African politics they are both firmly in the camp of the moderates and they share the same friendly attitude towards the West. We should take every possible opportunity of fostering closer relations with the ultimate objective of bringing about a physical union between them. But this process should not be rushed. We should not ignore the facts of history and the differing traditions which the two countries have inherited from their colonial past. Meanwhile, it is misguided to think that union with Senegal can be brought about by depriving The Gambia of the financial assistance she requires for her development, and Britain has a responsibility to go on providing such assistance for some years yet to come.

## **293** CAB 148/22, OPD(65)110 9 July 1965 'Bechuanaland; independence date': memorandum by Mr Greenwood for Cabinet Defence and Oversea Policy Committee

Mr. Seretse Khama, Prime Minister of Bechuanaland, whose party won 28 of the 31 seats in the elections for the new Legislative Assembly in March, has spoken publicly in terms of September, 1966, as a target date for independence. In a recent report the retiring Queen's Commissioner has said that his private conversations with Mr. Khama indicate that Mr. Khama still considers this a reasonable target, and that what he has in mind as a programme is the preparation of a local White Paper on the form of the Independence Constitution, which would be published early in 1966 and then discussed in the Legislative Assembly and the House of Chiefs. This would be followed by a London Conference in about April, 1966, leading to independence, if possible by September, 1966, with the 30th September, 1966 (Protectorate Day) as Independence Day. Although in their election manifesto Mr. Khama's party (the Bechuanaland Democratic Party) proposed the retention of Her Majesty as Head of State it is understood that he and his senior advisers are now of the view that the eventual right status for an Independent Bechuanaland would be that of a Republic within the Commonwealth, with a President as Head of State and Senior Executive. They also feel that there would be advantage in moving to a Republican Constitution simultaneously with Independence.

2. Since that report, the Acting Commissioner has written to say that Mr. Khama

is anxious to strengthen his party's already firm hold on the country, and to keep one step ahead of the more extremist opposition elements by retaining the initiative, as far as possible, with public declarations of policy. Mr. Khama is therefore concerned to know whether or not he should maintain his already publicly declared aim of September 1966 as a target for independence, knowing that this must soon become something to which he is fairly closely committed and the abandonment of which might well weaken his public image. The Acting Commissioner has suggested that the British Government should give Mr. Khama as soon as possible some indication of its attitude on the matter.

3. Bechuanaland is ill-prepared for independence. It relies on British grants (rather over £1¼m. in 1965/66) for about 40% of its ordinary recurrent budget, with little prospect that its budgetary deficits can be substantially reduced in the next quinquennium at any rate; and localisation of the civil service is in its very early stages. There are thus a good many practical problems to resolve before independence, and it is clear that for some years after independence Bechuanaland will continue to look to us for substantial assistance for both its recurrent budget and its development. But in announcing the present constitution in the Commons on the 2nd June, 1964, the then Secretary of State (Mr. Duncan Sandys) said that it represented 'an important step towards independence . . . which we have no wish to delay any longer than is necessary'. Moreover the communiqué issued after last summer's Commonwealth Prime Ministers' Conference recorded Britain as saying that 'Basutoland has been promised that she could have independence in about 18 months time; Bechuanaland would be free to follow when she wished . . .'; while this year's Commonwealth Prime Ministers' Conference communiqué stated that 'it was hoped that many of the remaining dependencies would reach independence in the next three years, including . . . Bechuanaland . . .'

4. Her Majesty's Government are therefore already publicly committed to falling in with the wishes of the Bechuanaland Government on a date for independence, and there are no grounds which would justify our going back on this undertaking even if we wanted to. It would, however, be advisable not to be too firm yet about the precise date on which independence should be granted in case procedural delays (e.g. because of the Parliamentary time-table) should arise.

5. In these circumstances I propose that Her Majesty's Commissioner should be authorised to tell Seretse Khama in confidence that the outline programme for advance towards independence described in the opening paragraph above, is generally acceptable, but that we cannot say at this stage whether the actual dates (April, 1966 for a conference and 30th September, 1966 for independence) will in fact prove practicable. We would however agree that a date towards the end of 1966 should be adopted as a target date for independence, and that if Mr. Khama wishes to make an official request for a constitutional time-table on the lines set out in paragraph 1 above, Her Majesty's Government would be prepared to reply in this sense, and to agree that the correspondence should be published on a date to be agreed with him.

6. Unless my colleagues dissent, or wish to discuss the matter, I shall authorize the Commissioner to speak to Mr. Khama on these lines during the week beginning 19th July. It would be helpful therefore if I could receive any comments by the preceding Friday (16th July).<sup>1</sup>

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<sup>1</sup> Bechuanaland became the independent Republic of Botswana on 30 Sept 1966.

**294** PREM 13/2477

4 Feb 1966

**'Swaziland constitution': minute by Lord Longford to Mr Wilson**

When Basutoland and Bechuanaland become fully independent by the end of September this year, Swaziland will be our only remaining dependency in Africa (except for the special case of Rhodesia). Last August, Anthony Greenwood authorised the appointment of a Constitutional Committee of members of the Swaziland Legislative Council to make recommendations for a new constitution. This will provide for internal self-government but not, at this stage, for independence. Independence is the agreed goal, but Swaziland is less advanced than Basutoland and Bechuanaland, mainly because although by Southern African standards its economy is relatively well developed, it is heavily dependent on the Europeans, who own 43% of the land. The Swazi sector of the economy is far more backward than is the case in the two other territories, and this is reflected in the relative backwardness of education and the degree of localisation in the Public Service. Time is needed both on this score and to enable European thinking to adjust itself in the way that will be necessary before independence. It may be possible to bring the country to independence by 1968, but we shall probably need another year if we are to do so in good order and leave a stable and contented state when we go. To give ourselves the necessary elbow-room we should plan for independence by not later than the end of 1969.

2. The Constitutional Committee expects to complete its report by the end of February but it has already decided unanimously to urge that at the next stage of constitutional advance (i.e. when we proceed sometime this year to internal self-government) Swaziland should be given the status of a Protected State and that the Paramount Chief, the Ngwenyama, should be recognised as King of Swaziland. This is a novel proposition, but it is one for which the overwhelming majority of the Swazis have long pressed and to which they remain strongly attached. They have a deep respect for the institution of the Ngwenyama as King of Swaziland as well as for the present incumbent (Sir Sobhuza II, K.B.E.) personally. If we can meet their request, progress to independence should be smooth. If we cannot, there would be deep resentment and very possibly political unrest, which would gravely complicate the task of bringing Swaziland successfully to independence.

3. The essential difference between a Protectorate and a Protected State is that in a Protectorate the Crown has full powers and jurisdiction (so that for practical purposes the territory is indistinguishable from a Colony), whereas in a Protected State the Crown is responsible for external affairs (which normally entails defence as well) but the Crown's powers and jurisdiction in internal affairs are limited, the extent of the powers and jurisdiction usually depending on a Treaty with the local Ruler. There is no technical difficulty in making Swaziland a Protected State before independence, nor would it create difficulty after independence. Swaziland would become a Kingdom with the Ngwenyama as King, recognizing the Queen as Head of the Commonwealth. Malaya seems a closely analogous precedent.

4. The 'nuts and bolts' of meeting their request would be for:—

(a) a new constitution to be drawn up which would provide for the recognition of the Ngwenyama as King of Swaziland, give the Swaziland Government a substantial measure of autonomy in internal affairs, but reserve to the British

representative various powers relating to external affairs, defence, internal security, etc. This would be done by Order in Council;

(b) an Agreement to be concluded between Her Majesty and the Ngwenyama, which would surrender part of Her Majesty's powers and jurisdiction but would reserve to Her Majesty such powers and jurisdiction as we consider essential.

5. The Swazis have asked whether we would enter into an Agreement to defend Swaziland after independence. We have told them firmly that this would not be possible; and I would make clear to them that our readiness to confer on them the status of a Protected State at the stage of internal self-government must be on the basis that we would not retain any commitment to defend Swaziland after independence. I am satisfied that they would understand and accept this.

6. H.M. Commissioner in Swaziland is strongly of the opinion that we should accede to the Swazis request that they should be given the status of a Protected State at the next stage of constitutional advance, and I am satisfied that this is the right course. I therefore propose, if you agree, to authorise H.M. Commissioner to convey the following views to the local Constitutional Committee:—

(1) H.M.G. wish to see Swaziland independent by not later than the end of 1969 and have every intention of ensuring this provided that the situation then prevailing permits (H.M. Commissioner would make clear that independence would not be postponed beyond 1969 for any but gravest of reasons).

(2) Once Swaziland is independent there can be no question of H.M.G. entering into obligations to protect or defend it.

(3) H.M.G. propose to grant internal self-government to Swaziland in 1966, the general form of the constitution (which would be made by Order in Council) to be discussed with the Swazis beforehand.

(4) Under the new constitution provision would be made for the recognition of the Ngwenyama as King of Swaziland.

(5) The Order in Council providing for the new constitution would come into operation on a specified date.

(6) Subject to the approval of Her Majesty in due course, H.M.G. would be willing to arrange for the conclusion of an agreement between Her Majesty and the Ngwenyama, which would be signed between the making of the Order in Council and the date of its coming into operation and would have the effect of turning Swaziland into a Protected State on the latter date.

These proposals have been endorsed by the Defence and Oversea Policy (Official) Committee.

7. It will also be necessary for me to submit the proposal to change the status of Swaziland from that of a Protectorate to a Protected State and to recognise the Ngwenyama as King of Swaziland to Her Majesty The Queen.

8. I am sending copies of this minute for information to the Foreign Secretary, the Secretary of State for Commonwealth Relations, and the Secretary of State for Defence.<sup>1</sup>

<sup>1</sup> A constitution conferring internal self-government on Swaziland, and recognising the Ngwenyama (paramount chief) as King of Swaziland and head of state (see 283, note 4), was introduced on 25 Apr 1967. On the same date Swaziland became a protected state (FCO 45/8, no 50, Thomson minute to Wilson, 17 Oct 1967).



**295** FO 371/188072, no 28 15 July 1966  
 [Basutoland]: letter from R J M Wilson<sup>1</sup> (Pretoria) to M Brown<sup>2</sup> (FO)  
 recording impressions of Basutoland

Although the Territories are not strictly speaking within the sphere of the responsibility of the Foreign Office, I expect that you are finding, as I did, that you are drawn a good deal into consideration of their affairs and you have already had the startling experience of encountering Professor Cowen<sup>3</sup> in London. You may therefore like to have my own first impressions of Basutoland, the territory whose problems are in the limelight at the moment, formed after a first visit which I paid there last week with John Steward.<sup>4</sup> There are of course several people here who know far more about Basutoland than I do but it may be useful to you to have the first reactions of a Diplomatic Service officer who has not been concerned in any way with the administration of Colonial territories.

2. I must confess that my first impression was one of slight shock at the neglected appearance of Basutoland and its capital, Maseru, after 98 years of British rule. I heard a good deal in London, as I expect you have, from critics of H.M.G. about our alleged neglect of the territories and I had hitherto assumed that much of this criticism was unfair but a first visit to Maseru does suggest that there is a good deal in it. After all this time the roads, for example, not only in the countryside but in Maseru itself are still quite appalling, correctly described by the South African A.A. as 'poor, rough, and corrugated earth and gravel protectorate roads'. There are altogether in Basutoland 560 miles of main roads and nearly a century of British rule has achieved only three miles of tarred road, most of it the stretch from the border bridge into Maseru which was done for the Royal visit in 1947. It is shaming to learn that hopes are now being entertained that the Americans will provide Basutoland with decent tarred roads.

3. Maseru itself looks somewhat rough and ready, in sharp contrast to the neat and attractive appearance of Mbabane in Swaziland, and I was sorry to learn from John Steward, who has long experience in Basutoland, that it is now looking rather shabbier than it did 15 years ago. A good deal of this can of course be put down to the startling population growth. Fifteen years ago there was only just over half a million people in Basutoland, but there are now just under a million.

4. I think that without any question Basutoland (and I imagine the two other territories as well) has been, over the years, badly neglected by H.M.G. We are now, very late in the day, doing something to remedy this and last year we gave Basutoland £3,170,000 in economic aid and a further £309,000 in technical assistance. There are now just under 100 British experts working there of whom 59 are working in public administration. But even this is not all that large a sum. According to the recent articles about Dr. Castro<sup>5</sup> published in *The Times* and circulated by I.R.D. £3,000,000 is what the Soviet Government spends every *week* to keep the revolution in Cuba

<sup>1</sup> Counsellor and head of Chancery, Cape Town/Pretoria (see 197).

<sup>2</sup> West & Central Africa Dept, FO.

<sup>3</sup> D V Cowen, professor of comparative law, University of Cape Town

<sup>4</sup> H J Steward, educated at Witwatersrand University in South Africa; clerk in Swaziland, 1930; assistant district officer, 1937, district officer, 1948; first assistant secretary, 1955; assistant government secretary, 1961–1965.

<sup>5</sup> Fidel Castro, prime minister (later president) of Cuba.

going. I was told by British officials in Maseru that much could be done in Basutoland by developing water resources (the country has abundant clear water, high up, while the Orange Free State is desperate for water) and improving agriculture. It seemed to me that the obvious thing that ought to be done is to develop tourist facilities—establishing small hotels in the mountains with trout fishing nearby. But the problem here is the tribal system of land tenure allied to the normal political risks in an African country which discourages potential investors. It is significant that the same people own the Lancers Hotel in Maseru and the Riverside Lodge Hotel just across the Caledon river in the Free State. They have not thought it worth while to put money into the Lancers, which remains pretty primitive, but the other (being safely on South African territory) has been made into the best hotel in the Free State.

5. Perhaps the one exception to this rather dismal picture is the University of Basutoland, Bechuanaland and Swaziland at Roma of which Sir Hugh Stephenson is at present Chancellor. We visited the University and met the Vice Chancellor. Its site and buildings seem to me very attractive, suitable and impressive. It has at present only something over 200 students but the hope is to increase this to about 500 by 1970. The Vice Chancellor made a good deal of the point that it was no good trying to make 'A' level the standard of entry since the schools supplying such a university could not provide students in adequate numbers of this standard since they cannot get teachers of the calibre needed to teach sixth form work. He thought it was much better for the schools not to have sixth forms but to send students to the university after passing 'O' level for a four-year course the first of which would correspond to sixth form. This seems to me, in African conditions, to make sense. The Vice Chancellor also thought that the university would become increasingly one catering for the needs of the three territories only and not for other areas in Africa. At present there are still, for example, some Africans from Rhodesia at the university but this is not likely to continue.

6. The second thing that struck me was what seemed to be the top-heaviness of the governmental structure we are leaving behind in this territory. It is, after all, a very small country with a tiny population but it has a monarch, a bi-cameral legislature and nine or ten ministries complete with ministers, permanent secretaries and all the rest of it. Some of the British officials still working for the Basutoland Government said that this structure was really inflated and unnecessary. I was struck too by the fact that although my visit took place only three months from the proposed date of independence, the administration of the territory was still to a great extent in the hands of white Englishmen. The permanent secretaries and key officials whom I met were all white and English and they seemed to have the running of the country still firmly in their hands although the ministers are of course Basutos. It seemed surprising to me either that Africanisation had not been carried further with 1966 independence planned for, or, if this were not possible, that independence had not been postponed to a date by which it could have been carried out. As it is, the administrative basis of the new state will depend on Englishmen, a number of whom will be leaving on independence and those who remain will be on a somewhat shaky basis. After they go, the standards of administration would, I would have thought, crumble away almost at once. The prospects are uncertain in any case. I asked the Bishop of Basutoland whether he thought the country would be able to make a go of things after independence. He said he thought this extremely doubtful.

7. I have not said anything about the constitutional crisis which was coming to a head during our visit. You will have seen the telegrams about this. We called on Chief Jonathan,<sup>6</sup> on the Deputy Prime Minister, Chief Maseribane, and on the Paramount Chief,<sup>7</sup> with whom we subsequently dined. Both the Paramount Chief and Leabua Jonathan discussed their differences with us in reasonable and moderate terms and at the time of our visit there was little evidence of tension. Both of them were no doubt trying to appear to us as reasonable as possible but the Paramount Chief (who is a charming young man) made out his case very reasonably asking not for control of the army and police but simply that they should be taken out of the politics and made genuinely independent, while Chief Jonathan emphasised that he was doing his utmost to reach a settlement and had already made substantial concessions to the Paramount Chief. (This is true.) It seemed to us that if it were left to these two, a settlement ought to be possible but Chief Jonathan told us that he had three or four ministers whom he described as 'die-hards' and who were not at all anxious for compromise and I understand that the Paramount Chief also has some extremist family advisers. The whole trouble appears to be a bitter family quarrel going back to the time when a former Paramount Chief's No. 1 wife was regent (with Leabua as her adviser) and the present Paramount Chief's mother (the No. 4 wife) kept on £3 a week for many years and very badly treated. So the final outcome is anyone's guess.

8. Arrangements were made for us to pay a call on Ntsu Mokhehle, the leader of the Basutoland Congress Party, but as we had to go straight on after our call on the Prime Minister, we were three minutes late and Mokhehle took deliberate advantage of this to drive away from his office so that we missed seeing him. He seems to enjoy handing out snubs of this sort. I was sorry to miss meeting him since I was told he is intelligent though those who know Basutoland say he is totally opportunistic and unreliable.

9. It seems to me that in a small country like this everything depends on personalities and I am sure that whoever we select as the successive High Commissioners after independence will stand or fall by their personal qualities and that they will need above all great patience, a keen sense of humour (which the Basutos themselves have in large measure) and personalities of their own which will enable them to put their points over firmly but genially. Basutoland is a very attractive and interesting country and I am sure that whoever goes there will find it a fascinating place.

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<sup>6</sup> Chief Leabua Jonathan, prime minister of Basutoland, 1965, of the Kingdom of Lesotho at independence on 4 Oct 1966. He suspended the constitution after elections held in Jan 1970 and ruled by decree until overthrown in a military coup in 1986.

<sup>7</sup> Moshoeshoe II, paramount chief of Basutoland, King of Lesotho at independence.

**296** FO 371/188073, no 15 9 Dec 1966  
**[Swaziland]: letter from R J M Wilson (Pretoria) to M Brown (FO)**  
**recording impressions of Swaziland**

In my letter 16325 of 15 July<sup>1</sup> I sent you some personal first impressions of Basutoland two and a half months before it became independent. From 28 November

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<sup>1</sup> See 295.

to 1 December I paid a brief visit to Swaziland, again with John Steward, and it may perhaps be useful to you to have, on the same basis as that of my previous letter, some impressions of this territory as seen through the eyes of a Diplomatic Service officer. Once again I must emphasise that my impressions must necessarily be superficial.

2. In my previous letter I told you that my impressions in Basutoland had been largely of dust and neglect, the only bright spot being the University of Basutoland, Bechuanaland and Swaziland at Roma. Since I wrote that the University has had its share of troubles including a strike and water shortage. Its long term future now looks more doubtful.

3. The contrast between Basutoland and Swaziland could not be more striking. Swaziland is an extremely attractive country; green, tidy and prosperous. There an Englishman can hold up his head and feel that his country has not neglected its responsibilities during the 63 years that we have been there. In Basutoland we were impressed by the difficulties of the situation. When we went there the struggle for power between the Paramount Chief and the Prime Minister was at its height and there was despondency about the economic progress of the country. In Swaziland on the other hand we had immediately and everywhere we went a strong impression of an extremely efficient, dedicated and happy administration, of a contented people and of good economic prospects.

#### *Political*

4. In the House of Commons on 28 November Mr. Stonehouse said: 'What we aim to achieve in the new Constitution for Swaziland is that the King will be a constitutional monarch and that most of the political power will be clearly in the hands of the elected Ministers at the next election.' From what I was told by all those with whom I discussed political prospects in Swaziland this is not the whole story. It depends very much on what you consider a constitutional monarch to be. From what I was told I would judge that King Sobhuza's position constitutionally will be more like that of Queen Victoria or even of George III than that of British monarchy today. The curious thing is that there are two systems evolving side by side. On the one hand there is King Sobhuza and the traditional Swazi National Council. This I was told consists in theory of every adult male Swazi of good standing but in practice comprises the traditional leaders of the Swazi nation. Alongside this is the normal Westminster model constitutional development which after the elections next April will produce elected Ministers in the shape of a Prime Minister and a Cabinet. It is however most unlikely that there will be any conflict between the two since the King's party, the Imbokodvo, won 85% of the votes cast in the last election and are expected to win an overwhelming majority in next April's elections. Indeed a number of opposition leaders have now taken the prudent course of coming over to the King's party. It is expected that the First Prime Minister will be Prince Makhosini who is not regarded as an outstanding political personality but as a sensible and loyal lieutenant of the King's. In this situation I tried to find out where people expected that the power would really lie—in other words whether the King would manipulate the Ministers, or the Ministers the King and what personalities were likely to exercise decisive influence. It appeared however that the answers to these questions were not really known. The general expectation was that the Imbokodvo as a whole or alternatively the 'King in Council' would function effectively as an homogenous

ruling group with the King fulfilling the function of a wise father-figure not unlike Jomo Kenyatta in Kenya. It seems likely that Swaziland will become independent with a near approach to one-party government but everyone to whom I spoke in Swaziland thought that this was by far the best solution for the country and that it gave good prospects for stability and progress, since those at the head of the Imbokodvo including the King seem to be possessed of a great deal of sense.<sup>2</sup> It might here be added that one-party Government in Swaziland does not seem in any way to inhibit democratic practice within the Government, e.g. while we were there at least one Government Bill was thrown out! Rather is it a matter of government by palaver *within* the ruling party.

### *Economic*

5. The economic situation in Swaziland is encouraging. Indeed although the money is clearly being put to very good use, the casual visitor must wonder whether, in our present economic straits, we can afford to spend so much on direct aid to Swaziland (about £2.4 million), at any rate once the economy is 'over the hump' which would seem to the layman to be a possibility in the reasonably near future. Swaziland has some useful exports including sugar (£4½m.), wood pulp and forest products (£3¼m.), asbestos (£2¼m.) and iron ore (£2¼m.). We visited the iron ore mine, the Usuto forest and the sugar plantations at Big Bend. The iron ore mine in Western Swaziland near the border is being worked by Anglo-American (with a White South African management operating a non-racial enterprise with no fuss at all). Its exploitation has led to the building of a railway across Swaziland which runs down to Lourenço Marques and which is run by Portuguese. The ore is all shipped to Japan under contract. The mine itself, according to its Manager, has only about 8 years more useful life (it has had 2 so far), so that Anglo-American must be making an enormous profit to make this venture worthwhile. The administration have hopes that the mine can be further exploited together with mines further north. But the manager of the mine was sceptical about its prospects. The forests we saw are an efficient commercial operation run by Courtaulds. Those in the North, we were told, are however running at a loss because of their inaccessibility. In this part of Swaziland pines grow so fast that a 15-year rotation can be operated. The sugar industry is at present in a very happy position because two-thirds of the sugar is marketed under the Commonwealth Sugar Agreement at the agreed price of £47.10.0 a ton. Swaziland is a fairly high cost producer and the average cost of producing sugar is £17 per ton so the profit is considerable. The world price of sugar now that Cuba is back to full production is between £14 and £15 a ton which is the price the South Africans have to sell it. I believe that the South Africans cover their cost by raising the price to home consumers to whom they sell half their production. We also saw the growing industrial estate at Matsapa near Manzini which is on a spur of the railway and is obviously flourishing.

### *Education*

6. In a speech at a recent visit to York President Ayub Khan<sup>3</sup> is reported to have said that one man one vote was not practical in Pakistan because of the general illiteracy there. In Swaziland illiteracy is also a major problem. There are only about

<sup>2</sup> Swaziland became independent as a sovereign monarchy on 6 Sept 1968.

<sup>3</sup> President of Pakistan.

30 graduates in all of various quality of whom only 6 are in the Education Service. Swaziland is crying out for graduates and there are at the moment 14 graduate posts vacant in the Education Service alone. The illiteracy rate among Swazis over 40 is 75% but is down to 37% among those under 40. Only two-thirds of the children in Swaziland attend school of any sort. There are however about 48 Swazis studying at Roma and other Swazis are studying overseas. Nevertheless I was told by the Director of Education that Swaziland will be dependent on graduate teachers from overseas for many years. There are at present about 300 White teachers in Swaziland and their continued presence will be essential to the development of the country. There has since the war been rapid expansion in secondary education and there are now 31 secondary schools. The best private schools are, I am told, those run by the Roman Catholics. There are doubts in Swaziland about the continuance of the Roma University which costs the territory £80,000 a year. Swaziland does not wish to become embroiled in Basuto politics.

#### *Land tenure*

7. One of the curious features of Swaziland is that so much of it (in fact 48%) belongs to Europeans. This is due to historical reasons. The whole country was granted away in concessions at the end of the 19th Century by the Swazi Kings and when we took over we had to set up a commission to sort all this out which solved the problem by deducting one-third of each concession and handed it over to the Swazis while allowing freehold title for the remaining two-thirds. There are about 10,000 Swazis working in the Republic.

#### *The tracking station*

8. I heard in Swaziland that the Head of the American Tracking Station near Pretoria had visited the country recently and was apparently looking round for possible alternative sites for the tracking station. He was apparently quite interested in the possibilities of Stegi Beacon on the eastern edge of Swaziland and the Mozambique border. I also heard some question of another tracking station in South West Africa but that this proposal had been abandoned in favour of a site in Botswana. You may remember that John Killick<sup>4</sup> in his letter of 4 April to West and Central African Department quoted Dr. Seamans, the Associate Administrator of N.A.S.A. as saying unequivocally that the main station in Pretoria was for all his practical purposes irreplaceable in relation to the Apollo programme and as saying that alternatives could be found but none would be anywhere near satisfactory. We will try to find out if there is anything in this or not. In his letter of 26 November to John Killick, Martin Le Quesne said that he supposed that perhaps the U.S. major interest in South Africa was not economic at all but this tracking station.

#### *Swaziland and sanctions against Rhodesia*

9. I found that the Queen's Commissioner was very worried about the possible effects on Swaziland of our proceeding to selective mandatory sanctions against Rhodesia. What worried him in particular was that we might in pursuance of oil sanctions be compelled to take enforcement measures against Mozambique. It was far from certain in that event whether or not the Portuguese might hit back at

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<sup>4</sup> See 206, note 1.

Swaziland but they might of course in their anger decide to do so because it was a British territory. If they did they were in a position to dislocate Swaziland's economy. The railway across Swaziland terminates in the east at Lourenço Marques carrying down from Swaziland iron ore, wood pulp, sugar and other products (but not asbestos which goes out by the aerial cable-way from Havelock to Barberton in the Transvaal) and brings up to Swaziland from Lourenço Marques among other things all Swaziland's supplies of P.O.L. There are only nine days stocks of P.O.L. at Matsapa so that at best it would be a complicated and difficult operation to switch communications to South Africa. Sir Francis Loyd had discussed this with Archie Campbell<sup>5</sup> when he was out recently and I gather that Archie Campbell made reassuring noises but Sir Francis Loyd is still deeply concerned about this hazard. He does not get information about the progress of sanctions planning and I have therefore arranged to send him, on a personal basis, copies of telegrams which reach us about it so as to keep him as well informed as possible.

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<sup>5</sup> Sir F Loyd, HM commissioner, Swaziland, 1964–1968; for Campbell, see 286, note 16.

## 297 CO 1031/4706, no 37

Dec 1964

### 'US aid proposals for the Caribbean': CO note on a new American initiative. *Minute* by Miss M Z Terry<sup>1</sup>

[External financial support had been the key factor in the negotiations about how the Federation of the West Indies (set up in 1958) might proceed to independence. West Indian politicians were suspicious of British attempts to involve other countries (the US and Canada), but the UK did not want to carry the burden alone. Agreement was reached in 1961 that between them, Britain, the US and Canada would provide an independent Federation aid worth between £10 million and £12 million a year up to 1964. This was not divulged in the West Indies, and the agreement lapsed in 1962 when the Federation collapsed, leaving the UK with continuing responsibility for Barbados and the individual territories of the Leeward and Windward Islands. For coverage, see S R Ashton & David Killingray, eds, *The West Indies* (BDEEP, London, 1999). In Oct 1964 the embassy in Washington explained that the State Department was considering modifying its policy of not giving aid to dependent territories in the Caribbean. With Jamaica and Trinidad now independent, the US was anxious to avoid the emergence of mini states susceptible to communist subversion in the rest of the Caribbean. The US acknowledged that political stability in the region depended on economic stability, but Congress needed persuading to change its stand on aid policy. Canada had recently increased its own aid programme in the Caribbean from 2 million dollars to 10 million, and the State Department considered the US might match this and overcome Congressional objections if Britain followed suit (CO 1031/4076). D Williams, head of CO West Indian Dept 'A', stressed why it was important to follow up the US initiative so that British territories would benefit: 'The aid we are giving them does not begin to compare with what the Dutch, the French and the Americans have done for their territories. Moreover, if it ever got out (as it would) that we had turned down the American initiative, our name would be mud in the British Caribbean' (*ibid*, minute, 30 Oct 1964).]

#### *Increase of U.K. assistance*

The main feature of the United States proposals outlined in the letter from the Embassy to the Foreign Office of 13th October, 1964, is that the United Kingdom should provide additional aid funds to the Caribbean which the Americans would then match. It is not altogether clear how much additional money the Americans

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<sup>1</sup> Terry transferred from the CO to the ODM when the ODM was set up in 1964.

would envisage the British should make available. The proposal, however, has arisen out of the expansion of Canadian aid to the Caribbean from \$2 million to \$10 million per annum, and it is therefore reasonable to assume that the Americans are suggesting that we should make an additional sum of aid of between \$8 m. and \$10 m. (i.e. between £2.9 m. and £3.5 m.) available annually to the Caribbean (including Trinidad, Jamaica and British Honduras as well as the territories of the Eastern Caribbean, but not British Guiana).

2. Over the past ten years Britain has disbursed in aid to the Caribbean area, including British Guiana, and Trinidad and Jamaica before independence, a sum of about £88 m. British aid to British Honduras and the territories of the Eastern Caribbean in Colonial Development and Welfare money and grant-in-aid is now running at about the rate of £4¼ m. a year. Despite the fact that the Americans feel that the British aid effort to the Caribbean compares poorly with that of the other metropolitan powers, our aid effort in the area is very considerable in relation to our other responsibilities elsewhere in the world and the relative economic levels of the different areas. It is therefore felt that our starting point in any discussions with the Americans about their proposal should be to point out that they are already a long way behind us in their present aid effort to this area. The same is also true of the Canadians. On paper, the Canadian effort in making \$10 m. available for expenditure in this area looks very good. In view of the fact however that the Canadian aid is so rigidly tied to Canadian exports, it is extremely doubtful whether their actual expenditure on aid will be commensurate with the generosity of their offer. Most of the aid that we make available to the dependent territories is in the form of grants, and the major portion of it in the Caribbean is expended on local costs. This is what these territories most need; their capacity to use aid tied to imported goods and services is limited.

3. Although, therefore, we might see advantage in making additional aid available to the Caribbean in order to entice into it fresh United States Government money, especially to the dependent territories, it is suggested that our point of departure in negotiating with the Americans should be that it would not be fair to ask us to match their aid by increasing our own on a dollar for dollar basis. If we are able to increase our aid to this area, we cannot tie the increase to the United States level of aid. We have to settle the question of our aid to any particular area in the light of our own total commitments and not those of any other power; and, in turn, we must judge the total commitments we can accept by their effect on our resources, and particularly our overseas payments.

*The form of any additional aid that may be made available*

4. It is suggested that if Britain does find it possible to make any additional aid available in response to this American initiative, it should be in the form of loan and not of grant. A very considerable proportion of the £4¼ m. a year we are now providing in aid to this area is already in the form of grant, and it would not be fair to ask us to increase this burden. Whether the aid should be in the form of hard or soft loans, however, will depend partly upon British aid policies generally and partly upon the aid policies of the other donors. It should however be noted that what West Indian Governments led by Dr. Williams are clamouring for is soft loans or grants not tied to the donor's exports. It would therefore probably be a good gesture politically if we could make some part at any rate of our aid available in the form of soft loans.



*Uniformity between the aid policies of the donor countries*

5. At present all Canadian aid is rigidly tied to Canadian exports and is not available except in very exceptional circumstances to contribute towards local costs. American policy, it is understood, has also tended in the same direction, though it is not so inflexible. Most of the projects for which the Caribbean Governments need aid include a high local cost element. For this reason it has proved difficult, particularly for the smaller islands, to make any use of the Canadian offers of assistance. If Britain does go into some kind of an aid consortium with the United States and the Canadians, it is highly desirable that the three Governments should work towards establishing a common aid policy, and in particular that the Canadian Government should become less inflexible over this question of local costs. Otherwise the Canadians, in particular, would merely skim off the export cream of any aid projects that were going and leave us to deal with the non-export element.

6. Although this is the ideal to aim at, however, there can be little doubt that if we try to make uniformity in aid policies a pre-condition of instituting joint aid arrangements, no progress will be possible, particularly in view of both Canada's and America's balance of payments difficulties and the need for fresh legislation in Canada before the policy can be changed. Uniformity, therefore, is something that we should have to work towards over a period, not something that could be obtained at once. It would probably depend on the success of a move towards uniformity in the wider field of overall aid policy, such as the D.A.C. has been pursuing.

*Machinery for administering joint aid arrangements*

7. In the correspondence so far, all the indications are that Canada, the United States and ourselves would prefer the aid to be given under bilateral arrangements but with some form of joint consultation between the donors. The alternative to this method of operation would be to pay over the money to a joint fund or bank and leave it to be administered independently. Such an arrangement would probably be very acceptable to Dr. Williams, who would envisage such a joint fund being under West Indian control. Quite apart from the fact that this kind of arrangement is not likely to be acceptable to the United States Congress, however, it is probable that in West Indian conditions it would be highly inefficient. They are so given to quarrelling among themselves, particularly over anything to do with money, that the chances of their operating a joint fund disbursing aid with any success are extremely remote. There would also be a loss of U.K. control over the administration of our aid which might be unacceptable to Parliament.

8. Alternatively the West Indians might press for some wider international presence (such as the United Nations) to be involved in administering this aid. This is likely to prove equally unacceptable to the Americans and unlikely to produce a more efficient administration of the aid available, and to be open to the same objection from our point of view as the alternative above. This device, therefore, should also be avoided.

9. Probably the most satisfactory device for co-ordinating the policies of the donors would be an annual meeting between the representatives of the donor Governments and representatives of the local Governments seeking assistance. The territorial development plans could be examined by experts in advance of such a conference, and donor countries could then decide upon which projects they were—either severally or jointly—prepared to support, and to what extent. If a British aid

mission is established in the area, it might be charged, among its other duties, with exercising a general watching brief over the execution of aid projects under these arrangements on behalf of all three donor countries. The British aid mission could also provide secretarial services for any annual meeting of the donor countries.

### Minute on 297

. . . 3. As I understand it, the Americans, who withdrew as aid donors to the British Caribbean dependencies after the dissolution of the old Federation, have now come forward with proposals for a joint (Anglo–American–Canadian) aid consortium in this area, primarily if not exclusively for the benefit of the dependent rather than independent territories. This is an exciting and most welcome initiative. The Eastern Caribbean dependencies are for the most part impoverished agricultural slums. They desperately need substantial injections of capital aid for development if they are to achieve any significant improvement in their economies. Unless something quite unexpected happens to the British economy, the U.K. Government will continue, as in the recent past, to be unable to do anything substantial to help. We can keep them ticking over at their present low level by means of our grant in aid ‘dole’, and give what extra we can for development through such channels as C.D. & W. and the Commonwealth Sugar Agreement. But unless our development aid can be doubled or trebled (and at present it seems more likely to be cut) we can do nothing really effective to promote reasonably quick and substantial improvements in the economies. Since there is virtually no local capital available to promote development, the only hope is to attract external capital aid from non-U.K. sources.

4. Against this background the American initiative is extraordinarily welcome, particularly at a time when we had given up hope of U.S. aid for these dependencies. Almost certainly, at the outset the Americans would not be able to put in very large sums, but the important thing would be that they would be committed in principle to giving aid in this area. The door would be open, and the way made clear for bigger and better things in the future. Because of the implicit potential in this offer, we should, I believe, firmly grasp the opportunity offered to us and give this initiative our full support.

5. As I understand the position as discussed at the meeting on the 18th December, the U.S. representatives have made it clear that for the purpose of an approach to Congress they will need a further joint economic study of the needs of the area. To those of us who know too well how often in the past this ground has already been covered, this may well seem an irritating and pointless nuisance. Irritating it may be—but not, surely, pointless. We have to accept certain facts of life, one of which is that Congress will not apparently entertain these proposals unless the presentational point can be made that they are being asked to act in response to a ‘new study’. If that is the price we have to pay, then it is surely more than worthwhile in view of the prize to be won (not simply in terms of the actual amount of U.S. aid likely to be forthcoming in 1966 or 1967, but for getting the Americans committed in this area). There is a lot of goodwill towards us on the part of certain State Department officials who are genuinely keen to get U.S. aid for the British Caribbean dependencies, but they cannot move without Congress. They have told us what is needed in order to enable them to approach Congress. It seems to me that because of

our concern for the interests of the territories in question, we should respond as positively and quickly as we can.

6. It does therefore seem that we should now follow up the discussion on 18th December by considering the proposal for a joint economic study: that as our starting point we should accept the need for this in principle: and that we should concentrate our efforts on:—

(a) defining the terms of reference in such a way that the end result is not another O'Loughlin.<sup>2</sup> We should try to aim at a reasonably modest survey which might pick out a number of priority projects of high development potential, rather than at a comprehensive survey of all the long-term economic and social needs of the area; and

(b) deciding the desirable size and composition of the team and the particular university etc. sources from which it might be drawn.

Both (a) and (b) would need to be discussed first with the Colonial Office, and then, when we had formed some clearer ideas, with U.S. officials from the Embassy. I would recommend that action on these lines should now be started.

7. Although it would be nice to know at the outset how much the Americans are likely to put into a programme of this kind, I do not think that in the circumstances we can reasonably expect them to do so. This initiative has come from U.S. officials, not from Congress. In this country an initiative of this kind would be unlikely to be made without Ministerial backing, and if that was given, Parliamentary approval could be counted upon to follow. The American position is of course quite different, with Congress deeply jealous of its independence of the executive arm. The Americans will not therefore be able to give us any figures which are reliable until they have been to Congress: and to go to Congress they need our co-operation. In short we are being asked to commit an act of faith—but the stakes are high, and the immediate price (our share of a joint economic study) relatively low. (At the very worst, even if U.S. aid failed to materialise in the end, the study could well be useful if the terms of reference and membership were wisely chosen.)

8. Nor do I think that we need be unduly disturbed that the Americans have asked for an indication of our own likely aid to the area before committing themselves. These territories are, after all, a strictly British responsibility, (and no one who has seen them can be too complacent about our trusteeship). They are not however an American responsibility, and it is a generous and imaginative gesture they are making in suggesting that they might help to share our burden.

9. Having been concerned with these territories for almost 6 years I no doubt feel particularly strongly about the need to grasp any opportunity to bring them extra help which they badly need and which we can no longer afford to give. In terms of the strictest expediency, however, it cannot be other than helpful to long-term British interests to attract American aid into the area. Without substantial economic development, the U.K. will be forced to go on paying out grant in aid till the end of time, regardless of whether the islands ever achieve political independence.

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<sup>2</sup> Dr Carleen O'Laughlin, *A Survey of Economic Potential and Capital Needs of the Leeward Islands, Windward Islands and Barbados*, UK Department of Technical Co-operation Overseas, Research Publication No 5 (London, 1963). Dr O'Laughlin was an economist from the University College of the West Indies. For background to her survey, see Ashton & Killingray, eds, *The West Indies*, 194, note 3.

10. I hope therefore that we can secure agreement to proceeding now on the general lines suggested in paragraph 6.<sup>3</sup>

M.Z.T.

8.2.65

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<sup>3</sup> Sir A Dudley, deputy under-secretary, ODM, did not share Terry's enthusiasm for the latest US approach. Commenting on the preliminary discussions with US officials to which Terry refers in para 5 of her minute, Dudley commented (23 Dec 1964): '... the Americans were really concerned only with dependent territories, and were not much interested in wider planning in the Caribbean area. I could not help feeling that we were really talking to the wrong people, and that the discussion was pretty pointless... we might well find ourselves involved in something which would cost a good deal in the dependencies, would take up a lot of time of people in the dependencies, and would only serve to rouse expectations there which the Americans might not after all be prepared to fulfil. This in turn would place us in the embarrassing position of seeming to go back on intentions which perhaps we had never formed' (ODM 20/234).

**298** PREM 11/137, pp 68–74

22 Mar 1965

'British Guiana': note by Mr Greenwood to Mr Wilson on his recent visit to British Guiana and proposing that independence might be granted in 1966. *Enclosure*

[Cheddi Jagan, leader of the left-wing People's Progressive Party drawing its support primarily from the section of the colony's population of Indian or South Asian origin, became the first premier of British Guiana in 1961. British Guiana was still a colony, the term 'premier' being used specifically to distinguish it from that of 'prime minister' in an independent country. The US insisted it could not accept an independent British Guiana under Jagan's leadership and while senior figures in Macmillan's Conservative government (including the prime minister himself) resented what they saw as American dictation, the British government could not afford to alienate Washington. In the autumn of 1963 the UK and US agreed a plan to oust Jagan. Against a backdrop of mounting racial tension and violence in British Guiana, a conference on the colony's future was held at London in Oct 1963. In the absence of agreement between the political leaders, the UK imposed a settlement to the effect that, in order to counteract racism, the electoral system in British Guiana should be changed from first past the post to proportional representation. The expectation was that in protest, Jagan would either resign and insist upon elections under the existing system, or sit tight and obstruct. In either event the UK would have to suspend the constitution and resume the administration. In opposition the Labour Party opposed the change to proportional representation but the incoming Labour government took the position that elections would have to be held under the new system. One of Wilson's first meetings as prime minister was with Jagan on 29 Oct 1964 in Downing Street. He explained, to Jagan's evident disappointment, that nothing could be done to change the PR system for elections scheduled at the end of the year. Jagan wanted to know what the response would be if, under the new system, his party won a majority of seats but not of votes, and he suggested there would be 'grave dissatisfaction' if the PPP were not called upon to form a government. Wilson refused to be drawn, insisting elections were only one factor in a disturbed situation; the racial imbalance in the police (it was predominantly African) was equally important. The prime minister took the view all aspects of the situation should be examined after the elections; the UK could not support independence without proof first, that Dr Jagan and his opponents could work together, and then that the country had a viable economic future. Elections under PR were held in Dec 1964. Seven parties contested them but only three won seats. With 45.84 per cent of the votes, the PPP won 24 seats, 3 short of a majority. The People's National Congress, supported primarily by the section of the population of African origin and led by Forbes Burnham (see 303, note 3), won 40.52 per cent of the votes and 22 seats, while the United Front of P d'Aguiar won 12.42 per cent of the vote and 7 seats. Jagan offered Burnham the premiership in a government in which the PPP would still be represented, but the PNC leader declined, having already been assured of UF support in a new coalition. An impasse created by Jagan's refusal to resign was resolved when he was

dismissed by the governor who invited Burnham to form a new government. The background is covered in Ashton & Killingray, eds, *The West Indies*.]

*Prime Minister*

I enclose a minute setting out my present thinking on British Guiana and my proposals for future policy. The points I discussed there have since been the subject of correspondence between the Governor and myself, and, of course of further discussion between the Governor and Burnham.

The main points in the minute are:—

A. The Burnham/D'Aguiar coalition government have made a good start, particularly in the financial and economic fields. (Paragraphs 1–4).

B. Their main task is to reassure the East Indian community and if possible secure some East Indian support. They see the need for it and are making sincere efforts to achieve it. (Paragraphs 2, 5, 10).

C. Jagan was entirely unco-operative and seemed to be under the thumb of his associates. (Paragraphs 5 and 6).

D. Burnham has suggested a number of amendments to the constitution but I have accepted only those which I believe to be necessary for the effective functioning of the Government. (Paragraph 9).

E. If, however, Burnham invites the International Commission of Jurists to study racial imbalance we should revert to the position as it was before June, 1964 when the Governor exercised emergency powers on the advice of Ministers rather than, as now, in his discretion. (Paragraph 10).

F. Although things are fairly quiet at the moment we cannot rule out the risk of further violence, and our previous policy of saying that, before independence, we need to have proof that the races can live together, puts a premium upon it. (Paragraphs 7, 8, 12).

G. On the assumption that the races will never co-operate effectively so long as we are there to hold the ring, there is much to be said for a constitutional conference later this year leading, if all goes well, to independence in 1966. (Paragraphs 11–16).

**Enclosure to 298**

In this minute I outline impressions of the situation in British Guiana gained during my recent visit and the course of action which I think we should follow.

2. The new Burnham/D'Aguiar coalition government is doing well. It has held together much better than was expected. It has re-established business confidence; it has put some heart into the civil service, and it is avowedly following a policy of being a government for *all* Guianese, irrespective of race. It has not yet won the confidence of the East Indians, but it is trying to do this.

3. Responsibility has enhanced Mr. Burnham's stature and he speaks and behaves in public and in private in spite of his somewhat volatile temperament, as a man of integrity, maturity and good judgment. I was favourably impressed in the talks I had with him, both formal and informal.

4. Mr. D'Aguiar (whose political philosophy has little in common with our own) has made a good beginning in handling the economic affairs of the country and has

already achieved a good deal. He is, in fact a good business man and a sound administrator. For example, he has made agreements with the two bauxite companies, affecting their payments to government and their security of tenure, which are beneficial to both sides. He has also persuaded the large firms not to demand a repayment of the moneys due to them as a result of the court's decision that the previous government's National Development Savings levy was illegal, but to leave the money with the government in debentures. He has also launched a voluntary savings scheme which has been a success. He is, moreover, putting government finances on a much sounder basis than they were under the previous government.

5. On the other side of the picture, Dr. Jagan's stature has diminished with defeat. He constantly harps on the past and on the injustice of which he feels himself to have been the victim. I tried in vain to persuade him to end his sterile boycott of the House of Assembly and to oppose constructively. I also tried to get him to meet with Mr. Burnham and myself to discuss the setting up a Commission on racial imbalance in the police and other sectors of Guianese life. He refused, though Mr. Burnham was willing. In my discussions with Dr. Jagan he put forward no constructive idea, and I am doubtful whether he has much freedom of decision inside his own party. It is, perhaps, significant that both times I met him he was accompanied by 2 of his colleagues who indicated to him pretty clearly that he must not comply with my suggestions.

6. There is no doubt that at least some leaders of the P.P.P. are deliberately stoking up East Indian fears of the Africans. If left alone, I believe that many East Indians would accept the coalition government—at least as a constitutional government until the next elections—provided it maintains its present non-racial policy and can establish confidence among them by giving them economic security.

7. Sabotage, mainly of communications and water supplies, and of arson on sugar estates continues on a fairly small scale, and some of the incidents may well be caused by other factors. Sabotage, however, could easily be developed into widespread violence if the P.P.P. decided that their interests lay in launching a wholehearted campaign of violence (see paragraph 12 below).

8. The rice trade is a Government monopoly in British Guiana and the rice growers are almost all East Indians. The present Government has inherited unsold stocks from its predecessor—largely because of Cuba's failure to fulfil its obligations to the Jagan Government. These fill the godowns and, unless they can be cleared, will make it impossible for the new crop to be taken in. The P.P.P. propaganda machine is saying that the Government is deliberately trying to hurt the East Indians by not helping with rice. Unless the Rice Marketing Board sells its rice, a very serious security situation could easily build up. For this reason we have done everything we could to help, but not with any spectacular success.

9. I discussed with Mr. Burnham a number of requests which he had made when he was over here. Most of these, if granted, would involve amendments to the constitution. I took as my guiding rule that we ought not to make piecemeal amendments to the constitution between constitutional conferences—especially where amendments were not agreed by the opposition in British Guiana (and Dr. Jagan opposes on principle)—unless it could be shown that they were necessary for the effective functioning of government. On this basis I have agreed to changes to provide for the appointment of an Attorney-General from outside the House of

Assembly and for the removing of the age limit for Puisne Judges. Other proposals, for the appointment of a Guianese Deputy Governor, for formal recognition of the Leader of the Opposition with salary, and for changes affecting the Public Service Commission, I did not accept.

10. The most significant of Mr. Burnham's constitutional proposals relates to the exercise of emergency powers. He wants to revert to the pre-June 1964 position of the Governor exercising emergency powers on the advice of Ministers rather than as now, in his discretion. This, of course would be resented by the Indian population and I made clear to him that I could only agree if we had in return some positive move on his part towards dealing with racial imbalance, particularly in the police. I hope he will now go ahead with his idea of inviting the International Commission of Jurists to undertake such a mission. It should be remembered of course that we could always revert to the present situation if Mr. Burnham seemed to be using the emergency powers unfairly, and I believe therefore that at an appropriate time we should agree to this proposal.

11. Mr. Burnham raised with me the question of a constitutional conference. The pledge given by Her Majesty's Government at the last British Guiana constitutional conference in October, 1963, was:—

'After the elections are over, the British Government would convene a conference to settle any remaining constitutional issues, and to fix a date for independence.'

Mr. Burnham sought a conference in British Guiana in early August, or earlier if the conference was to be held in London. I gave no indication whether such a conference would be convened.

12. Mr. Burnham wants a conference to be followed fairly soon by independence and Mr. D'Aguiar who was previously opposed to independence supports him. Dr. Jagan does not want independence under a Burnham government. Statements that independence depends on the British Government being satisfied about the prospects of stability and inter-racial harmony in British Guiana put a premium on Dr. Jagan's stirring up violence and inter-racial hatred. I think, therefore, it would be wrong to emphasise this line any more, and I myself refrained from doing so during my visit. Mr. Burnham's government hold that an early fixing of a date for independence by the British Government would of itself have a stabilising effect because it would remove at least this premium on violence.

13. There are a number of arguments against convening an early conference. In his present state of mind Dr. Jagan may well refuse to attend or, if he attends, will probably adopt an obstructive attitude towards any proposals supported by Mr. Burnham. The conference in fact will be unrepresentative if Dr. Jagan boycotts it or, if he attends, it will fail to reach agreement on major issues. We shall not be given carte blanche to settle issues as my predecessor was; nevertheless, we shall have to reach decisions. To adjourn the conference without doing so would lose us the cooperation of Mr. Burnham's government and put off independence indefinitely. An announcement of an early conference would also carry some risk that the P.P.P. would resort again to violence with a view to securing its postponement and that of the independence which it might lead up to. Finally, since a conference would undoubtedly subject us to strong pressure from the British Guiana Government to set a date for independence within a matter of months, an early conference would

leave only a very short period in which to satisfy ourselves that British Guiana can safely be allowed to go to independence.

14. On the other hand, confronted with firm decisions by the British Government, first, to convene a conference and, then, to grant independence on a set date, there is some prospect that the Indian community might recognise the inevitable and make the best of the situation by acquiescing constitutionally in government. This in effect is what happened in Trinidad where, before the question of independence had been settled, the Opposition voiced grave fears about the predominantly African Government's attitude towards the Indian minority, but thereafter swallowed their fears, which they have found largely illusory. So long as we are there to hold the ring politicians on both sides can enjoy the advantages of appealing to racial interests.

15. Provided that Mr. Burnham is prepared to continue in the way he has begun and, in particular, is prepared to take steps in the field of racial imbalance adequate to restore a measure of Indian confidence, the British Guiana Government, with economic help from ourselves and others, should be able to establish a regime under which the East Indians would find themselves faring a good deal better than they did under the inefficient Jagan Government. I am fully convinced that a delay will do no one any good, and that, in spite of the risks and difficulties involved, we ought to proceed to a constitutional conference in the late summer with a view to fixing an early date for independence. The Governor fully shares this view.

16. I propose that we should think in terms of convening a Conference in London in September. Provided that Mr. Burnham could then point to a reasonable record of constructive government, independence might follow in early 1966. If this is agreed I would propose not to tell Mr. Burnham immediately of this decision. We should wait until the Commission on Racial Imbalance has been set up. But I think the announcement of the date of the Conference should be made as early after that as the Governor advises is compatible with security (see paragraph 13 above). Early announcement of a Conference in September is probably the best chance of dissuading Mr. Burnham from pressing for the actual Conference to take place in August or even earlier and in British Guiana. The Conference itself should not, in my view, take place till the report of the Racial Imbalance Commission is available because the Commission's recommendations, and in particular the attitude of the British Guiana Government to them, will be relevant factors in considering the grant of independence at the Conference.

17. I have not consulted any of my colleagues about these proposals; I thought I should clear them with you first.<sup>1</sup>

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<sup>1</sup> Minuting Wilson on Greenwood's proposals, Sir B Trend observed (26 Mar 1965) that to the arguments in para 13 against an early constitutional conference, two more should be added. First, an offer of early independence would be a reversal of the UK's previous policy that independence should not be granted until the communities had demonstrated they could live together in reasonable peace and harmony. 'What is the justification for abandoning this basic stipulation—except the reason (which we cannot publicly avow) that we are sick of trying to hold the balance between these quarrelsome people and want to wash our hands of them as rapidly as we can?' Secondly, the prospect of early independence would be liable to 'excite alarm and suspicion in the United States'. For these reasons 'it might be wiser to play the whole thing in slightly slower time', clearance in advance being gained from both the US and Canada, the latter because of its substantial bauxite interest in British Guiana (PREM 13/137, pp 64–65).



**299 CAB 130/248, MISC 89/1**

5 Nov 1965

**'Security arrangements in Guyana after independence': memorandum by Mr Greenwood for Cabinet Committee on British Guiana**

In previous correspondence I proposed:—

- (i) that the date of independence for British Guiana should not be delayed solely for the reason that the local security forces are not yet capable of discharging responsibility for internal security;
- (ii) that arrangements should be made for a phased withdrawal of British troops in such a manner as to leave a rearguard of adequate strength to meet this responsibility in the territory after independence, if necessary until October 1966;
- (iii) that it should be accepted that the cost of maintaining British troops in British Guiana for this period should be met from British funds (the sum involved might be taken into account in the negotiation of any independence financial settlement).

It looks likely that at the present Conference the date for independence in the period May–July 1966 will be decided. Guyanese security forces will be adequate by the end of October.

2. In commenting on my proposals Cledwyn Hughes in his letter of 2nd November<sup>1</sup> set out certain counter-arguments. I accept that these are cogent; but the longer independence is delayed the longer and better is the opportunity for opponents of the present government to promote sabotage in an attempt to prevent independence under the Burnham Government; and in these circumstances it is not in our interest to prolong the period of such potential sabotage. If we accordingly accept that independence should be granted as early as practicable we must also accept that a breakdown in law and order after independence, before local Guyana forces are ready to discharge their responsibilities, would, as the Foreign Secretary points out, have serious international consequences, not least with the Americans, and we should be open to criticism both abroad and in Parliament for failing to make adequate security arrangements. Although the continued presence of British troops after independence might be criticised in the United Nations, it seems inconceivable that objections would be pressed to the point of refusing to admit Guyana to membership. After all, much more valid objection on this score could have been raised over Kenya which was admitted while there was still a British base as well as British troops on Kenya soil. There should be no difficulty in justifying continued, but temporary, presence of British troops at the Guyana Government's request. In my view these considerations out-weigh the arguments against British troops remaining for a short period.

3. Cledwyn Hughes suggests:—

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<sup>1</sup> Cledwyn Hughes opposed the retention of British forces in Guyana after independence on the grounds (a) there was no UK defence interest; (b) they would expose the UK to charges of neo-colonialism; (c) the UK government would have to sanction their use if law and order broke down and that this would land the UK in trouble with the UN; (d) intervention on behalf of a Burnham government would be construed as anti-Indian and add to the UK's difficulties with such countries as India and Trinidad; (e) demographically, the PPP would gain power eventually and intervention against the present opposition would have potentially disastrous effects on future UK relations with the country (Ashton & Killingray, eds, *The West Indies*, 240).

- (a) that a decision to intervene in a post-independence security situation in Guyana could only be taken at the time and that we might then decide to propose a U.N. peace-keeping force;
- (b) that if we decide now to leave British troops we should be pre-judging such a decision;
- (c) that the possibility of asking now for a U.N. peace-keeping force should be examined.

No doubt the Foreign Secretary will wish to comment on these suggestions. I would only say that to defer a decision about a U.N. peace-keeping force until the situation had actually arisen, would be too late, while on the principle of a U.N. peace-keeping force for the purpose we have in mind, British Guiana Ministers and I would see a number of serious objections:—

- (i) it would clearly be very difficult to arrange and might cause all sorts of new complications;
- (ii) even if it could be arranged, to replace British forces, who know the country and are known there, by an international force for a short period after independence would have the exact effect which we wish to avoid—it would introduce a most unsettling factor into the country;
- (iii) an international force could not smoothly and speedily complete the intensive training of Guyanese forces which the British troops have begun and which, if allowed to proceed, they estimate they can conclude by the end of October.

4. Both the Foreign Secretary and the Chancellor of the Exchequer concur with my proposals, the latter subject to the agreement of the Defence Secretary and to four points which I readily accept.

5. The Defence Secretary (in his letter of 27th October) also accepts that there is a case for fixing an early independence date and permitting British troops to remain for a limited period. His acceptance however is subject to clarification of the position of British troops in the event of a coup resulting in the formation of a Jagan Government. In the Governor's view a situation of this kind is so unlikely to arise that it may for practical purposes be disregarded. The existing security forces are pro-Burnham, and Georgetown, the seat of Government, is also pro-Burnham.

6. A further point which the Defence Secretary considers should be taken into account before any commitment is made is whether it is advisable to make it known that we accept that British troops should remain in an independent Guyana before the general British–American discussions on the Defence Review; a continued British presence in Guyana, he argues, is one of the most valuable things we can offer the Americans and, compared with other requests they may make of us in the discussions, one of the least costly. This may well be true (although the period involved would only be a matter of months) but the fact is that we shall have to take a decision on the date of independence, and hence on the future of British troops in Guyana, before the present Conference ends.

7. On the question of the role of the British troops to which the Defence Secretary refers, their mere presence would act as a deterrent and this indeed may prove to be their only internal security role. I agree, and so does the British Guiana Government, that the Guyanese security forces should deal with the local populace and that the role of the British troops would be as reserve. Requests for aid from the

British troops would be made only as a last resort and it would then be for the British Government to decide whether to meet them. I am not happy however about the Defence Secretary's suggestion that the troops might be withdrawn to Atkinson Field at independence. The withdrawal of British troops from their present stations should be gradual, so as not to disturb confidence, but as quick as Guyanese forces can be trained to take their place; indeed this process should be begun before independence. It would be a continuous planned operation. Meanwhile, both before and after independence, the British troops would be actively engaged in training the Guyanese forces to take over from them as soon as possible. For the purposes of public presentation the main emphasis could be placed on the training role of the troops.

8. As regards the other points made by the Defence Secretary I fully accept that if troops were left this would have to be:—

- (a) for a short and definite period;
- (b) subject to satisfactory prior agreement as to their protection against legal responsibility arising from their actions (the Premier of British Guiana has again assured me that there will be no difficulty about this).

9. I therefore seek my colleagues' approval of the proposal that, subject to the conditions in paragraphs 7 and 8 above, and those contained in the Chancellor's letter, we should agree that British troops should be left in Guyana after independence until the end of October 1966.

10. The Governor of British Guiana will be available at our meeting to give us the benefit of his assessment of the situation.<sup>2</sup>

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<sup>2</sup> A London conference on British Guiana in Nov 1965 agreed an independence constitution and named 26 May 1966 as the date of independence for Guyana. Jagan refused to attend, describing British Guiana under Burnham as 'virtually a police state' and, with respect to independence, suggesting British Guiana was no different from Rhodesia. Wilson rejected the Rhodesian comparison and argued, to no effect, that Jagan had a duty to attend. After independence British troops remained in Guyana until Oct 1966 (Ashton & Killingray, eds, 239, 244–246).

**300** FO 371/184566, no 54 29 Apr 1966  
**[Associated status]: letter from Mr Stewart to Mr Rusk explaining the proposed arrangements and appealing for US support**

[Following the collapse of the Federation of the West Indies in 1962 and the achievement by Jamaica and Trinidad of separate independence shortly thereafter, British policy in the Caribbean was designed to encourage the formation of an East Caribbean Federation based upon Barbados and the Leeward and Windward Islands.<sup>1</sup> Greenwood visited the region in Feb 1965 and reported back that although the prospects did not appear favourable, Britain should still pursue an East Caribbean Federation. Stumbling blocks were the division of powers between the centre and the individual islands, and the perennial question of UK financial aid. Sir S Luke, interim commissioner for the West Indies, 1962–1968, made a further visit in Apr–May 1965 and reported that the prospects of achieving a new federation were remote. The public was 'ignorant and apathetic', and everywhere there was 'an extreme insularity of outlook'. By Sept 1965 the CO had

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<sup>1</sup> One of the original Leeward Islands de-federated in 1956, the British Virgin Islands did not join the Federation of the West Indies in 1958. The islands were placed under direct British rule through an administrator when the office of governor for the Leeward Islands was abolished in 1960. Associated status was never considered for the British Virgin Islands.

abandoned federation in the East Caribbean in favour of associated status, the exceptions being Barbados, now expected to proceed to full independence, and Montserrat, which would remain a colony. The West Indies Act of Feb 1967 conferred associated status on Antigua, St Christopher-Nevis-Anguilla, Grenada, St Lucia, and Dominica. In St Vincent associated status was delayed until Oct 1969 pending the resolution of a legal challenge by the local opposition to a government victory at elections held in 1966. The evolution of this process between 1962 and 1966 is documented in Ashton & Killingray, eds, *The West Indies*.)]

When Mr. Greenwood was in Washington last autumn (as Colonial Secretary) he mentioned to you, in the course of a general discussion on our colonial problems, the new proposals which had been worked out for a number of our smaller islands in the Eastern Caribbean. We have just completed the first of a series of conferences in London with the local governments and after long and hard discussions the Antigua Government has accepted the framework of our scheme. Your officials have received copies of the report of this conference. We have just begun a conference with the four Windward Islands (Dominica, Grenada, St. Lucia and St. Vincent) and a conference with St. Kitts is to follow; we shall naturally keep you informed of the outcome.

We hope to secure agreement that each of the territories will become a state in voluntary association with Britain. We shall remain responsible for the defence and external affairs while they will have full autonomy in other respects, with the right to amend their own internal constitutions and even become independent if there is an overwhelming demand for independence confirmed by two-thirds of the votes cast in a referendum.<sup>2</sup> The exception to this is where Antigua may wish to associate with another Commonwealth country in the Caribbean which would assume all our responsibilities for Antigua's external and defence affairs.

We have included this option of independence in order to demonstrate the voluntary character of the new relationship. None of the territories (except Antigua, and they only half-heartedly) has so far shown any interest in separate independence; but if later on there were a demand for independence from any of these islands backed by such a large majority as we have prescribed, it would in practice be impossible to resist it.

An important point we stood out for with Antigua was that, since we retain responsibility for defence and external affairs, we must in the last resort have the power to legislate for the territory in that sphere. Nevertheless we shall of course do everything we can to proceed by agreement. To do otherwise would put the continuance of the association in jeopardy. At the same time we have made it plain that we shall also need to take into account our obligations to any other associated states, to our dependent territories, and to the Commonwealth and our allies. These understandings are to be incorporated in a formal agreement.

In addition, we have promised (as was always our intention), to delegate to the Antigua Government considerable authority to act in the field of external affairs, subject to our own general responsibility in this sphere. It has been a common practice of ours to make formal delegations of this kind to territories not yet independent, but at an advanced stage of constitutional development. In this case the delegation will, among other things, authorise the local government to enter into negotiations, and conclude agreements, with other governments on certain specified

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<sup>2</sup> In fact a two-thirds majority was required in a vote in a local legislature, as well as in a referendum, before a constitution could be amended.

subjects (such as trade and technical assistance) and in other cases with specified countries only. The Antigua Government have undertaken to keep us informed of the course of such negotiations and we shall have the power to intervene if they appear to run counter to our international commitments, responsibilities or policies.

They themselves may wish from time to time to have our direct assistance (through our Embassies or otherwise) and this we shall naturally be very ready to accord. Subject to these general considerations we shall wish to encourage them to run their own show as much as possible themselves in regard to the specified subjects, and to be seen to be doing so. They will also be empowered to join international organisations (excluding the United Nations itself) of which we are ourselves a member and for membership of which they are eligible.

Naturally, the value of this kind of delegation turns on how far other governments are ready to recognise the authority we confer on the local governments. This applies in particular to the way the latter are regarded as potential recipients of United States aid. I hope that the United States agencies concerned will be able to deal with the Antiguans in virtually the same way as an independent country.

I am sure that you will agree that everything possible should be done to make the Antigua Government feel that their new status represents a major step forward and is one with which they can be content. We shall do all we can to ensure that they do not find the relationship unduly restrictive and that they are not tempted to take up the option of complete independence. As you know, they can be exceedingly difficult. It would help us immensely if you would follow a similar line in dealing with them.

The new status of these territories will be a novel one, although the arrangements are in many respects analogous to those recently introduced in the Cook Islands by New Zealand. But the Eastern Caribbean is internationally more sensitive and the politicians there are more accustomed to contacts with other countries. It is therefore probably [sic] that many of the problems of international law posed by the new status will first arise over these territories. We believe it will be possible to deal with any such problems pragmatically and without embarrassment to the parties involved.

We shall be discussing with your Mission in New York the presentation of these new arrangements in the United Nations as representing in the Charter phrase 'a full measure of self-government'. This question was mentioned briefly in the talks on United Nations matters which Mr. Goldberg [US ambassador to UN] had in London earlier this year and I am sure that at the appropriate time we can depend on your support on this point. But the more general point which I have wanted to put to you in this letter is the importance we attach to your fully acknowledging the dignity of the new status of these territories and helping to convince them that it is indeed a worthy alternative to full independence.

**301** FO 371/184566, no 76 28 May 1966  
[Associated status]: letter (reply) from Mr Rusk to Mr Stewart on the  
US view of the proposed arrangements

Thank you for your letter of April 29<sup>1</sup> discussing the future status of the British islands in the Eastern Caribbean. We have received the reports of the Antigua and the

<sup>1</sup> See 300.

Windward Islands constitutional conferences. The plan for each of the six territories to 'become a state in voluntary association with Great Britain' does seem a clear step in the direction of preventing a fragmentation of small entities in the area. In the light of the reluctance of these islands to form a federation, the new association offers a practical alternative to continued colonial dependence on the one hand and independence on the other.

You can be assured of the cooperation of the United States with regard to your presentation of the new arrangements in the United Nations. You should, however, be aware that the proposal to permit Antigua to join international organizations other than the United Nations may pose some problems to this government since the United States Government is solely responsible for the foreign relations of the Commonwealth of Puerto Rico. I am confident that the evolving relations of the United States with the area will be consistent with the dignity of the new status of the territories. I am especially pleased to note that the continuing United Kingdom relationship and guidance will insure constitutional and civil order in the islands.

Your request that we regard Antigua and the other islands as independent in connection with their becoming 'potential recipients of U.S. aid' raises a question. As you know, there has been increasingly strong pressure from Congress to limit United States economic assistance and the number of recipient countries. As part of our current review of United States relations with the Eastern Caribbean islands, we will be considering the subject of United States participation in the economic development of the islands.

May I again express my thanks for your letter. We would appreciate being informed on a continuing basis of the progress of the constitutional conference not yet concluded, and your general views regarding the constitutional developments taking place in the Eastern Caribbean.

**302 CAB 148/28, OPD(66)20**

**15 June 1966**

**'Barbados: constitutional conference': memorandum by Mr Lee for  
Cabinet Defence and Oversea Policy Committee**

*General background*

Barbados is the most easterly of the Caribbean islands, with an area of 166 square miles and a population of about 250,000 (about 90 per cent of African descent, about 4 per cent of European descent, and the remainder mainly of mixed descent). The island, which was first settled early in the seventeenth century and has remained a British possession throughout, is one of our oldest Colonies. For most of this time it has enjoyed a large degree of self-government, although complete internal self-government, with responsibility for defence and external affairs reserved to the Governor, did not come until 1961.

2. Barbados has for long been financially self-supporting and has a tradition of stable government. Commerce is still mainly, but to a decreasing extent, in the hands of the white and mixed elements, whilst the Government consists of persons of African descent (there is universal adult suffrage with the vote given at age 18). There are no racial tensions likely to produce security problems, though at present feeling is running high between the governing party, the Democratic Labour Party, on the

one hand and the two Opposition parties—the Barbados National Party and the Barbados Labour Party—on the other. The economy is almost wholly based on sugar and tourism, and the well-being of the sugar industry is directly related to the island's participation in the Commonwealth Sugar Agreement.

### *Political background*

3. After the break-up of the Federation of the West Indies and the grant of independence to Jamaica and Trinidad in 1962, there were extensive but abortive discussions about the possibility of federating the remaining eight dependent territories. It became clear by 1965 that there was little prospect of early agreement being reached, and in August the Barbados Government proposed to its Legislature that Barbados should proceed to separate independence before considering federation further. We have since agreed with six of the Leeward and Windward Islands that they should enter into the new constitutional relationship, as states in association with Britain (see O.P.D. (66) 48, 57 and 67).

4. The Barbados proposals were debated in the local Legislature in January this year, and a resolution was passed requesting me to convene an early conference to discuss independence within the Commonwealth in 1966. But in both cases the voting followed almost exactly the strengths of the Government party on one side and the two Opposition parties combined on the other. The main arguments of the Opposition were that the Government had no mandate to take the island into separate independence, that further efforts should be made to bring about a new Federation, and that the electorate should first be given the opportunity of expressing their wishes in so important a matter.

5. The resolution was transmitted to me at the end of January. It was accepted and arrangements have been made for the Conference to open in London on Monday, 20th June.

### *Independence and the alternatives*

6. Despite its small area and population Barbados is at least as capable of sustaining independence as many of the ex-colonies which have already achieved it. If it can be shown that independence is what the people of Barbados want we should be ready to agree. This would be in line with our general colonial policy and would not prejudice our interests.

7. It is possible that the Opposition parties may ask the British delegation to say whether, if Barbados does not go to independence in the immediate future, the British Government would agree to its remaining a Colony with internal self-government, or whether we would be prepared to see Barbados become an associated state on the lines agreed with the Leeward and Windward Islands. My view is that we should certainly be willing to make Barbados an associated state, if it can be shown that this is what most Barbadians want. Whether we should be prepared to see Barbados remain a Colony with internal self-government is more difficult. From our own point of view this would run contrary to our general colonial policy, and from their point of view I cannot think that Barbados will want to remain a Colony after the neighbouring and smaller islands have advanced to a new non-colonial status. Internal self-government is an appropriate constitutional status for a colony until it has decided what final status it wants, but is not a satisfactory permanent arrangement. I think Barbados is now ready to choose this final status and I would

regard any prolongation of internal self-government as an anomaly. I propose that if the question is raised at the Conference, our line should be that if Barbados does not go independent, we should prefer it to have associated status, and would be most reluctant to agree that it should remain a self-governing colony indefinitely. In practice, however, I do not believe that the parties will agree on any solution other than independence.

### *Timing*

8. The issue that is most likely to cause difficulty at the Conference is the timing of independence in relation to the next general election. Under the constitution the present Legislature must be dissolved by the 19th December this year. The indications are that the Premier will ask us to grant independence before that date, but the Opposition will demand that the election should be held first. The Premier can argue that he secured a mandate for independence at the last election (in 1961) in that the matter was mentioned in his party's election manifesto. The most likely prospect then however was that Barbados would become independent as part of a federation. Moreover, although the Government obtained an overwhelming majority in the House, they polled only 37% of the votes in the election. (This analysis of the voting, incidentally, casts some doubt on whether the Resolution in favour of independence passed in January of this year—see paragraph 4 above—can really be taken as a 'popular mandate'.) This somewhat odd result is believed to be largely due to the existence at that time of several two-member constituencies. A report of a Boundaries Commission since the 1961 election has recommended their abolition. It has been accepted by the Government but not implemented. If new elections are to provide a more accurate reflection of the popular will, they ought to be held on the basis of the new constituencies.

9. In any case we could not, without great inconvenience, get the independence constitution drafted or the necessary legislation through Parliament before November and it would obviously be wrong for a new country to go into independence with a Legislature that had only a bare month of life before it, and the prospect of an early and controversial election.

10. Unless therefore all parties agree that Barbados should proceed to independence without further reference to the electorate I propose to make it a condition of independence that a resolution requesting us to grant it should be passed by the new Legislature after a general election has been held. Further I should have to insist that the elections were held after the report of our Conference had been published (so that the electors knew what they were voting about) and on the basis of the revised constituencies. If on the other hand we should be confronted with a general demand for independence before the election I would hope to secure agreement that the life of the present Legislature should be extended by about six months.

### *Summary*

11. I seek the agreement of my colleagues that the British delegation should take the following line at the Conference:—

- (a) We would be prepared to see Barbados go to independence under a suitable Constitution if that can be shown to our satisfaction to be the wish of the majority of Barbadians;



- (b) We would be prepared to contemplate associated status for Barbados, if that were shown to be the wish of the majority of the people of Barbados, but we would be reluctant to agree that it should continue as a self-governing Colony;
- (c) We should refuse to agree to independence before fresh elections have been held on the basis of the revised constituencies, following the publication of our Conference report, and a resolution in its favour has been passed by the new Legislature, unless there is general support in the Conference (including the Opposition parties) for independence before the forthcoming elections.<sup>1</sup>

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<sup>1</sup> Barbados became independent on 30 Nov 1966.

### **303** PREM 13/2517

19 July 1967

[St Kitts-Nevis-Anguilla]: letter from A H Godden<sup>1</sup> to A M Palliser

There is trouble in one of the new Associated States in the Eastern Caribbean, St. Kitts/Nevis/Anguilla, which is causing us some concern and anxiety. The background is as follows.

There has long been a feeling among the people of Anguilla (population about 6,000 and some 70 miles from the other two islands in the group) that their interests have been neglected by the central government in St. Kitts. During January and at the beginning of February this year there was evidence of growing anxiety in Anguilla about entering into associated status with St. Kitts and Nevis and about the nature and timing of the central government's proposals for local government in the island. After various discussions both in London and in the Colony it was none the less decided that St. Kitts/Nevis/Anguilla should go forward to statehood on 27 February.

Under the West Indies Act, passed in February, the Associated States were given internal self-government—including responsibility for internal security—except to the extent they impinge upon matters of defence and external affairs. In March it was reported that Government House in Anguilla had been completely destroyed by fire and that the police had been unable to establish the cause. There were further incidents at intervals during April and May culminating in events on 29 May which amounted to a form of U.D.I. by the island of Anguilla. A group of the islanders delivered an ultimatum to the Warden (Administrator) and the police detachment there which resulted in their leaving. They then announced that they wished to secede from St. Kitts/Nevis.

In the light of this situation, Mr. Bradshaw, the Premier of St. Kitts/Nevis/Anguilla asked for our assistance to help restore law and order in Anguilla. His message stated, among other things, that the majority of the police detachment of thirty posted in that island had left and that the air strip had been blocked with the consequence that the Commissioner of Police, and other members of the force, had been unable to land there. He regarded the Government resources of police as totally inadequate for the task of restoring law and order and reasserting the authority of his Government. The Premier also at this time addressed a similar request to the governments of other Commonwealth countries in the Caribbean. He also declared a State of Emergency throughout the whole territory.

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<sup>1</sup> Private secretary to minister of state, FO.

While these requests for assistance made by the Premier were still under consideration by the Governments concerned news was received of an outbreak of firing in the capital of St. Kitts resulting in the wounding of a guard at the power station but no other casualties. The following day it was reported that a number of persons had been taken into detention under the emergency regulations including the Leader of the Opposition, Dr. Herbert, and other members and officials of his party. Also detained was a British citizen, James Milnes Gaskell, who has been involved with the Opposition.

The Premier immediately renewed his request for assistance and the Commonwealth Office at once initiated consultations with the other Commonwealth Governments concerned. The outcome of these consultations was that acting on a suggestion made by the Prime Minister of Jamaica, the Governments of Jamaica, Trinidad and Tobago, Guyana and Barbados, with the agreement of the Premier of St. Kitts despatched a mission to St. Kitts with a view to determining the facts of the situation and helping in any way they could to find a peaceful solution to the problem. The mission visited St. Kitts at the beginning of this month and stayed there for a week. During this time they visited Anguilla. They subsequently returned to their own countries to report to their Governments whose views, with any suggestions they may have for assisting the Premier of St. Kitts/Nevis/Anguilla to resolve the difficulties with which he is faced, are now awaited.

On 11 July, after the Commonwealth team had returned to their own countries, a referendum was held in Anguilla which resulted in 1,813 votes in favour of secession and 5 against. (There were 21 spoiled papers!) This was followed by an announcement to the effect that Anguilla would have nothing more to do with St. Kitts and would declare itself separately independent failing early assurance that HMG would make some separate provision for it under British sovereignty. Since then there have been reports that Mr. Bradshaw intends to take measures to quash the rebellion. These reports are unconfirmed; but there appears to be a build-up of arms in the area.

Although the findings of the Commonwealth Mission are not yet known to us,<sup>2</sup> we have been asked by the Government of Guyana whether we would welcome an early meeting in Antigua at which a representative team of senior West Indian Ministers should meet the Premier of St. Kitts and a British Minister to review the whole situation with particular reference to Anguilla's proclamation of independence. We said we would welcome such a meeting and the present position is that Mr. Burnham,<sup>3</sup> the Prime Minister of Guyana, has gone to Kingston to discuss the idea with the Prime Minister of Jamaica.

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<sup>2</sup> The Commonwealth Mission reported at the end of July 1967. In the event the Anguillians refused to accept continued statehood, it envisaged three solutions: a return to colonial status, independence, or UN administration. The Mission ruled out independence and argued Britain had a 'moral and constitutional responsibility' towards the Anguillians stemming from years of economic neglect, 'indecent haste' in forcing through associated status, and failure to respond when both the government of St Kitts and the Anguillians appealed for help. A summary of the report added: 'The Mission feels that the constitutional experiment of associated status discloses a fundamental weakness in that it enables a "hot and cold" interpretation to be placed on the words "external relations" thus permitting the United Kingdom to absolve herself from responsibility which on a reasonable interpretation of the words "external affairs" would be considered to be hers. If this defect is remedied and the United Kingdom accepts her responsibility, then Statehood may yet be saved' (FCO 43/82, no 291).

<sup>3</sup> Forbes Burnham, prime minister of British Guiana, 1964–1966, of Guyana, 1966–1970, of Co-operative Republic of Guyana, 1970–1980; first executive president of Co-operative Republic of Guyana, 1980–1985.

There are a number of reasons why we are extremely concerned about the present position in St. Kitts and Anguilla. First, because this is a State for whom we continue to be responsible in the field of defence and foreign affairs. Second, because it is only five months since we ceased to be responsible for its internal security and well-being. We still have close ties despite the constitutional change. Third, because we continue to be responsible for the economic aid on which it relies considerably. Finally, because a disturbed situation in one of the five Associated States in the Eastern Caribbean reflects upon the well-being and prosperity in the other four: there could be, for example, repercussions in the tourist and investment fields. (Those Premiers from the other Associated States who were in London recently made it clear that they felt deeply concerned about this.)

In the light of the foregoing the Minister of State for Commonwealth Affairs, Mrs. Judith Hart, feels that she should participate in the proposed meeting in Anguilla. The Commonwealth Secretary agrees with this.

Mrs. Hart would be grateful if the Prime Minister's approval of the proposed visit could be sought.

**304** FCO 43/34, no 12 14 Sept 1967  
 [Possible association of Grenada and St Vincent with Guyana]: letter  
 from E A W Bullock<sup>1</sup> to K G Ritchie<sup>2</sup> (Georgetown). *Enclosure*

Would you please refer to the correspondence, including your telegram No. 456 of 2 September, about the possible association of Grenada and St. Vincent with Guyana.<sup>3</sup>

2. I enclose a copy of the brief which we have prepared for the Parliamentary Under Secretary, Mr. Whitlock. The brief must to some extent be regarded as provisional, since it is possible that further thoughts will emerge from the higher levels of the Commonwealth Office.

3. You will see that, in spite of the attractions of a merger from the point of view of the next elections in Guyana, we have some reservations about its practicability and we think we shall have to proceed with caution. We leave it to you to decide whether you should give Burnham a preliminary indication of our views, drawing discreetly on the brief, or await Mr. Whitlock's arrival. Subject to your views, we are inclined to see some advantage in your sounding Burnham out on some of the possible snags, and probing into details of the association envisaged and the possible mechanics of launching the exercise in a way which would reduce the risk of unfavourable repercussions. The talks with Mr. Whitlock, which in themselves are bound to be largely exploratory, may be more fruitful if Burnham has had a chance to consider all the angles and possible snags rather more fully than he appears yet to have done.

4. We should be grateful if the other Caribbean posts who are receiving copies of this letter and enclosure would take *no* initiative to discuss the proposed association locally. If other governments get wind of the proposals and ask our posts about them the line in paragraph 12 of the brief may help. We would naturally like to keep the whole matter strictly confidential until the merits of the proposals have been

<sup>1</sup> Atlantic Department, Commonwealth Office.

<sup>2</sup> High commissioner Guyana, 1967–1970.

<sup>3</sup> For earlier documentation on a proposal that Grenada might join with Trinidad, see Ashton & Killingray, eds, *The West Indies*, 203.

thrashed out in more detail and the best way of launching them—if they are to go ahead—carefully considered.

5. We have no objection to the Embassy in Washington drawing on the brief in order to give the State Department a preliminary indication of our views and we think that Killick took the right line . . . when the State Department raised the matter with him.

6. There have been suggestions that Ramphal<sup>4</sup> of Guyana and [A S] Cato of St. Vincent might come to London for discussion on the proposals. We think this would be premature at this stage and at any rate until we know the results of Mr. Whitlock's talks with Burnham. We are considering what should be said in the meantime to Ramphal, who asked to be informed of our views in the course of his travels.

#### Enclosure to 304: draft brief for meeting between Mr Whitlock and Mr Burnham

Mr. Burnham, Prime Minister of Guyana, wishes to discuss the possibility of a political association between Guyana, the Associated State of Grenada and St. Vincent, for which a date for Association has yet to be agreed. A memorandum by the D.T.D. on the constitutional and technical aspects of the proposal is attached.<sup>5</sup> Para 4 of the memorandum indicates that the proposal is not entirely straightforward as far as St. Vincent is concerned, & that an Act of Parliament & possibly a Constitutional Conference would be required unless St. Vincent were first to become an Associated State.

2. H.M.G. would in principle welcome any move towards political and economic integration in the Caribbean that is soundly conceived and not likely to fall apart like the ill-fated West Indies Federation or, more recently, St. Kitts/Nevis/Anguilla. In addition we have a strong political (and commercial) interest in seeing Mr. Burnham secure what is undoubtedly the immediate political objective behind his present proposal: the winning of the next elections in Guyana, in order to prevent the Marxist-led opposition P.P.P. (the party headed by Dr. Jagan) from taking over.

3. Thus Mr. Burnham's immediate aim is to permit the peoples of St. Vincent and Grenada to vote in the next Guyanese election, since he is confident they will vote, not least for racial reasons, for himself rather than the essentially East Indian P.P.P. Something short of a fully unitary state is apparently envisaged (perhaps the Ulster representation at Westminster is comparable) but the details have clearly not yet been worked out.

4. Any initiative for terminating the present links with Britain of Grenada and St. Vincent would have of course to come from these two Governments.

#### *The political situation in Guyana*

5. The next elections are due not later than March 1969. In the 1964 elections, the results were:—

		<i>% of votes</i>
People's Progressive Party (Dr. Jagan)	24 seats	46%
People's National Congress (Mr. Burnham)	22 "	41%
United Force (Mr. D'Aguiar)	7 "	12%

<sup>4</sup> S S Ramphal (Kt 1970); attorney-general, Guyana, 1965–1973, and minister for external affairs, 1966–1972; secretary-general of the Commonwealth, 1975–1990.

<sup>5</sup> Not printed.

The P.N.C. and U.F. formed a coalition government under Mr. Burnham, but his relations with Mr. D'Aguiar are currently strained.

6. Voting in Guyana is almost entirely on a racial basis. There is minimal popular interest in the Marxist philosophies of the P.P.P. but the East Indian population (which is increasing faster than the Negro and now outnumbers all other ethnic groups combined) see Dr. Jagan as their 'national' leader and father-figure. It will at best take time, patience and several more years of current efforts in the field of economic development before the racial pattern of politics can be broken down. Mr. Burnham (who has little patience) feels that in the short term time is against him and his present attitude is that he cannot be unduly scrupulous in the means he uses to win the next election but that the subsequent elections will be a 'fair' one. It is British (and American) policy to do all we properly can to help Mr. Burnham win and we need have little sympathy for Dr. Jagan's Marxist/Castroite ambitions. Dr. Jagan must bear a large measure of responsibility for the instability, violence and economic decline that bedevilled Guyana until recently and which would certainly recur if he returned to power. (He has, incidentally, in the last month purged the Council of his party of the more moderate elements by a gerrymandering as ruthless as anything he is wont to accuse Mr. Burnham of.)

7. Against this background, we would not want to stand in the way of Mr. Burnham's wish to enlarge the Guyana electorate by his present proposals, but we should not ignore the risk that they will rebound against him both at home (where the P.P.P. will certainly accuse him of rigging the elections and the United Force might feel morally compelled to abandon the coalition) and elsewhere in the Caribbean.

#### *Possible repercussions elsewhere in the Caribbean*

8. There is a past history of efforts by Grenada to join up with Trinidad and Tobago (which might seem to many Grenadans more wealthy and stable, and therefore a more attractive partner, than Guyana). Dr. Williams of Trinidad is to some extent already in competition with Mr. Burnham for leadership in the Caribbean and the former might react strongly to Mr. Burnham's present proposals. Mr. Burnham has hitherto shown a real measure of statesmanship in his general efforts towards closer economic integration in the Caribbean, but it could be very damaging to his prestige at home and abroad if his present proposals were to misfire and he was under attack, for electoral sharp practice, not only by Dr. Jagan but also by Trinidad and by the opposition in Grenada and St. Vincent (where Mr. Cato's main objective in the present proposals seems to be to avoid a commitment to further elections in 1968).

#### *Conclusions*

9. If Mr. Burnham can really bring off his present proposals, his and our interests will be well served. If he fails, both will suffer.

10. The risks of failure, or at least the volume of criticism, may be reduced if Mr. Burnham can be persuaded to leave the opening moves to the smaller partners, Grenada and St. Vincent; we should suggest that he takes this into account if he decides to pursue his plan. If he so decides, we ourselves may need to let Dr. Williams of Trinidad know what is proposed, if possible before the news breaks (though there

are already rumours circulating in Barbados) and before Dr. Williams takes up any public posture.

11. It is *recommended* that Mr. Whitlock should:—

- (a) listen to Mr. Burnham's ideas and probe into some of the practical details of the form of association proposed;
- (b) seek Mr. Burnham's views on the risks, discussed above, of the proposals misfiring;
- (c) emphasise that H.M.G. would not wish to stand in the way of moves towards such measures of political and economic integration in the Caribbean as will promote stability and the welfare of its peoples; and as are likely to be permanently acceptable to everyone concerned;
- (d) underline that it is for the States concerned to work out any such arrangements and that any initiative for terminating their present links with Britain would have to come from the Grenada and St. Vincent Governments;
- (e) suggest that if the proposals are proceeded with, it would be wise and in keeping with the statesmanship Mr. Burnham has so often shown in Caribbean affairs to leave the opening public gambits to the proposed smaller partners. . . .

11. Mr. Whitlock will not wish to raise this subject with other Commonwealth Governments, apart from Guyana, unless the situation develops with unexpected speed. If, however, other Commonwealth Governments get wind of the present proposals and raise the matter with Mr. Whitlock, it is suggested that he should as far as possible confine himself to the points at (c) and (d) in the preceding paragraph.

12. There is one final point. It might appear from the above that our advice is unduly coloured by short-term political expediency and by the next elections in Guyana. This is not really so. Even if Mr. Burnham's political survival was not at stake, or was of no importance to us, we would still wish to satisfy ourselves that this particular proposed grouping was soundly conceived (in both political and economic terms), was likely to stand the test of time and would not—for example, by possibly antagonising Trinidad and Tobago—prejudice the wider movement to closer integration in the Caribbean that has emerged in recent months more or less spontaneously—that is to say without our intervention but under the stimulus of our approach to Europe. So far as the purely internal political situation in Guyana is concerned, we would be happier to see Mr. Burnham giving rather less attention to ingenious gimmicks (of which the present proposals are not the only example) designed to 'fix' the next elections, and rather more to conducting affairs at home in such a way that he is no longer open to charges of playing politics on behalf of his party and of the negro element in the population, but is seen to act as head of a Government concerned with the welfare of all the Guyanese and seeking to heal present racial tensions. He seems to regard it as impossible to win over any East Indian voters to his cause, but more statesmanship at home might at least persuade some East Indians to abstain from voting for the baneful Dr. Jagan or to support the U.F., Mr. Burnham's coalition partners. Our High Commissioner in Georgetown is seeking to influence Mr. Burnham in the right direction and Mr. Whitlock may care to consult Mr. Ritchie as to whether he, Mr. Whitlock, can usefully touch on these points when talking to Mr. Burnham.

**305** FCO 23/326, no 9A

8 Nov 1967

**[Anglo–American relations in the Caribbean]: letter from Sir P Dean<sup>1</sup> (Washington) to Sir P Gore-Booth**

Over the past year I have become increasingly worried about our policies towards the Commonwealth countries in the Western Hemisphere insofar as these policies affect our relations with the United States. In paragraph 13 of my despatch No. 158 of the 29th of November, 1966,<sup>2</sup> I warned of the importance of living up to what the Americans regard as our remaining obligations in the area. Since then it seems to me that while American policy towards the area has developed satisfactorily from our point of view our own approach to the area as a whole has been somewhat equivocal.

2. In recent months there have been several indications of an increasing U.S. interest in the English-speaking countries of this Hemisphere. With its assumption of responsibility for the whole area except Bermuda and the Bahamas described in paragraph 5 of my despatch under reference, the Inter-American Bureau of the State Department, under constant prodding from this Embassy, have been developing policies to fill the vacuum which existed previously. A U.S. Ambassador has been appointed to Barbados who will also be accredited as Special Representative to the West Indies Associated States. A development loan has been promised to the projected Caribbean Development Bank<sup>3</sup> and a senior State Department official, Barall,<sup>4</sup> has been appointed, with the rank of Ambassador, to make a study in depth of United States relations, past, present and future, with the Caribbean as a whole and with the English-speaking countries in particular. I am quite sure that this trend towards greater involvement will continue.

3. Another important trend during the year has been the gradual move towards closer links between the Commonwealth Caribbean and the Inter-American System. Both Trinidad and Tobago and Barbados have joined the Organisation of American States and have signed the Rio Treaty.<sup>5</sup> The Americans are most anxious that Jamaica and in due course Guyana should do so too. Whatever the arrangements eventually reached to associate some or all of the independent Caribbean countries with the EEC, the Inter-American System is bound to exert a considerable pull away from Europe through closer association with the Alliance for Progress, the Inter-American Development Bank and perhaps in the longer-term the Latin American Common Market.

4. If the Americans are thus beginning to match their involvement to what they are beginning to see as their direct interests in the area it is partly because they fear that we are going to pull out much quicker than we claim is our policy. Barall's appointment was written up in the press as being necessitated by the decline of British influence in the Caribbean, and although this press treatment was deplored by the State Department it is generally held here to be not far from the truth. Covey Oliver, the new Assistant Secretary for Inter-American Affairs, commented to

<sup>1</sup> UK ambassador, Washington.

<sup>2</sup> See Ashton & Killingray, eds, *The West Indies*, 255.

<sup>3</sup> A Caribbean Development Bank was one of the recommendations made by a tripartite economic survey of the Eastern Caribbean undertaken between Jan and Apr 1966 by economists from the UK, US and Canada. A report was published in 1967 (see Ashton & Killingray, eds, *The West Indies*, 255, note 7).

<sup>4</sup> Milton Barall, US representative to Inter-American Committee, the Alliance for Progress.

<sup>5</sup> Rio Treaty (Inter-American Treaty of Reciprocal Assistance), signed 2 Sept 1947, and originally ratified by all 21 American republics.

Johnstone, who looks after Caribbean and Latin American affairs in my Chancery, at their first meeting, that 'his people told him that we seemed anxious to get out'. Although we always argue strongly to the contrary the uneasy feeling remains.

5. The Americans are probably resigned to having to replace us in the Caribbean in the long- and perhaps even the medium-term, although they would like to postpone the evil day and must devoutly hope that some major crisis in the area with which we cannot cope unaided will not suddenly confront them on their door-step. This question of timing is, however, all important. The Americans welcome the concept of 'Associated Statehood' for the Windward and Leeward Islands not, I think, so much because they see it as the ultimate solution for these particular islands but because it does provide an interim arrangement between the straight colonial relationship and what they still hope will be some larger grouping of West Indian islands with which they can themselves establish close political, economic and defence links. If they thought that we were going to speed up our disengagement from the area either by political decision or by default I would expect considerable concern here. The credibility of the United Kingdom as a meaningful ally would certainly receive a hard knock.

6. From Washington it does in fact begin to look as if H.M.G. are running down their commitments rather faster than is likely to be welcome to the Americans. I have already written to you (my letter of 5 October) about the Defence and Overseas Policy Committee paper on the future of the Bahamas about which you will I hope be able to reassure me. Then again, affecting both the Bahamas and the Caribbean islands, there is the vexed question of our naval strength about which you wrote to me on the 25th of January. It is I think highly significant that the Chief of British Naval Staff Washington was given a good working over a few weeks ago by Admiral Matter, the U.S. Commander, Caribbean Sea Frontier who recently took over as Commander Antilles Defence Command. Matter expressed grave concern about the spread of 'Black Power' in the West Indies and foresaw 'an explosion in 1968'. Jack Rennie<sup>6</sup> was able to report in his letter to me of 28 March that a second ship would be left on station until December and this has held the position up to a point. SNOWI was here last month, however, and he was quite adamant that he would be unable to perform the tasks allotted to him with only one ship remaining. Indeed I have myself noticed a certain air of unreality creeping into various recent Ministry of Defence planning papers several of which contain the caveat that once our force has been reduced to one frigate, the ship may take anything up to six days to reach the point where she is needed; provided of course that she is not needed equally urgently somewhere else on some other of the several and various tasks for which plans exist.<sup>7</sup> The calls on SNOWI in 1968 may well be greater than in 1967. Even if there is no

<sup>6</sup> Jack Rennie was Sir John Rennie, deputy permanent under-secretary of state at the FO/FCO 1967–1974.

<sup>7</sup> In 1966 there were three frigates in the West Indies, a reinforced infantry company in British Honduras, and a garrison in British Guiana. Upon the withdrawal of the garrison from Guyana it was decided one frigate and the company in British Honduras would suffice to meet UK commitments. By Sept 1967 two frigates had been withdrawn. Disturbances in the area throughout 1967 led the Commonwealth Office to ask in 1968 for a review of the UK's military presence. A second frigate was temporarily deployed in Aug 1968, and in Oct the Chiefs of Staff recommended that this deployment, with a Royal Marines detachment and helicopter embarked, should be maintained until the situation improved. In the long-term the frigate would have to be taken from the Far East but until June 1969 it would come from the Western Fleet. In their report the COS drew attention to the 'serious inadequacies in our ability to control internal security situations in an increasingly unstable area' (DEFE 13/718, COS 65/88, 'Review of the British military presence in the Caribbean area', 4 Oct 1968).



serious trouble in Haiti, and a consequent need for intensive patrolling of the Bahamas, we may I suppose be in for more trouble in Anguilla and various other problems could well arise elsewhere in the West Indies. I am not sure what has happened to the idea of bringing the Canadians in (Rennie's letter under reference) but I confess to some scepticism about their willingness to involve their ships in e.g. an Anguilla or St. Vincent type situation.

7. Another major concern must be our ability to find out what is going on in the Associated States. Stuart Roberts<sup>8</sup> is obviously doing all he can, with a tiny staff; but he cannot be everywhere at once and it did not escape American notice that our ability to find out what was actually happening day by day in Anguilla was extremely limited. The blunt fact is that if the Cubans had taken a hand we might not even have known until too late and I doubt if we can be sure of getting advance notice if trouble is brewing elsewhere in the W.I.A.S. A senior member of the Security Service (who had better not be quoted) passed through here on his way back from the Caribbean recently and told us that the lack of funds allotted for the Caribbean was seriously inhibiting his Service's efforts to build up Special Branches both as a protection and as a source of information. Even proper liaison between this Embassy and the WIAS is now being hampered by the economy drive, although we are supposed to be looking after their interests here. (I am writing separately to Colin Crowe about this.)

8. Anguilla and St. Kitts have in fact been something of a test case. The Americans have been anxious to stand well back themselves and leave it to us to sort out the problem. They would I think concede that our policy of playing it long has been right so far. Nevertheless our very strict interpretation of what is 'internal security', and therefore not our responsibility, has I think made them wonder just how far we would let matters go elsewhere in the WIAS before deciding that 'defence', and therefore our obligation to play a direct role, was involved.

9. I hope that you and Garner, to whom I am sending a copy of this letter, will not think that I am trespassing beyond my proper area of responsibility. A point I should like to make, however, is that whereas in London the Caribbean has become the responsibility of a number of departments (American Department, Atlantic Department and Dependent Territories Division—each unfortunately housed in a different building) from here the whole area from Bermuda and the Bahamas down to Trinidad is and has to be looked at very much as an interlocking problem and one which affects the immediate security of the United States. I wonder perhaps whether there would be a case for strengthening the machinery for consultation in Whitehall to ensure that the region is looked at as a whole?

10. Finally I should draw attention to the possible effect of the racial troubles in the United States on relations with the Caribbean. John Killick wrote to Diggins on 28 July about this. The various links which may exist between Black Power here and West Indian nationals are likely to be closely watched and will add to the sensitivity here (e.g. Admiral Matter's remarks quoted in paragraph 6 above).

11. Ambassador Barall has told us that he will probably be asking to come to London for talks later this year. What he is told will be taken very seriously here and his visit will require careful handling. I understand that a paper on future policy towards the Caribbean was in preparation in London during the summer although

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<sup>8</sup> British government representative, associated states, 1967–1970; head of FCO Caribbean Dept, 1970–1973; high commissioner, Barbados, 1973–1978.

copies have not yet reached us. It would certainly be useful to bring this up to date before Barall arrives. As you know Sayre, the Deputy Assistant Secretary for Inter-American Affairs, will also be in London for talks with the Office on 14 November and it may be advisable to say something to him too about our intentions in the area.

12. I am sending a copy of this letter to Garner in the Commonwealth Office. I am not, however, copying it to Caribbean posts, leaving it to you and Garner to do so if you think it would be useful to invite comments from the Governors and High Commissioners.

**306** FCO 43/24, no 3

15 Mar 1968

[Independent Federation of the Associated States]: letter from C S Roberts<sup>1</sup> (St Lucia) to T R M Sewell<sup>2</sup>

Thank you for your letter of 28 February (not copied) acknowledging mine of 23 February about the grand design of the Premier of St. Lucia for the establishment of an independent Federation of the Associated States.

2. I have since talked with Compton<sup>3</sup> about this. He had the following to say in amplification of his letter of 21 February:—

(1) The conception was supported by all of those Ministers of the Associated States and of Montserrat and St. Vincent who had been present at the February meeting of the Council of Ministers. Antigua had had no Minister there, but he believed that Bird<sup>4</sup> too was in broad sympathy with the aim of working towards first economic and then political unity of the small islands.

(2) He agreed, however, that in general Ministers in the Leeward Islands seemed a good deal less keen than some of those in the Windward Islands on political unity and he thought that, if necessary, the Windward Islands should be ready to go it alone.

(3) It would probably be some years before the final stage of independence within a federation could be reached. It would be unwise to force the pace.

(4) He did not discount the possibility that there might be an interval between establishment of the Federation and the achievement of independence during which the Federation would itself, if Britain were willing, be an Associated State.

(5) The central government of the Federation would have a cabinet of nine or ten. Top island politicians for whom no place could be found in the government would have first claim on other posts, e.g., as overseas representatives. The central legislature would probably in the first instance comprise all the members of the island legislatures—perhaps 70 or 80 persons in all.

(6) The capital of the Federation would have to be either in Antigua or in St. Lucia. (There was a hint that he envisaged a deal with Bird under which St. Lucia would get the capital and Antigua the first Prime Minister.)

(7) No special effort need be made to form federal political parties. The ‘ins’ of each island would naturally come together and present themselves for election as the first government of the Federation.

<sup>1</sup> The office of the UK government representative (Roberts, see 305, note 8) was based at St Lucia.

<sup>2</sup> Associated States Dept, Commonwealth Office.

<sup>3</sup> J G M Compton, premier of St Lucia.

<sup>4</sup> V C Bird, premier of Antigua.

(8) The Federation should be strong at the centre and have far-reaching powers of federal taxation.

(9) The Federation would wish to have a defence treaty with Britain and would also hope to continue to receive financial and technical assistance from Britain for a period of, say, five years after independence.

3. Attractive as much of this may sound to us, we must be cautious about accepting Compton's claim that there is already wide support in the small islands for the objectives which he has stated. He himself is a convinced and enthusiastic federationist and tends to assume that everyone else must share his views. In fact, although all the small island politicians feel obliged from time to time to pay lip service to the cause of unity, when it comes to the point most of them are guided wholly by the self-interest of their own territories. There are exceptions—Mitchell<sup>5</sup> in St. Vincent may be one—but, *pace* Compton, there are not really any present signs that, for instance, Bird in Antigua would now be happy to travel in convoy rather than continue to steer his own course. (Only last month he said how distasteful he had found the Canadian proposals for civil aviation because they required agreement between all the Associated States before they could be implemented.) I understand that Le Blanc<sup>6</sup> too, when Johnstone and Kerr called on him recently, again showed his customary absence of enthusiasm for anything involving regional co-operation.

4. A lot of what Compton says on this subject must therefore be taken *cum grano salis*. Nevertheless there is much talk and thinking, in the Windward Islands in particular, about the political future of the area and some of the seeds that are sown must sooner or later show signs of growth. The proposed association of some of the islands with Guyana seems to have run into the ground (from here it never looked like a starter); but there are other ideas around, e.g. that of union with Canada, which seems to have shown its head in a debate in the Canadian Parliament in February (my telegram No. 2 to Ottawa, not repeated to all) and which I was told some time ago by an unofficial source is much favoured by Ramphal.

5. I have already assured Compton that any movements towards greater regional co-operation and political unity that may be generated within the islands are likely to be regarded with sympathy by our Government and I doubt whether he will expect anything more by way of a reply to his letter. If, however, the Secretary of State or the Minister of State should feel inclined to send him a short message thanking him for having written as he has done and expressing interest in the ideas put forward, I am sure it would go down very well.

<sup>5</sup> James F Mitchell, MP for Grenadines from 1966; minister of trade, agriculture and tourism, St Vincent, 1967–1972; premier, St Vincent, 1972–1974; prime minister from 1984.

<sup>6</sup> E O Le Blanc, premier of Dominica.

### 307 FCO 44/116, no 71

17 Apr 1968

#### 'British influence in the Caribbean': State Department record of a conversation with British officials in Washington

[The conversation took place during a visit by Roland Hunt, assistant secretary at the Commonwealth Office. Also present from the UK Embassy at Washington were J E Killick and E L Johnstone (who forwarded the record to the Atlantic Department in the

Commonwealth Office on 3 May). Present from Inter-American Affairs in the State Dept were C T Oliver, R M Sayre, J T Tull and C D Green.]

Mr. Oliver opened the conversation by expressing appreciation that Mr. Hunt had been able to visit Washington to discuss our mutual interests in the Caribbean area. He said that as Mr. Hunt was aware, the United States very much desires to have the UK continue to exercise major influence in the Caribbean and that, as Mr. Hunt was also aware, the United States would be concerned at the prospect of any multiplication of mini-states in the area. Accordingly, the US especially wants to see the satisfactory working out of the Associated State arrangements in the Windwards and the Leewards. He added that he thought the US could derive moderate satisfaction from its follow-through on the points discussed by Mr. Gordon<sup>1</sup> in the Antigua conference in November 1966. In this respect he referred specifically to progress toward the establishment of the Caribbean Development Bank.

Mr. Hunt said that the UK is quite optimistic with respect to the Associated States. He added that although this arrangement may not be viable for a long period of time it seems to have promise for a relatively long interim period.

Mr. Hunt then said that the British have informally reviewed the question of defense of the area and that they see no external threat which should be a matter of concern. He inquired whether Mr. Oliver would agree with that conclusion. Mr. Oliver responded that he personally agreed with that conclusion. He noted that the possible exception might be a Castro-Cuban effort to extend its influence, adding that to date, there had been no evidence of a Castro thrust in this direction.

Mr. Oliver said that he thought a subject of more likely concern than an external threat would be threats to civil order, growing out of racial, social, and economic tensions. Mr. Hunt commented that, with respect to the preservation of civil order, the UK in the Associated States must to some extent walk a tight rope. If they interfered in the Associated States frequently, or for trivial reasons, they would undermine the reality of internal and domestic self-government which they are seeking to establish. On the other hand, they could not stand by and permit the subversion of constitutional order. Mr. Oliver remarked that since the situation likely to arise would not involve an outside threat, the Rio Treaty is really not pertinent to the situation. It would not be brought into play by internal threats.

Mr. Sayre, in this connection noted the importance of continued British responsibility for defence and police advice and training in Guyana and throughout the English-speaking Caribbean. It is in itself of great importance that the local capabilities should be strengthened, or as a minimum that they should not be allowed to deteriorate. Given the British-based organizations and traditions of the defense and police entities, the British are the best source of advice and training. A shift to American types of organization would offer no advantages, and an American involvement in this field in several of the areas would be a serious political liability, particularly in Guyana. Mr. Oliver added that from our reading of the current mood of Congress, it was difficult to see any hope for expanding US military assistance programs in the Hemisphere and that in fact, a reduction of these programs in non-beleaguered Latin nations seemed likely. Mr. Hunt indicated that with respect to

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<sup>1</sup> Lincoln Gordon, assistant secretary for Inter-American Affairs, State Dept, and US coordinator of the Alliance for Progress. Gordon led the US delegation at a conference in Antigua to discuss the tripartite economic survey of the East Caribbean (see 305, note 3).

Guyana the British could probably be responsive if an appropriate request were received from Guyana. Mr. Oliver said that perhaps the US could be of some help on this point. Mr. Hunt noted that the British are strengthening their intelligence capability throughout the area and specifically in the Associated States. He concluded that the British are hopeful, in cases of civil and constitutional problems in the Associated States, that the Commonwealth Caribbean countries will be willing, increasingly, to assume significant responsibilities in helping to work out settlements.<sup>2</sup>

Mr. Oliver asked about a hypothetical situation in which hostilities occurred between Associated States. Mr. Hunt responded that the British had, in fact, not thought of this as a possibility. After some discussion, Mr. Killick noted that he believed such a potentiality would in fact be dealt with at an early incipient stage through UK–US cooperation in connection with arms controls, appropriate advice and warnings, and the like. He said he was completely confident that no such movement would be allowed to reach the point of actual military operation.

In conclusion, Mr. Oliver again thanked Mr. Hunt for visiting Washington to discuss mutual US–UK interests in the Caribbean area and said that he would wish to be helpful in every way.

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<sup>2</sup> An official at the Commonwealth Office wrote ‘Good God’ in the margin against this sentence.

### **308 CAB 148/101, DOP(70)16** **2 Sept 1970** **‘The dispute between the UK and Guatemala over British Honduras’: memorandum by Sir A Douglas-Home for Defence and Oversea Policy Committee**

1. The purpose of this memorandum is to inform the Committee of the present state of the dispute between the United Kingdom and Guatemala over British Honduras, of the consequent difficulties about bringing British Honduras to independence, and of the attempts we are making to resolve the dispute by negotiation. The memorandum does not require action by the Committee at this stage.

#### *Background*

2. Guatemala, as successor to Spain, has an historical claim to sovereignty over British Honduras which, however, we do not recognise. Numerous efforts have been made to resolve the dispute, including an unsuccessful United States attempt at mediation, after which British Honduras requested Her Majesty’s Government to seek other means of resolving the dispute. In November 1968, the previous Government approved attempts to negotiate a settlement on the basis of a British offer of a contribution of £2 million towards the cost of building a road in Guatemala linking with the existing road system in British Honduras. In approving negotiations on this basis it was made clear that any agreement must be subject to the condition that (a) it would not be signed until after British Honduras became independent and (b) no post-independence defence guarantee would be given by the United Kingdom to British Honduras.

3. Exploratory talks were held in March 1969 with the Guatemalans, who insisted that any settlement must include provision for cooperation between Guatemala and British Honduras after independence in the fields of defence, external affairs and economic development. The British Honduras Government refused to participate in any negotiations on such a basis on the grounds that the question of co-operation on the lines desired by the Guatemalans was a matter for discussion after their country became independent. In August 1969 the British Honduras Government made a formal request to Her Majesty's Government for an independence conference. This request was not, however, pursued when it was made clear to British Honduras Ministers that the United Kingdom would not be prepared to guarantee the defence of British Honduras after independence. At the same time proposals were put forward by our predecessors in office for resolving the dispute, based on a 'Two Treaty Package' (see paragraph 4 below). The British Honduras Government agreed that the new proposals should be explored in confidential talks with the Guatemalans on the understanding that, if no satisfactory solution was seen to be forthcoming, they would renew their request for an independence conference. (They have since emphasized that there is a time-limit on their readiness to follow this course.)

*The 'Two Treaty Package'*

4. Accordingly since October 1969 secret talks have been held with the Guatemalans at both Ministerial and official level, in which British Honduras Ministers (but not the Premier) have participated, on British proposals for settling the dispute on the following basis:—

(i) A *Treaty of Recognition* between the United Kingdom, Guatemala, British Honduras and Mexico (which also has a dormant claim to part of British Honduras) together with such other countries as may be induced to sign. The contracting parties would agree to recognise and respect the territorial boundaries of British Honduras and to consult together on measures necessary to ensure the observance of the Treaty.

(ii) A *Treaty of Co-operation* between Guatemala and British Honduras on the points raised by the Guatemalans in the Talks in March 1969 (see paragraph 3 above). The United Kingdom would be a party, but in substance our participation would be limited to a provision by which Guatemala and the United Kingdom agreed that the dispute was settled and to a provision for aid to be given by the United Kingdom.

(iii) The Two Treaties would form a package to be signed and to come into effect on or immediately after independence. (*NOTE.* The Treaty of Recognition would *not* oblige us to take any military action. As the Treaty has been conceived on the British side, the measures which the parties would be obliged to take, in the event of any dispute arising, would be those which would be appropriate to achieving a peaceful solution in accordance with the provisions of the Charter of the United Nations. The appropriate provisions of the Charter are in Article 33, which provides that the parties to any dispute, the continuation of which is likely to endanger the maintenance of international peace and security, shall seek a solution by negotiation, enquiry, mediation, conciliation, arbitration, etc., or any other peaceful means of their own choice.)

5. We have kept the United States and Mexican Governments informed of the position as it has developed and both have shown general support for our policy.

*Present position*

6. It had been planned that the next move would be a tri-partite Ministerial meeting in mid-June (in which the Premier of British Honduras would participate personally for the first time), but this meeting had to be postponed because of the General Election. Although substantial progress has been made in the negotiations, considerable difficulties arising from past constitutional commitments of the Guatemalan Government and the acute and widespread fears in British Honduras of Guatemalan intentions still remain in the way of securing agreed drafts of both Treaties. It is therefore too early to conclude that a settlement on the lines of the 'Two Treaty Package' can be achieved.

7. Nevertheless it is plainly in Britain's interest to do all we can to bring the Anglo-Guatemalan dispute to an end. I consider furthermore that the previous Government's decision that the United Kingdom should not give a defence guarantee to an independent British Honduras should be maintained. The Secretary of State for Defence shares these views and the Minister of State has accordingly already informed the Premier of British Honduras that there will be no change of policy in this respect.

8. If it is not possible to find an agreement, the probable alternatives are:—

(i) further demands by the British Honduran Government for independence in advance of a settlement, combined with renewed pressure for some sort of post-independence defence guarantee (which it would not be in our interests to accord); (ii) the continuation of colonial status for British Honduras which, given the degree of constitutional advance already accorded, could prove increasingly awkward, and would almost certainly involve the retention of the present British garrison (which costs us some £100,000 per annum).

9. I consider, therefore, that we should continue our efforts to bring the present series of negotiations to a successful conclusion. To this end, we have arranged that the next round of talks with the Premier of British Honduras and the Guatemalan Foreign Minister should take place in Washington on 26–28 September. The Minister of State would represent Her Majesty's Government at these talks.

*Aid*

10. The Guatemalans have in the negotiations so far made it clear that the prospects of success would be enhanced by Her Majesty's Government being willing to provide substantial funds under the Treaty of Co-operation. My Department is considering with the Ministry of Overseas Development whether there is anything we can reasonably do in this respect in addition to the offer already made to Guatemala (see paragraph 4 above) and the aid we would be providing in the normal course of events to British Honduras.<sup>1</sup>

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<sup>1</sup> British Honduras (Belize from 1973) finally became independent in Sept 1981. Contrary to the expectation in this memo, the UK remained responsible for defence, keeping troops and aircraft in the country at an annual cost of £31 million by the end of the 1980s. British troops were withdrawn in 1994, but the dispute with Guatemala remains unresolved.

**309** FCO 63/526, no 77

21 Sept 1970

**'Anguilla': minute by Mr Godber to Sir A Douglas-Home on possible solutions**

[As well as publication of the report of the Commonwealth Mission (see 303, note 2), two conferences on Anguilla were held in 1967, at Barbados in July and Jamaica in Aug. Both failed to resolve the deadlock. In between the conferences Ronald Webster, formerly the interior minister, replaced Peter Adams as self-styled 'president' of Anguilla. Webster at once closed the airport and ordered the beaches to be patrolled in order to forestall an invasion. In Dec 1967 a British Parliamentary Mission led by Nigel Fisher and D Chapman suggested, as an interim solution, that the UK should appoint a senior civil servant to assist in the administration of Anguilla during an interim period of up to twelve months. Accordingly A C W Lee took up post in Jan 1968. Talks at London in Oct 1968 failed, and in Dec Webster sent a letter to the FCO asserting Anguilla's 'absolute and final independence from St Kitts', and the Anguillans' wish to explore associated status or some other arrangement for 'local self-government within the Commonwealth'. He received a reply to the effect Britain could not alter Anguilla's status without the consent of the Associated State of St Kitts-Nevis-Anguilla. In the absence of progress, Lee's appointment was terminated in Jan 1969. The UK withdrew development aid to Anguilla, and St Kitts imposed sanctions. The Anguillans responded by voting in a referendum in Feb 1969 to break all ties with the UK and to become a republic with an American-style constitution. At the end of Feb, with other Caribbean countries renewing their call on the UK to resolve the crisis, William Whitlock, parliamentary under-secretary at the FCO, visited the region. He carried with him proposals that Lee should be reinstated as HM commissioner for as long as the deadlock continued, that a magistrate for Anguilla (one the islanders could trust) should be appointed, that development aid should be resumed, and that there should be no prosecutions for political activities. On 11 March Whitlock flew to Anguilla but he was prevented from leaving a meeting by a road block manned by armed supporters of Webster. Advised to leave the island, Whitlock at first refused but then did so, running the gauntlet of Webster's jeering supporters on his way to the airport. The minister was convinced most Anguillans supported his proposals, and on his return to London he said the island was run by 'a gang of armed thugs'. In Mar 1969 a small UK military force, accompanied by British police officers, landed on Anguilla. Lee was installed as commissioner. In a statement Stewart, the foreign secretary, said the commissioner would remain until a lasting settlement had been negotiated. Webster called for the troops to be withdrawn and proposed a referendum on Anguilla's future. He appealed personally to the UN (the Committee of Twenty-Four voted to send a Special Mission to Anguilla but this never happened), and on the island demonstrations were held against Lee and the troops. Lord Caradon visited Anguilla and agreed a declaration with Webster in Mar 1969. It confirmed Lee's position as commissioner, recognised members of a local council (elected in 1968) as the representatives of the Anguillans, indicated further consultations would be held about the future of the island, and emphasised HMG had no wish to place the Anguillans under an alien administration. Almost immediately a further dispute flared up over whether Webster or Lee should chair the local council. Caradon paid a second visit in Apr 1969 but Webster refused to meet him and put forward demands for the withdrawal of UK troops, Lee's replacement by a West Indian, full British recognition of the Anguillan Council, and for political union with St Kitts to be replaced by a possible economic union with the French-Dutch island of St Martin or the US island of St Thomas. Lee left Anguilla on 20 Apr 1969. He was replaced by John Cumber who was able to reduce tensions in meetings with Webster and other Anguillan leaders. Throughout these events R L Bradshaw, the premier of St Kitts, had pressed for the status quo and the maintenance of the 1967 associated state. He visited London in May 1969 and agreed with Stewart that a commission representative of their two governments should study the problem. It was chaired by Sir Hugh Wooding, a Trinidad judge, and reported in Nov 1970. In the meantime the UK agreed to provide St Kitts with about £1 million for a new airstrip from CD&W funds (from an unexpended balance and a new allocation), and a further £150,000 for agreed development projects. No further major developments took place before the Conservatives returned to power in the UK in June 1970. Soon after Joseph Godber, minister of state at the FCO, visited St Kitts and Anguilla. For the background between 1967 and the UK 1970 election, see FCO 63/18, no 62, Commonwealth Secretariat paper on the Anguillan dispute, sent by T W Aston to T R M Sewell, 23 May 1969.]



The objects of my visit to St. Kitts and Anguilla were:—

- (a) to get a first-hand impression of the situation, and the personalities involved;
- (b) to settle with the St. Kitts Government how we should proceed when we receive the Wooding Report;
- (c) to reassure the Anguillans, who have been showing signs of increasing impatience, about our intentions.

These objectives were modest but I think I can claim that they were achieved. In particular, the Anguillans responded well to my visit, and this should prove helpful during the next stage of discussions with them.

2. At my meetings with Mr. Bradshaw, the Premier of *St. Kitts*, I made it clear to him that we would await the Wooding Report<sup>1</sup> before deciding our policy, but that we were not prepared to use force to impose any solution which the Anguillans would not accept. I urged him to agree to early publication of the Report (so that it could then be discussed with the Anguillans); and to come to London for discussions when we had been able to consider it.

3. In *Anguilla*, I told Mr. Webster and the members of the Anguilla Council that we stood by the assurance that any solution must be acceptable to them. I informed the Council that I proposed to send Mr. Hankey<sup>2</sup> to Anguilla to get their views on the Report as soon as it had been published and made available to them. I urged upon them the need for restraint if the recommendations of the Report were unacceptable to them; and for patience during the period of our negotiations with the St. Kitts Government.

4. It was clear from my meeting with Bradshaw that it will be extremely difficult to persuade the St. Kitts Government that Anguilla must be separated from the State. Bradshaw fears that if such a solution is found for Anguilla, the island of Nevis may in turn break away from St. Kitts. We must also accept that however unreasonably Bradshaw may have acted in many respects, he has some legitimate complaints against the previous British Government for failing to honour undertakings given to him.

5. In Anguilla, on the other hand, I was impressed by the unanimity and determination of the Council in rejecting any solution involving continued association with St. Kitts. I have no doubt that this represented the views of the great majority of Anguillans, and that no solution which does not take account of this feeling can be made to stick. I also found in the Council plenty of goodwill towards Britain and even some willingness on the part of Webster and other leading councillors to acknowledge the difficulties the present British Government have inherited.

6. What is very clear in my mind, as a result of this visit, is the basic mistake of including Anguilla along with St. Kitts and Nevis in the same Associated State in the 1967 Act. It is true that for administrative convenience the three islands had been administered together as colonies, but there is all the difference in the world between a British administration based on St. Kitts and a semi-autonomous State in which

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<sup>1</sup> *Report of the Commission of Inquiry appointed by the Governments of the United Kingdom and St Christopher-Nevis-Anguilla to examine the Anguilla problem* (chairman: H O B Wooding) Cmnd 4510, 1970. See FCO 68/239, 241.

<sup>2</sup> H A Hankey, assistant under-secretary of state, FCO, 1969–1974.

Anguilla was wholly subservient to the government of St. Kitts. The two islands are many miles apart and have little or nothing in common. The position of Nevis is wholly different as it is only a short distance from St. Kitts and many people cross over daily to work in St. Kitts.

7. The present leaders in Anguilla claim that the 1967 Act made them into a Colony of St. Kitts, and they are adamant that they will never accept such a position. They claim (and certainly believe) that they were never informed of their fate until the Act was passed. The problem is in some ways a miniature reproduction of the conflict between the Greek and Turkish communities in Cyprus, only in this case the problem was deliberately created by a British Act of Parliament.

8. We must now await the conclusions of the Wooding Report. The Department has, however, been able to obtain a sight of the latest draft of the Report, although this was not received until after I had left for the Caribbean. This indicates, as we anticipated, that its recommendations will be that Anguilla should be given a greater degree of autonomy but should remain a part of the Associated State. If this is indeed the recommendation that is finally agreed, it is certain that it will be unacceptable in Anguilla.

9. We must therefore prepare to find a solution on the lines set out in your minute of 29 July to the Prime Minister. That is to say:—

- (1) we should first ask Mr. Bradshaw to agree to the excision of Anguilla from the Associated State, and to its return to colonial status;
- (2) if he cannot be prevailed upon to agree to this, we should ask if he would be willing to extend autonomy to Anguilla to the point where a common Head of State (the Governor) was the only remaining link, and to enable the present administration under a British Commissioner to continue on a legal basis and so without the presence of troops and police. (Even if Bradshaw agreed to this, however, the Anguillans might not do so);
- (3) if neither this nor any other acceptable settlement can be achieved, since the 1967 Act which constituted the Associated State cannot be amended without the consent of the St. Kitts Government, we should be obliged to exercise our option under that Act to give six months' notice of our intention to terminate association with St. Kitts-Nevis-Anguilla. We should then hope to be able to enter into a separate arrangement with Anguilla of a kind which would be acceptable to us.

10. Clearly the political, legal and constitutional difficulties will be greatly reduced if the St. Kitts Government can be persuaded to acquiesce in solution (1), however much they may dislike it. We should have some ground for hoping that the threat of terminating association would sway Bradshaw towards accepting at least the solution at (2) above and that a warning that we might have to withdraw altogether from Anguilla might bring some pressure to bear on the Anguillans, who seem genuinely to wish for a continuance of British administration. We should regard course (3) as a last resort since it would present grave constitutional and political difficulties. It would also have an undoubtedly disturbing effect on the other associated states. Whatever difficulties it presents, however, we must be prepared to face them if the first two fail. Otherwise our present costly presence might have to drag on and we might even have to increase the number of troops involved.

11. It will greatly improve our otherwise slender chance of securing Bradshaw's acquiescence if we are prepared to make use of the lever available to us in the form of

aid. The St. Kitts Government is in a precarious financial position, and Bradshaw was at pains to indicate to me the political need for him to do more for Nevis. We should be well advised to help him in this, for it is certainly not in our interests that Nevis should in turn secede: apart from the inherent undesirability of this, it could lead to the secession of satellite islands in others of the Associated States. I am therefore asking the Department to consider urgently with the Ministry of Overseas Development what kind of aid package could be used in our attempt to bring Bradshaw to accept our solution of the problem. I do not suggest that we should be prepared to pay an exorbitant price for this, but that we should be in a position to make proposals to Bradshaw which he would be very reluctant to reject. I have in mind a figure of around £2 million spread over several years. This may seem large but it would be money well spent if it helps to bring an earlier end to the extravagant Anguillan operation.

12. In case an agreed solution should not prove feasible, I have also asked the Department and the Legal Advisers to examine urgently the constitutional difficulties involved in course (3) (termination of association).

### *Conclusion*

13. It is certainly not in our interests to prolong the present situation in Anguilla. We must aim to get our troops and police out of the island as soon as possible. Having obtained the Wooding Report and ascertained the reactions of the Anguillans to it, we should, I hope, be in a position to negotiate with Bradshaw in London in November. We must then aim to get a solution acceptable in Anguilla, but also, if possible, one in which the St. Kitts Government can be brought to acquiesce. If we fail in this then we must terminate Association with St. Kitts and, if it is found to be practicable, bring about a new relationship with Anguilla, i.e. some form of colonial status. If that were done Anguilla could probably be administered in the same way as the British Virgin Islands (which, of course, still have colonial status).

14. I am sending copies of this minute to the Prime Minister, the Minister of Overseas Development, Lord Balniel in the Ministry of Defence, Mr. Sharples at the Home Office and to Sir Burke Trend.<sup>3</sup>

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<sup>3</sup> Home responded (28 Sept) to this minute: 'I agree with your conclusions. In the present financial climate it will be hard to get agreement to aid St Kitts for Nevis although I take it there would be a saving in present costs. We may well have to face solution (3). If so it must be done. I am grateful for your journeyings. They were well worth while.'

## **310** CAB 148/102, DOP(70)35 25 Nov 1970 **'Policy in the Commonwealth Caribbean': memorandum by Sir A Douglas-Home for Cabinet Defence and Oversea Policy Committee.** *Annex*

The Prime Minister has asked for a review of our policy in the Caribbean, indicating the problems and how we may disengage ourselves from them.

2. I attach as an Annex to this memorandum a paper prepared by an interdepartmental working party of officials under Cabinet Office chairmanship on our present interests and responsibilities in the Caribbean, and the possible courses

of action open to us. I am hoping to arrange that this memorandum should be discussed, together with the Anguilla problem (about which I am circulating a separate paper), at a meeting of the Committee on Monday 30 November.

#### *Political commitments*

3. The Commonwealth Caribbean can be divided into three categories:—
  - a. the independent Commonwealth countries;
  - b. the dependent territories;
  - c. the Associated States.
4. Our political commitments to the independent Commonwealth countries are broadly those of one Commonwealth country to another, though we have certain special responsibilities (set out in paragraph 2 of the Annex). Of the dependent territories, the Bahamas and British Honduras are likely to become independent by 1972. The other territories, except Bermuda (which does not want to be independent, and which the United States does not want to be independent either) are too small and too poor to sustain independence on their own. It would be contrary to our declared policy to force them against their wishes into an independence they do not want: and there is no other state or organisation to which we could transfer our present responsibilities. Our political links with the Associated States (for details see paras. 8–11 of Annex) can be terminated unilaterally at any time, though there would be political risks in doing so immediately.

#### *Our economic interests*

5. Our exports to the Caribbean amount to about £113 million a year (1½% of the total of UK exports), and there is a small balance of trade in our favour. There are also invisible earnings from the area of about £20 million a year. We also have capital investments of over £250 million in the Caribbean (including investment by the Commonwealth Development Corporation).
6. Most of our aid to the area, amounting to about £15 million a year, goes to the Associated States and the colonies in the form of capital and budgetary aid. There is also at present a net cost to our balance of payments of about £10 million a year, resulting from the special arrangements for Caribbean bananas and sugar in the UK market.

#### *Possibilities of disengagement*

7. The peoples of the Caribbean are characterised by instability of character and volatility of behaviour. Any proposals for disengagement must take account of the danger that this may be followed by chronic instability in the area and that this would increase the danger of sudden disturbances to public order of a kind to which the Caribbean is already prone, and which could endanger the security of British persons and property in the area.
8. The Associated States and the smaller colonies could not at present sustain separate independence. The natural successor to our influence would be the United States. But neither that country, Canada, nor any of the independent Commonwealth Caribbean countries is at present willing to take over our responsibilities for these territories; and no other way of freeing ourselves, eg. by transferring them to United Nations trusteeship, appears practicable. If they were to be forced into independence,

there would be a real danger of hostile powers exploiting the unstable situation created by our withdrawal.

9. None of our present political commitments in the area is likely to involve us in any major military operations, or an East/West confrontation. Guyana is involved in a territorial dispute with Venezuela (see para. 2(b) of the Annex), but we have given no defence guarantee to Guyana and do not intend to do so (although she might well try to obtain assistance from us if this dispute were to flare up again). We are engaged in secret negotiations with the governments concerned in an attempt to end the dispute between British Honduras and Guatemala (see paras. 5 and 6 of the Annex). We are working towards early independence for British Honduras, and this will remove the risk of future military involvement since we have already made it clear that we shall not be prepared to countenance any continued defence commitment.

10. There is no likelihood of any substantial financial gain to us through adopting a drastic policy involving an immediate abrogation of our present commitments. We should not therefore consider disengagement in a time scale which would result in our leaving behind political chaos. Instead we can and should work towards an orderly and progressive disengagement which will do the minimum harm to our interests.

11. In my view the key to eventual orderly disengagement lies in continuing to promote better economic conditions with a view to bringing greater self-sufficiency to the Associated States and dependent territories, and in encouraging those which are capable of total independence to seek it either singly or in larger units. This means maintaining a significant aid programme and continuing to afford a market in the United Kingdom (and later in the EEC) for their principal agricultural products. At the same time we should continue to take every opportunity of encouraging movements towards integration within the area.

### *Recommendations*

1. We should continue to work for an early settlement of our problems in Anguilla, British Honduras and the Bahamas. The settlement of these problems would represent a major reduction of our direct responsibilities.

2. When territories in the area which are at present dependent upon us become independent, it should be made clear that we can accept no continuing defence commitment.

3. We should persevere in efforts to get the Americans (and Canadians) more directly involved in the creation and maintenance of economic and political stability in the area.

4. So far as the future of our relationship with the present Associated States is concerned, much will depend on the coming negotiations with the Premier of St. Kitts and the Anguillians in the light of the Wooding report, and I should prefer to defer any recommendations until they are over. My present feeling, however, is that our existing relationship with the Associated States, although sometimes tiresome, can be tolerated and that to terminate it abruptly would bring us more harm than benefit.

5. We should maintain a significant aid programme to the dependent territories (and, for as long as they remain so, to the Associated States) with a view to making economically viable those which are capable of becoming so, and thus reducing their dependence upon us.

6. With the same object we should continue to assist these territories to maintain assured outlets for their sugar and bananas. We should at the same time, through our aid and technical assistance and by other means, bring them, where possible, to diversify their economies and become more self-sufficient.

7. We should encourage any moves that may eventually develop towards political integration among the smaller territories.

### Annex to 310

The Commonwealth Caribbean can conveniently be divided into the following categories:—

		<i>Average annual % increase in population over period 1963–1969</i>															
<i>Independent</i>																	
Jamaica	1,900,000	2.4															
Trinidad and Tobago	1,000,000	2.0															
Barbados	250,000	1.1															
Guyana	675,000	3.1															
<i>Dependent</i>																	
Bahamas	145,000	2.8															
British Honduras	110,000	3.2															
British Virgin Islands	10,000	1.6															
Cayman Islands	9,000	6.3*															
Montserrat	15,000	1.6															
Turks & Caicos Islands	6,000	NA**															
(Bermuda, population 49,000 falls outside the direct scope of this paper, but see para. 7 below)																	
<i>Associated States</i>																	
Leeward Islands	<table border="0" style="display: inline-table; vertical-align: middle;"> <tr> <td style="font-size: 2em; vertical-align: middle;">{</td> <td style="padding-left: 0.5em;">St. Kitts-Nevis-Anguilla</td> <td style="padding-left: 1em;">60,000***</td> <td style="padding-left: 1em;">0.2</td> </tr> <tr> <td style="font-size: 2em; vertical-align: middle;">{</td> <td style="padding-left: 0.5em;">Antigua</td> <td style="padding-left: 1em;">65,000</td> <td style="padding-left: 1em;">0.4</td> </tr> </table>	{	St. Kitts-Nevis-Anguilla	60,000***	0.2	{	Antigua	65,000	0.4								
{	St. Kitts-Nevis-Anguilla	60,000***	0.2														
{	Antigua	65,000	0.4														
Windward Islands	<table border="0" style="display: inline-table; vertical-align: middle;"> <tr> <td style="font-size: 2em; vertical-align: middle;">{</td> <td style="padding-left: 0.5em;">Dominica</td> <td style="padding-left: 1em;">70,000</td> <td style="padding-left: 1em;">2.7</td> </tr> <tr> <td style="font-size: 2em; vertical-align: middle;">{</td> <td style="padding-left: 0.5em;">St. Lucia</td> <td style="padding-left: 1em;">115,000</td> <td style="padding-left: 1em;">2.7</td> </tr> <tr> <td style="font-size: 2em; vertical-align: middle;">{</td> <td style="padding-left: 0.5em;">Grenada</td> <td style="padding-left: 1em;">100,000</td> <td style="padding-left: 1em;">2.1</td> </tr> <tr> <td style="font-size: 2em; vertical-align: middle;">{</td> <td style="padding-left: 0.5em;">St. Vincent</td> <td style="padding-left: 1em;">90,000</td> <td style="padding-left: 1em;">2.0</td> </tr> </table>	{	Dominica	70,000	2.7	{	St. Lucia	115,000	2.7	{	Grenada	100,000	2.1	{	St. Vincent	90,000	2.0
{	Dominica	70,000	2.7														
{	St. Lucia	115,000	2.7														
{	Grenada	100,000	2.1														
{	St. Vincent	90,000	2.0														

\* figure is for 1960–69 and includes net immigration.

\*\* but population has remained more or less stable.

\*\*\* of which Anguilla 6,000.

### *Our commitments*

2. Our commitments in the *independent countries* differ from those in other independent Commonwealth countries in the following respects:—

(a) Their dependence on preferential status in the United Kingdom market for their agricultural products and our undertakings to help Commonwealth countries in the Caribbean to obtain satisfactory arrangements for their sugar and bananas after our entry into the EEC.

(b) Partial involvement in the territorial dispute between Guyana and Venezuela, which claims nearly two thirds of Guyanese territory. We have given no defence guarantee to Guyana and a moratorium agreement (to which HMG is also a party) to shelve the dispute for an initial period of 12 years was concluded in June of this year. But the agreement has encountered opposition in the Venezuelan Parliament, where the Government do not enjoy a majority, and it could yet collapse. Should the dispute become alive again and lead to a renewed threat to her security we may find Guyana pressing for moral and material support in increased aid and help with supplies and training for her armed forces.

(c) A probably greater risk than in most other Commonwealth countries of sudden disturbances to public order, as a result of which British lives and investments may be endangered. This risk is not lessened by the existence of local security forces which although seemingly adequate could in themselves be a focus for rebellion (as in Trinidad). In this context, experience hitherto has shown throughout the Commonwealth Caribbean that the presence of a British naval vessel can have a tranquillising effect at times of crisis.

(d) Though Jamaica, Trinidad and Tobago, and Barbados are members of the Organisation of American States and as such qualify for development aid from sources within the inter-American economic system, Guyana is prevented from becoming a member because OAS rules exclude any state with which any member state has an unresolved boundary dispute. She will therefore look more to HMG for aid than will the other three independent countries (which are also much more developed than Guyana).

3. In the *Dependent territories* there is no visible prospect at present of our being able to dispose of our commitments to continue administering the small colonies, British Virgin Islands, Cayman Islands, Turks & Caicos Islands and Montserrat. At present they all seem likely to wish to remain as they are indefinitely. In support of this they can point to our recent repetition in the United Nations of our general policy that we will not impose independence on any of our dependencies which do not want it and that the wishes of the people must be our main guide for action. Only Montserrat may at a later date press for Associated Statehood, perhaps jointly with one or more of her neighbours, and there is a remote possibility that the Turks & Caicos Islands might agree to link up with the Bahamas. Probably the best we can hope for is that in one or other of these dependencies such prosperity might result from the tourist industry that the inhabitants would be ready to accept independence, paying for administrative and technical talents on contract from the bigger independent territories. But this is not in sight as yet.

4. *The Bahamas* are economically viable, but the popular urge for independence has waned since the arrival in power of an all black government in 1968. Responsible as we are for their foreign relations, difficulties have arisen in the past two years from our inability, in their present advanced stage of self-government, wholly to prevent them from taking action potentially embarrassing to us vis-à-vis the United States. The present goal of the Bahamas government is independence in 1972 if they can carry their electorate with them: it would be politically difficult for us to improve on this date. It is in mind, despite the general policy, to tell the Prime Minister of the Bahamas at a suitable opportunity that so long as we retain ultimate responsibility for the Bahamas we shall expect his full cooperation and that if it should break down

at any time we should feel free to recommend bringing the Bahamas to independence at an earlier date than he himself proposes. In the meantime we have a commitment to patrol the surrounding waters in order to prevent Cubans, emigrés or others, from using the many hundred islands in the Bahamas archipelago, with consequent embarrassment for us in our relations with both the US and Cuban governments.

5. *British Honduras* would have become independent many years ago had it not been for the long-standing claim of her neighbour Guatemala to almost the entire territory. Secret negotiations have been in progress for the past year for the conclusion of a comprehensive agreement the result of which would be the abandonment by Guatemala of her claim and recognition of the independence of British Honduras, balanced by the latter's agreement to enter the political and economic system of Central America, and her acceptance of a fairly far-reaching scheme of joint development with Guatemala.

6. The fact that negotiations are taking place remains secret. They are in a delicate stage and even if they continue to make progress could break down when they become public owing to strong popular feelings on both sides. However, if all goes well British Honduras could become independent some time in 1971 or 1972, and, as we have already informed the British Honduras government, we have no intention thereafter of maintaining troops there or of assuming any defence commitment.

7. *Bermuda*, which is some 1,000 miles from the Caribbean, is not strictly within this paper's scope. But it is the base from which Britain's two frigates in the Caribbean area operate and some reference is therefore appropriate. Because of Bermuda's status as a dependent territory, we can be called upon for assistance in dealing with an internal security situation. Bermuda is financially self-supporting and could therefore sustain independence but Bermudians seem content with the present situation. The Americans who have important defence facilities there would not wish to see Bermuda pushed into independence; local Black Power elements present a threat to internal security.

### *The Associated States*

8. Associated Statehood is a new form of semi-independence evolved as an alternative final stage in the process of decolonisation. Introduced in 1967 (1969 in the case of St. Vincent) it was designed to move forward from colonial status without imposing full independence on territories which did not want it and which were thought to be too small and weak both politically and economically to sustain it. For years the territories concerned were administered within the separate colonial administrations of the Windward Islands and the Leeward Islands (which included Montserrat and the British Virgin Islands). Attempts to prepare them for independence by incorporating them in a wider federation failed successively with the collapse of the West Indian Federation in 1962 and of proposals for an East Caribbean Federation in 1965. As a result 'federation' acquired a bad name and it became clear that continued attempts to promote it were for the time being unrealistic.

9. The Associated States have full responsibility for their internal affairs (including internal security) while we remain responsible for their external affairs and defence. Differences between their position and that of colonies in the last stages before independence (such as the Bahamas) are:—



(a) They can opt for independence with the approval of a two-thirds majority both in the legislature and in a popular referendum, or for association with another Commonwealth Caribbean state, with nothing more than the two-thirds majority in the legislature.

(b) The Governor has no real administrative power and is appointed by the Queen, formally on the advice of the Foreign and Commonwealth Secretary but effectively on the advice of the Premier.

(c) HMG has no power in law unilaterally to alter their constitutions.

10. There is no legal barrier to our terminating Association at any time. But we have undertaken to give six months' notice of our intention to do so, and to hold a constitutional conference with the State or States concerned before termination becomes effective.

11. Although Association is recognised by the United Nations as an acceptable alternative to full independence, the majority of member states still regard the six states as British dependencies. This has given rise to occasional, though not serious, difficulties for us, eg. in the Committee of 24.

12. The main weakness of the system is that it leaves us with the ultimate international responsibility without giving us executive authority, while giving the leaders of the States authority without that ultimate responsibility. Because of their inadequate police forces the Associated States have tended to look to us for assistance in controlling serious internal security situations. Such requests have been considered on their merits. In fact, it has not proved necessary actually to land troops in any case other than Anguilla (when the landing was largely on the initiative of the then British government) although on occasion HM ships have been moved to the trouble spot concerned. We said in 1967 that if a State were to lose control of the situation we would hope to give appropriate assistance. But it was made clear at the time and again later that only in exceptional circumstances could we consider intervention. There is considerable doubt about what constitutes an internal situation (in which we should avoid becoming involved) and what is or may develop into a situation with external security complications (for the resolution of which we should be responsible). This would be purely a matter of judgment by HMG. However, the history of the Anguilla affair has illustrated the dangers which can flow from this element of ambiguity.

13. Despite this weakness and the UN difficulty referred to in para. 11, the system has worked reasonably well except over Anguilla and probably better than any practicable alternative. Five of the six Premiers want it to continue and the contrary wish of the sixth (Grenada) would almost certainly not be endorsed by his people.

#### *Previous moves towards disengagement*

14. Following the Anguilla affair of 1969 the following courses of action by us were proposed or considered in the hope of reducing the risk of further similar incidents and generally reducing our involvement in the area:—

#### *Long term*

(a) To encourage the Associated States to federate, or to transfer their existing association with Britain to another state in the Caribbean.

(b) To promise continued and possibly increased aid as an inducement to states which might go for one or other of these forms of integration.

(c) To raise the level of aid generally throughout the Associated States (and the dependent countries) in order to reduce justifiable grievances, and so improve prospects of political stability; (fear of an inability to maintain order and to afford the extra costs inherent in independence and the maintenance of federal institutions were recognised as factors working locally against progress towards political integration).

(d) To try to involve the Americans and Canadians more closely in the area's problems and to explore the possibility of their, or some other Commonwealth State in the Caribbean, assuming responsibility for our remaining dependent territories.

(e) To establish if possible a mobile Regional Emergency Police Unit, stationed in the area, trained, officered (initially) and supplied by HMG but recruited locally, and on call for assistance following a unanimous decision by the premiers of the Associated States.

#### *Short term*

(f) To strengthen HMG's representation in the area in order to provide improved warning of impending threats to security.

(g) To devote £1 million spread over four years for the strengthening of the Associated States' police forces.

(h) To reiterate and formalise the warning to the Associated States' governments that we would only be prepared to come to their help over internal security situations in very exceptional circumstances, ie. that our criteria in examining such requests would be even more stringent than envisaged earlier.

15. Obstacles emerged in the way of some of these proposals. Premiers of the Associated States showed no real inclination to federate or attach themselves to another independent state in the Caribbean. The US and even more the Canadian Governments, while prepared to help with a modest degree of aid for the area as a whole, showed extreme reluctance to become saddled with any of our political responsibilities. The US Government declined, on constitutional grounds, to give any aid other than through regional bodies like the recently created Caribbean Development Bank to any but independent territories. They recognised that the whole area was gradually sliding into the inter-American economic and political system. But they did not wish to hasten the process. They hoped that the Associated States and the dependencies in the Caribbean would eventually seek the necessary sources for development aid, as well as a political nucleus round which to revolve, not in the United States but rather in the nascent Caribbean economic institutions (the Caribbean Free Trade Area, and the Regional Development Bank), the political and economic institutions of central America, and the two or three Latin American countries now beginning to display a genuine interest in the development of the area, particularly Colombia and Venezuela. Meanwhile, they made clear (in June 1970) that they would continue to look to us to develop and police these territories.

16. The independent Commonwealth Caribbean States showed little inclination to add to their existing problems by assuming responsibility for any of the dependent or associated territories. Only Guyana showed an interest in a possible union with St. Vincent, which however did not reciprocate. A proposal by the Government of Trinidad and Tobago to take over the association of all or any of the Associated States

was rejected by all but Grenada, whose Premier saw in the idea a chance of ultimately achieving his ambition to become independent without having to go through the hoop of an unattainable two-thirds majority in a popular referendum (see para. 9(a) above).

17. The Premiers of the Associated States could not agree on the minimum conditions necessary for establishing the proposed Regional Emergency Police Force. The giving in writing of the warning about our reluctance to intervene in any but very exceptional circumstances was deferred with the object of not rocking the boat before the Anguilla affair could be settled.

18. Only in the extension of HMG's representation in the area, the build-up of the States' police forces (on which in the event some £2 million has been committed) and in the successful efforts of the Ministry of Overseas Development's locally based Development Division<sup>1</sup> to improve the economy of the islands has any real progress been made.

### *Defence and security*

19. Threats to internal security in the Caribbean arise from acute economic, social and political problems, Black Power and the danger that communists may choose to exploit the subversive possibilities and revolutionary potential of left-wing extremists and Black Power militants. Moreover, the peoples of the Commonwealth Caribbean are notoriously apt to allow small incidents to escalate rapidly into unpredictably violent and widespread disturbances.

20. A relatively new factor is the growth of Black Power throughout most of the area in the past four years, which has increased the need for vigilance and the ability to provide a defence presence simultaneously at one or more points in territories as far as 1,000 miles or so apart. For this reason and in the light of four simultaneous requirements for the presence of a frigate in April last it was decided to earmark a third frigate to be available at 48-hours call from the Western Fleet in addition to the two already on station in Bermuda and the West Indies.

21. The forces involved in maintaining our position in the Caribbean are as follows:—

- |   |  |
|---|--|
| a) <i>British Honduras</i>  | 1 infantry company (unaccompanied)   |
| b) <i>Bahamas patrol</i>  | Found from the 2 frigates under the operational control of the Senior Naval Officer West Indies (SNOWI). In addition, Defence Votes bear the cost of air-patrols arranged by the Bahamas Government. |
| c) <i>Anguilla</i>  | 150 Servicemen (mainly Royal Engineers) engaged on development work. 86 Metropolitan police. 1 aircraft and support ground crew based on Antigua.  |
| d) <i>Internal security in the dependencies and the Associated States</i> | 1 frigate, and, in an emergency, a second; and/or a third frigate earmarked to be at 48-hours notice for sailing from UK.  |

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<sup>1</sup> A UK Development Division in the Caribbean was established at Barbados in Jan 1966, see Ashton and Killingray, eds, *The West Indies*, 233.

*Reinforcements*

22. Contingency plans provide for reinforcement by up to a battalion by air and/or sea, together with supporting air and naval units.

*Costs*

23. (a) All the frigates currently deployed in the Caribbean or at short notice for deployment there are also earmarked for assignment to NATO (Category A). The ending of the infantry commitment in British Honduras would release its parent battalion for other duties. The Royal Engineers in Anguilla are freed from UK-based units which are committed to reinforcement in time of tension in the Central European Region of NATO.

(b) The additional cost of each frigate currently deployed in the Caribbean, assuming that it would otherwise be serving in home waters, is £60,000 per annum (budgetary) and £180,000 in overseas expenditure.

(c) The additional cost of the military element of the Anguilla operation is £710,000 per annum (budgetary) and £460,000 per annum in overseas expenditure; and the cost of the remaining land forces in the Caribbean is £100,000 per annum in budgetary expenditure and £300,000 in overseas expenditure. These figures assume alternative deployment in the United Kingdom.

(d) The annual cost of maintaining the present number (84) of the Metropolitan police in Anguilla is £600,000.

(e) The cost of the air patrol from the Bahamas is limited to a maximum of £30,000 a year.

*Additional defence facility*

24. These figures do not include the Andros Undersea Test Evaluation Centre (AUTECC). This is an important defence facility in the Bahamas whose function is quite separate from that of the forces deployed locally. We share it with the United States and enjoy valuable benefits as a result of the arrangement, for which it would be difficult and costly to make fresh provision elsewhere. It is therefore in our interest to retain the use of AUTECC after the Bahamas achieves independence.

*British interests*

25. The book value of UK investments in the area at the end of 1968, not including banking, insurance and the oil industry, but including the Commonwealth Development Corporation, was £250 million. Direct UK investment over the six years to 1968 on a rising trend averaged nearly £19 million a year. Increasing nationalisation is likely to reverse this trend in the traditional sectors where British private investment has been important, although such disinvestment may be offset to some extent by increased British investment in newer industries such as manufacturing, tourism and property development. There are invisible earnings from the area of about £20 million a year.

26. Partly as a result of reverse preferences, we have a small favourable balance of visible trade with the area (£27 million in 1969), although the area only absorbs about 1½% of our total exports. (These reverse preferences may be at hazard in view of the condition of the phasing out of reverse preferences imposed by the US on prospective beneficiaries in their UNCTAD Generalised Preference Scheme offer. At present, however, some Caribbean countries, in particular Jamaica and Trinidad and

Tobago, remain disinclined to endanger the Commonwealth Sugar Agreement and Dollar Area quotas in exchange for what they see as uncertain benefits under the American GPS offer.) UK exports to the area amounted to £113 million in 1969, £83 million to the four independent territories, £12 million to the Associated States and £18 million to the dependent territories. The corresponding import figures were of the order of £68 million, £13 million and £5 million respectively, representing just over 1% of our total imports. While our exports are still increasing, our share of the market is falling, due largely to the area's increasing links with North America and to the large volume of North American investment.

27. The tourist industry which is of increasing importance throughout the area, caters largely for the US market. Investment in the bauxite industry (Jamaica and Guyana) is North American and so are the export markets for the products of this industry. The petroleum industry (Trinidad) also mainly depends on North American (US) capital and markets. Despite these links, the economy of the area is very dependent on the United Kingdom, which provides a captive market for its agricultural produce; whilst at the same time the area is a considerable importer of foodstuffs.

28. Over-population is a problem in most of the islands where the already serious problems of unemployment and under-employment are likely to be accentuated by rapidly growing labour forces. Except in some of the smaller islands, where tourism has become the principal industry, traditional agriculture (mainly sugar, bananas and citrus) is still the main source of employment. The area is a high cost sugar-producer and therefore, in the case of sugar, very dependent on the Commonwealth Sugar Agreement, under which the UK buys its sugar at a negotiated price, usually well above the level of prevailing world price, even under the operation of the International Sugar Agreement. The Commonwealth Caribbean territories also have a small quota under the US Sugar Act (for which they received a price in 1969 some 50% above the CSA price).

29. Most agricultural exports from the area receive Commonwealth preference in the British market but the main protection in this market for Caribbean exports other than sugar is afforded by the quota restrictions which the UK maintains on imports of bananas, citrus, rum and cigars from the dollar area. These restrictions are contrary to the GATT and have some adverse effect on our trade with Latin America, not necessarily confined to those Latin American countries whose exports are affected by the quotas.

30. The net cost to the UK balance of payments of the special arrangements for sugar and bananas in relation to imports from the Caribbean is currently estimated at some £10 million a year.

31. So far as direct aid to the area is concerned our present annual bill is about £15 million, most of which goes to the Associated States and dependencies as capital and budgetary aid. Guyana, alone of the independent countries, also receives capital aid (£2 million). The remainder of our aid expenditure is directed to technical assistance (£1.4 million, of which about three quarters goes to the Associated States and dependencies).

32. Both for the protection of our investments and, to a lesser extent, of our trade and as a contribution to the general peace-keeping effort of the West, we have a political interest in maintaining stability in the area, and in ensuring that local disturbances, including those brought about by Black Power, do not escalate and become so widespread that military intervention from outside becomes necessary.

33. Although the area was neglected in the past in comparison with the visibly more prosperous dependencies of the US, France, and the Netherlands, there is a background of goodwill towards the UK which has been remarkably little eroded by anti-colonial or racial feeling. This facilitates our pursuit of the aims described in the preceding paragraph.

34. Because events in one part of the Commonwealth Caribbean are closely followed in the other parts we need so long as we retain responsibilities in the smaller dependencies to retain their cooperation and promote better economic conditions in them. Similarly we need to be seen to be behaving with reasonable goodwill and generosity in the Associated States for at least so long as our position there remains unchanged. (This has particular relevance to the kind of settlement which we may seek to achieve over Anguilla.)

35. Finally, there is the effect of our Caribbean policies on our relations with the United States, and to a lesser extent Canada. Despite the present strong links which the area has with Britain, and some dislike of the United States, generated both by the behaviour of tourists and the past history of US intervention in Latin American states in the area, it seems inevitable that the Caribbean states will ultimately gravitate towards the inter-American system. In the long run, therefore, it can be argued that it is even more in the interest of the American countries than in our own that the Caribbean should be prosperous and stable. The Americans realise that our present position in the Caribbean cannot remain permanently unchanged. But they have told us that they very much hope we will not withdraw precipitately and leave the area fragmented, defenceless, and without economic support. Their concern over the stability of the area is partly on general political grounds, eg. the possibility that the Cubans or even the Russians would seek to step into any vacuum which might result from our withdrawal. They are also concerned for the security of their defence and space (NASA) installations in Barbados, Bahamas, and Grand Turk and (until they are withdrawn) Antigua. They genuinely believe that, for historical and other reasons, we are better qualified to cope with the problems of the Caribbean than they themselves are, and they regard us as providing a buffer presence in the area. And they are concerned in the present domestic climate of the United States not to have to undertake new politico-military commitments at present. Though they might well feel themselves obliged to step in after we had left, if circumstances made some intervention inevitable, they would hate to have to do so, and would undoubtedly be most concerned if they felt our only objective was to get out as fast as possible. Canada has substantial economic interests in the Caribbean but would be even less willing than the United States to allow itself to become involved militarily.

#### *Possibilities for terminating our commitments*

36. In the independent countries our political as distinct from our economic commitments are not substantial; they would become so if a government were to request assistance in dealing with internal security or against an external threat and if the British Government were to respond to the request.

37. We are moving as fast as we can to terminate our commitments in British Honduras and the Bahamas, but to force the pace might prejudice the results.

38. The dependent territories in the Caribbean other than British Honduras and the Bahamas are too small to sustain independence. There is no present prospect of transferring our responsibility to any other state or organisation.

39. It is therefore only in the Associated States that we have any room for manoeuvre. In fact, the budgetary aid which we give to some of the States is already being phased out; and we are doing what we can to reduce the heavy expenditure in Anguilla, arising from the presence there of British troops and police.

40. The only thing more we could do to disengage from the Associated States would be to terminate unilaterally our remaining responsibility for their defence and external affairs, the pros and cons of which can be summarised as follows:

*A. In favour of early termination of Associated Statehood*

(i) Our position is unsatisfactory in that if we do not intervene when requested in an internal security situation it may escalate and acquire external characteristics requiring us to intervene after all, at a stage which may call for a much greater effort than if we had nipped the trouble in the bud. Yet if we respond too readily to requests for intervention, our involvement will extend instead of diminishing, and we shall risk strengthening Black Power and arousing further criticism at the UN.

(ii) Announcement of our intention to terminate might just possibly induce the Associated States governments to unite in a single federation: failing that a union might take place, eg. between St. Vincent and St. Lucia or between Grenada and Trinidad and Tobago which could form a basis for some wider groupings in the future (but see B(ii) below).

(iii) Termination would enable us:—

(a) to reduce naval commitments;

(b) to close the posts of the deputies to the British Government Representative at Antigua and St. Vincent.

(iv) We should avoid the risk of having to deal with other satellite islands in the Associated States trying to follow the example of Anguilla.

(v) We would have an effective reply to accusations in the UN that we had not effectively decolonised the Associated States. (The continued 'metropolitan presence' was also criticised by the Prime Minister of Guyana at a meeting of Caribbean Heads of Government last April.)

*B. Against early termination of Associated Statehood*

(i) We have a responsibility to ensure that the peoples in our charge are so far as possible economically and politically viable before propelling them into independence. The Associated States are at present very dependent on the UK for such economic stability as they possess.

(ii) There is a strong likelihood that far from inducing greater unity, our departure would enable those with vested interests in separate statehood to prevail and that a number of insecure mini-states would emerge.

(iii) A substantial reduction of our restraining influence (constantly exercised through the British Government Representative in the Associated States and his staff) could in a fairly short time result in a serious deterioration in the quality of government with unpredictable effects on the state of public order; and in a pre-emptive revolution with loss of life in Grenada (where the Premier is believed only to await independence in order to assume dictatorial powers).

(iv) Though much larger than the small Caribbean colonies, none of the Associated States has sufficient resources to bear the costs of independence. St. Kitts,

Dominica, and St. Vincent are not yet economically viable even without these extra costs.

(v) Time is needed in order to ensure that the State police forces achieve a sufficient level of competence (backed in the interim by the knowledge that a British frigate may be available in the last resort) to prevent local security situations from getting out of hand.

(vi) Any general deterioration in internal security would give opportunities to the more violent elements in Black Power, and there would probably be repercussions in the other Commonwealth Caribbean territories, where despite what is said in A(v) above we should be seriously criticised for allowing such a situation to develop.

(vii) There would be a danger, especially in the event of internal disorders in any island escalating unchecked, of intervention by a foreign power, possibly Cuba or even Russia.

(viii) If only because of (vii) above and because of their defence and space (NASA) installations in the area our action would be regarded as premature by the US Government, who believe, probably rightly, that we are better qualified than they are to deal with the problems of this part of the world.

### *Summary and conclusions*

1. Our political involvement in the four independent Commonwealth territories is not significant so long as we do not accede to a request for military assistance from any of the governments. We have given no defence guarantees and do not intend to give any in respect of territories which accede to independence.

2. If an internal security situation in a dependent territory became too serious for local security forces to control we should, because of our direct responsibilities, have to intervene. In an Associated State we should be committed to respond only if the situation in our judgment had external or defence aspects. But situations could arise in which it would be hard to decide whether this was the case.

3. The area generally is very dependent economically upon the United Kingdom, where in particular we at present provide a protected market for its principal agricultural products.

4. We have hopes of achieving a settlement in Anguilla in 1971, and of bringing British Honduras to independence sometime in 1971 or 1972, and the Bahamas by 1972. We cannot expect to improve on these dates. If and when these aims have been achieved, all our land forces will have left the area, and, subject to the need for maintaining satisfactory arrangements for the Bahamas patrol, there will be a reduced need for a naval presence.

5. There is no prospect of our being able to terminate soon our responsibility for the remaining small dependent territories. They do not want independence and are too small and/or poor to sustain it. There is no other State or organisation to which we could transfer them. Because we cannot count on local police forces always being adequate to handle, alone, major disturbances, especially those with a Black Power background, a British naval presence in the area will continue to be necessary whatever may be the future of the Associated States.

6. The least painful method of disinvolving ourselves from the Associated States would be for then to unite in a single state or to join, severally or together, with another Caribbean State or with the US or Canada. There are no prospects of anything like this taking place soon and strong pressure exerted by us in the



direction of integration will be counter-productive (except, just possibly, in the shape of a firm decision by HMG to terminate Associated Status). But some kind of integration need not be written off as a long term aim, and it is in our interest to give discreet encouragement to any trends in that direction so long as Associated Status lasts.

7. Total disengagement from the Associated States is legally possible at any time, but in practice at six months notice (because of undertakings already given to Associated States governments). The arguments against early termination of Associated Status are stronger than those in favour.

8. Almost any likely outcome of the Anguilla affair will have serious repercussions in the Associated States and on their attitude to HMG. Until the dust has settled we cannot foresee the full consequences of a decision by HMG to terminate Associated Status.<sup>2</sup>

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<sup>2</sup> The DOPC endorsed these findings, concluding that much in the associated states hinged on a settlement of the Anguillan dispute, and that Caribbean states approaching independence should be advised on improving the efficiency of their security forces (CAB 148/101, DOP 11(70)2, 30 Nov 1970). For the resolution of the Anguilla dispute, see 311. Independence was achieved by the Bahamas (July 1973), Grenada (Feb 1974), Dominica (Nov 1978), St Lucia (Feb 1979), St Vincent & Grenadines (Oct 1979), British Honduras (Belize from 1973, Sept 1981), Antigua & Barbuda (Nov 1981), and St Christopher & Nevis (as St Kitts-Nevis, Sept 1983). Anguilla, Bermuda, the British Virgin Islands, the Cayman Islands, Turks and Caicos Islands, and Montserrat remained dependent territories, now styled British Overseas Territories.

### **311** FCO 63/527, no 138 27 Nov 1970 'Anguilla: the Wooding Report': brief by C S Roberts<sup>1</sup> for a meeting of the Cabinet Defence and Overseas Policy Committee on 30 November

#### *Problem*

The Committee at its meeting on 30 November will consider the two memoranda on 'Anguilla: The Wooding Report' (OPD (70)38 and OPD (70)43). The first paper, OPD (70)38, circulated before the Wooding Report was published, outlined the Report's recommendations, the arrangements for preliminary discussions in St. Kitts and Anguilla, and the ways in which a solution might be sought. The second, OPD (70)43, records reaction to the Report in St. Kitts and Anguilla and proposes the line to be taken in Mr. Godber's negotiations with Mr. Bradshaw, the Premier of St. Kitts-Nevis-Anguilla on 2 December.

#### *Recommendation*

2. It is *recommended* that the Secretary of State should seek the Committee's agreement that Mr. Godber should first ask Mr. Bradshaw to agree:—

- (a) to the excision of Anguilla from the rest of the Associated State, and its return to a colonial relationship with Britain;  
and if he refuses
- (b) to the continuance of our administration, on a basis which the Anguillans might be persuaded to accept.

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<sup>1</sup> See 305, note 8.

*Argument*

3. Mr. Bradshaw is due to arrive on Tuesday 1 December, and begin substantive discussions with Mr. Godber on Wednesday 2 December.

4. The argument in the two memoranda can be summarised as follows:

The Wooding Report does not provide a solution to the Anguilla dispute, since the Anguillans want separation from St. Kitts, and a direct relationship with Britain. It will, however, be extremely difficult to persuade Mr. Bradshaw to agree to separation, and the West Indies Act 1967 gives him a virtual power of veto on this essential point. It might, however, be possible to persuade both him and the Anguillans to agree to a revised basis for the *status quo* which would give the Anguillans the substance of what they want, involve less loss of face for Mr. Bradshaw, and enable us to withdraw our troops and police.

5. We are likely to have a better chance of persuading both sides to agree to this compromise if we put it forward only after we have first asked Mr. Bradshaw to agree to excision, and he has refused.

6. There are sound developmental reasons to provide St. Kitts with increased budgetary support and development aid. Agreement has been reached on an aid package, to be used as a way to persuade Mr. Bradshaw to agree to a settlement satisfactory to us. The details are given in the Note attached.

7. Mr. Godber will tell Mr. Bradshaw at the beginning of the talks that we have agreed to increase *budgetary aid*, and will use the proposals for *development aid* to persuade Mr. Bradshaw to reach agreement over Anguilla.

8. The details, and costs of the British troops and police at present on Anguilla, and the reductions proposed if the talks with Mr. Bradshaw result in a settlement acceptable to the Anguillans, are set out in the Note attached.

9. If we are to secure a settlement in Anguilla, we must persuade Mr. Bradshaw to agree to it. We can terminate association, to get rid of our responsibility for the whole problem. But if we had to do so, we might have to abandon Anguilla also to its fate. Legal difficulties might well prevent us making a separate arrangement with them.<sup>2</sup>

**Note 1 with 311: The aid package***Budgetary aid*

An increase of £215, 000 this year to enable the St. Kitts Government to implement a very necessary salaries revision for their civil service. There would be a consequential increase in total budgetary aid in 1971 within a ceiling of £500,000, but we would expect the level to decline progressively in future years.

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<sup>2</sup> Bradshaw held talks at the FCO between 1 & 12 Dec 1970. He insisted throughout that Anguilla should remain part of a unitary state. He did not walk out of the talks but proved 'volatile and difficult' and no agreement was reached (FCO 63/528, no 192, memo by Home, DOP(70)48, 29 Dec 1970). In July 1971 the UK Parliament passed an Anguilla Act, authorising the making of orders-in-council to secure peace, order and good government, and the appointment of a commissioner. The Act also made provision, after new legislation, for the separation of Anguilla from the associated state. An order-in-council was made in Aug 1971, under the terms of which the administration of Anguilla was conducted by the commissioner in association with an elected council. A new order was introduced in 1976, and Anguilla was formally separated from the state of St Kitts-Nevis-Anguilla in Dec 1980.

*Development aid*

- (a) A special interest-free loan of £1.7 million over 25 years, to finance the balance of the Golden Rock airfield project (in place of the short-term and high cost arrangements proposed).
- (b) A continued annual grant allocation of £250,000, supplemented by:
- (c) an additional annual grant of £75,000 for St. Kitts; and
- (d) a separate annual grant of £75,000 for Nevis.
- (e) Further aid for projects submitted by the State Government if in ODA's opinion these were sound both financially and developmentally.

This would provide a total of £4.05 million development aid to St. Kitts and Nevis in the next four years. Of this total £75 million is money already committed from previous years: £1.3 million is a continuation of existing aid allocations, and £2.0 million new proposals (the special loan for the airport plus special grants for St. Kitts).

**Note 2 with 311: British troops and police**

The British troops and police at present in Anguilla consist of:—

	<i>approximate annual cost to 31 March 1971</i>
150 Royal Engineers and other Servicemen	£165,000
86 Metropolitan Police	£565,000
1 Andover aircraft and ground crew on Antigua and support flights from Britain	£500,000
	<hr style="width: 100%; border: 0.5px solid black;"/>
	£1.23 million

The Commissioner's office and budgetary support together cost another £100,000.

2. The Commissioner and his military and police commanders have agreed that the Metropolitan Police can be reduced by 25% *immediately* to 64 men (saving £8,500 a month).

3. If the talks with Mr. Bradshaw *result in a settlement acceptable to the Anguillans* they agree that:—

- (1) The Andover can be withdrawn in January
- (2) The Metropolitan Police reduced to a force of 25, and withdraw entirely after perhaps six months when a local police force has been established, recruited and trained.

4. If the Andover is withdrawn and the police reduced from 64 to 25 it will cost about £125,000 to maintain this reduced force until the Royal Engineers end their tour in March. After the Royal Engineers left, our financial commitment would be limited to:

The Commissioner and his office	£55,000
Support for the local budget	£45,000
	<hr style="width: 100%; border: 0.5px solid black;"/>
	£100,000
and 25 Metropolitan Police for six months	£60,000
	<hr style="width: 100%; border: 0.5px solid black;"/>
Total:	£160,000

**312 CAB 148/20, OPD(65)44****22 Feb 1965****'Gibraltar': memorandum by Mr Greenwood for Cabinet Defence and Oversea Policy Committee on the dispute with Spain and its impact on the colony**

[A new constitution granting greater internal autonomy to Gibraltar was introduced in 1964. Interpreting this as a step towards independence or self-determination for the territory, Spain responded in Oct 1964 with a series of frontier restrictions. These began as the enforcement of passport, customs and security checks, and initially caused little more than irritation. But the restrictions tightened over the next few years. Trade between Spain and Gibraltar was prohibited; vehicle traffic across the frontier was impeded from Oct 1964 and prohibited altogether in Oct 1966; in June 1969 Spain finally closed the frontier thus depriving some 4,000 Spanish workers (their numbers had fallen from nearly 13,000 in 1954) of their jobs in Gibraltar; the Algeciras-Gibraltar ferry service was withdrawn in June 1969; and in Oct 1969 telephone and telegraph links with Spain were cut. Restrictions were also placed on the movement of UK and NATO military planes over Spanish air space and prohibited areas of air space were created around Gibraltar's airport.]

At the Cabinet Meeting on the 8th February (C.C. (65) 8th Meeting, item 2) the Parliamentary Under-Secretary of State, Colonial Office, was asked to arrange to visit Gibraltar at an early date. She did so from the 12th to the 15th February, and a copy of her report is annexed.<sup>1</sup> Before her departure, Gibraltar was also discussed in the Defence and Oversea Policy Committee on the 10th February (O.P.D. (65) 9th Meeting, item 3).

2. Mrs. White found that morale in the Gibraltar Government and among all sections of the Gibraltar public is good and that all shades of opinion there are firm in their determination to maintain the British connection. There is, however, apprehension, particularly among those who have heavy investments in tourism, that time is not on our side and that the effects of the frontier restrictions could be very damaging, if continued for too long.

3. The Foreign Secretary and I have had under consideration what steps can be taken through diplomatic channels to resolve our differences with Spain over Gibraltar and get the frontier restrictions lifted. Certain exchanges are going on between the Spanish Ministry of Foreign Affairs and H.M. Embassy at Madrid. I need not trouble my colleagues with the details at this stage, but it would be unwise to rely on early success. We could meet the main Spanish apprehension that Gibraltar might become independent by some further declaration of intent by H.M.G. than has so far been given. We have offered to discuss with the Spanish Government their fears about the constitution introduced in 1964, provided that it is understood that sovereignty is not in question.

4. Meanwhile, although there is no immediate emergency the prolongation of the frontier restrictions will clearly face Gibraltar's economy with serious problems of readjustment. My Senior Economic Adviser has just spent three weeks in Gibraltar at the request of the Gibraltar Government to advise them on these problems. His report will shortly be submitted to the Gibraltar Government (it will be for the Gibraltar Government in the first instance to decide what action should be taken on the report and what applications for economic or financial assistance they wish to make in the light of it).

5. It is however clear that the Gibraltar economy is heavily dependent on external policies and events, particularly on Service expenditure and the tourist industry, of which Service expenditure still makes the major contribution. Therefore

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<sup>1</sup> Not printed.

the scope for independent action by the Gibraltar Government is limited. It is likely that various proposals to assist the economy of Gibraltar will emerge which will need the support of various Departments of Her Majesty's Government. Indeed Gibraltar will need the general sympathy and co-operation of our Government as a whole if it is to overcome the present difficulties and readjust its economy.

6. In the course of her visit to Gibraltar Mrs. White discussed with the Governor, Ministers and other representatives of public opinion in Gibraltar the help which might be given to overcome the present difficulties. The following particular items may be mentioned:—

(a) *Supplies from Tangier* (O.P.D. (65) 9th Meeting, item 3, conclusion (1)). As invited by the Defence and Oversea Policy Committee, Mrs. White investigated the question of small ships carrying fresh fruit being delayed by the Spanish customs boats. She found that there is no immediate concern in Gibraltar on this question since supplies are at present arriving normally and that the naval authorities in Gibraltar, in consultation with the Governor, are prepared to give protection if this should prove necessary.

(b) *Service Land* (O.P.D. (65), 9th Meeting, item 3, conclusion (3)). This question is of considerable importance. Certain areas are in process of being relinquished for civil use. After consultation with the Gibraltar Government, I hope to put further specific proposals before my colleagues.

(c) *Air Services*. Mrs. White was impressed by the importance which the Gibraltar Government attach to the need to maintain existing air services to Gibraltar as far as possible and to not permitting the direct services to Malaga to be built up at the expense of reductions in flights to Gibraltar. The Ministry of Aviation have already informed B.E.A., who provide the bulk of the services, of H.M.G.'s interest that they should be maintained at their present level. While B.E.A. have said that they will give all practicable consideration to the special needs of Gibraltar, it is uncertain how far this will go. I hope we can press B.E.A. to be as helpful as possible.

(d) *Shipping*. The Gibraltar Government also hope that steps can be taken to encourage more British shipping to make use of the facilities of the Port of Gibraltar both for the purposes of taking bunkers and for tourist ships.

(e) *Commonwealth Development Corporation*. The Corporation already has investments in Gibraltar, and further discussions have been opened with them with a view to increasing their interest.

(f) *Naval and R.A.F. visits*. Mrs. White was impressed by the importance which the Governor and Gibraltar Ministers attach to the presence of the Services, particularly the Royal Navy, both for the contribution which they make in spending money in Gibraltar and for their beneficial effect in present circumstances on civilian morale. Certain naval and R.A.F. visits have been made or are planned, and I hope that we can continue to do as much as possible on these lines.

7. If we are to maintain the British position in Gibraltar, we must be ready to do what is necessary to help the Government and the civil population of Gibraltar to withstand the present economic and moral pressure being exerted by Spain. As I see it, there is a wider British interest here which needs to be taken into account as well as the balance of particular interest, financial or otherwise, which may arise on any specific transaction (for example B.E.A.'s profits). I hope therefore that, as specific proposals in the fields covered in paragraph 6 above and in other comparable fields

come forward following the Gibraltar Government's examination of my Senior Economic Adviser's report, my colleagues will give them sympathetic consideration.

8. Spain would I am sure like nothing better than to see this dispute over Gibraltar isolated from the wider setting of Anglo-Spanish relations and treated as a purely colonial issue on which they can cash in on the international emotions generated in the United Nations and elsewhere against 'colonialism'. If we are to prevent this we must make it clear to all concerned, that action by a foreign government against a British colony is action against Britain.

9. The general opinion in Gibraltar, from the Governor downwards, is that we shall find it difficult to end Spanish pressure without the threat, at least, of some retaliation. If we deliberately decide not to embark on such a policy (C.C. (65) 8th Meeting, item 2) then we must pursue a positive policy of helping Gibraltar in other ways. We also need to make sure that public opinion at home and in the Commonwealth is made aware of the true position.

### **313** CO 967/442

7 Dec 1966

[Integration]: letter from A M Palliser to A P H T Cumming-Bruce (Commonwealth Office) on the possibility of integrating Gibraltar with the UK

You wrote to me (MED 86/7/08) on November 23 about the Prime Minister's request for some further study into the possibility of integrating Gibraltar with the United Kingdom.

The Prime Minister tells me that he is still somewhat taken with the possibility of a future integration of Gibraltar with the United Kingdom not least because he is concerned to outflank the Spanish argument that any form of constitutional change in Gibraltar represents an infringement of the Treaty of Utrecht. But in the light of his brief discussion on the morning of December 4 with the Chief Minister of Gibraltar when the Prime Minister was returning through Gibraltar from his talks in H.M.S. TIGER, he has decided that it would be preferable to let the matter rest for the time being. Sir Joshua Hassan<sup>1</sup> told him that there was no real support in Gibraltar for the integration concept. Both his Party and the other coalition Party had considerable reservations about it. There was a movement of support amongst the inhabitants of the Rock, but this was confined to a relatively small group of people and their views carried little weight in the Colony as a whole.

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<sup>1</sup> Chief minister of Gibraltar.

### **314** FCO 42/110/1, no1

8 Sept 1967

'Gibraltar': Commonwealth Office brief by J S Bennett<sup>1</sup> for Mr Thomson on the impending referendum in Gibraltar [Extract]

[A UN General Assembly resolution of Dec 1965 called for talks between Britain and Spain about Gibraltar and the talks opened in May 1966. In return for the cession of

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<sup>1</sup> CO from 1936; assistant secretary, 1946; head of Gibraltar and South Atlantic Dept in Dependent Territories Division of CO, 1966, and of same department within Dependent Territories Administration Division of FCO, 1968.

sovereignty, Spain offered to negotiate (a) an agreement for the continuation of the British base; (b) guarantees for the interests of the inhabitants including freedom of religion, continued British nationality and freedom of residence. Britain made counter-proposals involving the appointment of a Spanish commissioner in Gibraltar with consular powers, the 'municipalisation' of the constitution, co-operation against smuggling, Spanish military use of the airfield and port, and the removal of the frontier fence in return for the cessation of frontier restrictions. Spain rejected these proposals. A further proposal by the UK to refer the dispute to the International Court was turned down because it was said to be at variance with UN resolutions calling for a settlement of the dispute through bilateral talks. Spain gained considerable support at the UN from Latin American and Arab countries. In resolutions of Dec 1966 the Trusteeship Committee of the UN criticised both British policy and the referendum held on 10 Sept (see note 2 below for the result), while the General Assembly resolved that the referendum had contravened UN resolutions. Britain was urged to expedite the decolonisation of Gibraltar in consultation with Spain.]

On 10 September a referendum<sup>2</sup> will be held in Gibraltar by Her Majesty's Government in which adult Gibraltarians will be asked:—

'Do you consider that it would better serve the interests of the people of Gibraltar:—

A. To pass under *Spanish* sovereignty in accordance with the terms proposed by the *Spanish Government* to the Government of the United Kingdom on 18th May, 1966 (which terms are set out in the Schedule to the Gibraltar (Referendum) Order 1967).

or

B. Voluntarily to retain their link with the *United Kingdom* with democratic local institutions and with the *United Kingdom* retaining its present responsibilities.'

2. This referendum raises the whole complex of issues which make up 'the Gibraltar problem'. This brief is designed to present them in the context of the referendum and its probable outcome. The attached notes accordingly deal with the following subjects:—<sup>3</sup>

- I. The People of Gibraltar
- II. The Constitution
- III. Economy and Finances
- IV. The Dispute with Spain
- V. Gibraltar in the United Nations
- VI. Defence.

### I. *The People of Gibraltar*

1. In support of its claim Spain uses conflicting arguments about the composition of the population of Gibraltar. On the one hand, it seeks to show that the people of Gibraltar are a mixed bag of intruders who have been unable to form themselves into a cohesive community and who have no right to determine the future of the plot of Spanish soil which is Gibraltar. On the other hand, in support of its claim for the integration of Gibraltar, Spain emphasises the geographical

<sup>2</sup> In the referendum 12,138 voted for option B, and 44 for option A.

<sup>3</sup> This brief has not been released in its entirety at The National Archives. Only the sections on the people (a part of which is reproduced here) and the economy are open, and in the case of the economy, parts are withheld under section 5(1) of the Public Records Act, 1958.

connection between Gibraltar and Spain. Not unnaturally Spain finds it difficult to decide whether the people of Gibraltar are (as the Spanish Press variously describes them) English, second rate English, Spanish, imitation Spanish, neither Spanish nor English but some form of impure descent.

2. The true position is that the 25,000 people of Gibraltar are largely of Italian descent, but also contain elements with origins in Malta, Portugal, Britain and in the Sephardic<sup>4</sup> Jewish community of Morocco. Far from being driven from their homes, the original tiny Spanish population was vainly urged to remain in support of the British garrison and the resultant vacuum was filled by people from neighbouring parts of the Mediterranean. These people have been in Gibraltar for over 250 years and as the Gibraltarian representatives pointed out to the committee of 24 in 1964, have developed in that period as a separate community with a distinct Gibraltarian way of life. A separate Gibraltarian species exists both in fact and in law and both the actual and legal status of Gibraltarian have been very much sought after by non-Gibraltarians, particularly by Spaniards, in view of the higher standards of living, of social services and of democratic self-government which the Gibraltarian people have achieved.

3. The community in now largely homogeneous in character as is natural in so small a place where the majority of families' roots go back at least a century. This sense of unity has only been accentuated by recent Spanish pressures. But there have always been close personal ties with adjacent Spain—Spanish is spoken generally—and the restrictions on travel to Spain have been deeply felt.

4. Voting in the referendum is restricted to persons who (a) are registered under the Gibraltarian Status Ordinance, (b) are over the age of 21, and (c) are resident in Gibraltar. The main qualification for registration as Gibraltarian is birth in Gibraltar before 30 June 1925 or male descent from a person so born. The number of persons eligible to vote in the referendum is 12,700. This excludes the following categories:—

- (i) H.M. Forces and their families
- (ii) U.K.-based civil servants and their families
- (iii) All aliens living in Gibraltar—about 750 adults, mainly Moroccans, Spaniards and Portuguese.
- (iv) Some 150 persons holding certificates of permanent residence under the Immigration Ordinance who, whilst regular residents are not strictly Gibraltarian. This group includes some British subjects, not necessarily citizens of the U.K. e.g. Indian traders.

5. The total estimated *civilian* population of Gibraltar at the end of 1966 was as follows:—

Gibraltarians	19,164
Other British	4,593
Aliens	1,427
	25,184

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<sup>4</sup> Sephardi: a Jew of Spanish or Portuguese descent.



... 10. In March this year we thrashed out with Hassan and Isola<sup>5</sup> the possibilities for constitutional change. We said that H.M.G. was not prepared to adopt the integration of Gibraltar with Britain. We also brought them to recognise that 'Free Association' was not practicable in the circumstances of Gibraltar, with a hostile foreign power on the doorstep. The reason for this is that if Britain is to retain her responsibility for defence and external relations we must retain enough control over internal administration to ensure that we are not embroiled with Spain by hot-headed if well-meaning local politicians. We cannot dress up such a constitution to make it look like Free Association.

11. It is therefore not possible for us to 'decolonise' Gibraltar to the satisfaction of the United Nations by any normal formula or constitutional device. It is essential for our presentation of the referendum in New York as establishing 'a free and voluntary relationship of the people of Gibraltar with Britain' that we should not be tied down to precise constitutional formulae which would provide easy targets for anti-colonial and pro-Spanish forces in the United Nations. Our intention, agreed with Hussan and Isola, has been that constitutional discussions (without the formality attendant on a full-scale Constitutional Conference) should be held in Gibraltar early in the New Year. This would allow us to handle the forthcoming U.N. Fourth Committee and General Assembly proceedings by playing the Referendum card without disclosing what precise constitutional changes are in view.<sup>6</sup>

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<sup>5</sup> P Isola, deputy chief minister of Gibraltar.

<sup>6</sup> Even before the referendum it was being suggested in Gibraltar itself and in the House of Commons (by Conservative MPs especially) that if it resulted in a decisive vote to maintain links with Britain, the result should be regarded as definitive, precluding altogether further talks with Spain on the Rock's political future. This was resisted on the grounds that the referendum would not be a definitive act of self-determination, because (a) the UK remained internationally responsible for Gibraltar, and (b) a statement about the referendum made clear that if the people of Gibraltar voted to remain with Britain they would be free at any time by democratic choice to modify their status by joining Spain. To rule out further talks would weaken the UK's position at the UN, hamper the UK in discharging its responsibility for looking after the interests of the people, and involve HMG in an open-ended military commitment. It would mean maintaining forces in Gibraltar indefinitely because of relations with the civilian population, even though the base was of declining value and ultimately would no longer be needed. These considerations explained why the UK rejected integration (see para 10 of the brief). To rule out further talks would also play into the hands of Spain, enabling Madrid to claim (a) the referendum was an act of self-determination in violation of the 1713 Treaty of Utrecht (which stated Spain should have first claim if Britain relinquished sovereignty over Gibraltar), and (b) Britain had never intended to comply with the UN injunction to negotiate. This would defeat the purpose of the referendum, which was to secure as much UN support as possible over Gibraltar despite the fact that it was impossible for Britain to decolonise in the formal sense. Finally, to rule out talks would be contrary to the principle to which the UK attached importance that international disputes should be settled bilaterally. The UK would weaken its position internationally if it were seen to reject this principle in a case where its own interests were affected (FCO 42/110/1 & FCO 42/147).

**315** FCO 83/51, no 2

31 Dec 1970

**'Anglo–Spanish relations: Gibraltar': minute by D V Bendall<sup>1</sup> on the 'key' to the Gibraltar problem****[Extract]**

1. Mr Secondé's<sup>2</sup> minute is very helpful and timely. The Secretary of State in approving the present basis for Anglo–Spanish relations last summer said that we should look at the situation again in about six months' time.

2. The key to any sort of solution to the Gibraltar problem lies in Gibraltar itself. The Gibraltarians have:—

- (a) to become sufficiently dissatisfied with the consequences of isolation to be interested in a compromise;
- (b) to acquire enough confidence in Spanish good faith to rely on their honouring the spirit of any bargain; and
- (c) to convince themselves that restrictions will not eventually 'go away' on their own, or as a result of any sanctions which the UK can apply against Spain.

Each of these conditions will take time to fulfil. They will also depend on the Spanish Government avoiding actions against Gibraltar which arouse jingoistic emotions. The second and third conditions will not, I think, be fulfilled until Franco<sup>3</sup> disappears and there is a new regime which is more respectable. (I assume that any future Spanish regime of any complexion will be just as determined to maintain the Spanish claim to Gibraltar, and will not be willing to remove the restrictions without some *quid pro quo*.)

3. I do not myself see any possibility of a solution which does not deal in some way with the central question of sovereignty. But it will be an untouchable issue in UK domestic political terms until and unless the Gibraltarians themselves are prepared to let it be discussed.

4. Against the day when it is possible to talk calmly about such things, Mr Secondé's proposal for retrocession of sovereignty to Spain against a minimum thirty-year continuation of a British presence plus a two-thirds majority for a change of status is new and ingenious. I am not so sure, however, that we should necessarily rule out the idea of condominium, especially if it resulted in reducing Gibraltar to its proper status of a small, largely autonomous, community like Andorra with only the loosest control by the co-sovereigns. Condominium would clearly require a major change in approach, particularly on the Spanish side, ie to treat Gibraltar as a link rather than a barrier between Britain and Spain. But time is unlikely to be on our side, so we may have to face the possibility of substantive talks on a basis which initially at least excludes sovereignty altogether. . . .

<sup>1</sup> Assistant under-secretary of state, FCO.

<sup>2</sup> R L Secondé, head of FCO Southern European Dept.

<sup>3</sup> Francisco Franco, leader of the Falange Party who ruled Spain from 1939 until his death in 1975.

**316** FCO 42/43, no 27

13 Mar 1967

**'Falkland Islands: Anglo–Argentine dispute': note annexed to joint memorandum (OPD(67)20) for Cabinet Defence and Oversea Policy Committee by Mr Brown and Mr Bowden on the history of the dispute**

[OPD(67)20 repeated the formula put to the Argentineans in 1966. It suggested a transitional period—say 20 years—followed by a choice over sovereignty by the islanders.

HMG should stress that in principle Britain would be prepared to cede sovereignty, but only if this could be shown to accord with the islanders' wishes. This would have to be by referendum, at the time of which Argentina might send observers. The Argentineans were likely to respond with the argument that regardless of the length of the transitional period, they could not allow the islanders to decide sovereignty, since in Argentinean law they were already Argentinean subjects. Britain, for its part, could not abandon its position about consulting the islanders. In order, therefore, to avoid a breakdown, Britain should propose an interim agreement involving (a) a statement by the UK that sovereignty would be transferred, provided this was acceptable to the islanders; (b) an Argentinean statement of the guarantees they would be prepared to offer to the islanders; (c) Anglo-Argentinean co-operation to restore communications between Argentina and the islands and to foster mutual understanding; (d) a freezing of legal rights on both sides; (e) provision that, at the end of 10 years, either party could ask for the agreement to be reviewed.<sup>1</sup> An earlier draft of this memo suggested a referendum on sovereignty might be held 'towards the end of this century'. Brown insisted the Argentineans would not accept this; they had rejected a forty-year transitional period during the previous round of talks in Nov-Dec 1966. Forty years might be an opening gambit in negotiations but Brown was convinced a point had been reached where Britain had to be prepared 'to negotiate in realistic terms' (FCO 42/43, no 11, Hohler to Trafford Smith, 2 Mar 1967). In Jan 1967 Sir Cosmo Haskard, the governor, reported the views of a local member of the Falkland Islands Executive Council to the effect that a forty-year moratorium was the means by which the British government might slide 'gracefully' out of its responsibilities. It was evidence Britain wanted 'to rid itself of this embarrassing colony' (FCO 7/140, no 4, Haskard to Bennett, 5 Jan 1967). Argentina wanted a much shorter period. According to the minister-counsellor at the embassy in London the interim period should be as little as five years (*ibid*, no 1, minute by Edmonds to Hohler, 22 Dec 1966).]

### *The islands*

1. The Falkland Islands consist of a group of two large and about 200 small islands<sup>2</sup> covering an area of 4,681 miles and situated some 300 miles east of the coast of Patagonia between latitudes 51° and 53° South. Conditions are somewhat akin to those of the Western Isles of Scotland and the climate is notable for consistent high winds.

### *Origin of British settlement*

2. Navigators of various nationalities including our own are claimed to have discovered the Falkland Islands during the 16th and 17th centuries but the first settlers in the Islands were the members of a French expedition who took possession

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<sup>1</sup> The UK alternative to a moratorium or transitional period in the Falklands Islands was to refer the dispute with Argentina to the International Court of Justice at The Hague. Such an offer had been made in relation to the dispute with Spain over Gibraltar (cf 314, note). For the Falklands, however, the UK preferred a transitional period. Not only would this be to the advantage of the UK and the islanders; it might also afford a useful precedent for tackling Gibraltar if Spain rejected (as it did) the proposal to take the dispute to the International Court. UK thinking was influenced here by the close connection between the Falklands and Gibraltar disputes, and 'the knowledge that Spain and the Argentine have also been in fairly close touch about the handling of their respective talks' (CO 1024/582, minute by Galsworthy to Garner, 18 Nov 1966). Haskard's view of how local opinion would react to a proposal to take the Falklands dispute to The Hague was that few people knew about the Court. 'The niceties of our legal title to the Colony are also unlikely to be understood; indeed, even if they were, they would probably not be considered relevant.' The islanders paid as little attention to the history of the colony 'as people who live in England pay to their own history'. But they considered they had an inalienable right to live in the Falklands. Families in their fifth or even sixth generation 'regard themselves as having no less right to live in these islands under the British flag than Australians or New Zealanders in their countries. The emotional aspect of this question is one which must not be underrated' (CO 1024/585, no 3, Haskard to Bennett, 31 July 1966).

<sup>2</sup> South Georgia and the South Sandwich Islands are dependencies of the Falklands.

for France in 1764. A year later, unaware of their presence, a British expedition established itself in the islands and claimed sovereignty. In 1767 France sold her rights to Spain and in 1770 the Spaniards evicted the British by force. Following negotiations in which Spain agreed to return to the *status quo ante* the British settlement was re-established, only to be withdrawn for reasons of economy in 1774. Both British and Spanish claims were maintained, but in 1811 the Spanish settlement was also withdrawn. In 1828 a new settlement was established by the Government of Buenos Aires, one of the provisional Governments controlling the territory which is now Argentina, and which regarded itself as successor to the Spanish claims to sovereignty over the Falkland Islands. In 1831 the Government of the United States, provoked by alleged Argentine acts of piracy, sent a warship to destroy the Argentine settlement on the islands and declared them free of all Government. In 1833 the British Government sent the Navy to occupy the Islands, which were astride the route round Cape Horn (a situation which lost much of its importance after the construction of the Panama Canal). Most of the remaining Argentine settlers were evicted and British settlers established instead. British administration of the Islands has continued without a break to this day.

#### *The administration*

3. The Governor is aided by an Executive Council composed of two ex-officio members, two unofficials appointed by the Governor and two elected members of the Legislative Council, and by a Legislative Council of two ex-officio members, two nominated members and four elected members. The Governor has full reserved legislative and executive powers.

#### *The population*

4. There are some 2,100 Islanders, 70% to 80% of whom were born and bred in the Islands, and most are descendants of British settlers who went out in the last century. About half live in the capital, Port Stanley. The whole population is almost entirely of British stock and very British in outlook. They have evinced no desire for self-government and realise their dependence on the British connexion, which they wish to retain.

#### *The economy*

5. Sheep were imported into the Islands at an early stage and by 1880, mainly as a result of the export of wool, the Government became self-supporting and has been so ever since.<sup>3</sup> Commercially the Islands are closely linked with the United Kingdom, since almost all their exports, worth on an average £1 million per annum, are sent here and about four fifths of their annual imports of some £500,000 come from the United Kingdom in British ships.

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<sup>3</sup> Wool production had risen from 3½ million pounds in 1938, to 4½ million in 1959, 5 million in 1963, and 4.8 million in 1964, whereafter it began to decline (cf 325, 330). It was difficult to develop secondary industries because of the small size of the market and the demands of the sheep farming industry in a territory with over-full employment. £250,000 had been made available from CD&W funds over a fifteen-year period, mainly to improve internal communications, and a further £120,000 had been made available for the period 1965–1968. The Falklands were a prosperous community with no unemployment and no real poverty. Living standards, and provision for education and medical care, were comparable to those in the UK.

### *The Argentine claim*

6. The Argentine claim to the Falkland Islands has been maintained since the British occupation of 1833, although for long periods in the 19th century no protest was made against the British Administration. The claim is based on:—

- (a) the legal doctrine that, with the break up of the Spanish Empire, the new Latin American States acquired sovereignty over as much Spanish territory as each brought under its own control and that the Government of Buenos Aires was the successor to the Spanish claim to the islands; and
- (b) the establishment of an Argentine settlement from 1828 to 1833.

In addition the argument of geographical proximity is used; Argentine has claimed the Continental Shelf off her coasts, which extends to and includes the Falkland Islands.

7. Implementation by the Argentine Government of their policy that the Falkland Islands are part of Argentina for several decades has obstructed and, in recent years, prevented altogether travel and communications between the Falkland Islands and Argentina.

### *Recent developments*

8. Argentine pressure over the Falklands has increased considerably since 1963, when Dr. Illia's Government decided to press their claim through the United Nations.<sup>4</sup> Diplomatic developments have been accompanied by two examples of direct action by unofficial Argentine extremist elements, both apparently timed in the hope of influencing developments in the United Nations. In September 1964 an Argentine light aircraft landed briefly at Stanley and planted an Argentine flag. In September 1966 a group of armed young Peronist nationalists calling themselves the 'Condor commando' forcibly diverted to Stanley an Argentine DC 4 airliner which was on a

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<sup>4</sup> Argentinean criticism of UK administration in the Falklands was based on the argument the islands were a colony and thus an anachronism in the New World. It was also said the economy of the islands was declining and people were leaving. The UK was keen to refute the suggestion about migration, pointing out that from 1953–1963 there had been a decline of 58 only (2,230 to 2,172). Emigration of young people was only to be expected but the economy was not declining and there was no reason to expect wholesale depopulation (cf 325, 330). Argentina also pointed to the fact that half of the land on the Falklands was owned by the Falkland Islands Company, a UK company with a charter dating from 1851, which ran the mail boat for the islands (to Montevideo in Uruguay) and carried out trading operations. The Argentineans claimed this as evidence of exploitation of the islanders from the UK. Avoiding references to the Company in statements about the islands, the CO maintained in 1966 that local development was largely the result of Company enterprise (for a different view, see 330, para 8). Also, since 1956, the taxation system had been changed. Company income tax had been raised, and a profits tax introduced. While UK shareholders continued to receive a return on their capital, taxation on profits went to the local government and not the UK Treasury. The Company, however, still made large profits. To the Argentinean argument that it was deliberate British policy to place barriers in the way of trade and contact with Argentina, the UK responded it was impossible for islanders to visit Argentina because they would be regarded as Argentinean citizens and therefore liable to Argentinean taxes and military service. And finally, to the Argentinean claim that some of the islanders were of Spanish or Argentinean descent, Britain responded that only 36 non-British subjects were registered in 1962 (CO 936/958).

The attempt to negotiate an agreement over the Falklands with Argentina in 1967–1968 coincided in part with a ban on the importation of Argentinean beef in Dec 1967 following the outbreak of foot and mouth disease in Britain. The ban was lifted in Apr 1968, but Argentina thought it unjustified and responded by discriminating more widely against contracts with British suppliers (FCO 7/138).

scheduled internal flight. Failing to exploit their initial advantage, they were contained by the local forces and surrendered the next day. The Argentine Government were embarrassed by this illegal action and dissociated themselves from it. The members of the 'commando' were sent back to Argentina where they are awaiting trial.

9. The problem of the Falkland Islands was discussed by British and Argentine officials at four meetings held between 28 November and 9 December 1966; our delegation was guided by paragraphs 4(d) 5(d) and 6 of the paper attached to the memorandum OPD (66) 120 which was submitted to our colleagues by the Secretary of State for Foreign Affairs and the then Secretary of State for the Colonies on 22 November 1966.

10. The Argentine Ambassador told our delegation on 9 December that his Government was unable to accept the terms of our proposal, but it was agreed that the talks should be continued in order to try to resolve the problem.<sup>5</sup> An Agreed Letter reporting on the position was sent to the United Nations Secretary-General on 15 December by the British and Argentine delegates to the United Nations; a copy is attached.<sup>6</sup>

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<sup>5</sup> Briefing the minister of state on the recommendations in this memo, the Commonwealth Office commented: 'The only point which requires special emphasis from the point of view of the DTD is the military weakness of our position in the Falkland Islands, which are 8,000 miles from Britain and only 300 miles from the Argentine. The local volunteer force is no more than a small home guard. Last September it was able to cope with the unofficial Argentine raid described in paragraph 8 of the historical note, largely because of the ineptitude of the Argentines: but a more determined raid might well have succeeded. The JIC have assessed that there is a continuing risk of such raids. The Chiefs of Staff have recently agreed, though with great reluctance, to send a platoon of Royal Marines to the Falkland Islands (they were due last week), but they were not able to agree to the Governor's request for one of HM ships as well. The background to this is of course the closing down of the South Atlantic Station announced in the recent Defence White Paper. It took ten days for a frigate to get to the Islands after the incident last September, and will take longer in the future. Thus we are not completely covered against the risk that a determined party of Argentine raiders could establish themselves in the Islands, after which the Argentine Government might be unable (or unwilling) to disown them because of their own public opinion. If the present talks with the Argentine Government end in deadlock it would therefore almost certainly be necessary to seek ministerial authority to station a warship in the neighbourhood of the Islands, despite the Defence Review' (FCO 42/43, no 34).

<sup>6</sup> Not printed.

## **317** FCO 42/44, no 87

16 May 1967

### **'Falkland Islands': minute by Trafford Smith<sup>1</sup> to J S Bennett<sup>2</sup> on the Argentinean position**

Mr. Hohler<sup>3</sup> rang up to tell me of the position reached after his meeting with the Argentine Ambassador. Apparently it was most unsatisfactory and we are in effect back in square one. The Argentines consider the kind of proposal we have in mind to be totally unacceptable, in that they will not hear of any reference to consultation with or taking account of the Falklands population. Their line is that the British Government should say simply that we are prepared to cede the islands after X years. During that time, the Argentine will take off the restrictions and help in resettling those Falkland Islanders who do not want to change their allegiance.

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<sup>1</sup> See 286, note 15.

<sup>2</sup> See 314.

<sup>3</sup> H A F Hohler, assistant under-secretary of state, FO/FCO.

Mr. Hohler replied that it would be unlikely that the Foreign Secretary would be prepared to put a settlement of this kind to Parliament. He went on to refer to the position of the Governor and his imminent arrival in this country, and it was left that Mr. Hohler would report to the Foreign Secretary, and will organise a meeting as soon as possible after Sir Cosmo Haskard's arrival (he made it clear that Sir Cosmo would need to be briefed on the current situation and that time would be needed to put him in the picture). All being well, Sir Cosmo would attend this meeting.

Commenting on this, Mr. Hohler said that in his view it all derives from our decision to leave Aden. This has given a feeling that we are on the run, and has tended to make people with claims want to cash in. He thinks that if and when the talks with the Argentine finally break down, as it looks as though they will, the Argentine will go back to the United Nations and we may have to face the threat of rather more efficiently planned activities on the Condor model. In this situation, he thinks it might be well if we were to consider with the Ministry of Defence how we are going to handle this situation if it presents itself.<sup>4</sup>

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<sup>4</sup> Judith Hart and officials discussed the Falklands with the governor, Sir C Haskard, at the Commonwealth Office on 31 May 1967. Trafford Smith suggested were it not for other territories, most notably Gibraltar, the UK would probably be able to reach agreement with Argentina over the Falklands. Over Gibraltar the UK could not move from its position about a transfer of sovereignty being acceptable to the people. Haskard suggested business interests might ease the situation. If business were largely controlled from Argentina, there would be no reason for British rule to continue because the majority of the people would wish to leave. The governor also thought it would be better to announce a long-term policy of withdrawal than to be forced out by Argentina. Hart saw 'little chance' of the islanders wishing to live with the Argentinians. Haskard wanted a ship sent out, not as a panic measure or one taken under duress but in order to 'start people thinking' (FCO 42/44, no 97).

### **318** FCO 42/44, no 110 9 June 1967 [Test of acceptability]: minutes by J S Bennett and Trafford Smith on the determination of local feeling in the Falkland Islands about the transfer of sovereignty

My main reservation about the draft Treaty in the form in which it now stands is the revised version of Article I. In the proposals as approved by O.P.D. and communicated to the Argentine Ambassador by the Foreign Secretary, the condition attached to transfer of sovereignty was 'provided the change is acceptable to the people'. The revised draft of the Treaty glosses this to read 'provided H.M.G. are satisfied that the change is acceptable to the people'. The change was accepted at the inter-departmental meeting on 31st May, on F.O. suggestion, on grounds of greater flexibility. I think however that it is a material departure from the O.P.D. conclusions which should not be adopted without reference back to Ministers. But I should myself hesitate to advise Ministers to approve it because, with respect, the change does not appear to me to be either consistent with the merits of the Falklands case or tenable in view of the Gibraltar comparison.

2. Hitherto H.M.G. have made it a point of principle that territory should not be transferred regardless of the views of the inhabitants; and this has been taken as necessarily including some process of consultation, though we have avoided going to the extreme of saying that the people can have an unlimited range of choices or that

their decision is necessarily always final. If for diplomatic or military reasons H.M.G. were to decide that the principle of consultation could not be sustained in the case of the Falkland Islands, it would be possible to re-word the Article so as to make transfer of sovereignty conditional on H.M.G. being satisfied that the change was in the 'interests' of the people. This, though harsh, would at least be clear and defensible in the special local circumstances, especially if coupled with a generous offer of resettlement elsewhere for the irreconcilables. But to introduce the concept of 'acceptability' to the people, yet make it depend on a subjective test of H.M.G.'s opinion rather than their own views, risks getting the worst of both worlds. It seems calculated to excite the worst suspicion about our intentions, without in fact leaving our hands free; and it is hard to see how it could be actually carried out when the time comes without exposing ourselves to charges of manipulation and bad faith.

3. We could not expect these implications to pass unnoticed in the Falkland Islands now, because the Executive Council have already been told of the earlier simpler version as put by the Foreign Secretary to the Argentine Ambassador. They would certainly spot the change and be still further unsettled by it, and might well press for clarification and get their complaint taken up in Parliament if they thought our reply evasive.

4. The inconsistency with H.M.G.'s position over Gibraltar could scarcely fail to attract the attention of all the interested parties, especially as the time approaches when the Anglo-Spanish and Anglo-Argentine disputes have to be reported again to the United Nations Fourth Committee in the autumn. It is hard to see any grounds of principle for distinguishing between the two cases; and the possible grounds of expediency (in effect, the Falklands being smaller and more expendable) do not lend themselves to use in public.

5. The Gibraltarians, who are nervous about H.M.G.'s attitude anyway, might fear that our Falklands line meant that the Gibraltar referendum would turn out to be a sham. The Spaniards (who work closely with the Argentinians) might ask in New York why we cannot apply the Falklands formula to Gibraltar. The Falklanders in turn could be expected to press their complaint on us by claiming parity with Gibraltar. If Article I of the Treaty stood in the original O.P.D. form, we might hold the position by showing that the principle of consultation was conceded and that the difference between the two colonies was simply one of timing. But if in our negotiations with the Argentine we appeared to be begging the whole question of consultation with the Falkland Islanders, we might arouse such an agitation as might end by landing us in an early referendum in the Falklands too (this is in effect what has happened since the reaction in Gibraltar and in Parliament to the Anglo-Spanish negotiations of last year).

6. So material a change in the wording of Article I also suggests the desirability of looking again at the proposal (also rejected at the meeting on 31st May) that Article I should be expressed so as not to come into operation without consultation with Parliament at the time of the transfer of sovereignty, irrespective of normal ratification by Parliament at the time of the signature of the Treaty. If the Article provides explicitly for consultation with the people, it may be argued that it is less important to go back to Parliament. But if the Article makes transfer of sovereignty dependent on the opinion of H.M.G., there is the more reason for Parliament here to seek to exercise its usual control over the discretion of the executive. This is a point which M.Ps interested in the Falklands might seize on (perhaps with local encouragement) when the Treaty comes up for ratification. The Foreign Office



objection that treaties commonly involve international obligations committing future Parliaments would not, I suggest, be a sufficient answer to the criticism that in this sort of case nothing can justify abdicating the trusteeship of Parliament for the inhabitants of British colonies, especially if vital decisions about their future are likely to be taken over the heads of the local people themselves.

7. I accordingly recommend:—

(a) that Article I should revert to the wording of the previous draft, which followed the approved O.P.D. formula;

or

(b) that Article I should provide that the transfer of sovereignty shall need the approval of Parliament at the time (e.g. by re-phrasing on the lines suggested in section I (d) of C.O. working paper of 11th May).

J.S.B.  
9.6.67

### *Minister of State*

You will remember that when we last discussed this situation, you agreed with a proposal originated by the Foreign Office that, in order to bring our talks with the Argentines down to earth, a working document should be prepared crystallizing the points at issue. We have been in negotiation with the Foreign Office for some weeks over this, and the outcome is the working document in the form of a draft outline for a Treaty at (108) flag B. We have been anxious to get all the main points into this document since, once we give it to the Argentines, it effectively becomes our opening bid (however much it is put in entirely without commitment).

2. The Department, F.O. officials concerned, and I now all agree with this draft with the exception of the single point in Article 1 raised by Mr. Bennett in his note at (110).

3. Frankly I disagree with him. As I see it, the situation we face is that, once H.M.G.'s willingness in certain circumstances to transfer sovereignty becomes known (and it is bound to come out in the U.N. connection in the autumn) there will be a considerable movement of feeling in the Falkland Islands. The mere mention of the words 'transfer of sovereignty' will cause a number of people, perhaps uncertain whether to stay or leave, to make up their minds to go. Without this there has, as you know, been a longstanding tendency, especially among the young people, to depart to a more sophisticated life elsewhere, and my point is that this news will increase it.

4. In this situation, any objective proviso of 'acceptability to the people' will, it seems to me, become more and more unreal. Have we still got to abide by the proviso if the population falls to 1,000 or less? Moreover, if the proviso remains in those succinct terms, could it be interpreted as giving the veto to a small minority to frustrate transfer even if a majority concurred?

5. Of course all this begs the question how acceptability to the people will be tested: and it is much too early to try to determine this now.

6. In these circumstances I personally see virtue in the 'provided that H.M.G. are satisfied that the change is acceptable to the people' formulation. This leaves the decision entirely in H.M.G.'s hands, irrespective of the state of the Falklands population at the time (which may be years ahead): and it has the considerable virtue of precluding any argument by the Argentines or anybody else that, in certain circumstances, the proviso has not been satisfied, when H.M.G. had taken the view that it had been satisfied: or *vice versa*.

7. Thus I see considerable merit in the extra flexibility given by the ‘satisfied’ formulation. I have discussed with Sir James McPetrie<sup>1</sup> who is inclined to agree, and who laid stress on the opportunities of making difficulties given by the earlier purely objective formula.

8. This leaves us with what is in many respects Mr. Bennett’s main point, the repercussions of the ‘satisfied’ formulation on Gibraltar. I see his point, but I don’t agree with his conception of the force of it. We are right on top of the situation of consulting the wishes of the people in Gibraltar, and we have decided how we are going to do it: and if this different Falklands formula leaked within the next few months, I cannot see it making a furore in the Gibraltar context.

9. There is the final point that the ‘satisfied’ formulation may be regarded as a gloss on the decision of Ministers in OPD which, of course, contained the objective wording. You will be able to say whether you consider it necessary to go back to your colleagues on that.

10. The F.O. are under pressure from the Argentine Ambassador and are greatly anxious to get a copy of the working paper off to Buenos Aires by the bag leaving on Tuesday 13th for reasons which I can explain in more detail orally. I very much hope therefore that we can reach a decision, so that the draft may go to B.A., on Monday. All concerned will be available for discussion if you wish.<sup>2</sup>

T.S.  
9.6.67

<sup>1</sup> Legal adviser, CO, 1960; Commonwealth Office, 1966; FCO, 1968–1971.

<sup>2</sup> Bennett added a further minute on 13 July: ‘The fundamentals, as I see them, are these. *Argentina* wants sovereignty over the Falklands, and wants it now (or soon). But they are of no economic value to Argentina, which has plenty of empty land of its own already. Thus Argentina does not really care twopence about actually administering the Islands, and simply wants to paint them her colour on the map. *Britain* cannot in the short term, either procure the Islanders’ assent to a transfer of sovereignty or afford to act without their consent. We need time (probably a generation) for the Islanders to adjust themselves to the prospect of Argentinean rule or resettlement elsewhere. Yet we must reach a settlement of some kind with Argentina soon if we cannot face the military and international consequences of standing out.’ To Bennett the dilemma seemed insoluble so long as a transfer of administration and a transfer of sovereignty were seen as one and the same process. He therefore suggested separating them, Britain ceding sovereignty to Argentina in return for Argentina granting the UK a long lease with exclusive right of administration. This would give Argentina what it wanted most—a title deed—and provide the UK with a ‘transitional generation during which the practical status quo remains but everybody knows that it is coming to an end when the old people are dead’. Trafford Smith added that Britain could not sustain a deadlock for any length of time. Additional forces might be sent to the Falklands ‘for a period of months’, but not ‘indefinitely’ because they could not be spared. It was thus necessary to seek a settlement by ‘any available means’ to enable Britain to give ‘a square deal’ to the islanders. ‘This is what matters, not outdated notions of the British position in the past, prestige etc.’ Trafford Smith saw merit in Bennett’s lease proposal (FCO 42/45, nos 154 & 181, minutes 13 & 14 July 1967).

**319** FCO 42/45, no 169 24 July 1967  
 ‘Anglo–Argentine discussions’: record by Trafford Smith of a meeting  
 at Church House, Westminster between Mrs Hart and Brigadier  
 McLoughlin and Dr Ruda

[The DOPC approved the proposals in OPD(67)20 (see 316, note) on 15 Mar, and they were put by Brown to the Argentinean ambassador to Britain (Brigadier McLoughlin) on

17 Mar. Argentina replied on 26 Apr to the effect they could not accept the first proposal (for a referendum), but they saw in the proposal for an interim period 'constructive bases for further work'. Negotiations opened in London on 17 July with the Argentinean UN representative, Dr Ruda. A new submission by Brown and Bowden to the OPDC explained: 'The problem is to find a form of words on the crucial question of sovereignty which would enable the Argentine Government to start the process of attracting the Islanders to their point of view while not prejudicing Her Majesty's Government's obligation to respect the Islanders' wishes.' Brown and Bowden recommended that in the new round of talks, Britain's readiness to cede sovereignty should be presented as a major concession. Argentina should therefore be pressed to accept a formula that sovereignty might be transferred, 'provided the change is acceptable to the inhabitants of the Falkland Islands'. If this proved unacceptable, the Argentineans should be asked to say how they proposed to reconcile the different views concerning the 'interests' of the islanders on the one hand, and their 'wishes' on the other. Again it was anticipated that Argentina would decline, in which case Britain should be ready with different alternatives. Under the first, sovereignty would be transferred, 'provided that the guarantees and safeguards for the Islanders' interests offered by the Argentine Government are acceptable to the Islanders'. Under the second, it would be transferred, 'provided that she [HMG] is satisfied that the guarantees and safeguards for the Islanders' interests offered by the Argentine Government are acceptable to the Islanders'. And under the third, it would be transferred, 'provided that the Argentine Government offered satisfactory guarantees for the Islanders' interests'. The last alternative was the least satisfactory of the three, being open to the serious objection that it transferred from the islanders to HMG the responsibility for deciding the future of Falklands, a responsibility which in the case of Gibraltar Britain had declined to accept. It also allowed the Argentineans to argue that their guarantees would have to be outlined in a settlement; the UK ought at once to be able to say whether they were acceptable (FCO 42/45, no 157, OPD(67)54, 13 July 1967). The DOPC considered these recommendations on 17 July. Ministers agreed it was in Britain's interests to achieve an amicable settlement of a dispute which was exposing Britain to UN criticism and acting as an irritant in Anglo-Argentinean relations. Although the balance of trade was largely in Argentina's favour, Argentina was Britain's most important Latin American trading partner. Britain had no defence interest in the Falklands and could not defend them effectively. However, ministers also conceded a referendum was unlikely to show the islanders were willing to join Argentina. In the event of a transfer of sovereignty, a majority would wish to come to the UK, or go to New Zealand. Summing up Wilson suggested, as a basis for discussion with Argentina, Britain should offer the preferred formula or alternatives one and two, but not the unsatisfactory formula in alternative three (FCO 42/45, no 160, OPD 27(67)3.)

The meeting began with some general talk on the present state of the United Nations. *Ambassador Ruda* referred to the helpful role played in New York by the representatives of the Commonwealth States in the Caribbean.

2. Turning to the Falkland Islands, he said that the immediate objective must be to prevent the issue coming up in the Committee of 24 or the Fourth Committee. This would not be good for the relationship of Argentina with the British Commonwealth. It would be quite possible for Argentina to get a favourable resolution, but this would have the effect of stiffening up the British position—hence, his feeling that we should continue the negotiations in a friendly way with a view to reaching a solution. We should be under pressure at the United Nations from people who wanted to use this issue to pursue other interests. The Committee of 24 regarded themselves as 'the patrons of the world'. It would be necessary to tell them something or they would interfere.

3. For Argentina, the problem was not really of economic, territorial or strategic importance. It was essentially an emotional problem, in which Argentine feeling was in some respects similar to British feeling about Gibraltar. It was the only problem on which everybody in Argentina agreed.

4. Good relations with Britain were most important to Argentina, who wanted

especially British investment and British technology. Britain had played the most important role of any foreign power in Argentina in the 19th and 20th centuries—much more so than the United States. Argentine was ‘like a European country in America’. Hence to some extent her problems with the United States. Anglo–Argentine relations were also important to Argentina in Europe. The Argentinians could not get on with the French, and good relations with Britain would help them enormously in Europe if Britain entered the Common Market.

5. For all these reasons it was essential to get an amiable solution over the Falklands. There was no hurry. If we could now lay the foundation for a future solution it would be to everybody’s ultimate advantage.

6. *The Minister of State* emphasised the importance of keeping the United Nations happy while Britain and the Argentine worked out a solution together. It was particularly important to remember the Falkland Islanders, who must be given means of getting to know the Argentine. At present, they know nothing of Argentina but looked to Britain and New Zealand.

7. *The Argentine Ambassador* said that negotiations had reached a point when Britain should explain the situation both to her own public opinion and to the people of the Falklands. It should be possible as a consequence of progress in the negotiations to improve communications with the Falklands. Argentinians must themselves go to the Falklands to start the process of contacts. He quoted the speech of the Chairman of the Falkland Islands Company at a recent Annual General Meeting repeating a British ministerial pledge about no surrender of sovereignty. He emphasised the important influence the metropolis could exercise on the ‘settlers’.

8. Answering a question from Mrs. Hart, *Ambassador Ruda* said that there was not a great deal of interest in the Falklands problem at the United Nations; most delegations know that Britain and Argentina were in the same boat. We must try to find ‘formulas of flexibility’ so as to avoid being forced into taking up definitive positions for the sake of public opinion. Argentina could not however agree to anything in the nature of a referendum.

9. The general feeling of the meeting was of great friendliness throughout.

**320** FCO 42/45, no 177

26 July 1967

[Article 1 of a draft Anglo–Argentinean treaty]: letter from H A F

Hohler (FO) to Trafford Smith. *Appendix*

*Minute* by Sir A Galsworthy

Many thanks for having sent me a copy of the record of Mrs. Hart’s talk with Dr. Ruda;<sup>1</sup> I hope you will now have received the record of Dr. Ruda’s talk with Mr. George Thomson.

2. Ortiz de Rozas from the Argentine Embassy called on Chris Diggines<sup>2</sup> this morning at his own request. He said that he thought that it was important for us to continue our attempts to reach agreement on the main point of difficulty for his Government, contained in the proviso to Article I of the draft Treaty. He explained that the Argentine Government had a very flexible approach to the question of the form in which an agreement might be reached, but he said that if we were to continue on the

<sup>1</sup> See 319.

<sup>2</sup> C W Diggines, head of Middle East, Western, and UN Dept, Commonwealth Office.

basis of the working document, he thought it would be useful to hold a series of informal meetings between himself or his Ambassador and a representative of our side in order to exchange, on a purely personal basis, as many alternative formulae for Article I as possible; his idea was that if anything which either side thought a likely starter emerged from this dialogue, it should then be referred to higher authority on each side. Diggines, for his part, assured Ortiz de Rozas that we were as anxious to continue to make progress in this matter as the Argentines are.

3. When asked whether he could give any official reaction to the form of words I had put forward on 20 July, Ortiz de Rozas said that the Embassy had not yet received any reply about this from Buenos Aires, but he thought it would be necessary to find a form of words based on a mention of the Islanders' interests. Stressing that he did so on a purely personal basis, he then put forward the following suggested revision of Article I:—

‘Her Britannic Majesty will recognise the sovereignty of the Argentine Republic over the Falkland Islands provided that the guarantees offered by the Argentine Government are adequate to fulfill the need duly to protect the inhabitants’ interests’. (‘Su Majestad Britanica reconocerá la soberania de la Republica Argentina sobre las Islas Malvinas siempre que las garantías ofrecidas por el gobierno argentino sean adecuadas para cumplir con el requisito de la debida protección de los intereses de los habitantes’.)

4. After our meeting with the Argentines on 20 July it was suggested that between ourselves we should consider whether it would be possible to modify the draft Article I of the proposed Treaty in such a way that this Article would not include the proviso that is at the root of our difficulties with the Argentines, but that Her Majesty’s Government’s firm requirement that the circumstances of any transfer of sovereignty should be acceptable to the Islanders should be made known in a Ministerial statement. We have given some thought to this approach, which would I think present considerable, if not insuperable, parliamentary difficulties, but which would greatly improve our chances of reaching agreement with Argentina. I attach as an appendix to this letter our first attempt at a redraft in this sense.

5. If you agree, I think it would be useful for us to have a meeting together soon to discuss how to handle these talks in the immediate future. I should also be glad to have your views on the alternative formulae for Article I which have been suggested by Michael Creswell<sup>3</sup> in his letter of 7 July. It is true that we have yet to have the formal Argentine reaction to the form of words I put to them last week, and we can still fall back on the second alternative given in paragraph 3 (d) of OPD (67)54.<sup>4</sup> Nevertheless I think it would be desirable for us now to try to work out a general strategy to deal with this problem, particularly as we learned today that the Argentine Ambassador is likely to be recalled for consultations about 20 August.

#### Appendix to 320: Suggested redraft of Article I

##### *Article I*

It is the intention of the United Kingdom and Argentina in good faith to achieve a settlement of their dispute concerning sovereignty over the

<sup>3</sup> HM Ambassador, Buenos Aires, 1964–1969.

<sup>4</sup> See 319, note.

Falkland Islands in such a way that, as from a date to be agreed (hereinafter referred to as “the appointed date”), the sovereignty of Argentina over the Falkland Islands is acknowledged by both States.

*Article II*

(1) The United Kingdom and Argentina shall take the steps which each considers necessary for itself to take in order that the intention set out in Article I may be realised.

(2) When Argentina and the United Kingdom have each taken the necessary steps, they shall forthwith consult together in order to reach agreement upon the appointed date.’

2. These two Articles do not, of course, expressly mention the need to consult the islanders. At the same time, paragraph (1) of Article II clearly leaves it open to us to consider such consultation to be one of the necessary steps. In order to meet the point that we need to go on record in public (e.g. in Parliament) with some suitable statement about the need to consult the islanders, it might be useful to consider now what such a statement might include. We might consider something on the following lines:—

‘With reference to paragraph (1) of Article II, Her Majesty’s Government have made it clear to the Argentine Government that among the steps which Her Majesty’s Government consider it necessary to take is to ascertain whether a transfer of sovereignty over the Falkland Islands to Argentina is acceptable to the inhabitants of the Falkland Islands.’

3. Certain consequential amendments would be required in the rest of the draft.

**Minute on 320**

I will deal first with the Foreign Office letter at No. 177, on which I have several comments.

2. The Argentine formula in paragraph 3 of No. 177 obviously does not even begin to get near the starting line. But the Foreign Office suggested re-draft of Article I in the annex to their letter is in my opinion also quite unacceptable. It raises at once the question: What if our consultation with the inhabitants of the Falkland Islands showed that the transfer of sovereignty to the Argentine was completely unacceptable to them? I can only think that, given the language of Article I, we would be morally committed to bringing pressure to bear on the islanders to agree to the change of sovereignty. This at least is, I am sure, the interpretation that would be put on the matter in the Falkland Islands, where this formulation would encounter a very rough reception. And I think the same view would be taken here in Parliament. It would be said that H.M.G. had made up their minds to hand over the Falkland Islands to the Argentine, and that in such circumstances consultation with the islanders would be nothing but a formality and a sham, and would have no real meaning. If this were not so, the argument would run, how could H.M.G. have possibly agreed to such a text, which shows such lamentable weakness vis-à-vis the Argentines and so little regard for the islanders? And if H.M.G. really meant that they could only agree to a change of

sovereignty provided it were accepted by the islanders, why, it would be asked, did H.M.G. not insist on a text which said this unmistakably?

3. What I find so distasteful about this is that the Foreign Office at official level should already apparently be moving from the position as decided by Ministers at the DOPC meeting on July 17th, and already be considering something far removed from what Ministers then regarded as acceptable. The Minutes of the DOPC meeting said that we could offer the formulae set out in sub-paragraphs (a), (c) and (d) of paragraph 3 of No. 157. Each of those formulae contains an explicit proviso and a requirement of being 'acceptable to the islanders'.<sup>5</sup> Moreover, our acceptance of any of these formulae would, under the proposals approved by DOPC, have to be on the basis that we would have made clear to the Argentines that we would have to state publicly that it remained H.M.G.'s basic position that sovereignty could not be transferred unless this was acceptable to the islanders. The DOPC Minutes recorded the Prime Minister in his summing-up as saying that we should not accept the unsatisfactory formula in sub-paragraph (f), which omits all reference to acceptability to the islanders. It is just this which differentiates it from the three other texts that Ministers decided we could accept.

4. I think it a great pity that, instead of concentrating on hammering home to the Argentine representatives what the Foreign Secretary has already made clear to them, namely that we cannot agree to transfer sovereignty unless this change is acceptable to the islanders and pressing for a formula which we could regard as reasonably satisfactory in the Falklands and in Parliament, the Foreign Office at official level should now be trying to devise a form of words on paper which, as paragraph 5 of Mr. Trafford Smith's letter at No. 178 rightly indicates, is completely divorced from the practical measures we would have to take to secure acquiescence on the part of the Falkland Islanders and by Parliament and by public opinion in this country. In doing this the Foreign Office are already a long way away from what was decided by DOPC. I am quite clear that we in the Commonwealth Office should *not* agree to any text or formulation which does not contain a reference to the acceptability of the arrangement to the islanders. This is after all the basis of the OPD Conclusions, and clearly we should stick to them, and all our effort should be concentrated on making the Foreign Office battle to get this kind of formulation accepted by the Argentines. In this whole series of talks with the Argentines we seem to be doing little but thinking of the next compromise and the next concession, and never of digging our toes in and telling the Argentines that if they want an agreement they had better steel themselves to accepting the realities of *our* situation. I do not myself believe that, if we were to say to the Argentines that we have gone as far as we can, they would really want to stand up in the United Nations and maintain that the talks had broken down because we were insisting that the change of sovereignty must be accepted by the islanders and the Argentines found this principle

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<sup>5</sup> In May 1967, after talks with the Argentinean ambassador, Hohler reported to Creswell the idea that there should be regular reviews of an interim period, of whatever duration. UK and Argentinean representatives should conduct them, with an islander as an observer. And on the question of a referendum to test local opinion, Hohler observed 'it should not be beyond the wit of man to devise a means of ascertaining the wishes of a community of some two thousand people in a less formal manner'. He ended: 'Needless to say, I am not copying this letter to the Colonial Office' [sic: it was by then the Commonwealth Office] (FCO 7/140, no 58, Hohler to Creswell, 1 May 1967). Creswell agreed about finding an alternative to a referendum as he did not want to shut the door on the possibility of a later change (*ibid.*, no 60, tel 222 to FO, 4 May 1967).

unacceptable. While they would get support amongst other Latin Americans, I am pretty sure that we could whip up a good deal of support for our position from a number of other countries, including the Commonwealth.

5. In any event it would seem to me far too early and too premature to be thinking of making yet further concessions to the Argentine, and I very much agree with Mr. Trafford Smith's view that the Foreign Office are attempting to rush this. Against this background I see considerable risk in the procedure in paragraph 2 of the Foreign Office letter. However much we try to maintain that this exchange of a mass of alternative formulae would be on a purely personal basis, I am afraid that I believe that the Foreign Office would allow themselves to be pushed step by step further down the road, and that the Argentines at least would not feel that British officials were acting purely on their personal authority and without at any rate Ministerial knowledge. The whole process would thus be a steady further whittling down of our position by the Argentines.

6. I would be if anything even less happy about any off the record and uncommitted talks with Argentine representatives in London on the basis of a possible lease of the Falklands, unless such an arrangement had been specifically considered by Ministers and had received their blessing. I myself see great difficulty about the concept of a lease. I believe that it would be extremely difficult to sell such an idea to the islanders or to Parliament unless the lease were a pretty long one—much longer than, I would imagine, the Argentines would accept.<sup>6</sup> And I believe that, given the many similarities between the situations in the Falklands and Gibraltar, it would cause complications for us in Gibraltar if we were at this stage at any rate to try to float the idea of a lease for the Falklands.

7. In short, I think we should take a very cautious line in any further talks at official level with the Argentines; and that the Commonwealth Office policy in any such talks must be to ensure that the Foreign Office do not whittle away the substance of our position, which is that whatever arrangements we make for the Falklands must be acceptable to the islanders. And because of the responsibility we shall have for trying to get the islanders to agree to whatever arrangements we work out, and of steering those arrangements through Parliament (and we must remember that this will clearly be our responsibility, and not that of the Foreign Office) our line must be to continue to press that any formula reflects adequately the concept of acceptability to the islanders. If it does not, it will not be one that we can honestly and conscientiously put to the Falkland Islanders, to the Governor, or to Parliament.

8. I think that we ought to acquaint the Minister of State with this problem fairly soon after his return to the Office.

A.N.G.  
2.8.67

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<sup>6</sup> cf 318, note 2.

## **321** FCO 42/45, no 189

10 Aug 1967

[Discussion with the Argentinean ambassador]: FO minute by H A F Hohler to Sir D Allen

The Argentine Ambassador called on me to-day to say that the formula which we had proposed at the last meeting was unacceptable to the Argentine Government. It will be recalled that this formula read as follows:—



'Her Britannic Majesty will be prepared to transfer sovereignty to Argentina provided that the guarantees and safeguards of the Islanders' interests offered by the Argentine Government are acceptable to the Islanders.'

The Ambassador said that this formula indicated that cession was made dependent on the wishes of the inhabitants.

2. I said that I was extremely disappointed at the attitude of the Argentine Government. It was after all we who were being asked to cede territory, inhabited by British subjects, which we considered to be ours. We had made great efforts to meet the Argentine Government. It was for this reason that we had withdrawn our original formula based on the wishes of the inhabitants and had put forward one, in conformity with a suggestion from Ambassador Ruda, which related to the interests of the inhabitants. The Ambassador interjected that nonetheless the inhabitants were to be allowed to be judges of their own interests.

3. I replied that, if the Argentine Government persisted in this completely rigid attitude, we had reached an *impasse* and we could only report what had happened to our respective Ministers. The Argentine Government had been unwilling to move in the slightest from their original position and simply expected us to haul down the flag and surrender. I had repeatedly explained that it was completely impossible for British Ministers to stand up in the House of Commons and state that they were ceding British territory contrary to the wishes of the inhabitants. It was not a question of what Ministers wished to do; this was a simple matter of fact. We had tried to persuade the Argentine Government to get round this difficulty by creating a better atmosphere. To do this it was essential that freedom of communications should be restored between the Islands and the mainland. We had been unable to persuade the Argentine Government to move on this point.

4. The Ambassador replied that this would have been possible in a normal case of decolonisation but that this was not a normal case. I asked him what he meant by that. He replied that they considered the inhabitants of the Falkland Islands as 'settlers' who had no right to be there. I said that if the descendants of everybody who had come to the American continent in the last 134 years had to return whence they came, there was going to be a pretty considerable movement of population. We could not accept the view that people who had lived in a territory that length of time were not entitled to regard that territory as their home. I again repeated how extremely disappointed I was with the communication which the Ambassador had been instructed to make to me but that I did not think there was anything more I could usefully do.

**322** FCO 42/46, no 231

21 Sept 1967

[Anglo–Argentinean discussions]: minute by D J Swan<sup>1</sup> (New York) of a conversation between Mr Brown and Dr Costa Mendez<sup>2</sup> at the Plaza Hotel in New York on a proposal that Argentina might purchase the Falkland Islands Company

*Mr. Brown* told Dr. Costa Mendez that we would each of us be clear about the other's difficulty. He had a problem with his colleagues and his public opinion and Mr.

<sup>1</sup> UK Mission to the UN, New York.

<sup>2</sup> Argentinean foreign minister.

Brown had one with public opinion at home and particularly with the Islanders. Although we had not much room for manoeuvre he believed that he had gone a long way towards meeting Dr. Costa Mendez by the second of the two formulae. He doubted if we could move any further in Dr. Costa Mendez's direction and could not accept his alternative of 18 September. Mr. Brown would wish Dr. Costa Mendez however to be assured that we had no desire to retain sovereignty over the Islands and were prepared to cede this to Argentina always provided that we had been able to satisfy ourselves that the interests of the Islanders had been met. It therefore seemed to him that we should think of how the Islanders interests could be met. There was an urgent need for communication with the Islanders as a start on the process of persuasion.

2. *Dr. Costa Mendez*, stressing that he recognised the difficulty and was making every effort to meet it, repeated that the Falkland Islands was his most important problem, that it was a matter of high principle for his government and that all his people believed in the rights of Argentina. He wanted to be sure that the British Government would somehow or other give the Islands to Argentina. He agreed that the opening of communication with the Islanders was vital and was most optimistic that he could ensure the sort of result we require about the Islanders' interests within a period of one year. Would we therefore ease matters to enable the Argentinians to talk to the Islanders. He had a specific proposal to make. Could we arrange for the Falkland Islands Company to be purchased by Argentina. The officials of the Company would then have freedom to come and go to the Islands where they could offer many alternatives to the Islanders. The Islanders might wish to go to New Zealand or exchange their land for land in South Argentina where already there were large and thriving British colonies happily established. The main point was how to get into the Island and how to woo the Islanders. After all there were only some 2,000 people there and this must mean something like 500 families in all. He thought that if these families could combine in a petition of a kind which would suit us this might prove enough for the British Parliament.

3. *Mr. Brown* said that if we could show that proposals were acceptable to the Islanders there would be no difficulty. The Islanders would have to be able to express a view in one form or another. It would be up to Argentina to put their case. *Dr. Costa Mendez* asked what form consultation should take. Would it be informal or by plebiscite? *Mr. Brown* said this remained entirely open. The essential was that we should be able to inform Parliament that we are satisfied. Argentina would have to begin the process of obtaining the Falkland Islanders' acquiescence. When this had begun the problem would begin to solve itself.

4. *Dr. Costa Mendez* suggested a new approach: first there would be a British declaration, then decisions enabling the Argentinians to reach the Falklands without a visa. Reverting to the idea of Argentine control of the Falkland Islands Company he said it was important to have an air service so that visits could take place.

5. It was agreed that officials should meet again in New York to study the possibility of a new approach based on a search for means of establishing a basis for communication before seeking to finalise formulae. Dr. Ruda, Mr. Hope and Mr. Swan would meet on 22 September.

**323** FCO 42/67, no 1

21 Oct 1967

[Local feeling in the Falkland Islands]: letter from Sir C Haskard to J S Bennett.

The flurry of telegrams which coincided with my return to the Falkland Islands on 23rd September subsided in time for me to go some way towards catching up on the local situation here before our meetings this week of Executive Council and Legislative Council. I am grateful to those concerned in the Commonwealth Office for keeping us so fully posted regarding the pattern of discussions held in New York and elsewhere.

I think it would now be helpful if I were to attempt to bring you up to date with regard to the problem as seen from the Falkland Islands.

An important point to stress yet again is that at the moment virtually the whole population here is ignorant of what is under discussion. Our latest meeting of Executive Council however has at last seen something of a realisation among members as to what the future may well hold.

The subject of Britain, Argentina and the Falkland Islands was discussed at length in Executive Council on 17th October and I am sending with this letter a copy of a resumé of my remarks at the beginning of that meeting.<sup>1</sup> I went to the limit of what was permitted me in Commonwealth Office telegram 223 of 12th October which came in reply to my telegram 157 of 2nd October which, for ease of reference, reads:

‘Although I welcome signs of relaxation on communications, a statement on the lines suggested will not be acceptable here without considerable preparation of opinion. Time is required. Please remember islanders still absolutely in the dark and a year will not be too long.

‘Grateful you assure me nothing will be said publicly until after Legislative Council meets 18th October.

‘Please provide guidance as to what I may say to Executive and Legislative Councils’.

Thompson<sup>2</sup> had of course during my absence assisted matters considerably by the discussions which had taken place in Executive Council in July. I thought it well worth while on this latest occasion once again going over the points made by Thompson at the July meeting. I did this before going on to the five points included in your telegram 223 of 12th October.

It was of assistance that members of Executive Council had already studied the Guillebaud report,<sup>3</sup> the concluding paragraph of which is helpful in this connection. You may recollect that it reads:

‘In conclusion, I wish to express my personal belief and faith in the viability of the Falkland Islands’ economy. But resolute action will be needed if a situation, which today is merely somewhat precarious, is to be prevented from reaching a stage when it becomes irreparable. It is not too much to say that it is the whole future of the Colony that is now at stake.’

<sup>1</sup> Enclosures not printed.

<sup>2</sup> W H Thompson, colonial secretary, Falkland Islands.

<sup>3</sup> *Report on an economic survey of the Falkland Islands* (1967) by C W Guillebaud, formerly reader in economics and in 1967 a fellow of St John’s College, Cambridge. For the report and papers, see FCO 7/236, and FCO 42/75, 76.

Members of Council remained remarkably unheated during our discussions and we progressed to a consideration of several practical problems.

It was generally agreed that on the farms of both West and East Falkland remarkably little interest is taken in the Argentine problem, discussion of which tends to centre on Stanley.

The possibility of an air link to Argentina came up quite naturally and I was interested to note that two unofficial members, Miller and Bonner, went so far as to agree that if, for example, a Chilean airline and an Argentine airline were each to offer to start an air service between the mainland and the Falklands, it would be reasonable to accept an Argentine offer if this was financially more attractive than a Chilean one.

I have for some time expected some opposition to the idea of an airfield here on the grounds that it would make Argentine access to the islands too easy but this view certainly did not come out at our meeting. There did seem to be a reasonable amount of agreement with the idea that personal contact with Argentina would do no harm.

Revision of the existing mail contract with Darwin Shipping Ltd (a subsidiary of the Falkland Islands Company) led to some discussion of the possibility of Argentine ships calling at Stanley and this again did not meet with any particularly adverse reaction.

It was even felt that a change of sovereignty did not of itself necessarily mean a change in ownership of farms, though I should make it perfectly clear that no one was thinking that a change in sovereignty was anything other than anathema to them.

What I have said above indicates less resistance to the idea of change than I had expected from my experience of previous discussions over the past two years. But I anticipate that there will be a demand among unofficial members of Council for some sort of delegation to the United Kingdom next year to 'state the Falkland Islands view'. Miller, for example, said that although he did not doubt that I had done my best to interpret the local viewpoint, he felt that more should be done by the British Government to emphasise its determination to do the right thing by the Falkland Islands, which I interpret as meaning retention of British sovereignty here. Incidentally, Miller asked me in private conversation later whether I felt that Her Majesty realised she was indeed the Queen of these islands and whether she was fully aware of what is afoot.

We know that during 1968 Barton and Miller will be on leave in the United Kingdom and also other leading local unofficials including J. T. Clement, Monk, L. G. Blake and Mrs Vinson (all past or present members of Legislative Council). I think it will be necessary for someone in a position of considerable authority in London to meet them and discuss matters with them, even if no delegation is organised as such.

I mentioned to Council that I hoped that it would be possible for a Minister to visit the Falklands before long and I think this was generally welcomed.

In writing what I have I think that I should make it very clear that these discussions took place with only half a dozen people—people who have become accustomed to being entrusted with a certain amount of knowledge which they have to keep confidential to themselves. To give them their due, I would say they observe their pledges of secrecy most seriously. The general public and indeed the three members of Legislative Council who are not on Executive Council are very much in the dark. It has taken over two years to bring the members of Executive Council to

their present general state of feeling. It must therefore be expected that the public will take a great deal longer and I do once more stress what I know you already fully appreciate, namely, we must have plenty of time in order to even start people regarding the problem from an up-to-date viewpoint.

An interesting question was put to me by Barton, who said that he assumed that if the Argentine Government were to send a representative to the Falkland Islands Company head office at 120 Pall Mall and offer £3 million for a substantial number of their shares, presumably he would be refused. What did I think about it? I fear I side-stepped the question.

Goss, the General Secretary of the General Employees Union and a member of Executive Council, said that he felt that the persistence of the Argentine threat to the Islands and the falling price of wool made the future of the Colony very questionable and this point of view was not seriously challenged by other members of Executive Council.

I have, as you know, for long maintained that the natural process of events aided by 'big business' will decide the long term future of the Falkland Islands and that there is nothing to be gained by attempting to speed an existing trend which is likely to persist and perhaps gather momentum. I genuinely feel that the United Kingdom can emerge from this sad predicament with less loss of prestige if she is not in too much of a hurry to accommodate Argentina, while at the same time being perfectly reasonable on the question of reopening communications.

The outward trickle of Falkland Islanders continues, though not at an accelerated pace. The economic difficulties of New Zealand and the high cost of living in England are factors tending to restrain emigration from the Islands at present but we are definitely continuing to lose Falkland Islanders, both men and women, and they include some whose departure we can ill afford.

During the next 12 months we expect to lose to New Zealand the Bonner family from San Carlos, he being a fourth generation Falkland Islander and a member of a substantial farming family. His wife is a New Zealander and the future education of their four children is a compelling reason. Evans, the senior Government plumber, a man in his 50s, and his wife are leaving to join relatives already in New Zealand. King and Cheek, both electricians, and their wives are due to go to New Zealand next year, seeing little future in the Falklands. Ross, a trader aged 60 who settled here after the 1939–45 war, and his Falkland Island wife are retiring to England 'because the Falklands is no place in which to grow old'.

I quote these examples of people known to me personally in order to give some idea of the type of person involved. But the exodus is at present still a seepage, not a flow.

On 18th October we had a meeting of Legislative Council and here I confined my remarks on Argentina to the minimum. I enclose a copy of my short address for your information. I have heard nothing by way of reaction so far.

On 20th October, at a further meeting of Executive Council, the subject of Britain, Argentina and the Falkland Islands was again on the agenda in case any member had had further thoughts on the matter since 17th October. Discussion however was very limited since no one had much to say, the general feeling of the Falkland Island members being, I think, summed up by Miller saying 'All we want to know is that Britain is going to stand by us'. But in their hearts there is now grave doubt as to whether Britain will.

A relevant remark was made by Barton to the effect that in the Falkland Islands we are completely ignorant of what Argentina would want to do with the Islands if she did possess them. Was it just a question of wanting sovereignty for its own sake? I feel that a frank and friendly public statement from the Argentine side would not be completely unwelcome.

Telegrams during the past month have mentioned the importance of giving the Governor time to prepare opinion in the Falkland Islands and in this connection I feel it important that definite plans should be announced for the visit of Mr Whitlock or another Minister, as discussed in London prior to my departure in September.

To sum up what I have written in this letter, I would repeat that members of Executive Council do seem to have grasped what the future is likely to have in store for the Islands and they are regarding the future—they hope it is a long term future—with a certain amount of practical realism.

But outside the tight circle privy to these matters there is complete ignorance and any suggestion that Britain contemplates handing over the islands to Argentina would meet with a violent reaction.

I am therefore completely opposed to publication of a formula on sovereignty in advance of establishment of cordial contact between the islands and the mainland. Hohler summed up this view in Foreign Office telegram 5045 of 22nd September addressed to New York when he said that restoration of free communications is an essential ingredient of any long term solution without which the Falkland Islanders could hardly be expected to reach an informed understanding of where their best interests might lie.

Legislative Council here will be dissolved towards the end of December and our general election (4 seats out of 8 are elective) will be held in March. The relationship of the Falkland Islands to Argentina is bound to be a matter for considerable discussion during the election and the more progress which can by then have been made towards restoration of free movement the better. But this should not be linked to a formula on sovereignty, otherwise election speeches will crystallize opposition at a time when one would wish to keep the situation fluid.

Finally, I would reiterate once again that here in the Falkland Islands we are largely ignorant of Argentina and all things Argentine. We know as much about Argentina as the inhabitants of the Shetlands know about Poland. We have a strong emotional feeling for the Queen, the flag (flying every day over Stanley) and the national anthem (sung vigorously once a week in the Cathedral and played last thing at night over the wireless). Our links, sentimental and economic, bind us firmly to England.

Argentina, seen through Falkland eyes, is unknown, foreign, aloof, disdainful, corrupt, feared; a place where taxation is high and the standard of the public service low.

Remembering that in our tiny population we have a preponderance of men and women in the higher age groups and thus set in their beliefs, you will appreciate that to bring about a change of heart is an up hill job. Perhaps a change of heart is not possible but the price of wool and the drift of population may in the long run decide the issue.

I am sending copies of this letter to the Ambassadors in Buenos Aires and Montevideo.

**324** FCO 42/49, no 362

27 Feb 1968

**[Prospects for an agreement]: notes by A StJ Sugg<sup>1</sup> of a meeting in London between Lord Shepherd and Sir C Haskard on 2 Feb**

[Argentina initially rejected the proposals in OPD(67)54 (see 319, note), but in discussions at New York between 21 Sept and 2 Oct 1967 Argentinean representatives conceded Britain would have to consult the islanders about guarantees offered by Argentina. The Argentineans would not, however, agree to third party intervention in negotiations between the two governments, and they would not agree that any formula about the transfer of sovereignty should be subordinated to the islanders' veto. Progress had also been made at New York on the question of re-establishing communications. In a new submission for the DOPC, Brown and Shepherd now proposed a resumption of negotiations in London at official level at an early date. Specifically, they suggested there should be a Memorandum of Understanding about resolving the dispute. As part of an overall settlement, the Memorandum should indicate Britain's readiness to transfer sovereignty at a date to be agreed, 'provided that the Government of the United Kingdom are satisfied at the appropriate time that the safeguards and guarantees offered by the Argentine Government are acceptable to the population of the Islands'. If this was rejected by Argentina, Britain might offer 'provided that the Government of the United Kingdom are satisfied at the appropriate time with the safeguards and guarantees offered to the population of the Islands by the Argentine Government'. In both cases it had to be made clear Britain would not be able to regard Argentina's 'safeguards and guarantees' as satisfactory unless persuaded they were acceptable to the local population. Britain would have to make this clear in a statement to accompany the Memorandum of Understanding. 'The practical effect of this would be that sovereignty would not be transferred unless the change were acceptable to the population of the islands.' The Argentineans would not be asked formally to take note of this because it would be tantamount to asking them to accept, or at least to acquiesce in, the possibility, for the indefinite future, of the islanders exercising a veto. Both governments would sign the Memorandum of Understanding but it would not be published until a date to be agreed between them. Britain wanted to avoid any statement about the talks until arrangements had been made for a British minister to visit the Falklands minister to explain HMG's policy. If this strategy failed, officials would be instructed to continue their efforts to work out a formula, ad referendum to ministers. Justifying this negotiating position, Brown and Shepherd explained if it were possible to arrive at an acceptable formula, it would be extremely difficult to keep it secret while discussions were ongoing about the restoration of communications. Also, the Argentinean government and the foreign minister especially were under considerable domestic pressure from nationalist elements to make an early announcement about the substance of the talks which had been held to date (FCO 42/47, no 265, OPD(67)77, 24 Oct 1967).]

The Governor said that he had become increasingly concerned at the way things were going since the Memorandum of Understanding was proposed in its present form. There had been a slipping from one foothold to another and the aggregate was worrying, particularly the reactions of the Falkland Islands to the idea of incorporation into Argentina. He explained that he had not been able to say anything about the negotiations to the people, although he had kept Members of Executive Council informed. The Members, of whom four were born in the Islands, one had lived there for a very long time and the other [sic] was an expatriate, were worried about the remorseless way the negotiations had been proceeding. The visit from Summerhayes (First Counsellor at the Embassy in Buenos Aires) had invoked interest. He had met a large number of people and his report supported the Governor's views. This visit was, the Governor believed, the first from an official who

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<sup>1</sup> Colonial Administrative Service, Northern Rhodesia, 1943–1963 (retired), then service at CRO/Commonwealth Office. Galsworthy, Bennett, and J C Morgan, assistant under-secretary of state, Commonwealth Office, were also present.

knew the background since Marnham's visit in 1962. The Argentina claim had become a live issue in the Falklands since the Fitzgerald plane landing in 1964.<sup>2</sup> The Governor was concerned that he had not conveyed with sufficient clarity the result that an agreement on the Memorandum of Understanding would have among the islanders and he had come home to put the case as he saw it.

The Minister said that he did realise the position and had been thinking that he would have to have some inducement to offer to the islanders in the form of some sort of compensation scheme to cushion the impact of the announcement that he would have to make on his visit. The islanders should be given the opportunity to leave the Islands without loss and the Argentines should be made to provide the compensation. Without something like this his visit would be counter-productive and would leave us in a worse position.

The Governor went on to say that he was not satisfied that the enormity of handing over the territory had been understood in London, New York and Buenos Aires. The islanders were like people living in an island off the British Isles, they were completely English: in fact, more English than the people here, there were no Argentines or Spaniards, their language, race, politics and culture were all British and they would regard with horror and bitterness any attempt to hand them over. In any transitional period Falkland Islanders would be putting on the brakes and the Argentines trying to advance the time for taking over the Islands. There would be tension and a worse pickle than we were in at present. Argentine interest in the Islands was marginal, they would be glad for the islanders to stay but the people would sooner abandon the place than stay under Argentine rule. He realised that the U.K. could not indefinitely keep the islands but they had a duty to make things as palatable as possible. He said he did not want to hold up proceedings now without offering an alternative but thought it would be more honest to set a date, say, the year 2,000 and agree to hand the islands over on this date. Such an arrangement would allow the old people to live out their lives in comfort and others would have plenty of time to decide their future. This plan would bring an air of reality but he believed that if agreement was reached along the present lines we should immediately have all the difficulties of the Argentines pressing and the islanders resisting.

Sir Arthur Galsworthy said he did not believe that agreement on the present lines would solve the difficulties but when the Memorandum of Understanding was published it must be accompanied by a statement saying that the transfer of sovereignty must be acceptable to the people of the islands. The people would then know that they were in a position to say that they did not want to be transferred. He agreed that if the people did take this attitude the Agreement with the Argentines would be worth nothing. The Minister said he also believed that the islanders were most unlikely to agree to a transfer of sovereignty. It was a question of time and at the end of the day efforts would have to be made to enable them to escape.

Sir Arthur Galsworthy reminded the meeting that the first proposal agreed to in the early stages of the talks was for a transfer of sovereignty after 40 years, if this was acceptable to the people. Mr. Morgan explained that the Governor's proposal now was

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<sup>2</sup> A reference to the incident in Sept 1964 when an Argentinean pilot made a daring landing at Port Stanley, deposited an Argentinean flag, and handed over a letter purporting to be a proclamation of sovereignty over the islands. After a strong UK protest, the Argentinean government disassociated itself from the incident but the pilot returned home a hero (see 316, para 8).



to cede sovereignty after a definite period of years without consulting the people. Sir Arthur Galsworthy agreed that from the Falkland Islands point of view this would be the best suggestion but it would be difficult in terms of Gibraltar and Buenos [sic] Aires. We have said in the case of Gibraltar that people can change their minds if they want to and he thought it would be difficult to treat Falkland Islanders differently. We could say that we are able to defend Gibraltar but not the Falkland Islands. We might then be asked if we can defend them for 40 years. He was sympathetic to the Governor's proposal but it would not solve the problems.

Lord Shepherd suggested that an alternative might be a lease. Mr. Morgan said that there was a psychological objection to this because the islanders were against any idea of the Argentine flag being flown in the Falklands. There would be a great deal of bargaining about the length of the lease and the flying of the flag. He believed Mr. Beith<sup>3</sup> of the F.O. was not absolutely averse to a reconsideration of the problem. He (Mr. Morgan) suggested that we might prefer to put back in the Memorandum of Understanding a time clause which would allow for a transitional period during which the guarantees and safeguards could be examined. There would be no consultations with the people and a review after, say, ten years. Mr. Beith was not against this and would agree to putting it up to Ministers, together with the alternative proposal to cede sovereignty after a period of time. Sir Arthur Galsworthy believed that one of the conditions in the Agreement must be that the safeguards and guarantees were acceptable to the people.

Discussion turned to the prospects of reaching an agreement on the lines of the Memorandum of Understanding and of the timing of the ministerial visit to the Islands. Mr. Morgan thought that agreement between Mr. Beith and the Argentine Ambassador might be achieved in a few weeks' time. The Governor said that he was scared, however, of such an agreement as at that level it could not subsequently be reversed. He thought that the timing of the visit was difficult but that it would be of great benefit to have a person in authority visiting the islands and satisfying himself about the position there. The Governor felt that he was the sole interpreter of the position in the islands. He believed that the general public would soon start saying things. Already the trade union had sent a telegram to the T.U.C. expressing their unease. The U.K. should avoid being trapped into making rosy statements about the future as he believed that the time during which the U.K. could look after her far-flung colonies was limited. A visitor to the islands could achieve two things: he could report on the position and sow seeds which would lead people to realise what the future was likely to hold for them.

Mr. Morgan said that there should be no misunderstanding. The Governor was suggesting that negotiations should stop and that an emissary should go out to report on the position. This would be fought against for official reasons because Ministers had reached a decision and nothing had changed. The Minister asked what the emissary would talk about. There would seem little he could say. We would be pressed in Parliament as to what we are doing and the Argentines would say that the U.K. had 'ratted on them'. His own visit as he understood it was not part of the consultations with the islanders, it was to explain, listen and assure. Mr. Morgan said that the visit was to explain the statement that was to be made. The Governor was possibly suggesting a non-ministerial visit.

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<sup>3</sup> See 289, note.

There was some discussion about a pause in the present series of talks with the Argentines. Mr. Morgan believed that we should ask for a pause and the F.O. would support this. He thought that to continue as we were would be heading for trouble and that we should suspend the talks until Ministers had reconsidered the position. He had grave doubts about sending an emissary at present, the facts of the situation were well known. We must convince the Argentines that it would take years to change the views of the islanders.

The Minister said that there was need for a compensation scheme. Mr. Morgan explained that there would be two sets of talks: one about communications and the other about safeguards and guarantees—the latter would include compensation. Mr. Bennett explained too that we had not pursued the offer of safeguards and guarantees which would include any compensation scheme because it was for the people to say what safeguards they wanted and we could not ask them about this without telling them about the agreement.

The Governor said that in the Memorandum of Understanding the U.K. states that she is willing to transfer sovereignty provided that etc. and in this proviso there is a reference to the interests of the people. It says that any change must be acceptable to the people but because of the main agreement it will be difficult to get the people to believe that they have, in fact, got the power of veto. Sir Arthur Galsworthy remarked that H.M.G. had said over Gibraltar that people must make their own choice, they did this and the U.K. has said that she has no intention of handing the people over without their agreement. In further discussion about the visit of an emissary this year, the Governor agreed that a visit prior to the visit to announce the agreement was not essential. The Minister said that he agreed there should be a pause in the negotiations and that he would tell the Secretary of State on a Personal basis.<sup>4</sup>

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<sup>4</sup> Haskard met Brown on 14 Feb 1968. The secretary of state declared himself 'exceedingly angry' at the handling of the Falklands dispute. He had not been informed of the divided opinion on the British side, and only now had he discovered that both Haskard and Creswell were suggesting Britain should not proceed with the present policy (the Memorandum of Understanding) because of the reaction this would provoke in the Falklands. He wanted to know why the Commonwealth Office had not told him. Haskard responded he had been reporting on the likely reaction of the islanders for the past two and a half years. Both of the FO argued it would be a mistake now to lose the momentum gained in negotiation with Argentina, while J C Morgan of the Commonwealth Office emphasised that the recommendations made to ministers had been joint submissions by the FO and Commonwealth Office. Brown concluded the meeting by saying he was still 'very angry that he had been put out on a limb'. He had 'a suspicion that someone, having got wind of what was going on between us and the Argentines, was organising a campaign to upset things' (FCO 7/235, no 26, minute by Maitland, 15 Feb 1968).

**325** FCO 42/52, no 495

17 Aug 1968

[Memorandum of Understanding]: inward telegram no 163 from Sir C Haskard to Mr Thomson appealing for reconsideration of the proposed Memorandum of Understanding with Argentina

Your telegram No. 202 and Foreign Office telegram No. 510 to Buenos Aires: Memorandum of Understanding.

I appreciate potent factors favouring conclusion of Memorandum of Understanding, but I most earnestly request pause for reconsideration.

2. Future for wool is causing serious concern in the Colony, prices and wages are rising while profits are shrinking, budget deficit next financial year likely to exceed this year. Inhabitants enjoy standard of living comparable with England, but as this declines the islands will become increasingly less attractive to employment and quite a number of people will of their own volition have to consider moving out. Economic reasons will compel a solution favourable to Argentina. The words of the Memorandum 'The United Kingdom will recognize Argentina's sovereignty', however hedged about with provisos will be completely unexpected, particularly in view of Ministerial statements already made in Parliament. This will stimulate the very reaction which will postpone a voluntary and honourable settlement and will be cause of much unnecessary bitterness and distress.

3. With nearly 4 years' personal experience of Falkland islanders on which to base my view, I definitely detect the beginnings of a voluntary acceptance of realities of the situation among the inhabitants.

4. I take leave to question whether the Argentines appreciate that change of view could come about here. So much has been said about the British character of the islands that it has obscured the fact that the people here associate their island prosperity with their British connexions. With prosperity on the decline, British connexion is becoming less attractive.

5. I urge that no action be taken on the Memorandum of Understanding until this other line of thought has been fully considered. You might contemplate advising the Argentine Government of the facts I have mentioned, pointing out that to complete the Memorandum of Understanding at this stage will produce the very reaction we all wish to avoid. I believe that a pro-Argentine [? gp omitted ? Party] will manifest itself in the islands, but to sign the Memorandum now would almost certainly put off for years a natural turn towards the mainland.

## **326** FCO 42/52, no 503

3 Sept 1968

### **[Memorandum of Understanding]: minute by Mr Roberts to Mr Stewart expressing concern about the proposed agreement with Argentina**

Lord Chalfont, with whom I have discussed this question from time to time, kindly let me see the papers including the submission to you of 29 August.

2. I feel bound to say that I have the most serious misgivings about the course proposed and in particular about paragraph 4 of the Memorandum of Understanding.

3. This states flatly that 'the Government of the United Kingdom, as part of such a final settlement, will recognise Argentina's sovereignty over the islands from a date to be agreed'. The sentence stands on its own as a statement of intention and no amount of explanation of its formal and contingent nature will minimise its explosive impact on public opinion.

4. So far as the Argentine Government is concerned, this is the statement at which they will hammer away, quoting it as a firm undertaking, a binding promise etc. and they will themselves seek to Judge whether the conditions have been met. The possibilities of friction between us and them are increased rather than diminished by this extraordinary sentence.

5. Of the probable impact on the islanders themselves, Sir C. Haskard has written with great cogency. His telegrams Nos. 163<sup>1</sup> and 168 in particular argue conclusively in favour of allowing economic forces to orientate the islanders gradually towards Argentina. I myself believe that the stark statement of intention in paragraph 4 of the Memorandum of Understanding will stimulate resistance to such adaptation by the islanders, with constant anguished appeals to the British Parliament and public opinion and attempts to put their case to the United Nations, in relation to all of which the United Kingdom Government would find its position untenable.

6. In fact, the effect of paragraph 4 in this country may well be traumatic. The unilateral declaration, admirable as its terms are, will be overshadowed by this positive statement of intention and the reactions on *both* sides of the House may well be untractable. We cannot afford another Nigeria debate.

7. However hedged around by conditions, the statement in paragraph 4 will provide the basis for accusations that we have all along misled the House, secretly preparing a sell-out.

8. The draft Memorandum of Understanding is *ad referendum* to the Secretary of State. I most strongly urge that paragraph 4 should be amended as follows:—

‘The Government of the United Kingdom, as part of such a final settlement, will sincerely consider the question of the future sovereignty of the Falkland Islands in the light of the success of the two Governments in resolving the present divergency between them as to the criteria . . .’

This would amply meet the requirements of Argentina (who have shown themselves capable of understanding our difficulties when explained by the Secretary of State to their Ambassador), dispel the black shadow over the lives of the islanders and encourage them to co-operate in new relations with the mainland, and above all enable the Secretary of State to relate the Memorandum of Understanding to the assurances which the House feels that it has been given. I frankly do not see us carrying this in the manner and terms now recommended.

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<sup>1</sup> See 325.

## **327** FCO 42/52, no 529

20 Sept 1968

‘Falkland Islands: Anglo–Argentine dispute’: Cabinet memorandum (C(68)98)<sup>1</sup> by Mr Stewart and Mr Thomson on the Memorandum of Understanding and unilateral statement by HMG. *Appendices*

Proposals for continuing the Anglo–Argentine talks about the Falkland Islands in order to seek a settlement of this dispute were set out in OPD (67) 77 of 24 October 1967<sup>2</sup> and were approved by the Defence and Oversea Policy Committee on 27 October. That paper recommended that our discussions with the Argentines should be continued and that we should attempt to reach agreement on the text of a Memorandum of Understanding between the two Governments to describe their understanding of the position reached in the talks; it was agreed that the

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<sup>1</sup> The copy of this memo in CAB 129 is withheld until 2008.

<sup>2</sup> See 324, note.

Memorandum should contain a statement of the conditions under which Her Majesty's Government would be willing to consider a transfer of sovereignty to Argentina. These proposals also included a recommendation that (as would be made clear to the Argentine representatives), Her Majesty's Government would have to make a unilateral statement, at the time of the publication of the Memorandum of Understanding, to the effect that they would not feel able to regard the safeguards and guarantees offered by the Argentine Government as satisfactory unless they were satisfied that the population of the Islands were ready to accept them.

2. The talks have been continued on a confidential basis at intervals since last October at both the Ministerial and official level: a detailed account of developments is given in paragraphs 6–9 below. On 9 August British and Argentina officials reached agreement, *ad referendum* to Ministers on both sides, on the text of the draft Anglo–Argentine Memorandum of Understanding (see Appendix A).

### *Recommendation*

3. We have carefully considered the text agreed by officials on 9 August and *we recommend* that we should agree to sign the Memorandum as it now stands provided that, as was recommended in paragraph 5(d) of OPD (67)77, it is accompanied by a unilateral statement by Her Majesty's Government explaining Her Majesty's Government's view of the position reached. The suggested text of this proposed unilateral statement is at Appendix B. The Argentines have not yet seen this text, although the gist of it, and especially the explanation of H.M.G.'s policy given in its paragraph 7, has been outlined to them during the Anglo/Argentine talks. They have recently suggested that the contents of the British and Argentine unilateral statements should be co-ordinated as much as possible before the signing of the Memorandum. We believe that we should agree to show the Argentines our text as this would reduce the risk of subsequent misunderstandings between the two Governments; however, we would not agree to accept any major changes in the text of our unilateral statement as now drafted, even if this resulted in an Argentine refusal to sign the Memorandum. If our colleagues approve this recommendation, the Foreign Secretary will show HMG's proposed unilateral statement to the Argentine Foreign Minister in New York in the second week of October.

4. If our colleagues approve the recommendations in para. 3 above we further recommend: (a) that a Minister from the merged Foreign and Commonwealth Office should visit the Falkland Islands at the time when the Memorandum and the unilateral statement are published, in order to explain HMG's policy to the people of the Islands, and to allay some of the anxiety and criticism of the Memorandum which is expected from them (see paras.12–14 below) and from Parliament and the press in Britain; and (b) that an early announcement about this Ministerial visit (though not about its purpose) should be made.

5. For mainly logistical reasons, but also because of the State visit to Brazil and Chile during the first half of November, it will not be possible to arrange a Ministerial visit to the Colony before mid-November. We therefore also *recommend* that the signature and publication of the Memorandum of Understanding should be postponed until that time. It is most important that there should meanwhile be no leakage about the contents of the Memorandum of Understanding either in London or from Argentine sources. Any premature or partial disclosure of its substance would be almost certain to create confusion and criticism in parliament, since the

Memorandum and the unilateral statement are meant to be read together. A more detailed outline of the proposed arrangements for publication of the Memorandum and for the Ministerial visit to the Islands is given in paragraphs 15–17 below.

*Argument and background*

6. Agreement was reached last December on the greater part of the text of the Memorandum of Understanding, in terms very similar to those set out in paragraph 3 of the OPD paper under reference for paragraphs 1, 2, 3 and 5 of the Memorandum. Since then our talks with the Argentine Ambassador have concentrated mainly on paragraph 4 of the draft Memorandum, which defines the conditions under which sovereignty might be transferred. Following the publication last March by members of the Falkland Islands Executive Council of a broadsheet which alleged that the Anglo–Argentine talks might result at any time in the handing over of the colony to Argentina it became necessary for us to outline our policy to Parliament, without disclosing the detailed substance of the talks. Our colleagues will recall that the Foreign Secretary told the House of Commons on 26 March that Her Majesty's Government could consider a transfer of sovereignty to Argentina 'first, only as part of an agreement which would secure a permanently satisfactory relationship between the Islands and Argentina . . .', and secondly, only if it were clear to Her Majesty's Government 'that the Islanders themselves regarded such an agreement as satisfactory to their interests'. We believe that the text of the Memorandum now submitted, together with Her Majesty's Government's unilateral statement commenting on that Memorandum, is fully consistent with the above statement to parliament.

7. Her Majesty's Ambassador, Buenos Aires, and the Governor of the Falkland Islands visited London for consultations early this year and both stressed that the Argentines must be brought clearly to understand that a period of years would be needed before any substantial change or feeling could come about among the population of the Islands, which alone could lead to acceptance of the idea that the Islanders' interests would be properly safeguarded under a transfer of sovereignty. Her Majesty's Ambassador advised that, if this were not made clear in the draft Memorandum of Understanding, the ensuing friction might be more damaging to Anglo–Argentine relations than a failure to agree on a text. To reduce this risk we introduced a time clause into the Memorandum which has now been accepted by the Argentines, after some amendment, as paragraph 6.

8. In our discussions about paragraph 4 of the Memorandum the British side have pressed the Argentines very strongly to accept the following formula, which is based very closely on the first alternative version approved by this Committee last October:—

'The Government of the United Kingdom have indicated that as part of such a final settlement they will recognise Argentine sovereignty over the Islands with effect from a date to be agreed, in the event that [or, 'at such time as'] the Government of the United Kingdom may consider that the population of the Islands regard their interests as secured by the safeguards and guarantees offered by the Argentine Government.'

However the Argentines could not accept this formula and on 5 July the Argentine Ambassador put forward the suggestion that the difficulty in agreeing on this

paragraph should be overcome by stating in paragraph 4 of the Memorandum that Her Majesty's Government would recognise Argentine Sovereignty:—

‘with effect from a date to be agreed, at such time as the present divergence with the Argentine Government on the way in which the interests of the population of the Islands will be taken into account in accordance with Resolution 2065 (XX) is overcome.’

This text was unacceptable to us (a) because it implied that the transfer of sovereignty would take place *automatically* when ‘the present divergence’ had been overcome, and (b) because it linked the interests of the Falkland Islanders directly to United Nations Resolution 2065 (XX). Nevertheless we felt that the Argentine proposal to state in the Memorandum that there was a difference of view between the two Governments represented a genuine attempt to meet the drafting difficulty on both sides and it has been incorporated in the finally agreed text.

9. The formula which was agreed by British and Argentine officials on 9 August is the result of mutual drafting concessions. It refers to the present divergence between the two Governments ‘as to the criteria according to which the United Kingdom Government shall consider whether the interests of the Islanders would be secured by the safeguards and guarantees to be offered by the Argentine Government’ but contains no explicit reference to consultation with the people of the Islands. However this point is covered in the explanation of the Memorandum given in paragraphs 6 and 7 of the draft unilateral statement at Appendix B and is safeguarded by the implication in that statement that the two sides differ on this very question. The Argentines accept that there must be consultation, but they disagree about the role such consultation should play in the process of the United Kingdom Government’s satisfying themselves that the interests of the Islanders are secured (see Memorandum, paragraph 4(ii)). However, they understand our position and have been told on several occasions during these talks that it will be clearly explained in H.M.G.’s unilateral statement.

10. The Foreign Office Legal Adviser has studied the draft Memorandum of Understanding and has paid particular attention to its paragraph 4. He has said that, while the Memorandum seems to represent some concession of form to the Argentine point of view, especially in the first sentence of its paragraph 4, he thinks that the substance of the United Kingdom position will be adequately safeguarded by the proposed unilateral statement.

11. We believe that the Memorandum of Understanding and the draft unilateral statement, taken together, provide us with a reasonable position to defend in Parliament, and one which is consistent with our policy on Gibraltar. For example, paragraph 7 of the draft unilateral statement says that ‘sovereignty would not be transferred unless the change were acceptable to the population of the Islands’ and this is in line with the latitude given to the population of Gibraltar in last year’s referendum,<sup>3</sup> to retain the right at any future time to vote for union with Spain. It is true that the Memorandum of Understanding, which represents the limits of the present area of agreement between H.M.G. and the Argentine Government, is a more forthcoming document than anything that has so far emerged from the Anglo-Spanish talks about Gibraltar, but this simply reflects the Argentines’ more reasonable approach.

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<sup>3</sup> cf 314.

12. The Governor of the Falkland Islands acknowledged the news of the agreement *ad referendum* by British and Argentine officials on the text of the Memorandum of Understanding 'with a sense of deep foreboding', although he appreciated the 'potent factors' favouring agreement on the Memorandum. He has advised that, with the continuing decline in the Islands' prosperity as a result of falling wool prices, a change of feeling towards Argentina is likely there as the British connexion becomes less attractive. His fear is that the signature and publication of the Memorandum of Understanding will come as a great shock to the Islanders who feel that Parliament have now championed their cause, and that the reaction it will produce will in fact delay an evolution of opinion in the Islands favourable to joining with Argentina. He has asked whether communications between the colony and Argentina could not be opened up before the Memorandum of Understanding is signed.<sup>4</sup>

13. We have always recognised that opinion in the Islands could change and we have urged the Argentine Government to accept that this will take time (see paragraph 5 above). But the present obstacles to free communications are on the Argentine side and these negotiations have shown that they will not be lifted before signature of the draft Memorandum of Understanding. If we now refuse to sign the Memorandum this would be regarded by the Argentines as a severe setback which might cause them to reconsider their policy of reaching a settlement by negotiation. This would result in an increased threat to the security of the Falklands, and we would then have to consider a substantial reinforcement of the present small garrison.

14. We acknowledge that the Governor is the best judge of likely reactions in the Islands but he has not yet seen the text of HMG's unilateral statement (although he is aware of the main points it contains), and we hope that this, in so far as it explains the full force of the provisos in para. 4 of the Memorandum, and restates HMG's view of their clear legal right to sovereignty over the Islands, will moderate the Islanders' objections to the Memorandum.

15. If the recommendations in paras. 3–5 above are approved by our colleagues, we propose that the Foreign Secretary should inform the Argentine Ambassador that the terms of the Memorandum of Understanding are acceptable to HMG but that the earliest possible date at which we could sign and publish would be on or about 19 November, by which time we could have arranged for a Minister to be in the Falkland Islands. The Foreign Secretary would also say that he hoped that the Minister could return via Buenos Aires to discuss with the Argentine Government the freeing of communications and that he himself would like to discuss with the Argentine Foreign Minister in New York in October the arrangements for the signing and publication of the Memorandum of Understanding.

16. We believe that arrangements could be made for the Minister selected to sail from Montevideo on about 11 November for the Falkland Islands, where he would stay from about 15–20 November. He would travel between the Islands and the South American mainland in both directions, by HMS *Endurance*, the Royal Navy ice-patrol ship, which will by that date be in or near Falkland Islands waters. Our Departments are in touch with the Ministry of Defence about these arrangements.

17. We would propose that the Memorandum and the unilateral statement should be published together as a White Paper on or about 19 November, and publication

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<sup>4</sup> See 325



would be accompanied by an oral statement in Parliament by the Foreign Secretary. We should be prepared for a full day's Parliamentary debate about this agreement.

18. For further background see OPD (77)67 of 24 October, 1967, the Foreign Secretary's statement to the House of Commons of 26 March, 1968 and Resolution 2065(XX) of the UN General Assembly.

#### APPENDICES TO 327

### A. Text of draft Anglo–Argentine Memorandum of Understanding, as of 9 Aug 1968

The following text has been agreed by British and Argentine officials *ad referendum* to Ministers:

1. 'Representatives of Her Majesty's Government in the United Kingdom of Great Britain and Northern Ireland and of the Government of the Argentine Republic, having held discussions regarding the question of the Falkland Islands ("Malvinas") in a friendly and cooperative spirit, in accordance with Resolution 2065(XX) of the General Assembly of the United Nations, have recorded in this Memorandum their understanding of the position reached in the discussions:

2. The common objective is to settle definitively and in an amicable manner the dispute over sovereignty, taking duly into account the interests of the population of the Islands. In order to create conditions in which this objective can be achieved, the two Governments intend to make early progress with practical measures to promote freedom of communication and movement between the mainland and the Islands in both directions, in such a way as to encourage the development of cultural, economic and other links.

3. To that effect, and in a desire to contribute towards such a settlement, the Government of the Argentine Republic will promote free communication and movement between the mainland and the Islands, and the United Kingdom Government will collaborate in the implementation of this policy. Discussions on the practical measures to be adopted will now take place in Buenos Aires.

4. The Government of the United Kingdom as part of such a final settlement will recognise Argentina's sovereignty over the Islands from a date to be agreed. This date will be agreed as soon as possible after (i) the two Governments have resolved the present divergence between them as to the criteria according to which the United Kingdom Government shall consider whether the interests of the Islanders would be secured by the safeguards and guarantees to be offered by the Argentine Government, and (ii) the Government of the United Kingdom are then satisfied that those interests are so secured.

5. Both Governments will proceed with the present talks in London in order to define the details of the guarantees and safeguards for the interests of the population of the Islands to be put forward by the Argentine Government.

6. The two Governments have taken note of each other's policies and share the view that a certain period of time should facilitate the development of conditions for a definitive settlement. If no definitive settlement had been reached, a meeting of special representatives could be held at the request of either Government to review progress or to examine the question, at a date not less than four years or not more than ten years from the signature of this Memorandum.'

## B. Draft bilateral statement by Her Majesty's Government

On 26 March and on several other occasions this year Ministers have explained to Parliament their reasons for holding talks with the Argentine Government about the Falkland Islands. In these talks Her Majesty's Government have kept constantly in view the need to protect and safeguard the interests of the population of the Falkland Islands now and in the future. The Foreign Secretary told the House of Commons that for a small community like this to be seriously at variance with a large continental neighbour could be an increasing source of vexation and uncertainty to the Islands and he made it clear that in pursuance of Her Majesty's Government's policy to secure a lasting and satisfactory *modus vivendi* between these Islands and Argentina they thought it right that the question of sovereignty should be included in the talks with the Argentine Government. Since that time the talks have continued, and the two Governments have now reached a measure of understanding. This has been set out in a joint Memorandum of Understanding, which the two Governments will in due course communicate to the Secretary-General of the United Nations.

2. As can be seen from that Memorandum Her Majesty's Government have made a sincere effort to reach a satisfactory settlement of this dispute which arises from the Argentine claim to sovereignty over the Islands. But Her Majesty's Government have already stated that they could only consider the solution of this dispute by a cession of sovereignty to Argentina first as part of an agreement which could secure a permanently satisfactory relationship between the Islands and Argentina and second, if the Islanders themselves regarded such an agreement as satisfactory to their interests.

3. The Memorandum of Understanding contains a conditional undertaking by Her Majesty's Government to recognise Argentine sovereignty over the Falkland Islands with effect from a date to be agreed. Her Majesty's Government wish to repeat that they have never had any doubt as to their sovereignty over the Falkland Islands, which will not be affected by the present understanding with Argentina except in the circumstances described in paragraph 4 of the Memorandum of Understanding, and in this statement.

4. Paragraph 4 of the Memorandum of Understanding refers to a divergence between the two Governments, and indicates that until that divergence has been removed there can be no final settlement. This divergence refers specifically to the rôle that consultation with the people of the Islands should play in the final decision as to the efficacy of the safeguards and guarantees. Her Majesty's Government would not feel able to regard the safeguards and guarantees referred to in paragraph 4 of the Memorandum of Understanding as satisfactory unless they were first satisfied that the Falkland Islanders themselves regard them as satisfactory.

5. Her Majesty's Government believe that a greatly improved relationship between the Islands and their nearest neighbour, Argentina, is in the best interests of the Islanders. Her Majesty's Government are equally conscious of the close ties between the population of the Islands and the United Kingdom and of their loyalty to the Crown and it is Her Majesty's Government's intention to ensure that the present inhabitants of the Falkland Islands should in any circumstances retain their British nationality for as long as they wish.

6. The questions still to be resolved are complex, particularly those concerning the safeguards and guarantees, about which it will be necessary fully to consult the

people of the Islands. As the next step in this process of consultation, the Minister of State, . . . Office, will visit the colony from . . . to . . . 1968,<sup>5</sup> to inform the people of the Islands about Her Majesty's Government's policy in their talks with the Argentine Government. Her Majesty's Government wish to make it clear at once however that throughout this process of consultation they will ask the Islanders to regard the question of the efficacy of the safeguards and guarantees and that of the possible cession of sovereignty to Argentina as a single issue.

7. The practical effect of this would be that sovereignty would not be transferred unless the change were acceptable to the population of the Islands. As is clear from the Memorandum of Understanding, both Governments agree that the process of consultation and the negotiation of appropriate safeguards and guarantees will take time. When, and only when, they are satisfied that the basis proposed for the transfer of sovereignty is acceptable to the population of the Islands, would the British Government of the day be able to proceed to a final settlement with the Argentines.

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<sup>5</sup> Blank in original.

**328** FCO 42/53, no 567 10 Oct 1968  
 [Memorandum of Understanding and UK statement]: record by D J D  
 Maitland<sup>1</sup> of a meeting between Mr Stewart and Dr Costa Mendez at  
 the Argentinean Mission in New York

After Mr. Stewart and Dr. Costa Mendez had had a few words privately, *Dr. Costa Mendez* opened the meeting by summarising the position which had been reached. As he understood it, Her Majesty's Government had not yet taken a final decision and this decision depended largely on the attachment of our unilateral declaration to the Memorandum of Understanding. *Mr. Stewart* confirmed that this was indeed the case. *Dr. Costa Mendez* said that logically, as the Memorandum mentioned a divergence, each side could attach its views on this divergence. On the other hand if the nature of the divergence as described in a unilateral declaration were such as to supersede the Memorandum, we would all be back again at the beginning.

2. Drafts of the two unilateral declarations were then exchanged.

3. *Dr. Costa Mendez*, giving his preliminary reactions, said that in all frankness he felt bound to say that Argentina could not accept deference to the judgment of the islanders on the questions of the transfer of sovereignty and the adequacy of guarantees. This would be altering the whole basis of the Argentine position. *Mr. Stewart*, equally stating his preliminary views, said that he thought that the United Kingdom would have no objection to the Argentine declaration setting out their case. The United Kingdom regarded the Memorandum of Understanding and paragraph 3 of the draft statement referring to the recognition of Argentine sovereignty as a major advance. The two countries would be signing a memorandum which recorded the measure of agreement reached between them and also the one remaining divergence. He did not see that unilateral declarations defining this divergence would compromise the position of either party.

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<sup>1</sup> Head of FO News Dept, 1965–1967; principal private secretary to foreign secretary and foreign and Commonwealth secretary, 1967–1969.

4. *Dr. Costa Mendez* said that the Argentine side had negotiated all along on the basis of the principle that sovereignty was a question for the two Governments, not for the islanders. This was a very important principle for Argentina. *Mr. Stewart* agreed that sovereignty was a matter for H.M.G. which had the right to dispose legally of any part of British territory. Nevertheless he must say frankly that it would only be right to make clear the circumstances under which H.M.G. would be willing to dispose of its right of sovereignty.

5. *Dr. Costa Mendez* said that the differences between the two sides must be clarified before the Memorandum could be signed. If the statements were attached to the Memorandum this could be held to mean that both parties accepted the terms defining the divergence. In the light of the Argentine position that the islands belonged to Argentina, deference to the judgment of the islanders would not be acceptable. Argentina was convinced moreover that the islanders, like many other people of British stock who had settled in Argentina, would be entirely satisfied with the guarantees which the Argentine Government offered to all the inhabitants of the Republic.

6. *Mr. Stewart* said that it would be clear from the Memorandum of Understanding that deference would be in fact to the judgment of the United Kingdom. Even if the statements were not annexed to the Memorandum, H.M.G. would wish to send theirs to the Secretary-General with the Memorandum when it was published. *Dr. Costa Mendez* made no definite comment, but did not appear to think that this would be a solution. He said that he understood H.M.G.'s problems, but he also must be frank about the Argentine position in the light of the predictable reactions of Argentine public opinion.

7. *Dr. Costa Mendez* then said he would like time to study the United Kingdom draft carefully with his advisers and asked whether it would be possible to arrange another meeting. *It was agreed* that both sides should study the other's draft statement and that the two Ministers and their advisers should meet on Monday, 14 October to see if the two statements could be adjusted so as to be mutually acceptable.

## **329** FCO 42/307, no 25B

Nov 1968

### **'Lord Chalfont's visit to the Falkland Islands': FO notes on factors affecting HMG's policy in the Anglo-Argentinean dispute**

Her Majesty's Government's policy is based on the following premises:—

- (i) We want to secure a lasting and satisfactory *modus vivendi* between the Islands and Argentina. In the modern world it is necessary for small communities to have a harmonious and realistic relationship with their nearest neighbours;
- (ii) Argentina has over the last hundred years contained one of the largest British communities in any non-Commonwealth country in the world. At one moment there were over 50,000 and now there are about 20,000 registered members of the community including many sheep farmers of Welsh and Scottish descent in Patagonia who have quite a lot in common with their neighbours in the Falkland Islands;
- (iii) We want to establish a sound foundation for our own good relations with

Argentina; therefore we have agreed to discuss the question of sovereignty (without prejudicing our own legal position or our concept of the importance that must be accorded to the wishes of the population of the Islands);

(iv) Our relations with Argentina are important for the following reasons:—

(a) Latin America is increasing its importance in the world after a long period of neglect. Many of its countries offer great opportunities for British exporters and investors. Of these, Argentina is one of the most important. The Latin American countries maintain a considerable solidarity towards the rest of the world, so that a dispute with one tends to become a dispute with all. Since the prospect of securing a foothold in their economic expansion depends very largely on good relations with their Governments, this dispute could seriously prejudice our prospects of getting a fair share of the expanding markets.

(b) In Argentina we are interested in a number of large contracts, some related to economic development and some to military re-equipment. Even though the possible growth of our trade with Argentina (not to mention the rest of Latin America) cannot be precisely assessed, there is reason to think that our present export figures to Argentina (£25 million in 1967) might be doubled within the next few years, and continue to grow thereafter (there is also some £25 million worth of invisibles annually); our exports to Argentina in the first six months of 1968 show an increase of 25 per cent in sterling terms over those of the same period in 1967.

(c) British investment in Argentina is already large (current book value at least £120 million), and might be endangered if there were a serious deterioration in Anglo-Argentine relations;

(d) The present Argentine Government contains important liberal elements which would genuinely welcome a compromise solution of the Falkland Islands question. The influence of Nationalists in the Government would be strengthened by a breakdown of these negotiations, and could lead to the régime either being replaced in due course by a more militant one or by its changing its own character in such a way as to remove the present hope of a solution;

(e) The Latin American attitude in the United Nations is of great importance to us. The Argentine case there has so far received overwhelming support, and advice from New York shows that the views of the population of the Islands (particularly as they are almost all white and British) carries little weight with the Afro-Asians and the Communist bloc. (This might not be of crucial importance solely in relation to United Nations discussion of the Falkland Islands question itself; but it is of considerable importance on matters of greater and more direct concern to us, e.g. Rhodesia and Gibraltar.)

2. In formulating our policy we have also taken into account the following factors concerning the colony and its population:—

(1) The colony is no longer of any strategic or much economic value to us. It has hitherto been virtually self-supporting but its economy is largely dependent on wool. The prices of this commodity have fallen in world markets.

(2) The Governor had said that pro-Argentine sentiment may grow among the Islanders as their economic prosperity (which has been associated by them with their close links with Britain) declines;

(3) We can no longer defend the Falkland Islands effectively, except by a force ridiculously large in relation to the population and our resources. The reduction in the strength of the Royal Navy and the absence of British bases in the South Atlantic mean that the nearest ship likely to be available for this purpose is the one frigate based in the West Indies, which is on average at least twelve sailing days away; however H.M.S. *Endurance*, an ice patrol ship, is within four days of the Islands from November to March;

(4) There are also possibilities of additional harassment by the Argentine authorities. These could include pressure on the Uruguayan Government to interfere with maritime communications (the only regular link with the mainland is between Port Stanley and Montevideo);

(5) If Argentina were to re-open communications with the Islands (which she has hitherto refused to do before at least an interim agreement on the question of sovereignty), she could offer the Islanders substantial advantages which might include the construction of an airfield and the provision of air services, possibilities of re-settlement and trade, and freedom of movement between the two territories;

(6) If the Falkland Islanders are to have any kind of tolerable future, a *modus vivendi* with their infinitely larger neighbour will have to be found: they cannot live in a state of latent hostility for ever. The problem raised by the existence of the Argentine claim will not disappear if we ignore it, but we recognise that a considerable period of time will be needed before the Islanders can be expected to modify their attitude towards Argentina.

### 330 FCO 7/1347, no 38

5 Dec 1968

[Chalfont Report]: report by Lord Chalfont to Mr Stewart on his visit to the Falkland Islands, 23–28 Nov 1968<sup>1</sup>

#### *Introduction*

1. I arrived off the West Falkland Island in HMS *Endurance* in the early morning of Saturday, the 23rd of November, and spent the day touring farms and settlements by helicopter and light aircraft. The arrangements for this and for my similar tour of the East Falkland Island on Tuesday, the 26th of November, were the same; people from surrounding settlements came in to pre-arranged stations to meet me, hear what I had to say to them and put questions to me.

2. Apart from these two days spent in the Camp (the term used for everything outside Port Stanley, the tiny capital with a population of 1,000—half the population of the Colony), I spent my time in Port Stanley, in several long and intensive discussions with members of the Executive Council, in meetings with the Town Council and the Executive Committee of the Trade Union, in various miscellaneous visits and discussions, and in one large public meeting on my last evening in the Town Hall. Details of my programme are attached.

3. From the time when I left Montevideo in HMS *Endurance* until my return to Buenos Aires I was accompanied by five British journalists representing *The Times*,

<sup>1</sup> The Queen visited South America in Nov 1968. Chalfont's visit to the Falkland Islands was delayed until her return to the UK.

*Daily Telegraph, The Guardian, Daily Express and Daily Mail.* They were present during all my discussions with the Islanders, both in the Camp and in Stanley, except for my meetings with the Executive Council, the Stanley Town Council and the Trade Union. The Governor and the Royal Navy went out of their way to provide transport and other facilities for the Press. I left Stanley on HMS *Endurance* on the afternoon of the 28th of November, returning to London via Rio Gallegos and Buenos Aires.

#### *Object of my visit*

4. The Governor and Executive Council had for some time been pressing for a Minister to visit this isolated and remote Dependency, which has never previously been visited by a British Minister or even an official higher than Counsellor rank. The announcement about my visit stated that its purpose would be to explain Her Majesty's Government's policy to the Falkland Islanders and to learn their views at first hand. When my visit was first planned it had been the intention that the Memorandum of Understanding and Her Majesty's Government's Unilateral Statement should be published at the time of my arrival in the Colony, so that I could have explained to the Islanders precisely what it meant and have mitigated its public impact. The postponement of publication made my task somewhat more complicated, in that I had to prepare opinion in the Colony without revealing (other than to the Executive Council) the actual contents or indeed the existence of either document.

5. My task in the Colony might therefore be summarised as being:—

(a) to allay the Islanders' anxieties about their future by repeating to them, in simple and human terms, that there would be no transfer of sovereignty to Argentina against their wishes; and to drive this point home in order to mitigate the undoubted severe shock which the language and tone of the Memorandum of Understanding will cause;

(b) at the same time to begin the task of breaking down the traditional, fossilised attitudes amongst all sections of opinion in the Colony towards both Britain and Argentina, and to try to persuade the Islanders to start thinking seriously about whether their present community and values can survive in the modern world, and where their real interests may lie in the years ahead.

#### *The economy of the Islands*

6. The economy of the Islands is based entirely on the production of wool. The farms, as they are called, are in fact large sheep ranches. Each farm has its own 'settlement' which is always on the coast. Nearly one-half of the land belongs to the Falkland Islands Company, which also runs the only steamer maintaining a regular service with Montevideo, and handles by far the greater part of the Colony's export and import trade. Many of the farms are owned by absentee landlords and run by farm managers, only a minority of them being actually owner-managed. They very rarely come on the open market, so there is almost no opportunity for a farm-hand or anyone else to own his own farm. There is a serious shortage of farm labour, and it is necessary to resort to recruiting men from Britain or elsewhere, on contract. Unmarried farm-hands live together in 'Cookhouses'.

7. I shall not, in this report, attempt any detailed analysis of the Colony's

economy, which was done admirably in the Guillebaud Report, published in 1967. All I would add by way of postscript to that report is that, although here and there I saw signs of some attempt to carry out its recommendations for improving farm productivity and generally modernising the Islands' economy, the general picture seems to have changed very little since 1967. It is still one of a static sheep-farming community, very paternalistic in character, with the ownership of land and capital concentrated in the hands of a few people, some of whom are wealthy by any standards. Little of this wealth has been ploughed back into the Islands, and there is resistance among the richer Islanders to any increase in taxation aimed at improving local amenities and Government services.

8. The position and attitude of the Falkland Islands Company is not conducive to the injection of new life or ideas into the Islands. The Company dominates the Islands' economy, controlling not only half the land but also such basic services as transport, building supplies, retail stores and repair facilities. It has over the years paid high dividends, but ploughed back very little by way of investment. Its local representatives do not give the impression of dynamic or forward-looking management: indeed the Company give the impression of being more conservative and unimaginative in their outlook than many of the other local landowners. There are strong rumours that even the steamer service to and from Montevideo at present provided by the Company's ship *Darwin* will be withdrawn unless the Falkland Islands Government guarantee a minimum 12½ per cent profit. If this were to happen it would be a severe blow to the Islands' economy and to the welfare of the people.

9. Indeed, this problem of communications shows signs of becoming increasingly serious. Apart from the transport of wool out of the Islands and essential supplies inwards, there is a growing need for a fast and reliable passenger service. For example, there is no secondary education in the Falkland Islands beyond the age of 15; expatriate workmen have to be transported to and from their homes at the beginning and end of their contracts; and cases of serious illness may have to be sent to Montevideo. The absence of effective communications also eliminates what small possibilities there might otherwise be for developing a tourist trade. It is therefore not surprising that even those Falkland Islanders who are violently anti-Argentine (as most are, largely because of this very lack of contact with the outside world) admit the great advantages which a direct air service to the mainland would bring them.

10. The static and conservative character of the Falkland Islands' economy might be a cause of less concern if it existed against a background of rising, or at least steady, wool prices. The Guillebaud Report estimates that if the Colony's sheep-farming industry is to remain stable, their wool must sell for at least 40d. per lb., on the basis of 1966 costs. Since then the price of wool has fallen perilously close to Guillebaud's minimum figure, and meanwhile wages, transport and other costs have risen. Even under progressive management and leadership and without the labour shortage and other problems arising from the Falkland Islands' geographical position, the future of its wool industry would at best be problematical, particularly in the face of growing competition from synthetic fibres. As things are, any realistic view of their economic future can only be a sombre one. If, as seems likely, falling revenues lead within the next year or two to a Budget deficit and consequently to higher taxation, this can only make matters worse. There are already signs of a steady



trickle of emigration to New Zealand and elsewhere among the younger people coupled with increasing difficulties of recruiting contract labour from outside. As general confidence in the Islands' economic future declines these difficulties, too, cannot fail to become greater.

11. Against this background it is not surprising that many Falkland Islanders told me of their fears and uncertainty for their future and that of their children, usually adding that the present political uncertainties accentuated these. I was often asked what were the prospects of British financial or development aid if these difficulties became much worse. I of course assured my questioners that we would, as we have elsewhere, stand by the Colony if it got into difficulties not of its own making, but also made it clear that this would mean stringent financial controls in the Islands if Parliament and the Public Accounts Committee were to be satisfied. This would inevitably mean higher taxation.

12. To sum up, I reluctantly conclude that the economy of the Islands is slowly running down, and that this process will continue irrespective of our dispute with Argentina over Sovereignty. I believe many of the Islanders realise this. Their present political and economic leaders are most unlikely to provide either the financial, technical or psychological stimulus which would be necessary to halt or retard the process. It follows from this that if the Argentines seriously intend to try to make a transfer of Sovereignty attractive, or at least tolerable, to the Falkland Islanders, their success will depend very largely on what economic inducements they can offer.

### *Falkland Islands society*

13. About half the people of the Falkland Islands live in Stanley, and the rest in the Camp. There is a heavy preponderance (about 11:9) of males to females, particularly in the Camp. Internal communications have been revolutionised by the introduction of a regular service by the two Beaver aircraft, but this is still too expensive for more than occasional use. Education is available up to the age of 15 in a boarding school built by the Company, but for further education children must go to Montevideo or Britain, and many who do so never return. Living standards, and particularly housing, are extremely high, even for a farm labourer, and there is no shortage of washing machines or other household equipment. There is an occasional cinema and a library in Stanley, and an Islands broadcasting service used for news, Government and other announcements and general entertainment; but otherwise the opportunities for recreation are as limited as one would expect in so small, scattered and isolated a community.

14. In these circumstances it is not surprising that Falkland Islands society has a paternalistic, almost feudal, character which has not existed in any other English-speaking country since the turn of the century. Since there are virtually no opportunities for economic advancement social mobility is non-existent and people tend to know their places and be content to remain in them. In Stanley one is constantly reminded by the leaders of local society of the Islanders' general ignorance, simplicity and lack of political sophistication. I suspect that these alleged limitations suit the purpose of these leaders only too well, and that they make no effort to enlighten their public or to encourage them to come to terms with the world outside. From my contacts with people both in Stanley and in the Camp, I do not believe them to be, as a whole, as stupid or irredeemably unsophisticated as I was led to suppose. Many of them would respond to intelligent and realistic leadership,

but I fear that all they are likely to get for the most part is continued obscurantism and paternalism.

*The attitudes of the Executive Council*

15. The Executive Council consists of the Governor and the Colonial Secretary, both of whom are expatriate officials, the Treasurer (Gleadell—a Falkland Islander), two elected unofficial members (Goss and Pitaluga) and two appointed unofficial members (Barton and Miller). So as to enable those unofficial members of the Legislative Council who are not members of the Executive Council to be taken into our confidence under the Executive Council Oath of Secrecy, the Governor swore them in as Extraordinary Members of the Executive Council for the duration of our visit. They comprise two nominated members (Clement and Hills) and one elected member (Mrs. King).

16. There are no active political parties in the Colony. An attempt was made to start one, under the title of the National Progressive Party, in 1964, but it has withered through general lack of interest. While there is keen local interest in the Elections (a turn-out of something over 90 per cent in this year's General Election), the electors vote for personalities rather than any political programme. Almost all candidates come from the farm-manager class. The two exceptions among the present membership are Hills (the founder of the National Progressive Party) who owns his own mechanical engineering and haulage business, and Goss, the Secretary-General of the Trade Union. But it is important to remember that Goss, whose prime object is to secure the highest possible wages for his union membership in the annual wage bargaining, has just as strong a vested interest as any of the farm-manager 'boss' class in retaining the Islands' present economic and social structure, since he and his union feel that the recruitment of labour for the farms from Chile rather than Britain will simply depress wage levels. There is no direct voice in either Council of the farm employees. The Right wing of the Executive Council is represented by Barton, who came originally from the United Kingdom, married a Falkland Islander, retired in 1964 from being the local manager of the Falkland Islands Company, and is the Director of several of the local farming companies. He is the most experienced member of the Council, and enjoys great prestige in the Colony. He is able but irredeemably reactionary. He is in daily touch by telephone with the Falkland Islands Emergency Committee in London. Sidney Miller, the second nominated member of the Executive Council, is of Barton's generation and outlook, but more volatile, less intelligent and carries much less weight locally. The Governor is doing his best to encourage the newer, younger members (especially Pitaluga and Goss) to develop their own lines of thought independently of the Barton-Miller brand of ultra-conservatism, but it is the latter which at present still predominates in the Council.

17. My first meeting with the Executive Council took place on the afternoon of Sunday, the 24th of November, when I presented the two drafts to them, together with a detailed explanation of the reasons why we have thought it right to discuss Sovereignty with the Argentines. In February of this year they had seen an earlier version of the draft Memorandum of Understanding, which had caused such consternation that they resorted to Parliamentary lobbying and a United Kingdom Press campaign. Although the Governor has, on several occasions since then, pressed to be allowed to tell his Executive Council of the general course of our talks with the

Argentines, we had felt that we could not afford to run the risk of another leak and had therefore instructed the Governor not to say anything further to his Council, at least until Ministers in London had finally approved the draft Memorandum of Understanding and Unilateral Statement of our policy. This, coupled with the alarming reports in the *Daily Express*,<sup>2</sup> had the effect of increasing the anxieties amongst the Councillors and the general public about the way our policies were developing; and it also meant that the Council were ignorant of our intention to accompany the Memorandum of Understanding by a Unilateral Statement of our own policy.

18. I am preparing separate records of the various Executive Council discussions. In short, at the first meeting, in presenting the draft Memorandum of Understanding and Unilateral Statement, I emphasised that they did not in any sense constitute a legally-binding agreement; and secondly that, if studied together, objectively and in full, they did not contradict either each other or the assurances I had given during the previous day's meetings in the West Falklands, to the effect that Sovereignty would not be transferred against the wishes of the Islanders. The Council listened in total silence; after I had completed my exposition I and my party withdrew from the Council to allow members to discuss the matter among themselves. The Governor told me that evening that the reactions against the Memorandum of Understanding had been very strong; and when he met his Councillors next morning prior to the resumption of my talks with them, they informed him of their intention to resign collectively. He was able to convince them that this would not only be most unhelpful to Her Majesty's Government but also that it would do nothing to further the interests of the Falkland Islands. When we met, however, their attitude towards the documents was uniformly hostile, and was expressed in the most naïve and intemperate terms. They had a genuine enough difficulty in believing that two documents so different in tone could in fact be read together; and feared that the language of the Memorandum of Understanding represented Her Majesty's Government's real policy towards the Falklands, rather than the assurances contained in the Unilateral Statement. I therefore took them over most of the ground again, and by the end of the day I had succeeded in convincing them of two things:—

- (a) that the two documents not only could, but must, be at all times read and construed together;
- (b) that Her Majesty's Government have been conducting these talks with the Argentines with good faith towards the Islanders, and that the publication of the Memorandum of Understanding will in no way supersede or undermine the strength and validity of our constantly reiterated assurances that we will not transfer Sovereignty against the wishes of the Islanders, and that their future therefore lies in their hands.

19. At the same time the Executive Councillors remained intensely nervous of the effect which the publication of the Memorandum of Understanding is likely to have in the Islands. They insisted that the average Falkland Islander would be dismayed by its language and would regard it as contradicting all our assurances; and that it would lead to an exodus of capital and people from the Colony. They were therefore most anxious that I should, while still in the Colony, do everything I could

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<sup>2</sup> The *Daily Express* had already reported (21 Sept) that a minister would shortly visit the Falklands to tell the islanders Britain was ready to let Argentina have sovereignty over the islands (FCO 7/155, no 12).

to prepare public opinion in advance, so as to mitigate the feeling of betrayal to which publication is bound to give rise. With this in view it was decided that, in my tour of the East Falkland Island the following day, and in all my subsequent public meetings in Stanley, I would take the line that I had informed Executive Council of all details of talks with the Argentine, that they were satisfied that throughout we had acted in good faith towards the Islanders, and that when we were able to make known our 'agreed position' it would seem to be in keeping with our repeated pledge that Sovereignty would not be transferred against the Islanders' wishes.

20. My next contact with the Executive Council was on the last day of my visit, Thursday, the 28th of November, when I spent both the whole morning with the Council, and the whole of the afternoon up to the time of my embarking in HMS *Endurance*. Pitaluga, one of the younger and more progressive elected members, read a statement summarising the views of his colleagues, who had met together the previous night. The main points of the statement were that the draft Memorandum of Understanding and the proposed Unilateral Statement were strongly disliked by the Executive Council and did not have their blessing. The documents would be taken at their face value in the Islands. They would undermine confidence in the Islands and they would cause the Islanders to leave. The full meaning of the documents had been explained to the Council who believed the many assurances they had been given and were satisfied that Her Majesty's Government were acting in good faith. Nevertheless the contents of the documents would be regarded by the Islanders as a betrayal and a stab in the back as they would appear to have been finalised after my visit. The Council would try to cushion the blow and to this end they would like to discuss amendments to the Unilateral Statement.

21. The Council recognised, however, that the documents would be published, and accepted that there is now no chance of altering the wording of the Memorandum of Understanding; but they pressed for some alteration of the Unilateral Statement, to make it more comprehensible to Falkland Islanders. I felt it both reasonable and sensible to discuss with them what amendments they would like with a view to presentation in the Falklands in a way that would mitigate the effect of the language of the Memorandum of Understanding. The version which emerged does not differ at all in substance from the original draft and indeed includes large sections of it; but it gives rather more prominence to our assurances that Sovereignty will not be transferred against the wishes of the Islanders. It is slightly shorter, and it is couched in language more likely to be understood by the Falkland Islanders. It also refers to our intention to stand by our obligations to them, including our responsibility for their defence. It was generally agreed by the Council Members to be an improvement, since it incorporated some points which they themselves had suggested, and it was agreed that I should recommend it to my colleagues, subject to legal advice, on my return to London. The text of this revised version is attached at Annex A.<sup>3</sup>

22. The other matter which greatly concerned Executive Council at this meeting was what they should say upon publication. One or two members of Council still apparently felt that the right posture for them to adopt would be to dissociate themselves from the Memorandum of Understanding, and attack it in strong terms. I believe that I succeeded in convincing them that this would be harmful to their interests, and that the right line for them to take would be a statement along the

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<sup>3</sup> Not printed.

general lines that they regretted the situation which had arisen from the Argentinian claim to Sovereignty; that they welcomed any effort to improve relations between the Falkland Islands and Argentina, but had made clear to me that they disliked much of the Memorandum of Understanding; that they greatly welcomed the assurances given them that Her Majesty's Government would not transfer Sovereignty against their wishes; and reminded their fellow Islanders that this assurance remained. The Governor believes he can hold his Executive Council to something on these lines: he will be telegraphing to us in due course the draft of the statement his Executive Council intend to make.

23. The Executive Council felt that it would greatly help to put the documents over with local opinion if I were to broadcast a reassuring statement to the Islanders on the BBC Overseas Service at the time of publication of the documents.

### *Defence*

24. It has of course been apparent for some time that the British Government could no longer provide any effective continuous form of defence of the Falkland Islands against external attack, if indeed it ever could. In present-day circumstances, we would have to rely on a more general capability to respond to organised outside attack, placing much more reliance on political means of reducing or removing the threat and particularly on improved relations with Argentina. I agree with the current Chiefs of Staff view that a full-scale military attack by Argentina is in any case most unlikely, and most people with whom I discussed this in the Falkland Islands shared this view. There is nevertheless a general apprehension about both our willingness and our ability to defend them against unofficial attacks on the lines of the CONDOR incident in 1966<sup>4</sup> and indeed of the admittedly rather farcical landing by three Argentine journalists during my own visit. My reply to enquiries about defence invariably took the form of admitting that we could not provide on the spot any effective means of preventing landings of this kind, and that, as they saw from the CONDOR incident, it would almost certainly take some time to react to them with military reinforcements.

All this underlines the urgent need to improve our and the Islands' relations with the Argentine. Otherwise, a few more such incidents may induce such a sense of insecurity, particularly in the Camp, that people will start leaving the settlements and it will prove impossible to find anyone to take their places. Nevertheless, if we had reason to think that the likelihood of incidents of this kind was increasing, we might have to consider some reinforcement, if only temporary, of our forces in the area.

25. In general my visit has confirmed me in my view that our policy is sound in principle: if it were acceptable to the Islanders, then we should be prepared to transfer sovereignty to Argentina. At present it may seem almost impossible that the Islanders should ever consent to come under Argentine sovereignty. But I do not think that this will necessarily always be so. I do not believe that the Falkland Islands can continue to exist for very many years as they are at present constituted: wool is not likely to continue to provide the Islanders with a prosperous future; it is difficult to see any alternative form of economy that could be made viable; and the drift of young people away from the Islands is likely to continue, and indeed probably at an

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<sup>4</sup> See 316, para 8.

increasing rate. I should judge that increasingly the farms will have to rely on importing Chilean labour; and with the disappearance from the scene over the next decade of those people (mainly the farm employees and the retired persons living in Stanley) who still think of Britain in the terms of 1900, and a dwindling resident working population of British stock, I can conceive of a time when the sheep ranches will be owned by a small number of farmers who will be content to accept dual Anglo–Argentine nationality in return for the greater convenience to be derived from close association with Argentina. I believe therefore that the Falkland Islands may one day be prepared to choose Argentine sovereignty. But the process will take years; and we must strive to make the Argentines understand, and accept, that they must exercise patience, and show the Islanders by all practical means possible the advantages to be derived from closer association with Argentina, leading gradually but inexorably to the acceptance of Argentine sovereignty. There is a reasonable prospect that the arrangements embodied in the Memorandum of Understanding will defuse the dispute and buy time. Our role during this period must be to get the Islanders to face the underlying realities of their and our situations. We must not try to do this too quickly or brutally, and must never lose sight of the basic human problems that this will present to many people who are certainly unsophisticated and deeply attached to their present way of life. We must at all costs avoid giving the Islanders the impression that we want to get rid of them, since that would set up precisely the reaction we want to avoid. At the same time we must ensure that the Islanders do increasingly understand the realities of their situation. Provided we can at the same time drive home to Argentina the need for careful and patient handling of the problem on their side, I believe our present policy will eventually solve this problem. In time we should aim to arrange increasing personal contacts between the leading Falkland Islanders and suitable Argentinian personalities.

### *Conclusions*

26. My conclusions from the visit are:—

- (a) I believe that in the course of my visit I was able to do a good deal to allay the Falkland Islanders' suspicions and anxieties about Her Majesty's Government's intentions, and also about our good faith. My reception was at no time hostile, and towards the end there were signs among both the public and the Executive Council members of some relaxation and reassurance;
- (b) Nevertheless much apprehension and misunderstanding remains and is likely to grow again during the coming weeks. Whatever efforts are made to minimise this, the publication of the Memorandum of Understanding will come as a shock to most people in the Falkland Islands, and the local unofficial leadership cannot be counted on to do much to reduce it or to educate their people in Her Majesty's Government's true intentions, since they have a vested interest in resisting change of any kind;
- (c) There is widespread and almost unanimous dislike, fear and distrust of Argentina even among those who recognise the possible economic advantages of closer links with that country. This attitude is primarily due to the Argentines' own clumsiness and lack of imagination in their harassment and cutting off of communications with the Islands, and it will take a long time, even with a real change of the Argentine heart, to alter it;

(d) The decisive longer-term factor in the situation is the stagnation and deteriorating prospects of the Islands' economy, which is likely before long to lead to increasing depopulation and financial difficulties. This is bound in turn to alter the character of society in the colony and so lessen resistance to political and constitutional change.

(e) There is a serious problem of communication between Her Majesty's Government and the Islanders. As I have explained earlier, we have throughout the greater part of this year instructed the Governor not to take his Executive Council into his confidence over the way the talks with the Argentines were developing. On reflection I feel this made his task a good deal more difficult, although it may have been unavoidable. I am quite clear that from now on we must maintain much closer touch with the Executive Council through the Governor, and that we must send him clear directions as to the policies we wish him to put over. In my recommendations I suggest other means to this end as well.

(f) There is considerable and justifiable apprehension in the Falkland Islands about our ability to defend them against the unofficial attacks or intrusions which are agreed to be the main threat. Indeed, the removal or reduction of this form of harassment is one of our main reasons for wishing to reach an early settlement, or at least an agreed position with the Argentines.

### *Recommendations*

27. Although the publication of the Memorandum of Understanding will cause shock and strong emotional reaction in the Falkland Islands I am convinced that it presents a real possibility of arriving at some kind of understanding with Argentina and I recommend that we should go ahead with it. It is however important to point out that, although the Executive Council in the Falkland Islands has been convinced of our good faith and has accepted that the Memorandum of Understanding together with the Unilateral Statement do nothing to negate our repeated pledge that there will be no transfer of sovereignty against the wishes of the Islanders, the position in our own Parliament is not so satisfactory. The Conservative position as a whole, supported by some Labour Backbenchers, are convinced that we are engaged in some kind of 'deal' with Argentina. There could be little doubt that the Memorandum of Understanding, and in particular paragraph 4 of the Memorandum, will exacerbate this feeling. It will be at least as difficult to convince Parliament as it was to convince the Executive Council that the two documents have equal status and that together they safeguard the interests and wishes of the Falkland Islanders. Besides there will be many with a vested interest in ensuring that this degree of understanding is never reached. In short there is likely to be violent Parliamentary opposition; this is obviously known to the Cabinet; and it therefore seems likely that many members of the Cabinet will be reluctant to continue with the present policy. In spite of this I am convinced that a determined effort should be made to press forward with a policy that is logical, far-seeing, and intellectually defensible.

28. If in spite of the certainty of Parliamentary opposition, the Cabinet decide to go ahead with the present policy it will clearly be necessary to mitigate its effects. To this end I recommend that if the Memorandum of Understanding is published:—

(a) Our unilateral statement should, as previously proposed, be published simultaneously and should be included side by side with the Memorandum of Understanding in a White Paper.

(b) The unilateral statement should, subject to the concurrence of our Legal Advisers, be in the terms of the revised draft which I discussed with the Executive Council and which was contained in my telegram of the 28th of November.

(c) I should broadcast to the Falkland Islands over the BBC Overseas Service on the day of publication, as suggested by the Executive Council.

In any case it will be necessary to engage in comprehensive and detailed explanation of our policies to Parliament if and when the two documents are published. Careful Press briefing will be needed before hand and everything possible should be done to prepare public and Parliamentary opinion for the appearance of the Memorandum of Understanding and especially the apparent concession implicit in paragraph 4.

29. The only other immediate action I recommend is that the Chiefs of Staff should be asked to consider whether any further steps need be taken as an extra precaution against the possibility of 'private enterprise' demonstrations and raids by extremist Argentine groups at about the time of publication of the documents. If any such raids were to occur they would represent a very serious setback to our efforts to defuse the situation and induce changing attitudes in the Falkland Islanders.

30. We should now press on as quickly as we can with the Argentines on talks about the opening of communications, and should press the Argentines to be as forthcoming as possible. The provision of an air service in particular would do more than anything else to convince the Islanders of Argentina's good intentions. We should however play much more slowly the question of negotiating safeguards and guarantees in the event of a change of Sovereignty, and must try to make the Argentines understand the reason for this.

31. In order to maintain close contact with the Islanders we should not only supply the Governor with full advice and guidance about the development of our policy, which he can use to lead his Council in the right direction; we should also maintain a regular programme of visits to the Colony. The Governor is particularly anxious that this should be done; he points out that a visit to the Colony is much more valuable than visits by Executive Councillors to London. There should therefore be another visit, by a suitably senior official, in the spring of next year.

32. All confidential communications with the Governor (who receives at best only one bag a month) have to take the form of cypher telegrams. There is no machine cypher in the Falklands, and the bookcypher process, which falls entirely on the Governor's one confidential secretary and on the Governor's wife, when traffic is heavy, is both laborious and time-consuming. Cypher traffic with the Falklands from now on is likely to remain at a pretty steady high level; and there is no question that it would greatly improve our immediacy of communication with the Governor if machine cypher facilities could be installed as soon as possible in Port Stanley. I recommend that this should be done, as a matter of urgency.

### *Acknowledgments*

33. I should like to record my sincere gratitude to the Captain of HMS *Endurance*, and to all his officers and crew, for the splendid facilities they placed at my disposal throughout my mission, and for their unfailingly cheerful and resourceful co-operation. I should also like to place on record my warm appreciation of all that the Governor, Lady Haskard and their staff did to help me discharge my



task, and to enable me to see so much of the Colony in so short a time. I am most grateful for their unfailing kindness and hospitality, and for the helpful advice given to me by the Governor throughout my visit.

### **331** FCO 42/323, no 103

3 Nov 1969

#### **[Oil]: outward telegram no 137 from Mr Stewart to Sir C Haskard on an application by a US company for oil exploration licences on the Falkland Islands continental shelf**

[The application was made by J J Grynberg and involved three areas. The legal position was complicated in that area one lay outside the continental shelf as defined by a Falkland Islands order-in-council of 1950, but within it according to the 1958 Geneva Convention on the continental shelf. Area two lay within the continental shelf as defined by order-in-council, while the status of area three had still to be defined. Argentina claimed the whole of the continental shelf off its coast. Britain and Argentina were both signatories of the Geneva Convention but it had not been ratified by Argentina. The application for licences, first made in 1968, placed Britain in a quandary. To refuse them would upset the islanders who would argue the islands were being denied an important opportunity to earn revenue for development. To grant them would provoke an angry reaction from Argentina. The last defence appreciation for the Falklands by the Chiefs of Staff (July 1968) reiterated the calculated risk involved in relying on the current defence forces for the islands—the detachment of Royal Marines (see 316, note 5), and the *Endurance*, an ice-patrol ship, within four days of the islands from November to March (see 329, para 2 (3)). There was no friendly airfield within range to allow parachute operations, and long-range transport aircraft could not land on the islands. Reinforcement by sea would take too long and it had already been agreed that the continuous provision of a warship in the area could not be justified. The only alternative would be to increase the garrison permanently and for this purpose a force of about brigade strength would be required. The problems (logistical and financial) both of transporting this force and accommodating it upon arrival ruled it out as a practical proposition. The COS therefore regarded the existing garrison as adequate to counter all threats except the risk, if bilateral talks broke down, of an officially-backed Argentinean invasion (FCO 42/323, no 69).]

Falklands Islands dispute: Oil.

Ministers have decided that further thought will have to be given to this problem and further expert advice sought here before any decisions are taken. It is probable, though not yet certain, that when this work has been done Ministers will decide to pursue the idea of a survey undertaken under HMG's auspices. It is very unlikely that any early decision will be taken to accept Grynberg's applications, whether in whole or in part.

2. We recently explained to Grynberg's representatives here that no immediate decision could be expected and we will have to give thought to the precise moment and manner of telling them that no decision is likely to be taken for a considerable period. Should you receive any enquiries from Grynberg, therefore, please be completely non-committal and refer them back to us.

3. For the time being you should tell your Executive Council that Her Majesty's Government are giving the most careful consideration to these applications and to the oil question generally and that no early decisions can be expected. You may draw as you think fit on the political, defence and technical considerations which we discussed with you during your leave. But you should not, repeat not, at this stage mention the prospect of a Government survey.

4. You should also impress on the Council the importance of keeping this

question confidential if possible. We fully realise that this may not be possible even if the Council agree, and that the Council may suspect that our only interest is to avoid a row in the press or in Parliament. But this is very definitely not the case. In considering the problem Ministers have been concerned with the interests of the Islanders, as well as those of the United Kingdom. The prospects of any company being able to find and exploit oil offshore are, at best, highly uncertain. And the danger that oil exploration would seriously alarm the Argentines is self-evident. This would not be in the Islanders' interests at any time: and it would be particularly unfortunate to alarm the Argentines at the moment when they are showing signs of seeking practical co-operation.

5. For obvious reasons we do not want to provoke Council to discuss the oil question in depth at this stage if they are content to acquiesce for the time being in position as described in first sentence of paragraph 3. But if they do show signs of pursuing it, and in the process of discussion you are able to move them in the direction of starting to think that oil exploration would not really be in the best interests of the Islands, this would, of course, be all to the good. But you should be careful not to leave the impression in the process that HMG have taken a firm decision that these natural resources (if they exist) should not in any circumstances be exploited.

6. Buenos Aires, Washington and UKMIS New York should not (repeat not) discuss this problem with anybody unless and until specifically instructed to do so.

### **332 CAB 148/29, OPD(66)133**

15 Dec 1966

#### **'Hong Kong defence contribution': memorandum for Cabinet Defence and Oversea Policy Committee by Mr Lee**

[Lee visited Hong Kong twice in 1966, first in Aug and again in Dec. Prior to his first visit he told his colleagues on the DOPC it would be difficult to persuade the Hong Kong legislature and public opinion to accept an increase in defence expenditure. Hong Kong made a defence contribution (for the maintenance of British forces) of £1.5 million a year, in addition to a contribution to defence works (the upkeep of installations) of £6 million over six years, beginning in 1965–1966. The colony was thus spending £13.8 million on defence and security (including the UK contribution) out of a total expenditure of £107 million. Large increases of expenditure were required on housing (the population had risen from 600,000 to 4 million over the past twenty years and many were without a proper roof over their heads), education, public health and water supply. Except for a small grant to the university, the colony had received no financial help from Britain in over a decade. Increased taxation to finance a larger defence contribution might spark civil unrest and afford China a pretext for intervention. Disturbances might also face the UK with a decision to send larger numbers of troops or to abandon the colony altogether. Lee's colleagues on the committee, especially Healey, did not support these arguments. The defence secretary had recently visited Hong Kong during his Far Eastern tour. He reported back that the national income of the colony was £550 million and had been growing at a rate of 6 of 7 per cent in recent years. A defence contribution of £5.5 million would represent only 1 per cent of Hong Kong's GNP. The DOPC decided Hong Kong should 'make its contribution to the cost of security in parallel with the economies in overseas expenditure which had been forced upon us by the economic situation' (CAB 148/25, OPD 33(66)4, 22 July 1966; for Healey's report on his Far Eastern tour, see his minute to Wilson, 19 July 1966, in PREM 13/1454). 1966 was an inauspicious year for Hong Kong. Rioting broke out in Kowloon in Apr in protest against increases in cross-harbour ferry fares which had remained unaltered since the war. In June the colony was hit by the worst rainstorm in its history. 82 were dead or missing, 68 injured and over 2,500 homeless.]

At the Committee's 41st meeting on the 19th October it was decided that we should ask the Hong Kong Government to bear the foreign exchange costs of the four major units required in the Colony for internal security purposes, together with a capital works programme appropriate to those units.

2. Before my visit to Hong Kong we estimated the foreign exchange costs of the four major units at £4.7 million per annum. The discussions in Hong Kong, however, showed that some elements in the computation had been under-estimated and others over-estimated. The consequential adjustment showed the correct assessment to be £4.5 million.

### *Memorandum of Understanding*

3. I am glad to be able to report I have been able to arrange for the Committee's requirements to be met. There are however some minor differences from the arrangements originally proposed and some rephrasing of the capital works programme is entailed. Attached to this Paper as an annex is the text of the Memorandum of Understanding<sup>1</sup> reached during my discussions with the Hong Kong Authorities. It provides for a contribution of £5 million per annum for a period of 4 years (after which the Agreement can be re-negotiated in the light of existing circumstances). This will cover:—

- (i) £4.4 million representing the foreign exchange costs of 4 major units. This is £100,000 less than the figure quoted in paragraph 2 above, a reduction which the Hong Kong Government thinks is possible as a result of their taking over responsibility for minor works and for maintaining military works and buildings to normal army standards.
- (ii) £0.6 million for an appropriate capital works programme.

I understand that these arrangements are acceptable to the Treasury.

### *The negotiations*

4. The news that the defence contribution was once more under discussion between H.M.G. and the Hong Kong Government again made this one of the main subjects of discussion in public and in the press, both English and Chinese. There is no doubt that all shades of public opinion in Hong Kong are unanimously opposed to an increase in Hong Kong's defence contribution. The grounds for this opposition are the Colony's needs, real and pressing enough, for very greatly increased expenditure on housing and education in particular; and a firm belief, which has now become an article of faith, that increased taxation will lead to the diversion elsewhere of the foreign enterprise, and especially capital, on which Hong Kong's continued economic well-being depends. In face of this unanimous opposition to an increase in the defence contribution the Unofficial Members, who are of course all nominated, are in considerable difficulty. They fear that, if they acquiesce in it they will cause a big swing of popular feeling towards the vocal minority of Europeans and Chinese who, through the Reform Club and the United Nations Association, are continuing to press demands for constitutional advance which in the Colony's circumstances cannot be conceded. At present these demands have virtually no popular backing, and in Hong Kong there is wide respect for the leaders of the community who have been nominated as the Unofficial Members of Council. This situation could easily and quickly be reversed if

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<sup>1</sup> Not printed.

public opinion in Hong Kong were to feel that it had been let down by the Unofficial Members on an issue on which there is such unanimity of feeling.

5. In these circumstances my discussions with Unofficial Members were initially very difficult and for some days no possibility of agreement seemed in sight. Indeed, there was a very real possibility at one stage that the Unofficial Members would feel obliged to tender their resignations. But eventually, and under the strong leadership of the Governor, a majority of the Unofficials accepted the need for an increase, and evolved the offer to contribute £5 million a year for a period of four years.

#### *Presentation in Hong Kong*

6. For the foregoing reasons, however, the public presentation of these new arrangements in Hong Kong is all-important.

7. First, it is necessary to make the defence contribution proper appear as small as possible. The figure of £4.4 million referred to in paragraph 3 (i) would represent a trebling of the present defence contribution of £1.5 million, a point to which the Chinese Unofficial Members continually reverted as something which they could not put over to their own people. The shouldering by the Hong Kong Government of responsibility for minor works and maintenance means that the cost of this work (£475,000) can be taken up in other Hong Kong votes. By this means the defence contribution proper can be expressed as £3.925 million. The Unofficial Members attached a special importance to getting this figure below £4 million, even though only marginally.

8. Secondly, to forestall public criticism it is important that the Hong Kong Government should be able to present the new arrangements publicly in Hong Kong as a package deal, in which Hong Kong will see some substantial advantages for the Colony. The key to this lies in making some concessions on the question of Service Lands which for many years has been the subject of bitter controversy. We have just agreed with the Hong Kong Government a new arrangement relating to the terms under which military lands are held and are to be surrendered. This new arrangement has not yet been announced; and the Governor proposes not to do so until he can use it to advantage in announcing the revised defence contribution.

9. This has been a timely and useful step in the right direction, but in itself is not enough. Land is scarce and there has been much resentment, particularly in recent years when the Colony has had to undertake a huge re-housing programme for both its own population and the large numbers of Chinese refugees, over what local opinion has regarded as unnecessary hoarding of land by the Service Departments. This was pressed upon me at each of my meetings with the Unofficials. We must therefore try to release as much surplus defence land as possible *without* the Hong Kong Government having to incur the expense of re-providing the facilities elsewhere.

10. The most important and crucial element in the land question is that we should be able to announce that before very long we shall be able to release the major part of Whitfield Barracks without calling upon the Hong Kong Government to undertake the re-provisioning of those facilities on which work has not already begun, (i.e. the works known as Hilsea, Phase II). In this connection a decision on the size of the garrison could be relevant.

#### *Size of the garrison*

11. At our meeting on the 19th October it was agreed that a final decision on the size of the garrison should be taken in the light of my discussions with the Hong

Kong Government on the size of their defence contribution. The present strength of the garrison is 6½ major units. It stood at 5½ major units during much of the latter part of Indonesian confrontation. Opinion in Hong Kong has come to regard this as the normal size of the garrison.

12. It is my view, which the Governor accepts, that we could now decide to reduce the garrison to 5½ major units, although we should not announce or implement the reduction until the Macao situation has well settled down. But a decision now to withdraw one major unit in a few months' time would clear the way for an immediate decision to release the major part of Whitfield Barracks without further reprovisioning of its facilities. It is this latter decision which the Governor and I consider to be of overriding importance to the successful presentation of the new agreement.

### *Recommendations*

13. I very much hope that in endorsing the settlement I have reached my colleagues will take decisions that will enable it to be presented in the best possible light in Hong Kong.

14. I therefore recommend that:—

(a) I should be authorised to confirm to the Governor our acceptance of the financial and administrative arrangements set out in the Memorandum of Understanding.

(b) Service land requirements should be reviewed with a view to the surrender of surplus land.

(c) We should decide now to reduce the garrison by one major unit (or the equivalent) though we should not actually effect the reduction or announce it publicly until the situation in Macao has settled down.

(d) We should authorise the Governor to announce that we shall be releasing Whitfield Barracks before long without further reprovisioning of facilities at Hong Kong expense.

(e) The Governor should be authorised to refer to (b) as well as (d) above when announcing the revised defence contribution.

## **333** FCO 40/73, no 3

5 Jan 1967

[Measures to improve relations with Hong Kong]: letter from Sir D Trench<sup>1</sup> to Sir A Galsworthy. *Minute* by W S Carter<sup>2</sup>

You may recollect our discussing, during your recent visit, the deterioration in the feeling for Britain here and my suggestion that some effort really ought to be made to attempt to repair relations after the various shocks to public sentiment over the last few years. I said I appreciated that nothing involving considerable expenditure

<sup>1</sup> After service in the Pacific either side of WWII, Trench spent most of his career in Hong Kong, broken only by a year at the Imperial Defence College, 1958, and a period as high commissioner for the Western Pacific, 1961–1963. In Hong Kong he was assistant secretary, deputy defence secretary, 1950; deputy financial secretary, 1956; and governor, 1964–1971.

<sup>2</sup> Head of Hong Kong and West Indian Department 'C', Commonwealth Office.

could be done: but a few attention-catching gestures would be a great help. I said I would try to think of a few ways in which this might be done.

I have not, I fear, managed to think up anything very startling; but such ideas as I have had I sketch out below. These are in no particular order, but if they could be followed up at intervals as an appropriate occasion offers, they might serve until better ideas come along:—

(a) One or two considerable political figures might be asked to seek occasion to make unequivocally friendly references to Hong Kong in Parliament: to overcome the feeling that the UK Government is basically hostile to, and unfeeling towards, the Colony. For this purpose the Secretary of State (although naturally anything he could say would be appreciated) is not really enough, because he is felt to be professionally our friend anyway, so to speak—you will, I hope, understand what I mean. Something from another Minister, the more senior the better, acknowledging Hong Kong's difficult position and achievements, and speaking in general terms of friendliness and praise, would have more impact: and it should preferably be done more than once.

(b) When suitable Hong Kong personalities come to the UK, I wonder if it would be possible for them to be seen by a senior Minister occasionally, other than the Secretary of State (for the same reasons as above) and given a friendly chat?

(c) Perhaps a leading newspaper such as *The Times* could be induced to publish a really well-informed, fairly comprehensive and friendly leading article.

(d) If it is difficult for H.M. The Queen to come in 1968 to open Plover Cove, could Prince Charles be considered? A visit from the heir to the throne would mean a lot, and it would be an easy and pleasant duty for him to undertake.

(e) Could Princess Margaret be asked to pay a visit to our Pall Mall office and show-rooms; in the guise of a follow-up to her visit here, and as an expression of continuing interest in Hong Kong?

(f) Rather on the lines of (e), would there be any objection to my asking Princess Alexandra when she is here next February whether she would pay a visit to the students at Hong Kong House?

(g) We have a new and, I believe, very good, G.I.S. film just produced in the form of a Chinese fairy-tale about this area—Nancy Kwan is in it, of the 'Many Splendoured Thing' film. Would H.M. The Queen be likely to agree to ask to show it privately at the Palace for the children? Or could some other rather special occasion for showing it be devised? (I would like a chance to see it first before pursuing this one!)

(h) We spoke about the possibility of some aid-money already earmarked for S.E. Asia being used to erect, say, another technical school or some such institution here: on the understanding that we would run it and pay the recurrent costs, earmarking a proportion of the school places for students from nearby countries nominated by the UK.

As I say, I am afraid these are not very inspired suggestions, but if I can think of anything better later on I will let you know. What is wanted is anything that will help to give Hong Kong the impression that Britain regards her as being, although a dependency, a valued friend and ally with some dignity of her own. The impression at present which is I fear gaining ground is that she is regarded at home not as the loyal supporter she on the whole is, but as a tiresome nuisance, to be slighted and made

use of since she cannot be quietly made away with. A fair measure of basic confidence and trust in Britain is still there, but it will not last for ever if this impression is allowed to grow.

### Minute on 333

. . . 3. The following suggestions have been made:—

#### *Economic and financial*

(a) One of the Colombo Plan projects (e.g. a training facility) might be situated in Hong Kong, with financial participation by the Hong Kong Government. The Governor has suggested:—‘We would run it and pay the recurrent costs, earmarking a proportion of the school places for students from nearby countries nominated by the U.K.’ A major difficulty here might be that Hong Kong is not a member of the Plan and has shown no particular desire to participate. But is this an obstacle to our using part of the funds we contribute to the Plan on a project in Hong Kong provided that facilities are available to Colombo countries to the full value of the money we have so committed?

(b) We might try to do something about reverse preferences in EFTA which operate to Hong Kong’s disadvantage.

(c) Hong Kong has asked for assistance of £3 million, by grant or loan, for the extension of the runway at Kai Tak Airport. We tried, without making much progress, to interest the former Ministry of Civil Aviation in this project, using funds which we understood they had at their disposal. This might be taken up again.

(d) Hong Kong have asked for the cooperation of our own Export Credit Guarantee Dept and of our posts abroad in furnishing the commercial and political information which is necessary for the successful operation of their newly formed Export Credit Guarantee Corporation. The request has been refused, for a number of reasons which on the face of it may be good but which might on closer and more sympathetic examination be found to provide some room for showing a more accommodating attitude. Allied to this is the equally thorny problem of the extent to which Hong Kong can look to our posts abroad for help in protecting and pursuing their ever-widening commercial and trade interests in other countries.

#### *Public relations*

(e) The Governor asks whether a leading newspaper such as The Times could be induced to publish a really well-informed, fairly comprehensive and friendly leading article.

#### *Royal Family*

(f) Assuming that a visit by H.M. The Queen in 1968 to open the Plover Cove Water Scheme is regarded as raising too many difficulties, could Prince Charles be considered for this?

(g) Princess Margaret might be asked to pay a visit to the Hong Kong Government Office and showrooms in Pall Mall, as an indication of continuing interest in the Colony following her visit there in March, 1966.

(h) For similar reasons Princess Alexandra might be asked to visit the students at Hong Kong House (a residential and recreational centre for Hong Kong students in the U.K.)

4. I should be grateful for your views on the items (or sections) against which your name has been marginally inserted. Hong Kong Department will be dealing with item (d).<sup>3</sup>

W.S.C.  
21.2.67

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<sup>3</sup> Addressed to Ministry of Overseas Development for (a) of economic and financial, to the following FO depts: Western Economic Dept for (b) of economic and financial, Aviation and Telecommunications Dept for (c) of economic and financial, News Dept for (e), and to the joint Protocol & Conference Dept of the FO/Commonwealth Office for the royal family suggestions.

### **334 CAB 148/32, OPD(67)39**

24 May 1967

#### **'Hong Kong': memorandum by Mr Bowden for Cabinet Defence and Oversea Policy Committee on communist-inspired unrest**

[Trade disputes at two artificial flower factories, one at Kowloon, the other on Hong Kong island, erupted into rioting on 6 May 1967. Demonstrations were held outside Government House as crowds chanted the thoughts of Mao Tse-tung and paraded his picture. 400 arrests were made and in China on 15 May the British chargé d'affaires was summoned to the Ministry of Foreign Affairs and handed a statement demanding acceptance of the 'just demands' put forward by the workers and residents in Hong Kong. A week later a curfew was imposed on the island, the first since the beginning of the Japanese occupation in 1941. As the strikes escalated, the government introduced emergency powers against inflammatory publications and seditious propaganda. The first bombing incident occurred on 13 July and the violence continued, albeit on a diminishing scale, throughout the year. British police posts and police personnel were particular targets. At the village of Sha Tau Kok on the land frontier with China, the local police post was besieged for five hours on 8 July by a mob armed with rifles and light machine guns as well as sticks and stones. A Gurkha battalion lifted the siege which left five police dead and eleven injured. Riots instigated by communists in Hong Kong were accompanied by assaults on British diplomats at Peking, Shanghai and Canton. The banning of three communist newspapers and the arrest of some of their staff provoked a violent reaction in Peking on 22 Aug when the British Mission was attacked and burned.]

1. We have always known that Hong Kong was vulnerable. But it is valuable to China and we had assumed that it was in her interests to maintain the *status quo*. Indeed there has been evidence in the past that the Central Government have controlled and restrained the Communists in the territory.

2. The scene has now changed. Arising out of labour troubles a major campaign has been mounted in Hong Kong itself linked with hostile demonstrations in Shanghai and Peking and with the expulsion of our representative in Shanghai. (A summary of recent developments is at Annex A.)<sup>1</sup> A loosening of control by mainland China of the Communists in Hong Kong has resulted from recent developments in the Cultural Revolution. The first mass demonstrations in Hong Kong were probably promoted independently by the Communists there, in an opportunist desire to make the most of genuine labour unrest. Mainland China had to react to the situation, and chose to give support to the communists in Hong Kong.

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<sup>1</sup> Not printed.



3. The unknown factor in the present crisis is how far mainland China has now decided to go in bringing pressure on H.M.G., and how far there are different views there on future policy.

4. The possible interpretations of the Chinese course of action, assuming that she is now controlling events, appear to be these:—

(i) China has made no basic policy change, but is trying to achieve some propaganda victory as the price for calling-off the disturbances. Such a propaganda gain could relate to the presence of American ships and troops from Vietnam on leave in Hong Kong; or to labour reforms; or to the release from prosecution or imprisonment of the persons charged with or sentenced for their role in the riots.

(ii) China has decided to try to force us to accept a Macao position in Hong Kong.<sup>2</sup> If this is so, she will continue to escalate Hong Kong disturbances to the point when, in order to remain in Hong Kong, we must capitulate to whatever demands are made, and, in effect, accept Chinese domination of Hong Kong.

(iii) China has decided to sacrifice the economic benefits she derives from Hong Kong to Cultural Revolution 'purity' of doctrine, and to drive us out of Hong Kong completely.

5. We cannot resist a determined attempt to force us out altogether and we could not tolerate the humiliation of remaining in Hong Kong without effective control. I am convinced that a Macao solution would be unacceptable. It would be damaging to our international prestige (at a time when Gibraltar and Aden are presenting several problems). It would be intolerable for the Governor, and impossible in terms of my responsibility for Hong Kong in Parliament. This being so, it follows that if China is embarking upon course (ii), our resistance to it might compel her to resort to course (iii).

6. But there is no need to assume the worst and our immediate responsibility is to maintain law and order, retain morale and confidence so that the economy can continue to flourish. Firm action is required to do this but, at the same time we should avoid, as far as possible, action which could be regarded by the C.P.G. as provocative. We should avoid doing anything to 'escalate the confrontation' to the extent that we get involved in a situation from which there is no escape except by abject surrender or a futile attempt to fight it out, leading to the same result. Our steps, therefore, must be directed to the needs of the local security situation, while taking the wider implications into account, and they need to be carefully measured and timed.

#### 7. *Recommendations*

I accordingly ask my colleagues to endorse the views in paragraphs 5 and 6, and to agree to the following action:—

##### (i) *Local security*

(a) We are already sending the Commando Carrier *Bulwark* to Hong Kong where she should arrive by the end of this week.

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<sup>2</sup> Portugal succumbed to Chinese demands in barring entry to refugees from the mainland and banning anti-communist activities in Macao after communist-organised riots in 1966–1967. In 1974 Macao was established as Chinese territory under Portuguese administration. It reverted to Chinese sovereignty in Dec 1999.

(b) The Governor has already been authorised to neutralise several of the buildings from which the campaign is being directed.

(c) The Governor has now asked for authority to pick up and, if possible, deport (or failing that, detain) some of the known leaders of the present campaign limited to 2 or 3 in the first instance. The disruption of the leadership would be a distinct and positive gain and would be seen by the majority of the population as firm action. On the other hand it is unlikely that the Chinese Government would accept these leaders as deportees and, if they were detained in Hong Kong, this would provide Peking and the local Communists with a grievance. The Governor has undertaken not to use this weapon lightly or unnecessarily and, on balance, I recommend that he should be given authority to go ahead if the situation requires it.

(d) Action against the principal Communist newspaper which is the official C.P.G. organ in Hong Kong. The Governor accepts that prosecutions for sedition or inciting the police to disaffection might have dangerous repercussions, and is proposing instead to seek emergency powers to close down the printing press. But he would only take action after consulting me on each individual case. I would propose to give him a general authority on this understanding.

(ii) *Labour*

Relations between employees and employers in Hong Kong have not been good and we should do our best to improve matters. Less than 12% of the total working force are declared members of trade unions and there are 100,000 members of the Communist Unions as opposed to 70,000 others. There is a complete split between Communist and K.M.T. unions. The Communist Unions are basically disinterested in genuine industrial issues. I have been engaged in discussion with the Hong Kong Government, through the Governor, about labour reforms. The employers, who have in the past shown a considerable amount of resistance to reforms, are at present very anxious about the general situation and we could immediately carry through extensive and long-overdue labour reforms. I would like to do this. It would be welcomed by the average worker in Hong Kong and would give us a better moral position, but it would be unlikely to satisfy China. Nevertheless if the Chinese were to seek a lowering of the temperature, this would give the C.P.G. a face-saving formula. I recommend that we should press the Governor to go ahead vigorously with improvements in the labour legislation including early steps to shorten the hours of work of women and young persons.

(iii) *Other matters: facilities to the U.S.*

In the background of our difficulties with the C.P.G. lies their irritation at the facilities which the U.S. forces in Vietnam enjoy in Hong Kong. We have latterly restricted visits of warships to the same number as last year and more recently have suggested that larger ships should not come. I do not recommend any further immediate action since any significant diminution would be claimed by the Chinese as a propaganda victory. But I am sure that this is something that we should keep under review in the longer term.

**335** CAB 148/33, OPD(67)67

4 Sept 1967

**'Relations with China': memorandum by Mr Brown for Cabinet  
Defence and Oversea Policy Committee**

This paper considers what United Kingdom relations with China should be in the light of anti-British activities in China and Hong Kong, culminating in the sacking of the offices and residence of H.M. Chargé d'Affaires, Peking, on the night of 22 August.

*Recommendations*

2. (a) We should not take the initiative to break diplomatic relations with China.
- (b) British women and children still in Peking should be evacuated as soon as possible.
- (c) Male members of the staff in Peking should be withdrawn gradually but we should attempt to replace some of them by other officers, so that the Mission is in a position to function effectively as soon as conditions allow. To the extent possible and subject to further review, officers proceeding to Peking should be unaccompanied by wives or children.
- (d) Unless the situation worsens British businessmen and shipping should not be banned from visiting China but the warning already given them of the possible dangers and of our inability to give them diplomatic or consular protection should stand.
- (e) We should again vote for the admission of China to the United Nations, subject as last year to the 'important question' (which means that a two-thirds majority is needed for the resolution to be passed) but we should take no other action (e.g. lobbying) to promote Chinese admission, and our speech on the resolution should reflect the deterioration in Anglo-Chinese relations brought about by recent Chinese actions.

*Action already taken*

3. We have enlisted the aid of the President of Pakistan, who still maintains good relations with China, for the evacuation of our women and children and for the eventual orderly transfer of the male staff. The President has caused action to be taken with the Chinese but we do not yet know the result.

4. Lest our people in China be held as hostages, action has been taken to ensure that no citizen of the People's Republic of China, whether diplomatic or other, leaves the United Kingdom without permission.

5. Businessmen and shipping interests have been warned of the danger to their personnel and ships visiting China, but such visits have not been prohibited. The latest reports from shipping interests indicate that, even in the last week, British ships visiting Chinese ports have not been subjected to the harassment with which they were met a month ago.

6. The Hong Kong authorities have been instructed that, though they must continue to take whatever steps are necessary to maintain law and order, any further measures they may contemplate which could lead to reprisals against British subjects in China must be referred to London before being put into effect.

*Arguments on recommendations*

7. (a) *That we do not take the initiative to break relations*

- (i) *Trade.* For the first half of 1967 our exports to the Chinese People's Republic

amounted to £21½ million and our imports from China to £16½ million. How these figures fluctuate will depend not so much on anti-British feeling in China, which seems hardly to have affected trade at all, but rather on the internal political state of China. If the present chaos and anarchy continue trade is likely to drop. Nevertheless the trend over the last year has been for it to increase and for the balance to increase to our advantage. It is true that countries without diplomatic representation in Peking (e.g. Japan and the Federal German Republic) manage to trade successfully with China, but we believe that if we, who do have diplomatic relations, were to break them off our trade might well be adversely affected. In view, however, of the unsettled conditions in China we cannot say with assurance that the maintenance of our very tenuous diplomatic relations is at present a major factor in any assessment of our future trade prospects.

(ii) *British subjects still in China.* If we broke off relations completely we would be publicly admitting our inability to do anything for the British subjects still resident in China. At least one of these, Mr. Grey, the Reuter representative, is held there under duress and difficulties have also been put in the way of the departure of others. The total number of British subjects in China is small, and some, who sympathise with Mao's policies, would not wish for our protection or assistance in any case; nevertheless H.M.G. might meet with adverse criticism if they appeared to be more concerned with the welfare of our diplomatic staff than with that of other British subjects who enjoy no diplomatic immunities, of doubtful worth though these may be in China at present.

(iii) *The uncertain political future of China.* We cannot tell how the Chinese revolution is going to develop. It may be that, whether under Mao Tse-tung or those who purport to speak for him, or under some other fanatic and xenophobic leadership, the present phase of violent hostility towards foreigners will continue or even intensify. If that happens there is no hope of any useful and effective diplomatic contact with China for the foreseeable future, and the presence of a mission in Peking will be a waste of money and a hostage to fortune. But opposition to the present regime is increasing all over the country. This opposition, as far as we know, is still based on factional, personal and local rather than on national interests, and it appears to lack cohesion or firm ideological motivation. It may lead to a fragmentation of the country into regional areas, virtually autonomous, under local leaders or warlords as in the 1920's. This would not necessarily be an entirely welcome development from our point of view, for our ability to exploit it would depend on the nature of the regime or faction which held the two areas of China of prime concern to us—the national capital in Peking and Kwangtung province, contiguous with Hong Kong. If the factions which held these areas were Maoist, or otherwise hostile to foreign interests, we would be no better off than we are now. But we should not overlook the possibility that one or other of these factions, or both, may tend towards 'revisionism' and peaceful coexistence. Here again it would not be of great practical help to us in the day-to-day problems of Hong Kong if the faction that held Peking were more friendly towards us but that which held Kwangtung, with which in practice we would have to deal on Hong Kong affairs, remained hostile. Nevertheless, a more tractable regime in either Peking or Kwangtung might offer us openings for exercising some diplomatic leverage, whether in relations specifically to Hong Kong or more generally.

So far we have discussed the possibility that either Mao's regime may be followed

by one equally xenophobic and exercising greater nation-wide control than Mao's does at present, or that China may break up into virtually autonomous regions; and we have concluded that the first of these possibilities would offer us little or no opening for diplomacy and that the second, while less gloomy, would also be a very dicey proposition from our point of view. But there is a third possibility. There are good grounds for believing that the violent phase of the Chinese revolution may have reached its climax and may from now on blow itself out. This could be either a slow or a sudden process. If it is slow there is little a diplomatic mission in Peking can do but to watch and report. But if the process is swift dramatic changes can take place in China which, in the context of Hong Kong, we may want to exploit without delay. This would require the presence in Peking of a fully operative diplomatic mission.

(iv) *Hong Kong*. Hong Kong is our main residual problem with China. Between now and 1997 when the lease on the 'New Territories' expires we shall want to seek a peaceful settlement with China to incorporate Hong Kong into the Chinese political community with proper safeguards both for our interests and for the livelihood of the Hong Kong Chinese. There is no prospect of our being able to reach such a settlement with the present Chinese Government. At present our choices are limited to:—

- (a) holding out as best we can in the face of implacable Chinese hostility; or
- (b) evacuating the Colony (if we can) leaving our loyal Chinese subjects there to face the consequences of their loyalty; or
- (c) being kicked out by force.

None of these solutions is what we want. We want to negotiate the future of Hong Kong in a peaceful, sensible and humane manner. An opportunity to do this—perhaps by a declaration by us at the appropriate time that we are willing to discuss the peaceful transfer of sovereignty with a Chinese Government that gives satisfactory evidence of its adherence to the principles of the United Nations Charter—may come suddenly and if missed may not recur. To try to ensure that we do not miss such an opportunity it is most desirable that we have a diplomatic mission in China both to warn us of opportunities as they may arise and to advise us of the Chinese personalities with whom we might be able to do business.

8. If the recommendation in paragraph 2 (a) is accepted, recommendations (b), (c) and (d) will follow automatically and need only administrative action. There remains recommendation (e), that we still vote for China's admission to the United Nations. The argument in support of this recommendation is contained in the first annex to this paper. The second annex deals in more detail with the position in Hong Kong.<sup>1</sup>

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<sup>1</sup> Annexes not printed.

**336** FCO 40/73, no 13

20 Sept 1967

'Assistance to Hong Kong': memorandum (K(67)3) by Mr Thomson for Ministerial Committee on Hong Kong. *Annex*

The key to our ability to hold the situation in Hong Kong is the maintenance of public confidence, including Hong Kong's confidence in our intentions towards and

support for the Colony. We must not only maintain the morale of the people in Hong Kong and their will to resist Communist pressures, but also do all we can to ensure that the economy is not seriously damaged. An economic recession in Hong Kong leading to unemployment would provide ready material for Communist agitation, would quickly erode public morale, and Hong Kong might soon become financially dependent on the United Kingdom.

2. We have been discussing with the Governor of Hong Kong various projects and measures through which we could show goodwill and support for Hong Kong in their ordeal. I set out in the Annex, at this stage simply for the information of my colleagues, a brief description of various things we are now pursuing. It is not an exhaustive list: we are considering with the Governor a number of other possibilities as well.

3. There is a very difficult role to play in Hong Kong. Both economic and political stability are vital but a degree of progress in the labour and social fields also is naturally desirable for its own sake and for its effect on public morale. Hong Kong has performed miracles in the field of industrial development and in the absorption of more than a million refugees from China. Rehousing and the provision of medical and educational services alone have been mammoth undertakings, the cost of which has been not entirely by the Hong Kong Government. Progress in the field of labour legislation and social welfare presents difficult problems but ones which public opinion is now likely to be more favourably disposed to see tackled than heretofore. It is probable that we will have to provide experts to assist. We must be ready to help where we can and I have asked Lord Shepherd to go to Hong Kong in October to examine on the spot the situation and to make recommendations to me.

## Annex to 336

### A. *Cross Harbour Tunnel*

This is a £16–17 million project linking Hong Kong Island and Kowloon for which Costains are the likely contractors. The partial stoppages in the ferry companies last May showed how crippling a complete breakdown in those services could be. The project would involve a £10 million Bank loan. E.C.G.D. has agreed to give a guarantee for this loan provided that it is given a covering guarantee. We have proposed that the Hong Kong Government (which is taking a share in the project) should give this covering guarantee, but that we would provide half of any sum involved if the guarantee is called. Certain conditions are involved in this proposition, some of which may be difficult for the Hong Kong Government to accept. These are now under discussion.

### B. *Development of Kai Tak Airport*

Extensions to the runway, aprons, terminal buildings, etc., to Kai Tak Airport must soon be made if the airport is to be able to handle the greatly increasing traffic and is to accommodate the new generation of large and supersonic aircraft. A tentative plan involving expenditure of about £10 million has been prepared. Our control of cabotage rights at Hong Kong are of the greatest value to B.O.A.C. and Hong Kong is one of our most important bargaining counters in negotiations for air traffic rights throughout the world. Any diminution of its importance would have serious effects

on British aviation and B.O.A.C. in particular. For these reasons Hong Kong has proposed that H.M.G. might share in the development of the airport; on present tentative proposals that share would be a grant of some £3.25 million towards the total cost. Failing some assistance on these lines, it would be extremely difficult for Hong Kong to meet the total cost of this project without unacceptable reductions on other projects of greater importance to the community as a whole e.g. in the field of social services. The Airport proposals are shortly to be put to the Board of Trade.

*C. Joint educational projects: technical training*

A gesture in the educational field would be timely and well received. There is a great need for further facilities for technical training for industry in Hong Kong. Education absorbs one-sixth of all government expenditure and the amount spent on this service cannot be increased except at the expense of other services. Consideration has already been given to the possibility of a joint project within the Colombo Plan, but funds would not be available under the Plan for the kind of joint participation we have in mind, namely the provision by H.M.G. (either in whole or in part) of the capital cost and the assumption by Hong Kong of the recurrent expenditure. This would seem to be a suitable project for financing from the Higher Education Allocation of C.D. & W. funds. If a joint project on those lines were agreed, it might be possible to earmark a proportion of places at the institution for regional use (if language difficulties can be overcome), the places being filled on our nomination by suitable trainees from other countries.

*D. Military costs*

Some concern and feeling has been aroused in Hong Kong by indications that the Colony is to be charged for a number of services performed by the Services in aid of the civil power during confrontation. This would cause resentment in Hong Kong in view of the recent agreed settlement of the defence contribution issue. I do not think we should raise such charges, unless the justification is very clear indeed. This is being taken up with the Ministry of Defence.

An expensive additional item is the second frontier fence that is being erected some distance from the true boundary in order to control a possible flood of refugees from the mainland. The wire for this is being provided by the Services at a cost in the region of £150,000. While I agree that this would not be a proper charge on defence votes since the purpose of the wire is to keep out refugees, I consider there is a strong case for H.M.G. to share the cost with Hong Kong. I suggest that we might accept responsibility for the cost of the wire leaving Hong Kong to cover labour and compensation costs: this is being taken up with the Treasury.

*E. Opening of Plover Cove in September/October 1968*

The Plover Cove Water Scheme is one of the most impressive water projects in the world and it would be very fitting, if the security situation permits, that it should be opened by a Royal personage.

*F. Co-ordination of publicity/information policy*

When the trouble started in Hong Kong we made arrangements for close contact between the Hong Kong Government Information Services and the departments here concerned in order to ensure that our own information services are geared up

to aid Hong Kong in the publicity and propaganda field. We are reviewing and strengthening those arrangements.

*G. Support for Hong Kong's Export Credit Guarantee Corporation*

Hitherto we have not felt able to meet Hong Kong's request that our diplomatic representatives should provide Hong Kong's recently established Export Credit Guarantee organisation with all the information they need in order to be able to function properly. We must, however, recognise that it is a vital U.K. interest that Hong Kong's economy should be sustained and developed. Because they do not have their own diplomatic service abroad Hong Kong can only obtain that information from our posts. We must re-examine this.

**337** FCO 40/93, no 58

1 Feb 1968

**'Emergency evacuation of Hong Kong': Commonwealth Office note**

The feasibility of planning for an evacuation of Hong Kong in the event of a sudden enforced withdrawal has been closely studied in London in accordance with a requirement laid down by Ministers that knowledge of the preparation of such plans should be confined in Hong Kong to the Governor and the Commander British Forces.

2. Two key considerations were noted:—

- (i) The need for absolute secrecy would prevent any detailed planning and prior preparation 'on the ground'.
- (ii) Once evacuation was ordered, the internal security situation would deteriorate very rapidly and plans would have to be implemented in a very short time (probably no more than 48 hours and very possibly much less).

3. In these circumstances it was concluded that only outline plans could be prepared; that, in the absence of detailed arrangements and prior preparation, any outline plan for a large-scale evacuation could not be effectively implemented in the time-scale and conditions of enforced withdrawal; and that a very small-scale evacuation of vulnerable and 'sensitive' people, with their dependants, might be possible.

4. In the light of these conclusions, it has been decided that all action to plan for an evacuation should be suspended for the time being. In a rapidly deteriorating situation in which it became evident that it would not be possible to hold out for very long, all endeavours should be concentrated on mounting a 'crash' operation to effect the evacuation of as many vulnerable and 'sensitive' persons as possible. At that stage American and/or Australian co-operation would be sought and transport mobilised in conjunction with airlines and shipping companies. Such an operation would have to be hastily improvised but in the circumstances in which it would be mounted there would be few (if any) inhibitions about making overtly the most effective arrangements we could.

5. Consideration has also been given to what might be said publicly about plans for the evacuation of Hong Kong, should this question be raised openly (as it has been, for example, in the House of Lords). The dilemma is that if it is said there are



no plans this could lead to a public outcry in the United Kingdom; while to avoid a direct answer in a manner that implies there might be such plans (e.g. by saying that these are matters that are not disclosed) could seriously impair confidence in Hong Kong. It has been decided that we should continue to try to avoid a direct answer, but that, if necessary it should be flatly stated that H.M.G. is not planning to evacuate Hong Kong, pointing to the fact that there are some 2 million citizens of the U.K. and Colonies in Hong Kong to whom H.M.G.'s responsibilities extend.

6. A copy of this Aide Memoire has been sent to the Governor of Hong Kong and (through the Governor) to the Commander British Forces. . . .

### **338** FCO 40/103, no 19

16 Apr 1968

#### 'Hong Kong: developments': letter from Mr Thomson to Sir D Trench

I have the honour to refer to your despatch No. 239 of 13 February, 1968, in which you review the principal developments that have taken place in Hong Kong since June 1967.

2. I consider your report to be an admirably accurate and objective history of events during the period under review. It was regrettably inevitable that it should need to be very largely devoted to reporting on the course of Communist confrontation in the Colony. The account of the build-up of the Communist campaign last year, the degree and manner of support from the Chinese People's Government and in particular, the way that the incident of 8 July at Sha Tau Kok triggered off the subsequent campaign of violence, confirm the view that the confrontation was an overspill of the cultural revolution in China. This, among other things, resulted in a weakening of the channel of control over local Hong Kong Communists. But for the admirably firm and patient policy of the Hong Kong Government and the strong backing it received from the great majority of the people of Hong Kong, the Chinese People's Government might have been tempted or obliged to give full support to the efforts of their local supporters to disturb the *status quo* and to undermine authority in the Colony.

3. I do not dissent from the conclusions in paragraph 35<sup>1</sup> of your despatch concerning internal developments in China, but my advisers and I doubt whether Mao Tse-tung and the extremists would be allowed by the more moderate elements or by the People's Liberation Army to mount another campaign similar to that of last year, even if they wished to do so. The present disturbances in certain areas of China, including the Kwangtung Province, though considerable, seem to be less violent than those which took place last year; and although it may be some time before order and stability can be restored, they appear unlikely to influence Chinese policy adversely so far as Hong Kong is concerned.

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<sup>1</sup> In para 35 of his despatch, Trench 'cautiously welcomed' signs China was returning to less chaotic conditions. Some observers believed the cultural revolution had failed and would soon be abandoned; others that Chairman Mao had made no more than a tactical retreat. Trench saw signs Chou En-lai and the moderates in Peking were gaining the upper hand. This might lead to more rational relations—'although any predictions about the future actions of a country which gives every appearance of having gone through dementia are obviously rash'. And he added: 'A stable China, moreover, will not necessarily prove any less dangerous than a China in chaos; one can only hope that it might' (FCO 40/103, no 15, Trench to Thomson, 13 Feb 1968).

4. However, the fact that, apart from isolated incidents, the local Communists have now abandoned the use of violence to achieve their ends in the Colony must leave us under no misapprehensions. There is, perhaps, a danger that the efficiency and effectiveness with which the Communist challenge last year was met and overcome, coupled with the remarkable resilience displayed by the Hong Kong economy, may create the impression that the danger is past and that vigilance can be relaxed. I can assure you that for our part, I and my colleagues are fully alive to the fact that the Communist threat to Hong Kong remains very real, and will continue unabated, albeit in a different form, and that there are no grounds whatever for complacency on our part.

5. Public tribute has deservedly been paid in Parliament on more than one occasion to the manner in which the people of Hong Kong, under your leadership, met and withstood the challenge presented to them by the Communists; and to the efficiency with which the Hong Kong police, with the assistance of the Colony's garrison, dealt with the situation. It is, however, fitting that I should conclude this despatch by confirming and recording the appreciation of Her Majesty's Government for the manner in which you, your advisers—both official and unofficial—the forces of law and order and the general public of the Colony faced up to and overcame the dangers which confronted Hong Kong during the year 1967.

**339** FCO 40/160, no 41

28 Mar 1969

'Hong Kong: long-term study': memorandum (K(69)1) by Mr Stewart  
for Ministerial Committee on Hong Kong

[Extract]

[Stewart prefaced this memo with a note explaining that an interim report (OPD(67)61) had been prepared in July 1967 on the prospects for withdrawal from Hong Kong if it were suddenly forced on Britain. Officials were further instructed (OPD(67)20th meeting) to examine long-term policy, on the basis of Britain being unable to remain in Hong Kong until the lapse of the lease on the New Territories in 1997. Consideration should therefore be given to the adaptations in its status which might be possible and desirable after the end of the Vietnam war. Responsibility for this exercise was assumed by the Cabinet Office and conducted by a small group of the Defence Review Working party. The latter's report reproduced here, although substantially the work of the Foreign Office and former Commonwealth Office, was thus an inter-departmentally agreed study. It was prepared in consultation (in so far as opportunity offered) with the governor and Sir Donald Hopson, former chargé d'affaires in Peking. For security reasons, no copy of the report was held by anyone outside Whitehall. It represented the outcome of 'many months work, hampered by the uncertainty surrounding Chinese attitudes and intentions towards Hong Kong at the height of the Cultural Revolution, and the difficulty of assessing what effects the turmoil in China might have on that country's policy towards Hong Kong in the long-term'.]

#### *A. Introduction*

An interim report (OPD(67)61) was prepared in July 1967 on the prospects for withdrawal from Hong Kong if it were suddenly forced upon us. We were further instructed (OPD(67)20th Meeting) to examine policy towards our tenure of Hong Kong in the long term, on the basis that we could not rely on remaining in Hong Kong on present terms until the lease of the New Territories lapsed in 1997 and should therefore consider what adaptations of its status might be possible and

desirable after the conclusion of the present conflict in Viet-Nam. We have interpreted our terms of reference as excluding from our consideration the situation that would face us in 1997 should we then still be in possession of Hong Kong. This is a situation which in our view can only be usefully examined much nearer the time in the light of the attitude and intentions of whatever Chinese government may then be in power. We have also excluded detailed consideration of future Hong Kong domestic policies. As explained in paragraph 50, these policies, insofar as they are relevant to the problem of the Colony's future, will be the subject of a separate study.

2. A background note on Hong Kong is attached (Annex A).

### B. *British interests*

#### *Political*

3. Hong Kong is of political benefit to us as a Free World enclave on the mainland of China, demonstrating that a 'free' society, even (of necessity) without representative government, is preferable in the eyes of many Chinese to the communist society of China. Chinese influence has ensured that its retention by us has not been a target of the anti-colonial lobby at the United Nations. Its loss to China would be a severe blow to Free World prestige in Asia and would correspondingly boost China's prestige particularly among the overseas Chinese in South East Asia. Our presence there is a British contribution to inter-dependence. The Americans recognise its usefulness.

4. There are on the other hand a number of political disadvantages in our position. Our inability to develop representative institutions in the Colony is a startling anomaly in our post-war record of colonial administration; while this has not so far embarrassed us in the international field (e.g. in the United Nations), it is occasionally an object of critical comment in this country, both in Parliament and elsewhere. Difficult problems may lie ahead as there emerges a generation brought up and educated in Hong Kong in western ways for whose energies there can be no outlet in political activities and for whose aspirations for a secure national identity there can be no solution other than China. Moreover our position in Hong Kong clouds our relations with China and might stand in the way of their improvement. The attack on our Mission in Peking in August, 1967, was the direct result of our refusal to comply with a Chinese ultimatum demanding that a ban on three communist newspapers be lifted. It is probable that members of the British Mission in China were held as hostages by the Chinese in order to try to secure concessions on Hong Kong. The Chinese might still hope that detention of other British Subjects will help to achieve their objectives though in view of their failure to use the Mission for this purpose this may be largely to satisfy their supporters in Hong Kong.

#### *Economic*

5. Our exports to Hong Kong in 1967 were £62 million f.o.b. (of the same order as our exports to Japan), a proportion of which goes on to other markets through Hong Kong. If the Hong Kong market was lost to us, we might save what we could sell direct in the markets hitherto supplied through Hong Kong, but clearly a lot of these frustrated exports would be difficult to sell elsewhere at first.

6. Our imports from Hong Kong in 1967 were £89 million c.i.f., of which £34 million was in clothing and £18 million in textiles. If these imports were totally

stopped, there would be some substitution, particularly from other Eastern suppliers, of all types of goods; in the case of textiles, which are subject to quantitative control, such substitution could be regulated. We derive some economic advantage in being able to obtain cheap supplies from Hong Kong. Their loss might lead to a rise in prices of certain goods in the United Kingdom but there would, of course, be relief from the embarrassment (mainly political) caused by the competition of Hong Kong exports with our textile and certain light industries.

7. Our investment in Hong Kong and our earnings from such investment is an area in which figures and facts are subject to very considerable doubt. Direct investment may be as high as £40 million and portfolio investment about the same figure, making a possible total of about £80 million. Earnings of profits and dividends are about £10 million a year.

8. Hong Kong is a member of the sterling area and keeps its reserves in sterling. Its sterling balances are very large of the order of £350 million. It is in our interest that Hong Kong's reserves should continue to be held in sterling and for the years immediately ahead this has been ensured in the sterling agreement. In view, however, of Hong Kong's special position as a trading and entrêpot centre special arrangements permitting a free market in U.S. dollars have been made. Hong Kong's adverse balance of visible trade with the world has been financed mainly by income from invisibles including tourism, shipping, banking and commercial services and through the flow of capital funds from abroad.

9. Apart from the cost of maintaining military forces in the Colony, Hong Kong is entirely self-supporting. But it could become a major liability if a crisis of confidence led to a large reduction of economic activity in the Colony and/or the cessation or withdrawal of external investment. It would seem that such a liability must inevitably arise as its economy begins to run down towards the end of the lease in 1997.

### *Communications*

10. Hong Kong is a valuable centre of communications. It is a major port, providing both ship building and repair facilities. The international airport at Kai Tak is a valuable point on trunk and regional air routes and the Colony provides major aircraft repair facilities. Air traffic rights at Hong Kong have been of increasing importance to the United Kingdom in the negotiation of Air Services Agreements with other countries; the monopoly of cabotage rights at Hong Kong enjoyed by B.O.A.C. has been of very great value to that Corporation. The SEACOM telecommunication cable link between Singapore and Australia passes through Hong Kong. Cable and Wireless are constructing a satellite receiving station there, to supplement cable facilities. . . .<sup>1</sup>

### *Military*

17. In the unlikely event of an outright Chinese military invasion we could not defend Hong Kong and evacuation from the Colony would be likely to be a very difficult, if not impracticable operation. However, the role of the forces is to assist the Hong Kong Government in maintaining internal security, deterring by their presence any precipitate action by the Chinese and identifying aggression in the event of an armed Chinese attack. To do this we maintain in Hong Kong a garrison of the order of six to seven major units. A garrison of this size is acceptable whilst there is a reinforcement

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<sup>1</sup> Paras 11–16 have been retained under section 3(4) of the Public Records Act, 1958.

capability within the Far East Theatre. No Royal Air Force aircraft, other than support helicopters, are stationed in the Colony but aircraft make periodic visits to establish a measure of control over local air space. One frigate and two coastal minesweepers are maintained in the Colony on a rotational basis from Singapore.

18. At a time when we are reducing our other commitments and forces East of Suez, it is important to maintain confidence in the Colony in our intention to maintain our position there. Certainly we must not give the Chinese the impression that we were preparing to leave. Because of the decision to withdraw our forces from Singapore/Malaysia at some stage it will become impossible to continue to provide support and backing for Hong Kong from the theatre. An internal security situation could arise and get rapidly out of control, and as our garrison will then be at the end of a long line of communications its effective and timely reinforcement would be dependent on adequate warning, availability of an air route, overflying permission and the absence of any other concurrent major operation. We cannot be certain that all these conditions will emerge in our favour and it will therefore be necessary for us to make a modest increase in the permanent strength of the forces to meet our responsibilities. Ministers have therefore agreed that after 1971 the forces should consist of the following:—

- Army – 7½ major units
- Navy – 2 frigates  
5 coastal minesweepers  
1 small tanker
- R.A.F. – 6 Whirlwind helicopters

Ministers have also approved the stationing of a small unit of fighter aircraft in Hong Kong, 'subject to further examination of the possibility that these aircraft might be manned and serviced from local resources'.

19. The full budgetary cost of the forces we now maintain in Hong Kong is about £20 million a year; it is estimated that after 1971 it will be about £25 million a year (excluding the cost of a small unit of fighter aircraft, the provision of which is under examination). In cash and services Hong Kong currently contributes to defence at the rate of £5 million per annum under an agreement which runs until March, 1971. (Note: The gross figures quoted above give the actual running costs of the forces deployed in Hong Kong. They are not the same as the money which would be saved if the commitment were abandoned. This saving would depend on decisions taken at the time on the disposal of the forces released and on any consequential changes in provision for supporting facilities, e.g. communications and transport. As foreshadowed at OPD(68) 11th Meeting, it is only possible to give a range of figures of possible savings; this has since been assessed at £10–40 million a year. The Ministry of Defence consider that in practice the achievable savings would fall well short of the higher figure.)

### *C. British responsibilities*

#### *Responsibilities to people*

20. We have a responsibility to safeguard the welfare and interests of the people of Hong Kong; about half of these are aliens.

21. A clear responsibility extends to the following categories:—

(a) About 46,000 British subjects and Commonwealth citizens of non-Chinese race, of which about 15,000 at the present time are members of the armed forces and their families (the Gurkha troops and their dependants are included in this category).

(b) About half (or 1.9 million) of the Chinese population who have, or are entitled to claim, the status of Citizens of the United Kingdom and Colonies.

22. In the event of our withdrawal, we would have a residual responsibility to see that non-Chinese foreign nationals (numbering about 11,000) have the opportunity to leave if they wish and if their own Governments fail to make arrangements for them.

23. We also have a moral responsibility to non-communist Chinese aliens: these would be regarded in the eyes of the Free World as refugees from Communism who should not be left to their fate. To some in this latter category our moral responsibility is very strong and inescapable—namely, those who because of their close connection with our administration would be very vulnerable to Chinese retaliation (see paragraph 25 below).

24. Clearly we could not, in withdrawing from Hong Kong, effectively discharge all our responsibilities to the people. Those in category (a) of paragraph 21 will have an alternative place of residence; we shall need to provide facilities for them to leave (if possible with their assets) and, in some cases possibly, to assist with their resettlement. But there is no prospect that we could evacuate or place elsewhere the numbers of Chinese involved in category (b). The vast majority would have to be left to their fate. Large numbers would not wish to leave and would accommodate themselves to the new regime, but many would suffer. Our moral stock would fall grievously low if, in a voluntary withdrawal, we did not do all that we could either to secure an alternative place of residence for them outside Hong Kong if they wanted to leave or some guarantees for their good treatment if they stayed. The latter would be difficult to obtain since all Chinese governments have regarded persons of Chinese race as Chinese nationals and, even if obtained, would probably be worthless. Nevertheless, those left behind for whom we have any responsibility would be used as hostages. Their treatment would depend on our response to Chinese demands; by this means the Chinese could ‘squeeze’ us for a prolonged period following withdrawal.

25. A special effort would have to be made to discharge our responsibilities to those Chinese men and women (whatever their national status) who have been closely associated with our administration, have openly demonstrated their loyalty to the British connections and are therefore particularly vulnerable to Chinese retaliation. In this category fall many serving in the Police Force and Civil Service and prominent in public service; many will be British subjects but some will have no claim to this status. These, particularly the Police, would have to be given the option of remaining or leaving. It is difficult to quantify this category; a very rough estimate is that they would number about 20,000–30,000 (with their dependants, about 90,000–135,000), but this figure might be a considerable under-estimate.

#### *Responsibilities for assets*

26. It would be feasible in a planned and phased withdrawal to arrange the removal or transfer of a considerable proportion of British and Hong Kong-owned

moveable assets (including military and particularly 'sensitive' equipment and stores). There would remain large investments in fixed assets (building and heavy plant) for which nothing could be realised except by agreement with the Chinese. We cannot expect Chinese acquiescence or co-operation in either operation, particularly so far as Hong Kong-owned assets are concerned.

27. Foreign nationals would have to look to their own Governments for protection of their assets. The American assets (estimated recently at £40 million) would be very vulnerable and would undoubtedly be expropriated.

#### *D. Chinese interests*

28. Hong Kong provides China with a window on the outside world, and with an easy point of access for trade and travel. It has served as a centre (which we have evidence they value) from which to mount subversive activities against the free world, particularly in the field of subversive propaganda.

#### *Foreign exchange earnings*

29. China earns a large surplus on visible trade with the Colony (£170 millions in 1966). The bulk of China's exports to Hong Kong are foodstuffs (40%–50%); there is also a considerable market for Chinese textiles, simple machinery and other manufactured goods. From this trade surplus, from remittances by Overseas Chinese in or through Hong Kong (estimated at £30–35 million in 1966) and from the operations of Chinese financial and commercial enterprises in Hong Kong, total foreign exchange earnings estimated at £200–210 million accrued in 1966 (over a third of China's total earnings of foreign exchange).

30. These earnings, which are regularly converted into sterling, have played a major role in financing China's trade deficits with other areas of the free world—with the industrial countries of Western Europe in 1959–60 and again in 1965–66 and with Canada, Australia and other major grain exporters to China.

31. Earnings in 1960–62 averaged some £80 million. Their rapid rate of increase by 1966 is unlikely to be maintained and from now on Hong Kong's relative importance as a source of foreign exchange may even gradually decline. However, it is likely to remain the largest single source of earnings for some years to come.

#### *China's use of Hong Kong's trade facilities*

32. Hong Kong's domestic exports to China are negligible. There is a modest re-export trade in chemicals, base metals, textile fibres, etc.; this is, however, steadily decreasing as China ships more and more goods direct from the source of origin. The value of Hong Kong's re-exports of goods obtained from China is believed to be about £34 million in 1966 (about 20% of all imports from China). These include Chinese food specialities, textiles, animal by-products and medicines and are sent mostly to South East Asia, Japan and Europe. It is evident that China still finds it convenient to use Hong Kong and its variety of services, particularly its banking and associated facilities. China's own trading organisations are not nearly so well equipped as Hong Kong merchants to handle a variety of small orders from overseas markets; as time goes on, however, they may be expected to improve their own facilities and rely less on those of Hong Kong. The Chinese use their commercial dealings to exercise

pressure on those who trade with them, if not to support them at least not to oppose them openly. This pressure is an effective weapon in their hands.

33. Hong Kong is in addition a useful trading outpost for China especially as regards commercial dealings with countries with whom it does not have diplomatic relations. Preliminary negotiations for grain deals with Australia and Canada have often taken place in Hong Kong. Western firms, too, can readily make contact with Chinese commercial organisations in the Colony.

*Hong Kong as hostage for our good behaviour*

34. China could at any time bring pressure to bear on the Colony with a view to influencing our policies or actions elsewhere than in the Colony. This might be used in the promotion of China's interests and to the detriment of our interests.

*Significance of Hong Kong's economic value to China*

35. Hong Kong in *our* hands is of considerable economic value to China but its contribution to China's economy is clearly not indispensable and as that economy develops the Colony's importance as an earner of foreign exchange could diminish. Conversely, in present circumstances, Hong Kong in *their* hands would be economically almost valueless, since its two major sources of income (exports to Western markets and tourism) would largely dry up. The Chinese might have to resettle in China up to some 2 million people whose livelihood would have disappeared.

36. Such evidence as we have indicates that there are differences within the Chinese leadership between the extremist group inspired by Mao who are unreservedly in favour of pushing the Cultural Revolution to the limit and encouraging 'making revolution' inside China and outside it, and a second group of a more moderate and realist attitude including the Prime Minister, Chou En-lai. It is possible that the first group might be disposed to sacrifice the economic benefits derived from Hong Kong in the interests of intensifying the confrontation with the Hong Kong Government. The present indications that the Cultural Revolution is being wound up and the clear evidence of abandonment of a policy of violence in Hong Kong suggest however that the second group is in the ascendant at least for the present. They would be disposed to concentrate on a longer term 'struggle' in order to avoid disrupting the Colony to an extent which would damage China's economic interests.

*E. Chinese attitude and intentions towards Hong Kong*

*General principles*

37. The Chinese regard Hong Kong and the New Territories as part of China. It is doubtful whether they see any essential difference between the status of the Crown Colony and the leased territory. They consider that all the 19th century treaties with the Great Powers were 'unequal' and that the present Chinese Government should not necessarily continue to be bound by them. The most specific official statement about the way in which the Chinese regard the treaties relating to Hong Kong appeared in a People's Daily editorial of 8 March, 1963, which said that 'with regard to the outstanding issues which are a legacy of the past we have always held that when conditions are ripe (such questions) should be settled peacefully through negotiations. Pending a settlement, the *status quo* should be maintained. Within this category are the questions of Hong Kong, Kowloon and Macao.' We must, of course,



bear in mind that the Chinese communist concept of 'negotiations' is very different from ours and we cannot hope to put our meaning on this word; in their eyes a 'negotiation' is the process by which their demands, once presented, are uncompromisingly pursued until the opposition is worn down into accepting them by a combination of persistence, psychological pressures and even physical threats.

38. It is inconceivable that any communist Chinese government would 'negotiate' an extension of the Hong Kong lease, although there is a remote possibility that by 1997 (when the lease expires), there might be a government in Peking which would be prepared to acquiesce in an extension of the *status quo* without any formal re-negotiation of the lease. If we had a Chinese government so reasonably inclined there might well be little need for us to stay since it would be the kind of government to which we could conscientiously hand over.

39. The considerations likely to influence the Chinese in a decision either to take over the Colony or to maintain the *status quo* are set out below:—

(a) *Towards a take-over*

(i) Security: China might conceive her security threatened if her enemies (e.g. Taiwan, U.S.A., U.S.S.R.) used Hong Kong or were likely to be in a position to use Hong Kong as an effective base against her. (China has shown sensitivity in the past over Kuomintang use of Hong Kong as a base for intelligence and sabotage operations and over the presence in Hong Kong of U.S. forces for rest and recreation.)

(ii) Declining value of the Colony to China: either in the economic field or as a base for subversive propaganda elsewhere.

(iii) National feeling: this might move naturally against foreign occupation of parts of Chinese territory or more likely it could be stimulated to galvanise enthusiasm at home which could be harnessed to some domestic objective, as occurred with the 'Resist America Aid Korea Movement'.

(iv) Ideological pressure: this could bring to the fore the inconsistency of a situation in which Mao's invincible theory of revolution had failed to triumph in Hong Kong. It could also oblige elements in the leadership, as in the Cultural Revolution, to demonstrate their revolutionary credentials by adopting harder policies, e.g. on Hong Kong, than they would normally do.

(v) International prestige: China's image as a leading anti-colonialist power might require the elimination of this Colony 'on its own doorstep' (this has been the tenor of frequent Soviet jibes).

(vi) Events in the Colony: i.e. disorders or economic distress which directly or seriously damaged Chinese prestige or obliged China to take active steps to fulfil her self-assumed role of 'protector' of all those of Chinese race.

(vii) Other developments in the Colony: e.g. constitutional advances tending to indicate that Hong Kong might be making progress towards a separate identity, thus making its eventual recovery more difficult.

(viii) A breakdown of order in China e.g. as the result of crisis after the death or removal of Mao could leave the initiative on Hong Kong in the hands of local militants or of the provincial authorities in Kwantung.

(b) *Towards maintenance of the status quo*

(i) The Colony's economic value to China in British hands: it could have at the best a very limited value in Chinese hands.

- (ii) The Colony's value as a base for subversive propaganda and as an outlet to the Western world.
- (iii) The Colony is a useful hostage for use against Britain and could possibly be so used against other countries.
- (iv) The administrative embarrassment of taking over a largely sullen population and a complex economy which China could not sustain, with the likely result that a large part of the population would have to be resettled in China.
- (v) Fear that a take-over might bring unforeseeable international repercussions, particularly a reaction from the United States.
- (vi) Chinese morale: Hong Kong is a safety valve for the discontented in South China. If hope of escape was dashed, discontent in that area (always a touchy one for Chinese Governments) might become uncontrollable.
- (vii) Scale: to Peking Hong Kong is a small problem in a remote and rather uncivilised corner of China. It can be dealt with at any time (by external pressure). Chou En-lai is reported to have said recently: 'It should not have had to come to the attention of the Prime Minister himself.' There is evidence that China's current conclusion is to leave things as they are.

#### *General aims*

40. The Chinese intention is to take over Hong Kong, by 1997 at the latest. For the present, however, they seek to gain the maximum degree of control over our actions consistent with the maintenance of Hong Kong's value to them. They seek a measure of control sufficient to leave them poised to take over at any convenient time—when we would either be hustled out ignominiously or held as hostages.

41. The Chinese will move to recover Hong Kong whenever the disadvantages to them of our position there outweigh the advantages they derive from Hong Kong's retaining a separate existence. They will use whatever forcible means are necessary, which will include the mounting of a campaign of internal violence supported by imported trained agents and weapons.

42. It is likely that China would prefer not to have to take Hong Kong by direct military attack, though such an attack could not but succeed. It would be more in keeping with China's position on the efficacy of indigenous revolution to create a situation in which local action would seem to have caused a total breakdown and where a resort to military force would be necessary, if at all, only to administer the *coup de grace*. However, a display of military force might be mounted in order to allow the Chinese to pose to the populace as 'liberators': and if all else failed and a take-over became imperative, direct attack would unhesitatingly be resorted to.

#### *Short-term policies*

43. The Chinese recognise that the events of 1967 showed they could not achieve dominance except by the use of violence to a degree which would have gravely impaired Hong Kong's value to them. This price they were not prepared to pay. Their present policy is to expand their commercial interests in the Colony and to concentrate on building up their support. To this end they are rebuilding the local communist apparatus and will seek to use this apparatus to achieve—by persuasion, propaganda, intimidation—a dominant position in the Colony. A heightening of the level of propaganda would probably precede another serious attempt to achieve this

dominance. The nature and intensity of propaganda about Hong Kong, both within the Colony and outside, should therefore serve as an indicator of Chinese intentions.

*Our ability to influence Chinese attitudes and policies*

44. It must be recognised that our ability to bring influence or pressure to bear upon the Chinese to modify their policies in our favour is minimal if indeed it exists. Nevertheless, we provide China with certain services and facilities in the fields of commerce, shipping, banking and insurance which we could, if necessary, interrupt. Action on these lines would probably do no more than inconvenience the Chinese and in any case we are inhibited from it by the adverse effect it would have on Hong Kong's economy. However at a moment of renewed tension, for example if the Chinese mounted another confrontation, we might wish to consider such action in order to cause the Chinese to reflect on their true interests and to bring home to them the measure of our determination to maintain our position. We should keep under interdepartmental review what means we have (if any) of exercising effective economic pressure upon China.

*The effect of China's attitude on policy in Hong Kong*

45. The lesson of the 1967 confrontation is that we should show firmly and resolutely that it is our intention to hold our position in Hong Kong; to do otherwise would convey to the Chinese the impression that Hong Kong is a ripe plum which will fall into their lap at the slightest disturbance of the tree. On the other hand, since China has the power at any time either to take over Hong Kong physically by military action or to reduce the Hong Kong Government to impotence by a planned and properly directed campaign of disorder and violence, but is prepared for the moment in her own interests not to do so; and since such toleration of a colony on her doorstep is something of an embarrassment from the ideological and nationalistic viewpoint, it is always necessary for the Hong Kong Government to maintain a balance between the necessity to preserve its own authority in Hong Kong and the need not to antagonise China to such an extent that the latter is driven to change her policy of tacit acceptance of the *status quo*. So far this balance has been achieved with remarkable success.

*Effect of the approach of 1997*

46. Quite apart from the possibilities discussed in the preceding paragraphs of the Chinese seeking to eject us from Hong Kong before 1997, the very existence of a date on which the lease of the New Territories expires is already beginning to cast its shadow before it. This shadow will, in the best circumstances, grow increasingly large and the life of Hong Kong, both economic and social, will become increasingly stunted.

47. Annex B sets out some of the effects of the approach of 1997, including some which are already apparent.

48. As these effects become more marked Hong Kong may require assistance from the U.K. in a number of ways (possibly economic assistance if industry and trade stagnates, the buttressing of the civil service and action to ensure that communications with the outside world are maintained at an appropriate level). Departments of H.M.G. should give sympathetic recognition to these needs as they develop.

49. Further study of this factor will be required in consultation with a wider circle in Hong Kong than can be associated with the preparation of this paper. Given the limited circle within which, for security reasons, the study must be confined, it must be accepted that the outcome will not be a study in depth.

50. Another aspect of the approach of 1997 is the bearing this has on the social policies which we pursue in the meantime. Here we are faced with a dilemma. If we administer the Colony in a manner which accords fully with our own concepts of social justice we will widen the gap between Hong Kong and China and thus may make the transition to Chinese rule more difficult for the inhabitants of Hong Kong. But deliberately to keep down rising standards in an attempt to equate them with conditions in China is not only repugnant but carries with it the risk that orderly government in Hong Kong may be made more difficult. This is a touch practical and, indeed, moral problem which will need to be further studied in consultation with the Governor.

#### *F. American involvement*

51. The Americans make great use of Hong Kong. It is convenient as a recreational centre for their surface and air forces engaged in the Viet-Nam war (and was so used by their naval forces long before their involvement in Viet-Nam) although it is not indispensable for this purpose since the Philippines, Formosa, Thailand and Australia can and do serve the same purpose. The Americans also use Hong Kong as their major centre for 'China watching'. In this role Hong Kong is unique. This latter use makes it certain that the Americans would wish us to stay in Hong Kong at least as long as there is a Communist government not recognised by them in Peking, irrespective of the outcome in Viet-Nam and any consequences this may have for American military deployment in the area.

52. One of the factors which prevents Chinese military involvement in any neighbouring country (i.e. India or Viet-Nam) is the fear of American nuclear retaliation against China. The Chinese leadership appear to be genuinely convinced that in the long run the Americans will become involved in a war with China and, despite their propaganda about nuclear weapons being 'paper tigers', there is little doubt that they take seriously the threat of a massive nuclear attack. Although this fear does not prevent China from pursuing policies of hostility towards the United States it does seem to prevent them from pushing these policies to the point of direct confrontation. It is therefore arguable that the Chinese could be deterred from taking action against Hong Kong by the threat of American retaliation against China. It is, however, probably true that they would only be deterred in this way from military action against Hong Kong which could be clearly defined as 'Chinese aggression'. It is much less likely that a deterrent of this sort could put an end to the incitement to subversion in Hong Kong, since the Chinese would calculate, quite correctly, that there is no point at which such subversion can be considered as the justification for nuclear retaliation against China.

53. Though the Americans wish us to stay in Hong Kong for domestic as well as international reasons they would be most reluctant to give a public nuclear guarantee for Hong Kong, nor for our own reasons would we wish them to do so. There is, however, advantage in trying to make the Chinese believe that the

Americans are involved in or committed to the defence of Hong Kong. The continued presence of American warships in Hong Kong is helpful in this connection. It might be useful to seek American support and understanding for the policies which we desire to adopt. The advantages and disadvantages together with the ways and means of doing so might be considered separately.

### G. *Withdrawal*

54. Hong Kong's geographical position, its preponderantly Chinese population, the artificial nature of its economic and political base—these factors, coupled with China's declared claims and intentions, indicate that the Colony's future must inevitably lie at some stage within China and that we must give up our position there. We therefore turn to consideration of the circumstances (short of an abrupt military take-over) in which this union with China might come about; the major problems that would arise; the possibilities open to us to withdraw; and the prospects of our reaching a negotiated solution.

#### *The circumstances*

55. We might reach an entirely voluntary decision that the best course would be to withdraw. This could be the case in the following situations:—

(a) The emergence in China of a more moderate regime to whom we could conscientiously hand over the destinies of Hong Kong's people; this is highly unlikely in the near future.

(b) With or without a changed situation in China as in (a), a swing of substantial proportions in Hong Kong Chinese opinion in favour of rejoining China. This might come about in deteriorating economic conditions in Hong Kong; or as a result of a successful Communist campaign to 'cultivate the masses'; or a combination of both. The emergence in Hong Kong of a generation that has its roots only in the Colony possibly militates against this; on the other hand, China's growing strength coupled with our disengagement East of Suez and the general effects of the approach of 1997 (see Annex B) may lead in time to a resigned acceptance of the inevitable by most of the Colony's population who will adjust their attitude accordingly.

(c) A severe economic setback for Hong Kong or period of economic stagnation, with a clear indication that the viability of its somewhat artificial economy can no longer be maintained. This could occur because of restrictions imposed by importing countries on her trade or (as could be the case any time after 1980) because the economy starts to run down as the expiry of the lease draws nearer and confidence, particularly business confidence, gradually ebbs away.

56. We might feel obliged to withdraw following a prolonged period of physical pressure by local Communists. This, even without direct support from China, might make our position impossible—not so much because we might lose the support of the Chinese population and control of internal security, but because economic disruption and, above all, loss of business confidence within and without the Colony might slowly sap its economic health. However, the events of last year have shown that, in the absence of any sign that China intends to end our rule in Hong Kong or

that we are prepared to go, local confidence and the confidence of the outside world have not been seriously impaired (and may indeed have been temporarily enhanced).

57. We would have seriously to consider withdrawal if such pressure had China's support in furtherance of the aim to reduce us to a position of subservience (as indicated in Section E). The means available to China (which would no doubt be applied simultaneously) might take an economic form (e.g. denial of food and water supplies, promotion of strikes or stoppages of work) or might be political e.g. open encouragement of subversion and violence among local Communists and their supporters, together with a clear indication of China's support in the form of inspired and organised border incidents. Pressure on this scale could not fail to succeed in the end.

### *The problems*

58. First and foremost of these will be the discharge of our responsibilities to citizens of the United Kingdom and Colonies (both of European and Chinese origin), Commonwealth citizens and foreign nationals resident in the Colony and to British and foreign assets there (paragraphs 20–27 above). Secondly there will be the problems of maintaining internal security after the decision to withdraw has been announced: public confidence will be destroyed overnight and with it may vanish the inclination to accept established authority.

59. Given adequate time and no Chinese interference, there should be no difficulty in providing facilities for those non-Chinese who so wish to leave the Colony with their moveable assets. Our problem would lie in the discharge of our responsibilities to nearly two million Chinese who are citizens of the U.K. and Colonies and in particular to the 100–200,000 Chinese, both U.K. and Colonies citizens and aliens, who would be vulnerable to Chinese retaliation. We could not expect to obtain from the Chinese satisfactory guarantees for the future treatment of those (the vast majority) who would have to stay in Hong Kong.

60. Even the vulnerable category presents what is an intractable problem. No countries have agreed to take Chinese in significant numbers; those that have taken them have required the possession of certain skills or professional qualifications. Most of the vulnerable category will have these but there may be some financially expensive resettlement costs.

61. It is estimated that there are about 35,000 Hong Kong Chinese in the United Kingdom; we do not know the exact number or how many of them are U.K. and Colonies citizens. There could be considerable opposition to taking any more. Taiwan would no doubt in these circumstances take quite a large number. America and Canada are countries with large Chinese communities that might take significant numbers. Some South American countries (e.g. Brazil) might offer special facilities. But we cannot talk to any countries (other, possibly, than America, Canada and Australia) in advance about this problem. The period of our withdrawal is likely to be measured in months and past experience (as evidenced by U.N. efforts on behalf of refugees) has shown that much longer than this will be necessary to negotiate permanent settlement opportunities. Temporary transit areas will therefore be necessary and we may find countries very reluctant to act as host to large numbers of Chinese who have no guarantee of permanent residence elsewhere. Singapore, Taiwan, Philippines and our Pacific dependencies may be possibilities.

62. The second major problem will be the maintenance of internal security.

Public knowledge that we were preparing to withdraw would have an immediate and profound effect on the internal security situation. Those fearful of the change of regime would be clamouring to get out; communists would get to work on a confused public and rally their sympathisers whose numbers would mushroom overnight among those (the great majority) of the population who would see no alternative but to remain; they would be joined by criminal and hooligan elements. The morale of the Police Force would dip sharply (if it did not disintegrate altogether); the Force is preponderantly Chinese and its members would understandably be looking over their shoulders. The task of maintaining public order might devolve entirely on the garrison and the likelihood is that it will prove impossible to maintain control throughout the whole area of the Colony. This would undoubtedly be the case if the Chinese Government deliberately set out to foment the situation.

63. These two major problems present us with a conflict in time scales. We should need as much time as we could get to discharge our responsibilities to people. But the difficulties we would face in circumstances of growing disorder and economic confusion indicate that the period of withdrawal should be as short as possible.

64. It is most unlikely (with the precedent of Shanghai before us) that China would stand by while we stripped Hong Kong of such people and assets as we wished to remove. We can expect to be restricted both as to the time allowed and in our freedom of action. Given the attitude of successive Chinese Governments to our tenure of the Colony and to foreign Governments in general, they are likely to want to make our loss and discomfiture as great as possible. Nor is it within our power, by military force, to hold them off while we make the necessary arrangements. This likely Chinese attitude and the nature of the problems we shall face (particularly the internal security problem) point to the need to reach some understanding or arrangement with China.

### *The possibilities*

65. Against this background of a need to find a solution in co-operation with China, we consider the possibilities of divesting ourselves of Hong Kong.

66. If a separate status could be found for Hong Kong, independent of Britain or China and under United Nations auspices or otherwise, we would have done what we could to protect the non-Communist population of Hong Kong from forcible 'liberation'. But there is no real prospect of any solution which does not provide for the resumption of Chinese sovereignty over Hong Kong. The present Chinese Government is certain to deny that the United Nations has any standing in the question: it has on a number of occasions in a United Nations context made it clear, through Communist Member States of the United Nations, that the future of Hong Kong is not a matter for the United Nations but rests between China and Britain. Any change in this attitude is inconceivable in the foreseeable future. And we have no means of bringing effective pressure to bear on China to accept any solution on these lines. An economic embargo on trade with China, if indeed it could be effectively organised for the sake of Hong Kong, would seriously damage the Colony's economy. The Colony would cease to have any economic value to China and the danger of a forcible take-over would therefore be greatly increased.

67. The possibilities are therefore:—

- (i) to abdicate our position by unilateral action, declaring our intention to go in a specified period of time—with or without an indication of our readiness to talk to the Chinese about it;
- (ii) to accept indirect Chinese influence over the way in which we administer Hong Kong with a view to ultimate transference of control;
- (iii) to approach the Chinese formally with a view to negotiating our withdrawal. This might include (but not initially) an offer to consider an interim period of dual Anglo–Chinese control of the Colony;
- (iv) to approach the Chinese informally with a view to reaching a covert understanding with them about our eventual withdrawal at a suitable agreed date.

68. Given the character and attitude of the present regime in China, the only course to which we could be sure of the Chinese responding at the present time would be our acceptance of some measure of indirect Chinese control (the second course). Any attempt at present to abdicate our position by unilateral action (the first course) would meet with a sharp and hostile Chinese reaction and we would be subject to the maximum harassment and humiliation in our attempt to extricate ourselves; it would also quickly lead to chaos within the Colony. We certainly could not hope today to engage the Chinese in genuine and reasonable negotiations (the third course).

69. Unilateral action to withdraw (the first course) might be the only course open to us in circumstances in which we felt obliged to withdraw (paragraphs 56–57 above). But as a course of action likely to be actively opposed by China it should not be adopted unless Chinese intransigence or internal conditions compel us to do so. We can be sure that the Chinese will not stand by and permit us to withdraw without some interference. However, in circumstances where the climate for a negotiated handover appears favourable but the Chinese do not respond to our overtures, it is conceivable that a declaration of intention to withdraw coupled with an expressed readiness to talk about it might bring the Chinese to the conference table. Much would depend on whether our departure suited China's interest at that time.

70. In our view the acceptance of a measure of indirect Chinese control (the second course) will not at any time provide an acceptable means of withdrawal. On the face of it, it could have the merit of frustrating the worst Chinese intentions; and, by a process of gradual assimilation to Chinese control, it might help to avoid the disruptive, possibly violent, consequences of a sudden transfer of authority. But, as has been noted in paragraph 14 of our Interim Report, it would put us entirely in the hands of the Chinese, both as to the manner and timing of our final departure; our bargaining position would be compromised when it came to seeking an eventual settlement; our people there would be hostages who would be used to extract the maximum concessions. We would be faced by serious economic and political repercussions in Hong Kong in a situation of dwindling confidence. Additionally any lack of effective authority could raise acute political difficulties in relation to Ministers' responsibilities to Parliament for the administration of the territory. We might find that our control was so circumscribed as to prevent our making any attempt to discharge our responsibilities to even the vulnerable category of Chinese in Hong Kong.

71. From the third course—the possibility of negotiating our withdrawal—there could be no drawing back if the terms were unacceptable; our internal position in Hong Kong could not survive abortive negotiations, even if the Chinese were



prepared to accept the situation. We might have to offer, during the negotiations or as part of the negotiated settlement, to associate the Chinese with the administration of the Colony as a means of maintaining the internal security situation, but as a course to be pursued deliberately, even in a situation where the Chinese are showing a spirit of reasonable co-operation, it would carry some great dangers. From a position within the administration, the Chinese would have an infinite capacity to interfere. At any time they would be able to instigate trouble among their supporters and then to hamper or frustrate our efforts to deal with it. If they were not already represented in the security forces as part of the arrangement, they would possess a cast-iron pretext for bringing police or troops in to deal with a difficult or deteriorating situation. They could use their position to limit our withdrawal of persons and assets, to the extent that they considered it necessary to retain 'hostages' in order to squeeze the maximum advantage out of us (both before and after our departure). They could manoeuvre us into a position in which we might be forced to postpone our departure indefinitely for the sake of our hostages. This might, however, prove to be the only way in which we could effect an orderly withdrawal in the face of uncompromising Chinese hostility and opposition. But it would seem prudent to follow it only if circumstances during the negotiations compel it; to offer it earlier would undoubtedly put irresistible temptations in their way. It could only be accepted as an overt arrangement at the very end and for a short period, after the public had clearly recognised that we were on our way out.

72. The fourth course—the informal approach with a view to reaching a tacit understanding—seems the only one that may be open to us in the foreseeable future. The purpose would be to tell the Chinese, in such a way that the authenticity of the information was beyond doubt but the approach could be denied if the Chinese tried to use it against us, that:—

- (a) We acknowledge that Hong Kong must eventually be returned to China and that it is essentially (geographically and ethnically) Chinese.
- (b) We ourselves are anxious to effect an orderly transfer as soon as public opinion in Hong Kong will allow us to.
- (c) To this end we will endeavour to avoid doing anything in Hong Kong to make the transfer more difficult, e.g. by constitutional changes towards representative and more responsible Government.
- (d) We seek Chinese co-operation in not alienating Hong Kong opinion and turning it against a transfer in due course, e.g. by violence or agitation.
- (e) We would not hamper Chinese attempts to win over the population by peaceful persuasion provided they are kept within such bounds as would enable us to overlook them.
- (f) We would welcome confidential advance information on when they themselves think a take-over would be appropriate and the method by which it might be effected; we would try to fall in with them on the clear understanding that we could not accept (i) humiliation, (ii) disorder, or (iii) denial of opportunity to protect those to whom we had a duty.
- (g) Both sides would have to accept that overt attitudes towards each other might have to be apparently somewhat hard and would recognise that this was contrived.
- (h) The one thing we would not accept is a situation in which the Hong Kong Government would become a Chinese puppet under duress.

73. This course would have many dangers. It might merely encourage the Chinese to pursue, without deviation, their aim to reduce Hong Kong to subservience. It would have to be pursued with the utmost secrecy and care over a long period; the risks of a leak about our intentions would be grave (paragraph 62 above) and before embarking on such a course some military contingency planning would be necessary. We could not be sure that the link in the channel of communication in these difficult and tricky circumstances would adequately serve its purpose. But it does minimise some of the dangers of a formal approach (as noted in paragraph 66 above) and particularly it provides us with the means of drawing back if we should be rebuffed. It enables the Chinese to talk to us about Hong Kong without loss of face and, if they respond reasonably, we should be able to avoid a humiliating withdrawal.

74. The precise manner in which the approach might be made and the channel to be used would, of course, require the most careful detailed examination. But if, through a reliable intermediary, we could by these indirect means (as opposed to direct negotiations) clarify our position to the Chinese, there is some hope that, having considered it carefully, they might come up with a sensible response in the end and that some entirely cover understanding might be reached.

*Prospects for a negotiated solution or understanding with the Chinese*

75. The prospects that the Chinese would respond with any reasonable degree of co-operation to an initiative on our part to reach some agreement or understanding on withdrawal must depend very much on:—

(a) Whether it suited their policy at that time to take the Colony over and, if it did, what their 'interest' was in getting it back. If we chose a time that did not suit either their economic or political objectives, we could expect them to maximise their demands upon us and to seek to ensure that we left in utter confusion and in the most humiliating conditions. If our withdrawal did suit their policy, their reaction might vary from an uncompromising statement of their terms if they wanted to extract a propaganda and prestige advantage to a reasonable negotiating posture if they were genuinely anxious, for economic reasons, to take Hong Kong over with minimum damage to its economy.

(b) The strength/weakness of our position. In this respect we would be in the best position if we sought to withdraw voluntarily when conditions were more or less normal (when, of course, public opinion in the U.K. and Hong Kong would find it most difficult to accept the need for our action); in a less satisfactory position if we tried when conditions in Hong Kong were difficult (e.g. because of economic decline); and in the worst possible position if we did so under Chinese pressure.

76. The weakness of our position is that we would have many hostages in Hong Kong in terms of people and assets, a substantial proportion of which we should find it very difficult (if not impossible) to move. We ourselves have no means of bringing substantial pressure to bear on China. Our trade with her is not significant; our exports are neither vital nor irreplaceable from other sources. Our military capability (including nuclear capability) could hardly be a factor in a situation in which we were trying to get China to the conference table—particularly since China's assessment is probably that we would not use it even in defence of Hong Kong against a military take-over.

77. The strength of our position lies in the economic value of Hong Kong to China as a source of foreign exchange. Our strongest card would be the possibility of handing over a buoyant Hong Kong economy for which we could hold out prospects that it would continue to earn foreign exchange in Chinese hands. Our ability to play this card postulates a very different attitude to trade with China on the part of the U.S.A. (which takes 37% of all Hong Kong's exports) and some understanding with our other Western allies and friends who trade with China and Hong Kong that they would not regard the change of administration as an opportunity to reduce drastically or cut off altogether their trade with the latter. If we could not make use of this card then we should be reduced to such economic counters as continuing to give access to Hong Kong products in our own markets (which take only 17% of all exports) and the use of Hong Kong assets held in London (not all of which could be handed over).

78. Overt American involvement in a mutual arrangement with China to hand over Hong Kong seems out of the question given present U.S. policies towards China. In this situation the best we could expect would be that fear of American reaction to a forcible take-over might be a factor inclining China to seek an agreed solution and, in doing so, not to press us too hard. On the other hand, if American attitudes were to change to the extent of lending their weight to such a transfer, the value of Hong Kong's trade with the U.S.A. would exercise a restraining influence on Chinese attitudes in our exchange with them.

79. It is unlikely that we could make much play with the fact that in international law Hong Kong Island and the tip of Kowloon peninsula were ceded to us in perpetuity (see paragraph 1 of Annex A), in the face of China's attitude that these were 'unequal treaties'—an attitude for which there could be considerable support from other countries, particularly those disputing ceded areas with us. (Russia would, however, be reluctant no doubt to accept the proposition that treaties with China involving the transfer of territory are all 'unequal'.) The ceded areas of Hong Kong could not be viably separated from the main industrial areas in the New Territories; the frontier in Kowloon would be impossible to control; all the sea and air approaches could be claimed as under *de jure* Chinese control as well as being under their *de facto* control. Continued retention of these areas would make no sense, either economically or politically.

#### *Timing of an initiative*

80. The timing of any initiative on our part with a view to withdrawal would clearly need careful judgment. A number of the factors to be taken into account have already been mentioned—notably, China's interest in reaching a solution and the possibility of handing Hong Kong over with its trade outlets to the Western world unimpaired (in itself greatly dependent on American willingness to co-operate). The present climate is not favourable in any of these important respects. We can now only indicate the broad limits of time which, in our opinion, may be available to us to make such an offer.

81. Genuine negotiations could not be mounted in present conditions in China, nor in the foreseeable future; nor at the present time would it be possible to reach any kind of tacit understanding. If we sought now to hand the Colony back we could not do so with any hope of discharging our responsibilities towards its people or of getting any of them out; and there could be serious damage to relations with our allies. The other end of the time scale is determined by the strong probability that

public confidence in the Colony's future will start to slip and the economy to rundown in the 1980s; it could become a serious liability to us and lose its value to China. All this points to an initiative on our part taken not later than the early 1980s or as soon as there emerges in China a regime with which we might be able to do business and which all our allies would be prepared to countenance—avoiding, however, and time when:—

- (a) the Hong Kong economy is showing weakness; or
- (b) we are under any form of Chinese pressure either from within or without the Colony.

82. There are also factors indicating that we should take the first opportunity that favourable circumstances offer. The growth rate in the Hong Kong economy necessary to provide for a natural rate of population increase of the order of 2½–3% and for a steadily improving standard of living may be difficult to maintain, since it is wholly dependent on growing world markets for the Colony's exports. Moreover, as the economic and military strength of China grows, Chinese pressure on the Colony is likely to increase.

83. We consider finally what initiative we may possess in bringing the Chinese to negotiations or an understanding about Hong Kong when the time seems right, bearing in mind that at any time China could make our position in the Colony impossible and force *us* to withdraw on their terms. The initiative would seem to be in our hands only to the extent that:—

- (a) the economic value of Hong Kong might be so important to China that they would be prepared to treat with us to preserve this so far as possible after our departure;
- (b) the settlement of Hong Kong's future could be linked with a desire by China for a detente in its international relations.

#### *H. The worst case*

84. In the event of a Chinese military attack with the object of taking over Hong Kong, present instructions (as embodied in the directive to the Commander, British Forces) are that military action should be 'to offer such resistance as may be appropriate in the circumstances then prevailing, in accordance with political direction at the time'. Earlier directives had been more precise, e.g. requiring the Garrison 'to expose any Chinese incursion into the Colony with armed force as an act of aggression'. In both cases the intention has been that we would not resist to the bitter end, laying waste to Hong Kong in the process, but would resist for a brief period and then withdraw before greatly superior forces. In short we would surrender Hong Kong with only an initial short period of determined resistance.

85. If as a result of unremitting Chinese pressure on Hong Kong (short of a military take-over) we were forced to the point that our position was untenable and that our administration could not survive without conceding a measure of influence and control to China, our conclusion is that we would have to take a unilateral decision to withdraw with all its attendant difficulties. The timing of such a decision would be very difficult. If the situation had reached that point, we would have to accept that the process of withdrawal would not be easy since it would greatly depend on Chinese goodwill, and this would almost certainly not be forthcoming. If the

situation had not quite reached that point but was imminent, it would be politically very difficult to take a decision to withdraw.

86. In both cases we would seek to achieve some measure of evacuation of those to whom we have a special responsibility, particularly of vulnerable elements of the population (as outlined in OPD(67)85 already approved by Ministers).

87. But whether we seek to surrender the Colony in the face of military attack or seek to abdicate our position by a unilateral decision to withdraw, the fact remains that the Chinese may not accept or recognise our renunciation of control. They could pursue the tactic of neither throwing us out nor allowing us to go; they could make no attempt to take over the administration of the Colony. Their object would be to retain a puppet British administration under firm control.

88. We reserve judgment as to whether in these circumstances the Governor should be under instructions to refuse all co-operation. Much must depend on what prospects there may be at the time for negotiating some accommodation that would help to ameliorate the fate of those who were locked in the Colony. For example there might be a case for co-operating temporarily with the Chinese if we thought that we held certain strong cards such as the continuance of trading relations with the Western world (paragraph 77). We could of course easily block at any time a move to set up a puppet administration by annulling the instruments establishing the Government of Hong Kong. As a result of the financial and trading consequences that would flow from this legal act, Hong Kong's economy must wither, and the arrangement which the Chinese were seeking to impose on us would then cease to have any value to them.

89. We conclude that this would be a situation in which decisions would have to be taken in the light of the circumstances then prevailing, and not one in which any firm instructions can or need be issued at the present time. We assume that in such a situation we would remain in direct unfettered communication with the Governor.

90. There is in existence a Dormant Commission issued to the Commander British Forces (CBF). It was intended for use in the event of an emergency when it had become clear that the situation in the Colony was such that the CBF should assume overall command, both civil and military. The Commission was drawn up at the time of the Korean War; it was then conceived that Hong Kong would be defended to the bitter end and that before the end came the Governor would leave the Colony. The Commission comes into operation at a time to be appointed in writing by the CBF after consultation with the Governor and with the prior approval of the Secretary of State; if, in his absolute discretion, the CBF is satisfied that it is no longer practicable to obtain the prior approval of the Secretary of State, the Commission may be brought into operation on a date to be appointed in writing by the CBF after consultation with the Governor.

91. Since it is no longer the policy to fight to the end in Hong Kong and our aim must be to make the best we can of an orderly transfer of our responsibility for the Colony, it is essential that the Governor should remain at his post. In the changed circumstances therefore it would seem that the time has come to cancel the Dormant Commission.

### I. *Conclusions*

#### *British interests* (Paragraphs 3–19)

(a) Our present *net* annual expenditure on defence in Hong Kong is of the order of £15 million rising to an estimated £20 million after 1971 (assuming no change in the

rate of the Colony's defence contribution). There are no other costs involved in maintaining our position there, and we have a sizeable investment in the Colony and a considerable trade with it. It has accumulated large sterling balances which it is in H.M.G's. interest to see maintained.

(b) We derive considerable advantages from Hong Kong...<sup>2</sup> and politically it has some value to us in our relations with our allies, particularly the Americans.

(c) But Hong Kong could become a major liability if, as expected, its economy begins to run down towards the end of the lease or as a result of Chinese pressures. If it suffered a period of prolonged economic recession or stagnation, the Colony could become a major liability. Internal pressures and outside criticism may build up because constitutional advance is a point of friction in our relations with China. And we are obliged to maintain a garrison there which would be at serious risk in the event of a Chinese take-over.

*British responsibilities* (Paragraphs 20–27)

(d) We have a general responsibility to safeguard the welfare and interests of the population of Hong Kong and a particular responsibility to about half the population who are British subjects (i.e. to some 2 million, nearly all Chinese). We have a special responsibility to some 100,000–200,000 Chinese who would be particularly vulnerable to Chinese retaliation or to whom we owe a particular debt because of their connection with us. In whatever circumstances we abdicate our position it will be impossible to discharge all our responsibilities to the Hong Kong Chinese or to remove or protect all British and Hong Kong-owned assets (other than a proportion of the moveable assets).

*Chinese interests* (Paragraphs 28–36)

(e) Hong Kong provides China with easy access to the free world—for trade, travel and subversive activities. In our hands it is of considerable economic value to China, accounting for about a third of its total foreign exchange earnings; while in Chinese hands it would be almost valueless. However, as China's economy develops the relative value of Hong Kong in this connection could diminish.

(f) There is evidence that these economic considerations are still regarded as paramount by the more moderate pragmatic elements who are now extending their influence in the Chinese leadership; but there is always the danger that extremist elements may gain the ascendancy, who would be prepared to sacrifice the economic benefits.

*Chinese attitude and intentions* (Paragraphs 37–50)

(g) The Chinese regard the whole of Hong Kong (both ceded and leased areas) as Chinese territory to be recovered (although they are on record as saying that they will 'negotiate' its return); and even if they allowed the lease of the New Territories to run its full term, we could not expect to re-negotiate it in 1997.

(h) At the moment they are prepared to accept the continuing existence of the Colony because it brings them economic and political advantages. The campaign of violence has been abandoned for the present and they apparently recognise that it may take a long time to bring the Hong Kong Government to a position of subservience using the methods of long term 'struggle'. Their immediate aims are to

<sup>2</sup> Just over one line of text at this point has been deleted under section 3(4) of the Public Records Act, 1958.

maximise their commercial interests in the Colony and to concentrate on broadening the base of their support among the people. In certain circumstances, however, this policy might quickly change to one of reducing the Colony to a position of subservience or even of taking it over.

(i) We have virtually no means of bringing pressure to bear upon the Chinese to change whatever course of action they decide on. We should nevertheless keep under review the scope for withdrawing services and facilities (e.g. in banking and shipping) in the event of another 'confrontation'.

(j) It is unlikely that the Chinese would wish to take Hong Kong by direct military attack; it would be more in keeping with their theory of indigenous revolution to create, by local action, a breakdown of authority in the Colony.

(k) As 1997 approaches confidence will inevitably drain away with adverse political and economic effects making it increasingly difficult for us to maintain our position. This will raise some tough problems in the spheres of economic and social policy and in the public service; studies of these problems (necessarily conducted within a limited circle) can best be put in hand in Hong Kong.

#### *American involvement* (Paragraphs 51–53)

(l) The Americans make great use of Hong Kong and would wish us to stay, at least as long as there is a Communist Government in Peking not recognised by them.

(m) Fear of American retaliation (which we might foster) may inhibit the Chinese from taking any action that could be clearly defined as 'Chinese aggression'. We might consider separately whether we should seek American support and understanding for the policies we desire to adopt.

#### *Withdrawal* (Paragraphs 54–83)

(n) Hong Kong's future must eventually lie in China. This is likely to become an issue in the 1980s (when confidence and the economy must inevitably start to run down) or earlier if, in the meantime, Chinese pressures carry the indication that China has a serious intention to make our position untenable. But in present circumstances we need not—indeed, we cannot—contemplate action to this end.

(o) When we do decide to withdraw we will face major problems (some insoluble) in the discharge of our responsibilities towards the Chinese section of the community (particularly those who are British subjects or who may be vulnerable to retaliation because of their loyalty to the British connection) and in the maintenance of internal security during the period of withdrawal.

(p) The nature of these problems points to the need for some understanding with the Chinese. We can in any case put out of our minds any thought of an independent status for Hong Kong, under U.N. auspices or otherwise. We shall have to hand over sovereignty to China.

(q) A unilateral decision on our part to withdraw would be a course of last resort in present circumstances. This would invite severe harassment by the Chinese who would not acquiesce in our withdrawal at our own speed and in our own way; and we could not prevent their interference. At some future date it might be used to bring the Chinese to the conference table.

(r) At present the only solution acceptable to the Chinese would be to gain indirect control over the administration of the Colony. This we must avoid at any time as a step towards ultimate withdrawal.

- (s) There might be an opportunity to negotiate withdrawal although we cannot see when this might arise. We should avoid if at all possible any form of joint administration of the Colony prior to handing over since this would give the Chinese an infinite capability for mischief and for frustrating our intentions.
- (t) The course best suited to our interests would be an informal and disavowable approach to the Chinese when the time is ripe aimed at reaching a tacit understanding about an eventual withdrawal at a suitable agreed date.
- (u) The Chinese response to a formal or informal approach would depend very much on whether it suited their policy and interests at the time to take the Colony over and on the strength of our position. The chances of a favourable response would be best if the Chinese were genuinely anxious, for economic reasons, to take Hong Kong over with minimum damage to the economy; our negotiating position would be strongest if we sought to withdraw when the Hong Kong economy was its normal buoyant self and there was no Chinese pressure.
- (v) Our position is, however, weak in that we have many hostages in the Colony in terms of people and assets and no means of bringing significant pressure to bear on China. Its strength will rest on Hong Kong's economic value to China and on our ability to hand it over with that value unimpaired and its trading links with Western countries kept open. To use this card, changed attitudes towards China on the part of some Western countries will be a prerequisite.
- (w) The initiative does not effectively lie in our hands: the Chinese could always frustrate our attempts to negotiate or reach an understanding with them. But on the timing of an approach all the considerations indicate that we should make it as soon as there emerges in China a regime with which we might do business and before the Hong Kong economy starts to run down as it well may in the 1980s.

*The worst case (Paragraphs 84–91)*

- (x) In the event of a Chinese military attack obviously mounted with the objective of taking over Hong Kong we would surrender the Colony with only a show of resistance. Unremitting Chinese pressure short of a military take-over could render our position untenable and lead us to the conclusion that we must withdraw with or without Chinese co-operation.
- (y) In either event China might not accept our renunciations of control but might aim to force us to maintain a puppet British administration under their control. In such circumstances it might be better to co-operate with them rather than to sever, as in a formal way we could easily do, our political and economic connections with the Colony.
- (z) However these are decisions which can be taken only in the light of the circumstances at the time. We consider that whatever may happen in Hong Kong the Governor should remain in charge of the civil administration of the Colony and therefore that the Dormant Commission conferring full administrative authority upon the Commander, British Forces, should be revoked.

*J. Recommendations*

The following are the recommendations of the study.

- (1) We should recognise that Hong Kong's future must eventually lie in China and that our objective must be to attempt to negotiate its return, at a favourable



opportunity, on the best terms obtainable for its people and for our material interests there.

(2) Withdrawal should not be contemplated while present conditions in China persist. We could not now negotiate terms that would in any measure meet our responsibilities towards the people or our material interests.

(3) We should watch for an acceptable opportunity to negotiate or reach some understanding with the Chinese on our withdrawal, if and when a suitable regime emerges there. It is important to do this when not under Chinese pressure and before the economy of the Colony starts to run down as it well may in the 1980s.

(4) Meanwhile we should show firmly that we intend to maintain our position there, giving no indication that we contemplate withdrawal. To this end we should keep under inter-departmental review what means we may have from time to time of countering any renewed Chinese pressure.

(5) We should consider separately whether to seek American support and understanding for the policies we desire to adopt.

(6) The likely effects in the Colony of the approach of 1997 should be discreetly studied locally and policy in Hong Kong reviewed in the light of the results.

(7) At regular intervals and at any time the Chinese regime or attitude towards the Colony change significantly, future policy towards the Colony should be reviewed, in consultation with the Governor.

(8) In the event of an armed attack the Colony should remain under civil control. The Dormant Commission (under which the Governor would in certain circumstances hand over to the Commander, British Forces) should accordingly be revoked.

## Annex A to 339: Background note, Hong Kong

The Colony of Hong Kong consists of four areas:—

- (i) Hong Kong Island (29 square miles) ceded by China to Great Britain in perpetuity under the Treaty of Nanking, 1842.
- (ii) A strip of land on the Kowloon Peninsula, with a few small islands (about four square miles) ceded by the Peking Convention 1860.
- (iii) The New Territories (365 square miles) leased to Great Britain for 99 years under the Peking Convention 1898 (this includes the remainder of the islands).
- (iv) Included in (iii) above, the so-called 'Walled City of Kowloon' (6½ acres), an area in which, under the 1898 Convention, the Chinese retained certain jurisdictional rights which we extinguished in 1899. Our legal position is by no means clear cut. The Chinese have repeatedly revived their claim to jurisdiction, the last occasion being in 1963.

### 2. *Population*

The population of the Colony is about 3.8 million, of whom 98% are Chinese and predominantly Cantonese. About half of the Chinese population have, or are entitled to, the status of Citizens of the United Kingdom and Colonies. Non-Chinese (including British Servicemen and families) number about 72,000. The natural rate of increase is 2½–3% per annum.

3. About 50% of the population are below the age of twenty, giving rise to many social problems in such a concentrated urban area. The need to keep abreast of the

social problems and this potential increase to the working population underline the importance of maintaining a high rate of growth in the economy.

#### 4. *The Economy*

Hong Kong has no natural resources. Prior to 1950 its prosperity rested on the entrêpot trade, principally with China. With the advent of the Communist Government in China and the embargo on strategic exports to China at the time of the Korean war, the entrêpot trade dwindled rapidly. In its place, industry (based very largely on the skills and capital of overseas Chinese) assumed a dominant role.

5. Hong Kong is now firmly established as a light industry economy based on exports. It has retained and developed a considerable entrêpot trade serving South East Asia and the Far East. It is the fifth largest port (basically a free port) in the world. The value of the Colony's trade in 1967 was £1,322 million, placing Hong Kong third amongst the trading countries of Asia and number twenty-five in the list of the world's trading countries.

6. Without a substantial home market, Hong Kong's basically industrial economy rests upon the opportunity to trade. It is and always will be very vulnerable in the event of any trade recession or the adoption of more protectionist policies by countries constituting its major markets. Although its growth is in part self-generated it continues to be heavily dependent on outside capital. The Colony is today entirely self-supporting; but it could become a major liability in the event of a world trade recession or of a crisis of confidence involving the cessation or withdrawal of external investment. It would seem that such a liability must inevitably arise as its economy begins to run down towards the end of the lease in 1997.

7. Measured by exports, the annual growth rate in the economy has been of the order of 12–14% in recent years. There are no indications at present of a decline in this rate, but it may prove difficult to maintain. Apart from the factors affecting the expansion of its trade noted in paragraph 6 above, Hong Kong's competitive position can be expected to worsen (particularly vis-à-vis other low-cost Asian countries such as Taiwan and Korea) with the progressive introduction of Western concepts of labour legislation, e.g. shorter hours of work, and with steadily rising wage rates. It is reasonable to assume, however, that notwithstanding the high natural rate of increase and the need to provide employment for a substantial and rapid increase in the size of the working population, living standards could be maintained and improved at a lower rate of growth in the economy.

#### 8. *Constitution*

Hong Kong is a Crown Colony administered by a Governor who is assisted by entirely nominated Executive and Legislative Councils over which the Governor presides.

9. The Governor is required to consult with the Executive Council, save where matters are unimportant or too urgent. He may act contrary to the advice given by the Council, but, in such cases, must report fully to the Secretary of State.

10. The power to legislate rests with the Governor 'by and with the advice and consent of the Legislative Council'. There are the usual reservations to the Crown of the power of disallowance and the power to legislate, with the advice of the Privy Council, 'for the peace, order and good government of the Colony'.

11. Because we hold the major part of the Colony on lease and because China regards the whole Colony as Chinese territory to be taken back in due course, we are precluded from treating it as a candidate for self-government or independence. We are inhibited

from developing representative institutions by the danger that any politics in Hong Kong would be the politics of the two Chinas and that a determined communist minority in a generally apathetic electorate would engineer control of such institutions. There is a widespread awareness of these problems, both within and outside Hong Kong; but the form of government prescribed for this thriving and progressive community does stand out as a startling anomaly in our post-war record of colonial administration. There is at present no widespread demand for constitutional changes, most recognising the dangers and difficulties of the situation; and we have met little international criticism even in the United Nations (most of the criticism has been from within this country).

### Annex B to 339: The effects of the impending expiry of the lease of the New Territories in 1997

<i>Effect</i>	<i>Might start to operate by</i>	<i>Probably acute by</i>
<i>Civil Service</i>		
(1) Local Civil Servants cannot now be offered a full pensionable career. Proportion of expatriate officers will tend to increase if efficient service is to be maintained.	Any time now	Early/mid 1970s
(2) Expatriate civil servants only obtainable on contract or secondment and even then with difficulty.	Mid 1970s	Late 1980s
<i>Emigration</i>		
(3) Professional men with qualifications acceptable elsewhere will seek to leave.	Operating now; will steadily increase.	Mid 1980s
(4) Educated young people will leave to try to establish careers and homes elsewhere.	Operating quite markedly now; will steadily increase.	Mid 1980s
<i>Communications</i>		
(5) Airline and shipping companies will rearrange routes to put less dependence on Hong Kong.	Late 1980s	Early 1990s
<i>Economic</i>		
(6) Industrialists in the New Territories, unable to renew leases, will seek to sell out in gradually increasing numbers which might eventually turn into a panic flood.	Late/middle 1970s	Early 1980s
(7) Expatriate firms will reduce capital commitments and remove assets.	To some extent this is happening already; becoming worse mid 1970s	Early/mid 1980s
(8) Property values generally will fall, with snowballing effect.	Mid 1980s	Early 1990s
(9) Loss of confidence in Hong Kong and Hong Kong banks.	Mid 1980s	Early 1990s
<i>Political</i>		
(10) New Territories inhabitants will seek to make accommodation with Communists.	To some extent this is happening already; becoming worse late 1970s.	Early 1990s

**340** FCO 40/160, no 52

14 Oct 1969

**[Hong Kong: future policy]: minute by K M Wilford<sup>1</sup>**

[K(69)1 (see 339) was never put to the ministerial committee and soon after officials began to reconsider their analysis of the Hong Kong situation.]

The attached paper on ‘Hong Kong: long-term study’<sup>2</sup> seems to me to suffer from having been prepared too close to the events of 1967 and in the midst of the Cultural Revolution in China. The result is that in my view it is too pessimistic about the likelihood of it being possible to reach any accommodation with the Chinese Government at some date in the future and equally about the likelihood of China trying and succeeding in overturning established order in Hong Kong by fomenting civil disorders. A picture is drawn of a China so unyielding and negative that the courses open to H.M.G. are all extremely uncomfortable ranging from an undignified scuttle leaving more than three million Chinese to make the best accommodation they can with the Communists at the moment the Treaty runs out to a voluntary abandonment of the Colony at some earlier date.

2. The problem, as I see it, is to devise, if it is possible, some way by which H.M.G. are relieved of the necessity of handing over millions of unwilling Chinese to a Communist regime. The only hope which I can see is dependent upon there being in power in China a Government, Communist almost certainly, which is more interested in rebuilding their country’s economy than in pushing matters too far ideologically. It may be argued that this is very unlikely. I agree that it is not easy to be optimistic about such a development, but after Mao’s death I think that there is at least an outside chance of it happening.

3. If such a Chinese Government comes to power—say by 1975—we shall be approaching the period in which there is a danger of confidence beginning to evaporate in Hong Kong. But for building up the Chinese economy from such a meagre base as they have the Chinese will certainly need a very long time and will continue to want the \$600 million which they at present earn annually from Hong Kong. To *guarantee* the continuation of their earnings they will have to make known that *they* are not going to interfere with Hong Kong. They might do so either by letting H.M.G. know that the present position will be allowed to continue post-1997. They might alternatively prefer to seek some concessions from H.M.G. which they would trade for a prolongation of existing leases to a date by which they assess that they will no longer need their foreign exchange earnings from Hong Kong and can afford to resume control of the Colony. This might take us perhaps to 2025.

4. Before considering possible concessions, however, the question must be faced whether H.M.G. would be willing to adopt a policy which resulted in Britain remaining a Colonial power into the 21st century. However unwilling H.M.G. may be to contemplate this I submit that the alternatives, based on an assumption that China will not be cooperative or let us gracefully abandon Hong Kong, as set out in K(69)1 are all so grisly that almost any alternative is preferable.

5. In order to save face (or whatever other expression may be more suitable) the Chinese will have to get something (other than \$600 million annually) to justify

<sup>1</sup> Counsellor and consul-general, Peking, 1964–1966; Washington, 1967–1969; assistant under-secretary of state, FCO, responsible *inter alia* for the Hong Kong and Far East Depts, 1969–1973; deputy-under-secretary of state, 1973–1975; ambassador to Japan, 1975.

<sup>2</sup> See 339.

their decision to prolong the British stay in Hong Kong. I suggest first that we (or the Hong Kong Government) might have to pay for the New Territories lease (I accept that without the New Territories Hong Kong is *not* viable). Depending upon the Chinese attitude we might be asked to pay a token, a moderate or an exorbitant rent for the New Territories. Next there is the possibility that the Chinese might demand retrocession of Hong Kong Island and other parts of Hong Kong which we maintain are ours. We might get an agreement for a peppercorn rent<sup>3</sup> in exchange for title which the Chinese could claim as an important victory, or the rent might follow those for the New Territories in being moderate or exorbitant. But in either case we must remember that the Hong Kong Government is more likely to be willing to pay even quite a large rent as ‘Danegeld’<sup>4</sup> than they are to pay H.M.G. for a token defence effort which they know cannot protect them.

6. Following from the above analysis I submit that Ministers ought to be asked three questions:—

- (a) Are they prepared for Britain to remain a colonial power if this is what the Chinese appear to want?
- (b) Would they be prepared to negotiate on the basis of the possibilities outlined in paragraph 5 above including the idea of retrocession to avoid an ignominious withdrawal?
- (c) Do they agree that such a negotiation should be started as soon as a reasonable and willing Government comes to power in China, possibly as early as the mid-70s?

7. I have two further comments on the paper K(69)1. It seems to me to assume too easily that Hong Kong in Chinese hands would remain an economic power house and goes on to discuss whether Hong Kong would still be able to sell its products. I doubt whether there would be the products to sell and even if there were, unless China has entered world markets as a member of GATT etc. the products of China (Hong Kong) would never receive the favourable treatment they now get. Inevitably too lack of foreign investment would soon reduce Hong Kong to the level of Shanghai today.

8. Finally so long as the prosperity of Hong Kong remains as it is today I doubt whether a subversive movement originating in China could succeed unless the Government of that country were prepared openly to back it and to mass troops on the frontier ready to support the compatriots in Hong Kong. The ordinary population, as was shown in 1967, are too interested in a quiet life and in earning their living to support a change of ownership—unless they see it as inevitable. The paper K(69)1 seems to me to rate the chances of this more highly than I do.

9. Even if I am too optimistic in what I have said about agreement on the prolongation of a lease I believe that a Chinese Government keen to build up its own economy and take over Hong Kong as a going concern may be more cooperative than K(69)1 suggests. For this reason I think it should consider possible transition procedures, including Chinese participation in Government or possibly a neutral Chairman assisted by British and Chinese Vice-chairmen which at present it excludes as being unworkable. Whether the U.N. would have a role to play would depend upon whether China has entered that organisation.

<sup>3</sup> peppercorn: low or nominal rent.

<sup>4</sup> Danegeld: land tax levied in Anglo-Saxon England to raise funds for protection against Danish invaders.

**341** FCO 40/160, no 55  
 [Hong Kong: future policy]: minute by J Murray<sup>1</sup>

17 Nov 1969

*Mr. Wilford*

I have the following comments on the extremely interesting draft paper attached to your minute of 7 November.<sup>2</sup>

2. With respect, I think it most unlikely that Ministers would be ready to take up even a position of principle on two such hypothetical questions as to whether H.M.G. would be prepared to remain a Colonial power in the special circumstances of Hong Kong up to the end of the century and perhaps beyond, and to pay some form of rent for the territory.

3. As I see it, any review by Ministers at this stage of the future of Hong Kong should have the following practical objectives:—

(a) It should remind Ministers how formidable are the difficulties which may lie ahead in Hong Kong. But at the same time it should seek to convince them that officials are simply not proceeding short-sightedly ahead but have thought about feasible precautions for forestalling disaster.

(b) It should convince Ministers that there is no action which they can take *now* which would make the problem of Hong Kong less intractable for them and their successors in the long term. (In other words Ministers could be reassured that they will not be arraigned at the bar of history for having missed obvious opportunities in 1969.)

(c) It should obtain approval for a general approach to the question of Hong Kong which could serve for guidance to the Governor of Hong Kong, particularly if there is to be a new incumbent next year, in deciding his administrative policies. (This is an aspect the importance of which Sir David Trench has stressed in the past. He has pointed out that he is already faced with decisions, e.g. in the matter of franchises, which require assumptions about our future tenure of the Colony. He has also argued that on moral grounds a whole new approach may be required if we accept that the Colony is likely to come under Communist rule within the next ten years.)

4. The general guidelines which I personally should like to see endorsed are these:—

(a) There is no prospect of our reaching agreement about the future of Hong Kong with the present Chinese Government.

(b) Any unilateral attempt on our part *now* to work towards some new status for Hong Kong would lead to an immediate loss of confidence within the Colony and could quickly be disastrous.

(c) If a more pragmatic Government were to emerge in China we should consider the possibility of negotiating with them new arrangements for Hong Kong. I had assumed that such arrangements would be aimed at assuring a premature but reasonably orderly and honourable withdrawal from both the leased territories and the Colony. Since reading your minute I see, however, that it might also be worth

<sup>1</sup> Head of FCO Far Eastern Dept.

<sup>2</sup> Wilford drafted a new paper for ministers upon the basis of his views in 340. Murray's comments led to a new version, for which see 342.

considering an extension of the lease. But the whole matter is so hypothetical and subject to so many imponderables that it is doubtful if anything is to be gained by attempting now a detailed assessment of the possibilities

(d) For the present, in administering the Colony we must assume, and be seen to assume, that we shall be there at any rate until 1997. (Even this date may shortly present difficulties for planning purposes, e.g. over franchises and careers for Government Servants—but administrative means must be found for overcoming these.)

(e) This may seem a somewhat extempore policy. But short of some radical transformation of the situation, e.g. an all-out effort by the Chinese to make our position intolerable or an expressed determination by them to take over the Colony in the fairly near future, it should see us through the next ten years—which is perhaps as far as Ministers can reasonably be expected to look ahead. And in the meantime Hong Kong should with luck earn its keep and thus not place additional strain on our hard-pressed resources.

### **342** FCO 40/265, no 8

9 Feb 1970

#### **‘Hong Kong: long-term study’: memorandum (K(70)1) by Mr Stewart for Ministerial Committee on Hong Kong**

In the early months of 1969 officials completed a comprehensive study of Hong Kong in the long-term. This is the first occasion on which their report, circulated by me under cover of a note as K(69)1, has been considered by Ministers.

2. I shall not attempt to draw up a balance-sheet in respect of our continuing administration of Hong Kong. The advantages we derive and the liabilities we could incur in the short or longer term are carefully set out in the study. But this is not the central issue. What is crucial is that we have little freedom of choice about the future discharge of our responsibilities. Hong Kong is a special case in the political evolution of our colonial territories. We cannot attempt to bring it to any form of independent status, since this would be quite unacceptable to the Chinese. We must recognise that it will eventually be returned to China, and that the circumstances of the return are almost bound to be painful, both to the inhabitants of the Colony and to ourselves. The saliently gloomy features of the problem as they emerge from study are these:—

(a) The Chinese Government have at their disposal (even without the use of military force) the means of making our position in the Colony humiliating and intolerable.

(b) In whatever circumstances we abdicate our position, it will be impossible to discharge all our responsibilities to the Hong Kong Chinese, or to remove or protect all British and Hong Kong owned assets; and we shall in effect be abandoning some millions of unwilling inhabitants to Communism (of whom about two million are citizens of the UK and Colonies).

(c) If we were to try to withdraw from Hong Kong prematurely, it is by no means certain that the Chinese would accept our renunciation of authority. They might attempt to force us to maintain a ‘puppet’ British administration under their control.

(d) If it is assumed that the Colony will be returning to China not later than 1997 (the termination of the lease of the 'New Territories') there must, as this date approaches, be a decline in confidence in the Colony leading to the possibility of prolonged economic recession. This could be quite a significant factor in the situation by the 1980s, if not before.

3. It would be wrong, however, to concentrate entirely on the negative aspect. The Chinese are for the present clearly prepared to accept the continuing existence of the Colony on account of the economic and political advantages it brings them. There are no signs that an early renewal of the 1967 campaign of violence is likely, and the Chinese apparently recognise that it may take a long time to bring the Hong Kong Government to subservience using the methods which they describe as 'long-term struggle'. Their immediate aims are to increase to the maximum their commercial interests in the Colony and to concentrate on broadening the base of their support among the people. This is a state of affairs which in the best circumstances might last for some years yet. Moreover, in the meantime a new regime may emerge in China. There is no solid ground for believing that any such regime would be more accommodating. But it would be wrong to assume that it would not.

4. In view of the difficulties which seem almost inevitable for the future, officials in making their study were understandably concerned to ensure that all feasible precautions for forestalling disaster had been considered and that no opportunities had been overlooked for initiating policies now with the Chinese that might make the problem easier to deal with in future. It is, I think, a reasonable conclusion from the report that there are no fresh initiatives that we can take in present circumstances that would make the problem of Hong Kong less intractable in the longer term. There can be no clean-cut, tidy solution to the predicament facing us. Were we to attempt to discuss it with the present Chinese regime we could only expect hostility (even malevolence) and a desire on their part to pay off old scores. The Colony will remain, as the Chinese themselves have put it, the crux of Sino-British relations. Our presence there, despite the advantages they derive, must be an irritant to them. But efforts on our part to extricate ourselves prematurely might well turn out to be a greater irritant. For the present, I am sure that we must continue to show firmly that we intend to maintain our position, giving no indication whatsoever that we might, in certain circumstances, contemplate premature withdrawal. Confidence within Hong Kong is fragile and would not survive the knowledge that we were considering possible terms of withdrawal. Moreover any sign of weakening resolve on our part would lead to increasing Chinese pressure. It would be no gain if, in an effort to mitigate the long-term difficulties, we were to precipitate an immediate catastrophe.

5. The emergence of a more pragmatic regime in China would, of course, introduce a new dimension. If such a regime were to emerge there would be much to be said for attempting to negotiate the return of Hong Kong on the best terms available for its people, or perhaps even for exploring the terms on which the Chinese might envisage an extension of our tenure. But as I indicated above, there is, as yet, no solid ground for believing that such a regime would be more accommodating. Moreover, the whole matter is so hypothetical and subject to so many imponderables, that it is doubtful if anything is to be gained by attempting now a detailed assessment of the possibilities.



6. To sum up, the general conclusions which I should like my colleagues to endorse are these:—

- (a) There is no prospect of our reaching agreement about the future of Hong Kong with the present Chinese Government.
- (b) Any unilateral attempt on our part *now* to work towards some new status for Hong Kong would lead to an immediate loss of confidence within the Colony and could quickly be disastrous.
- (c) If a more pragmatic government were to emerge in China we should consider the possibility of negotiating with them new arrangements for Hong Kong. But it would be premature to attempt now a detailed assessment of the possibilities.
- (d) For the present, in administering the Colony, we must assume, and be seen to assume, that we shall be there at any rate until 1997.

This may seem a somewhat Micawberish policy. As I acknowledged at the outset, disaster could befall us at any time with very little notice. But short of some radical transformation of the situation, e.g. an all-out effort by the Chinese to make our position intolerable or an expressed determination by them to take over the Colony in the fairly near future, the approach I have outlined might see us through at any rate the next five to ten years—which is perhaps as far ahead as it is prudent to look in dealing with Hong Kong.

7. The conclusions above are broadly in line with the conclusions and recommendations of the report K(69)1. Accordingly, I propose that the Committee, if it shares my views, should give general endorsement to the recommendations of K(69)1; and taking up the particular recommendation that future policy with regard to Hong Kong be reviewed at regular intervals in consultation with the Governor, should direct officials to undertake a further review in the course of this year in time to submit a revised report to the Committee in the first half of 1971 by which time the next Governor should have taken up his post. Amongst the issues to which officials should devote attention are those mentioned in recommendation (6) of K(69) 1.

8. I draw the attention of my colleagues on the Committee to the very strict security rules covering the preparation and circulation of this paper and the preceding report.

**343** FCO 40/265, no 14

9 Dec 1970

[Future of Hong Kong]: minute by K M Wilford to Sir L Monson on a new approach. *Annex*: draft paper for ministers

You will recall that under the previous administration we had prepared back in 1969 a paper for the Hong Kong Committee to which we added a further paper this year designed to bring the earlier paper up-to-date and make it more complete in some respects.<sup>1</sup> No meeting of the Hong Kong Committee took place before the General Election. I have consulted the Cabinet Office about what we should do with these papers. They tell me that they must be regarded as dead and that the matter will have to be re-submitted to Ministers *de novo*.

<sup>1</sup> See 339 & 342.

2. There is a complication in that the original paper K(69)1 was prepared by an interdepartmental committee. The later paper was solely a FCO paper. My own view is that we would do best to submit a paper of our own again and I accordingly submit a draft. It may well be that the rather bald format of options which I have set out is not the best form for a Cabinet paper. I would, however, be grateful if you would look at the attached draft more for substance than for style. Its purpose is more to bring the realities of the situation before Ministers than to ask for decisions. Indeed, the only concrete conclusion to which it comes is that the matter should be kept under review each year by officials.

3. It will be obvious at once that there is a difference between this paper and K(69)1 as commissioned in the aftermath of the 1967 disturbances in Hong Kong. The burden of the earlier paper was how we could decently get out of Hong Kong; the present one which reflects to some extent discussions which I have had with the Parliamentary Under-Secretary on this question pays rather more attention to the idea that we should, if possible, maintain our presence in Hong Kong, even post 1997, if this is at all possible. In other words that there is no objection to a continuing Colonial situation appears to be accepted by Mr. Royle at least, and he says that he believes that the Secretary of State has the same views.

#### Annex to 343

In the annexes to this paper I set out details of the physical characteristics of the Crown Colony of Hong Kong, of the legal position in respect of our tenure of it and of the situation there today. In this paper I make no proposals which require immediate decisions, but I set out a number of considerations in relation to the future of the colony which we must inevitably bear in mind and attempt to set out the options with which any Government will be faced as time goes on.

2. The present Chinese Government, and probably any Chinese Government in the foreseeable future, see no distinction between the status of the territories acquired by Britain by cession under the Treaties of Nanking and Peking and that of the New Territories which are held under lease. All are part of China and to be recovered at the appropriate time. It is therefore unrealistic for us to think of them differently. Moreover for this reason independence is unthinkable and so is any movement towards constitutional progress along conventional decolonisation lines.

3. Secondly, I cannot see Hong Kong as viable if the New Territories are detached from it at the expiry of their lease in 1997. The frontier would lie (on Boundary Street a mile from Kowloon docks) in the middle of a built up area; Kaitak airport would be in China; so would most of the industrial area and also the main reservoirs; virtually no food would be grown in British territory. The population remaining in our control would be of the order of 2 m. assuming that there was not a huge influx from the New Territories.

4. The options which appear open to us, though events cannot be said to lie fully within our control, are broadly as follows:—

- (a) do nothing, either on the assumption that the Chinese will be prepared to permit the present situation to persist unaltered after 1997, or simply because no other course of action seems feasible;

- (b) prepare a voluntary and negotiated withdrawal from the whole colony as soon as this can be arranged;
- (c) negotiate with the Chinese at the earliest possible moment with a view to
  - (i) organising an orderly British withdrawal in 1997;
  - (ii) maintaining the Crown Colony post-1997 on the assumption that the Chinese might permit the retention of the New Territories under the present lease or on newly negotiated terms.

5. Before deciding which of these options may be obtainable there are certain facts to be stated:—

- (a) There seems no likelihood of any negotiation with the Chinese being feasible during the lifetime of Mao Tse-tung; even afterwards it may not be possible.
- (b) The nearer we approach to 1997 the greater is the danger of loss of confidence in Hong Kong. This could not only result in the breakdown of the administration, but will certainly mean that investment will fall off and the industrial machine will run down. The result, relatively quickly, would be that Hong Kong would become a financial liability to H.M.G. By the middle 1970s certain decisions will have to be taken, for example on electricity and telephone franchises, which will expose H.M.G.'s way of thinking.
- (c) There can be no question of a large scale movement of population from Hong Kong elsewhere. The majority, including some 2 m. citizens of the U.K. and Colonies, would if the Colony became part of China pass under Chinese Communism against their will.
- (d) The Chinese have the capability to occupy the Colony by overwhelming force of arms without warning and with no hope of a successful military defence on the part of the Garrison. In these circumstances an evacuation, even of U.K. citizens, would be a hazardous operation and very few could probably be extricated.
- (e) It is at least possible that the Chinese would not permit Britain to abandon the administration of the Colony, but would insist on our remaining in most humiliating conditions with real control in their hands.

6. Although the situation viewed from H.M.G.'s position seems thoroughly uncomfortable ranging from the possibility of a major military disaster to a humiliating expulsion leaving enormous numbers of British citizens in alien Communist hands there are certain other facts to be considered.

- (a) Hong Kong is China's largest trading partner and this trade is today worth \$ 750 m (U.S.) annually in foreign exchange. This is approximately 40% of China's total earnings. It more than pays for all her cereal imports. The day Hong Kong returns to China this flow of foreign exchange will cease and China will have difficulty in finding markets for her farmers who at the moment provide food for Hong Kong at a vastly higher standard of living than exists in China.
- (b) Hong Kong under Chinese ownership will no longer be the power house it is today. Nor would Hong Kong continue to have access to the markets of the world. Hong Kong would probably sink to the level of Shanghai—and for the same reasons.
- (c) Hong Kong's tourist and entrépot earnings would quickly dry up.
- (d) China is still a very backward country agriculturally, economically and industrially. Even under less doctrinaire leadership than it has at present, it will take a very long time to achieve even modest economic success.

All these factors rationally militate against the Chinese Government taking voluntarily a decision to regain control of the Colony until they no longer need the foreign exchange benefit of it. Nevertheless irrational actions by the Chinese Government could precipitate the fall of Hong Kong and a major disaster or humiliation for Britain.

7. If, however, the arguments in the preceding paragraph are as apparent to the Chinese Government as they are to us they may prefer to see Hong Kong remain under our Administration and thus to continue to enjoy the fruits of its colonial status while seeking to reduce the degree of control we have to that enjoyed by the Portuguese Administration in Macao at the height of the Cultural Revolution. This is a situation which we should of course resist, as we did successfully in 1967/68. If the Chinese accept that they are unlikely to achieve such an objective they might permit the continuation of the Colony's *status quo*.

8. In these circumstances I invite my colleagues to look against the options mentioned in paragraph 4.

*Course 4(a) (Do nothing)*

This appears to have nothing to commend it save in the face of an utterly intractable Government in China, or if China should fall into a state of anarchy. In the first case we should have no option; in the second no one with whom to discuss Hong Kong's future.

*Course 4 (b) (Prepare a voluntary and negotiated withdrawal without delay)*

Nothing would be possible pending a change of Government inside China. Once a Government which seemed amenable was in power a negotiation might still prove impossible because:—

- (a) the Chinese wanted to have their cake and eat it by making us continue to administer Hong Kong under their control;
- (b) their conditions were so humiliating as to be intolerable;
- (c) the Chinese preferred to continue to obtain the economic benefits of our administration;
- (d) it was clear that Hong Kong opinion would not accept a negotiated withdrawal whatever H.M.G.'s intentions were;
- (e) political feeling within the Conservative Party, and indeed in this country as a whole, might not permit it.

*Course 4 (c)(i) (Negotiation for an orderly British withdrawal in 1997)*

Subject to the existence of a Government in China with which negotiation seemed feasible it might still be impossible to reach agreement for the reasons given under course 4(b). The outcome might additionally be humiliating expulsion from the whole Colony in 1997 at the expiry of the lease. If it became apparent that we were attempting to negotiate and being rebuffed the effect on confidence might be catastrophic. Alternatively it might become clear that, while China was adamant about recovering all her territory in 1997, she was prepared to cooperate in preparing for an orderly transfer of administration and would permit the withdrawal in good order of British troops and expatriates.

*Course 4 (c) (ii)*

If it became apparent following the opening of negotiations with an amenable Chinese Government that they would prefer to see Hong Kong's colonial status

maintained into the 21st century, but would require of us certain concessions these might take one of the following forms:—

(a) We might offer to pay for the lease of the N.T. The Government of Hong Kong would probably be willing to pay a considerable sum if it were to mean the continuation of their present status. Such a rent could be nominal, fair or exorbitant.

(b) We might agree, having retroceded our territory, to pay a fair, or exorbitant rent for the whole territory which we would continue to administer as a Colony.

9. My colleagues will realise that the choice as to the course which we should adopt does not lie in H.M.G.'s hands. Nevertheless, because of the extremely disagreeable prospect if we are unable to reach some agreement with the Chinese on the future of the Colony and because of the extremely distressing circumstances involved for us if we were forced to leave Hong Kong, I believe that at the appropriate moment we should be prepared to enter into negotiations with the Chinese Government. Our first objective should be to try for a solution along the lines of course 4(c) (ii). Only if it become apparent that course 4(c) (ii) was not negotiable should we try for, course 4(c) (i). Anything else would be a *pis aller* involving possibly disastrous consequences for us.

10. If my colleagues agree with the line I have set out I believe that officials should be instructed to review the situation annually reporting to us. If we are to negotiate with the Chinese, then I believe the sooner this can be started the better so as to avoid the crisis of confidence referred to in paragraph 5 (b). On the other hand any hint of a negotiation at an unpropitious time could precipitate the very crisis we seek to avoid and will thus need to be very carefully timed.

**344** FCO 40/265, nos 16 & 17 15 & 17 Dec 1970  
 'The future of Hong Kong': minutes by P Cradock<sup>1</sup> to K M Wilford on  
 the new submission for ministers

Thank you for sending me a copy of your minute of 9 December enclosing a draft paper on this subject.<sup>2</sup> I have also seen a copy of Sir L. Monson's minute of 11 December.

2. I agree with the main recommendation of your paper, that the Hong Kong issue should be reviewed annually by officials. I have some comments of more detail as follows:

3. *Paragraph 4:* The paper presents the options broadly in the form of either doing nothing or negotiating in some way with the Chinese. I wonder whether this choice is not a little too stark. The appropriate first step would presumably be informal soundings (perhaps disavowable) on how the Chinese Government see the future of Hong Kong. This would of course only be possible when there was a suitable Chinese Government and a suitable climate in Anglo–Chinese relations.

<sup>1</sup> Counsellor and head of Chancery, Peking, 1966–1968; chargé d'affaires, Peking, 1968–1969; head of FCO Planning Staff, 1969–1971; ambassador to German Democratic Republic, 1976–1978, to People's Republic of China, 1978.

<sup>2</sup> See 343.

4. *Paragraph 4*: There would, I think, be another option, i.e., a negotiation as soon as the climate was right, not for an orderly withdrawal, but for a retrocession of the whole colony and payment of rent, in other words, the solution you envisage for post-1997 brought forward to some earlier point in time. I myself doubt whether this is a likely starter either in 1997 or before, but it should be mentioned for the sake of completeness.

5. *Paragraph 6*: The final sentence suggests that the only factors militating against Chinese acquiescence in continued British control of Hong Kong would be irrational. It should be brought out that even if they are not feeling particularly irrational the termination of the lease will present them with very awkward decisions.

6. *Paragraph 7, Final Sentence*: If the Chinese accept that they are unlikely to achieve the objective referred to they might permit the continuation of the Colony's status quo. On the other hand, they might expel us. Or they might impose a Macao-type situation by force.

7. *Paragraph 8, Course 4(a)*: It might be pointed out that one of the arguments for a do-nothing course is that soundings or negotiations, if they become public, could have a disastrous effect on confidence in Hong Kong.

8. *Paragraph 8, Course 4(b)*: Reference should be made to the same point, i.e., that a leak would be a great risk in Course 4(b), as in Course 4 (c).

9. *Paragraph 8, Course 4(c) (ii)*: Here I think we underestimate the difficulties for the Chinese, who will be even at the time envisaged a highly nationalist and revolutionary Government, in explicitly agreeing to the continuation of British rule, even on the basis of a lease. The idea will stick in their gullets to an extent that we here may not appreciate. Even if they approached an agreement, there would be a great danger of their insisting on some humiliating frills, e.g. public British admission of moral wrong, or Macao-type controls. I think, too, we may underestimate the difficulty for the Chinese of entering into any kind of explicit, contractual, Western-style agreement. Some of our experience with them suggests that tacit bargains may be more their style. They might just allow things to run on after 1997 with nothing said on either side. I do not see them specifically agreeing to a continuation. Finally, even in the best case, how long a lease do we think we would get? What would be the effect on confidence in Hong Kong? We might find that we were paying a heavy rent for a territory which in any event was becoming an increasing liability financially.

10. *Paragraph 9*: Here again I think we should refer to the possibility of taking soundings rather than entering into negotiations as the first step. I am also not sure whether I agree with the implication of the final sentence, that anything other than Course 4(c)(ii) or Course 4(c)(i) would be disastrous. If, for example, we were to obtain Chinese agreement for an orderly withdrawal before 1997, would that, all things considered, be such a bad result?

11. As you will see, in general I think the paper is over optimistic about the chances of staying on in tolerable conditions after 1997. It may also underestimate the threat of being compelled to stay on in Macao-type circumstances and mulcted of large sums. I think we should certainly take soundings as soon as conditions are right; and, if negotiations prove possible, we should try for the best we can get. But on a realistic forecast I think that the best we can expect may be an orderly and clean withdrawal in 1997.

At the risk of over-burdening you with comment, may I add one further point to my minute of 15 December?

2. As you recognised in your covering minute, a statement as in paragraph 9 of the paper, that our first objective should be to try for a solution along the lines of Course 4(c)(ii) and only then to fall back on Course 4(c)(i), would involve an important change of policy. There are of course considerations in its favour, including the following: the continuing benefits we might hope to draw from Hong Kong, e.g. in intelligence; the fact that this might be the only way we could continue to look after the interests of some two million citizens of the UK and Colonies, who would otherwise pass under Communist rule; the difficulty of extricating ourselves cleanly; the chance that if we hang on time might mellow the Chinese and permit an eventual final settlement of Hong Kong on tolerable terms. There would, however, be powerful considerations pointing the other way, including the following. Such a decision would run counter to our general policy to divest ourselves as far as possible of our remaining Colonial responsibilities. We would retain a distorting element in our relations with China. This disability has not meant so much to date, since it is arguable that China has little to give anyway; but at the time we are thinking of, about a quarter of a century ahead, things could be very different. We could be involved in continuing defence commitments, increasingly beyond our power to fulfil, and in a commitment to sustain economically a territory which had become a financial liability. A great deal would of course depend on the terms which we could get. But at the least, I think the paper ought to bring out that there is an important issue of policy lying behind paragraph 9 and that there are powerful considerations pointing each way.

P.C.  
17.12.70

### **345** CAB 148/20, OPD(65)68

7 Apr 1965

#### **'Defence facilities in the Indian Ocean': joint memorandum by Mr Stewart and Mr Healey for Cabinet Defence and Overseas Policy Committee**

[In discussion in the DOPC on 12 Apr, Greenwood argued it would be essential but not easy to secure the agreements of the Mauritius and Seychelles governments to the proposals outlined in this memo. Both preferred a lease arrangement rather than the surrender of their sovereignty. Greenwood also suggested the cost of the proposal was likely to be 'substantially higher' than anticipated in the memo (CAB 148/18, OPD 21(65)6). At a further DOPC meeting on 31 Aug it was suggested, on behalf of the MoD, that decisions on the detachment of the islands were urgent, especially now the US had agreed to contribute approximately £10 million. Taking the view Britain might contribute to the external defence of Mauritius but not to its internal security (this would run the risk of the UK becoming embroiled in the island's racial politics, see 347), the MoD wanted a decision before a constitutional conference on Mauritius which was about to open in London. Stewart supported this position and argued further that even if the Mauritius and Seychelles governments did not agree, the islands were of such strategic significance as to justify the detachments being enacted by order-in-council. Greenwood did not accept these arguments. He reiterated how local ministers would be disappointed if Britain did not accept their alternative of a 99-year lease, and if the US declined to purchase more of their sugar crop. He added that internal security would be the main issue at the forthcoming Mauritius constitutional conference; Britain should consider sympathetically proposals to provide training for the Mauritius police and security forces (*ibid*, OPD 37(65)2). The matter was considered again on 16 Sept 1965. Greenwood

revealed his initial offer of £1 million compensation for the detachment of the islands 'had not been badly received'. Both Mauritius political parties (one favouring independence, the other a form of association with Britain) wanted some assurance of continued British assistance in maintaining internal security (*ibid*, OPD 39(65)2). A British Indian Ocean Territory was established as a Crown Colony in Nov 1965.)

Discussions with the Americans have been proceeding for some time at the official level about proposals for the establishment of military facilities on one or more of the small island dependencies of Mauritius and Seychelles.

2. Ever since the Chinese attack on India, and possibly even before that, the Americans have been conscious of a gap in their military dispositions in the Indian Ocean area. They have no forces continuously deployed between the Mediterranean and the South China Sea and no bases between the Mediterranean and the Philippines. In December 1963 they announced that a carrier task force would pay periodic visits to the Indian Ocean area. Her Majesty's Government welcomed this move, and two visits have since taken place. In February 1964 it was agreed between United States and British officials that, subject to the results of a survey, a United States military communications station and supporting facilities should be built on the island of Diego Garcia in the Chagos Archipelago, administered by Mauritius but over a thousand miles North-East of the main island. It was further agreed that this might turn out to be the beginning of a project on a wider scale with other facilities in the western part of the Indian Ocean (perhaps on Aldabra, an island administered by the Seychelles), with the possibility of more facilities in the eastern part of the Indian Ocean (perhaps in the Cocos-Keeling Islands, which are administered by Australia). The Americans were at pains to emphasise that this initiative was intended to complement and not to replace, the British military effort in the area. They also made it plain that any islands chosen for military facilities must be free from local pressures which would threaten security of tenure, and that in practice this must mean that the islands would be detached from the administration of Mauritius (which may become independent fairly soon) and of the Seychelles (where pressure for independence is beginning to be felt).

3. It was agreed to recommend that the United States Government would pay for any facilities constructed, allowing us joint use at all times; while Her Majesty's Government would be responsible for making the chosen islands available and for paying the necessary compensation to local interests. Ministers in London agreed to consider the issues of principle once the results of the necessary surveys were available.

4. A joint Anglo-American survey of a number of likely islands, including Diego Garcia, was carried out from June to August 1964. The Council of Ministers of Mauritius and the Executive Council of the Seychelles were informed beforehand and raised no objection to the survey. An approach was also made to the Premier of Mauritius about the possibility of detaching islands in the Chagos Archipelago from the Mauritius administration. His reaction was guarded. Rumours had for some time been current in the islands that the Americans proposed to build 'bases' in the area. At about this time there appeared a number of speculative stories in the world press. These in turn gave rise to unfavourable reactions from some of the governments of African and Asian countries bordering on the Indian Ocean, as well as from the Soviet Union, the United Nations, and the Cairo Conference of Non-Aligned Countries. The public line we took in reply was that certain communications and other facilities were a possibility but that no decision had been taken.



*Latest United States proposals*

5. In February 1965 the American Embassy produced proposals for the use for defence purposes of various islands administered by Mauritius and the Seychelles, listed in three categories of priority. First comes Diego Garcia (where it is proposed to make a start as soon as possible on the construction of a communications station, together with an airstrip) and in the interests of security and future expansion, the rest of the Chagos Archipelago; second comes the island of Aldabra as a site for an air staging post, to be constructed at some time unspecified in the future; and thirdly, a list of five islands, (Coetivy, Agalega, Farquhar, Desroches and Cosmoledos) which the Americans considered might be useful for other defence facilities at some future date. A map and notes about the islands are at Annexes I and II.<sup>1</sup>

*British interests*

6. So long as we operate militarily in the Indian Ocean area, we have a strong interest in having the use of air, naval and communications facilities and also in seeing the Americans involved, so far as they are willing. On the other hand, if and when we wished to reduce our commitment there is everything to be said for having the Americans already present in the area. Again, if we had lost one or both of our existing bases East of Suez and still wished to operate in the area, the system of United States facilities would help us to do so. The particular facilities which the islands could offer us are as follows:—

a. *Central Indian Ocean*

*Chagos Archipelago.* An airfield on Diego Garcia would be a useful alternative to Gan, situated 420 miles to the north. If Gan were ever denied to us by the Maldivian Government, Diego Garcia would become an essential link in the air route to the Far East. It is also well placed for strategic communications facilities, and we are considering plans for a naval oil storage depôt there, for which we should have to pay.

b. *Western Indian Ocean*

*Aldabra.* An airfield in the Western Indian Ocean would be an essential next link after Ascension Island on an air route to the Far East which crossed or skirted Southern Africa. Aldabra is well suited to this purpose (it was surveyed by the Royal Air Force in 1962) especially as the present alternative on Mauritius could not be depended upon after Mauritius independence.

*Farquhar.* Similar considerations apply as to Aldabra, which however is the island in this area preferred by the Americans. On the other hand Farquhar has a better anchorage than Aldabra.

*Desroches.* The main value of this island, which lies to the north-east of Aldabra and Farquhar, is in its suitability as an anchorage.

*Coetivy, Agalega and Cosmoledos.* No direct British interest at present. (Coetivy has similar advantages as Desroches, but the cost of communication and resettlement would be higher.)

7. Diego Garcia and Aldabra by themselves would meet the specific military requirements now foreseen. But there is a strong case, emphasised by the United

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<sup>1</sup> Annexes not printed but see separate map.

States, that on military and security grounds the rest of the Chagos Archipelago should be added to Diego Garcia. There are also good military reasons for detaching Farquhar and Desroches, as well as Aldabra, in the western Indian Ocean. A single isolated island such as Aldabra is dangerously vulnerable in an emergency or bad weather, and leaves no scope for flexibility in use or for additional supporting facilities nearby (e.g. navigation aids) which might be found necessary once British and American air-craft began using this single island in earnest. Aldabra can take aircraft but not easily ships; Desroches is suitable as an anchorage but less so as an airfield; Farquhar has possibilities for both. No one island by itself is enough. Taken as a group these three are so geographically spread as to provide the best guarantee of being able to meet the strategic demands of ten or fifteen years ahead in this area.

8. We reluctantly accept the political and financial arguments against detaching the three remaining islands (Coetivy, Agalega and Cosmoledos) for which the Americans have asked.

#### *Problems of detachment*

9. The administrative detachment of the islands chosen from Mauritius and the Seychelles is essential. If this is not handled carefully it will give rise to local dissatisfaction, which would be inflated by interests hostile to Her Majesty's Government and to the idea of foreign bases in general. We must secure the acquiescence of local leaders and be able to maintain in public that we have done so. To do this we shall clearly have to compensate Mauritius and the Seychelles generously for the detachment of the islands and probably to settle certain outstanding local problems. There will in any case be considerable criticism from neutralist and Communist Governments in the United Nations and elsewhere of the decision to bring a foreign military presence into an area previously free of military forces. With local acceptance and the full support of the United States Government, we should be able to withstand this criticism. We should however need to consider carefully how and when to explain our intentions to Commonwealth and other Governments in the area.

#### *Finance*

10. There are three elements of cost involved in compensating the local interests. First, compensation to the Government for the detachment of the islands. It is impossible at this stage to estimate the sum involved, but it would be by far the largest element. Next, the commercial interests would have to be bought out. The Colonial Office roughly estimate the cost at about £700,000. Only £225,000 of this would be required immediately for Diego Garcia, the only firm candidate for United States development, the other islands being left as they are but under direct United Kingdom control. Finally, there would be the cost of resettling displaced local labour which the Colonial Office can only roughly estimate to be £720,000. Of this £334,000 would be required immediately for Diego Garcia. Again, the balance of the cost of resettlement would not arise unless and until firm plans were made by the United States.

11. The possibility of getting the Americans to pay some of these costs was explored during the initial talks in February, 1964 and rejected by the Americans at that time. Subsequent discussion between officials of the two Governments have been on the cost-sharing basis described in paragraph 3 above. At a time when strenuous efforts are being made to cut defence costs, we consider that we should try

to get the United States to pay some part of the initial expenses of the project. The larger part of these expenses will be for compensating the Governments of the territories concerned, a kind of payment which Americans have special difficulties in making, for Congressional reasons. We do not believe that this strategically valuable and imaginative project should be allowed to founder, because the Americans prove unwilling to go beyond the basis for the sharing of costs previously envisaged, and we should, in that event, recommend that these costs be borne by Her Majesty's Government.

*The case for early action*

12. It may be objected that it is wrong to embark on new strategic projects when our world-wide defence posture is under review. Nevertheless, as time goes on and speculation continues in Mauritius and Seychelles, and as the date when Mauritius may become independent draws nearer, the political and financial price for these islands will certainly increase. If the Americans meanwhile run into further difficulties in South-East Asia, we cannot be certain the United States Government will remain indefinitely willing to enter upon this new commitment. Whatever the outcome of the defence review, the growing importance of the Indian Ocean area is not in doubt; and the Prime Minister has stated publicly that the Government intend to uphold Britain's world peace-keeping rôle, notably east of Suez.<sup>2</sup> We must hope that the Americans will be prepared to share the burden. The development of joint user facilities in Indian Ocean islands would recreate a situation in which they could reasonably be expected both to share our tasks and help us with the logistic burden.

*Recommendations*

13. We accordingly recommend our colleagues to agree:—

- a. that the Chagos Archipelago (including Diego Garcia) should be detached from Mauritius, and the islands of Aldabra, Farquhar and Desroches from the Seychelles, and instead administered directly by the United Kingdom, and appropriate compensation paid to the Mauritius and Seychelles Governments;
- b. that the cost of buying out the commercial interests and resettling the inhabitants should be accepted by Her Majesty's Government, but only to take effect as each island is required for military purposes; Diego Garcia is the only island on which an immediate start must be made;
- c. the United States Government should be invited to make some contribution towards reimbursing Her Majesty's Government for the cost of a. and b. above;
- d. that the United States Government should be permitted to build at United States expense such facilities as are agreed with Her Majesty's Government on the islands in question, provided these facilities are open to British use;
- e. that the United States Government should be informed of the above decisions and invited to confirm their agreement to d.;
- f. that consideration should be given, in consultation with the United States Government, to the method and timing of informing independent Commonwealth and foreign Governments of our general plans.

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<sup>2</sup> Speaking in the House of Commons in Dec 1964 Wilson declared Britain could not afford to relinquish its world role (*H of C Debts*, 16 Dec 1964, vol 704, col 421). Later, on a visit to India in June 1965, Mr Wilson announced that Britain's frontiers were on the Himalayas.

**346** DO 196/270, no 271

7 Sept 1965

‘Ceylon: The Maldive Islands achieve full independence’: despatch  
from Sir M Walker<sup>1</sup> (Colombo) to Mr Bottomley

[Extract]

A new agreement between the British and Maldivian Governments was signed by Mr. Nasir, Prime Minister of the Maldive Islands, and by myself, at my residence in Colombo on 26 July. This was the fifth major agreement between the two Governments since a formal relationship between them was established in 1887. It ended British protection of the Maldive Islands, which formally began in that year, and it also gave the Maldivians full control over their own external affairs. In this despatch I have the honour to describe the background to the new agreement, the negotiations which led up to it, and to offer a few thoughts on the place in the international community of the newest, the smallest, and probably the most impoverished fully independent nation the world has yet seen, or may see for some time to come. . . .

*The establishment of formal relations between Britain and the Maldives*

4. . . . By [the 1887] agreement Britain undertook to protect the Maldive Islands against all foreign enemies, and to abstain from interference in Maldivian ‘local administration’ and ‘internal troubles’, while the Maldivians recognised the ‘suzerainty of the sovereignty of Great Britain over the Maldive Islands’, and also disclaimed ‘all right or intention to enter into negotiation or treaty, with any foreign State, except through the ruler of Ceylon’. These are the fundamental features of the relationship between Britain and the Maldives as it existed until this year. There have been modifications. A new agreement became necessary in 1948 to take account of Ceylon’s independence. The Maldive Islands became a republic for a brief period in 1953, and alterations were required because of the disappearance of the position of Sultan.<sup>2</sup> Then in 1960 came the agreement which was to be replaced by that signed this year. The 1960 agreement also retained the basic features of that made in 1887, but by then the winds of change were touching even the Maldive Islands, and provision was made for the Maldivians to conduct relations with other countries if they were of ‘an economic, commercial, cultural and educational nature’. Relations with a political content were still to be conducted by Britain. Another central feature of the 1960 agreement was that it gave Britain the free and unrestricted use—until 1986—of Gan in Addu Atoll, the southernmost island in the archipelago, and some 200 miles from Male, the capital of the Maldives. As a development of its wartime use, Gan had been built up into an R.A.F. staging post of considerable strategic value which is extensively used by aircraft on their way to and from the Far East and to Australasia. This despatch being primarily concerned with constitutional changes, does not refer in any detail to Gan, but it is of course the existence of our facilities there which lends such special importance to our relations with the Maldivian Government. . . .

*The start of negotiations for the 1965 agreement*

6. It would be tedious to give a detailed account of the exchanges and negotiations which led to the signing of a new agreement almost two years later.

<sup>1</sup> UK high commissioner Ceylon (Sri Lanka), 1962–1966.

<sup>2</sup> The Sultan was restored in 1954.

Nevertheless this despatch would not be complete without some outline of what happened during that period.

7. Those 22 months were not spent in consecutive negotiation. That is not the Maldivian way. Nor in the early stages were we ourselves in any great hurry. The first part of this period was marked by particularly bad Anglo–Maldivian relations, largely because of continuing distrust in the honesty of our intentions in bringing Addu Atoll back under the control of the Central Government which became greatly accentuated by our action in taking Afif, the former leader of the Addu revolt, outside Maldivian jurisdiction to the Seychelles. In this unfriendly atmosphere the preliminary exchanges which took place in the early months of 1964 were not fruitful. However, by May 1964 we were ready with the draft of a new agreement to be submitted to Mr. Nasir by the British Representative in Male, Mr. Arthington-Davy. By then Anglo–Maldivian relations were nearly at breaking point. The Maldivians had put out of commission the airstrip which the R.A.F. had built in 1960 on Hulele Island near Male to service Mr. Arthington-Davy's post, and they were making life extremely difficult for him in every way so as to increase the pressure on us to meet their wishes over amending the 1960 agreement. Mr. Arthington-Davy handed over our draft on 11 May. In little more than a week the Maldivians returned a counter-draft. This omitted the article which stated that the Maldivian Government should grant no military facilities to any other country, and also contained a number of unacceptable clauses, such as one that stated that our facilities at Gan could not be used in any action against an Asian or an Islamic State. It was to be a long time before we were to see the end of that particular clause. . . .

#### *Signature of the 1965 agreement*

12. The signing of the new agreement duly took place on 26 July at my residence. It would have been hard to have laid on much ceremonial backing to the event, but at the request of the Maldivians there was none at all. Mr. Nasir even declined the suggestion that I should give a lunch after the ceremony for those primarily concerned, and said that he thought that any celebration could more appropriately be held at a later date in Male, perhaps on the first anniversary of the signature of the agreement. The Maldivian representatives, led by Mr. Nasir, and otherwise consisting of Mr. Sattar<sup>3</sup> and two others, arrived punctually at the agreed time of 10.30 a.m. and after a final quick check of texts, the documents were signed. I then presented Mr. Nasir with a clock which had been sent out from London as a personal gift for him from the British Government to mark the occasion, and I also gave him a silver bowl to present to the Sultan, who was then in hospital in Colombo and could not therefore receive it himself. Because of the Sultan's illness, I also handed to Mr. Nasir my Letter of Accreditation as Her Majesty's Ambassador to the Maldive Islands (to be resident of course in Colombo) for conveyance to the Sultan. The impropriety of presenting my credentials in this manner was very readily condoned by the Maldivians since my accreditation seemed to them satisfactorily to set the seal on their new relationship with Britain. All these events were fully photographed by the photographer who, with the agreement of the Maldivians, we had provided for the occasion. Indeed Mr. Nasir submitted himself to the process with much good humour and was subsequently so well pleased with the results that

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<sup>3</sup> Maldivian representative at Colombo.

he has asked for some hundreds of pounds worth of prints and enlargements for distribution throughout the Maldives. This completed the formalities and as Mr. Sattar had earlier told us that his Prime Minister would then welcome cakes and a soft drink, these were duly served. Mr. Nasir helped himself to both, but touched neither. After one and a half hours of very amicable but entirely trivial talk, with Mr. Sattar acting as interpreter throughout, Mr. Nasir left.

13. Thus had the Maldivian Islands achieved full independence. No bands had played. No flags had been hauled down. No visitors had come from distant lands for a few days free hospitality. The main reason for this apart from the sullen introspection of the Maldivian character, is that less had changed with the signing of the new agreement than is normally the case when countries achieve their independence. There were no British administrators in the Maldivian Islands, nor have there ever been. To the best of my knowledge Mr. Arthington-Davy was the only servant of the Crown who has ever lived there for more than a few months (excluding of course those in the service areas in Addu Atoll), and his was a diplomatic rather than an administrative or even advisory role. Thus although the Government of the Maldivian Islands now have a wider area of power, this is more a theoretical than a practical change, and the lives of the average Maldivian will not be affected one whit.

#### *Provisions of the new agreement*

14. The main provisions of the new agreement can be quite simply stated. The Maldivians are given full control over all external as well as internal affairs, thus turning into fact the phrase 'sovereign and independent State' by which they were somewhat erroneously described in the 1960 agreement. The Maldivian Government for their part confirm Britain's use of Gan and a small part of a neighbouring island until 1986, and agree that until then they will not let any other armed forces enter their territory nor grant any other State military rights or facilities, unless agreed by Britain. The British Government agree to utilise the facilities in Addu Atoll for the purposes of Commonwealth defence.

#### *Attitude of the Maldives to international affairs*

15. It is difficult to predict what use the Maldivians will make of their new international sovereignty. One of our first concerns was whether they would wish to join the Commonwealth for which they would hardly seem to have the normal attributes of membership, although, if they were to make application, this of course would be a matter for decision by the whole Commonwealth.<sup>4</sup> Meanwhile the only indication we have that the Maldivians might be considering applying for membership was a remark Mr. Sattar made earlier to a German Embassy official to the effect that they would consider this after the agreement was signed. On the other hand, a subject on which we now know much more about Maldivian intentions is their attitude to membership of the United Nations. They have applied for membership, and have sought our sponsorship. The Maldivian application is likely to be considered by the Security Council very shortly. Thus anything written now about this will probably be out of date before this despatch is read. Suffice to say that the application was made in typical Maldivian fashion: by applying to the United Nations

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<sup>4</sup> The Maldives became a 'special' member of the Commonwealth in July 1982 and a full member in June 1985.

office in Colombo before any soundings had been taken about sponsors or support, and with no advance notice to us that the matter was even being considered. Since the Maldivians are evidently determined to go ahead with their application, it would seem to be clearly in our interest to help them to obtain membership so as to cement our present friendly relations, thus providing a further safeguard to the continued trouble-free enjoyment of our rights in Addu Atoll. Apart possibly from a small Mission in New York, it seems unlikely that the Maldivians will wish to open more than a handful of new diplomatic Missions overseas and perhaps none at all. They have had a Representative in Ceylon for very many years and in fact Ceylon is the only country in which they would seem to have any real need for representation. With other countries, even ourselves, the link provided by Representatives in Colombo seems quite adequate. Few countries will presumably want to open a Mission in Male, while we ourselves have not yet decided whether there is sufficient advantage in reopening our post there. Thus it would seem that on the external front there are not likely to be any great changes as a result of the new agreement.

16. It would be somewhat unrealistic to attempt to analyse the likely foreign policy of the Maldives. As described above, they lack the equipment and I think, at any rate at present, the inclination for a foreign policy. However they are likely to look with a favourable eye towards the Commonwealth (with or without membership themselves), if only because the two countries in the world with which they have most contact are Ceylon and Britain. They also have a natural sympathy for fellow Muslim countries, which leads them for instance to send a handful of students to Pakistan and the U.A.R. If invited to strike an international posture, the Maldivians would presumably go along with the Afro-Asians, but, having given us valuable military facilities, they would find difficulties in adopting too extreme a position. They may however feel that gestures towards non-alignment are required, and indeed they made one more than a year ago when they sent two students to the Soviet Union.

### *Future British policy*

17. What is to be our future policy and attitude towards the Maldivian Government? We have grounds of the most obvious self-interest for remaining as friendly with them as possible. Unfortunately, the behaviour of the Maldivian Government is erratic, unpredictable, and often totally unreasonable. The description I have given of the negotiations shows that even to talk to them is often maddeningly difficult. Nevertheless there are understandable reasons for all this. They are probably as isolated a group of people as any in the world. Living as they do on tiny, infertile coral islands, there can be few other people with as few natural resources, and their entire economy depends on the sale to Ceylon of specially cured fish. It is therefore perhaps not surprising that they should be suspicious and often very difficult with foreigners. They have now entered the unfamiliar world of international affairs and contacts, but without the training or preparation for it that a colonial territory would have had. In these circumstances, I recommend that we should be ready to give them all reasonable help. They are not easy people to advise, and are quick to take offence. Nevertheless with tact, which will probably include a good deal of turning of the other cheek, we should be able to have fruitful relations with them. We should also encourage other Western countries to give aid. The smallest crumb from another's table can make a significant difference to an economy so narrowly based as that of the Maldives.

18. Finally there is the question of our considerable indebtedness to this tiny, Gilbertian Government, for our rights in Gan. The sum of £850,000 in aid, promised in 1960 and still not totally expended, must be the smallest sum ever given in return for defence facilities of such importance, especially when it is remembered that they are provided rent free, and with a built-in labour force to which we pay less per day than would be paid per hour in most other parts of the East. The question of further aid for the Maldivian Islands will shortly have to be considered and I would recommend that we should give a similar sum for a similar period to that given in 1960. Such an offer would not only provide the Maldivians with effective assistance in their desperate poverty, but at the same time it would demonstrate to them that our friendship means more than words. It would thus help to emphasise that despite the earlier difficulties in our relationship with them, we are still closer to the Maldivians than any other country from the northern hemisphere, and closer than most in the Southern as well. In view of our strategic stake in the Maldives, this is a relationship which it is greatly in our interests to maintain since it is clearly most helpful to the continued full enjoyment of our facilities at Gan that the Government of the Maldives should look first to us for advice and assistance and should not be lured by blandishments or specious offers of aid into the orbit of ill-disposed Powers.

### **347** FCO 32/318, no 13

[Nov 1967]

#### **‘Mauritius’: Commonwealth Office brief for Mr Thomson on the problems surrounding independence**

##### *Historical*

1. Until 12 August 1967 Mauritius had an advanced form of Ministerial Government not yet amounting to full internal self-government. A Constitutional Conference was held in London in September, 1965, to discuss the future constitutional development of the territory but was unable to reach agreement about its ultimate status. The Parti Mauricien Social Démocrate (which speaks for the majority of the General Population, i.e. mainly Creoles (people of mixed and African descent) and the small Franco-Mauritian group) argued for association with Britain and demanded a referendum to settle the issue. The other (Indian-dominated) parties demanded independence. In the absence of agreement the then Secretary of State, Mr. Greenwood, announced at the end of the Conference that ‘it was right that Mauritius should be independent and should take its place among the Sovereign nations of the world’; and that independence would be granted, after an interval of six months’ internal self-government, if a resolution asking for it were passed by a simple majority of the new Assembly resulting from the next general election.

2. The 1965 Conference also agreed that full internal self-government would be introduced following the next general election. It was clear that this would mean replacing the existing electoral system (if only because the Constitution in force at that time provided for a number of nominated members of the Assembly appointed by the Governor in his discretion largely so as to ensure representation of otherwise under-represented communities, and because this system would no longer be possible when the Governor’s discretionary powers were abolished; there were also other criticisms of the existing electoral system). The 1965 Conference was however



unable to agree what the new electoral system should be and Mr. Greenwood therefore decided to appoint a Commission to make recommendations. This Commission (the Banwell Commission) did not report until the end of February, 1966, and final agreement on the electoral provisions to be introduced (a modified form of the proposals made by the Banwell Commission) was only reached after personal intervention by Mr. Stonehouse early in July, 1966.

3. There has been unavoidable delay since then in proceeding with the constitutional timetable. Before the next general election could be held it was necessary to prepare new electoral registers. The Banwell Commission recommended *inter alia* that independent observers from the Commonwealth should be present in Mauritius during the preparation of the new register of electors and during the subsequent general election to see that the provisions of the law were observed. It inevitably took some time to muster a suitable team of Commonwealth Observers and the Mauritius Government refused to start registration until it was known that some of the observers could be present from the start. Registration finally began on 5 September, 1966, and the new registers were published on 23 January, 1967, and brought into effect the following day. It would have been technically feasible for the general election to be held by the latter half of March or early April.

4. The Premier of Mauritius was however very reluctant to be tied to holding the general election on any given date and indicated in particular that he would prefer to wait at least until cane cutting began in July when employment is at the highest. During the Premier's visits to London before Christmas 1966 Mr. Stonehouse urged him to agree to the elections being held as early as possible; and shortly before Christmas he was with great difficulty persuaded to sign a paper agreeing that they should be held not later than the end of August 1967. After much further vacillation the Premier agreed to the dissolution of the Assembly on 18 June and announced that the general election would be held on 7 August.

5. For clarity it should be explained that although under the previous constitution it was within the Governor's discretion to decide on the date of the dissolution, it was not considered politically expedient to force the Premier to hold an election at a date which he himself considered unpropitious. He was however warned that if he delayed beyond the end of August we reserved the right to invoke the Governor's discretionary powers.

#### *The recent general election*

6. For the purposes of this general election the Mauritius Labour Party led by Sir Seewoosagur Ramgoolam campaigned together with its political allies, the Muslim Committee for Action (M.C.A.) and the Independent Forward Bloc (I.F.B.) under the name of the Independence Party. They were opposed by the Parti Mauricien Sociale Démocrate led by Mr. Duval (a Creole). Although the Independence Party is dominated by Indians and the P.M.S.D. by the General Population, a very encouraging feature of the election was that both parties deliberately appealed to all communities and fielded candidates of all races. Although both the M.L.P. and the P.M.S.D. have for some time sought to adopt a non-racial approach to political problems there seems no doubt that this tendency was strengthened by the new electoral system. This divided the Island of Mauritius into twenty constituencies, each with three candidates; and it was compulsory to vote for three candidates. This meant that all parties had an electoral advantage to gain from obtaining the support of other communities.

7. The general election was won by the Independence Party which gained 39 of the constituency seats compared with 23 constituency seats won by the P.M.S.D. Each party obtain 4 of the best loser seats so that the final balance in the Assembly is 43 to 27. Within the Independence Party the breakdown (as regards constituency seats) was M.L.P. 24, M.C.A. 4 and I.F.B. 11.

8. No party other than the Independence Party and the P.M.S.D. nor any independent candidate made any showing. A feature of the voting was party discipline and in no constituency were seats split between the parties.

9. The community balance of the two parties following the allocation of the best loser seats was:—

<i>Independence Party</i>	Hindu	31
	Muslim	6
	General Population	6
<i>P.M.S.D.</i>	Hindu	4
	Muslim	5
	General Population	16
	Chinese	2

It will be seen that the Independence Party is therefore still largely an Indian dominated party whereas the P.M.S.D. can now reasonably claim to be a multi-racial party. The Muslim vote seems to be fairly evenly divided between the two major parties.

10. There was a record poll on the biggest registered electorate ever known—between 82% and 90%. The main trend to be observed from the election results was the decline in popular support for the parties forming the Independence Alliance and the corresponding increase in popular support for the P.M.S.D. The former obtained 54.65% of the total votes cast (compared with 68.3% at the last election in 1963) while the P.M.S.D. obtained 43.53% (compared with 19.2% in 1963). Although the Independence Alliance obtained a clear majority of the seats they obtained only a relatively small majority of the total votes cast. Only about 90,000 votes (representing about 30,000 electors out of a registered electorate of approximately 307,000) divided those who voted for the Independence Party from those who voted for the P.M.S.D. The Governor has pointed out that a change of votes by less than 2,000 electors in three marginal constituencies would have given the P.M.S.D. a majority of seats and he comments that ‘never has a British colonial territory gone forward to independence by such a slender margin.’

11. The electoral campaign was surprisingly quiet until the last weekend and even on polling day itself there were only minor incidents except in one Port Louis constituency where there was serious trouble necessitating the deployment of both the riot units and also a company of the special mobile force. Even in this one major incident, however, the trouble did not lie between different communities but between opposing factions of Muslims. Since the general election the security situation has been reasonably quiet and there are no immediate indications that the P.M.S.D. wish to stir up any trouble.

12. In accordance with the Banwell Committee recommendation the general election was observed by a team of Commonwealth observers. The Chairman was Mr. Abela of Malta and the members came from Canada, India and Trinidad plus two British M.P.’s (one from each side of the House). The Governor has reported that the

presence of the observers in Mauritius during the election campaign was a restraining influence on candidates and their supporters and there seems no doubt that their presence siphoned off much embarrassing criticism which might otherwise have been met. The observers' report was published on 6th September.

13. A new government has been formed under the premiership of Sir S. Ramgoolam. There has been some re-shuffling of portfolios but few changes of personnel. On 22nd August the Assembly passed the expected resolution asking for independence as a member of the Commonwealth 'as early as practicable this year.' It is expected that this resolution will be forwarded to H.M.G. by the Governor within the next few days.

14. Meanwhile in accordance with a decision of the 1965 Conference a new constitution providing a normal system of full internal self-government was brought into force on the 12th August.

### *Special problems (general)*

15. The main difficulties which have so far impeded progress towards independence are:—

(i) *Communal*. In 1965 the population was about 750,000. About 67% are Indo-Mauritians descended from Indian indentured labour imported during the 19th century. About 20% of the Indo-Mauritians are Muslims and the remainder Hindus. Among the Hindus there is a large Tamil-speaking minority. 29% are of the General Population which includes people of African, European (mainly French) and mixed descent and about 4% are Chinese. Each community is concerned to preserve its own identity and communal rivalry makes itself felt in every walk of life. The social divisions between the communities are aggravated by sharp political differences.

(ii) *Political divisions*. There has been a major difference of opinion within Mauritius on the question of the constitutional future of the country. The present Government which favours independence is Indian dominated, while the P.M.S.D. has opposed independence largely because the General Population which it represents fears domination by the (increasing) Indian majority.

(iii) *Economic difficulties*. These are the most alarming of the problems facing Mauritius because, unlike the communal and political divisions which are open in time to some kind solution, they seem insoluble. The economic problem has of course been caused largely by the population explosion. The population which now stands at about 800,000 has almost doubled since 1942 and is certain to top the 1 million mark by the early 1970's. Even if the present rate of increase is arrested, the population is apparently bound to reach the 2 million mark by the end of the century. The economy has hitherto been almost exclusively dependent on sugar and expert opinion has so far been unable to discern sufficient possibilities for diversification or economic growth which would enable present standards to be maintained for such a rapidly growing population. Almost all of the land is already under cultivation, while the size and geographical situation of the territory make industrial development on any significant scale very difficult. The present Government has shown little inclination in recent years to tackle the problems of economic development, but even if it did, there is relatively little scope for anything more than marginal forms of new economic activity. Most expert opinion seems agreed that

the next few years are bound to see a severe decline in the economy and in local standards of living. This could of course present a serious security situation and there is already evidence that unfriendly political powers have seen and are preparing to exploit the opportunity which such a situation presents.

(iv) *Strategic*. Mauritius has a strategic importance to the U.K. as a staging post and as an important communications centre. It is also an important air communications link between Australia, Europe and South Africa. It is intended (in accordance with an undertaking at the 1965 Conference) to negotiate a defence agreement to come into force at the time of independence.

*Special problems (immediate).*

16. *Date of independence*. It will be necessary to decide very soon by what date we can offer to grant independence. The official view here (which is shared by the Governor) is that it will be impossible to grant independence in 1967 and probably not by anything substantially less than the 6 months foreshadowed by Mr. Greenwood's statement at the 1965 Conference. There are a number of reasons for this. First, there are many practical measures to be taken before independence, notably the preparation of an independence constitution, the enactment of an independence Bill (not a complicated measure but one which it would be difficult to fit into the Parliamentary timetable before Christmas), and the negotiation of the defence agreement which is bound to take some time. In Mauritius itself there is much to be done both administratively (e.g. the establishment of overseas missions) and in the field of legislation (e.g. the enactment of citizenship legislation and legislation connected with the proposed defence agreement); and it takes a very long time to get anything done in Mauritius. There are also 15 election petitions pending and the Governor has said that it will probably take 3 to 4 months for the Mauritius courts to dispose of these. Finally, Ramadan falls in December so that if independence were to be achieved in 1967 the date would have to be before the end of November. It is understood that the Governor has discussed these difficulties with the Premier who recognises their existence and is reported to be prepared not to rush. As the high cyclone season falls between January and March it is possible that even if we offered a date 6 months after 12th August, the Mauritius Government might elect to defer independence until late March or early April.

17. *Financial difficulties*. At this critical juncture in its political development, Mauritius faces a grave financial crisis. There has been a budgetary deficit in recent years which it has so far been possible to meet from the reserves but these are now exhausted. Provisional estimates for the current financial year (starting on 1st July 1967) have revealed a budgetary deficit of about £2 million. A delegation is expected to visit London towards the end of this month to seek budgetary aid which has never before been required. This request will be difficult to meet both because of Aid Ceiling limitations and because of the inherent political difficulties of providing budgetary aid to an independent country. So far it has been impossible to get the Premier to admit the existence of financial difficulties. The serious nature of the financial situation was impressed on him during his visits to London in April and May both by senior officials and by Mrs. Hart but even then he refused to recognise the existence of difficulties. It will be necessary to take a very tough line with the Premier over this and the present intention is to insist that he should agree to an economy mission (on the lines of one which visited Kenya shortly before independence) enjoined to make recommendations

designed to bring about a balanced budget. Arrangements have already been made for the appointment (by the O.D.M. on technical assistance) of a well qualified and experienced expatriate Financial Adviser.

In addition to the long term budgetary problem, there has been a separate cash shortage problem which has involved Mauritius in relying on substantial overdrafts from the local banks and the Crown Agents for the past few months.

18. *Security.* At the 1965 Conference it was agreed (with Ministry of Defence concurrence) that the defence agreement to be concluded at the time of independence would include an unprecedented provision by which H.M.G. would undertake to consult with the Mauritius Government in the event of any internal security difficulty arising after independence. In order to avoid the expense and political embarrassment involved in providing external assistance after independence to cope with any internal security troubles, steps have meanwhile been taken to build up within Mauritius a para-military branch of the local police (under the leadership of two seconded British Army officers). Expert opinion considers that this para-military force (known as the Special Mobile Force) needs to be expanded and strengthened, which will involve substantial increased expenditure. We shall therefore have to insist, as a condition of providing any budgetary aid, that whatever savings may be needed in other directions the money should be found for increased expenditure on the police. Since the savings will almost certainly have to be found in some way or another from the social services, this will probably be extremely unpalatable to Mauritius Ministers and may well involve us in difficult political confrontations.

19. *The future.* It will not be possible for Britain to wash its hands of Mauritius and its problems once the country has become independent. So long as we need the communications centre there (and it is an extremely important one) we will not be able to terminate the defence agreement under which we will have certain obligations in regard to internal as well as external security. If the economy declines beyond a certain point, the large masses of unemployed would be ripe for subversion and the way would be open to a breakdown in internal security which could eventually necessitate British intervention. We may, therefore, have to accept a continuing commitment to provide financial support for this declining economy until such time as we can afford to dispense with the communications centre.<sup>1</sup>

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<sup>1</sup> Mauritius became independent on 12 Mar 1968. Early in 1968 communal disturbances in Mauritius led both the governor and the Commonwealth Office to request the retention of British troops for a period after independence. Two companies had been flown in from Singapore. The MoD was reluctant but accepted Thomson's proposal that they might remain until the end of June 1968 when units of the Special Mobile Force had completed their training. Disturbances between Creoles and Muslims in the capital, Port Louis, less than two weeks before independence led to the cancellation of the visit by Princess Alexandra for the traditional independence celebrations (FCO 32/324, nos 1, 17, and 19).

### **348** PREM 13/2565

25 July 1968

**'Diego Garcia': minute (PM/68/68) by Mr Stewart to Mr Wilson on US proposals to develop defence facilities, the international reaction and the resettlement of islanders**

On instructions from Washington, the United States Embassy recently informed the Foreign Office that the United States Department of Defence has decided, subject to

Congressional approval, to proceed with the development of a facility on Diego Garcia, one of the islands of the British Indian Ocean Territory, in accordance with the 1966 Exchange of Notes about these islands.

2. The development would comprise an austere communications facility, fuel storage, and 8,000 foot runway and a dredged anchorage. It would cost about \$26 million, and would take 36 months to become operational and 48 months to complete. The Americans have told us that they recognise that there is little likelihood of British financial participation in the development; that the facility would be under a British flag; and hope that a British Liaison Officer would be stationed on the island. The Americans would wish to use naval construction battalions or United States civilian contractors. They recognise their obligation under the Exchange of Notes to use local labour but doubt whether most of it will possess the necessary skills. They are also concerned about the balance of payments aspect and hope that we will view this sympathetically.

3. The U.S. Embassy was particularly instructed to emphasise:—

- (a) that there would be no construction beyond the \$ 26 million package;
- (b) that great importance was attached to the limited United Kingdom participation described above;
- (c) that implementation was subject to final approval and release of funds by the United States Government.

Congressional approval for this scheme has not yet been received but it was hoped to obtain it for the financial year 1970 (which begins on 1 July, 1969). Previous experience has shown that there is no hope of such approval without prior British agreement to the scheme. The State Department therefore hope that Her Majesty's Government can give their agreement in principle by 1 September, in time for preparation of the 1970 appropriations. I therefore seek the agreement of my colleagues to our informing the United States Government of our agreement in principle, subject to certain conditions set out below.

4. I attach as an Annex<sup>1</sup> a full account of the background to this proposal. From this you will see that the American desire to develop Diego Garcia in the manner indicated is no secret to us. Indeed it was one of the reasons why the island was included in the British Indian Ocean Territory. Nor is their wish to have us associated with the project anything of a surprise: it was first mooted by Mr. Kitchen, at that time Deputy Assistant Secretary in the State Department, in a letter to our Embassy in Washington on 10 August, 1966.

5. We have all along made it clear to the Americans that we could not envisage any expenditure from British funds on the project: British strategic needs in the Indian Ocean in the 1970s were not likely to be such as to justify a capital outlay of this sort. However, in May 1967 the Ministry of Defence, with the agreement of the Foreign Office (at Ministerial level), welcomed a suggestion from the U.S. Navy's Chief of Naval Operations that the British association so much desired by the Defense Department might take a form very similar to that now put forward by the American Embassy.

6. The project as now defined falls fairly and squarely within the terms of the Exchange of Notes of 30 December, 1966, making the islands of the British Indian

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<sup>1</sup> Not printed.

Ocean Territory available for the defence purposes of the United Kingdom and the United States of America. Although we interpret paragraph 2(a) of the Exchange of Notes as allowing us a right of veto on any individual project, it would be extremely difficult to justify any such decision in the present case.

7. I consider that it will be to our advantage to agree to the American proposal that Diego Garcia should be used for an austere defence facility. Since Diego Garcia remains under British sovereignty it would probably be necessary for us in any case to ensure that the Union Jack flew over it alongside the American flag, and I therefore see no reason why we should not agree with this American proposal. Similarly we shall probably require a British Liaison Officer living on the island for administrative reasons. We would have the right under service level arrangements to use the naval facility and the air strip at any time. We may not in fact need to make much use of the American facilities but the position of Diego Garcia in the Indian Ocean suggests that ships of the Royal Navy may well find it a convenient harbour and bunkering point from time to time. The facility will give us an extra option, both for the Royal Navy and for military aircraft, and thus will give us added flexibility in meeting our remaining commitments East of Suez (e.g. to Hong Kong) in the mid-1970s. We shall obtain this added flexibility at no capital cost, and with no recurrent cost above the small sum incurred in providing a Liaison Officer on the island.

8. The establishment of a defence facility on Diego Garcia may cause the Indian Government to express concern; it is also likely to provoke the hostility of the U.N. majority. So far as India is concerned there is likely in any case to be a public outcry when the proposal becomes known. This will focus largely on distorted accusations about 'military bases'. It is clearly important that, before the news becomes public, we should take the Indian Government into our confidence in an attempt to secure their help in explaining the decision, or at least in not exacerbating feelings in Delhi. It must be expected that the argument will be put forward in the General Assembly that the interests of the local population are being ignored and this may receive appreciable support; but we have been able to resist such arguments by pointing out that the inhabitants consist mostly of migrant workers from Mauritius and Seychelles. We have not yet completed arrangements for resettlement of the inhabitants of Diego Garcia or for showing that they remain Mauritian or Seychellois, nor have we consulted the Mauritius Government. Resettlement will involve some small expenses but it is not expected that there will be any financial difficulty in this. When the arrangements are complete, and they may be complicated by a recently completed survey which found that 128 individuals (about 34% of the total population of 389) are now second generation inhabitants of Diego Garcia, we would propose, as agreed at the time of the creation of the British Indian Ocean Territory, to deny, if necessary, the competence of the United Nations to concern itself with a territory which has no indigenous population. The island now has no ties with Mauritius, from which it was detached in 1965. It was, however, previously administered, for reasons of convenience, as a dependency of Mauritius before Mauritius became independent, but the Government of Mauritius acquiesced in the detachment, for which financial compensation was paid.

9. If we incur criticism at the United Nations over the development of the island for defence purposes, I think that we should be prepared to stand by the argument that the British Indian Ocean Territory is British sovereign territory, and that we

have a right to use it for any purposes which we consider to be in our national interests. We should of course ensure that the Americans will assist us in dealing with attacks at the United Nations. Since our friends and allies in the Far East, including Australia, New Zealand, Malaysia and Singapore might stand to benefit from our right to use the facility, we would hope to gain some measure of support from them also. The matter will be easier to handle at the United Nations if the proposal to develop the island does not become publicly known (e.g. through discussions in Congress) until after the end of the next session of the General Assembly. We should seek assurances from the Americans that they will do their best to prevent publicity or Congressional discussion of the requisite financial appropriations until a moment which is propitious in the United Nations context.

10. In public presentation of our agreement to a United States facility we shall need to emphasise firmly that it implies no change in our decisions to withdraw our forces from East of Suez by 1971 and to adopt a Europe-based defence policy.

11. There are two further minor aspects which must not be overlooked. Despite the consideration in paragraph 2, if we were to agree to the Americans developing a facility on the lines proposed we should nevertheless want to include in our agreement a proviso on the requirement to use local labour so far as possible. The need for this stems from the fact that such a provision formed part of the conditions on which the Mauritius Government agreed to the inclusion of the Chagos Group (of which Diego Garcia is a part) in the British Indian Ocean Territory. A similar provision was subsequently included in the 1966 Exchange of Notes with the Americans. We may also need to preserve some flexibility in phasing any evacuation of the local inhabitants. This and other questions connected with the administration of the facility in general, both during and after construction, would obviously have to be settled in detailed negotiations with the Americans when financial approval for the project seemed more certain.

12. There is, so far as I am aware, no scientific interest in Diego Garcia similar to that in Aldabra. (There have been no representations on this subject from the scientific bodies which sent scientists on the 1967 survey of the island.)

13. I therefore propose, subject to your views and those of the Defence Secretary, the Chancellor of the Exchequer and the Commonwealth Secretary, to whom I am sending copies of this minute, to authorise a reply to the State Department saying that Her Majesty's Government agree in principle to the proposal now put forward concerning Diego Garcia, on the understanding:—

- (a) that British participation will be restricted to the provision of a Liaison Officer and the flying of the British flag over the facility;
- (b) that British naval ships and military aircraft shall have full right of access to the facility at all times under arrangements to be mutually agreed;
- (c) that the administrative details of the project, particularly as regards the use of local labour, shall be the subject of separate negotiation nearer the time when construction of the facility is due to begin;
- (d) that the Americans should be urged to agree with us in advance any action, such as submission of details of the project to Congress, which would make the proposal public knowledge, and that we should make it clear to them that we shall expect their diplomatic support in dealing with criticisms from individual governments and in the United Nations.



**349** FCO 32/776, no 1 12 Nov 1970  
 [Seychelles]: letter from Sir B Greatbach<sup>1</sup> to D A Scott<sup>2</sup> on elections in  
 the Seychelles and the future status of the territory

[In an attempt to break away from the Westminster model, and to devise arrangements more suited to the special circumstances of individual territories, new constitutional patterns were introduced in 1967 in the Seychelles (governed from Mauritius until 1903 when it became a separate Crown Colony), St Helena and the Gilbert and Ellice Islands. The main novelties in each case were the introduction of a 'single council' performing both legislative and executive functions, and the system of executive committees playing a role roughly analogous to that of ministers under the Westminster system. The new Seychelles constitution combined both elements; St Helena adopted the committee system but retained separate executive and legislative councils, while the Governing Council of the Gilbert and Ellice Islands combined legislative and executive functions though there was a separate, and mainly deliberative, House of Representatives.

The Seychelles system resembled that used in English local government. Officials referred to it as the 'County Hall' system. Similar systems were to be found in the Channel Islands and the Isle of Man. There were parallels also in the Caribbean, with the system of executive boards used in Bahamas up to 1963, and the system still in use in Bermuda in 1968, although this was about to be replaced by a new Westminster-type constitution. The best known precedent was the single council system in use in Ceylon between 1931 and 1947.

In 1968 about half of the member countries of the Commonwealth had adopted a Westminster-style constitution. Several others had tried and rejected it, and its limitations and shortcomings had recently been highlighted. In situations where there was no firmly established tradition of respect for law and for public opinion, the Westminster system was thought to place too much power in the hands of a few people, leading either to ministerial corruption or suppression of opponents, or both. The Westminster system was also said to be difficult to operate without well-organised political parties. The full panoply of the Westminster system—full-time ministers and permanent civil servants—was also thought to be a luxury smaller territories especially could not afford. By contrast, and again with particular applicability to smaller territories, the County Hall system seemed to offer greater flexibility. In Britain it was used to govern areas up to 2,500 square miles and as little 10 square miles. Some, like the Greater London Council, had wide powers and large budgets, others were more restricted in scope. The County Hall system was also simple and easy to understand because those elected by the voters were directly responsible for all business conducted. It was cheaper too, because central secretarial, accounting and other services could be provided in place of the separate services needed to support different ministries. It also worked without a party system and, perhaps more important, it was also said to encourage members of opposing parties to work together. There was no suggestion the County Hall system should supplant the Westminster model. Experiments with it were merely designed to show that every constitution had to meet the different needs and problems of individual territories (FCO 43/70, no 10, note by Dependent Territories Constitutions Department, 6 Feb 1968). Dissatisfaction with the 'single council and committee system' in the Seychelles (the development of two strong rival political parties undermined it) led to a constitutional conference at London in Mar 1970. A return to the Westminster model was recommended and elections were held in the Seychelles in Nov 1970.]

You will have seen from our telegram No. 411 of to-day that Jimmy Mancham and the S.D.P.<sup>3</sup> won a clear victory in yesterday's elections. Next week I will send a detailed report on the elections but I am sending off by tomorrow's bag these personal immediate views on the elections.

2. The S.D.P. in a heavy 82% poll won a clear victory as 52.8% of the electorate voted for them as opposed to 44.1% for the S.P.U.P. A surprisingly large majority as there is always a hard core who will vote S.P.U.P. regardless, rather as some in

<sup>1</sup> Knighted 1969; deputy high commissioner, Kenya, 1963–1969; governor of the Seychelles and commissioner for British Indian Ocean Territory, 1969–1973.

<sup>2</sup> Assistant under-secretary of state, FCO, 1970–1972.

<sup>3</sup> Seychelles Democratic Party.

Manchester support the United rather than the City Football Club. I think the main reasons for the S.D.P. victory were:—

- (a) The S.D.P. campaign was for integration with Britain. The party sign was the Union Jack and the slogans were 'Keep the Union Jack flying', 'I'm backing Britain' and such like sentiments, unusual nowadays, coupled with pictures of the Queen, Union Jacks, etc. This represented to the voters stability, justice, and continued financial aid.
- (b) The mistakes of René<sup>4</sup> and the S.P.U.P. helped Mancham. In particular René had stated in his public speech of May 1st that Independence was eventually inevitable and closer links with the O.A.U. and Africa were also inevitable. He never made a similar statement afterwards and regularly denied that the S.P.U.P. wanted Independence at this election but always left the ultimate status of the Seychelles vague. The acceptance of two Land Rovers from the O.A.U. Liberation Committee also did him great harm especially as blown up by Mancham.
- (c) Voting was on party lines in spite of each voter having two votes. The possible effect of Dr. Delhomme's Party taking away some S.D.P. votes by splitting the vote did not therefore arise.
- (d) Mancham is a very good Party tactician and public relations man and was (at least publicly) brimful of confidence as a good politician should be. René (the intellectual by comparison) was not in the same class and has not got the same ambitious streak. He looked and acted as though he thought he would lose in the last few vital weeks.
- (e) Mancham adopted the line of 'Mr. Development' promising more development in the future and even claiming that he had got the airport for the Seychelles. This is, of course, encouraging for the future as it is quite a new line in Seychelles politics. However, I do not think it was the major factor in the S.D.P. victory.

3. We now have to get on with the task of forming the Government and introducing the new Constitution. I suspect our difficulties with Mancham will be over status details such as cars, houses, entertainment allowances etc. On general major development I think that he will be helpful and interested.

4. One major factor strikes me and this will be a problem over the next few years. This election was basically won on the issue of closer links with Britain and if not integration then something similar. Mancham will not sit back and let this issue slide. We have therefore to decide sooner or later what our attitude will be. The stock answer now given may not be adequate in the future. Also is it not possible to work out some new forms of association possibly short of integration for such small territories as the Seychelles which undoubtedly and genuinely view, at least now, with concern and fear the severing or indeed the failure to strengthen the historical links with Britain? We surely have a new and rather unusual responsibility for these islands.<sup>5</sup>

<sup>4</sup> Albert René, leader of the Seychelles People's United Party.

<sup>5</sup> Commenting on Greatbach's letter, Eleanor Emery (head of the FCO Pacific and Indian Ocean Dept, see 252) envisaged eventual independence for the Seychelles, and suggested the same might apply to the Gilbert and Ellice Islands. She argued, 'the idea of independence is catching on in the Pacific and I do not expect politicians in the Gilberts to win elections on an "independence—never" platform. One day they might want a status that would keep them politically respectable in the eyes of their (by then independent) island neighbours while still under our umbrella, especially economically' (FCO 32/776, no 2, minute, 19 Nov 1970). The Seychelles became an independent republic in June 1976. Mancham was president and René prime minister. A coup d'état in June 1977 brought René to power as president and a new constitution was adopted in June 1979 establishing the Seychelles as a one-party socialist republic. A multi-party system was legalised again in 1992.

**350** FCO 59/671, no 74

30 Dec 1970

**'Security of the Indian Ocean': FCO brief (PMMS (1)(74)34 (Background)) for Commonwealth Prime Ministers' Conference at Singapore in January 1971**

*Background note on Diego Garcia*

The British and United States Governments announced on 15 December that construction would begin in March 1971 of a U.S. naval communications facility on Diego Garcia atoll in the Chagos Archipelago, part of the British Indian Ocean Territory. The facility will consist of a communications station and minimum necessary support facilities, including an 8,000 foot airstrip. The cost of building the facility will be met by the United States. The facility will close a gap in the American naval communications system and will provide communications support to U.S. and U.K. ships and aircraft in the Indian Ocean. Both the British and American flags will fly over the facility and the United Kingdom will provide a small number of personnel to assist in its manning; there is to be further discussion between the two Navies on precisely what types and numbers of personnel the United Kingdom should provide. The facility is expected to be completed in about three years.

2. A number of Governments with interests in the Indian Ocean area were informed by the British and United States Governments about the proposed facility at Diego Garcia before the public announcement was made. The Governments concerned were those of Australia, Bahrain, Burma, Ceylon, Ethiopia, France, India, Indonesia, Iran, Japan, Kenya, Kuwait, Malagasy Republic, Malawi, Malaysia, Mauritius, New Zealand, Pakistan, Portugal, Saudi Arabia, Seychelles, Singapore, Somalia, South Africa, Tanzania, Thailand, Uganda, and Zambia. Four of these governments (Australia, New Zealand, India and Mauritius) were previously given advance information in strict confidence in July 1969 about the U.S. intention to establish a communications facility at Diego Garcia.

*General background on BIOT*

3. The British Indian Ocean Territory (BIOT) was established as a Crown Colony in November 1965 by the transfer of certain small islands previously administered as parts of Mauritius (Chagos Archipelago, including Diego Garcia) and the Seychelles (Aldabra, Farquhar and Desroches). This was done with the full agreement of the Colonial Governments of Mauritius and Seychelles to whom compensation was paid (£3 million to Mauritius and a civil airfield which is being built in the Seychelles). The Territory has always been envisaged as providing potential sites for transit, communications and support facilities and, under an Exchange of Notes of December 1966 published in April 1967 (Command 3231), it was made available for an initial period of 50 years for the defence purposes of both the United States and British Governments. BIOT is administered by a Commissioner and an Administrator (who hold offices respectively also as Governor and Deputy Governor of Seychelles).

*Resettlement of the contract labourers and their dependants*

4. The inhabitants of the BIOT islands are contract labourers from Mauritius and Seychelles and their dependants, engaged to work on the copra plantations. Their numbers vary in accordance with the demand for labour. At present there are over 800

in the Chagos Group (about 400 on Diego Garcia, 250 on Peros Banhos and 200 on Salomon) and about 150 elsewhere in BIOT. H.M.G. is the owner of all land in BIOT and the labourers own no property or fixed assets there. Some of the contract labourers and their dependants in the Chagos Archipelago are dual Mauritian/U.K. citizens (known as Ilois).<sup>1</sup> As far as we are aware, neither the Ilois nor the Mauritian Government are aware of this dual nationality which arises from the consequential legislation in Mauritius and the U.K. upon Mauritius obtaining its independence. Now that the Americans have decided to go ahead with the Diego Garcia facility we are preparing to set in train plans to resettle these Ilois back in Mauritius. Officials will shortly be seeking Ministerial approval to open negotiations to this end with Mauritius. It is important for the success of this negotiation that we (a) refer publicly only to 'Contract labourers from Mauritius and Seychelles' and (b) avoid any reference to the dual nationality.<sup>2</sup>

5. We have an understanding with the Government of Mauritius dating back to discussions in 1965 that we will meet the costs of such resettlement. The costs cannot be accurately assessed until negotiations have opened with Mauritius. Since 1966, 100 families whose contracts have expired have returned to Mauritius. The Mauritius Government have asked us to help with the cost of their resettlement. We have delayed action pending the opening of general discussions on resettlement.

#### *Use of local labour for the construction of the Diego Garcia facility*

6. In discussions with Mauritius in 1965 we undertook to do our best to persuade the American Government to use labour and materials from Mauritius for construction work in the island. The UK/US Exchange of Notes of 1966 concerning the availability for defence purposes of BIOT (Cmnd. 3231) contains an undertaking that the United States Government and United States contractors shall make use of workers from Mauritius and Seychelles to the maximum extent practicable consistent with United States policies, requirements and schedules. Current indications are that the US intend to use only Service personnel.

#### *Oil exploration in the Chagos Archipelago*

7. In 1965 the British and Mauritius Governments reached an understanding that the benefit of any minerals or oil discovered in or near the Chagos Archipelago would revert to the Mauritius Government. Since then we have as a matter of policy refused all applications for prospecting licences in Chagos. It seems probable that we shall wish to continue this policy, though we might have to concede a relaxation if Mauritius presses us on it during negotiations, e.g. on resettlement.

#### *Notes for defensive use*

8. (a) *In answer to complaints that the Americans are setting up a 'base' at Diego Garcia.* 'Base' is a misleading and inaccurate word to use in this context. All

<sup>1</sup> Ilois is the creole word for the people of the Chagos islands, who are otherwise known as Chagossians.

<sup>2</sup> Minuting his departmental head on how the FCO should respond to parliamentary questions by Tam Dalyell, a Labour MP and critic of British policy in the Indian Ocean, A F Knight of the Pacific and Indian Ocean Dept commented: 'This care in our answers reflects not only our overall strategic and defence interests, but also the administrative complications surrounding the present population of the Chagos Archipelago. We do not wish it to become general knowledge that some of these inhabitants have lived in the Archipelago for at least two generations and could therefore be regarded as "belongsers"' (FCO 32/717, no 96, minute to Eleanor Emery, 17 Nov 1970).

that is involved is a modest naval communications facility; it will in no way constitute a base, as there are no plans to station operational forces there; nor will the facility provide logistic support for such forces.

(b) *Diego Garcia and Simonstown.* Diego Garcia is a naval communications facility. It does not and is not intended to offer facilities comparable to those available to us at Simonstown.

(c) *If asked who will pay for the facility and how much it will cost.* This is primarily an American facility and the cost of construction is being borne by them. We understand that its cost is likely to be modest.

(d) *If asked whether there are any other similar American proposals in the pipeline.* We are not aware of any. All the islands of British Indian Ocean Territory however remain available for defence purposes under the Agreement signed between Britain and the United States in 1966.

(e) *If asked if nuclear weapons will be stored in or staged through Diego Garcia.* The Americans, like ourselves, never confirm or deny the presence or otherwise of nuclear weapons. But the facility on Diego Garcia is intended to be for naval communications. It is *not* designed to support Polaris submarine operations.

(f) *Is Diego Garcia inhabited?* A small number of contract labourers from the Seychelles and Mauritius work on the copra plantations there (about 400, including dependants).

(g) *What will happen to them?* Arrangements are likely to be made for the contracts to be terminated at the appropriate time and for their return to Mauritius or the Seychelles.

*Notes for defensive use with Mauritian prime minister<sup>3</sup> only*

9. (a) *If asked about arrangements for resettlement of contract labourers in Mauritius.* We are likely to want to discuss this with the Mauritius Government soon.

(b) *If asked by Sir S. Ramgoolam what we propose to do to help in the resettlement of the 100 families from Chagos returned to Mauritius in the past four years.* As at (a) above.

(c) *If pressed by Sir S. Ramgoolam for a re-affirmation of HMG's undertaking to meet the costs of resettlement.* The Prime Minister is aware of previous discussions. We shall certainly fulfil our obligations. Precise arrangements are for discussion.

(d) *If asked whether we are proposing to fulfil our 1965 undertaking to try to persuade the U.S. Government to use labour and materials from Mauritius for construction work.* We shall certainly ask them.

(e) *If asked (by the Prime Minister of Mauritius) whether we will allow oil exploration in Chagos.* This is something I would have to study.<sup>4</sup>

<sup>3</sup> Sir S Ramgoolam.

<sup>4</sup> In the mid-1970s a legal claim of wrongful eviction was brought against the British government in the English courts by a Chagossian from Mauritius. It led in 1982 to a settlement under which, in return for the withdrawal of the legal proceedings, Britain made an *ex gratia* payment of £4 million on behalf of the Chagossian community in Mauritius, and the Mauritius Government agreed to make land worth £1 million available for their resettlement. Legal proceedings were again instituted in 1998 against an Immigration Ordinance, issued in 1971 by the British Indian Ocean Territory, prohibiting entry to any part of the territory without a permit. Judgement was given in November 2000 to the effect the 1971

Ordinance was invalid, and a new Ordinance was issued allowing the Chagossians to return and live in any part of the Territory except (for defence reasons) Diego Garcia where a permit is still required for entry. Another legal case, for further compensation and assisted resettlement on all islands (including Diego Garcia), was brought before an English court in October 2002. It was rejected a year later. The British government has commissioned feasibility studies of resettlement on all islands except Diego Garcia. These have concluded that long-term resettlement would be costly and precarious because of the dangers posed by flooding, storms and seismic activity. (Information supplied by the Overseas Territories Department, FCO, Feb 2003.)

## **351** FCO 32/499, no 9

6 May 1969

### **‘Australia and the British Pacific dependencies’: minute by F H Brown<sup>1</sup>**

Mr. Moffatt<sup>2</sup> and I attended on 6 May a most interesting lecture at Chatham House given by Professor Millar<sup>3</sup> of the Australian National University. Professor Millar is inter alia head of a strategic studies department and apparently pretty close to Australian Government circles.

2. A record of the lecture will no doubt appear in International Affairs in due course, but meanwhile I think it worth recording in particular the answer given by Professor Millar to a question as to the Australian attitude to the prospect that the British Pacific dependencies might evolve into vulnerable mini-states. Professor Millar referred to an academic conference organised by the A.N.U. in Wellington last year at which he had put forward the proposition that it would be very much in Australia’s and New Zealand’s interests to work towards some sort of regional defence community in which, without accepting political responsibility for the territories (which he felt ought to remain with the U.K.) Australia and New Zealand would undertake defence commitments, and as a continuing current policy would provide aid for infrastructure projects of defence significance, such as roads, airfields, ports, etc. and also assist on the internal security side e.g. with police training etc.

3. Professor Millar told us that this proposition met with no support whatever at the conference. The New Zealanders felt that New Zealand was too poor to contribute and the Australians were unable to appreciate the strategic importance to Australia of securing this sort of influence in the territories. Professor Millar said that he knew there had been a good deal of interchange of ideas between the British and Australian Governments. (This presumably refers to the confidential talks in the ‘Canberra series’.) He said that the impression had been gained that the Foreign and Commonwealth Office was anxious to dispose of the Pacific dependencies. In elaborating on the strategic significance of the territories to Australia, he mentioned that Fiji was of prime importance, and also that in the event of an independent Papua/New Guinea becoming neutral and refusing overflight facilities Henderson Airfield at Honiara<sup>4</sup> could become significant.

4. On the question of Australia’s relations with her neighbours Professor Millar made the interesting point that Japan is now Australia’s largest customer and China is the 5th largest. Commercial relations with both were good, and in the case of

<sup>1</sup> First secretary, FCO.

<sup>2</sup> J W Moffatt, first secretary, FCO.

<sup>3</sup> Professor T Millar, later of the Institute of Commonwealth Studies, London.

<sup>4</sup> Capital of Solomon Islands.

Japan, restive under American tutelage and determined to secure the return of Okinawa, he suggested that the Australian Government might be thinking about the possibilities of some sort of defence relationship. He said however that as far as could be foreseen the defence alliance between Australia and the United States would remain the kernel of Australian policy, and that in deciding in February to leave forces in Malaysia and Singapore the Australian Government must have obtained some assurance of American help in the event of this leading to conflict with Indonesia. He felt that protests in Australia about the recent extension of United States missile tracking facilities there rose more from the unfortunate secrecy which surrounded them than their basic objection to Australia becoming a target in the event of nuclear war since as long as the situation remained short of nuclear war there would be far wider losses to Australia arising from non-co-operation with the United States.

5. As regards Britain in the Pacific Professor Millar mentioned a forthcoming 5 power conference to be held in Canberra in June and expressed the view that it was urgent for Britain to consider what she could still do in the Pacific in spite of the forthcoming withdrawal from Singapore.

6. I am sending a copy of this minute to Mr. Minnitt in connection with the regional consultations papers, and to Mr. Moffatt. Perhaps we should ask South West Pacific Department about the June conference and whether we might contribute to the briefs.

### **352** FCO 32/752, no 1

8 July 1970

**'Tonga's independence': despatch from Sir A Galsworthy (Wellington) to Sir A Douglas-Home**

[Extract]

On 4 June, 1970, the Kingdom of Tonga, which had been a Protected State in treaty relations with Britain since 1900, became an independent member of the Commonwealth.

2. During the 70 years of its existence the treaty underwent a number of revisions. In 1968, when it became clear that the King of Tonga had independence within the Commonwealth as the goal for his kingdom, the then existing treaty was replaced by a fresh one which, in essence, removed the last vestiges of our powers in relation to certain domestic Tongan affairs, notably banking and currency (powers which, so far as I am aware, we had never in fact needed to exercise); and confined our responsibilities to Tonga's defence and external relations, at the same time providing for a large measure of delegation to the Government of Tonga in the latter field. The treaty also provided that, if at any time the Government of the United Kingdom should cease to exercise responsibility for Tonga's external relations, the provisions of the treaty should cease to have effect, save for Article I, which reads as follows:—

'There shall be perpetual peace and friendship between Her Britannic Majesty and His Majesty the King of Tonga, and between the peoples of the United Kingdom and its dependencies and the subjects of His Majesty The King of Tonga.'

3. Since throughout the whole of its relationship with us we never exercised administrative functions or responsibilities in Tonga, and our responsibilities in the fields of external affairs and defence were exercised through a British Commissioner and Consul acting solely in a diplomatic role, the Tongans never considered themselves as being other than an independent nation in special relationship with Britain. When they went abroad for example, they always travelled on their own Tongan passports. The knowledge that they were being called upon to participate in independence celebrations would thus have astonished most Tongans. For this reason the King of Tonga, His Majesty King Taufa'ahau Tupou IV, decreed that the occasion should be termed not the Independence of Tonga but 'The Re-entry of Tonga into the Comity of Nations and her Entrance into the Commonwealth of Nations.' How this translated into Tongan I am not sure; but I would think pleasingly enough, to judge by the happiness of the Tongans during the three days of the celebrations.

4. In the following paragraphs I give some account of the celebrations, and offer some observations on the problems likely to face the Kingdom of Tonga over the next few years. . . .<sup>1</sup>

#### *The years to come in Tonga*

17. Tonga's re-entry into the Comity of Nations, and her joining the Commonwealth, was thus effected with a most impressive and moving ceremonial, and one might have been forgiven for thinking that here was a country assuming the full obligations of independent nationhood under the best of auguries. Certainly there are built-in factors making for stability: the deep feelings of the Tongan people for their Monarchy, and the deference towards the hierarchical social system which is so marked a feature of Tongan life and which most of the Tongan churches foster and support; and the fact that Tonga possesses a homogenous population with a total absence of any racial problem. None the less there are clear signs of the stresses and strains that are likely to beset the Kingdom in the years to come.

18. First and foremost, there is the rapid population increase. In 1946 Tonga's population was some 47,000. Today it is some 87,400; and despite the recent introduction of a family planning programme, with a growth rate of 3.14 per cent the population is expected to number 102,000 by 1975 and 118,000 by 1980. The total land area of the Tongan Group is only 270 square miles; and with a population of 300 per square mile Tonga is already one of the most densely populated areas in the Pacific. . . .

20. A second feature of the present situation in Tonga which could cause trouble in the years ahead is the continuing drift of young people away from the countryside to the towns, and particularly to Nuku'alofa, the tiny capital. The underlying causes are partly economic (whether the difficulty of securing an *api*,<sup>2</sup> or the greater ease in marketing agricultural products in Nuku'alofa than in the outer islands; or whether a desire to find such opportunities of paid employment as exist); partly a desire for the better educational facilities Nuku'alofa has to offer; and partly simply the attraction of the town way of life. There are already several hundreds of young people in Nuku'alofa who have no regular employment (termed the *ha'ua*, or drifters), and

<sup>1</sup> Paras 5–16, on the independence celebrations, omitted.

<sup>2</sup> A land holding of 8¼ acres.



who clearly represent a potential source of unrest. Tonga is for the first time facing a problem of delinquency and crime amongst these young people.

21. Thirdly, even in the staid, traditionalist and hierarchical society of Tonga, the problem of the generation gap is beginning to make itself felt. The young people are better educated than their elders; and a problem will certainly arise when it is no longer possible to absorb into the Civil Service and the Establishment the returning graduates from overseas.

22. When I called on 'Akau'ola, the young, extrovert, keen and able (though at times somewhat hasty) Minister of Police (in practice he is the Commissioner of Police as well), he spoke to me quite freely about the breakdown in traditional Tongan social forms which is already beginning. He gave it as his opinion that riots and disturbances, brought about by unemployment, discontent, and the ferment of ideas imported from the outside, will inevitably come; but he claimed (and I have no reason to doubt his claim) to have good intelligence coverage; and he believes that with his 'new look' police force which, as I have mentioned above, is a heartening improvement on its predecessor and a tribute to the excellent work of the police advisers we have supplied to Tonga, he will be able to cope effectively with such disturbances, when they occur. It is certainly my opinion, and that of the New Zealand authorities, who have been directly involved with the training and equipping of the small Tongan Defence Force, that the security forces in Tonga should be able to cope effectively with any disturbances that may arise over the next five years.

23. In the longer term, however, the situation may well deteriorate, because of the changes which the factors outlined above must inevitably bring about in Tongan society. If the current search for oil should result in the discovery of oil in commercially worthwhile quantities, the demand for modernisation and change is likely to be even greater. So of course will be the revenues available to Tonga. For the next five years, however, no appreciable revenue can be expected from this source, and Tonga will need to rely on external aid, in the form of both money and technical advice and assistance, in coping with her growing economic problems. I doubt whether Tonga will be able to meet the challenges that lie ahead unless she succeeds in obtaining this help (I revert to this in paragraphs 27 to 29 below). But, apart from the question of economic assistance, which I regard as vital, Tonga will in my opinion only emerge successfully from the trials that undoubtedly lie ahead if the King and his advisers are wise enough to see that constitutional change at least keeps pace with what are bound to become the growing aspirations of the commoners.

24. Although I would say the great majority of Tongans still feel immense pride in and reverence for their Constitution, the fact is that, despite a few amendments made to it from time to time since it was granted in 1875 by King George Tupou I, it still embodies essentially the concept of an 18th century English Constitution, adapted to an age-old Polynesian social system. It provides the Sovereign with substantial constitutional power (he selects and appoints all the Ministers and presides over the Privy Council, which is the real policy-making organ); and these constitutional powers are powerfully reinforced in the minds of the Tongans by the Sovereign's position as Head of the Established Church. The Legislative Assembly comprises the Cabinet (none of whom are elected), seven Nobles elected by their peers, and seven People's Representatives. The latter are elected every three years on

the basis of universal suffrage, the only qualification being that the elector must be literate and must have paid his or her taxes. There are no political parties. The Legislative Assembly has little power or authority in practice: when the Government is defeated, as happens from time to time (usually over some remarkably trivial detail in the estimates), there is no question of the Government resigning. The Privy Council comprises the Cabinet (consisting at present of six Ministers) together with the Governors of Ha'apai and Vava'u. The King, who himself, as Tungī, was Premier for many years prior to his accession, continued the tradition of a Royal Premier by appointing his brother, Tui'pelehake, as Prime Minister (as the post has now been designated). The Cabinet at present includes three commoners, but once a commoner has become a Minister he sits as a Noble.

25. Effective power in Tonga therefore still resides in the King and his Advisers (among whom must now be reckoned two of the best of the returned graduates from overseas whom the King has appointed to be Ministers). I think it is undoubtedly still the case that the great majority of the commoners still regard government as the prerogative of the Royal Family and the nobility. None the less there are signs of a desire on the part of the better educated for change and modernisation of the Constitution in the direction of giving more power to the Legislative Assembly and the People's Representatives; and this is likely to grow as more Tongans return from overseas with university training. The two graduates among the Ministers (Mahe Tupouniua, the Deputy Prime Minister and Minister of Finance, and Langi Kavaliku, the Minister of Education and Works), are conscious of the need to modernise the Constitution and political system in Tonga, as is the newly appointed (and most able, sensible and balanced) Secretary to Government, Inoke Faletau. I believe the King himself, who is still the main inspiration of policy in Tonga, is also aware of the need to broaden the basis of his administration (hence his appointment of able commoners and graduates to be Ministers). As Tungī, the Premier, the King was prone to indulge in arbitrary and erratic decisions, one or two of which were ill-advised and led to a costly dissipation of Tonga's resources. He still remains the man with the most ideas about the future of his small country; and though he can still only too easily be attracted by gimmicks, since his accession to the throne in 1966 he has been less accessible to the suggestions of the dubious American carpet-baggers who used to gain his ear. He is kind and humane, philosophical in his outlook, exceptionally well-read, with wide-ranging interests and a deep attachment to the well-being of people. His attitude is paternalistic, but in my view not irremediably so; I do not think we need regard him in any sense as a Polynesian Canute.

26. One of the main defects of the present Tongan Constitution, it seems to me, is the extent to which the Royal Family is involved in day-to-day responsibility for Tonga's affairs. As I have mentioned above, the King's brother is the Prime Minister; and since there is no provision for a Government to change other than by the King's fiat (the King once remarked that 'apart from the possible exception of Switzerland, Tonga is, I believe, the only country in the world where a responsible Government is in a perpetual minority in the Legislature; but it has comfort in the knowledge that even if it is outvoted on a material point it does not go out of office'), the inevitable risk is that as Tonga's problems become more intractable the resulting public odium will rub off on the Royal Family. Moreover, in Polynesian society the elder brother always enjoys great prestige and superiority over the younger brother, and this factor

makes it difficult at times for Tulipelehake to communicate properly with the King. In fact, in this traditional society communication is on the whole easier between a Commoner Minister and the King than between the King and his brother. This is the classic situation in which, when it has in the past confronted us in some of our dependent territories, we have sought to promote the formation of political parties. I personally believe that the growth of political-party government in Tonga would be the biggest and most helpful single step in the political and constitutional field that Tonga could take. It is of course easier to formulate this as our aim of policy than to suggest how it might be brought about. The concept of political parties is alien to Polynesian social forms, and there are few Tongans at present who would be capable of organising a political party, and even fewer who would think it right to attempt to do so. None the less it is to be expected that the increasing numbers of Tongan graduates returning from overseas will bring back with them ideas about the formation of political parties; and I personally believe that the best hope for the future lies in the King recognising the value and advantages of the political party system, thereby making it 'respectable' in Tongan eyes, and fostering and encouraging it. There are great and obvious difficulties in the way of any such development in Tonga, but I do not regard it as an impossible development in the years to come (after all difficulties of this order used to exist in Swaziland, but they fell away); and I think our role should be to give the King quiet advice and assistance in this sense on any occasion he may seek it from us.

### *The economy*

27. Agriculture employs about three-quarters of the labour force. The mass of the Tongan people gain an easy living by subsistence cropping, and the production of mainly copra and bananas for cash income. There is little scope for the development of secondary industry. A consortium consisting of Shell, BP, Aquitaine Ampol, Gulf and Republic is now beginning seismic surveys in Tongan waters; and the King and his Government are entertaining great hopes that oil will be discovered in commercially exploitable quantities. Should this happen (and I understand the odds are against it) oil will provide Tonga with ample revenues, but very little employment for her rising population. As the King and his Ministers recognise, therefore, Tonga must in any event continue to look to agriculture to provide the principal means of livelihood of the Tongan people, together with tourism.

28. Until 1965 the economy of Tonga stagnated, and there was no thought of development or development planning. In that year we renewed offers of British aid to Tonga, and this time they were gratefully accepted. With our advice and assistance Tonga drew up its First Development Plan, to cover the five-year period 1965–70. We have provided them in this period not only with capital aid amounting to some \$T2,250,000, but with invaluable assistance in the form of technical experts and advisers, and training for Tongans (the value of our various forms of technical assistance has totalled about £250,000 over the five-year period). We have been by far the greatest single contributor. . . .

30. Tonga enjoys a reputation for stability, and very great prestige as the last of the old Polynesian kingdoms, throughout the territories of the South-West Pacific. (A remarkable example of this was the sight of the Papua-New Guinea delegate to the celebrations so overcome with emotion at being presented to the King that, despite his European clothes and absorption of quite a degree of European culture, he

prostrated himself before the King and wept copiously; just as memorable was the sight of the huge Tongan King, himself surprised by this scene, bending down to raise the tiny New Guinean to his feet, and comforting him by patting him on the head like a spaniel.) But, as I have sought to indicate above, Tonga faces very rough waters in the years ahead, and will need not only advice but hard cash if she is to weather them. There is at present no other country in the world who would be willing to provide aid to Tonga on anything like our present scale. Without it, Tonga has little hope. If, because of inability to solve her rapidly growing economic and social problems, Tonga were to subside in turmoil, I do not believe that the effects would be confined to Tonga. In the island territories of the South-West Pacific today there is an awareness of interdependence and a feeling of togetherness which was unimaginable three or four years ago; and the shock waves from a serious upset in Tonga would, in my belief, be felt in many of those other territories, some of which are likely to remain a responsibility of Britain for years to come. Moreover New Zealand and Australia, both of whom are contributing towards Tonga's economic growth and stability (Australia by providing some amounts of capital equipment, New Zealand by the provision of personnel and by continuing to take the Tongan Defence Force under her wing for at least the next three years), will also expect us to continue to make this contribution towards the maintenance of stability in this part of the world; and were we to cut our contribution towards Tonga's development and economic well-being would, I believe, regard us as having prematurely abandoned our responsibilities. I very much hope therefore that, for the next three years at any rate, we shall continue to support Tonga's Development Plan on our present scale.

### *Conclusion*

31. It was very evident from the celebrations, and from the several talks I had with the King and his Ministers in the ensuing days, that they still regard Britain as their closest friend, and that our prestige and influence stand as high with them and with the Tongan people as at any time in our long association. Their respect for Britain was shown by the fact that throughout the celebrations my wife and I were given pride of place over all other delegations, save that of Nauru who was represented by their Head of State. Their friendship with and admiration for Britain is deep and genuine and means for them, in every sense of the word, a special, almost family, relationship. Our joining the European Communities causes them no anxieties (for none of their essential interests are threatened); and I recall the King (as Tungi, the Premier) telling me some 10 years ago that he believed that Britain's rightful place was as a member of the Communities. I believe that, provided Tonga succeeds in emerging from the difficulties ahead, she will continue to be a force for stability in this area. Although Tonga will play only a minor and not very articulate role in the Commonwealth, particularly at Commonwealth Prime Ministers' meetings, I am confident that her influence, small though it may be, will be exercised in favour of common sense and moderation; and that generally speaking she will in Commonwealth affairs, and eventually in wider international affairs in so far as she takes any interest in them, seek to range herself alongside Britain, Australia and New Zealand. She will continue to look primarily to us for advice, guidance and help over her problems; they are likely to be very difficult of solution; but for the reasons given in this despatch I trust that we shall do our best to continue to provide whatever help and counsel we can.

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8 Oct 1970

**'Fiji: final despatch before independence': despatch from Sir R Foster<sup>1</sup> (Suva) to Sir A Douglas-Home**

It is hard to believe that in two days' time Fiji's new flag will rise slowly to the top of the mast in the presence of His Royal Highness The Prince of Wales and distinguished representatives of foreign powers. For seldom can a country have prepared for independence with such aplomb; there has been an air of quiet satisfaction and polite interest during the last few months, but no sign of the nationalistic braggadocio which one has grown to expect. This is not to say that the prospect is not widely welcomed. It most certainly is. But the diverse people of these islands do not yet seem to think of themselves as a nation, and reserve their fervour for the rugby and soccer fields.

2. Ten years ago Mr. Julian Amery<sup>2</sup> wrote:—

'The Fijians and Indians are more distinct as communities than Jews and Arabs in Palestine, Greeks and Turks in Cyprus, or Europeans and Bantu in South and Central Africa. Intermarriage, business associations, even personal friendships are rare.'

3. There remains some truth in his judgment. But whereas in the past relations were dominated by a mixture of fear and suspicion, today this has been replaced by a frank acknowledgment that potentially dangerous differences exist and a widespread acceptance that only by playing it cool can Fiji avoid following Malaysia to the very edge of the pit.

4. No one appreciates this better than the leaders of the two major political parties, Ratu Sir Kamisese Mara<sup>3</sup> (Alliance) and Mr. S.M. Koya (National Federation), who themselves could hardly be more different in character or appearance. Mara is a six foot four aristocrat, the *Tui Nayau*, paramount chief of Lau, the eastern group of Fiji's islands; a dignified and most impressive figure. Koya is a plump little lawyer, full of intrigue and calculation, who wears a mask of amiable geniality which occasionally slips to reveal the hatchet man beneath.

5. Mara, however, is very far from being a typical Fijian. He was the first of his race ever to become an MA and prior to this completed five years medical training in New Zealand. He also has a diploma in economics from the LSE. He is a man of vision who sincerely believes that, with tolerance and understanding, each community can retain its own identity whilst at the same time contributing to make Fiji into a nation; and he is not afraid to pursue policies to this end, even if they entail sacrifices not popular with his people. But he also believes (without being anti-Indian) that Fijian paramountcy is proper and natural, if only because his race would not tolerate any alternative so that an attempt to impose one would inevitably provoke violence. Personally a moody, shy and solitary man who inspires awe rather than confidence, he nevertheless has a keen sense of humour and is capable of exercising very great charm when in a relaxed mood. But unfortunately he reverts

<sup>1</sup> Governor of Fiji, 1968–1970; governor-general, 1970–1973.

<sup>2</sup> Parliamentary under-secretary of state for the colonies, 1958–1960.

<sup>3</sup> First prime minister of Fiji, 1970–1987; appointed interim prime minister, Dec 1987, after military coup in May; president of Fiji, Dec 1993–July 2000 (deceased 2004).

under pressure to a dictatorial arrogance which does not make him easy to work with. One result of this is that his Ministers are frightened of him, so that too little authority has been delegated and decisions are often slow in coming. Some of the younger members of his party have fretted against the bit in the past, but since the London Conference there have been no signs of the upsets in the party which had previously given rise to cause for concern.

6. Nor is Koya a typical Indian. For a start he is a Muslim in a predominately Hindu party, of which he became the leader about a year ago on the death of Mr. A.D. Patel who had led it since its formation. He is a very different man to his predecessor: Patel was born in India, learned his politics there and came to Fiji as a mature adult with beliefs already hardened. He never shook off (or grew out of) many of the attitudes of the Congress leaders of the early nineteen twenties, although most of these have long been outmoded. He was an intellectual, sincere and dedicated, but misguided. His opponents respected some of his qualities no matter how bitterly they disliked his views, but they never trusted him very far. Koya on the other hand was born in Fiji and is very much a man of this country. Unlike Patel he has a distinctly murky past, having over a number of years been closely involved with a well known bunch of murderers and thugs whom he defended in court whenever they slipped up and secretly advised outside. Before he became leader of the party he had not been noted for his moderation and had never missed an opportunity to exploit anti-European feeling. But he has never shared Patel's main fault as a politician—a complete inability to compromise. A wheeler-dealer if ever there was one, he probably has no basic principles.

7. These then are the two men who have presided over the two major parties during the last year. They share an interest in power and a distaste for colonialism, being sufficiently political animals to operate on the same wavelength. More indeed than that, they have achieved a remarkable degree of mutual trust and accord which has facilitated inter-party agreement and even led some to speculate about the chances of a coalition Government. Although sure that Koya would dearly like to become a Minister, I doubt whether this is a serious possibility for several years. But before hazarding guesses as to what the future may hold, I should perhaps turn to what has happened since my predecessor's despatch of the 11th January 1968, written when the Opposition was boycotting the Legislative Council and by-elections in the nine Indian communal constituencies seemed likely to result: for during this period Fiji has, politically speaking, been turned upside down and will never be the same again.

8. By-elections duly became necessary after the Opposition did not appear at two consecutive meetings. They took place in the autumn of 1968 and were preceded by a bitter campaign vigorously conducted by both parties. The Alliance by then had over 30,000 Indian members on their books and had convinced themselves that they stood a real chance of winning a large measure of Indian support. They thus confidently expected to reduce the majorities in most, if not all, constituencies and even to win one or two seats.

9. This was not however to be. The results were little short of a landslide. All nine National Federation Party candidates were successful and most received an increased share of the poll. Despite the earlier assurances which they had received, the Alliance only managed to attract a total of 12,000 votes: (this was nevertheless 20% of the poll and proof of not unsubstantial Indian support—far more than the NFP would obtain from Fijians).

10. Fijians then felt that their leaders had extended the hand of friendship to the Indians only to have it brushed aside, and that promises had not been kept. Moreover they were angry that during the campaign abuse had been heaped upon Mara, and indirectly on his fellow chiefs. The outcome was a highly emotional reaction. There ensued a round of Fijian Association meetings held in all the main centres at which were passed some extreme resolutions, often verging on the seditious. One group of warriors marched through the streets daubed in war paint. Another processed with a banner saying 'Kill the Indians'. For a couple of months there was an ugly atmosphere almost throughout the country. Mara and his colleagues, every bit as disappointed and bitter as their supporters at what, with some justification, they regarded as a cynical rejection of their very genuine and sincere overtures, at first made no effort to restrain their people. It was only after repeated stone-throwing incidents and assaults by Fijians on Indians that he was prevailed upon to produce a very lukewarm statement, calling the hounds off. Although he was at once obeyed, he had by then allowed the Fijian back-lash to progress almost to the brink: there could easily have been widespread and potentially serious disorder.

11. As a result of all this, the political situation changed fundamentally. On the one hand the Alliance, hitherto disinclined to consider early constitutional changes, started to do some hard thinking. Mara appointed a research group of well educated young Fijians for the purpose. Both they and he himself soon concluded that the best policy would be to go for early independence whilst the country was still under Fijian leadership. At about this time Ratu Penaia Ganilau, then Minister for Fijian Affairs and Local Government as a civil servant and now shortly to be appointed a Senator and to become Deputy Prime Minister and Minister for Defence, observed with unaccustomed vehemence at a Fijian Intelligence Committee meeting that the Fijians had now come to see clearly where they stood and had realised that they must take the initiative if they were to remain masters in their own house.

12. On the other hand the Opposition was thoroughly alarmed. Ordinary Indian country folk were apprehensive about their own and their families' safety, whilst businessmen foresaw damage to property and looting. The party's triumph at the polls was therefore so short-lived that it could really be called still-born. They immediately dropped all activities which Fijians might consider provocative. In addition they became extremely cooperative in Legislative Council, doing all in their power to heal the breach. And they began to say they wanted to hold private talks with the Alliance about constitutional change, with a view to there being another conference if these succeeded. Mara soon responded, if at first with some suspicion and only because it suited what by then had become his book as well as theirs. After some initial sparring and many delays, one caused by the illness and death of Patel which in fact opened the way for progress, the two parties eventually got down to serious discussion. Early last November they announced their wish that the next move should be to what they then called 'Dominion status'. A month later Mara informed me that they had reached agreement that Fiji should proceed to this stage without further elections and as quickly as possible.

13. From then on events have moved at what has often seemed a bewildering pace. In January this year Lord Shepherd visited Fiji. He formed the opinion that, despite continuing differences of view over the key question of electoral arrangements, accord might be reached before or during a Constitutional Conference. One was duly held in London during April. It was a success, and very

shortly, on the 10th October, the ninety-sixth anniversary of Cession, Fiji will become an independent member of the Commonwealth.

14. That so much has been achieved can be a matter of satisfaction for all concerned. To achieve it, however, the electoral issue had to be fluffed. For 'having regard to the national good and for peace, order and good government of independent Fiji' the Conference settled on an interim composition for the new House of Representatives. It went on to record agreement

'that at some time after the next general election and before the second election the Prime Minister, after consultation with the Leader of the Opposition, should arrange that a Royal Commission should be set up to study and make recommendations for the most appropriate method of election and representation for Fiji and that the terms of reference should be agreed by the Prime Minister with the Leader of the Opposition ... Parliament would, after considering the Royal Commission Report, provide through Legislation for the composition and method of election of a new House of Representatives, and ... such legislation so passed would be regarded as an entrenched part of the Constitution.'

15. A calm search for a just solution to the problem of representation has in the past proved virtually impossible: feelings ran too deep. One is therefore bound to regret that in effect a time bomb will lie buried in the new Constitution, and to pray it may be defused before exploding. The two parties have however publicly committed themselves to an act of faith which must give reasonable ground for hope.

16. There are other grounds for this too: the new nation will start with many advantages. The economy is healthy. As developing countries go it is not badly off. There are few really poor people in Fiji, nor are there many millionaires. The average *per capita* income is about £150.0.0. Food is plentiful and, by and large, so is water. Much of the land could be more intensively farmed. An enlightened family planning programme, unopposed by any religious group, has succeeded in reducing the birthrate from 40.88 per thousand in 1961 to 28.97 per thousand in 1969. The standard of medical services is relatively high. 95% of children of primary school age attend school. There are admirable traditions of voluntary public service and of self-help.

17. The Civil Service is efficient, remarkably free from corruption and generally apolitical. The Independence Constitution contains the standard provisions to safeguard against patronage, and although there are already signs that Mara and Koya may find these irksome I am hopeful that the worst abuses of a spoils system will be avoided. Localization has proceeded at what some regard as a dangerously rapid pace, but is not likely to result in the traumatic experiences from which many countries have suffered. For one thing, there is a widespread recognition that an important handful of top administrators and key professional officers will be needed for some time: it is indicative of this that Mara has told the present expatriate Secretary to the Council of Ministers, who will be the first Secretary to the Cabinet, that he can look forward to staying here for at least five years. For another, almost three quarters of the overseas officers in Fiji are on contract or on secondment, so that there is no question of their being compensated and retiring prematurely. And finally, the country is fortunate enough to possess a substantial number of senior local officers with good qualifications and reasonable ability.



18. Industrial relations have been remarkably stable during the last couple of years. The Trade Union movement is led by moderate, sensible men; and employers, by and large, have behaved in a reasonable fashion. The two Union leaders who caused serious trouble in the past have been away in Australia for some time. Both are ostensibly studying, one at the Australian National University for a PhD and the other no one knows quite what, under the tutelage of Dr. Cairns, the leading figure on the left wing of the Australian Labour Party.

19. The country's isolated position in the middle of the enormous Pacific is in one sense an asset: it is shielded to a very great extent from the influence of external ideologies and events. Although a few individuals have been exposed to communist parties and individuals overseas there is no present likelihood of the ideology itself being introduced. There are no incipient revolutionary bodies nor are there any primitive cults. There is no history of serious riots and civil commotion and there is no present subversion. Even slogans like 'Black Power', 'Student Power', 'the New Left', etc. are virtually unknown, although the recent foundation of the University of the South Pacific may change this. Some of the lecturers there certainly appear anxious to encourage dissent.

20. The Fiji Military Forces and the Police are efficient, and their morale is high. But the loss of U.K. backup in the event of serious disorder will leave a yawning gap. Plans have accordingly been made to create a Police Mobile Force, especially trained in riot duties, and to enlarge the F.M.F., giving them more modern I.S. training and equipment. Implementing these may however cost more than the country can readily afford, and it is to be hoped that generous assistance will be forthcoming.

21. This is not to say that there are no serious problems: indeed the most immediate one concerns the future of the sugar industry, which still forms the backbone of Fiji's economy and provides a livelihood for 15,000 peasant growers.

22. Late last year Lord Denning, the Master of the Rolls, arbitrated in a dispute between these growers and the sugar millers, South Pacific Sugar Mills Ltd., an almost wholly-owned subsidiary of the Australian Colonial Sugar Refining Company Ltd. Rightly judging that the Company had done well over a substantial period, he decided to tip the scales in the growers' favour. Whether he tipped them too far is a matter of opinion. The Company obviously thought so, After a long silence it pressed Government privately to decide at once to buy its assets on terms to be settled, saying it would then be prepared to continue running the mills and marketing sugar for a period, on a fee basis.

23. The pressure proved counterproductive. Even had Ministers thought that its offer was attractive, they could not for political reasons have afforded to give the appearance of being the Company's puppets. On the contrary, they were determined to show the public that it would be obliged to dance to their tune. For it has long been regarded by local people as at best paternalistic and all too often a bully, browbeating the Fiji Government into helping it make assured profits at the growers' expense and not above a bit of trickery in the process. As a result both the Alliance and the NFP had engaged counsel to support the growers against it during the arbitration. Both had subsequently claimed credit for the favourable decision, being thus committed to making the Company accept this.

24. Having realized it must adjust its tactics the Company then published a critique of the award, purporting to prove that it could not operate profitably under the proposed new contract. The following day it announced that it would

nevertheless sign this, but, more in sorrow than in anger, would give notice in accordance with the law to withdraw from operation in Fiji after the next three seasons.

25. It may secretly have been glad of a good excuse to disengage. Accustomed to count on Government support, it was plainly going to face suspicion and perhaps hostility: a position long privileged had of a sudden become uncomfortably vulnerable. In Australia it has anyway been busily diversifying out of sugar, which is not a good long term prospect. Moreover almost half the sugar which Fiji produces has hitherto been sold to the United Kingdom at favourable prices under the Commonwealth Sugar Agreement. But for this assured market the industry would not have been viable; and the market is now at risk as a result of the U.K.'s application to join the E.E.C.

26. However all that may be, Government was obliged to declare its firm intention that the mills would continue to operate after 1972 and that S.P.S.M. might have to be purchased 'for the people of Fiji'. Having done so, it had to face complex questions about future ownership, management and marketing. Advice on possible answers to some of these has already been provided by a U.K. firm of Chartered Accountants, one of whose senior partners visited here under Technical Assistance arrangements. And a Select Committee of Legislative Council has opened discussions with C.S.R. It includes members of both parties, for this is rightly regarded as a national issue. The discussions are certain to be protracted and tough, but there seems a reasonable chance that they can be successfully concluded, without bitterness.

27. From the country's point of view their timing is nevertheless unfortunate. For if its biggest overseas investor is seen to be pulling out on independence, hazarding the future of its most important industry, the appearance must be given that there may be good cause for anxiety about political instability, or about nationalization. There is not yet any sign of a consequential loss of business confidence, though the risk must be obvious.

28. Though sugar poses the most immediate problem, race relations may prove the most perplexing. I do not imply that the atmosphere is ordinarily tense: far from it. Despite the fundamental and abiding differences between them, the two major communities here co-exist in a quite surprisingly relaxed manner. There are nevertheless many sensitive subjects. Each needs to be handled with particular care, for fear of arousing the sort of angry passions which can drive men to senseless violence.

29. One such subject is land. Of this there is not by the standards of many other countries a real shortage. But a lot of people here think there is, and this colours their attitudes. Moreover most of the parts which are suited to intensive agriculture have of course already been developed; and Indians occupy a large proportion of them and prosper accordingly, although Fijians own 83% of the country's land area. So the Fijians, not by nature hard-working peasant farmers and not in the past anxious to change their ways, now feel they have somehow been cheated of opportunities they would like. They are in consequence increasingly determined to recover the use of the better agricultural areas. Meanwhile the Indians feel with some justice that in the national interest all land should be properly used, and they look covetously at Fijian Reserves which too often appear neglected.

30. The Agricultural Landlord and Tenant Ordinance was enacted in 1966 and

brought into force the following year in the hope of containing the situation equitably enough to satisfy all concerned. It provided tenants with a right to renew their leases if they could prove greater hardship than their landlords, and with an entitlement to compensation for improvements if dispossessed. As a *quid pro quo* it also made provision for landlords to revise rents upwards, to 6% of the market value of their land. Revision took some time to arrange however, so the Fijians were slow to appreciate the potential value of the Ordinance and it came under heavy fire after the 1968 by-elections. Its repeal was only averted by some skilful manoeuvring by Mara himself, which involved setting up a Committee to consider amendments to it. During the past year or so many Fijians appear to have realised that its basic principles are fairer than they had at first thought. With the apparent concurrence of both sides of the House, the Committee has therefore avoided reaching any conclusions yet. As a result the Ordinance will now be enshrined in the new Constitution—so amendments will require the approval of two-thirds of both Houses of Parliament.

31. Further time has been bought in this way. But a solution to the land problem is no nearer. I doubt whether the problem will ever be solved without far more radical changes in the system of land tenure than Fijians have hitherto been prepared to contemplate. Any attempt to impose such changes would provoke a thoroughly hostile reaction: unless they commanded popular confidence they would stand no chance of success. There are however now some signs that people are at least beginning to question the present paternalistic arrangements. These vest control of Fijian land in the Native Land Trust Board, a body which is hopelessly inefficient and probably corrupt. It has the power to negotiate leases without consulting the landowners, and it deducts 25% of all rents for its services. Once a sacred cow, it is fast becoming an Aunt Sally. An increasing number of Fijians favour drastic reform. They feel, with justification, that they are no longer children, that land is their only capital (of which they are chronically short) and that they ought to be permitted greater powers of decision. Few may yet be prepared to contemplate any substantial lifting of the restrictions on the alienation of their land; but it is significant that a question long taboo can now be discussed.

32. Another sensitive subject is the racial composition of the Civil Service. Fijians still outnumber Indians in it, though the better qualifications and greater diligence of the latter win them more of the senior positions. Hitherto, as a generalization, the Service has in consequence been officered by expatriates, and has had Indian n.c.os. and Fijian privates. If rapid localization were to result in Indian officers as well as n.c.os. much bitterness might result. Except for lawyers the most outstanding locals are by chance a mixed bunch, so the top managerial posts are likely to be equitably distributed. Moreover it has proved possible to distinguish the areas (like the Administration) where undue imbalance might result in a public outcry, and to ensure that particular attention is paid to the staffing of these. However the Judicial and Legal Departments are vulnerable areas and will continue to be so for a few years.

33. Yet another sensitive subject is that of employment generally. When jobs are scarce, members of each community are always liable to resent losing an opportunity of work to someone of another race. Fijians also now realize how much they have missed by failing to start businesses of their own. Their reaction is to blame everyone else for their lack of the necessary capital and training, and to ignore the fact that

with greater effort and resolution they could have done much to help themselves. A reconstituted and (hopefully) revitalized Ministry of Fijian Affairs is to be charged with particular responsibility for securing for them a fairer slice of the economic cake, probably by providing them with special assistance.

34. The Government recognizes that this alone will not suffice: the essential is that Fijians' dismal performance in school examinations should be improved, so they become better qualified to compete on equal terms in an aggressive world. An Education Advisory Committee reported last year, making recommendations designed to give them preferential treatment with this object in view. Perhaps more important still is the recognition by Fijian leaders that success must ultimately depend on the efforts made by children of their own race. If they can get this message across to parents, the effect may be dramatic.

35. Many of the measures I have mentioned must seem to be designed to accord Fijians privileges which others will be denied. They are; and are probably necessary. For racial inequalities are at the root of all the problems under discussion. The Fijian people have a growing awareness of the present differences between their wealth and opportunity and that of other races. They may as a result become embittered, and embitterment may lead them to lash out wildly. This is the more likely to happen at a time when the whole Third World is in the throes of a revolution of rising expectations, and it may happen the more quickly if many hold high hopes of independence, but find these are disappointed. Both political parties recognize the danger. Both are thus committed to a policy of improving the Fijians' position: any argument will be about the means rather than the end.

36. Whether the policy will succeed is another matter. Doubts must assail even the warmest admirer of the Fijian people, and they have never lacked admirers. This may indeed have been their undoing. Big, genial men with huge smiles, ready courtesy and natural dignity, they are physically courageous and captivate most who meet them. But they have at the same time a deep pride in their own culture, an appreciation of the value of leisure and a childlike trust in others, all of which has tended to arouse protective instincts. Some have thus felt that they should be comfortably wrapped in a cocoon: treatment they have welcomed. So they remain, and have perhaps been encouraged to remain, accustomed to look for leadership to others, particularly to their Chiefs (whose authority is still immense), rather than to exercise much individual initiative. Changes in attitude will not come easily to them.

37. This need not be a cause for dismay: traditional societies are often stable and cohesive. But it probably means that much will depend upon whether the economy expands particularly fast. If it does, the Fijians may be swept along rapidly enough to allay possible discontent even though they do not catch up much on other races.

38. The prospects of its doing so look hopeful. Tourism is booming at a phenomenal rate, almost doubling in size every three years. Moreover it is labour-intensive; it attracts large-scale capital investment; and it provides many fringe benefits. It will of course bring its own problems. Fortunately the dangers are appreciated, in particular by Mara, and there is every sign that development will be controlled in a sensible manner. Mineral exploration during the last year or so has shown promising results and mining developments may well provide a substantial increase in job opportunities and in much-needed infrastructure in the interior of the main islands. And forestry continues to show great long-term promise; a pulp industry now seems a likely starter.

39. A recent World Bank Mission to Fiji reached a similar conclusion about prospects. It recorded a view that the country 'will enter Independence on a firmer economic base than many new countries. Balance of payment problems have been avoided, and equilibrium should not be difficult to maintain. Minimal foreign borrowing has kept public debt service ratios low and debt service on private account is not significant. Debt service ratios in 1975 are estimated at 3% of commodity exports and 1.3% of non-factory export receipts for goods and services, the difference indicating the importance of tourism. Fiji can be considered creditworthy for Bank lending on its own account, following Independence.'

40. Moreover the strategy contained in Development Plan VI (to cover 1971–75) appears sound. For the economy as a whole the projected growth in domestic produce is 6.9% a year. This compares with 5% annually over the last five years, during which there was a much higher rate in 1968–70 than in 1966–67. Tourism is expected to be the leading sector with an annual growth rate of 25%, and emphasis is also to be placed on export growth and import substitution. Investment is projected to grow at more than 10% per annum, exceeding 32% of Gross National Product in 1975.

41. Emphasis is also rightly to be placed on rural development—on bringing the income of the population in the country areas, where incidentally most Fijians live, closer to that of town dwellers, and on providing those areas with better services so that they will be an attractive place to live. It is hoped thus to stop the drift to the towns and the consequent growth of a large urban unemployed class, many of them Fijians in a strange environment, cut off from their village roots: the increase in crime by young Fijians is already causing concern.

42. The plan is ambitious. The growth rate may prove a little beyond the country's capacity when viewed in the perspective of past performance. Furthermore the present high rate of private investment will be difficult to maintain. The construction sector in particular appears to have been reaching capacity in the last two years, so that further expansion will be difficult in the short run.

43. Whether the plan can be implemented in full will partly depend on what outside assistance is available. So I end with a brief look at an independent Fiji's likely international interests, hopes and attitudes. As an isolated archipelago, she will not be troubled by defence problems. Her immediate concern will be with neighbouring South Pacific islands. Mara would undoubtedly like to be regarded as their leader, but is very conscious that others are jealous of Fiji and that he must be careful. He will probably continue to work for regional co-operation wherever possible, offering help where he can (for instance in training), hoping to increase trade and perhaps trying to coordinate some economic activities. I am sure he has no present ideas of any political confederation, however loose; nor should I regard one as a starter in the foreseeable future.

44. He will enjoy playing a part on a wider stage too, when Fiji joins the United Nations and the Commonwealth. But I expect it to be a cautious part. He has already shown that he would prefer to avoid taking sides—between Israel and the Arab States, between the two Chinas, and so on. Caution comes naturally to him: it is symptomatic that rather than inherit all Treaties unexamined on independence ('signing a blank cheque', he said) he has arranged for advice from an Australian Professor of International Law, so that an effective exercise can be done. Moreover he is unlikely to wish to be permanently aligned with any group, and Fiji is more likely

than most new Commonwealth nations to be open to argument about, and prepared to take a line helpful to the U.K. on, colonial issues at New York.

45. Partly as the result of encouragement from India, he has become involved with bodies like ECAFE and the Asian Bank, and has shown interest in the Colombo Plan. Links with India seem certain to be developed, even though there is not yet to be a Fiji High Commissioner in New Delhi. London and Canberra alone have been chosen, probably because most is expected of the U.K. and of Australia by way of trade and aid. For the U.K. there is a great store of goodwill. This will not prevent Mara from the occasional display of bad temper when denied his way, but it should generally ensure a lasting and valued relationship.

46. Relations with Australia may be more difficult. Many here consider that the Australian Government has a large debt to repay, because Fiji has been exploited by big business from there; and that official Australian attitudes are too often overbearing when they are not indifferent. These attitudes are in fact gradually changing, as is the Fiji view of Australia. But it is to be hoped that change will become rapid and radical enough to ensure much greater mutual understanding: Fiji certainly needs Australian interest and support.

47. From New Zealand she can look forward to getting both, although she will have no High Commission in Wellington. For there has long been close sympathy between the two countries, and this should continue to survive the occasional difference of view.

48. All in all, therefore the outlook is bright. There are certainly problems, but everyone is united in a genuine desire to solve them. There is not yet any real feeling of nationhood, but there is a solid core of goodwill and genuine tolerance which is a sounder basis than many emerging countries have had at the start of the journey. Above all Fiji is a country of commonsense, and that is no small asset. Those of us here who have seen other countries at the same stage are at one in believing that things should go well.

49. It is perhaps not without significance that, with the willing agreement of all concerned, the Union Flag will be lowered for the last time not as part of the Independence Parade on the 10th but, with the dignity which befits the departure of an old and respected friend, at a special Retreat ceremony on the evening before. In addition the new flag to be raised on the 10th incorporates the Union Flag.

**354** FCO 32/744, no 2

29 Oct 1970

'Western Pacific: constitutional development': minute by R N Posnett<sup>1</sup>

*Annex: 'The outlook for the British dependent territories in the Pacific'*

In approving the proposals in Sir Leslie Monson's submission of 14 September for constitutional development in the Gilbert and Ellice Islands Colony, Lord Lothian commented as follows:—

'I had intended to consult Mr. Godber about this problem as I have the uneasy feeling that, unless we are very careful, the problems of the Caribbean in the

<sup>1</sup> First secretary, FCO.

'60s will spread to the Pacific in the '70s. The prospect of the Ellice Islands seceding from the Gilberts at a later stage, if it suited *their* interests to do so, is not a happy augury for the future.

However, I gather that unless the draft despatch issues tomorrow we shall run into serious difficulty over timing. In these circumstances I am prepared to authorise the issue of the draft despatch provided I am assured that the point made by Sir Michael Gass about Ocean Island (see the third paragraph of his letter of 10 July—Flag G) is specifically dealt with in a follow-up telegram or letter.

After the immediate action has been taken, I should like to have a meeting to discuss in general terms:—

(a) how seriously we should take the Ellice Islanders' threat to secede from the Gilberts and what action we might take if such a threat should appear to be serious;

(b) where are we going in the Pacific in regard to our Dependent Territories.'

2. The draft despatch has duly issued and I am able to give the assurance asked for in the second paragraph of Lord Lothian's comment. Ocean Island is already a part of an existing constituency and no change is proposed under the new Constitution. This accords with the recommendations of the High Commissioner and of the Resident Commissioner.

3. The Ellice Islanders have some ethnic difference from the Gilbert Islanders and there is some mutual suspicion between them. Many Ellice Islanders hold important jobs in the Gilbert Islands, but the Ellice Islands are less productive. But the total population of the G.E.I.C. is only 55,000 of which only about 8,000 are Ellice Islanders, including those who live in the Gilberts. The Ellice Islanders thus fear discrimination and being politically outnumbered.<sup>2</sup> It is the continuing preoccupation of the administration to dispel these fears and to draw the Ellice

<sup>2</sup> Tawara in the Gilbert Islands was the capital of the GEIC, and some 830 miles from Funafuti, the principal town in the Ellice Islands. The inhabitants of the Gilbert Islands (Kirabati at independence in 1979) are Micronesian and largely Roman Catholic. The people of the Ellice Islands (Tuvalu from 1975, see 355, note 2) are Polynesian and largely Protestant. Concern about domination by the Gilbert Islands developed in the Ellice Islands from the 1950s when the first representative institutions were introduced in the GEIC. By the early 1970s this concern had developed into an insistent demand for separation. The FCO opposed separation on the grounds it would be costly to Britain; also it made no sense to contemplate the creation of another small island state in the Pacific. Officials suggested the Pacific needed more regionalism, not fragmentation. Other possibilities considered (but ruled out) were local devolution, federation, a link with another Polynesian group like Western Samoa, or transfer to another metropolitan power. Sir John Field, governor of the GIEC, prepared a report in Apr 1972 on *The Future of the Gilbert and Ellice Islands: A Note on the Implications of Separation and Continued Association* (FCO 32/894, no 8, enclosure). In Sept 1972 Anthony Kershaw, parliamentary-under secretary of state at the FCO, visited the GEIC. A brief for his visit stated, 'about all the two peoples have in common is 50 years of British rule and for many years that was hardly apparent' (*ibid*, no 25). Kershaw found the Ellice Islanders adamant about separation. He reported they were unmoved by the financial implications and ready to return 'to their simpler and immemorial way of life, coconuts and fishing from canoes'. Envisaging therefore 'a long period of grant-in-aid' and dependence on Britain, Kershaw saw one advantage in that it would prevent Funafuti, which he described as 'one of the finest fleet anchorages in the world', from being used by a hostile power (*ibid*, no 34). Kershaw also shared the concern of FCO officials that Britain had to avoid the emergence in the Pacific of an Anguilla situation; military action by Britain was (in Kershaw words), 'simply not on'. Officials supported Kershaw's suggestion that a commissioner should be appointed to enquire and report on separation, and Sir L Monson was appointed in Dec 1972 (FCO 32/895).

Islanders towards the larger unit by improving communications, improving development in the Ellice Islands and so on. The new Constitution doubles the proportion of seats in the central legislature to represent the Ellice Islands and this should help to give them a greater sense of political participation in the Government of the Colony. At the same time they can be encouraged to maintain their own traditions and develop local island institutions.

4. Separation of the Ellice Islands would not be practical politics: they rely on the Gilbert Islands economically and for jobs, education, etc. There is no practical alternative for the Ellice Islands. Separation from the Gilbert Islands would, in any case, infringe the principle of territorial integrity affirmed in U.N. General Assembly Resolution 1514.

5. A note about the outlook for further development in the Pacific territories is annexed. The proposed Conference of Western Pacific senior officials in the New Year would provide a good opportunity to review future policy.

6. Miss Emery<sup>3</sup> will be back on 2 November after two months in the Pacific and will doubtless be available for discussion with the Minister of State if required.

#### Annex to 354

Our general policy in this region, as elsewhere, has been to bring territories forward politically and economically at such speed as they can manage, with the aim that they should eventually exercise self-determination in regard to their constitutional future. The retarding factors have varied from one territory to another, but the remaining dependent territories all suffer from social and economic backwardness largely due to their geographic isolation and severe difficulties of transport and communications within as well as between the different territories, coupled with an extreme shortage of well-educated people.

2. The immense distances involved, the lack of any really strong emotional bonds and the great problems faced in each territory make it unlikely that any wider association will develop between them. This also applies for similar reasons to association with Papua–New Guinea, although the Planning Committee paper on our policy toward Australia and New Zealand (Home 57/70) recommended continuing contact between the Solomons and Papua–New Guinea in case the possibility of union under Australian control or as part of a Melanesian state should emerge in the long run.

#### *The Gilbert and Ellice Islands Colony*

3. The logistic difficulties of political, social and economic development are immense, with the population of 55,000 concentrated on islands with a land area of only 283 square miles but scattered across 2,000 miles of ocean. The Islands possess no natural resources beyond the phosphate deposits on Ocean Island which are expected to be worked out in 1977, after which the Colony will become dependent upon Britain for budgetary aid. The over-crowding, particularly on Tarawa Atoll, is severe. Education policy, and public health present increasing problems.

4. Our aims are to expand such alternative economic opportunities as exist, in

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<sup>3</sup> Eleanor J Emery, head of FCO Pacific and Indian Ocean Dept, see 252.



accordance with a carefully worked out development plan, and in particular to seek to control population growth. But there is little real hope in the foreseeable future that the Colony will achieve financial self-sufficiency. Political development is extremely slow because in the widely dispersed conditions of these small islands it is virtually impossible to develop public interest in national policies as opposed to purely local problems.

5. The distance of the Colony from other island groups is sufficient in practice to preclude any possibility of closer association. But the Islands are of some strategic importance, and were the scene of major battles during the Second World War.

6. It is not possible at this stage to foresee a time when the Colony might be prepared finally to sever its constitutional ties with and dependence on the United Kingdom.

### *The New Hebrides*

7. This territory is a special case since we share responsibility with the French under the terms of the 1914 Protocol and progress can only be in agreement with the French.

8. Standards of living are high relative to many dependent territories but the people are backward, very few are well-educated, and general awareness of the New Hebrides as a political entity is only just beginning to develop. There are no national political parties, although one movement focusing on the land issue has come to have some political influence. Both the British and French give substantial financial support to their respective Administrations and the territory thus receives, on a *per capita* basis, more aid than most others.

9. Our policy has been to work with the French and with the people for peaceful progress in the political, economic and social fields, but French ideas are different from our own and, in particular, they have been reluctant to agree to constitutional progress for the indigenous inhabitants.

10. The present situation presents real dangers for us, generally because political development has been very limited compared with other territories in the area and also in particular areas of administration because of the lack of progress, e.g. over the land question. A review is now taking place within the F.C.O. to determine our best means of obtaining French agreement to more progress in the territory, without disturbing the delicate balance of our relations with them on more important metropolitan issues.

### *The British Solomon Islands Protectorate*

11. Of the three Pacific territories this one has the best chance of meaningful economic and political progress in the next few years. It is relatively more cohesive and it has better mineral and agricultural resources as well as a larger population.

12. But the people are backward (there is, for example, only one local graduate in the territory at the moment) and a sense of national political identity is only just beginning to be seen in a few of the leaders.

13. A new Constitution has been introduced this year which gives the local people a good opportunity to exercise increasing power in government. Further constitutional advance is likely to follow within the next few years. There is a real possibility of the Protectorate being in a position to move to self-government within the decade.

14. At the same time, a big effort is being made to develop the territory's economic resources, particularly through mining and plantation projects. There will be a considerable increase in capital aid over the next five years from Britain. This has the aim of enabling the territory in time to increase the generation of revenue to the stage where it will no longer be dependent upon British budgetary aid, which is running at present at some £1 million per annum.

## **355** FCO 32/860, no 9A

7 Jan 1971

[Gilbert and Ellice Islands]: minute by Eleanor J Emery on the separation of the Gilbert and Ellice Islands colony from the Western Pacific High Commission

### *Problem*

1. To decide whether the Gilbert and Ellice Islands Colony (GEIC) should be separated from the High Commission for the Western Pacific as requested in the attached motion which was passed on 27 November, without dissent, by the House of Representatives in the Colony.

2. To decide also what reply should be given to the question on this subject from Mr Nigel Spearing<sup>1</sup> for written answer in the House of Commons on 12 January.

### *Recommendation*

3. That we decide to separate the Colony from the High Commission and that this be announced in reply to Mr Spearing's question as in draft immediately below. It would be appropriate for Lord Lothian also to refer to this decision in the course of the debate in the House of Lords on the same day.

### *Background and argument*

4. The post of High Commissioner for the Western Pacific was first established in 1877 in order to control the activities of British subjects in the area. It was held by the Governor of Fiji until 1952. As High Commissioner, he came to have overall responsibility for the administration of British territories in the Pacific. When the posts of High Commissioner and Governor of Fiji were separated in 1952, the High Commissioner moved to the British Solomon Islands Protectorate (BSIP). At that time he lost his responsibility for Tonga and Pitcairn, assumed direct responsibility for the administration of the BSIP, and remained generally responsible for the administration of the GEIC and the British service in the New Hebrides (in both of which we also have Resident Commissioners) as well as for the uninhabited Central and Southern Line Islands.

5. The Western Pacific High Commission was a most useful means of administering the various territories before they began to advance politically and economically at different speeds. In recent years, however, the local administrations of the GEIC and the New Hebrides have been strengthened considerably so that they now have little need to turn to the High Commission for advice on most matters and, at the same time, the High Commissioner and his Secretariat in Honiara (BSIP) have

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<sup>1</sup> Labour MP for Acton.

become increasingly involved in the developing affairs of the Protectorate and have had less time to spare for the problems of the other two territories.

6. In the GEIC the High Commissioner's powers have been greatly curtailed by constitutional advance in the past decade and the limited powers which he retains have been to some extent delegated to the Resident Commissioner in the Colony. Also, with increased devolution of power in internal affairs to elected representatives in the Colony the interposition of the High Commissioner between the Resident Commissioner and the Secretary of State is becoming an embarrassment to the Resident Commissioner and an irritation to the elected representatives who feel that they are being treated as a 'second class' territory. For some time there has been pressure from the elected members of the House of Representatives for the separation of the Colony from the High Commission. Members of a Select Committee on the Constitution were told a year ago that we could not do everything at once and that this matter would be considered after a new constitution for the Colony, for which they were most anxious, had been worked out. That new constitution is now being brought into operation. The motion at A is the local politicians' latest move in their campaign for separation from the High Commission.

7. It could be argued that it would be well to leave this next change until the Legislative Council to be elected next month under the new constitution had had an opportunity of expressing its views on the matter. There is no doubt, however, that their views will be the same as that of the present House of Representatives. Moreover, the High Commission is part of HMG's administrative machinery for discharging its responsibilities towards the GEIC. Although on a matter of this sort we would, of course, take their known views into account there was no need for a formal resolution on the part of local legislators to move the Secretary of State to make a change.

8. The balance of advantage seems to be in favour of separation. The High Commissioner and the Resident Commissioner also take this view and argue that we should concede gracefully to the growing demand for separation and so avoid the issue becoming a major political irritant.

9. Separation from the High Commission will not mean any greater degree of independence for the Colony. Nor will it lessen the chances of any subsequent 'federation' of Pacific islands, which could only effectively be agreed, if at all, between the elected representatives of the territories concerned at a later stage of constitutional evolution. (The people of the GEIC are Micronesians with little or no affinity with the Melanesian people of the Solomons and the New Hebrides.) There are no insuperable legal or administrative problems in disentangling the Colony from the High Commission and the decision in principle could be announced now. The High Commissioner and the Resident Commissioner agree that an announcement could be made now. Its implementation will, inevitably, take time.

10. The New Hebrides is a different case. The Anglo-French Protocol of 1914 requires that there should be a British (as well as a French) High Commissioner for the New Hebrides. There is no question of altering this arrangement at the moment and it seems probable that we shall also find sufficient justification at this stage for retaining the post of High Commissioner for the Western Pacific, even when his responsibility for the GEIC is removed.

11. In the event of the above recommendation not being approved, I suggest that the reply to Mr Spearing's question should be as in the alternative draft at C.<sup>2</sup>

<sup>2</sup> Monson commented (7 Jan): 'I am quite sure that the recommendation is right. The retention of these administrative overlords has always proved impracticable when local legislatures get more executive responsibility.'

Prior to Jan 1972, when a governor was appointed, the GEIC came under the jurisdiction of the high commissioner for the Western Pacific. Legislative and Executive Councils were established in 1970, replacing the former House of Representatives and Governing Council. Ministerial government was introduced on 1 May 1974 when the Legislative Council was replaced by a House of Assembly. A referendum in Oct 1974 revealed a majority of the Ellice Islanders were in favour of separation and the establishment of a new colony. Constitutional separation took place in Oct 1975 when the Ellice Islands were renamed Tuvalu; administrative separation came into force in Jan 1976. Tuvalu became independent in Oct 1978. The Gilbert Islands achieved independence as the new state of Kiribati in July 1979. The Solomon Islands became independent in July 1978. For the New Hebrides, see 356.

## **356** FCO 32/827, no 93

3 Aug 1971

### **'The New Hebrides': minute by Eleanor J Emery on the problems facing the UK in the administration of the condominium**

#### *Problem*

1. The administration of the Anglo–French Condominium in the New Hebrides is governed by the Protocol of 1914 which declares the Group to be 'a region of joint influence'. In practice the two powers run certain government services jointly and others separately and in parallel.

2. In 1958 the British Government decided that it should consult with the French to try to achieve improvements in the administration of the Condominium. Discussions since then have been held from time to time in Paris, London and in the New Hebrides, but the results have been disappointing. It proved impossible in 1966 to draw up a joint statement of policy. This was apparently due to:—

- (i) French reluctance (in the light of their other Pacific interests) to see devolution of authority to the local people. (We and the other colonial powers in the Pacific have followed such a policy leading in some cases to independence), and
- (ii) Divergence of approach on development planning where we lay emphasis on the aim of economic self-sufficiency while the French give greater emphasis to social improvements and cultural advance.

3. Direct British interests in the New Hebrides are small (see paragraph 10 of Background Note at Annex A)<sup>1</sup> but the present situation there is embarrassing and potentially damaging to us. The risks are:—

<sup>1</sup> Annexes not printed. Para 10 of Annex A explained that British economic interests had been virtually non-existent from the beginning of the Condominium. The UK did not take imports from the territory and UK exports were worth £205,300 in 1969, about 4 per cent of the territory's imports. The UK interest in trade and land holdings was primarily Australian, but while Australia still provided nearly half of New Hebridean imports, much of the Australian land had been sold. Following the establishment in 1970 of the Australia–New Zealand Banking Corporation at Vila, a considerable number of companies had registered under UK jurisdiction in the territory. It was suggested this would bring at least minor economic benefits to the territory.

- (a) increasing pressure from native New Hebrideans for an identity of their own, for a more modern and efficient administrative structure and for a greater voice in their territory's affairs; and the consequent risk to internal security resulting from frustration on this score;
- (b) other risks to the internal security of the territory arising particularly from frustrations and irritations to the local inhabitants about land problems over which the French 'colons', the French land development companies and the French Administration seem to the local inhabitants to be insufficiently sympathetic;
- (c) risk of increasing international criticism of our involvement in the present 'backward' and 'colonial' type of administration;
- (d) our having to find out of our aid ceiling increasing sums without the adequate return in increased economic development of the territory which we could hope to find for this expenditure in other overseas territories.

These risks in our view derive from French reluctance to see change in the *status quo*, partly because their whole political and economic approach to dependent territories is different from ours; partly because they have much greater economic interests in the Condominium itself than we do, but mainly because they are reluctant to see political change in the New Hebrides which might have a chain reaction in their other Pacific territories where they are resisting political change or even increasing metropolitan control at the expense of the local Assembly. (New Caledonia will be producing up to one quarter of the free world's nickel by 1975 and earning for France about \$US 350 million in foreign exchange. French Polynesia provides the only French nuclear test site and this is vital to the *force de frappe* (a major element of French foreign policy).)

### *Argument*

4. There is a general background note about the New Hebrides at Annex A.

5. Reviews of our position in the New Hebrides have been carried out on a number of occasions since the Condominium was first established. (Outline Summary of these at Annex B.) Past attempts to extricate ourselves have been in vain. The range of options open to us has narrowed over the years. In theory there are, or have been, the following possibilities:—

(a) *French withdrawal*. This has never been a real possibility and is even less likely today in view of the economic importance of New Caledonia and the strategic value of French Polynesia to France. Senior French officials have recently been heard to discount it categorically.

(b) *Partition*. Originally proposed by the French in 1903 but defeated then by Australian opposition; proposed in 1926 by the British and rejected by the French. Today it would be extremely difficult politically and administratively, would not make economic sense, would bitterly offend the growing sense of national New Hebridean identity and would be in flat contradiction of the principles generally accepted by UN members on the integrity of territorial boundaries.

(c) *Transfer of HMG's responsibilities to Australia*. This was considered seriously in 1927, 1930, 1937 and again in 1950 but Australian interest in the possibility was not maintained and is most unlikely to be renewed at a time when Australia is actively taking steps toward withdrawal from Papua–New Guinea. Franco–Australian

relations in the Pacific are such that the French in any case would be unlikely to agree.

(d) *British withdrawal*. The Protocol contains no provision for unilateral withdrawal.

We considered a negotiated withdrawal in the early thirties but financial difficulties in the Condominium resulted in our delaying an approach to the French until World War II disposed of this possibility. We consider it unlikely that the French would agree now to a negotiated British withdrawal. They have been consistent in wishing to maintain the Condominium; any change in the New Hebrides would require a fundamental recasting of present institutions which might spill over to New Caledonia and French Polynesia. They would therefore probably regard withdrawal as an unfriendly act and such a proposal would be bad for Anglo–French relations.

An attempt on our part to withdraw would be ill-received by New Hebrideans educated under the British system (more than 50% of them) and would place them in a difficult situation. There would certainly be criticism in this country and internationally that we were abandoning our obligations (including criticism from Australia and New Zealand). It could also prejudice our stand at the UN on Gibraltar and the Falkland Islands. Moreover any British move to wriggle out of the New Hebrides now would not only be seen as an admission of inability to work with the French in the New Hebrides but would be entirely inconsistent with HMG's policy of working in positive and friendly co-operation with France in as many areas as possible.

6. There being no escape available to us at present we must seek to make the best of things for the New Hebrideans and for ourselves, within the Condominium framework.

7. The British Resident Commissioner and his staff in recent years have maintained continuous, firm, but friendly pressure on their French colleagues in the New Hebrides with a view to improving the institutions and administrative machinery of the Condominium. They have had not inconsiderable success. The Advisory Council (of which one half of the non-official members are New Hebrideans, and one third are elected New Hebridean—albeit indirectly elected), local councils, joint development planning, co-operatives, localisation, joint security planning, agricultural extension services are all the result of British initiatives and a gradual wearing down of French resistance in the face of patient British prodding. We have had other successes of this sort too, particularly in defusing disputes over land. They are all evidence that France is not impervious to pressures from us in the New Hebrides, especially when we are backed by New Hebridean opinion.

8. Our contribution in capital and budgetary aid to the New Hebrides in 1969/70 was over £850,000. In 1971/2 we estimate that it will be over £1.4 million, and further increases are likely. The Inter-Departmental Committee on Budgetary Aid Policy has recommended that whenever consideration is given to our future position in the Condominium, the expenditure on the British National Service should be brought to the attention of Ministers. Details and background are given in Annex C. The prospect of HMG's bearing an increased burden of aid expenditure without adequate return is a matter for concern. The transfer of more governmental responsibilities from the National Service to the Condominium would, if it could be achieved, help to reduce the budgetary aid burden.

9. The risks described in paragraph 3 above are serious and with quickening political and economic development elsewhere in the Pacific, they are increasing. There is growing local pressure for political changes. At the last session of the Advisory Council, for example, resolutions were passed calling for a revision of the Protocol, and the establishment of a Legislative Council. The British Resident Commissioner advises that unless there are changes, there will be political, administrative and social stagnation in the territory and that this is likely to lead to serious political discontent among educated New Hebrideans, discontent which will increase as more New Hebrideans complete secondary and tertiary education.

10. We believe that the French would be willing to find joint solutions to some of the current problems. However, the powers delegated to the French Resident Commissioner by Paris are very limited and most outstanding issues have been taken as far as they can locally. Talks at metropolitan level in the past (most recently meetings of Ministers in 1965 and 1966) had little positive result and contact between London and Paris over the New Hebrides in recent years has been minimal. It is clear that, for progress on outstanding issues, we ought to reopen a dialogue at metropolitan level. There have been several recent hints from the French that they would welcome discussions with us about the New Hebrides. The current improvement in Anglo-French relations and the prospect of our entry into the Common Market provide an opportunity to engage France in closer dialogue about the New Hebrides to the benefit of our joint administration there and in the overall British interest.

### *Recommendations*

#### *Policy objective*

11. Britain should continue to work within the Condominium but aim to reach agreement with the French on means of reconstituting it:—

- (a) to take account of local political developments and give the local people increasing say in their affairs;
- (b) to provide a more efficient joint administration in the territory in keeping with present day circumstances;
- (c) to influence financial and economic arrangements in the territory so as to reduce the level of British expenditure on the National Service;
- (d) to extend the joint administration into fields at present covered by the separate national services. Possible fields for this extension initially are cooperatives, labour administration, civil aviation, information and secretariat administration, and rural medical services, but it might continue to more difficult areas such as education;
- (e) to ensure that aid from metropolitan powers and particularly British aid achieves the maximum possible economic development for the benefit of the local people accepting, however, that the circumstances of our involvement with the French in the New Hebrides are such that the return for our aid in terms of economic development may sometimes be less than we would expect in a territory for which Britain alone is responsible;
- (f) to give practical effect to our basic political need to work closely with the French in international affairs both before and after our entry into the EEC, and with particular regard to the period preceding HMG's ratification of the Treaty of Rome.

12. With the above long term objective we should re-establish contact with the French at metropolitan level as soon as possible in order to:—

- (a) reassure the French of our good faith and readiness to take proper account of their national interests;
- (b) having done so to engage them in discussion of, and, where possible, in co-operation in, a variety of administrative and economic improvements leading the way to the objective set out in paragraph 10 above;
- (c) through this increased contact at the metropolitan level, to gain a clearer assessment than we have at present of French long term attitudes to the Condominium and our presence in it.

13. We would then review the situation again and decide what course we should take.

### *Tactics*

14. The Advisory Council at its last meeting adopted resolutions about constitutional matters. Consultation is necessary between ourselves and the French about what reply the two Resident Commissioners are to make to the Council which is due to meet in a few weeks time. The French have indicated willingness to have such discussions. This gives us a useful natural opening and will also bring us in touch with current French thinking on the major long term issues. We should endeavour to make this a continuing dialogue and gradually to widen the field of discussion. (A list of topics outstanding for discussion with the French is at Annex D.)

15. We should keep the dialogue in a low key and ensure that it remains friendly. We should take care not to drive the French into corners. We should also ensure that this metropolitan contact is maintained. To attain our long term objectives we shall doubtless require endless patience and perseverance. We must not be easily discouraged.

16. Depending on progress in the official talks there might later be Ministerial talks and/or we might propose some special joint consultative machinery on the New Hebrides at metropolitan level.

17. The Department hope it will be possible for a British Minister to visit the dependent territories in the Pacific next year. He should spend a few days in the New Hebrides. This would be a useful indication to the French of our continuing interest and involvement in the New Hebrides and it would give reassurance to the people of the New Hebrides of our concern for them.

18. We are pledged to work in harmony with Australia in Pacific Island affairs and the Australian Government has interests (especially in land) in the New Hebrides. We should keep Australia (and New Zealand) informed of any significant developments in talks with France.

19. This submission which has been discussed in draft with the British Resident Commissioner, has been cleared with the South-West Pacific, Western European, European Integration, UN (Political) and Dependent Territories General Departments. It also has the concurrence of officials in ODA and the Treasury.<sup>2</sup>

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<sup>2</sup> Renamed Vanuatu, the New Hebrides became an independent republic within the Commonwealth in July 1980.





## CHAPTER 12

**Africa**

Document numbers 357–390

**357** DO 216/19

Nov 1964

**‘The implications of Sino–Soviet penetration of Africa’: FO paper***Introduction*

This paper deals primarily with Africa south of the Sahara,\* i.e. Black Africa; the implications of Sino–Soviet penetration in Arab Africa are not dissimilar, but represent a separate problem. The paper is based on four factual studies, which are attached as Annexes<sup>1</sup> and are referred to in paragraphs 5–7 below: two on Chinese activities, one on Russian and one on Western. For the reason explained in paragraph 4 below, the paper is mainly concerned with the implications of the Chinese rather than the Russian effort; not because the Russians are less dangerous, but because the Chinese are the newer element in the situation.

2. Chinese and Russian policies in Black Africa have much in common. They each combine the same long-term goal of ideological conversion with the same tendency to opportunism arising from their rivalry with the West and with each other. Both aim eventually to supplant Western influence throughout the continent, and in the meantime to weaken it by any means that present themselves.

3. Such differences as there are between Chinese and Russian policy relate to tactics and timing rather than to strategy. The Russians seem less inclined to promote social disorder for its own sake. They no doubt calculate that too much subversion risks provoking intervention by the West; and that in conditions of total chaos the Chinese brand of Communism seems likely to make more headway than their own. They have therefore tended to concentrate on developing influence and friendship with existing African governments, through the deployment of programmes of aid, both civilian and military, and technical assistance. Indeed, some Soviet aid has been objectively beneficial to the progress of the country concerned. But, by indoctrinating likely key men in the rising generation, and by building up the image of the Soviet Union as the leading world power of the future, they aim to secure with a minimum of dislocation the eventual transfer of African countries from the capitalist to the Communist orbit. The Chinese, by contrast, having both less to offer in material terms and less to lose in terms of influence with existing governments, are freer to adopt a more purely mischievous and even nihilistic policy. They can afford to appeal to violence for its own sake and to work uninhibitedly for destructive ends.

\* This includes the countries of the Horn of Africa and excludes Egypt, the Sudan, Libya, Tunisia, Algeria, Morocco and Mauritania.

<sup>1</sup> Annexes not printed.

4. These differences of policy are not absolute. The Chinese give a certain amount of genuinely useful technical assistance and the Russians are not always above indulging in subversion. In so far as the differences do exist, however, they do not suggest that the Russians constitute the lesser danger. On the contrary, the Russian threat, on a longer view, may well prove more damaging than the Chinese, if only because of the greater resources which the Russians can deploy. But the Chinese threat is bound to be the major Western preoccupation at present. It is still a comparatively unknown quantity and a new feature of the African scene since current Western policies were developed. We have lived with the Russian menace for some years now and have devised policies for meeting it, however desirable it may be to keep these under review for any possible improvements. But the advent of the Chinese calls for new thinking and fresh conclusions. The first need is to establish what the Chinese hope to achieve in Africa; to what extent their efforts will be detrimental to Western interest; and how far Western tactics and strategy must be adapted to meet the challenge.

5. Two factual studies of the scale and diversity of the Chinese effort are attached at Annex A and Annex B. They show how much China has increased her activities in Black Africa over the past two years. Firm Chinese offers of *economic aid* to the area are believed to be worth a total to date of about \$250 million, with *military aid* offers worth up to a further \$15 million. China has at present over 300 technicians in the field; she has been active in subversion and in training Africans in revolutionary guerrilla warfare; and she has at the same time mounted a considerable diplomatic offensive, supported by the skilful distribution of propaganda material through the New China News Agency as well as through embassies.

6. For purposes of comparison a separate factual study on the extent of Russian penetration in Black Africa is attached at Annex C. The Russians burnt their fingers in the early days of the independence of both Guinea and the Leopoldville Congo. Since then their activities and those of their East European allies, have been more circumspect but not less extensive. Their reluctance to be outshone by the Chinese has stimulated them to greater efforts in the last two years. Drawing on economic resources far greater than China's, they have been able to date to make firm offers of aid roughly three times as large as the Chinese total.

7. Even the Russian effort, however, is small compared to the full range of Western activities in Black Africa. In terms of economic aid, actual disbursements by Western governments in 1963 alone were worth more than \$800 million (or \$900 million if multilateral aid be included). In the same year, there were more than 31,000 Western experts and technicians at work in the area; and 43,000 Africans were studying in the West. Further outline figures for the Western effort are attached at Annex D.

### *Prospects*

8. The Chinese start with certain advantages in Africa, in comparison with either the Soviet Union or the West:—

- (a) Both as a poor and backward country and also as a former target for European (and Russian) 'imperialism', China can claim to have much more in common with the emergent countries of Africa than have prosperous industrial countries like the United States, Britain or the Soviet Union. She can pose as the leader of the

under-developed world, for whom she professes to offer a striking example of how a backward nation can pull itself up economically by its own boot straps.

(b) The fact that Chinese technicians accept living conditions as simple as those of most Africans not only enables China to get better value for money than the Soviet Union or the West but also inspires a certain confidence and respect in Africa. The remarkable impact of Israeli technicians, despite Israel's very limited resources, has been largely due to skilful exploitation of this same advantage in the African context.

(c) The deliberately mischievous and opportunist nature of Chinese policy in Africa makes it easy for China to extract advantage from a relatively modest effort. There is nothing to prevent her from switching this effort at will from one country to another or from concentrating it wherever she calculates that it can have most impact. In particular she tends to concentrate effectively but at relatively small cost on financing key individuals in African Governments or rebel movements.

(d) The Chinese advocacy of violence and of political change by revolutionary methods has a facile appeal to the all too numerous Africans who see at present little hope of escaping from unemployment and stark poverty; as well as to the semi-educated 'have nots' who have just failed to find jobs in the post-independence 'establishments' and have little to do but plot to replace their more fortunate rivals. Even among the more prosperous classes themselves the appeal to violence will remain plausible so long as it seems the only way of liberating the black inhabitants of southern Africa from white minority rule.

9. But these advantages for the Chinese are off-set by some equally notable disadvantages. They may be summarised as follows:—

(a) China's resources are limited. Of the aid she has promised to Africa, comparatively little has so far been made available. If in the course of the next five years her annual out-flow of aid reaches a total of \$40 million, of which on present form not more than quarter would be for Africa, that is likely to prove her effective ceiling for a long time to come (see paragraph (k) of paper at Annex A to PC (64) 44). It seems clear that the limiting factor is not lack of African response but shortage of Chinese goods and foreign exchange. Although she is developing the interests of a major world power, China's industrial stature remains comparable to that of e.g. Canada or Belgium.

(b) At present, Chinese offers of aid have novelty value in Africa. But the novelty will wear off, as it notably has done in the case of Soviet aid. In the long run, the Chinese practice of large offers followed by limited disbursements must lead to disillusionment.

(c) From the African point of view, China is a distant and comparatively strange country. The Chinese may pose as the champions of the coloured races, but it is doubtful whether most Africans regard them as any more akin to themselves than the white races. Even apart from language difficulties, their habits of thought and outlook are unfamiliar and in many cases not to African taste. In particular, the Chinese doctrine of self-help and capacity for sustained hard work find very little echo among the majority of Africans.

(d) There are already signs of African disenchantment at the discovery that the Chinese are so preoccupied with scoring ideological points against their Russian rivals. 'A plague on both your houses', is the inevitable reaction among the

uninitiated. Even among the few Africans who are at all interested in doctrinal arguments, there is disillusion since the Sino–Soviet split destroyed the vision of Communism as the single panacea for all human ills.

(e) China's opportunist policy in Africa has real disadvantages. There is an obvious contradiction between her support of existing régimes for practical reasons and her support of rebel movements for revolutionary ends. The Chinese cannot help being delighted to see Mulele,<sup>2</sup> and others they have trained, fighting to overthrow régimes supported by the West. But their reputation as skilful trainers of revolutionaries is a handicap in dealing with the established leaders of other African countries or even with past revolutionaries who have succeeded in seizing power.

(f) Mulele himself looks like proving another example of the practical dangers, from a Communist point of view, of the Chinese tendency to foment revolutions without waiting to be reasonably sure they will succeed; Iraq was an earlier case in point, as the Russians have been at pains to point out.

10. Against this background, it is reasonable to ask what the Chinese can hope to achieve in Africa. The answer falls naturally into several parts, to which different considerations apply:—

(i) In theory, at any rate, China could secure the establishment of one or more fellow-travelling régimes in Africa, either as a result of successful guerrilla revolution or through a gradual re-alignment of the sympathies of an established government. Despite the nominal union with Tanganyika, Zanzibar remains an obvious danger spot at present. The consequences for the West if this happened on any substantial scale would clearly be grave, although it should not be assumed that if one pro-Communist régime were established in Africa it would inevitably lead to the establishment of others. Prolonged guerrilla warfare could of course lead to a collapse of administration in countries where the machinery of government is at best far from robust; and Communism would be the most likely gainer from the ensuing chaos. On balance, however, the danger of any country in Africa unreservedly aligning itself with either China or Russia seems fairly small. The failures of the Soviet Union in e.g. the Congo or Guinea are not only the consequences of Soviet blundering, they indicate how quickly Africans can come to distrust an excess of outside influence from any quarter. Communist party membership has remained insignificant in Africa, for reasons of apathy as much as persecution; such local Communists as there are have been disorientated by divided sympathies between Moscow and Peking. Even less likely, therefore, than a take-over by fellow-travellers would be the emergence of an avowedly Communist régime. If such a régime did emerge it could at least be expected to be of a national or Titoist variety, rather than specifically Russian or Chinese.

(ii) Short of actual Communist takeovers, the Chinese no doubt hope to loosen Africa's political and economic ties with the West. If they succeeded, this would clearly be to the disadvantage both of the West and of Africa; and the West must be alert to counter Chinese measures, when it can reasonably and effectively do so. But to attempt too obviously to exclude all Chinese influence could be counter-

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<sup>2</sup> Pierre Mulele, education minister in Congolese government of Patrice Lumumba; assassinated on the orders of Mobutu (see note 5) in 1969.

productive. If the Africans are to be genuinely 'non-aligned', as they wish and as Western policy is content that they should, then they must inevitably make some shift away from the position of close dependence on the West in which they find themselves in the aftermath of the colonial era. African governments which turn to China, or to the Soviet Union, do not necessarily wish to dissolve all their links with the West; they want primarily to balance them with links elsewhere. The example of M. Sekou Touré<sup>3</sup> in Guinea shows how skilful African leaders can be in achieving a balance without being drawn too far in the Communist direction. It is at least arguable that it would be better for the long-term political health of Malawi if Dr. Banda were to seem a little less heavily dependent on the West and thus run less risk of alienating progressive opinion among his own people.

(iii) More specifically, the Chinese have already had some success in Africa in widening international support for the Peking régime as the true government of China and therefore as the proper occupant of the Chinese seat at the United Nations. In this field they are likely to continue to strengthen their position. But they still have some way to go to secure the necessary majorities for admission to the United Nations, at least on their own terms.

(iv) On wider issues, the Chinese may also hope to gain in Africa support for their advocacy of violence and particularly racial violence. White rule in southern Africa is an obvious target. But whatever popular emotions may be, few African leaders can really be expected to welcome the prospect of a race war, since they must have some doubt whether they could win it.

(v) China also stands to gain a measure of African support for other aspects of her foreign policy. As the leading under-developed country and a fellow-victim of past European imperialism, she can expect to find a ready audience in Africa for her criticisms of both the West and the Soviet Union for their wealth and economic selfishness. Her attacks on the Western presence in Asia are also likely to secure African sympathy. Chinese success in these fields is bound to damage the Western image in the under-developed world. Western counter-propaganda about China's record of aggression and interference in southern Asia, and now about her nuclear policy as well, is not likely to meet with more than a limited response.

(vi) Lastly, China no doubt hopes to find support in Africa for her ideological conflict with the Soviet Union. But it looks as though it will be a long time before Africa becomes a battleground of any significance as regards control of local Communist parties. As regards China's attempts to gain African support for her thesis that the Soviet Union is as decadent and imperialist as the West, the West can afford to view the struggle with relative equanimity. The more the Communist Powers vilify each other in Africa, the better for Western prestige.

### *Counter measures*

11. If this estimate is correct, Chinese activities in Africa must remain a source of serious and continuing concern to the West. But they need hardly be regarded as a threat or crisis of such major proportion as to require emergency counter-action. In particular, we should not be stampeded into assuming that all Communist aid to Africa is necessarily evil from our point of view. Within limits—which seem unlikely

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<sup>3</sup> Ahmed Sekou Touré, president of Guinea, 1958–1984.

to be exceeded—Communist aid contributes to the growth of African prosperity, which we rightly regard as an important aim of our own policy. We should therefore be wrong to try to counter, much less pre-empt, every Chinese or other Communist offer of money or advice. In the first place, the theoretical scope for such pre-emption is limitless, and African governments will be quick to exploit the situation to our disadvantage if they are led to think that every offer of Eastern aid can be used as a lever for prising a better offer out of the West. Secondly, if African governments are understandably seeking to balance their international posture, we shall merely drive them to make more overtures to the East if we are provoked by each such overture into insisting on their further acceptance of help from the West. Thirdly, it is already arguable that, where capital aid is concerned, black Africa is getting more than its share compared with other parts of the under-developed world; we must not be led by panic about Africa to neglect the rival claims of e.g. India and Latin America.

12. This does not mean that the massive Western aid effort in Black Africa up to now has been misdirected or that it should be discontinued. In such different contexts as Nigeria, the Congo and Kenya, the value of Western capital and technical aid in sustaining orderly government has been self-evident. But in these countries as elsewhere we cannot hope to establish African governments so pro-Western that they will neither need nor wish to have any dealings with the East.

13. The provision of military equipment and training will also continue to be an important instrument of Western policy. Indeed, because the scope for military aid is limited, we could in theory offer so much military aid that African governments would have no financial motive for turning elsewhere. But this would not alter their political motive for seeking to diversify their sources of military (as of economic) aid. And there are obvious disadvantages in pumping too much military assistance into an African territory. It is never easy to be sure into whose possession arms will fall; and scarce resources are in any case better directed to more productive ends. On the other hand, military aid is an important instrument for influencing the comparatively small circle of officers with whom a very real measure of political power so often rests in African states. We should therefore be ready to consider all reasonable requests for help in the training and equipment of internal security forces. In order to cater for the African instinct to diversify sources of help, we should also be prepared to see British or American supplies and training replaced by German or Italian or indeed Israeli; and we should do what we can to persuade the Belgians and the French to accept suitable diversification in the territories where they are at present the major provider. Even so, we should not expect that Western offers will always be preferred to those of the Communist powers. Where Communist offers are preferred, the dangers may perhaps be reduced if we can at least ensure that in any given African country not more than one of the armed services, or a part of it, is Communist-trained or armed.

14. The same considerations apply in the fields of technical assistance and information work. We must try to have a Western expert available to meet every genuine African requirement; and we should aim, particularly through our programme of visits and scholarships, to ensure that Africans both of this generation and the next are educated in a Western tradition and know what Britain and other Western countries are really like. But we cannot expect a monopoly. Whatever we do, Africans will also be interested in what China and Russia are like; and they will not accept that Western experts are necessarily better than Eastern until they have had at least some experience of both.

15. This policy of patient perseverance, without panic reactions, must go hand in hand with a constant vigilance for particular danger spots. There are always liable to be local situations where the Chinese or Russians look like scoring minor but significant successes which could be avoided by comparatively simple counter-action. In particular cases, for instance, there will be scope for advising African Governments and particularly their local security services on how to prevent Chinese official or unofficial missions exceeding their functions too blatantly. Or on the propaganda front, in a small territory where there are no worthwhile local magazines we must not allow the Chinese product flown in at specially subsidised rates to be the only periodical in the field. The cost of Western counter-action in cases of this sort, if taken in good time, is not likely to be high; and the results should give good value for money.

16. One obvious way in which Western counter-action of this kind could be made more effective is through proper coordination among the various Western countries at present operating in Africa. Anglo-American coordination is of course already close. A start has also been made with periodic exchanges of views and information on Africa between the British and West German Governments. In present circumstances, close liaison with the French is difficult, and in the Congo the Belgians are apt to be suspicious if their allies question their activities too closely. Nevertheless, we should consider ways of improving coordination between the governments of e.g. the United States, Britain, the Common Market countries, Scandinavia and Japan, to ensure the proper dovetailing of both aid and information activities in Africa.

17. But these, essentially, are tactical considerations. For our overall strategy we must start from the assumption that, for the reasons rehearsed above, the Communist powers cannot be prevented from continuing their activities in Africa. What the West can and must seek to prevent is a situation in which Communist aid and Communist experts succeed in bringing parts of Africa within the Communist orbit. To this end, we must be ready, at one extreme of our policy, to take military action where the necessity is overwhelming. Such action can be direct in some cases, as by the British in East Africa last year;<sup>4</sup> or indirect in others, as by the Americans and Belgians in the Congo today. But we must try to ensure, in such cases, that we do not sacrifice our long-term interests for short-term advantage. We must be clear not only that the local government concerned has invited us to intervene, but also—and the criterion for this is much more difficult to establish—that it is the kind of government we can afford to be seen supporting. This does not mean that we should only help ‘democratic’ states; we are learning to accept that in present-day Africa a parliamentary system of the Western type is rarely the most practicable form of government. But in dealing with African autocracies, we must try to distinguish the relatively progressive from the basically reactionary. In our concern to ensure political stability, we are sometimes tempted to distrust all change, partly out of preference for the devil we know and partly because in African conditions even the most orderly programme of reform can too often degenerate into riot and confusion. Nevertheless, in a continent as poor and backward as Africa, Western influence is certain to decline if it becomes too identified with the maintenance of the *status quo*.

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<sup>4</sup> The governments of Tanganyika, Uganda and Kenya called on the assistance of British troops in dealing with military mutinies early in 1964.



18. These considerations apply to political support by the West as much as to military action. The wind of change will continue to blow in Africa for many years to come. If we were to encourage the Bandas and Kasavubus<sup>5</sup> or even the Nyereres to stand against it, we should lose not only them but much of the West's prestige in the process. No amount of Western aid and support can usefully prop up an African ruler whose subjects have become convinced that the only hope of social advance lies in getting rid of him and that therefore almost any change would be for the better. In considering which African leaders to support, we must ask not only who is most favourable to our material and other short-term interests and who is most opposed to Communist activities, but also who is best able to convince his subjects that he is on the side of progress. The answer is at least as likely to be a Kambona<sup>6</sup> or a Touré as it is to be a Banda or a Senghor.<sup>7</sup>

### *Conclusions*

19. Communist activity in Africa is significant and increasing. Russian and Chinese aims are basically the same, though their tactics differ and they themselves are competing for power and influence. China is the newest and most talked-of threat at the moment. But tho' she starts with certain advantages, these are substantially offset by her handicaps and the inherent weaknesses of her policy. Her achievements are likely to be limited and we should do well in Africa to continue as in the past to regard the Russians as the main Communist threat to Western interests. But they too have encountered serious difficulties; and in any case not all that they do in Africa is necessarily contrary to our interests.

20. Western counter-measures can therefore afford to be judicious. There are no grounds for increasing Africa's share of the world total of aid. Western money, advice, arms and propaganda will all have their part to play; and better coordination between the Western powers must be achieved. But non-alignment is bound to mean an increase in African interest in the East. In the long run, the maintenance of Western influence will depend less on the negative aspect of seeking to restrict Communist activities than on demonstrating in positive and practical ways that the West is in sympathy with Africa's desire for change and for social and economic progress. Our aim in Africa is to achieve stability; but it must be a real stability which is likely to last and can be built on in the future, not simply the frail stability of *status quo*.

<sup>5</sup> Joseph Kasavubu, president of the Congo from 1960, deposed by Sese Seko Mobutu in Nov 1965.

<sup>6</sup> Oscar Kambona, Tanzanian foreign minister and right-hand man to President Nyerere in TANU. In the aftermath of the military revolt (note 4 above), Nyerere apologised to the country for summoning British troops, and in late Jan 1964 set up a constitutional commission with the aim of creating a one-party state. Over the year Tanzania accepted Chinese weapons and military instructors. A Canadian military academy was also accepted, and Ethiopia and West Germany provided training assistance for the air force. Economic aid worth £15 million was pledged from eastern Europe. In Nov about 50 European farms were taken over and there were large anti-western demonstrations. Kambona claimed to have evidence western powers and Portugal were preparing to attack Tanzania, but Nyerere accepted US assurances that the documents were not authentic and in Dec Tanzania accepted a UK development loan of £6.25 million. In his Arusha (a town in north-eastern Tanzania) Declaration of Jan 1967, Nyerere set out TANU's *Policy on Socialism and Self-Reliance*. It was followed by nationalisation of the banks, deportations of some Kenyans and Asians as 'exploiters', and a warning to TANU leaders holding directorships and shares to dispose of them within the year. In June 1967 Kambona was demoted to the Ministry of Local Administration and on a visit to London in July he claimed there was a power struggle in Tanzania, a charge denied by Nyerere. Kambona was expelled from TANU in Oct 1968.

<sup>7</sup> Leopold Senghor, president of Senegal.

**358** DO 216/19, no 7

7 Jan 1965

**'Machinery for discussion of African problems': letter from Sir A Snelling to Sir G Harrison. *Annex*: CRO memorandum**

There has been a certain amount of correspondence ending with your letter to me of December 23rd<sup>1</sup> about the machinery that might be set up to discuss African problems of interest to more than one Department.

We in the C.R.O. feel that there is an urgent need for new machinery. Almost everywhere in Africa there are signs of political deterioration. British interests, particularly in Commonwealth Africa, are so great that we must give urgent thought to what can be done by Britain to remedy the situation. But none of the four overseas Ministries is competent in isolation to devise remedies appropriate to the seriousness of the problems that beset us.

My understanding of the view taken at the informal meeting of Ministers of the overseas departments on November 25th was that, although the question was left open whether African issues should be considered by an ad hoc group of Ministers or by the Ministerial Defence and Oversea Policy Committee, all concerned did agree as to the need to set up an Africa Committee at official level. This still represents our view. Whilst therefore I am in agreement with your suggestion as to the necessity for a medium to long term study on the lines of these produced by the groups which worked in the autumn on the Middle East and Far East, I attach equal importance to establishing a forum at which immediate African issues concerning a member of Departments can be considered.

I attach the draft of a paper which, subject to any comments you may have, Garner would like to discuss with Burke Trend. If necessary it could be circulated as a note for discussion in the O.P.D. (O) Committee.

I am sending copies of this letter to Martin, C.O., Alan Dudley, O.D.M. and Rogers, Cabinet Office.

**Annex to 358**

There is a pressing need for the establishment in Whitehall of a forum for the consideration of African issues. We now have four overseas departments—the Commonwealth Relations Office, Foreign Office, Colonial Office and Ministry of Overseas Development—with major responsibilities in Africa; and a number of other departments, including especially the Treasury, Board of Trade and Ministry of Defence, are much concerned with particular aspects of African problems. Nevertheless there is no committee, either at Ministerial or official level, whose primary task it is to concentrate upon Africa.

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<sup>1</sup> In this letter (DO 216/19, no 5), Harrison expressed the FO view that an ad hoc group under the Official Committee of the Defence and Oversea Policy Committee might be set up, leaving it until later to decide whether to revive an official Africa sub-committee. The FO believed the study group might consider UK priorities in Africa in the immediate, medium and long-term, taking into account all relevant factors such as the intensity of the communist threat, the relative political and economic importance of different African regions and countries, and the efficacy of the counter-measures being taken against communism. The division of responsibilities in Africa as between the western allies and other countries was also recommended for study. For the outcome, see the note before document 376.

2. The importance of Africa in the world scene is certainly growing. The continent is over-represented in the United Nations and thus exercises a disproportionate influence there. Africa is increasingly in the news. The prospects seem to be of more rather than less turmoil throughout its length and breadth. Our relations with many of its Governments are becoming more difficult. Racial antipathy is intensifying. Interference by African Governments in one another's affairs is mounting. And because we have such an enormous stake in the continent—in terms of the number of British people there, our trade and investments and our strategic interests—we become immediately involved in almost every untoward development from the Cape to Cairo.

3. Moreover, events in one part of Africa often nowadays have rapid and serious repercussions in other parts of the continent. Developments in the Congo arouse passions in Commonwealth Africa. Foreign, no less than Commonwealth, African Governments are becoming emotional about Rhodesia. Most African Governments are increasingly thinking on continental, or at any rate racial, lines; and the Organisation for African Unity is developing into a major political institution. Against this background, it is no longer realistic to proceed on the assumption that decisions about Africa reached in the C.R.O., F.O., C.O. or O.D.M. will for the most part concern solely the Department taking them. On the contrary, each of the four overseas Departments is increasingly affected by the policies of the other three.

4. Normal inter-departmental consultation is of course continuous between all departments with African interests. Officials concerned with Africa in the F.O. and C.R.O. (but not other departments) meet regularly. In addition, functional as distinct from geographical committees exist for producing recommendations and decisions on certain particular African and other problems which affect several Departments. For instance, aid for development in Africa, as elsewhere, is the concern of the Ministerial Committee on Overseas Development. African defence problems are considered from time to time by the Chiefs of Staff Committee and other Ministry of Defence Committees. Occasionally an ad hoc working party is set up to deal with a single problem, e.g. the Working Party on Southern Rhodesia to make preparations in case there is a rebellion there. But none of these committees takes a view of African problems as a whole. And none of them fills the need for a committee solely concerned with Africa whose members will develop a corporate spirit and body of knowledge about each other's African preoccupations. Only the Oversea Policy Ministerial and Official Committees have terms of reference which embrace all or most African issues. But these committees are concerned with our defence and oversea policies throughout the world and have not the time to concentrate to the extent necessary upon African issues.

5. This lacuna in our administrative arrangements can, it is suggested, best be filled by reviving the former Africa (Official) Committee. It could best function as a sub-committee of the O.P.D.(O) Committee. Its terms of reference could be 'to consider political and economic problems concerning Africa which raise important questions of policy calling for inter-departmental consultation'. Its initial membership might be the four overseas Departments, the Treasury, Ministry of Defence and Board of Trade, with a Cabinet Office Chairman. Other departments could be co-opted as necessary from time to time.

6. Such a Committee should be expected to consider both long term and short term problems which are not the concern of other Whitehall Committees. Its long

term task might be similar to that of the Committees which worked in the autumn on the Middle East and Far East; it should consider our priorities in Africa, taking into account all relevant factors such as the intensity of the threat from Communist penetration in particular countries, assess the relative political and economic importance of different regions and countries in Africa and study the efficacy of counter-measures we are taking or propose to take. It might also consider whether it is possible to devise any division of responsibilities in Africa as between the Western allies and other countries.

7. The Committee would also be charged with responsibility for framing recommendations upon current African issues in which a number of Departments are concerned. These would naturally vary from time to time. Amongst those which urgently need discussion or which are likely to arise in the near future are military aid for Africa; Communist and other subversive activities; policy towards the Organisation for African Unity; policy over the Portuguese territories in Africa; a paper on Africa South of the Sahara (which is to be discussed at a West African Regional Heads of Mission Conference at Dakar this month); the preparation of briefs for discussions on Africa with other Governments, e.g. the United States; briefing for important African conferences; and acute problems, likely to have wide repercussions, arising in particular areas—e.g. in Nigeria if hopes that she will surmount her recent crisis are not fulfilled.

8. If an Africa (Official) Committee of this kind were set up, there would remain the question to what Ministerial forum it might ultimately report. At the end of November at a meeting of Ministers of the four overseas Departments, there was general agreement that an official committee of this kind should be set up. But there was no consensus of view on whether its recommendations should go to an ad hoc group of Ministers or to the Ministerial Defence and Oversea Policy Committee. This question can be considered separately.

**359** DO 216/20, no 1

9 Feb 1965

**'Uganda: Africa: does it matter?': despatch from Sir D Hunt (Kampala) to Mr Bottomley**

When the Minister of State was in Nairobi for the Republic Day celebrations, I had the pleasure of meeting him in company with Mr. Stanley<sup>1</sup> and Mr. Fowler.<sup>2</sup> After dinner we had a long and animated debate on the theme: 'Does Africa matter quite so much as we think?' Since then I have been encouraged by enquiries from your department to the three of us out here to revert to the topic of our after-dinner discussion. I realise that I am stepping outside my immediate sphere of competence in attempting to deal with Africa as a whole, but I feel that policy towards any single African State, especially one so small as Uganda, can most usefully be considered in the context of the Continent. I have the honour, accordingly, to submit, as briefly as possible, some arguments designed to show that Africa does matter and that our policies on aid and political co-operation are broadly speaking correct.

<sup>1</sup> H S H Stanley, deputy high commissioner, Kenya, 1963–1965.

<sup>2</sup> R W D Fowler, high commissioner, Tanzania, 1964–1965.

2. I shall need little space to demonstrate that Britain is, in fact, making a very sizeable effort in Africa. We maintain diplomatic missions throughout the Continent and, at least in Commonwealth countries, they are rather lavishly staffed. Uganda is a country of 6.5 million, which is 0.02 per cent of the world population, but I have a staff here, including myself, of 13 diplomatic officers and a total establishment of 80. Dar-es-Salaam and Nairobi have more. But even Lome, the capital of Togo, a sliver of country with a population of only one million, has a resident Ambassador, a First Secretary and two Second Secretaries, and presumably a certain number of others as well who do not appear in the list; certainly far more than Togo would deserve in a sensibly organised world. We also spend large sums on aid. I do not remember seeing anywhere a total figure for aid to Africa, but I calculate that to Uganda (which contains about 3 per cent of the population of Africa) aid from Britain is running at between £4½ and 5 million a year. This is not all bakhshish; in fact a good deal is loaned at commercial rates of interest, and, being tied in large proportion to British goods, can be considered as a kind of export incentive for the British manufacturer. The recipients, too, are fond of looking at aid in this light and consider themselves correspondingly absolved from feeling grateful. Nevertheless, from the Treasury point of view the money has to be found, in competition with other demands, and how much of it comes back is not immediately relevant.

3. In some parts of East Africa, notably Kenya, we make available the services of highly trained British military officers, for example, to instruct and command the armed forces. We have recently presented Kenya with a small navy. We offered similar services from the military and air force to Uganda, but they turned them down in favour of the Israelis.

4. In international relations and in framing our general policy, we go out of our way to meet the susceptibilities of the Africans. Recently, we have paid a good deal of attention of this sort to East Africa, particularly to Kenya. In the process of decolonising, we have allowed our views on timing to be influenced not only by internal pressure in the country concerned, but also by the views of African countries previously granted independence. These views have also had weight, along with our own moral convictions, in dictating our policy towards Portugal and South Africa, in the latter case even at the expense of some trade.

5. The question whether it is worthwhile to pursue the good opinion of Africa on such a scale and at such monetary cost might perhaps receive its simplest answer in St. Augustine's dictum: *securus iudicat orbis terrarum*;<sup>3</sup> because it is plain that, as things stand, not Britain alone, but every other country in the world, does judge it to be worthwhile. Whether we think this is a sensible race to be in or not, the race is on and we either have to run or cease to be a serious competitor for influence in the world.

6. There are, of course, other reasons, apart from the mere following of fashion, strong though that is. The economic ones are not very important. British investment in Africa (I omit South Africa from consideration, as throughout this despatch), must be less than in any other continent; I estimate it at about £18 million in Uganda. Current trade is scarcely significant. What Uganda, for example, buys and sells to us amounts to roughly 1/500th of our exports and imports. Militarily I cannot see that there are either advantages to be hoped for or dangers to be feared; the West would

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<sup>3</sup> Security involves the whole world.

be best served if Africa were strictly neutral. It is already much under-militarised, and long may it remain so. The crunch comes on the political level. First of all there is a lingering feeling of moral obligation, particularly towards those countries which were British dependencies, and of sympathy towards Africans in general who are thought to be a rather under-privileged people, to use the soft American euphemism. What really counts, however, is that Africa has 35 votes at the United Nations, and this is the most significant single statistic in the whole of this despatch. I assume that British policy will continue to be based on a whole-hearted attachment to the United Nations and the maintenance of its prestige and effectiveness. African States form a remarkably solid front, and the power of the greatest single block vote is immense. No doubt it ought not to be. In a perfect world the influence of States would vary according to their importance, and Togo would not cast the same vote as the United States. But policy has to deal with things as they are, and with the world in an imperfect state.

7. One of the imperfections of the world is that it is divided between blocks of rival Powers. If the Western Powers were to lose their temper with Africa, which they would often be justified in doing, and were to decide that they would for the future regard it with that indifference which its intrinsic insignificance deserves, the Communist *bloc* would be only too glad to move into the vacuum. This does not mean that Africa would go Communist, whatever meaning is to be attached to those words. I do not think Africans much like the idea of Communism. In moments of fantasy I myself enjoy contemplating the Russians, say, being left a free field in some African country and picturing their worthy endeavours to guide and help them in the right way, as they come up against all the frustrations and expense which, first as Colonial administrators and then as High Commissioners, the British have had to face. A pretty mess a Marxist/Leninist Uganda would be. For that matter, to judge from the polemics which their respective Embassies here exchange in their News Bulletins, the Russians and Chinese would find themselves rapidly squabbling and outbidding each other for the allegiance of their African protégés. Seriously, though, what I would fear is that the various African States, sliding back one by one into anarchy, would become quite outrageous in their treatment of British trade and British residents, and that at the United Nations their vote, added to the Communist *bloc* vote, would make life intolerable for us.

8. I am sorry to present our policy towards Africa as a matter of keeping up with the Ivanovs; on the other hand, I feel more hopeful when considering the question: must we keep on keeping up for ever? Is there a chance that we may reach an easier relationship in which it is not necessary to hand out money continuously, receiving often only kicks in the teeth? I do not think we can hope to transfer that relationship to our rivals: the Africans are too frightened of the Communists ever to kick them in the teeth, and the Communists do not like screwing large sums out of their own taxpayers to hand over to other countries. I think, however, that the time will come when some African States at any rate will find another use for their feet, viz.: to stand on them, and as they reach greater political maturity they will direct their policies less by the irrational promptings of their inborn racialism and the old legends of colonialism, and more by a cool assessment of their own interests.

9. If we agree, as I hope, that we must run in this race, we still have plenty of advantages. To begin with there are scattered up and down Africa English speaking countries, members of the Commonwealth, who carry very great influence. (One of

them, Ghana, in fact carries the greatest influence of any African country, though usually to our disadvantage.) In these countries, even in Ghana, we have what Sir Geoffrey de Freitas<sup>4</sup> called built in assets. The English language is one, habits of trade are another, and the professional associations of teachers, doctors, lawyers and so on, are perhaps the greatest of all. Sometimes, when African feelings are not particularly aroused, these advantages will bring these important States over to our side in an international question. So far as aid is concerned, my impression is that it is just about right in amount and direction to maintain goodwill and to assist us economically. To take the first point, we get very little gratitude, to which Africans are not prone, but we do get some. Under the second head, there is the general point that the more countries such as Uganda develop and industrialise, the better market they become for our exports. This is an argument which has been defended with much display of statistical erudition by Maizels in his 'Industrial Growth and World Trade' (published for the National Institute of Economics and Social Research by the Cambridge University Press in 1963).<sup>5</sup> Right here and now we get good value out of our aid to Uganda. The bulk of it, as I said, is of the nature of export subsidies to British industries, and a further large slice, from the Overseas Service Aid Scheme, goes straight into the pockets of British officials. But by our intelligent and flexible administration of this aid, we get a good deal of respect from the Africans who compare our methods with the rigidly doctrinaire and expensive aid they have been promised from the Russians but have hardly yet seen. The Americans have, to my mind, won neither gratitude nor respect from their aid, partly because they make it obvious that they expect it, but above all because of their maddeningly complicated and dilatory administrative procedures.

10. I have been emphasising the importance of aid because we have much less freedom of action on the political side. We can hardly expect, for example, an African State to vote on the same side as we do at the United Nations and our strongest influence, even the Commonwealth connection which they all value, is less than that of the Organisation of African Unity. In aid, our hands are much freer.

11. From time to time a little cool thinking is called for on the principles on which aid is given. Without writing down the importance of altruism I believe that the correct criteria, and their order of importance, are as follows: first, what they want: secondly what will produce benefits for us; and thirdly, what is to their advantage. The first is fundamental. Now that these countries are independent, it is for them and not for us to put forward their requests. The third criterion, what is to their advantage, should be taken account of because it is obviously desirable to prevent aid being wasted if the taxpayer is to go on contributing cheerfully to it. There can indeed be different opinions about what is waste. Suppose, for example, instead of some sensible but dull agricultural project what a newly independent country passionately wants is some not wholly sensible industrial one—the equipment to come from Britain—I should favour falling in with their wishes. What Africans like is to see wheels going round and smoke coming out of chimneys. They know it to be true that what they ought to be doing is developing their agricultural

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<sup>4</sup> UK high commissioner in Ghana, 1961–1963, in Kenya, 1963–1964.

<sup>5</sup> Alfred Maizels, *Industrial growth and world trade: an empirical study of trends in population, consumption and trade in manufactures from 1899–1959, with a discussion of probable future trends* (Cambridge: Cambridge University Press, 1963).

resources, but this is a stodgy truth which they like to get away from. For the honour of the country to which I am accredited, let me say that Uganda does realise more than most the predominant importance of agriculture. But even they share to some extent the general African dislike for being regarded as hewers of wood and drawers of water, a quotation from the book of Joshua which is heard on the lips of many people in this continent whose acquaintance with the Bible is otherwise scanty.

12. I realise the force of the feeling which is so widely held that we have a moral obligation, particularly towards those countries which were our dependencies. I wonder, however, whether there is not a danger of our interpreting this in the sense of the White Man's Burden. This was an expression coined by Kipling to convey a moral injunction: the idea of doing something which we (or rather the Americans to whom he addressed that particular piece) did not want to do, from which we derived no advantage, for the benefit of someone else. The lingering effect of this doctrine could tend to make us think more of what we believe, correctly, no doubt, and on the basis of long experience, to be the right thing for African countries, and less either of what they want or what will be to our own advantage. If such a tendency were to develop I would regard it, however worthy, as an anachronism. The recipients of aid would resent the assumption that we know best. It would, indeed, be neo-colonialism, though in a very different sense from the normal usage of that all-purpose word of abuse.

13. I spoke earlier on the importance of not writing down altruism but I have been keeping my own on a tight leash throughout this despatch. If I were to let it off for a run I should have to say that the Africans are in general an agreeable and deserving race, that in spite of frequent frustrations it is a pleasure to deal with them and that it is often a source of satisfaction to one who represents the British Government abroad that their policy is directed to make the lot of the Africans easier and happier. Perhaps it is better, though, to close on an objective, even if rather negative, note. My conclusion is, then that, apart from such commercial advantages as we may pick up, the benefits of our African policy will consist mainly in minimising the influence of our rivals. We should nevertheless continue to pay this attention to Africa, particularly because it would be an abdication from our position in the world not to take part in an activity whose importance is implicitly acknowledged by all the world.

14. I am sending copies of this despatch to British High Commissioners in Africa.

**360** DO 216/20, no 3

25 Feb 1965

'Aid policy in Africa': letter from D J C Crawley<sup>1</sup> (Freetown) to G W StJ Chadwick<sup>2</sup>

I read with great interest David Hunt's Despatch No: 3 of 9th February, 1965, entitled: 'Africa: Does It Matter?'<sup>3</sup> In his paragraph 11 he suggests that the correct criteria which we should follow when considering African aid policies, and their order of importance, are as follows: first, what they (the Africans) want; secondly, what will produce benefit for us, and thirdly, what is to their advantage. We very much agree with this view here.

<sup>1</sup> High commissioner, Sierra Leone.

<sup>2</sup> Assistant under-secretary of state for Commonwealth relations.

<sup>3</sup> See 359.



2. There have been comments in the British Press in recent months from which it could be inferred that the Government has been showing a tendency to try and give aid in the contrary sense of assisting in projects which we, rather than the Africans, think is good for them. Presumably these suggestions are not correct. In any event, however, as seen from this small parish, I am sure that Hunt's criteria are the right ones in the right order.

3. One must, of course, retain some sense of proportion and reason in considering aid projects. In a country such as Sierra Leone, where only some 2% of development money is ploughed back into agriculture from which about 85% of the country's population derive their livelihood—Hunt's 'hewers of wood and drawers of water'—it would seem only too obvious that our aid should be injected into this sector of the economy. But this is not necessarily as obvious to the Sierra Leoneans and, provided that one is cautious and discriminating about obvious economic extravaganzas, there is everything to be said for helping those projects which the Africans want us to help, even if this should not seem so useful in our own view.

4. We can safely leave it to the World Bank, and to our influence with the Bank, to tell the African what is good for him. The Bank has no inhibitions about criticising development plans and projects in a way which would be political suicide for us or indeed any individual donor Government if we were to try similar criticism. They have to listen to the World Bank up to a point, whether they wish to or not.

5. I recently gave my new, able (and rather likeable) Israeli colleague a lecture on the evils of short-term, contract financing. He agreed in principle, but added that these Africans were in a great hurry, like the Israelis themselves, that they knew the only way of doing quickly what they badly wanted to do was to finance their dreams in this way. He said in effect that, in the last resort, there was no particular reward in an African country being financially well behaved; on the contrary one was bailed out (like Liberia). Why, therefore, if Western countries refused aid on such terms should not the Israelis help them meanwhile (and get some Israeli business and kudos of course)?

6. While not suggesting that we should copy the Israelis, I wholly agree with Hunt that we should, within reason, reap what political and economic advantage for ourselves we can, by doing what the Africans want. In this country, at any rate, the African understands that we must have some control over the proper spending of financial assistance which is extended to them, and also that we must tie our loans just as everyone else now does. Like most children, however, past the purely toddling stage, nannying they should have but will not have, and it is very much *not* in our own interests to look nannyish.

**361** CAB 148/20, OPD(65)48

8 Mar 1965

'Sanctions against South Africa': note by the chairman (Sir B Trend) of the Official Committee of the Cabinet Defence and Oversea Policy Committee<sup>1</sup>

We have considered in turn the following questions:—

Would economic sanctions against South Africa be legal and justifiable?

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<sup>1</sup> The note was prepared for a UN Security Council debate on South Africa.

If so, would they be practicable and could they be successfully enforced?

What would be the implications of partial sanctions, for example on the supply of arms or oil?

What would be the effects of sanctions, total or partial, generally throughout the world?

What would be the effect of the application of sanctions, total or partial, upon South Africa?

What effects would they have on the territories in Southern Africa for which we remain responsible?

What would the effects be in the United Kingdom and in other countries applying sanctions?

It would be appropriate for us to set out our conclusions under these heads.

### *The legality of sanctions*

2. Economic sanctions could in our view be legally applied to South Africa by the United Nations only if the Security Council determined that there existed a 'threat to the peace' in relation to South Africa, or decided to take measures under Article 94 if South Africa failed to perform its obligations under a judgement rendered by the International Court of Justice. As a permanent Member of the Security Council, Britain (or the United States, or France) would be able to prevent a mandatory decision by the Security Council in either circumstance and the General Assembly can only recommend action, whether or not the 'uniting for peace' procedure is used. Economic sanctions involving blockade or any other use of force could legally be ordered by the Security Council under Article 42. There are, however, objections in equity to singling out South Africa as the object of coercive measures, particularly if these relate to the internal situation in the Republic. This is contrary to Article 2(7) of the Charter and even though we have stated that the situation in South Africa is '*sui generis*' it is hard to see that there is any substantial justification for proposing coercive action to remedy the policies of the South African Government when it is not proposed that any action should be taken against the many other Governments which also neglect human rights within their own borders.

### *The practicality of economic sanctions against South Africa*

3. Economic sanctions have been notably unsuccessful in the past as a weapon of international policy. Their success depends upon the vulnerability of the power upon whom they are imposed, and so upon the self-sufficiency of that power, the morale of the population under hardship and the extent to which other powers participate wholeheartedly in the imposition of the measures required. Even under the conditions of total war economic measures have not proved to be of decisive effect. In Germany in the Second World War shortage of man-power rather than of any raw material denied to Germany by the allied blockade was the main limiting factor. The vulnerability of an economy to the imposition of economic sanctions is extremely difficult to assess and the country against which sanctions is operated can protect itself by drawing on reserves, by increased production by normally uneconomic means, by producing substitutes or near-substitutes, by the acquisition of abnormal supplies (e.g. by blockade running) and by economies in consumption, and rationing. South Africa is not especially vulnerable to economic sanctions—rather

the reverse. She needs to have no anxiety about basic food requirements. She will not have to allow for the big increase in demands for man-power and industrial materials which active hostilities would entail, and with plentiful coal, supplies of petroleum could be economised very greatly by planned reductions in consumption, especially as 75 per cent of her petroleum is used on road transport and the railways running chiefly on coal. Experience suggests that an economy can adapt itself in all kinds of unexpected ways to a shortage of even a very important commodity, and that returns from a policy of sanctions may be greatly delayed.

4. We have concluded, first, that to have any chance of being effective, sanctions would have to be applied universally, not only by all members of the United Nations, but also by important trading powers which are not United Nations members, such as the Federal Republic of Germany, Switzerland and China. The prospects of universal action on these lines seem to us remote. We have consulted Her Majesty's Embassies in Paris, Rome, Bonn and Berne. In the light of the replies we have received we judge that it is unlikely that the French Government will participate or that France would admit the competence of the United Nations to impose or recommend sanctions against a sovereign state. France abstained on these grounds from voting on the resolution on 18th June. It is not, however, certain that France would veto a Security Council resolution calling for sanctions. Germany would be most unwilling to go along with sanctions against South Africa, to which she is opposed, but, if the Western Allies implemented sanctions, might feel bound to do the same, though this solidarity would be slightly less certain if France held out. Italy would probably pay lip service to sanctions, but seek in practice to avoid them. It is unlikely that Switzerland would join in any United Nations programme of sanctions against South Africa, or would willingly conform to it. Portugal would almost certainly decline to take part in sanctions against South Africa. If there are any major exceptions of this sort to the general application of sanctions against South Africa, it is our view that sanctions will inevitably be ineffective and fail.

5. We nevertheless considered what would be involved in applying sanctions on two assumptions:—

- (i) that all major countries including Portugal took part; and
- (ii) that all major countries except Portugal took part.

In either case we have concluded that sanctions could not be enforced without a full naval and air blockade. Such a blockade would be a formidable undertaking. Our studies show that if Portugal took part in sanctions, perhaps 4 carriers and 18 frigates would have to be kept permanently on station. If, as is more likely, Portugal did not take part and a blockade needed to be extended to cover Angola and Mozambique, this number would rise to about 7 carriers and 30 frigates. To keep these ships on patrol continuously however, more than twice this number would be needed because of the vast distances between possible bases and known patrol areas, so that it is our estimate that a total of the order of 14 carriers and 60 frigates would be needed. The cost of this operation would be enormous. It takes £18,000 a day, or £6.57 million per annum, to operate a carrier, and £1,900 a day or nearly £0.7 million per annum, to operate a frigate. In addition a substantial number of ocean-going tugs would be needed. The total cost of operating the purely naval side of a blockade would therefore be of the order of £11 million (\$31 million) a month or £134 million (\$374 million) a year. In addition, maritime air operations which would be necessary

might involve direct operating costs of about £40 million a year and capital costs of the order of £15 to £30 million. To provide effective reconnaissance of the East coast of South Africa for two to three days only would require a force equivalent to the whole of Coastal Command (48 aircraft) and to sustain this level of effort would require a much larger force. These figures take no account of the central overheads, which would be very substantial. A comprehensive effort would be needed involving the establishment of an international equivalent of the wartime Ministry of Economic Warfare and including full provision for the collection and processing of intelligence. An effective air control system at high level only would cost about £100 to £150 million and would take several years to introduce. To be effective at medium and low level as well would cost far more.

6. It is far from clear where the forces to carry out an operation of this size and magnitude would come from. For the United Kingdom, for example, to redeploy only one carrier from its present task would have serious implications for our world wide naval commitments. It is even less clear where the finances to organise a blockade would come from. The United Nations has been strained to the utmost by the military operation in the Congo, which cost only £2,838,578 (\$7,948,020) a month or £34,062,946 (\$95,376,250) a year. Our conclusion is that it would be impracticable to enforce sanctions by a naval and air blockade.

#### *The implications of partial sanctions*

7. A ban on the supply of arms to South Africa is something that has been frequently recommended, quite apart from the general question of economic sanctions. In the context of economic sanctions an arms ban would not be of major importance, since South Africa can manufacture herself all the small arms she requires, could improvise arrangements to service her existing heavy equipment, and would not therefore feel serious effects from a total arms ban for a considerable period.

8. The other form of partial sanctions frequently urged is an embargo on oil supplies. This would certainly have a substantial effect on the South African economy, but we do not believe that an oil embargo would be effective or decisive unless all the countries in the world controlling significant sources of oil impose effective restrictions. Without these, the oil embargo would quickly be broken by the operations of small countries. In any case South Africa is much less dependent on oil for industrial energy than other industrialised countries. About 87 per cent of her total energy requirements (including rail transport) are supplied by cheap locally produced coal or by electricity produced from coal. 8½ per cent of her petrol requirements are produced direct from coal. If South Africa was prepared to adopt a 'siege' economy involving severe rationing, oil supplies could probably be eked out for at least a year, and perhaps much longer, especially if arrangements were made to augment supplies for road transport, by for example, the use of producer gas vehicles. Moreover it seems unlikely that an oil embargo would cause South Africa much difficulty in the case of lubricating oil.

#### *The world effects of total sanctions*

9. The serious consequences of the imposition of total economic sanctions would not be confined to South Africa. Politically, a dangerous precedent would have been set, as in future no country would be safe against similar measures against its own

interests. This would undermine the safeguards built into the United Nations Charter and the consequences would be unpredictable.

10. The international payments system might be seriously affected by the loss of South African gold. Both the pound and the dollar would be seriously affected and therefore both the reserve currencies of the Western world could be in trouble at once if a fully effective trade embargo were imposed on South Africa in, say, the next 12 months. In these circumstances the resources at present available, through the International Monetary Fund and bilaterally, might not prove sufficient to support both currencies and a serious international currency crisis could then result. The severe economic loss which many countries would suffer and the heavy burden which the actual costs of the application of sanctions would impose on the countries applying them might seriously affect their power to give aid to the developing countries.

11. International air agreements would have to be denounced, but considerations of humanity, and the safety of other air users would make it essential for us to supply South African Airways and the other operations concerned with essential navigational and other safety aids if they were able to continue services to Portugal or elsewhere. The disappearance of South Africa as a terminal for air and shipping routes would be bound to affect services with intermediate points, which would become uneconomic at present frequencies. The consequential reduction of shipping services to East Africa would be particularly serious, and might result in the provision of uneconomic services by Communist countries for political reasons.

12. South Africa might withdraw from the understanding about safeguards relating to the supply of uranium, reactors and key items of nuclear equipment.

#### *The effect of sanctions on the South African economy*

13. Our studies have led us to the conclusion that the South African economy could hold out for a very long time, and perhaps indefinitely, even if sanctions could, contrary to our belief, be applied effectively for a prolonged period. We have already discussed the question of oil supplies in paragraph 8. We believe that the South African authorities could keep going minimum essential services depending on petroleum products and find substitutes for mechanical propulsion in some fields, particularly agriculture. Ball-bearings might be a problem, but the South Africans should have no difficulty in stock-piling them before the imposition of sanctions or arranging for them to be smuggled in, or in the last resort to manufacture them locally. Even if a close blockade were imposed we think it improbable that South Africa could be prevented from marketing some gold and diamonds outside the Republic. She would only have to sell enough to pay for imports not covered by exports. We endorse the conclusion of Her Majesty's Embassy in Pretoria that if purely economic considerations are taken into account then there is no reason why South Africa should not survive a blockade that would last for several years, and that there is no purely economic reason why South Africa should not survive for an indefinite period, maintaining a standard of living tolerable for her inhabitants.

#### *Political effects of sanctions upon South Africa*

14. In the face of economic sanctions under Chapter VII of the United Nations Charter, the Nationalist Government would unite and would have the support of the white population in assisting them. Consequently any measures taken to apply sanctions would have to be thorough, comprehensive, backed by military force and

exercised for a period of years, which, we have concluded, would be impracticable. Meanwhile the African population would bear the brunt of any measures taken, and their sufferings would be increased by unemployment. It is arguable that the threat of Economic Sanctions with the object of securing compliance with the forthcoming decision of the International Court of Justice on South West Africa might be effective if the South African Government were convinced that the major powers trading with her would apply sanctions wholeheartedly, not least because of Afrikaner regard for legality. But the probable intransigence of the South African Government in the face of economic sanctions under Chapter VII might make them reluctant to create a precedent by yielding to the threat of sanctions in support of a decision of the International Court, so that the threat of sanctions even in these circumstances should not be made unless the powers concerned are prepared to introduce the full range of measures required to make economic sanctions effective over a prolonged period.

*Effects on Basutoland, Bechuanaland and Swaziland*

15. The United Kingdom Government remain for the time being responsible for these three territories and for their inhabitants. We can reasonably assume that it is out of the question for these three territories to take part in sanctions against the Republic. It would be impossible for Basutoland to do so, and for Bechuanaland and Swaziland to withdraw from the South African trading area and cut off their economic ties with the Republic would involve them in rapid disaster. On very favourable assumptions, namely that:—

- (a) the Republic does not regard the imposition of sanctions as an act of war and proceed to take over the territories;
- (b) the Republic continues to treat the territories as part of the South African trading area;
- (c) Southern Rhodesia and the Portuguese are ready to provide alternative routes for exports and imports from the territories;
- (d) the countries carrying out the blockade are willing to make provisions in favour of the territories so long as these do not involve any breach of the blockade;

it is still our view that a blockade would have a disastrous effect on income and employment in Basutoland, a rather smaller but still major effect in Bechuanaland, and a smaller effect in Swaziland if the asbestos industry is kept going. There might be an increased Government deficit for the three territories of at least £3 million per annum, and probably more, and the United Kingdom Government would have to meet this. Supplies could probably be made available, except to Basutoland. The Republic would have to continue to provide for Basutoland essential food, fuel and clothing needs. These are, however, extremely favourable assumptions and the territories might well suffer much greater damage. It seems certain that sanctions would inevitably produce economic and social chaos in Basutoland and do grave damage to the other two territories. At worst, their application could lead to an attempt by South Africa to assert control over the territories.

*Effect on Northern and Southern Rhodesia and on Malawi*

16. Prolonged application of sanctions against South Africa could have a severe effect on the economy of both Northern Rhodesia and Southern Rhodesia, especially

if the blockade extended to Portuguese East African ports. This would lead to requests for further financial assistance for the United Kingdom.

17. Malawi is now an independent country, and is likely to fall in with other African countries in supporting the application of sanctions against South Africa, but without enthusiasm. She would suffer heavy losses if the blockade extended to the ports of Portuguese East Africa, and would probably seek further aid from the United Kingdom. If, as is probable migrant labour from Malawi is excluded from South Africa as a retaliatory measure to offset unemployment caused by sanctions, social and political unrest might issue which could lead to a request for British military assistance.

*The effects of sanctions on the United Kingdom*

18. We have examined the implications of sanctions for the United Kingdom and have concluded that they would be very serious. South Africa is now our third largest market. Our exports and re-exports to South Africa have risen from a level of about £150 million a year in 1960/62 to a rate of £210 million a year in the first five months of 1964. South Africa is our largest market for woven cotton fabrics, switchgear, telecommunications equipment, railway vehicles and commercial vehicles. It is one of our three largest markets for a considerable number of items, including cotton yarn, tractors, motor cars, ships, electrical machinery as a whole and transport machinery as a whole. South Africa takes 20 per cent of our exports of ships and more than 10 per cent of our exports of railway vehicles, motor vehicles, chassis and engines, switchgear, glass, man-made fibre fabrics and woven cotton fabrics. Engineering products accounted for nearly one-third of our exports to South Africa in 1963, and many of these are individual rather than mass-produced goods which would be difficult to divert to other markets. The search for new markets for many other goods would be difficult at a time when the exporters of other countries would also be looking for alternatives to the South African market.

19. If supplies from South Africa were cut off, our import bill might increase by about £100 million because of pressure of demand on alternative sources of supply and the resulting rise in prices, particularly wool. Inconvenience and some dislocation would be caused by the cutting off of supplies from South Africa of certain raw materials and foodstuffs which could not be easily or satisfactorily replaced.

20. We could also expect to lose something approaching £100 million annually of invisible income. Our investments in the Republic in 1961 were estimated at £900 million producing an annual income of well over £60 million (about 10–12 per cent of total British earnings from investment overseas other than oil). We should lose this income and the investments themselves would be at risk. The shipping contribution to the United Kingdom balance of payments would be reduced by about £16 million a year and if the Portuguese African territories were also included in blockade measures, the balance of payments reduction would be about £21 million a year. The value of shipping services directly concerned is of the order of £43 million per annum and an interruption of air services would cause a loss to British airlines of some £6 million. We should lose our earnings from oil, insurance, banking, tourism, etc.

21. The total loss to the balance of payments might be of the order of £300 million in the first year. Coupled with the effects on sterling of a cutting off of the

supply of monetary gold from South Africa, a loss of this order would require corrective measures which might have drastic effects on the United Kingdom economy and also affect our ability to maintain our aid programme to developing countries. These corrective measures might themselves have a serious effect on unemployment over and above the direct effects of sanctions. (The direct loss of a large part of our export trade would lead to redundancy in firms that could not readily find alternative markets. About 13,000 British seafarers would become unemployed [and] the effect on shipbuilding and ancillary industries in particular could jeopardise as many as 15,000 jobs.) There would undoubtedly be hardship in the unemployment areas and in Northern Ireland.

22. The interruption of existing shipping services carries with it the risk that the trade contacts and local organisation upon which they depend will be lost, and that the advantage which British companies at present enjoy would be lost irremediably.

23. The long-term effect on the United Kingdom Atomic Energy Authority and on the whole nuclear energy industry of the United Kingdom of any interference with South African uranium supplies would be very serious.

24. Sanctions would involve the ending of the Simonstown Agreement. In that event, we might lose the use of the radio station at the Cape, which is our only present means of communicating both with Her Majesty's Ships and with our merchant shipping in the South Atlantic. It would cost £6 million and take five years to provide a fully effective alternative. We would lose our maintenance and base facilities at Simonstown itself, our present command facilities for Her Majesty's ships in the South Atlantic and the co-operation of the South Africans in the routing of shipping round the Cape in any emergency which involved closing of the Suez Canal.

25. There is in our view no doubt that the effects of imposing sanctions on the United Kingdom itself would be very serious. As a trading nation which has to export to live we are of course particularly vulnerable. No doubt the United Kingdom would experience greater difficulties than other countries, but a number of other countries would be affected more or less severely by the application of sanctions against South Africa, and in some cases would suffer substantial damage.

**362** DO 261/20, no 4

16 Mar 1965

[Aid to Africa]: draft of a letter from R B M King<sup>1</sup> to Sir D Hunt  
(Kampala)

A couple of days in bed with 'flu have given me the opportunity of catching up with some essential reading—all the despatches from you and your colleagues in Africa. And let me say here, in case I get so carried away with my argument later that I do not remember to say so then, how valuable we in the O.D.M. find these in setting the scene against which we carry on our day-to-day operations.

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<sup>1</sup> King was under-secretary at the Ministry of Overseas Development. He later became deputy secretary (1968) and permanent secretary (1973–1976). He was author of *The planning of the British aid programme* (1971) and *Criteria for Europe's development policy to the third world* (1974). This letter was sent, not as an official reply but on a personal basis, King having first confirmed that the CRO had no objection.



2. The purpose of this letter is to comment on some of the points raised in your despatch No. 3 of 9th February<sup>2</sup> and in particular on paras 11 and 12 thereof where you discuss the principles on which we give aid. This is something which Ministers are at present considering in the context of a review of our aid programme as a whole and which will we hope appear in the form of a White Paper by the new Department before the summer recess.

3. You say in para. 11 that there are three criteria by which we should judge individual items of aid; in descending order of importance these are:—

1. What does the developing country want?
2. What will produce benefits for us?
3. What is to the developing country's advantage?

You place overriding importance with (1)—going on to argue that provided both (1) and (2) are present we need not worry too much about (3). I will, if I may without irreverence or disrespect refer to these as the 'Hunt doctrine'. And perhaps you will allow me to expound what, for want of a better term, I will call the 'King doctrine'.

4. I start from the need to distinguish between the *purposes* of aid and the *motives* for giving aid. With most of the aid we give—certainly all the aid we give to Commonwealth Africa—there is only one purpose; to promote economic development in the best and quickest way. But there are a number of motives for giving aid. First, and there is no order of importance about these, there is the moral one, sincerely held by many people in the U.K., that the rich nations have a moral responsibility to help the poor nations to develop. Second, there is the motive of economic self-interest—that the more prosperous the rest of the world the more prosperous shall we become ourselves (the Maizels argument). Finally, there is the motive of political self-interest—that countries helped to develop economically by the West are less likely to succumb to the blandishments of the East. The political pay-off for our aid given in the longer term would depend on the extent that we succeed in helping the developing country to retain a state of self-sustaining growth.

5. Now having said all this, what is the essential difference between the Hunt doctrine and the King doctrine.

6. I agree, or at least I *think* I agree, that your criterion (1) is overriding. Clearly we cannot and should not force particular items of aid down the throats of the developing countries against their wishes. But we should try in every way we can to help them draw up sensible development plans or programmes based on an expert assessment of their needs and resources (often best done by an international institution such as the I.B.R.D.). We should encourage them to stick to these plans once made and to eschew the flashier prestige items. We should not hesitate to take the initiative in suggesting particular fields for aid within these plans where this can be done without causing offence or giving rise to suspicions of neo-colonialism.

7. Our doctrines do, however, significantly diverge over the second point you make—i.e. that if conditions (1) and (2) are satisfied, condition (3) does not matter very much. It seems to me that this approach runs counter to the *purpose* of aid as defined in the King doctrine—i.e. it leads to a diversion of resources from sensible to less sensible projects and thus makes less than the optimum use of resources in terms of maximizing development. In practical terms what this amounts to is that

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<sup>2</sup> See 359.

while we must concede these developing countries' right to say what it is that they want, it is equally for us to say what we will, and will not, be willing to give or lend our money for. Our approach is not so much 'you ought not to carry out this piece of development' as 'this is not a project which we should wish to put our money into because we do not think it will make best use of our limited aid resources'. There is of course nothing in all this that prevents them from carrying out such development from their own resources, so that, however much we may regret it, there can be no question of our trespassing upon their sovereignty. It is no more than the relationship between a man and his banker, which is surely the sort of relationship which the developing countries prefer. We do not want to put them into the humiliating position of having to feel gratitude.

8. Another point I would like to raise is the assumption, as it seems to me, in your despatch (particularly in paras 9 and 11), that it is in Britain's interest to give aid for a particular development project if that project takes the form of the purchase of equipment from Britain. I think this is much too sweeping. Our interests, qua exporters, are best served by selling goods for cash. To the extent that aid means that at best payment for the goods is deferred for a long period and at worst is never made at all (if the country concerned defaults) there is no gain to the British economy at all, other than the possible secondary effects of securing subsequent orders for spare parts etc. to keep the original equipment going. In so far as the taking on of an aid project utilises capacity in this country, which would otherwise have been used to export goods for cash or on commercial credit, there is a net loss to the British economy to the extent of the frustrated export orders. The whole question of the cost of aid in terms of the balance of payments and of real resources is a very complicated one which is now being studied by our economists, but I would not agree that, however much the individual aid order benefits the individual British manufacturer, it necessarily benefits Britain as a whole; indeed as I have indicated the opposite may well be the case.

9. Again you say in paragraph 9 that Britain gets good value out of our O.S.A.S. aid because it goes into the pockets of British officials. I am not sure what are the implications of this but I assume that your underlying thought is that the money never really leaves Britain? I think that as regards the compensation and pension element of the O.S.A.S. bill this is probably so, but I doubt whether it is true as regards the inducement element which is surely largely spent in Uganda, being untied money, and is used by the Uganda Government in making purchases from anywhere in the world. Our economists think that the balance of payments cost of our aid to East Africa is probably high, in view of their increasing tendency to purchase their general imports from countries other than the U.K. The cost to the balance of payments of the passages element of O.S.A.S. is uncertain, but certainly some of it crosses the exchange in the shape of the operating costs of the airlines outside the U.K. In my view we get good value for O.S.A.S. not because the money 'goes straight into the pockets of British officials' but because it serves the purpose which is by common consent basic to Uganda's development capacity.

10. There is one last point. In paragraph 2 you say that you do not know what our total aid to Africa is. In 1964 it was £ . . . million out of a total bilateral total aid programme of £ . . . million i.e. 50%?<sup>3</sup> There is a good deal of muttering in various

<sup>3</sup> The figures are left blank in King's draft; for the cost of bilateral aid in 1966, see 376, Annex, para 21.

quarters that this is too high and that some of our aid to Africa should be diverted to Asia. To which I reply that this gives a very distorted picture because Asia gets massive help from other Western donors whereas Africa gets comparatively very little. My own view is that we can only reduce our aid to Africa if other donors take some of the burden off us, and there is not much sign of this at present, particularly in East Africa!

11. I apologise for the length of this letter. If you think it inconsequent or rambling please put it down to the after effects of 'flu which make me even more light-headed than usual. I am copying it on a purely personal basis to John Chadwick in the C.R.O. and the British High Commissioners in Africa.

**363** DO 216/26, no 34 22 & 24 Mar 1965  
 'Anglo-American talks on Africa': records of opening and final  
 meetings held at the FO

*Opening meeting, 22 March*

*Mr. Thomson* opened the meeting by welcoming the opportunity to coordinate British and American thinking about present policies and future developments in Africa.

2. *Governor Harriman*<sup>1</sup> said that Africa occupied a key position in the world at present. Besides maintaining our nuclear deterrent, we had to be aware of the danger of infiltration and subversion of under-developed countries, which, if it got out of hand, could produce a situation similar to that in Vietnam. The Russian motivation in Africa was the contest of leadership between Russia and China and Russia was likely to act more vigorously in the future in order to match the progress which the Chinese were making at the moment.

3. He agreed with the view expressed in the British paper<sup>2</sup> on Sino-Soviet penetration that we could not prevent countries establishing relations with either Moscow or Peking or the extension of Communist aid. But he did not agree that the greater threat came from the Soviet Union. He thought that Chinese subversion was more dangerous, despite the crudity of their methods. He did not feel we could gain much from Sino-Soviet competition because it merely meant a greater effort from each one of them individually. We should aim to divert Communist aid from influential spheres, especially the armed forces and information media, to more mundane and less dangerous areas. The U.S. recognised the primary interest of the former colonial powers in certain countries in Africa and preferred to play a secondary role. African countries still valued their ties with their old colonial masters. The U.S. could work with the Belgians in the Congo and with the U.K., but France was proving far more difficult. Perhaps the Germans and Italians could be brought in, possibly through the World Bank or through O.E.C.D.

4. *Mr. Thomson* said that there had been some improvement in Africa since he had last talked with Governor Harriman in Washington. M. Tshombe<sup>3</sup> had shown more flexibility and had gone to Nairobi as we had urged. *Mr. Kenyatta's* attitude

<sup>1</sup> Averell Harriman, US ambassador at large, 1965–1969.

<sup>2</sup> See 357.

<sup>3</sup> Moïse Tshombe, leader of Katanga secessionist movement in Congo; appointed prime minister by President Kasavubu in July 1964 but dismissed by the president in Oct 1965.

towards the Congo had greatly improved; for this much credit was due to Mr. MacDonald. The attitude of the moderate French African states at their meeting at Nouakchott<sup>4</sup> and also at the O.A.U. discussions on the Congo was encouraging. But there would be difficulties in maintaining the goodwill of African Governments particularly when we faced the problem of Southern Rhodesia, South Africa and Portuguese Territories. We did not expect the new African states to be 100% pro-Western. It was in our interest that they should be genuinely non-aligned. It was important at all times to project Western views in a positive way; this was much more effective than negative anti-Communist propaganda. The Africans were still finding their own personality and they did not want to be saved from anything. They wanted simply to be African.

5. *Mr. Thomson* said that it was essential that we should coordinate our fundamental objectives with the Americans, but we need not aim for 100% agreement on methods; some diversity of approach might even be advantageous in Africa. We accepted our special position and obligations in Africa but our economic difficulties precluded any sizeable increase in our aid. The Americans also had their problems with aid, but he hoped that they might see their way to increasing their aid to Africa which had so far had low priority.

6. Our strategy should be to identify and support those elements likely to be helpful to our national interests, both now and in the future. Mr. Kenyatta had once been regarded as a force of darkness, but now he might be considered a moderate. We should avoid giving our friends the 'kiss of death'. To react to every detailed development would only get us into trouble and we should rather think on a longer term. The problems of Southern Africa were likely to cause us increasing difficulty in our relations with the black African states. It was best to be frank about these problems in talking to the African leaders. We should not take refuge in legal arguments but explain our national interests and make it clear that on South Africa even though we agreed with them there was a point beyond which we could not go.

7. *Mr. Cledwyn Hughes* said that Her Majesty's Government were at present making the maximum effort in Africa both in money and men. Could the U.S. Government consider increasing their help, especially in East Africa, but also in the High Commission territories? He thought it was essential during these meetings to go into the question of how far our techniques in putting across our points of view in Africa were proving successful. With regard to the question of Sino-Soviet penetration of Africa, our view was that in the long term the Russian threat was the more dangerous since their methods were more sophisticated and they had more resources to back up their efforts.

8. *Lord Caradon* said that Russian and Chinese projects often misfired and he quoted the example of Somalia where considerable Russian aid had proved completely unsuccessful. This was also the case in Guinea. He thought that there was no harm in letting the Communists take some of the knocks of aid giving. The Communists in general were proving a great deal worse than we at evaluating the various aid-projects, but they had a definite advantage in their support for anti-white racial feeling. This advantage was especially obvious at the U.N. where we found ourselves increasingly on the wrong side, e.g., over sanctions on South Africa. Being on the wrong side in this conflict was a major drawback to our whole policy towards

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<sup>4</sup> Capital of Mauritania.

Africa. We must give the greatest thought to the attitude we should adopt in forthcoming U.N. discussions on South Africa and Southern Rhodesia, since we could not afford to emerge once again from such discussions defending a purely negative position.

9. *Mr. Komer*<sup>5</sup> agreed that we should not be too afraid of Soviet aid and quoted India as a good example of such aid not working to our disadvantage. But the most dangerous Soviet export was conventional arms. We should try to get the Africans to cut down on their conventional and military forces and turn more in the direction of police training and internal security methods. He noted that nearly fifty per cent of British aid went to Africa but he had to be discouraging about the possibility of more American aid for a variety of reasons, including the obvious Congressional pressures. He was personally becoming more and more disenchanted about large capital investment programmes. We should become much more political in our aid giving and less developmental.

10. *Governor Harriman* raised the question of a new terminology when we spoke of African leaders and countries. He thought that the term 'extremist' was rather better than 'radical' and that we should try to find a more attractive name for our friends than 'moderate'. He thought also that in countries like Mali and the Congo (Brazzaville) where the Chinese were in a very strong position, we should make a much more concerted effort on the Presidents and other leaders to get them to mend their ways. He cited the MacDonald-Kenyatta relationship as an example of what we would like to achieve elsewhere. It was important that British and American Ambassadors and High Commissioners should work closely together. We should make a greater effort in the information field; money spent in this area was much more worth while than large amounts of money for building dams.

11. *Mr. Thomson* agreed that we should stop talking about radicals and label them extremists. We should coordinate our Ambassadorial efforts in Africa and deploy our most skilful Ambassadors to Africa in the coming months. The visits which Lord Caradon hoped to make to Nigeria and East Africa would be timely. We should also coordinate our information services. There was wasteful duplication between rival commercial publishers in book selling; we could share the Seychelles Islands broadcasting equipment between the V.O.A. and the B.B.C. overseas service; and we should make more use of non-governmental agencies such as the Ariel Foundation. *Mr. Fredericks*<sup>6</sup> agreed we should encourage private foundations and mentioned the successful personal relationships which some New York businessmen had managed to establish in Africa.

12. *Mr. Hughes* suggested we should not hold Ambassadors too responsible for events. It was governments and not they who formulated policy. Our approaches to leaders in African countries needed to be handled with caution. In Tanzania by a determined reasonable approach to the President without publicity we had achieved a successful solution to the Arusha Farms problem.<sup>7</sup> He agreed with Mr. Komer that no aid was without a political motive and thought we should aim for the maximum political result even though aid was given without strings. *Mr. Harriman* said that in Tanzania his Government felt the U.K. had failed to recognise what was happening in

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<sup>5</sup> Robert Komer, deputy special assistant to the president for national security affairs.

<sup>6</sup> J Wayne Fredericks, special assistant to assistant secretary for African affairs, US State Dept.

<sup>7</sup> See 357, note 6.

Zanzibar and as a result the Communists had got a hold. We should learn from this mistake.

13. *Lord Walston* thought there might be danger in the West's being seen by the Africans to speak with one voice, for example, over the question of Rhodesia. Such overt unity was taken by the more extreme Africans as an indication that the West was ganging up on them. Our objective should be to work together without giving the impression that we were in each other's pockets. Secondly, we must be in a position to act as well as talk, e.g. in the former High Commission territories. Here a guarantee of Western support would do an enormous amount of good.

#### *Southern African problems*<sup>8</sup>

14. *Mr. Thomson* suggested that Ministers should have a general discussion of Southern African problems before these were considered by the official working party. *Mr. Komer* suggested that a list should be made of African states with their attitudes to South Africa, Southern Rhodesia and the Portuguese territories. We ourselves might consider adopting a rather harder attitude to Portugal than to South Africa. *Mr. Thomson* thought that while we must always be looking for areas in which we can adopt a policy more acceptable to the Africans, we would have to consider such things as our treaty obligations towards Portugal and our economic and strategic interests.

15. *Governor Harriman* said that it would be useful to hold discussions with the South Africans, similar to those which we had held over the Odendaal Report. He said that he believed our Ambassador in South Africa was opposed to such discussions. *Mr. Le Quesne* said that this was not quite correct. Her Majesty's Government were in favour of such discussions in principle, but had not yet made up their minds on the timing. *Lord Caradon* said that the Netherlands Government should be included in any joint approach to the South African Government, since they were members of the Security Council this year and they had extremely good standing in South Africa itself. It was generally agreed that an Anglo/U.S. approach would be made. *Mr. Thomson* said that H.M.G. had an open mind on the actual timing of such an approach.

16. *Mr. Fredericks* wondered whether the idea of a Netherlands parliamentary visit to South Africa should be revived. He urged that we should talk with the South African Government earlier rather than later as this would help them to prepare themselves and their public opinion for awkward decisions. Otherwise by the time the Court's decision was handed down, their position might have hardened. *Mr. MacKnight*<sup>9</sup> said that we should, in collaboration with the Netherlands, frame a series of approaches over 4 or 5 months designed to make the South Africans realise that they had to be prepared to handle an adverse Court decision. *Mr. Harriman* agreed that we should start the South African Government thinking about what part of a possible decision from the Court it could accept. This would take the steam out of the South African Government's reaction and prevent it rejecting the whole decision outright. This type of approach had succeeded over the Odendaal report. *Mr.*

<sup>8</sup> This section on southern Africa deals especially with the issue of South-West Africa (Namibia) and South Africa's refusal to comply with a UN request to agree a trusteeship agreement for South-West Africa. In Jan 1964 the Odendaal Commission in South Africa recommended the creation of ten separate homelands for the different ethnic African and mixed race groups in South-West Africa. See also 381, notes 5 & 6.

<sup>9</sup> Jesse M MacKnight, UN administrator, Bureau of African affairs.

*Thomson* thought that Dr. Verwoerd's recent speeches had been tougher, yet South Africa did respect the principle of legality. He agreed it would be better for South Africa if we could take steps before the International Court published its judgment; in a situation where there was little room for manoeuvre it was good to be seen to be doing something. *Sir Geoffrey Harrison* said that representations would have to be confidential, though it might be desirable to refer to them publicly afterwards. We must impress on South Africa that whatever our view on the report of the Committee on Sanctions, it was an entirely different situation if they flouted the judgment of the International Court. Mr. Le Quesne had already taken this line with the South African Counsellor in London. It was agreed that the official working party should examine whether to push this line before or after the debate on sanctions in the U.N.

17. *Mr. Thomson* suggested that our lawyers should look at the implications of the Court's verdict and the possible application of Article 94 of the Charter. He expected the Court to be ambiguous about apartheid but to give a definite verdict on U.N. responsibility for the mandate. The African countries would probably want to act quickly on the verdict and it was important that we should retain the initiative by concerting our views beforehand. The lawyers should assess U.N. responsibilities under the mandate, how it could be transferred and to whom, and how it would operate in different circumstances. *Lord Caradon* agreed but thought that the standard U.N. form of sending a visiting mission and receiving reports back would be all that would result.

18. *Mr. Thomson* expressed gratitude for Mr. Rubin's work on the Expert Committee on Sanctions and for securing an acceptable report. Our position was that sanctions were not feasible and that they would not produce the desired results. Nor did he think that there was a Chapter VII situation in the proper sense of its terms. We would abstain in a Security Council vote and seek to secure enough abstentions to defeat any resolution on sanctions. *Mr. Harriman* asked whether we had consulted with Commonwealth African Governments on this yet. *Lord Caradon* said he had had two short discussions in the Commonwealth group of the U.N. already, and had made our position clear in New York. *Sir Geoffrey Harrison* said we would be sending out a general guidance telegram on sanctions, followed by specific instructions to certain posts, when it was clearer when the debate would take place. *Governor Harriman* said we should concert our approach and try to get a more relaxed attitude among some African Governments who might well take up an extreme position and favour a head-on collision.

19. *Lord Caradon* said that the Latin-American countries would be a crucial factor in the voting on the Security Council. We were fortunate that the Afro-Asian members this year were approachable and amenable to reason. The objective was to get such countries to join us without divorcing them from their friends. The Prime Minister was willing to send messages to Commonwealth leaders on this and the Commonwealth Prime Ministers' meeting in June would be of assistance in putting across our point of view.

20. *Mr. Fredericks*, summarising, said that politically we could do little on the question of South Africa, Southern Rhodesia and the Portuguese territories. We should look for issues extraneous to Africa on which we could align ourselves with the African groups. *Mr. Komer* said that it was obvious that the West would have to make large sacrifices in order to win African votes at the United Nations.

21. *Governor Harriman* said that we must try to induce other Western countries

interested in Africa to take a more active part in influencing events. We should also attempt to foresee problems before they reached a climax, for instance, the whole question of German representation. *Mr. Thomson* said it was not very practicable or desirable to coordinate our policies in Africa in large multilateral meetings, especially as this tended to be resented by the Africans as a form of neo-colonialism. It was better to proceed by a series of interlocking bilateral consultations. Perhaps we could hold discussions with Western Embassies in London with a view to close coordination of policies on Africa.

### *Final meeting, 24 March*

#### *Aid to Africa*

*Mrs. Barbara Castle* began with a brief description of the scope and structure of the new Ministry of Overseas Development. She emphasised that the purpose of British aid was first and foremost to promote development, although account had to be taken of the political realities of the situation. This emphasis on development enabled us to insist on the effective use of our aid. 42% of our overseas aid already went to Africa. We had inescapable commitments to independent Commonwealth countries, e.g. Malawi, which was not economically viable, or Kenya, where the political problem of the settlers meant that we might have to compensate those farmers who wished to sell out. The Commonwealth was the main burden of our aid programme, and we could not repudiate our commitments there without grave political consequences. We hoped that the U.S. would collaborate with us not so that we could reduce our commitments but in order to give us more room for manoeuvre so that we could extend our aid effort outside the Commonwealth e.g. to Latin America. In particular we hoped that the United States Government would be prepared to help in the former High Commission territories and in East Africa. We also hoped that the United States would be prepared to be more flexible with regard to meeting the local costs of aid projects since otherwise much assistance was self-defeating, for example, where local labour costs could not be met.

2. *Mr. Hutchinson*<sup>10</sup> said that *Mrs. Castle's* presentation revealed that the problems faced by the U.S. and U.K. were very similar. American aid to Africa had increased dramatically over the last five years; there had been a reduction in the amount of aid given for strategic reasons. Promoting development was the first principle of U.S. aid policy, as it was for the U.K.; however, political considerations had to be taken into account from time to time. The U.S.A. had aid programmes in 34 different countries; this diversification led to difficulties over administration.

3. The Americans had set up a special team to study ways and means of helping the Africans to make better use of the aid they received. The American would like to concert with us the studies that were made in individual countries. Describing 'self-help' as a worn phrase, *Mr. Hutchinson* said that we should nevertheless encourage receiving countries to contribute to their own development by helping them with specific problems. On the question of the financing of local costs the Americans would like to concert their policy with ours. They made in Africa more exceptions

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<sup>10</sup> Edmund Hutchison, assistant administrator for Africa and Europe, Agency for International Development.



than elsewhere to their rule that no payment should be made for local costs; they had for instance financed 75% of the local cost of aid projects in Tanzania.

4. *Governor Harriman* said that we should do what we could to stimulate other European countries to take a greater interest in aid to Africa, and to seek collective European action. This might best be done by a series of bilateral discussions. Particular encouragement should be given to countries which did not have a colonial history in Africa, such as Japan, Sweden and Israel. The efforts of the World Bank aid groups should be strongly supported and we should stimulate aid to Africa within the framework of the O.E.C.D.

5. *Mrs. Castle* said that H.M.G. had arranged talks with the German Government on aid to Africa at Ministerial and official level. She agreed with Governor Harriman that contacts at bilateral level were useful. She also thought that Mr. Gardiner's initiatives to improve cooperation on development projects within the E.C.A. were good and that we should give more consideration to giving aid to Africa on a regional basis. *Lord Walston* said that we should not ignore the tactical advantage from time to time of exposing developing countries to certain types of Russian aid. These countries would learn by experience that this was not always a fruitful source, though he agreed that care would have to be exercised. He also thought that it was right to work with other Western countries and with Japan, but one must always avoid giving the impression of 'ganging-up' on Africa; the best multilateral approach might be through the E.C.A.

6. In reply to a question on the effectiveness of Anglo-American contacts on aid matters, *Mr. Hutchinson* said that in general he was very pleased with the relationship which existed and he believed that the formation of the Ministry of Overseas Development would greatly facilitate matters. But he thought that there was scope for improvement in coordinating our aid strategy to particular countries. *Mrs. Castle* said there were several international fora in which we and the Americans had contacts on aid matters. There were certain slight divergencies in approach, for example, in our attitude to self-help projects. Though this was not the place to discuss these details, they should be borne in mind for future meetings. She agreed with Lord Walston that, while cooperation was essential, we must not give the impression of 'ganging-up' by donor countries. She thought that once O.D.M.'s overseas representation was fully established our contacts with Washington and various regions would be much improved. *Governor Harriman* said that these points could be cleared up at official level. He did not believe that there was much danger in the appearance of a unified approach to aid giving. And he did not agree with Lord Walston that we could allow ourselves to stand back and watch Russia giving aid.

### *General conclusions*

7. *Mr. Thomson* said that the talks had been most useful. Our present relations with the Americans were so close and so effective that we did not consider that it was necessary to establish a more formal working group to co-ordinate our aid policies. *Governor Harriman* agreed that the arrangements should be left in their present form; more thought should be given to the involvement of third countries and the O.E.C.D.

8. Summing up the conclusions of the talks, *Mr. Thomson* said we accepted the American view that confidential talks with the South Africans on the question of South West Africa should take place sooner rather than later. It was agreed that we should investigate the positive contributions we could make in order to render more effective our attempt to convince African governments of the practical difficulties of applying

sanctions against South Africa. The Commonwealth Prime Ministers' Conference would provide an opportunity to make this attempt. We would give the Americans as soon as possible our views on the letter they proposed to send King Idris of Libya.

9. It was agreed that officials would prepare a 'programme of work' setting out the conclusions agreed at the talks.

### **364** DO 216/20, no 5

19 May 1965

#### **'Aid to Africa': letter from D H T Hildyard<sup>1</sup> to R B M King**

I have just seen Kampala Despatch No. 3 of 9 February, and your letter to Sir D. Hunt of 19 March, about Africa and aid.<sup>2</sup> I imagine that some of the questions raised in this correspondence will be discussed at the conference of Heads of Mission from East Africa later this week, and it may be useful if I set out the preliminary views of the Foreign Office on the questions raised in the despatch and your reply.

2. You will know our Secretary of State's view set out in his paper (DVO(1)(65) for the Ministerial Committee on Overseas Development, that, in allocating our aid between the many possible recipients, our main criterion should be our enlightened self-interest. While this paper was discussed at a Ministerial Committee, I think it is fair to say that discussion was somewhat inconclusive. We certainly dissent from Sir D. Hunt's view that the most important criterion in allocating aid is 'what does the developing country want?' (Indeed I am not sure that he would maintain this view now that he has been transferred to Nicosia.) We generally agree with paragraph 4 of your reply, though we would somewhat extend the last sentence in that paragraph by suggesting that in certain circumstances, as paragraph 5 of our Secretary of State's paper points out, there will be occasions when we shall wish to give aid for short term purposes.

3. We also agree with everything you say in paragraph 6 of your reply after the first sentence which seems to us very much qualified by everything that comes after. We also agree in generally with paragraphs 7 to 9 of your letter.

4. As you point out in paragraph 10, there is indeed 'a good deal of muttering' that 46% of our bilateral aid is too high a proportion for Africa and that some of it should be diverted to Asia (or, rather, the Indian sub-continent). As you will know from paragraph 6 of the Foreign Secretary's paper, we think that proportionately more should be done for Latin America also, and, on a smaller scale, for the poorer countries of the Middle East. I am not sure that we should agree with your reply on this point, to the effect that this is a distorted picture because Asia gets massive help from other Western donors whereas Africa gets comparatively very little. France, after all, is second only to the United States as an aid donor, and nearly all French aid goes to Africa. Moreover, Asia gets very much less aid per capita than Africa—the statistics and maps in the O.E.C.D. volume 'Geographical distribution of financial flows to less developed countries, 1960/63' make this very clear.

5. I am glad that, as Hunt's despatch and your reply show, discussion on this extremely important question of aid criteria is continuing, and I hope that we shall soon be able to obtain some agreed interdepartmental principles which can be applied to new aid proposals. You can see from the above that we have much more sympathy with what you call the 'King doctrine' than the 'Hunt doctrine'; but there

<sup>1</sup> Head of Economic Relations Dept, FO.

<sup>2</sup> See 359 & 362.

is clearly a large gap between the former and our point of view set out in the Foreign Secretary's paper. I am sure, therefore, that you will wish to make it clear to Heads of Mission on 20 May that discussion on the whole question is still continuing and that no cut and dried decisions have yet been reached.

### **365** FO 371/181606, no 19

14 July 1965

'British policy in southern Africa': note by Lord Caradon. *Minute* by Sir R Allen

When we in the Expert Group on South Africa (appointed by the Secretary-General in response to the Security Council resolution of 4 December, 1963) wrote our report last year we concluded, 'We have no doubt that the cause of emancipation will prevail in South Africa. The great majority of the population cannot be forced back into already over-crowded reserves constituting less than 13% of the country. A political, economic and social system built on the domination of one race by another by force cannot survive.

'What is now at issue is not the final outcome but the question whether, on the way, the people of South Africa are to go through a long ordeal of blood and hate. If so, all Africa and the whole world must be involved.'

It is unnecessary to emphasise the dangers in southern Africa. The efficiency and ruthlessness of the régimes south of the Zambezi may succeed in suppressing internal opposition and preventing an increase in violence for some time to come. We do not know when or how violent explosions will take place. But British policy should be based not on an assumption that race domination in southern Africa can be indefinitely maintained but rather on the expectation that the present policies pursued in southern Africa will lead to disaster in some form of violent rebellion.

In the race conflict in southern Africa all Africans and all Asians, including the Chinese, will be on the side of the Africans against those attempting to maintain race domination. And we can be sure that the Russian and Chinese communists will vie with each other in supporting African demands.

This is the first fact to emphasise—that in the long run there is no hope of avoiding a race conflict in southern Africa.

Great Britain is unavoidably and primarily concerned as the principal trading partner of South Africa and the ultimate authority in Rhodesia and the oldest ally of Portugal.

For Great Britain the greatest danger is that by pursuing our present negative policy and thus appearing to support the existing régimes in southern Africa we shall forfeit both our own interests and our prestige in the world. The Commonwealth will be split, British interests in many parts of the world will suffer, the communists will triumph and all the goodwill we have earned by our liberal policies of colonial emancipation will be thrown away.

British policy, it seems to me, should be based on two assumptions. The first is that we must expect before very long an increase in violence leading to a race war. The second is that we cannot hope that the existing governments in southern Africa will alter the disastrous policies on which they are now set unless powerful pressure is brought to bear on them.

There is no evidence that diplomatic persuasion will succeed. All the evidence of recent years points the other way. While the countries of the West continue to invest in southern African development and trade, the governments of southern Africa are content to persist in and intensify their present policies in spite of diplomatic disapproval and international condemnation.

I do not suggest that any sudden change of British policy is possible now, but if the assumptions which I have stated are sound we should review our policies in relation to southern Africa and take the first steps in a new direction. We should undertake this review now in the short interval before the Twentieth Session of the United Nations General Assembly opens in September, in which the main issue will be an assault on our southern African policies by the Africans and the Asians and the Russians.

### *South Africa*

We should frankly say that it is impossible to go beyond the arms embargo and to contemplate embarking on a campaign of economic sanctions against South Africa now, (and we should maintain our position in regard to enforcement action under Chapter VII of the Charter). Though they will not publicly admit it, I think that the Africans recognise that it is financially, economically and politically impossible for us to embark on a full campaign of sanctions now. But we should couple this frank statement with a warning that if South Africa persists in its present policies of apartheid we believe that disaster will result which may well necessitate international intervention. And we should be prepared to consider action to discourage further investment of British capital in South Africa and further British immigration to South Africa.

### *Rhodesia*

We have publicly stated that we shall not grant independence to Rhodesia except under a constitution acceptable to the people of Rhodesia as a whole. Consequently there can be no question of granting independence under a constitution which would perpetuate minority rule with no certain prospect within a reasonably short time of a fully representative government.

The policy which we have followed since the new Government took office last October seems to me to have been sound, but now, while still giving the present Rhodesian Government no plausible excuse to declare independence unilaterally, it seems to me necessary to be very tough in our negotiations, basing our stand on the strong feelings expressed in the Commonwealth Conference. We should insist that the African leaders must be brought into consultation, and in the negotiations we should give no ground to anyone to think that we would be prepared to grant independence with the white minority still in full control.

### *Mozambique and Angola*

We have often declared that we believe that the present policies of the Portuguese Government are wrong and that the Portuguese should accept the principle of eventual self-determination for their African territories. It seems to me that there is nothing to be lost and everything to be gained by taking the lead in openly advocating this, in seeking to persuade the Americans and other Western powers to cooperate with us in urging on the Portuguese Government the case for a radical change of policy, and then considering all possible measures of pressure which can be brought to bear on the Portuguese Government to achieve the change of policy we believe is necessary.

It still seems to be possible for the Portuguese to extract themselves from the rigid position which they have so far obstinately maintained and to achieve much the same results as those achieved by France in her African territories.

In all these questions it is surely of great importance to keep in close consultation with the African leaders mainly concerned, including particularly Kaunda, Nyerere, Kenyatta and Abubakar Balewa. It seems to me urgently necessary to follow up the Commonwealth Conference by discussions with these leaders to endeavour to achieve some understanding with them on future action and, if at all possible, agreement on a course to be followed by the Commonwealth in the future.

#### Minute on 365

. . . In general I do not think that we would accept Lord Caradon's basic assumption that there is bound to be a bloodbath in Southern Africa within the foreseeable future. A Rhodesian U.D.I. would, of course, put a great strain on our relations with black Africa and would exacerbate the racial conflict. There may be sporadic outbursts of violence, but I do not believe that the black African states are at present in a position to wage effective warfare against Rhodesia, the Portuguese overseas territories or South Africa. The fact of the matter is that, while we do not condone the policies pursued in these three countries, it would be wrong for us to base our own policy on the expectation of violent rebellion there or a black-white war. We have no alternative but to continue plugging away with the South African, Rhodesian and Portuguese Governments, and it may take very many years before their policies significantly change. The corollary of this seems to me to be that we also have to plug away with the black Africans, in order to get them to realise this fact. In practice this means that highly emotive speeches, and the striking of attitudes by us, do little except raise false hopes among the black Africans. It is better to concentrate on the unworkability of apartheid as at present practised by the South African Government, the dangers to Rhodesia of present Rhodesian policies and the cost to Portugal of her excessive slowness in regard to her overseas territories. It follows also that we should avoid steps such as attempts to control investment in or immigration into South Africa which would be both unpractical and ineffective.

R.A.  
9.9.65

### **366** DO 195/219, no 19 16 Mar 1966 [Downfall of Nkrumah]: joint FO and CRO telegram no 98 to certain missions on Britain's reaction to the overthrow of President Nkrumah<sup>1</sup>

The downfall of Nkrumah has been a significant set-back to the extremist forces in Africa. It is important that we should exploit this. For a start we wish to do what we

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<sup>1</sup> Nkrumah was on an official visit to China when he was deposed by a military coup in Feb 1966. From Peking he returned to Africa where he was given sanctuary and the title of joint president in Guinea by President Sekou Touré. There were rumours Guinea might invade Ghana and Nkrumah broadcast from Conakry, the capital of Guinea. The new military regime in Ghana wanted to arrest the deposed president, a proposal the UK did not support (DO 195/278).

can discreetly to build up the new Ghana regime and to ensure that the proper lessons are drawn from the downfall of Nkrumah.

### *Recognition*

2. It would be most helpful to the new Government to have early recognition from the largest possible number of countries, particularly in Africa but also in the rest of the world, especially the more important Commonwealth countries. So far we understand they have been recognised by:—

#### (a) *Commonwealth Countries*

Canada, Gambia, Malawi, New Zealand, Nigeria and United Kingdom.

#### (b) *Foreign countries*

Belgium, Brazil, Cameroon, Congo (Leopoldville), Czechoslovakia, France, Germany, Hungary, Israel, Italy, Ivory Coast, Japan, Liberia, Libya, Malagasy Republic, Morocco, Netherlands, Niger, Rwanda, Senegal, Tunisia and United States.

Posts in these countries which have not yet recognised (except for Communist countries) should, unless they see objection, enquire informally whether the Government or Governments to which they are accredited, intend to recognise the new Ghana régime. They should point out that all the indications are that the change of Government was a truly popular revolution. The new Government is firmly in control and fulfils the normal criteria for recognition. If asked, you may say that we see no prospect of Nkrumah's return to power. The threats of military action by Guinea and others are completely empty and indeed ridiculous.

### *Nkrumah and Nkrumaism*

3. It would be inappropriate and counter-productive for us to express too open pleasure at the downfall of Nkrumah or to condemn him and all his works outright. We should take the line, more in sorrow than in anger, that Nkrumah was a tragic case of a man of many good qualities corrupted by power and betrayed by his own weaknesses. He assumed power with many advantages and became the embodiment of many of the hopes and aspirations of all Africa. The fact that these hopes were not fulfilled was a tragedy for Ghana and for Africa. His anti-colonialism developed into an obsession which saw in neocolonialism the explanation of any set-back and which blinded him to the fact that his economic naiveté, extravagances and prestige projects had brought his country to the point of bankruptcy, while his advocacy of revolution and his support of subversion in other African countries (often with Communist assistance) had seriously damaged Ghana's relations with many of her neighbours and jeopardised the prospects for African unity.

4. His incorrigible megalomania is shown by his refusal to accept the verdict of the revolution and his apparent determination to foment trouble from Conakry. Well-disposed African Governments will presumably need little encouragement to denounce the support which he is receiving in Guinea and other countries. This constitutes flagrant interference in the internal affairs of Ghana in contravention of the Charter of the O.A.U. and tends to perpetuate the present split in the O.A.U.

### *Nkrumah's links with the communists*

5. We should also do what we can to exploit the further evidence which has come to light of Nkrumah's close collaboration with the Communists, in particular the existence of camps in Ghana for the training of subversive elements, reports of an

offer of Chinese arms to Guinea in order to help with the restoration of Nkrumah and the return direct to Guinea of Ghanaian students who have been studying at Moscow. I.R.D. will be shortly sending material to posts likely to be interested with suggestions for its exploitation.

### **367** DO 216/34, no 15A

12 May 1966

#### **[Kenya]: letter from E H Peck<sup>1</sup> (Nairobi) to M Scott<sup>2</sup> on Anglo-American relations in Kenya**

We are now in a period of unknown duration between American Ambassadors here; but I have been taking stock of Anglo-American relations in Kenya and our attitudes to developments in Kenya.

2. Bill Attwood<sup>3</sup> has been a successful Ambassador here by any standard, and a good colleague. He naturally set great store by his access to Malcolm;<sup>4</sup> but he gave as well as took, and at least in the overt, political, information and aid fields encouraged a fair amount of contact and interchange of ideas between the two missions. The present (career) *chargé d'affaires*, Jim Ruchti, is not in the same class as an external operator and errs from time to time from excess of zeal; but he is a nice chap and friendly, and we foresee no difficulties from him during the *inter-regnum*.

3. But there are two closely related flies in the ointment. First is a possible fundamental difference of approach to the problems of Africa in general and of Kenya in particular. The second is the methods which the Americans are prone to use to get their way.

4. There is no great difference in our objective, which is I suppose a Kenya which is stable, economically prosperous and politically unprejudiced. Where we risk parting company, I think, is in the assessment of (to use shorthand) the subversive threat and of the right means to counter it. I do not know how much the tone and content of Kenyatta's recent actions against the Odingans<sup>5</sup> owes to American inspiration, direct or (more likely) through Mboya and Moi.<sup>6</sup> But I have little doubt that these actions have given more unalloyed satisfaction to Attwood than they have to me. Odinga has of course received aid and comfort from the Communists; but this does not make him a Communist. There is of course a subversive threat to Kenyatta's government (or at least to the government he will leave behind him when he goes); but this is not a Communist threat—and indeed is not at present an ideological threat at all: it is a threat stemming from the concrete realities of poverty, unemployment and frustration, and the ejection of the Odingans who will not remove these realities, will put a premium on playing them up. Attwood probably, in his heart, thinks that we lack

<sup>1</sup> UK High commissioner in Kenya, 1966–1968.

<sup>2</sup> East Africa Political Dept, CRO.

<sup>3</sup> William Attwood, US ambassador to Guinea, 1961, to Kenya from Oct 1964.

<sup>4</sup> MacDonald.

<sup>5</sup> A reference to the rift in the ruling Kenya African National Union (KANU). In Mar 1966 Oginga Odinga resigned as vice-president. The following month he formed a new opposition party, the Kenya People's Union (KPU), which was joined by 30 MPs. A 'little general election' was held in June at which the new party retained only three of its seats. Early in Aug KPU officials were arrested under a Public Security Act and in Oct Odinga was stopped and searched at the border on his return from a visit to Uganda. The government claimed he had travelled to Kampala under an assumed name in an effort to obtain financial aid for the KPU from foreign embassies.

<sup>6</sup> Tom Mboya, general secretary of KANU; Daniel arap Moi, Kenyan home minister (see 278, note 11).

either insight or determination: the pragmatic success of the MacDonald approach he would attribute, I suspect, to the exceptional and in a sense fortuitous relationship between Malcolm and Kenyatta, and he would not regard it as a conclusive argument in favour of MacDonaldism as a general policy. I am myself conscious of the dangers of MacDonaldism when it is practised by players without Malcolm's peculiar genius. But I am convinced that in the particular case of Kenya the swing rightward has gone far enough, possibly even too far for Kenya's ultimate stability and her development in some sort as interpreter between Africa and the West.

5. As for method, we have been a good deal disturbed by recent developments in the relationships between the United States Ambassador and certain Kenyan Ministers—a disturbance shared by at least one very sensible official. I need not go further at this stage into this development and their possible effects on the political situation here, you and Michael Stewart, to whom I am copying this letter, will know in general what I have in mind.

6. The *inter-regnum* in the United States Embassy here may perhaps offer an opportunity to reach a *modus vivendi* with the Americans in our several relationships with the Kenyans. It may be possible to persuade them:—

- (a) that our objectives are substantially the same;
- (b) that the British stake here is bigger than theirs, and so, most exceptionally, is our effort not only to propitiate but also to help in a substantive way. (Our aid has to date been ten times that of theirs);
- (c) that our position *vis-à-vis* Kenya Ministers and, especially, officials is broadly based and pretty strong;
- (d) that our methods, however pussyfoot they may have at times seemed, have worked not too badly in Kenya so far;
- (e) that we should in general therefore be allowed to pay the hand;
- (f) that there should continue to be the closest possible contact, exchange of information and consultation to ensure that neither effort nor opportunity is wasted.

7. I should be interested to have your comments and those of Michael Stewart in Washington.<sup>7</sup>

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<sup>7</sup> Commenting on Peck's letter, Sir M Stewart, HM minister at the Washington Embassy, placed the issues raised in the context of US policy in Africa more generally: 'Africa has always come last in the order of U.S. foreign policy objectives and the Americans here are sincere in their contention that it is for the ex-colonial powers, especially France and Britain, to make the running in Africa and to shoulder the main burden in helping to maintain stability and financing development. The State Department may at times have reservations about what they conceive to be a lack of robustness in our approach but it is an almost invariable rule that they look to others to provide the leadership in coping with Africa's problems.' Stewart argued that the difficulty for the UK over Anglo-American relations in Africa lay not so much in Washington as in the field: 'The fact that many U.S. Ambassadors are appointed from outside the U.S. Foreign Service may sometimes inhibit full understanding and harmony between Washington and the Mission concerned and aggravate the difficulty which the Americans find in ensuring that their representatives speak with one voice.' This problem was further aggravated by the 'chronic problems' of administrative co-ordination from which the US government suffered. There was also the Americans' diplomatic style to consider; 'there will always tend to be an ebullience and a certain lack of finesse about U.S. operations in Africa and to some extent we must quite simply bear it'. Nevertheless, the situation throughout anglophone Black Africa was going to be critical for the foreseeable future and it was necessary to draw the attention of the State Department to the dangers of over-enthusiastic support on the part of their African Missions 'for what they conceive to be progressive pro-Western elements in the African political scene' (DO 216/34, no 10, Stewart to E G Norris (CRO), 10 June 1966).



**368** FCO 49/154, no 1

29 Nov 1966

**'Policy towards Southern Africa': paper by the FO Planning Staff.****Comments by the Commonwealth Office**

[Only the introductory summary to the paper is reproduced here. Forwarding a copy of the complete paper to the Commonwealth Office, Gore-Booth explained that Sir M James had commented on an earlier version. It was now being submitted 'urgently' to Brown. Should he consider it appropriate, the foreign secretary might arrange with Bowden for the paper to be considered by ministers (this did not happen, see 376, note). Gore-Booth added: '... the paper is less concerned with the immediate problems of Rhodesia than with our overall political strategy in regard to the continuing problems of southern Africa as a whole. We have for some time felt the need for a long-term study of this kind, and I thought it right for the Foreign Office to start the ball rolling since South Africa is so clearly at the heart of the matter'. Responding with comments by the Commonwealth Office on 3 Jan 1967, Garner explained he did not intend to show the paper to Bowden until it had been revised (FCO 49/154, no 8.)]

The essential problem of southern Africa springs from the determination of the white minorities there to retain political control, and from the determination of the black governments in Middle Africa (between the Sahara and the 'white redoubt') to prevent that. There is no hope of finding a multiracial formula to resolve this quarrel. Racial passions are too strong on both sides. Neither is willing to compromise; neither is strong enough to compel the other to do so.

2. For these reasons, the problem must be expected to continue indefinitely. British economic and political interests are deeply involved and go much wider than our present preoccupation with Rhodesia. It is therefore important for Britain to be clear about her overall political strategy for the years ahead.

3. The white South Africans will remain determined and able to stay in power. They see no alternative compatible with their own survival. There is no prospect that their resolution will weaken in the face of either internal or external pressure. Morally, their racial tyranny is detestable. But in practical terms there is no case for Britain taking action against them (given that such action has no prospect of success), unless failure to act would on balance do more harm than good to our interests in Africa as a whole (and elsewhere).

4. In economic terms, we have more at stake in southern Africa than Middle Africa, and the gap is likely to widen because our relative position in Middle Africa is in any case declining. In political terms, however, it is in Middle Africa that we have more to lose. It is difficult to measure the extent of our potential loss in Middle Africa since the countries concerned are temperamentally very different. Some are likely to react strongly; others less so. But we shall not be able to choose between southern and Middle Africa without incurring either major political or major economic loss. The longer we remain directly involved in Rhodesia the more likely it is that we shall be forced to make such a choice.

5. On the assumption that we can extricate ourselves from our Rhodesian involvement in time and without total disaster, we shall have four theoretical options for our political strategy on the southern Africa problem:—

- (a) We could side openly with the Middle Africans. This would involve crippling economic loss.
- (b) We could side openly with the white southern Africans. This would involve serious political loss and would be unacceptable in terms of our own ideals.

(c) We could refuse to side with either. This would involve adopting a 'low posture' in African affairs, comparable to Japan's in post-war Asia. We would separate economics from politics and would deliberately abandon our political influence in Middle (and southern) Africa. This option of systematic non-involvement is not available so long as our Rhodesian responsibilities last; and short of total disaster in Rhodesia it must be regarded as a counsel of despair.

(d) We could continue systematically with our present tactics of trying to side with both. So long as it remains workable, this policy must be regarded as the least unattractive of the four.

6. Alternative (d) will involve making clear to each side the point beyond which we will not go in antagonising the other. Specifically, we should make clear to the white South Africans that we abhor apartheid and will not support it e.g. by supplying arms; but we should otherwise maintain maximum economic relations, and we should try by social and other contacts to expose them to our own more liberal ideas, in the hope not of changing their aims but of softening their methods (compare our relations with the Communist regimes of eastern Europe). With the Middle Africans we should concentrate on the financial, technical and administrative help which their internal difficulties will require; as regards their external ambitions we should first make clear that we will not join in economic warfare against South Africa and should rely thereafter (i) on the fact that once we are free of Rhodesia they cannot blame the remaining injustices on us and (ii) on the hope that they will come to recognize the virtual impregnability of South Africa.

7. This last hope is crucial. The paper concludes that, so long as we make it perfectly plain that we are not going to take part in military or economic measures against South Africa, the Middle Africans while holding that this policy in effect favours the whites will reluctantly accept it. If this is so then our main interests both in South Africa and in Middle Africa will be largely preserved. If this is not so, and we find that even after the Rhodesian problem has been settled we are reaching a situation where whatever we do is bound to alienate one side or the other permanently we shall be forced back on alternative (c).

8. The paper further concludes that the main external difficulty in pursuing course (d) will come from entanglement in other southern African problems. Accordingly we should avoid involvement in Botswana, Lesotho, Swaziland, South West Africa and the Portuguese territories. The paper does not consider Rhodesia but it is clear that the possibility of pursuing course (d) will be jeopardised if our Rhodesian policy sets us on a slippery slope towards military or economic action against South Africa.

### Commonwealth Office comments (3 Jan 1967) on 368

The broad conclusions of the paper seem to be as follows. We do not have to make a positive choice between Southern (white) Africa and Middle Africa merely because their outlooks and policies are so completely opposed. Providing we do not get ourselves too firmly identified with one view or the other, we can maintain reasonable relations with both. Our Commonwealth connection and our political philosophy pull us closer to Middle Africa in the ideological sense but there is no

reason why our economic interests in Southern Africa need suffer. Moreover, if we refrain from pursuing ideological objectives (e.g. against Rhodesia) for economic reasons, we need not necessarily jeopardise our economic interests in Middle Africa.

2. All this is true, if not new. It is perhaps misleading to talk of 'siding with' one party or another (e.g. in paragraph 5 of the summary) since our room for manoeuvre is so limited. On a tight-rope, the problem is not to lean to one side or the other but to keep one's balance. Successful policy depends on a nice judgment as to where one grips the balancing pole, however the pressures at either end may alternate. It is hard therefore to follow the concept of 'siding with both' (paragraph 26). Whatever else happens, we cannot be neutral over Rhodesia.

3. It is sometimes difficult to decide what time-scale the paper is covering. At first the next ten years are mentioned, then 'the time-scale for which it is worth planning' (paragraph 9) and 'long-term policy' (paragraph 16). It is suggested in paragraph 12, for example, that our economic stake in Southern Africa may grow relatively greater but in the *very* long run it is unlikely that apartheid will last. On the other hand in the long run many things may happen, e.g. when Kenyatta dies or if Nigeria ever develops her potential wealth. The paper can hardly therefore take more than a short to medium term view, but this makes some of its assumptions over Rhodesia extremely arbitrary (e.g. paragraph 5 of the summary and paragraph 16).

4. The whole Rhodesian problem, intractable and infuriating as it is, makes this study a particularly difficult one and leads to the rather desperate truisms in the concluding paragraph. If this problem is not resolved—and there is no solution in sight—the wider problem will become even more difficult. It is a very big assumption to assume 'we can extricate ourselves from our Rhodesian involvement' (paragraph 5 of the summary). The really crucial question is the way in which our involvement is brought to an end and whether or not it is tolerable to the Africans.

5. In short, the paper begs too many questions and its conclusions are too optimistic. We cannot take it for granted (e.g. in paragraph 30) that the Middle Africans will accept 'albeit with reluctance' our policy of eschewing economic warfare with South Africa. They will recall how they were able to make us change our policy over Nibmar at the Commonwealth Prime Ministers' Meeting last September<sup>1</sup> and they may try to press us further. In any case, they will only accept this policy if they are sure that our hearts are in the right place. It is going to be a gruelling tight-rope!

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<sup>1</sup> See 217, note 4.

### **369** FCO 73/123

5 Mar 1967

#### **'Maritime arms for South Africa': minute by Mr Thomson to Mr Brown**

As you will see from the attached record,<sup>1</sup> this proved a very difficult question on which it proved impossible to get a consensus within the office. My own views arising out of the discussion are as follows.

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<sup>1</sup> Not printed.

2. The essential principle here is not the maintenance of the present arms embargo, but our repugnance of apartheid and our obligation to conduct our policy in a way that is most likely to promote its change. I believe that the prospect of change through an inevitable and immediate racial conflict in Southern Africa has receded. The real prospect is of having to co-exist with a South Africa with unpalatable but not uninfluencable racial attitudes. I conclude that whatever we decide about maritime arms, our economic interests will compel us to stand out against UN-backed sanctions either over apartheid or over SW Africa within the next year or two. I would also conclude that the best way to erode apartheid in this longer-term perspective is not by a policy of ostracism which will simply consolidate the South African hard-liners, but by a carefully thought-out political strategy of seeking to influence people inside South Africa.

3. The economic arguments for modifying our arms embargo are strong. Sir J. Nicholl's guess is that £100 million of our £300 million of exports is at stake. (My own guess is that this figure is high, but it is still likely to be significant.). The political arguments, as they affect South Africa are less concrete, but (see immediately above para 2) they seem to me to be not unimportant.

4. The political argements, at home and at the UN, against making a change are also formidable. They are stronger in relation to domestic public opinion and particularly opinion within the Government than in relation to the UN and third countries. In the UN we have a hostile Afro-Asian majority on a number of issues where it is impossible to satisfy our critics—Rhodesia, Aden, Gibraltar etc. A change of policy on South African arms would do us much immediate harm at the UN, but after a month or so it would be unlikely to be much more than a marginal addition to the general criticism of our Afro-Asian policies. The Americans would grumble—particularly the State Dept's African section, and the Pentagon's arms salesmen—but the Administration generally would come down in the end for our acceptance of the need for Simonstown as part of our Indian Ocean commitment to Western defence.

5. In the end it is the domestic political opposition to any change of policy that must be weighed against the economic damage. It would be strong in the PLP, in the Cabinet and inside the Foreign Office because of Lord Caradon's deep, conscientious convictions on this issue. This aspect raises questions that go far beyond the foreign policy balance of arguments for this particular change of policy. It is something you would wish to discuss privately with the other FO Ministers and then with the PM and one or two of your other Cabinet colleagues before deciding whether to launch the question on the DOPC.

### **370** CAB 148/30, OPD 10(67)2

7 Mar 1967

#### **'Emergency planning in Africa': Cabinet Defence and Oversea Policy Committee minutes on protection for UK communities in Africa**

The Committee considered a memorandum by the Minister of State for Commonwealth Affairs (OPD(67) 12) on emergency planning for the protection of United Kingdom communities in Africa, with particular reference to the position of Asian United Kingdom citizens.

*The Minister of State for Commonwealth Affairs (Mr. Thomas)* said that plans for

the protection of British nationals in all African countries had recently been revised and brought up to date. This process had led to further consideration of the position of the large numbers of United Kingdom citizens of Asian origin domiciled in East and Central African Commonwealth countries. These totalled some 270,000, compared with some 95,000 people of United Kingdom origin. In January 1965 Ministers had directed that protection should be provided for all African communities of United Kingdom citizens, Asian as well as European. Detailed consideration showed however that it was not now practicable to provide the same protection for Asian United Kingdom citizens as for those of United Kingdom origin. Not only were the social and economic circumstances of the Asian communities such that detailed plans for helping them in the same way as Europeans were impracticable (and even an attempt to provide advance arrangements would become widely known and endanger the position of the Asians further), but also the numbers of Asians involved, especially in Kenya (where there were over 200,000) made such measures beyond our physical resources, particularly if trouble developed in two or more countries simultaneously. In devising plans it would be wrong to enter into commitments which we should be unable to fulfil. There was however a real danger of the need for the protection of Asian United Kingdom citizens arising; our High Commissioner in Kenya had warned that African feeling against Asians there was bitter, universal and rising. While it would be impracticable to make plans for Asians on the same basis as for Europeans we must plan to give to Asians the best protection we could provide within the limits imposed by the nature of the problem and the resources available.

He therefore proposed to instruct our High Commissioners in the countries concerned to frame emergency plans separately for the community of United Kingdom origin and for the Asian community; to plan on the basis that 'last resort' physical assistance with British troops and officially assisted evacuation to the United Kingdom would be offered only to the United Kingdom community and not to the Asians; and to plan the most effective measures possible to protect the Asian community. The latter measures included at the onset of an emergency setting up special communications between Asian 'correspondents' and the British High Commissioners' offices; putting all possible pressure on the African governments to deploy adequate police or troops for protection; our High Commissioners keeping in close touch with the local government authorities with administrative help or advice; if necessary, assisting in supplying and administering food or medical supplies; and, if the situation warranted it, reviewing the possibility of providing limited military forces, perhaps in conjunction with other Commonwealth countries, to assist the local authorities to maintain order.

*The Secretary of State for Defence* said that while a decision to treat Asian United Kingdom citizens differently from Europeans might prove to be advisable this would constitute a reversal of the decision taken by Ministers in January 1965, on which basis military plans had been worked out. The difficulty of implementing these plans would vary greatly from country to country and in some it would be quite practicable to include Asians in our arrangements. We should also consider the position in relation to our plans of the citizens of the old Commonwealth countries. There would be advantage in officials examining the problem further in relation to each country separately, in consultation with the Chiefs of Staff, before a decision was taken by Ministers.

In discussion the following points were made:—

(a) We should have further discussions with the Governments of India and Pakistan with a view to the co-ordination of arrangements in the event of serious disturbances for the protection and if necessary evacuation, in particular to India and Pakistan, of the Asian community in East and Central Africa.

(b) In some circumstances large numbers of Asian United Kingdom citizens might seek entry to the United Kingdom. This could only be prevented by legislation which would both be discriminatory and would draw attention to the existing rights of entry of such persons.

(c) The possibility of securing the assistance of the United Nations High Commissioner for Refugees in measures for the assistance of the Asian community if the need arose should also be considered.

*The Prime Minister*, summing up the discussion, said that the problems involved required consideration interdepartmentally by officials in the light of the Committee's discussion. The Committee would then wish to consider the issues further.

The Committee:—

(1) Invited the Minister of State for Commonwealth Affairs in consultation with the Foreign Secretary, Chancellor of the Exchange, Defence Secretary and the Home Secretary, to arrange for interdepartmental examination by officials in the light of the discussion of the problems involved in OPD(67) 12.

(2) Agreed to resume their discussion in the light of the report by officials.<sup>1</sup>

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<sup>1</sup> The Commonwealth Office prepared a further report in April 1968, after consultation with the Treasury, MoD, FO and Home Office. It provided new figures about the numbers involved. In Kenya there were about 188,000 UK nationals (28,000 expatriates, 160,000 Asians). In Uganda there were 37,000 (7,000 expatriates, 30,000 Asians); in Tanzania 28,000 (8,000 expatriates, 20,000 Asians); in Malawi 16,000 (6,000 expatriates, 10,000 Asians); and in Zambia 51,000 (44,000 expatriates, 7,000 Asians). After the disturbances in Kenya, Tanzania and Uganda in 1964 (see 357, note 4) the UK decided it would be impractical to evacuate such large numbers; in the worst case UK troops would be sent in to protect British nationals on the spot. The troops were to protect both expatriates and Asians without discrimination. Military plans for such intervention still existed although politically it was now recognised this would not be practicable. In considering what other steps might be taken to protect UK nationals, the 1968 Commonwealth Office report suggested the UK had 'an inescapable moral responsibility' to protect both expatriates and Asians. But it distinguished between diplomatic and practical measures of protection. Diplomatic measures could be adopted equally on behalf of expatriates and Asians. Direct measures—advice to leave, a warden system for self-help and the organisation of local communities, arrangements for evacuation, and, in extreme cases, military intervention—could be exercised only on behalf of the expatriates (FCO 50/329, no 345). These findings were overtaken by the Asian 'exodus' from Kenya and the Commonwealth Immigrants Act of 1968 (see documents 444–447).

**371** CAB 148/31, OPD(67)24

21 Mar 1967

'South Africa': memorandum by Mr Brown for Cabinet Defence and Overseas Policy Committee. *Annexes: A and B*

I circulate herewith for the information of my colleagues a letter from H.M. Ambassador in Cape Town recording his tentative ideas about the problems which South Africa poses for Her Majesty's Government, together with a copy of my reply.

2. The paper referred to in the third paragraph of my letter is the study on British policy towards Africa over the next ten years which is at present being prepared by the Sub-Committee on Africa of the Defence and Oversea Policy Official Committee.<sup>1</sup>

#### Annex A to 371: letter from Sir J Nicholls (Cape Town) to Mr Brown, 3 Feb 1967

I have given up any idea of writing a 'first impressions' despatch; this country is so vast and its problems so difficult and complex that my impressions would have been very superficial and, I think, useless. But it may be of some use to you if I try to set down, in very broad terms, my present, very tentative, ideas about the problems which this country presents for Her Majesty's Government.

2. The starting-point has to be the *apartheid* issue, on which I hope to send you a despatch before long. At close quarters this proves to be both worse and better than I had expected. *Worse*, because I cannot see any way in which the South Africans could, in the foreseeable future, reverse their present policies, or be forced to do so, without causing absolute chaos. *Better*, because I found that South African attitudes were less rigid than I had expected; there is a great deal of self-questioning, and a new inclination to talk more about the immense complexity of the problem and the need for time to solve it, and less about the rightness and immutability of present policies. More and more people, too stupid or too timid to question the basic policy, are expressing deep disquiet at the human consequences. I haven't met the rural Afrikaner in his natural habitat yet, and I don't doubt that he is a very tough nut; but I have met a good many other nationalists and my impression (borne out by people with more knowledge than I possess) is, to put it no higher, that their minds are increasingly open to the possibility of change. The flirtation with Chief Jonathan<sup>2</sup> is not perhaps very important internationally, but considered as the first step in a deliberate move to re-educate *South African* opinion, I think it is very significant.

3. These first hesitating approaches to a less rigid and more outward-looking attitude towards racial problems are to be welcomed in themselves, and it is very much in our interest to encourage them. But here our problems begin. Is it the almost unanimous hostility of world opinion which is raising doubts here and opening up possibilities of more realistic and humane policies? If so, is continued and generalized hostility the best stimulus that the world can apply? This is debatable; but so far as Her Majesty's Government is concerned, I think that the answer is no. I believe that we are approaching the point at which better results will be obtained if we deliberately temper disapproval with understanding.

4. At the risk of making this letter too long, I would like to set out in brief my reasons for holding this view:—

(1) Our position here is still immensely strong: H.M.G.'s views matter more to South Africans than those of any other Government. But our influence will be eroded if, despite all the ties of common language, reciprocal trade and shared background, we are seen to be as disapproving, and at times as actively hostile, as

<sup>1</sup> See 376.

<sup>2</sup> See 295, note 6. Chief Leabua Jonathan, prime minister of Basutoland/Lesotho from 1965.

anyone else. The fear of total isolation is very strong here under the surface, and this gives us, more than any other country, some very powerful leverage.

(2) The traditional 'laager mentality' of the Afrikaner is spreading to the South African of English and other stock; if we cannot check this backs-to-the-wall, everyman's-hand-against-us trend, the present hopeful, if tentative, signs of a return to sanity will be nipped in the bud.

(3) We have in Dr. Muller and Mr. Vorster<sup>3</sup> the most promising team to deal with that we can hope for in the foreseeable future. The most dangerous opposition to them comes from the Right, and they *must* chalk up some successes if they are not to be undermined. Nothing would strengthen them more than H.M.G.'s understanding of their problems—and I believe that H.M.G.'s attitude over the Simonstown talks has been immensely helpful from this point of view.

5. I do not under-estimate the political difficulties of the line I am recommending, but I do not think that they should be insuperable. The requirements are:—

- (a) to make it clear that we recognize the magnitude of South Africa's problems.
- (b) to let it be seen that, while maintaining an implacable opposition to petty *apartheid* with all the human misery it entails, we are not behind the pressures for instant majority rule—in other words, to make a clear distinction between the moral issue and the political one.
- (c) to give credit for what is being done in the field of African advancement while still pressing for more and faster progress.
- (d) to keep confidential lines open to Vorster and Muller and use them sometimes for exchanges of views when we are not asking anything of them.
- (e) if at all possible, to give the South Africans tangible evidence that we do not regard them as pariahs. The supply of non-contentious arms, e.g., for naval defence, is a case in point.

6. Though this may sound small beer as a programme, I have a hunch that we may be approaching a turning-point in this country—one of those situations in which a well-timed shift of emphasis on our part could, with luck and skill, produce an altogether disproportionate benefit. And the fact that we shall need South Africa's help in dealing with Rhodesia, and that we must maintain and improve our trading position here, adds two self-interested reasons for doing what I think is right on much wider grounds—including the welfare of the black and coloured populations.

#### Annex B to 371: letter from Mr Brown to Sir J Nicholls, 10 Mar 1967

Thank you very much for your letter of 3 February giving your impressions of the present scene in South Africa and your recommendations for future policy. Your impression that we may be approaching a turning point in South Africa is hopeful and I agree that there is much force in the argument that, rather than ostracize the South Africans completely, we should do what we can to encourage by contact and influence any more liberal ideas which may show signs of emerging.

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<sup>3</sup> Foreign minister and prime minister of South Africa respectively.



The difficulty about showing ‘understanding’ is that this can so easily be represented as countenancing the policy of apartheid. We may try to understand the background which has led to the present situation in South Africa. But this does not diminish our detestation of the laws surrounding apartheid and our firm belief that the South Africans are tackling a difficult racial problem in the wrong way—and in a very inhuman way. I am not sure, therefore, that giving credit for what is being done in the field of African advancement is a very profitable line to take so long as the South African Government is implementing a basic plan which is moving in the opposite direction to that which we should wish to see. We are not, for example, disposed to give much credit for the improvement of the housing being provided for Africans in the townships so long as they have no freedom of choice in where they live and have no security of tenure and can be evicted summarily under arbitrary laws.

I think you know that we are currently engaged in preparing a policy paper from which we hope to be able to deduce some guidelines for the general conduct of our relations with South Africa.<sup>4</sup> We shall certainly take account of your letter in this and shall wish to consult you before the paper reaches its final form. I dare say that the conclusion which will emerge will be that we should aim to combine formal aloofness from the unacceptable human injustices of apartheid with cooperation in fields where this is not an issue. But that is likely in practice to be a tricky team to drive.

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<sup>4</sup> See 376, note.

**372** CAB 148/32, OPD(67)32 8 May 1967  
 ‘Nigeria: possible blockade and secession of Eastern Region’:  
 memorandum by Mr Bowden for Cabinet Defence and Oversea Policy  
 Committee

The Eastern Region of Nigeria is on the brink of seceding from the Federation. In an effort to prevent this, the Federal Government may impose a blockade of the Eastern Region; or if the East declare secession a Federal blockade may follow. Blockade would almost certainly be accompanied by a Federal request to other Governments to comply with it, while secession would no doubt be accompanied by a bid by the Eastern Government for international recognition as a separate State. Either way, H.M.G. will be faced with difficult decisions.

2. Our response to these developments need not and cannot be decided in advance, since it must depend to some extent on the precise sequence of events. Nevertheless, events may move fast in Nigeria, and my colleagues will wish to consider the general attitude which I recommend we should adopt.

*Present situation*

3. Last year’s events in Nigeria, in which the Government was twice toppled by *coup d’etat* and many thousands of Ibos from the Eastern Region were massacred in the North, have left an indelible scar on the Eastern Region’s relations with the

Northern-orientated Federal Government.<sup>1</sup> Since January this year there has been a steady and deliberate withdrawal by the Eastern Region from contact with the rest of Nigeria. The East has now become largely separate economically, and only formal constitutional ties still hold it within the Federation. Colonel Ojukwu,<sup>2</sup> the Eastern leader, will settle for nothing less than *de facto* autonomy for the region within a loose confederal Nigeria, and if he cannot get this he is ready to secede. The Federal Government under Colonel Gowon are equally determined to prevent the East from seceding, and contemplate using every measure short of invasion to this end.

4. The chances of any outside mediation bringing the Nigerian leaders to an agreed settlement must be rated low, although General Ankrah<sup>3</sup> of Ghana continues to do his best with our discreet encouragement. For some time it has been apparent that no British or even Commonwealth Secretariat initiative in this direction is likely to be welcome. Nigeria thus remains poised on the edge of a break-up which we are almost powerless to prevent.

5. In these circumstances our policy has been to support the Federal Government in all reasonable efforts to maintain a unified Nigeria. We have told the Federal Government that we will do our utmost to avoid contributing to any measure which would lead to the break-up of the country. On the other hand, we have declined to give an assurance that we would in no circumstances recognise a separate Eastern State. While we genuinely sympathise with the Federal Government we cannot afford permanently to alienate the East with whom we may one day have to do business as an independent State whether we like it or not.

6. British interests in Nigeria are bound to suffer in the event of a break-up. About 19,000 United Kingdom nationals are living in Nigeria, of whom 3,500 are in the Eastern Region. Our investments are estimated at over £220 million. Over £130 million of this is in oil, mostly in the East. Of the remaining £90 million, about one fifth is in the East. The East also accounts for 20–25% of our general trade with Nigeria. UK exports to Nigeria are running at nearly £70 million a year, and imports from Nigeria at over £100 million (including £40 million oil, shipped wholly from the East). Political collapse and division will not only have an immediate impact on business confidence but will probably also put an end to the economic advantages of a single large market. If we are thought by the East to have thrown in our lot with

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<sup>1</sup> The first coup of Jan 1966 (see 207, note 6) was led predominantly but not exclusively by junior officers from the eastern region. Maj-Gen J T U Aguiyi-Ironsi, himself an Ibo from the east, formed a military government. The second coup was sparked by the publication of a decree in May 1966 abolishing Nigeria's regions and replacing them with a unitary state. Several days of violence followed in the north, as northerners attacked southerners, especially Ibos who were suspected of plotting southern domination. In an act of revenge for deaths caused during the first coup, northern troops rounded on their eastern comrades at the end of July. Northern soldiers mutinied and shot their eastern officers. Gen Ironsi was among the victims. He was replaced by Lt Col Yakuba Gowon, a northerner but a Christian (not a Hausa or a Muslim). Gowon (himself overthrown in a bloodless coup in 1975) abolished the unification decree, released political detainees (including Chief Obafemi Awolowo from the western region), and summoned a constitutional conference to consider the future of the Federation. But regional tensions remained high and a fresh outbreak of anti-eastern violence in the north beginning at Kano on 29 Sept brought the number of eastern deaths over the year, according to eastern sources, to 7,000. Others estimates put the figure as high as 30,000.

<sup>2</sup> Lt-Col Odumegwa Ojukwu, military governor of the Eastern Region.

<sup>3</sup> Lt-Gen Joseph Ankrah, chairman of the National Liberation Council and Ghanaian head of state following the overthrow of Kwame Nkrumah (then in Beijing) in Feb 1966.

the Federal Government, United Kingdom nationals and business interests in the East (including the bulk of our oil interests) may be threatened, whereas any suspicion of British support for Eastern secession may have a similar effect on our interests elsewhere in Nigeria.

### *Federal blockade*

7. If the Federal Government declare and enforce a blockade against the East either before or after secession, they can be expected to appeal for the widest possible international support for their actions. In particular, they are likely to ask the British and other maritime Governments to advise their shipping companies not to go to Eastern ports. If the British Government gave such advice, and the blockade was recognised as effective (see paragraph 8(a) below) it would mean that we would not be legally able to support British shipping companies against ships and cargoes being taken as prize.

8. We should have little choice but to comply with such a Federal request initially, for the following reasons:—

(a) In international law, if a Government declares a blockade and also makes it effective in fact, i.e. by maintaining a sufficient force to prevent ships entering the blockaded ports, other Governments are obliged in law to recognise the blockade.

(b) The Federal Government would react very strongly to a refusal on our part to recognise that a declared blockade was effective, since they would regard this as encouraging the East to secede.

(c) Ojukwu, for his part, might well regard it as direct encouragement to stand out for independent recognition if he saw that we were not prepared to support the Federal Government on this.

(d) If we did not comply with the request, we should almost certainly be out of step with the United States Government, and we should be widely regarded in Africa and elsewhere as assisting a rebel Government against the properly constituted and internationally recognised Government of Nigeria.

9. Although probable, it is not certain that we shall be faced with this decision. The Federal Government are known to have plans for a blockade, but there are a number of restraints on their freedom of action. They evidently realise that by declaring and enforcing a blockade they would confer belligerent rights on the Eastern Region. Any blockade, no matter how rigorously enforced, would take many months on the most hopeful estimate to bring the Eastern Region to heel. A blockade would inevitably drive the East into secession if it had not already taken that step. It is by no means certain that the Western and Mid-Western Regions would support such tough measures by the Federal Government (backed by the North) against the Eastern Region.

10. We have urged the Federal Government to consider the possible repercussions of a blockade and have drawn their attention to the undesirability of involving foreign companies in an internal dispute.

11. There is no reason why British warships should be involved in a blockade. It would be wholly for the Federal Government to enforce it. The Federal Navy is small and inexperienced, but Nigerian merchant ships could be armed in an effort to stop blockade-runners. Some traders and shippers might nevertheless be tempted to risk interception for the sake of quick gains. We should have to reconsider our advice to

British shipping companies if after a time a blockade was obviously proving ineffective—or if the East appeared to be gaining international recognition.

### *Eastern State*

12. If the Eastern Region seceded it would make every effort to obtain recognition from other Governments. British interests in the East are far larger than those of any other country, so we should be in an uncomfortably prominent position.

13. Most African countries have hitherto sided with the Federal Government, and probably a majority would continue to do so—for a time at least—after an attempt by the East to break away. The situation would be seen by them as not dissimilar from that in the Congo earlier on, with the Eastern Region cast in the role of Katanga and Shell/B.P. as Union Miniere. However, it is possible that some of the more radical African countries would not be sorry to see the break-up of so large and influential a neighbour as Nigeria and would be prepared to back the East if it looked as if Ojukwu was getting away with it. (Ojukwu appears to be regarded with some justice as more radical and 'nationalist' than the other Nigerian military leaders.)

14. Our NATO and Commonwealth allies are likely to take a very cautious line if faced with Eastern secession. Like us, they cannot afford to rupture their relations with the rest of Nigeria. Like us, they will no doubt wait and see how far a separate East enjoys a reasonable prospect of permanence (part of our usual criterion for recognition) before committing themselves.

15. Much will depend on the extent to which the three other Regions are prepared to support the Federal Government. Legally speaking, Colonel Gowon cannot take emergency powers against the Eastern Region without the approval of the other Regional Governors. Even if this were forthcoming, which is by no means certain, the Western Region (and perhaps also the small Mid-West Region) might well make a move towards separate identity for itself once it saw the Eastern Region going it alone. If the West did follow the East, the Federal Government would have no means of holding the Federation together short of using Northern troops, and this could not produce a stable and lasting solution.

16. Apart from the position of United Kingdom nationals, our particular stake in the Eastern Region is the Shell/B.P. oil investment (already over £130 million). Production at present is relatively small by world standards, some twenty-five million tons a year, but in a few years it could be as high as 100 million tons. The quality of the oil is high, and its location west of Suez increases its value to us, although imports to the United Kingdom could be made up from other sources if Nigerian production was cut off. The Federal Government might well try to make an exception for oil tankers in any blockade, since a shut-down of oil production would mean loss of revenue payments from the oil companies to the Federal Government. This might suit Ojukwu too, since it would be in his interest to keep business in the East going as normally as possible. (Exemption for tankers alone would not enable oil operations to keep going for more than a few months, unless technical equipment for the oil companies could also continue to be brought in.) Apart from this, the oil companies would be put on the spot if Ojukwu ordered them to pay revenues to the Eastern Government instead of to the Federal Government; they could not pay twice over.

17. In these circumstances, if faced with a bid for recognition by a separate East, our policy should be to avoid making any formal move towards recognition for as

long as possible. We should try to keep our lines open to the East, and in particular to maintain our High Commission Office in the Eastern capital, Enugu, for the sake of the British community. While a blockade would interrupt normal trade, we should do our best to keep oil flowing and to avoid the oil companies being faced with punitive measures by the Eastern Government. At the same time we should be cautious in appearing to withdraw support from the Federal Government, who will be very sensitive to any such change. But we may have to tell them that there is a limit to the extent we can support them against the East, where British lives and interests may be directly threatened.

### *Conclusions*

18. (a) Our interests are best served by the existence of a united Nigeria in which the Regions remain willing members.

(b) An open split between the Eastern Region and the rest of Nigeria will face us with an immediate dilemma, since we cannot afford to alienate either side.

(c) We should continue to support the Federal Government's reasonable efforts to maintain unity, even to the extent of advising British shipping to comply with a Federal blockade of the Eastern Region, at least initially and so long as it appears that the Federal authorities may be able to enforce the blockade.

(d) In the event of Eastern secession we should aim to keep in informal contact with the Eastern Government, having particular regard to our oil interests and the safety of British nationals; but we should be extremely cautious in recognising a separate Eastern State, and if possible should not move faster than other influential Governments.

## **373** FCO 25/232, no 32

9 June 1967

**'Nigeria: the secession of Eastern Nigeria': despatch from Sir D Hunt (Lagos) to Mr Bowden reporting the declaration of independence by a new Republic of Biafra**

At 6 o'clock in the morning of 30 May, the Military Governor of Eastern Nigeria, Lieutenant-Colonel Chukwuemeka Odumegwu Ojukwu, made a broadcast declaring the Region, together with its continental shelf and territorial waters, to be an independent sovereign State under the name of the Republic of Biafra. This announcement had been recorded on tape at 3 o'clock, after one of Colonel Ojukwu's invariable late night drinking and talking sessions; my predecessor, who was himself educated at one of the best known universities in East Anglia, was apparently of the view that he had learnt these habits at Oxford. In this despatch I have the honour to consider the reasons for the secession and some of the likely consequences.

2. The first part of this task can, I think, be fairly summarily despatched because I have already written at some length about the main grievances of the Ibos. Psychological factors first: knowing themselves to be the most intelligent and industrious tribe in the Federation, and having since independence until the middle of last year filled nearly all the chief places in Government, administration and business, they saw their dominance slipping and were at the same time grievously shocked by the massacre of many of their fellow tribesmen in the north. A more material factor was the assured prospect of revenue

from oil production. I think myself that I should stress here another factor which I have mentioned before but not perhaps with sufficient emphasis; personal ambition on the part of Colonel Ojukwu. He is a man who has a high opinion of his own talents and believes he is destined for the highest positions in the State. I do not think, in other words, that the impersonal forces which I have mentioned would necessarily have produced secession under a different Military Governor. Another factor which deserves mention is the Ibo propaganda machine. The radio and Press, once set in motion by Colonel Ojukwu, developed a momentum of their own which towards the end was, I think, making him feel something like a Frankenstein.

3. Both the decision and in particular the timing of it show a personal touch and perhaps go to support the view that Colonel Ojukwu, though highly intelligent in the IQ sense, is lacking in political flair. All sensible people were expecting him to wait because of the turmoil in the Western Region where the Federal Military Government had just given way to a demand for the removal of Northern troops. It was natural to expect that, in pursuit of what should be his principal aim, a solid South, he would try to carry the Western Region with him. The week preceding the declaration of independence had indeed presented a spectacle of most animated manoeuvring. Colonel Gowon had enraged Colonel Ojukwu beyond all bounds by accepting on 20 May all the recommendations of the National Conciliation Committee and withdrawing, with effect from 23 May, all the economic measures taken against the East. These were in fact, as I reported in my last despatch, very few and the 'blockade' of Port Harcourt was largely self-imposed. Nevertheless, they could be and were written up by Eastern propaganda, and their withdrawal must have been particularly infuriating. However a handpicked 'Eastern Consultative Assembly' had been summoned in Enugu for 26 May and it would give an appearance of vacillation to postpone it even though it would now be difficult for it to find really convincing excuses for the declaration of independence which was the sole purpose of its convocation. On Saturday 27 May, accordingly, it passed a resolution by which Colonel Ojukwu was 'mandated' (a word which he chose to interpret as meaning a binding order) to declare independence. Two hours after the news of this had been broadcast Colonel Gowon made a speech over the radio denouncing the Eastern Assembly's resolution and decreeing that Nigeria should now be divided no longer into four Regions but into twelve 'States' based on tribal affiliations. This was a plan which for many years was fiercely advocated by the Eastern Region and rejected by the North; Gowon had already announced on an earlier occasion his intention to bring it into effect. The Lagos broadcast produced a final manoeuvre from Enugu; Ojukwu tried to persuade the foreign Press that the Assembly's resolution had been leaked prematurely in order that he could represent it as a rejoinder to, and not a reason for, Gowon's creation of States. However the facts were too plain, and the manoeuvre is only of interest in showing how desperately Ojukwu was seeking for something which could make Gowon appear the aggressor.

4. In the new circumstances it must clearly be a principal object of British policy to avoid doing anything which could seriously antagonise the State of Biafra in case it is successful in vindicating its independence. Our interests, particularly in oil, are so great that they must override any lingering regret we may feel for the disintegration of British-made Nigeria. It is a policy which requires most careful handling because there is a strong feeling in the African world against secession, associated with the names of Tshombe and Katanga, and our enemies there and elsewhere are only too

likely to accuse us of plotting to gain from it. So far as Biafra is concerned we are immensely helped by the British Press and the BBC which have swallowed Ojukwu's propaganda line without doubt or hesitation. One of the first articles to appear in *The Times*, for example, contained, without exception, every single cliché of the Enugu propaganda machine. The *Observer* of 4 June might also have been written in Enugu and was consequently banned in the Federation. As Colonel Ojukwu and all his men are quite convinced that *The Times* is an organ of the British Government this should be accounted to us for righteousness. This complacent unanimity of British Press comment is a striking demonstration of the value of first, making presents to journalists, such as free trips; secondly, being accessible and affable to journalists and giving them good stories which they can send to their papers without putting themselves to much trouble in writing them; and thirdly, hiring a Public Relations firm in London. This last point may indicate another way in which we score; without wanting to run down my own profession I feel Colonel Ojukwu scarcely needs official diplomatic representation in London when he can rely on the skilled services of Messrs. Ruder and Finn—a United States public relations firm of a rather patchy reputation who maintain a London branch known as Brook, Hart, Ruder and Finn. We may therefore be able to stall on his request for us to accept an accredited agent without either offending him too deeply or getting into trouble with the Nigerian Federal Government and its African associates.

5. I turn to consider the likely reaction of the Federal Government. Not so long ago I thought that they would probably not try to repress the rebellion by force of arms. This was because there were no great concentrations of troops to be seen, Federal Army discipline was known to be poor and its logistic support meagre. It does, however, now seem likely (the evidence has been reported to your department) that a military invasion is planned. This will probably take the form of a regular attack on the Northern front, perhaps directed through Nsukka, combined with commando raids in the South. There is also now some evidence that, with the co-operation of the Cameroun Government, they may try to mount an operation through Mamfe onto Calabar. This is the reason why I have now advised the evacuation of all British women and children from the East. It is difficult to say whether the attack is imminent. It would make sense—and not only for climatic reasons, with the rainy season upon us—to attack sooner rather than later but there are also some signs that the Federal Government would like a little more time for preparation.

6. On the political front Colonel (now General) Gowon has brought off quite a *coup*. He has got both the West and the Mid-West wholly on his side. He has announced the appointment to the Federal Executive Council of a number of civilians and they include everyone who is anyone in the whole of the rest of Nigeria outside the East. In bringing in Alhaji Aminu Kano and Joseph Tarka (Middle Belt) he has introduced a progressive element into the Council which would have been totally unacceptable in the past and ought to appeal to the younger Northern civil servants and intellectuals. The appointment of Femi Okunnu too seems to be part of a plan to placate the trade unions and in general to get away from the feudal image of the old régime. A particular triumph is that Chief Awolowo, who calls himself the Leader of the Yorubas, has joined. He is a slippery customer but for the moment he has slithered over to the side of the Federal Government. The equally slippery and even emptier Colonel (now Brigadier) Adebayo has also quivered down on Gowon's side and sent him a fulsomely loyal message.

7. Places are reserved on the Council for prominent figures from the East; if the persons who eventually take them up are people of real influence it may be quite a blow to the prospects of Biafran independence. The other members of the Executive Council are for the most part men who in the past have worked with Eastern political leaders before the *coup* of January 1966. If, therefore, the Council is given real authority and has some success, and if Colonel Ojukwu could be eliminated or isolated, it is possible that some Eastern political leaders might be tempted to mend their fences with the Federal Government. The expectation is that Awolowo will become Chairman or acting Head of the Executive Council which could conceivably function as a Cabinet for civilian Government, whilst the Supreme Military Council concentrates on the task of subduing the rebellious East.

8. Internationally too the Federal Government looks better placed thanks to a foolish error by the Eastern propaganda machine. On the morning of 30 May they announced that a number of countries had recognised Biafra. The list varied from broadcast to broadcast and included countries such as Israel, Ethiopia, United States, USSR, Gambia (they obviously meant Zambia), Togo and Ghana. As with almost all broadcasts from Radio Enugu this was sheer invention, the idea being to cheer up the local populace. It backfired severely, however, because all these countries found themselves obliged to deny indignantly that they had extended any recognition. Obviously the prospects of recognition by African States, never very good, have been set back considerably.

9. I would beg to be excused from forecasting the likely outcome of an invasion of the East if it takes place. The newly enlisted Ibo infantryman is an unknown quantity—there is, of course, no shortage of capable drivers, mechanics, WT operators and pay clerks or, for that matter, officers but there is a lack of trained and experienced soldiers in the ranks. It is natural to suppose that, though short of training, the Ibos will put up a reasonable fight in defence of their own homes; but I have heard doubts expressed about this. The Federal armies will be in better trim than they looked only a few weeks ago, particularly since the recall of reservists will have provided them with a good number of well-trained old sweats—many of them British-trained—whose discipline has not been affected by the *coups* and the turmoil of the past eighteen months.

10. As for the future organisation of Nigeria I see various possibilities. If Biafra succeeds in maintaining its independence I now feel that the rest of what was Nigeria may still cling together. Chief Awolowo seems to have forgotten all about his threat to follow the East into secession and I think his present calculation may be that the Yorubas should replace the Ibos as the intellectual and technical leaders of Nigeria (new style). I do not see much future in the idea which Colonel Ojukwu put forward at the meeting of the Eastern Consultative Assembly on 26 May of a common services organisation. It would be at best a paper arrangement. On the other hand if Biafran secession were suppressed I feel that there is a better chance of Nigeria settling down as a Federation of twelve States than as an uneasy partnership of an unequal four.

**374** FCO 73/123

21 June 1967

[Arms to South Africa]: letter from Mr Thomson to Lord Caradon

You will wish to know the outcome of the Secretary of State's meeting held here on 8 June, which you were unfortunately unable to attend, on whether or not we should



supply certain items of maritime defence equipment to South Africa. Leslie Glass<sup>1</sup> will have told you about his various talks during his visit.

The Secretary of State has given most careful thought to this whole difficult question. The United Nations arguments have been thoroughly rehearsed and taken fully into account. The Secretary of State recognised that the domestic political aspects to which you drew attention in your private note to me were of great importance. But after a very complete examination of the arguments on both sides, he came to the conclusion that on balance the right aim is to change our policy and to draw a distinction between arms for maritime defence and those which South Africans could use to suppress civil disturbance and impose apartheid. The latter would of course remain completely banned.

He subsequently spoke to the Prime Minister. They particularly discussed the problem of timing and the question of whether the proposition should be put to O.P.D. and the Cabinet now, or whether it should be held back a little. The Prime Minister agreed that the Secretary of State should 'tip the wink' to Mr. Muller, saying that he should not press us too hard for the time being but that, provided he realised that we could not supply arms that would be used for repressive purposes internally we 'might well be able' or 'possibly could' supply these 'maritime' arms. The Prime Minister thought that the matter should not be raised in O.P.D. or in Cabinet for about two months.

Any action decided upon would, on this time-scale, be taken well in advance of the General Assembly. Nonetheless, on the assumption that the Cabinet concur, we shall be left with the problems of putting the best face we can on the matter in New York; and none of us underestimate your difficulties here. I know how unpalatable this decision is bound to be to you but we should very much value your ideas about how you think this could be played at the United Nations in the matter least damaging to our interests. We have had a tentative first shot at a possible draft statement for United Nations use, and I enclose a copy.<sup>2</sup> Do you think it is on roughly the right lines? We would of course hope that no formal statement need be made. What we envisage is a purely defensive line of argument to be deployed *ad hoc* when faced with criticism about a new contract or the supply of items. We shall also have to see that the line we take in any statement to the House is in alignment with what we plan to say in New York.<sup>3</sup>

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<sup>1</sup> Sir L. Glass, ambassador and deputy permanent representative to UN, 1967–1969.

<sup>2</sup> Not printed.

<sup>3</sup> Caradon replied on 29 June 1967: 'Perhaps it is sufficient at the moment to say that I would not be prepared to make a statement on anything like the lines of the proposal attached to your letter', causing Thomson to comment, 'Oh! Oh! What does this mean. Revolt? Submission please' (FO 173/123).

### **375** CAB 148/33, OPD(67)70

11 Sept 1967

#### **'Arms for South Africa': joint memorandum by Mr Brown and Mr Healey for Cabinet Defence and Oversea Policy Committee**

[An entry in Richard Crossman's diary for 14 Sept 1967 reads: 'An emergency meeting of O.P.D. on South Africa had been inserted before Cabinet. Here the minutes are worth looking at since they give a totally misleading picture. This is what really happened.' Crossman then proceeded to explain that Wilson was confronted by 'a formidable official

line-up' of the three main parties concerned with arms sales to South Africa: the FO, MoD and Commonwealth Office. Brown argued that although a change of policy would be 'painful', it was no longer possible to be unrealistic about the sale of arms. He was supported by Healey who said Britain needed the Simons Town base and who drew a distinction between arms for internal security purposes and strategic arms. Healey felt Britain would have to repudiate Wilson's Nov 1964 statement to the effect all South African defence contracts would stop. Both Brown and Healey considered a major change of policy was now involved, and one that could not be concealed. Wilson countered that a change of policy was impossible. He envisaged at least six resignations from the government (mostly junior ministers); the effect in the Parliamentary Labour Party would be worse. Wilson was supported by Stewart who argued, 'the greatest issue of world politics was race'. Longford agreed with Stewart and was followed by Crosland (Board of Trade) who made a balanced statement to the effect he was not sure the disasters anticipated in a resumption of arms sales had been rightly calculated. Crossman interrupted with a point he had made on the telephone earlier in the day to Wilson. It was impossible to separate South Africa from Rhodesia. 'How idiotic we would look appeasing the racialists in South Africa while we were standing pat in Rhodesia! If the South Africans would help us settle with Smith I would consider a concession on South African arms trade tolerable.' Brown dismissed this as impracticable but Wilson 'clutched at it'. Crossman's personal view was that between them Rhodesia and South Africa were costing an enormous amount to the UK's balance of payments. They were also damaging because the government was 'completely immobilized' as a result of 'the moral blackmail exerted by the left-wing of the [Labour] Party and Harold Wilson's personal commitments'. Crossman did not disclose his private views to Wilson who was 'miserable and unhappy and divided in his mind'. The following day, 15 Sept, Crossman continued in his diary that at morning prayers before Cabinet, Brown revealed the FO had wanted to pretend that no change of policy would be involved. The foreign secretary then said: 'You know, Prime Minister, I have come to all kinds of personal understandings about this change of policy, as you agreed I should some months ago. It will be pretty awkward to go back on those personal understandings just now' [cf 374]. Wilson was silent and embarrassed but Brown continued he had no wish to make a fuss or to emphasise a policy change was involved; his preferred line would have been to suggest 'we were just gradually extending it'. According to the foreign secretary it was Healey who insisted the government should accept the policy change. Crossman added: 'All this came as complete news to me. I strongly suspect what George [Brown] was saying was basically true.' Richard Crossman: *The diaries of a Cabinet minister Vol Two Lord president of the Council and leader of the House of Commons 1966-68* (London, 1976) pp 476-479. For the manner in which the Cabinet resolved the issue, see 378 & 379.]

### *Problem*

In January talks were held in Cape Town on the consequences of our naval withdrawal from South Africa. The South Africans then submitted a list (at Annex A)<sup>1</sup> of defence equipment, mainly ships, aircraft and other equipment for maritime defence, which they were likely to need over the next ten years in order to maintain the efficiency of their maritime forces and play their roles under the Simonstown Agreement. The only item outside this category is the last, viz. Centurion tank spares. They asked for an assurance that we would be willing to supply these items when required and it is clear that our response to this request will have a decisive effect on the whole of our relations with South Africa. The supply of the items requested, however, would entail a change in our policy with regard to the supply of arms, which was announced by the Prime Minister in November 1964. The request therefore raises important questions of policy in a field where widespread repercussions are inevitable.

### *Argument*

2. The U.N. Resolutions of 1963 and 1964 (at Annex B) called upon members of the U.N. to cease the sale and shipment to South Africa of arms, ammunition of all

<sup>1</sup> Annexes not printed.

types, military vehicles, and equipment and materials for the manufacture and maintenance of arms and ammunition. We do not regard these resolutions as mandatory. Although, as a result of these restrictions, many nations have imposed an arms embargo on these lines, others, for example the French, have not and there is no uniformity in interpreting exactly what may or may not be supplied. The U.K. voted for the last two of the three U.N. resolutions in 1963 and 1964. But until November 1964 British policy allowed the supply of all types of arms and defence equipment to South Africa other than those which could be used for the enforcement of internal security. This limited embargo was extended in scope in November 1964 when the Prime Minister announced that an embargo on the export of arms was to be imposed which would bring the Government's policy into line with U.N. resolutions. At the same time, explaining that existing contracts (with the exception of sporting arms) would be honoured, he said that an order for sixteen Buccaneers would be allowed to go ahead and that future supplies of spares for their maintenance would also be allowed.

3. Since the Prime Minister's announcement, case law has developed on the interpretation of the embargo. We have, for example, agreed to supply to the South Africans unarmed survey ships; naval spares and ammunition for practice purposes; British military aircraft spares and in certain circumstances, replacements for single aircraft lost in accidents; communications and electronic equipment; chassis for three-ton and recovery vehicles; and various other types of equipment which have been the subject of special consideration.

#### *The South African attitude*

4. The South Africans have made it clear that they attach the very greatest importance to our response and H.M. Ambassador considers that it will have a decisive effect on the whole of our relations with South Africa. Although the Simonstown Agreements imposed no obligation on us to supply naval (or other) equipment to South Africa once the South African Navy's programme of expansion was completed in 1963, the South Africans consider that it would be inconsistent with the spirit of those Agreements if we refused their request. The South African Minister of Defence has indicated that if we refuse they will insist upon the re-negotiation of the Agreements. If we do not supply the major items, they may well not turn to us for minor items which we might be willing to supply. The South African Navy has reached a stage where major decisions must be taken about re-equipping and once these decisions have been made there could be no return at a later stage to British sources.

5. It would clearly be politically unacceptable that we should agree to supply the Centurion tank spares which are the last item on their list.

6. If we refuse the South African request, we shall retain what political advantages we have enjoyed at the U.N. and in this country by implementing an arms embargo which is broadly in line with U.N. resolutions. However, rejection of the South African request would entail many serious disadvantages:—

- (i) the possible loss of our naval support, staging and overflying facilities in South Africa. The oil storage, and communications facilities which we enjoy in South Africa have always been important in maintaining our ability to support our presence in the Far East and so has the right given to us by the Simonstown

Agreements to continue to use the facilities at Simonstown Naval Base. The closure of the Suez Canal has greatly enhanced the importance of all these facilities. Present plans are based on the assumption that we shall maintain the naval presence in the Far East for the foreseeable future and we cannot rely on the absence of future crises involving the Suez Canal. Quite apart from their importance in times of tension affecting the Suez Canal, these facilities in South Africa give us a capability to operate in defence of the Cape sea route, and are important for the protection of possessions in the South Atlantic. The loss of overflying and staging facilities would also impair operational flexibility.

(ii) The general weakening of our influence with a South African Government which since it has been in power has shown signs of being more flexible and pragmatic than its predecessor. The retention of that influence is perhaps the best hope we have of mitigating, in the long run, South African policies.

(iii) We could also expect a reduction in the willingness of the South Africans to make a contribution (which would be an indispensable one) towards reaching a settlement over Rhodesia with a consequent increase in the risk of the Rhodesian situation leading to a confrontation between South Africa, Portugal and the U.N., with possible demands for economic sanctions against South Africa.

(iv) Loss of the trade in the specific items now requested by the South Africans, the first three of which alone would amount to about £70 million without spares, and the loss of further trade falling within the maritime defence definition. If we do not supply, we do not deny this equipment to South Africa, since she will turn to other sources. (Since November 1964, orders worth about £121 million are believed to have gone to other countries which, under an embargo which did not cover equipment for external defence not related to internal security, would almost certainly have come to this country.)

(v) The probable total and permanent changeover by the South Africans to some other supplier for all their defences needs leading to the loss of the trade which, even under the terms of the present embargo, we continue to enjoy without taking into account further likely orders (£2½ million per annum in addition to about £10 million in each of the last two years for the Buccaneer aircraft and Wasp helicopters the supply of which had been approved by Ministers in February 1965 (OPD(65)9th Meeting)). Supply of spares for the Wasps and Buccaneers should continue at the rate of £1½ million per annum. We would expect the South Africans to turn from Britain as a supplier not only in the maritime but in other fields in which we still supply equipment associated with defence. For example two contracts amounting to a total of some £4½ million are almost certainly being held up by the South Africans pending a favourable decision from us on maritime defence equipment.

(vi) Repercussions in the field of civilian governmental procurement where approximately £30 million worth of our annual exports of about £275 million are on government account.

(vii) Reaction in South Africa against trade with Britain in the civil field. Many British businessmen with connexions in South Africa are convinced that a refusal would have a severe effect upon trade in many fields. This view is strongly held by the C.B.I., by leaders of industry and business firms in this country, as well as by H.M. Ambassador in Pretoria. It is of course impossible to forecast exactly which sectors of trade would be most affected or to what extent. But there is no doubt

that an unfavourable decision would provoke a highly emotional reaction in South Africa and we should expect this to be shown by an unwillingness to import from British sources where there was a suitable alternative. This could well lose us traditional markets which might never be regained.

*Disadvantages of further delay*

7. Some of the disadvantages which we would expect to suffer if we refuse the South African request might equally be incurred by further delaying our reply to the South African request. The South Africans first submitted the list of equipment in January 1967 and we know that they consider they must very shortly take decisions on the re-equipment of their Navy. They acknowledge that this is a difficult question for H.M. Government and have not so far given any formal time limit for a reply: but they have made it clear that they had hoped for a reply very shortly, especially as in their view the closure of the Suez Canal must have strengthened the case for agreeing to their request. British businessmen claim to have evidence that the South Africans want to place orders for equipment in September or October and we know from Yarrows, the shipbuilders, with whom a South African firm wished to do business about frigates, that the South African firm have now embarked on negotiations with a continental shipyard. Several other British firms have shown interest in providing equipment for the submarines which the French are to build for South Africa and may well lose the opportunity for winning contracts for this if our decision on the supply of maritime defence equipment is delayed. We know also that a South African defence purchasing mission visited Europe this summer and we must assume that the South Africans have alternative plans for ordering equipment if our reply is unfavourable and that they may decide to put these into effect if our reply is too long delayed.

*Disadvantages of agreeing to the request*

8. To agree to the South African request would obviously bring its own adverse consequences especially among African countries and at the United Nations.

(i) It would be seen as a retreat from our policy of coming into line with Security Council resolutions. The use to which the weapons would be put would be regarded as irrelevant.

(ii) It would have serious effects in the U.N. particularly if an announcement were made at a time when the General Assembly was sitting. It would arouse suspicion of our sincerity and would be interpreted by the Afro-Asians as proof that when it comes to the crunch we side with the South Africans and are prepared to see apartheid entrenched and make them less amenable to our influence in getting them to adopt reasonable courses. Lord Caradon has expressed the view that it would put us 'in the doghouse' indefinitely for he considers our attitude on arms for South Africa fundamental to our whole position in the U.N.

(iii) Though the reactions of the African Governments at home are likely to be less strong than in the U.N., there might be damage to our interests there.

*Summary of arguments*

9. The decision raises difficult and important problems. If we agree to the South African request without further delay, we should avoid putting the future use of our

defence facilities in South Africa at risk; we would maintain our general trading position in what has become our second largest export market; and gain valuable orders for maritime equipment. The two latter points could have considerable effects on our balance of payments and employment situation. In addition, we might reasonably hope to increase our capacity to influence the South African Government. The latter's ability to enforce its racial policies would not be in any way increased and, indeed, the retention of our influence may offer the most hopeful means of mitigating them.

10. There are clear and serious disadvantages whichever course is taken. If we refuse there are important defence implications and political consequences for our influence on South Africa. Our commercial and economic losses may be of even greater long-term significance: they will be severe and will be continuing and probably irretrievable. The disadvantages of agreeing will also be serious. They will be political and we believe that they may be retrieved with time.

11. The consequences of a refusal of the South African request are thus likely to be more lasting and damaging for our real interests.

#### *Possible line of public justification*

12. In order to avoid any suggestion of concealment it would, if we agree to the South African request, be desirable for a further Ministerial statement to be made explaining the modification of policy. It can be defended as a logical outcome of the Defence Review and the Simonstown Agreement. It will have no effect on South Africa's ability to maintain internal order. A statement might take the following line:—

Since November 1964 a general arms embargo has been enforced against South Africa although certain equipment and spares have been supplied where there was a prior commitment to do so and where the ability of the South African Government to enforce apartheid would not be increased. Since then, circumstances have changed in the important field of maritime defence. After the Royal Navy's withdrawal from the Simonstown base as a result of the Defence Review and the discussions held in Cape Town last January South Africa has assumed greater responsibility for the defence of the Cape sea routes. This in the context of the Simonstown Agreement and the continuing and increased importance of the Cape route, amply demonstrated after the closure of the Suez Canal, require us to ensure that the South African Naval forces are equipped to fulfil their obligations. We already accept an obligation to supply spare parts for existing South African ships and it is a logical extension of this to agree to supply replacement ships and maritime aircraft. This does not of course in any way affect our policies towards apartheid. Our general arms embargo remains in force.

#### *Recommendations*

13. We therefore recommend:—

(i) that the South African request for an assurance that we would be prepared to supply equipment should now be agreed in principle insofar as it applies to maritime defence equipment (Items 1–9 inclusive of Annex A). As regards Item 8, it should be noted that electronic and communications equipment is already

regarded as being outside the embargo (see ESC(65) 1st Meeting): and confirmation of agreement would have to be subject to security clearance in the case of on-line communications equipment. Agreement in the case of Item 6 would be subject to U.S. agreement. We do not recommend that Item 10 (Centurion tank spares) should be supplied;

(ii) that we should exploit to the utmost the situation which a favourable reply to the South African request is likely to create in South Africa with a view to securing more active South African collaboration over Rhodesia. We should also use it to try to secure a more accommodating South African attitude towards the U.N., e.g. over South West Africa.

### **376 CAB 148/34, OPD(67)76** **16 Oct 1967** **'Future policy in Africa': paper by the Africa Sub-Committee of the Cabinet Defence and Oversea Policy (Official) Committee on British policy towards Africa south of the Sahara over the next ten years**

[The Africa Sub-Committee of the DOPC(O) was set up in 1965, principally to prepare a paper on policy towards Africa. A start was made but the paper was abandoned in the summer of 1965 because it was felt it would not be possible to make any clear forecasts until a clearer idea had been obtained of how the Rhodesian impasse would be resolved. In the autumn of 1966 the FO Planning Staff produced the draft of a paper on policy towards southern Africa (see 368), but the Cabinet Office then revived the idea of a policy paper on Africa. Reluctantly Brown agreed to abandon the FO paper on southern Africa but encouraged officials to concentrate on getting the FO view across in the Africa Sub-Committee. A draft (OPD(O)(67)13) was completed in Aug 1967. The FO played a major part but had to compromise on a number of points in order to gain support from the Commonwealth Office and the Ministry of Overseas Development. The draft was considered by the Africa Sub-Committee in Sept. Sir S Garner argued that it was far too well-rounded and complacent, particularly about the future of Middle African countries. Sir A Cohen took an opposite view, suggesting that the racial situation in southern Africa was the critical issue and full of danger for the West. In any redraft he urged a more positive line about the building up of stronger states in Middle Africa which would be both an example to, and an influence on, southern Africa. Sir P Gore-Booth took a middle view, arguing a 'totally hard-boiled' view of Africa was one 'history did not (at any rate yet) allow us to take but that, even if Sir A Cohen's thesis was the correct one, it would take a very long time to realise itself' (FCO 25/41, no 13, minute by Gore-Booth, 11 Sept 1967). The amended version of the paper is reproduced here.]

#### *Introduction*

The next decade is likely to see a number of far-reaching changes in our policy in different parts of the world in consequence, and as part, of the diminution of our role as a world power. One area of the world where a comprehensive survey of our interests, present and future, has not recently been made is Africa. The purpose of this study is to provide Ministers with general background on our interests in respect of Africa against which decisions of policy on particular issues may be considered as they arise.

2. The study begins by considering the transformation of the African scene since 1959, during which the process of de-colonisation has been almost completed. We then consider British interests—political, economic and strategic—and discuss, against an assessment of the interests and likely reactions of other external powers and of future trends in Southern and Middle Africa, how our interests can best be furthered.

3. The study deals mainly with Africa 'South of the Sahara'. We have taken in Sudan, Ethiopia and the Somali Republic, since the latter countries affect, and are affected by, the African problems with which we are concerned. On the other hand, although the Northern African countries of the Mediterranean littoral, including the United Arab Republic (UAR), significantly affect the rest of Africa, for example through their membership of such pan-African bodies as the Organisation of African Unity (OAU) (and to the extent they do they are taken into account in our study), we think that their problems are sufficiently distinct to enable a dividing line satisfactorily to be drawn between them and the rest of the Continent for our purpose. In this paper:—

- (a) '*Southern Africa*' means the territories under white minority rule and those heavily dependent on them (South Africa, Rhodesia, Angola, Mozambique, Botswana, Lesotho and Swaziland);
- (b) '*Middle Africa*' means the countries between Southern Africa and the Sahara, including the Sudan, Ethiopia and the Somali Republic, but excluding Mauretania.

#### *Retrospect to 1959*

4. The African political scene has been transformed since as recently as 1959, when the last major interdepartmental study of Africa was carried out.<sup>1</sup> Eight years ago most of Middle Africa was under colonial rule and was expected to remain so for much of the present decade. Since then almost the whole area has achieved independence: and the fears of those who argued at the time in favour of a slower rate for granting independence have been largely borne out by the price which a number of Middle African countries have now begun to pay for it in terms of internal stability and economic viability.

5. As a result of the colonial past, we have substantial economic interests concentrated in the more important of the Commonwealth countries of Middle Africa, and also sizeable expatriate communities in Middle Africa still totalling 140,000 (including some 82,000 dependants) whose significance we deal with at greater length in paragraph 46 below and in Annex B.<sup>2</sup> Moreover we are still held to have some degree of special responsibility for the welfare of the independent Commonwealth countries in Africa. Many of the newly-independent Commonwealth countries will continue for some time to depend on us, not just for economic development aid but also for help in maintaining public administration; and it would be neither in their interest nor in ours if, through lack of that help, they were to relapse into chaos. As time passes, however, it will be natural (and justifiable) for our sense of *special* responsibility, to the extent that this arises from our former position as colonial power, to diminish and eventually cease. The Middle Africans have claimed and are exercising the right to decide their own affairs in accordance with their own calculations of their interests. We also should base our policies in Africa, as elsewhere, not on the legacy of the past but on our assessment of British and Western interests. These we next consider.

#### *British interests in Africa*

6. Once our remaining responsibilities are ended, Africa is likely to recede into a position of secondary importance among our interests in the world. Our economic

<sup>1</sup> See Hyam & Louis, eds, *The Conservative government and the end of empire 1957–1964*, I, 20.

<sup>2</sup> Annex B is not printed.



interests in Africa are substantial, but not as great as those in some other parts of the world. In the context of our world-wide strategy our strategic interests in Africa are now very small. Politically, we have at present our special responsibilities in Rhodesia, and no immediate termination of them is in sight. While this problem is among the most intractable that we have to face, it is not crucial for our essential interests: but it would be unwise to overlook the fact that it bedevils our relations with non-white African countries and in international bodies causes us constant embarrassment not only with the Africans but with the Communists and Asians too. It does not seem likely that during the next ten years Africa will be the main focus of any major world political issue. For example, events in Africa are not likely to be the occasion of a nuclear confrontation between the Great Powers; and over-population—not at present a problem save in a few small areas in Africa—is certainly unlikely in the foreseeable future to give rise to the sort of problem that confronts Asia. On the other hand, one should not under-estimate the importance of the race conflict in Southern Africa over the next ten years. The existence of this conflict puts the West at a disadvantage in world affairs. Until a solution to it is found, the West will remain at odds with Middle Africa and open to attack in the United Nations, and both the Soviet Union and China will be able to exploit the situation in Africa.

7. Apart from this our major interests in both Middle and Southern Africa in the long run are economic and are substantial: they are considered at length in paragraphs 10 to 16 below and in Annex A. But our ability to safeguard these interests is inevitably affected by the present racial conflict between the white minorities of Southern Africa, who are determined to perpetuate their survival in power, and the independent black rulers of the Middle African States, who are determined to prevent the perpetuation of white rule in Southern Africa but are not strong enough to end it. The extent of our interests in both Southern and Middle Africa, the fact that we are a permanent member of the United Nations Security Council and more specifically our position as an ex-colonial power, make it more difficult for us than for most other countries to dissociate ourselves from the conflict between Middle and Southern Africa. Our colonial policy has for long had de-colonisation as its aim, and the pace of de-colonisation has been strongly influenced by the increasing insistence of world opinion on the right of peoples to govern themselves. Despite the intractable problems arising from the nature of African society, we have accepted that the objective in colonial and former colonial territories should be majority rule. For this reason we have been willing to break up the Central African Federation which we created and to accept all the disadvantages for ourselves in seeking to ensure progress towards majority rule in Rhodesia. We believe that Portugal, following the example which we and others have set, should give her colonies the right of self-determination, and have made our views clear, both in public and in private. The future of South Africa is a more complex question, since the formula of de-colonisation is clearly not appropriate in her case. We cannot claim to know a solution for the South African problem, though equally we have repeatedly made clear in public our fundamental opposition to the policy of apartheid by which South Africa has sought to solve her racial problems. At the same time we should recognise that, though there are substantial and influential groups both in Britain and in the United Nations which favour action designed to coerce the South African Government into radical change, public opinion as a whole in Britain, particularly in the light of events in Middle African countries since independence,

would probably not support such action even if it were practicable—nor could our own economy sustain involvement in it.

8. Thus we are in a dilemma. On the one hand we disagree fundamentally with many of the policies of the South African Government. On the other hand our material interests require that we should remain on the best possible terms with South Africa as well as with Middle Africa. Indeed the present weight and likely trend of our material interest inclines towards Southern Africa.

9. It must therefore be a primary aim of our policy to avoid being compelled to throw in our lot exclusively with either Middle or Southern Africa. Even if we were to decide that our economic interests could be disregarded, it would still be true that to offer the Middle Africans unreserved support against the white Southern Africans would be to join in a futile assault which could only leave both black and white throughout Africa worse off politically and economically. For a number of years at least, South Africa must be regarded as virtually impregnable against any foreseeable military attack and strongly, perhaps decisively, armed against economic pressure. The best that we can do is to try to exercise indirect influence on South African policy in such a way as to reduce racial tensions.

#### *Economic interests*

10. Our economic interests in Africa south of the Sahara are substantial, and greater than those of other developed countries. The region takes 12 per cent of our total exports, and 20 per cent of its imports come from the United Kingdom. About 15 per cent of our total long-term private investments are in Africa, 60 per cent of these in South Africa. The extent of our economic interest varies considerably from country to country, within both Middle Africa and Southern Africa, and it should accordingly be our aim to concentrate our commercial efforts where they seem likely to yield the best return.

11. Contrasting Middle and Southern Africa, the gross national product (£3,800 million) of Southern Africa, with its much smaller population, is considerably less than that of Middle Africa as a whole (£6,000 million), though slightly greater than that of Commonwealth Middle Africa (£3,600 million). However, the rate of economic growth of Southern Africa is substantially higher than that of Middle Africa and is likely to remain so. South Africa is now our second largest market, more especially for sophisticated types of exports for which other markets could not readily be found. Our exports there have increased by 50 per cent since 1960 and are now running at an annual rate of over £300 million; and (unlike our exports to much of Africa) they are paid for in cash or on strictly commercial credit terms. Total exports to all Middle-African countries amount to £270 million a year (£215–235 million to Commonwealth Middle Africa). Over the next five years the present likelihood is that our trade to South Africa will rise at about 4–6 per cent a year as against 2–3 per cent in Middle Africa (provided these countries can continue to count on aid on the present scale).

12. About 15 per cent of our total long-term private investments are in Africa south of the Sahara—totalling about £1,300–1,400 million at the end of 1966, excluding Rhodesia. Of this about £835 million is in South Africa—earning at about £80 million a year. In the rest of Africa south of the Sahara our investments were tentatively estimated at £550 million at the end of 1966. Our investments in South Africa have increased substantially since 1962, but only because earnings on earlier

investment have been ploughed back; otherwise there would have been a net disinvestment over the period. Both trends have been encouraged by restrictions placed upon the export of capital by both South Africa and this country. Investments in the rest of Africa have not increased very significantly, apart from the sharp increase in investment in Ghana and Nigeria (oil) in 1965.

13. Commonwealth African countries hold large sterling balances—£423 million, or 13.5 per cent of gross Overseas Sterling Area holdings, at the end of March 1967. By contrast the holdings of other African countries south of the Sahara, including South Africa, totalled only £41 million. There is a major United Kingdom interest in avoiding any rapid run-down of the balances of the African Commonwealth countries, particularly as this could start a chain reaction among other holders.

14. South Africa produces 75 per cent of the free world's gold, and the maintenance of this flow, and continuance of London as the largest free gold market, are important. Both Middle and Southern Africa play an important role as sources of other minerals and primary commodities. In the long run the industrial countries of the world could probably adjust themselves to any interruptions of supply of most African raw materials, but in the short term such interruptions (e.g. in supplies of copper or cocoa) could have adverse effects on the United Kingdom's balance of payments.

15. It will be clear from the preceding paragraphs that we cannot afford to forgo trade with, and investment in, either Middle or Southern Africa. It is therefore important that we should eschew any policy which may lead us into a situation where we cannot avoid choosing between Middle and Southern Africa. The choice either way would have the most serious economic consequences for us, the rejection of Southern Africa being the more serious both because of the trend in the value of our trade with, and investment in, South Africa, and because the South African response could be expected to be sharper and more cohesive than that of Middle Africa.

#### *Implications of United Kingdom application to join the European Economic Community*

16. It is not possible at this stage to predict how British economic interests in Africa would be affected if the United Kingdom joined the European Economic Community (EEC). Commercial and economic relations between members of the EEC and a number of African states are determined by the Yaoundé Convention;<sup>3</sup> and such relations with other African countries are of course circumscribed by the Treaty of Rome. But otherwise in their political relationships with African countries South of the Sahara member countries of the EEC are free to pursue their particular national interests in their own way. Accession of the United Kingdom to the EEC would presumably be accompanied or followed by a broadening of the Community's arrangements for the association of Commonwealth countries in Africa, though we cannot foresee how many Commonwealth countries would desire associate status or what the content of such arrangements would be after 1969 when the Yaoundé Convention expires. Nevertheless, despite these uncertainties, there seems no reason

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<sup>3</sup> France signed an aid and trade agreement with its African colonies at Yaoundé in Cameroon in 1957. This was extended to cover the six countries of the European community in the Yaoundé Convention of 1963. A second convention was agreed at Yaoundé in 1969. See also 377, paras 6–7.

to suppose that our accession to the EEC would call for any significant modification of the general assessment in this paper.

17. British economic interests are set out in more detail in Annex A.

#### *Strategic interests*

18. In the context of world-wide strategy our interests in Africa are few. We are not dependent on Africa for base and staging facilities for operations elsewhere in the world and the development of Aldabra as a staging post will enable us to use the Round-the-Cape route as an alternative to the CENTO or Westabout routes to the Far East. The importance of a sea route round the Cape, which varies with the circumstances of the Suez Canal, creates a highly desirable but not essential strategic interest in preserving the naval facilities available under the Simonstown Agreement (although to provide the facilities by other means would be very expensive).

#### *Military commitments*

19. Few responsibilities remain which could involve our armed forces in Middle or Southern Africa. There is a direct defence responsibility for Swaziland until it becomes independent (probably in September 1968) and a rather shadowy commitment to assist Kenya in the event of a direct attack by Somalia. It is not impossible that a token military force might be needed in Rhodesia in connection with the settlement of the present dispute. We may wish to be able to play a part in a peace-keeping role, most probably in company with others or as part of a United Nations force. There is also a need, for the present at any rate, to retain the ability to evacuate or protect British nationals in the event of disturbances and therefore to retain the maximum number of options for overflying and staging aircraft for the introduction of any required force. Plans for these contingencies, particularly protection plans, should be kept under review in the light of political developments in the countries concerned and of the Government's policy on the use of forces in those countries. As soon as possible we should aim to treat Africa as we do the great majority of other places in the world, where United Kingdom nationals, living and working abroad on their own initiative, accept the risks inherent in such a choice. However, even if our disengagement from Africa were total, the resulting decrease in our commitments and contingency operations would not enable savings in our forces to be made since those required for any operations in Africa are already provided for within our general capability.

#### *Political interests*

20. As indicated in paragraph 6 above, Africa does not impinge very much on major world issues, e.g. East-West relations, the hydrogen bomb and over-population; but racial problems in Southern Africa might become a major world issue, perhaps intensified by parallel racial problems in the United States and possibly also in the United Kingdom, during the period under review. It is politically in our interest that the countries of Middle Africa should not become aligned with the Eastern bloc. We must also not forget the importance of the large number of African votes in the United Nations and our consequent need to secure African support for our policies, or at least to minimise African criticism of them, if we are not to find ourselves constantly at a disadvantage, even on issues in which the Africans have no intrinsic interest. For the rest, our only political interest is to do

what we can to create conditions—internal stability and if possible some *detente* between Middle Africa and Southern Africa—in which we can pursue our important economic interests to the best advantage.

### *Aid*

21. Our present aid programme is an important facet of our relations with Commonwealth Middle Africa, and with Botswana, Lesotho and Swaziland in Southern Africa. Of a total of £63 million British aid to Africa in 1966, £60 million went to Commonwealth countries, Commonwealth Middle Africa receiving £48 million—31 per cent of total British bilateral aid. These figures show a substantial reduction on those for 1965, although this may not be so much a trend as a consequence of interruptions due, for example, to breaches in diplomatic relations with some countries and the working out of independence settlements. Technical assistance in the form of expatriate personnel is a particularly important feature of our aid service without which the administrative system of several countries would collapse. Loan aid to Middle Africa due for repayment to us new totals £146 million. Our receipts from these loans are at present negligible but will rise steeply as repayments of principal become due, assuming that the countries are able to meet the due dates. In addition to official loan aid, the CDC has investment in Middle Africa totalling £53 million, and £22 million in Southern Africa.

### *Interests and influence of other powers*

22. We next assess the interests of other powers, and the extent to which in realising then they are complementing or frustrating our own efforts and interests.

23. Most of the newly independent states of Middle Africa claim to make the principle of non-alignment a keystone of their foreign policy. In some, particularly some of the former French colonies, there is a degree of ideological sympathy with the countries of the eastern bloc. But even in countries with no Marxist leanings the pursuit of a non-aligned posture between the great power blocs satisfies their desire to mark their independence by escaping from the exclusive relationship with the metropolitan territory which was their lot as colonies. None of the newly independent African countries has wished to sever its links with the metropolitan territory in other than the political and constitutional fields but the awareness that their interests require them to maintain this close relationship in so many fields drives them to seek to balance it with other links with the rest of the world.

24. Africans, like other self-styled non-aligned peoples, draw a distinction between their policy of non-alignment and a policy of neutrality or disinterest. For them a policy of non-alignment means judging issues as they arise on their merits without any prior commitment to support the attitude of one or other of the great power blocs. It can alternatively be described as a policy of playing off one bloc against the other. And, of course, non-alignment is partly a question of the standpoint of the observer. In Western eyes the non-alignment of certain African countries appears to have a fairly pronounced pro-Communist slant. No doubt viewed from Moscow or Peking the non-alignment of others appears pro-Western.

25. This policy has made it easy for the *Communist countries* to establish a multiplicity of links with the African countries very rapidly. Since they started from zero, their initial progress looked startling and it was easy to over-estimate its extent and solidity and to under-estimate the size of the submerged part of the iceberg—the

persisting influence of the former metropolitan territories. During the actual period of decolonisation the fear was frequently expressed in the West of a Communist take-over of Middle Africa. Some African countries have become disillusioned by their flirtation with the Communist countries and it is now clear that the African countries have no intention of swapping the status of a colony for that of a satellite and that Africa is capable of a greater resistance to Communist penetration than we allowed for ten years ago. Most Africans find the Communist devaluation of the individual unsympathetic and repugnant. *The Russians* have suffered overt setbacks in Ghana, Guinea, the Congo and Kenya, and it certainly need not be assumed that they will succeed in establishing rapidly any more permanent influence in countries such as Somalia and Tanzania where they are most active at the moment. In fact, the Russians seem to have made a realistic assessment of the pace at which they can expect to extend their interests in Africa. Having realised that their initial crash programme of penetration was not going to produce the quick results in terms of political influence at which they were aiming, they appear now to be avoiding obvious and excessive influence in the affairs of African states, and to be working to a longer time-scale and using techniques which are basically the same as those practised by the West (capital and technical assistance, cultural exchanges, information activities, etc.) though the scale is much smaller. As a part of this strategy they accept the need to work through the existing regimes, however little these may conform to Marxist criteria, and have indeed in the theoretical elaboration of the concept of 'revolutionary democracy' been prepared to indulge in a degree of 'double think' to justify the policy. There remains a possible danger that Soviet bloc countries may dispose of their surplus arms to African countries, thus adding to the general instability of the area.

26. *Chinese* tactics in Africa are different. Since their first arrival in Africa and before the outbreak of the cultural revolution in China they have preached the need for further revolution and the displacement of existing regimes. They have had some successes, notably in Tanzania, Mali and Congo (Brazzaville) and during the period of the Stanleyville regime in the Congo. But their advocacy of revolution has inevitably provoked the hostility of the existing regimes, even in the countries which claim to be socialist. Chinese assistance in the field of small-scale technology is frequently well adapted to the requirements of Africa (as is the Israeli) and enables their technicians to make contact among the peasants and workers. But the Chinese have not yet undertaken any large-scale or spectacular development project in tropical Africa. Earlier talk of their undertaking to build an all-weather road across the Sahara came to nothing, and (although they have renewed their offer) it remains to be seen whether they judge it worth while to devote the massive resources which will be needed to build the Tanzania–Zambia railway.<sup>4</sup> Nevertheless the Chinese may be expected to do what they can, as non-Europeans, to foster anti-European prejudice.

27. Meanwhile both the Chinese and the Russians are hampered in Africa by the dispute between them. The Africans resent the attempts which both make to enrol them on their side. The Russians also suffer somewhat from their status as a great power. Thus in some countries of Middle Africa the eastern bloc ball is carried more effectively by one or other of the smaller eastern European powers. The *Yugoslavs* in particular are effective and liked by the Africans.

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<sup>4</sup> See 395, note 5.

28. Other anti-Western influences active in Middle Africa are *Algeria* and the *UAR* (and to a lesser extent *Cuba*). They have built up considerable influence in Congo (Brazzaville); and in Mali and Guinea there is some ideological sympathy for Algeria. But in general Arabs are not liked in Middle Africa—the Arab slave trade (which has continued in some parts of Africa until very recently) has left its mark both in African resentment of the Arabs and in Arab feeling of arrogance and superiority towards the African. To the extent that the Arabs are accepted and welcomed it is as useful allies in the pursuit of African objectives in the southern part of the continent. The marriage is therefore one strictly of convenience. Moreover many Africans realise the selfish motives of Egyptian interest in tropical Africa and, since they value the aid, particularly in the field of technical assistance, which they get from Israel, resent it. The refusal of most of the African states to side with the Arabs at the time of the recent Arab–Israel war was a significant commentary on the real depth and strength of Egyptian and Algerian influence in Middle Africa. The outcome of that war is hardly likely to have strengthened this influence.

29. The interests of our *Western allies* in Africa are similar to and in some fields identical with our own. All share our general interest in the promotion of political stability and economic development and in the encouragement of the adoption of a posture of genuine non-alignment. They have too the same general strategic interests as we have. France still has certain defence facilities in West Africa and Madagascar and has defence agreements with a number of her former colonies. With the exception of the facilities in Diego Suarez, which are useful to them in the context of their missile testing ground in the Pacific, these facilities are of diminishing significance to French policy. On the other hand the Western countries (including in this context Japan) are our commercial rivals, some of them all too ready to displace us when political developments make our commercial position vulnerable. The large EEC market is a magnet pulling the Commonwealth countries towards association with the Community. But so far only Nigeria has become associated and that in a half-hearted fashion. The future of association of Commonwealth African countries is unpredictable; it will depend on the forthcoming revision in 1968–69 of the Yaoundé Convention arrangements for association, the negotiations for United Kingdom entry, and the many conflicting economic interests between non-associated African countries on the one hand and the present associated countries and the Community members on the other.

30. *France* maintains close links with her former colonies in Africa. Measured by population these are only about one-third the size of the former British colonies and they are individually much smaller, significantly poorer and more dependent on the maintenance of their links with France and the Community in the forms of aid and favourable commodity agreements. The Africans themselves therefore are likely to wish to maintain these links fairly closely although they may seek some loosening of the Yaoundé Convention with the EEC when it is revised in 1968–69. (Mali, having left the franc zone in 1961, is now trying to work her way back into it.) But the obligations attached to these links are becoming increasingly irksome, as is shown by the steady relaxation under pressure of French control of the franc zone. Opposition to the amount the French Government spends abroad is already a significant force in France and it must be doubtful whether the French will be willing to continue their aid to their former African colonies at its present level when the present generation of African leaders has gone. Meanwhile the franc zone arrangements secure that the

franc zone remains very much a private preserve of French business. France has been successful in strengthening her links, particularly commercial, with South Africa—albeit her trade is still only one-eighth of ours—so far without detriment to her relations with her former colonies. This is in a large degree thanks to the personal prestige in Africa of General de Gaulle.

31. Apart from *Belgium* (which has declining special interests in Central Africa), the other powers playing a role in Africa are the *Federal Republic of Germany*, *Italy*, *Japan*, *Israel* and *Portugal*. The first three are increasing and indeed actively promoting their trade in the former British colonies as these seek to diversify their suppliers. The Israelis' activities have consisted largely in technical assistance directed to countering Arab influence—and they have not always been helpful to the Commonwealth countries in Africa. Portugal's continued control of Mozambique and Angola seems doomed to cease in the long term even though Portugal has a good chance of retaining control over the next ten years. Meanwhile her main importance for us lies in her non-co-operation in Mozambique over sanctions against Rhodesia.

32. *United States* influence in Africa is strong but is probably beginning to diminish. At the outset of independence United States influence was welcomed partly as a counterweight to the influence of the former metropolitan powers and of the Soviet Union, and partly for its own sake as the supposed source of limitless aid. Under the Kennedy regime the United States was also prepared to go some way towards commitment to African objectives in Southern Africa. However sympathy for Africa in the United States has passed its high point, which was probably just before the Stanleyville rebellion in 1964<sup>5</sup> and the United States' assessment is now quite clearly that Africa as a continent rates fairly low in its order of priorities. At the same time the Vietnam war has diminished sympathy for the United States in Africa. The United States is unlikely to increase her commitments in Africa so long as the war continues, though she may concentrate it [sic] on fewer chosen recipients. In particular the United States is unlikely to be willing to commit herself to a confrontation with South Africa or Portugal. It is difficult yet to assess the effect of the current United States' racial disturbances on United States–African relations.

33. The involvement of the *United Nations* in African affairs is likely to continue. The Security Council and the General Assembly will remain seized of the problems of Rhodesia, the Portuguese colonies, South West Africa and apartheid. The Africans will continue to play an active role in the UN Council for Trade and Development (UNCTAD), which will be used as a propaganda forum and as a means through which to attempt to better their economic conditions. At the same time the Afro–Asians will certainly continue to use the United Nations as a forum for the pursuit of their other objectives in Africa, whether in South Africa or elsewhere. As already noted, the vehemence with which they argue their case in the United Nations may well increase in proportion as they come to recognise, and feel frustrated by, the unlikelihood of the United Nations' being able to satisfy their desires. Given the attitudes of its major members the Organisation cannot be expected to make any serious contribution to the settlement of the fundamental point at issue between Middle and Southern Africa.

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<sup>5</sup> Rebel forces in the Congo Republic seized the eastern town of Stanleyville in Sept 1964. It was recaptured after an American airlift of Belgian parachutists in Nov 1964. The objective was to rescue European hostages.



*Trends in Africa*

34. In order to assess the prospects for our interests in Africa over the next ten years we next consider the likely trend of developments in Southern Africa and in Middle Africa.

*Prospects for Southern Africa*

35. The white minorities in southern Africa will not surrender their power simply because the rest of the world considers that the means by which they retain it are immoral. Nor are broad historical forces—‘the wind of change’—likely by themselves to undermine their dominance within the period under review.

36. In *South Africa* there is no possibility of the white minority’s relinquishing control in the period under review or indeed in the foreseeable future. The Nationalist Party will continue to enjoy an overwhelming Parliamentary majority, and may strengthen its position still further at the expense of the opposition United Party, which is however itself committed to maintaining white control of South Africa. Unlike white Rhodesians or the *colons* in Algeria, white South Africans have nowhere else to go.

37. There seems little prospect of a serious threat to the white minority within the period under review. Bantu living standards, though low, are rising steadily and, as compared with the rest of Africa, fast, and the problem facing the South African Government is still that of keeping out Africans who want to come to the Republic to work and earn rather than of keeping in those who resent their racial policies. So long as the economic boom continues, the African population is likely to remain acquiescent and docile. This docility could be transformed if there were an economic downturn in South Africa. The urban Africans would be likely to be the first and most serious sufferers from such a development. But police control is efficient and ruthless and backed by a widespread net of informers. There is likely to be an increase in the number of incursions by foreign-trained agitators and saboteurs. But the size and nature of the country are extremely unfavourable to operations of this kind and there is no prospect of the South African security forces losing control of the situation.

38. Equally we see no prospect of fundamental change in the present racial policies in South Africa as a result of external pressure. The report of the United Nations Committee of Experts brings out the difficulty of applying economic sanctions against South Africa and no one now believes that the Security Council is likely to call for such action under Chapter VII of the Charter. Even if it did, South Africa has the resources to enable her to defy effective sanctions for a much longer period than these are likely to be maintained. Oil, often supposed to be a fatal weakness, provides only 15 per cent of her present energy requirements, though the railways are increasingly turning to diesel electric locomotives. The requirements of oil could however be drastically cut in an emergency and South Africa has built up very large stocks of oil and is aiming to hold in stock a year’s supply at the present rate of consumption. In industry she is approaching self-sufficiency and already produces all the weapons and equipment she needs for internal security purposes. And no effective boycott of South African gold exports can be looked for. The likelihood of military action by the United Nations aimed at compelling the South African Government to modify its racial policies is even more remote.

39. On the other hand the situation in South Africa is not rigid. There are a number of recent and current developments which can hardly fail to cause changes in South Africa, even if the direction and form of a change is hard to foresee. Thus:—

(a) Until the United Party lost power, race relations for the whites in South Africa were almost exclusively a question of relations between British and Afrikaners. This issue has now been resolved once and for all. One consequence of this is a growing recognition by whites of both racial roots that the fundamental racial problem in South Africa is not between themselves but between both of them on the one hand and the Africans on the other. More widespread thought is being devoted to this problem than ever before.

(b) With the economic expansion Afrikaners are increasingly moving into the modern industrial and financial sectors of the economy which have hitherto been the reserves of the British element of the population. As they do so they are developing interests, tastes and ambitions which can only be satisfied by a continued expansion of the economy. There is no chance of South Africa's getting white immigrants in the numbers which would be necessary to ensure this while maintaining the present restrictions on the level and scope of employment open to Africans. In time this process seems likely to result in the Africans' acquiring increased economic power. Indeed there are already signs that job reservation is breaking down and that Africans are beginning to be employed on work of a more varied and skilled nature than hitherto.

(c) At the same time the increasing entry of Afrikaners into the fields of management and finance is causing a change in the character of the Nationalist Party. Within the period under review we shall see a sharpening of a conflict which has already begun within the Nationalist Party between urban sophisticated and outward-looking Afrikaners who put the maintenance of their living standards above the maintenance of the purity of traditional Afrikaner racial dogma, and rural inward-looking Afrikaners whose living standards are lower and who live in closer day-to-day contact with the Africans and are therefore likely to attach more importance to the maintenance of the existing relationship between the races than to economic expansion. It may be that there will be a fundamental political re-alignment of the white population in South Africa along this line of cleavage which will cut across and replace what has hitherto been the line of cleavage between the Afrikaner (Nationalist Party) and British (United Party).

(d) At the same time as job reservation is breaking down, the basic unreality and impracticability of the other pillar of Verwoerd's apartheid policy, the Bantustans, is becoming apparent to thinking Afrikaners.

(e) It is the declared policy of the present South African Government to establish and strengthen its relationship with neighbouring and Middle African countries where black majority rule prevails. Even allowing for the fact that they are foreigners and that it can therefore be argued that this treatment constitutes no precedent for the treatment of South African nationals, the acceptance of leaders of these countries in South Africa on a basis of social equality seems bound to have effects in South Africa. The South Africans have already accepted a (white) diplomatic representative of one Middle African State and within the period under review they are likely to accept black diplomatic representatives resident in the Republic.

40. These influences will not produce a solution to the racial problem in South Africa in terms acceptable to world opinion. But they seem bound to modify the nature of the problem. Given the impossibility of looking for any clear-cut solution to the problem either by a deliberate act of will on the part of the whites in South

Africa or by the exercise on them of force from either inside or outside South Africa, evolution along these lines indicated in the preceding paragraph is the best that can be hoped for; but it will take a very long time.

41. The importance of *South West Africa* is that it is an issue on which the Security Council could be entitled under the Charter to authorise mandatory coercive measures against South Africa. This would pose a very difficult problem for South Africa itself and for us. For South Africa defiance of a Security Council resolution whose legality was not in doubt would at the very least drive them back into the isolated position into which Verwoerd's policies and the Sharpeville massacre placed them and from which it is the policy of the present South African Government to try to escape. For us the dilemma would be that a refusal to support and join any legal action by the United Nations to compel South Africa to comply with its properly established international obligations would be inconsistent with our policy of maintaining the rule of law in international relations; we can only meet this problem as and when it arises.

42. In the rest of Southern Africa the prospects of continuing white rule are less certain. In *Rhodesia* the outcome of our sanctions policy cannot be predicted. A continuation of the present level of sanctions will cause some further, if short-term, decline in economic activity in Rhodesia and will make the task of the regime in sustaining the economy and maintaining morale more difficult than hitherto. But unless the will to resist sanctions is undermined there is no reason to suppose that the decline in economic activity will reach a point when the European sector will break down; and the decline may not in any case continue indefinitely. At the present level of sanctions it is possible that the economy will start to pick up again within the next year or two. We must accordingly face the fact that the present regime (with or without Mr. Smith) may well still be in power by the end of 1968 and may survive even longer. But it will be increasingly vulnerable to a withdrawal of South African support; in the very last resort Pretoria may well regard Rhodesia as expendable, though white public opinion in South Africa almost certainly takes a different view and will restrict the South African Government's freedom of action. Since the illegal regime's rejection of the 'Tiger' proposals the South African Government has come to recognise that the Rhodesian problem is more than a private quarrel between the British Government and Mr. Smith. The South African Government's primary concern is stable Government in Rhodesia and they will try to avoid putting at risk the vital interests of South Africa while they entertain doubts about the realism of the regime's long-term policies or its ability to survive. Moreover Rhodesia's white regime depends on the continuation of white rule in Mozambique, not only for the movement of supplies but also because the long Mozambique frontier would be almost impossible to defend.

43. In *Angola and Mozambique*, white minority rule seems likely to continue so long as Portugal is willing to sustain it; in paragraph 31 above we estimated that it was likely that Portugal would retain control for the next ten years. But there are a number of imponderable factors which make it difficult to foresee more than a few years ahead. Any successor government to Dr. Salazar<sup>6</sup> is likely to seek to continue

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<sup>6</sup> Antonio de Oliveira Salazar, prime minister of Portugal and virtual dictator, 1932–1968. Salazar was incapacitated by a stroke in 1968 (he died in 1970) and his right-wing authoritarian government was continued by Dr Marcello Caetano until the coup by the left-leaning Armed Forces Movement in 1974.

his present colonial policy, given the importance of the two territories to the Portuguese economy. But their policy would be likely to be more uncertain; less continuously effective determination might be shown in preserving Portuguese rule; and it is even possible that a more liberal view might come to prevail in Lisbon, particularly if the cost of containing frontier guerrillas increases, and a switch to a policy envisaging independence for the territories might come relatively suddenly. It would be strongly opposed by the settlers, but a unilateral declaration of independence is unlikely in either territory, because of their dependence on the metropolis for defence against the nationalist forces. In any case, under the present electoral system there will be an African majority in the Provincial Assemblies of both territories in less than ten years; and though the Assemblies have only advisory power this will inevitably create a new situation. In the end the Portuguese settlers can be expected to accept black rule or move elsewhere.

44. Although the Portuguese territories, unlike South Africa, might be vulnerable to economic sanctions, which are repeatedly called for by the Middle Africans, there seems little likelihood of United Nations agreement on such action. For us to support sanctions against Mozambique or Angola would have extremely serious consequences on our bilateral relations with Portugal and our important economic interests there (exports to metropolitan Portugal and the overseas territories amount to approximately £63 million a year) and could lead Portugal to withdraw from the North Atlantic Treaty Organisation (NATO) and the European Free Trade area (EFTA) with serious consequences for those organisations.

45. *Botswana and Lesotho* are totally dependent on South Africa for their economic survival and likely to remain so. In both the ruling parties are reconciled to maintaining good working relations with Pretoria. The achievement of power by the more radically nationalist opposition parties would be unacceptable to the South Africans, who should have no difficulty in preventing it. The prospect is therefore for continued subservience and stability. *Swaziland* has recently evolved from a British protectorate into a Protected State, and will soon follow Botswana and Lesotho into independence. Thereafter its fate seems likely to be very like theirs except that its economic prospects are better.

#### *Prospects for Middle Africa*

46. With few exceptions prospects for Middle Africa within the period under review are poor. Now that the euphoria of independence has worked off the serious fundamental weaknesses of all these states are becoming apparent: lack of national identity, ill adapted and insecurely based political institutions, inadequate resources of trained manpower, are enormous if not insuperable obstacles to the attainment of a politically acceptable level of economic development. Some promising economic and other development is going forward in a number of African countries, for example Kenya, Uganda, Ghana (as the Report recognises) and the Ivory Coast. Nevertheless many of the states in this area have no prospect of attaining a tolerable rate of increase in living standards on the basis of independent national sovereignty within the existing frontiers. Yet there is little tendency for these often arbitrarily-drawn boundaries to be abandoned in favour of more natural frontiers or larger and more effective political and economic groupings; on the contrary the Middle African states have committed themselves by a unanimous OAU Resolution, which so far only Somalia has shown signs of ignoring, to the maintenance of existing frontiers,

whatever their defects. Moreover, despite the brave talk about African unity and regional economic development, it is unlikely that the smaller countries of West Africa will be capable of the degree of political will and far-sightedness needed to produce the larger-scale economic planning which is a prerequisite for any solution for their problems. Experience hitherto has shown that when faced with a conflict between national interests narrowly defined and the creation of larger political or economic groupings, it is the former which prevail.

47. In the majority of the countries of Middle Africa the political systems are at once too weak to tackle the problems they face and too rigid to allow for constitutional change. Only President Nyerere in Tanzania has made any serious attempt to build a safety valve into the single party system by offering scope for the lawful expression of dissent. In the absence of some such degree of flexibility tensions and pressures lead sooner or later to an explosion. In these circumstances the common pattern is a military takeover since, outside the Party, the armed forces (including the police) are the only other source of organised power. There are no grounds for supposing that we have seen the last military *coup* in Middle Africa. In a number of states the personality of the leader who gained independence has up to now sufficed to bridge or paper over dangerously deep divisions and sources of tension, e.g. in Senegal, the Ivory Coast, Uganda and Kenya. It would be over-sanguine to expect their successors, lacking their charisma, to be equally successful.

48. Despite the protestations of all the military regimes of an intention to restore civilian government as quickly as possible, it is difficult to believe that in fact they will succeed in doing so. Thanks to its markedly greater degree of sophistication Ghana may here prove the exception. For most of the other states the experience of Dahomey is likely to be more typical, where Colonel Soglo<sup>7</sup> has twice handed power back to the civilians and twice been obliged to resume it. The difficulty is that the shortage of trained and politically literate *cadres* means that the only civilian group to whom the military could return power are precisely those from whom they have taken it. The likelihood is therefore that military regimes will have come to stay in many if not most of the states of Middle Africa. Military officers, even when not promoted over-rapidly from the ranks, are not normally any better equipped to deal with the sort of political and economic problems than were the civilian regimes which they have displaced, and it is unlikely that military regimes in general, even though they may set out with the intention of ending corruption and disorder, will be more successful than civilian regimes have been in tackling the fundamental problems of the Middle African states. Nor are some African armies sufficiently cohesive and well disciplined to make their prospects even of sustaining an orderly administration substantially better than those of the civilian regimes.

49. The realisation of this sombre prospect is already producing an atmosphere of disillusion and introspection in Middle Africa, accompanied in places, it must be admitted, with a healthy realisation that politics begin at home and that a strong and successful foreign policy is impossible without a strong political and economic domestic base. There are already signs of a diminishing inclination among the Middle African states to seek to play a part in every international crisis. Their circumspection during the recent Middle Eastern crisis was realistic and some of

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<sup>7</sup> Christophe Soglo. The former French West African territory of Dahomey was renamed the Republic of Benin in 1975.

them at least are beginning to realise that a seat on the Security Council is something to be avoided. At governmental level this tendency is likely to increase and to be accompanied by a growing willingness to admit that the problems of the African continent are likely to take time to settle. The gratuitously provocative way in which Dr. Banda has stated his belief that South Africa must be lived with has provoked surprisingly little reaction in the other Middle African states. But this growing realism will not necessarily bring about any muting of African demands in the United Nations and OAU. Indeed they may seek to compensate for an inability to achieve results by an increased verbal belligerence. However, there is likely to be an increased, though grudging, acquiescence by governments that shouting cannot produce the result they desire. The states of Middle Africa are unlikely individually or collectively to be able or willing to devote much real effort to the physical liberation of the Africans in Southern Africa.

#### *Future British policy*

50. We have political, economic and, to a lesser extent, military and strategic interests in Africa south of the Sahara. *Politically* our interest is that the countries of Middle Africa should not be aligned with any Communist country or group of countries. It is not necessary from our point of view that the countries of Middle Africa should deliberately and overtly align themselves with the West. But if they were to align themselves with any Communist grouping, whether collectively or some with one Communist grouping and some with another, there would be a significant shift in the world balance of power, particularly in the United Nations, to our detriment. In terms of global politics, therefore, genuine non-alignment is from our point of view about the best posture which we can hope for in most cases. The continued existence of racial tension in Southern Africa is a cause of weakness to us and to the West as a whole, and it is a major interest to us that these tensions should be contained and as soon as possible reduced. Our *economic interests* in Africa south of the Sahara are substantial. Though there is great variation in the degree of their importance to us between one country and another, collectively Africa south of the Sahara is a sizeable market (accounting for about 12 per cent of our total exports), an important source of certain raw materials and an area in which we have a substantial investment stake. Our *military and strategic interests* in Africa are relatively small and are diminishing.

51. Our political and strategic interests are shared with some or all of our Western allies. In the pursuit of our economic interests, however, they are our rivals.

52. The obstacles to the realisation of our interests in Africa are the basic instability and poverty of the Middle African countries and the hostility between them and the countries of Southern Africa.

53. So far as the former obstacle is concerned the main weapon with which we can seek to overcome it is our programme of financial aid and technical assistance. It may be argued that the continuation of a large aid programme to Middle Africa restricts our room for manoeuvre in apportioning our overseas aid. But aid cannot be quickly cut off without infringing existing commitments. Moreover many of the countries of Middle Africa are dependent on us not only for finance for their economic development but also for the services of large numbers of administrators and technicians to maintain essential Government services. Other aid donors regard Commonwealth Africa as primarily a British responsibility (in 1965, 60 per cent of

external aid to this area came from Britain) and a sharp reduction of our aid would be likely to cause economic stagnation and in some cases administrative breakdown, to the detriment of our long-term trading prospects, if not to some of our shorter-term economic interests. Moreover, any lessening of our own interest in Middle Africa would make it more difficult for the United States and possibly some other Western countries to maintain their own aid effort. Any action by us to reduce the level of our aid sharply might therefore have wide repercussions on the economies and thus on the stability of Middle Africa. We should however keep the level of our aid to Africa under continuous review to ensure in the long-term that it is not inconsistent with our interests in Africa relative to our interests elsewhere.

54. As to the second obstacle to our interests—the racial conflict between Middle and Southern Africa—if we could avoid involvement in African racial conflict and effect a complete political disengagement from the problems of Africa there would be much to be said in favour of doing so. It can be argued that our present position in Africa is a political embarrassment rather than a source of influence. It subjects us to political pressures in the United Nations and in the Commonwealth which work against the balance of our real interests. There would, of course, be disadvantages in disengagement, which it could be argued would be a further blow at the ideals of the Commonwealth, possibly bringing about the departure from the Commonwealth of some of its African members. African Commonwealth countries would probably argue that United Kingdom non-involvement in Africa would in effect favour the Southern African white minorities, who would be allowed to continue to rule unchallenged. Non-involvement would also mean accepting that if, despite the considerations set out in paragraph 25, Communism were to make further headway in Africa, we should be unable to do much about it.

55. There are arguments which are at least as strong against our becoming involved in conflicts between two non-white factions in Africa, whether they be quarrels between separate African States or internal dissensions between tribal or racial groups inside particular countries. It will not be easy to avoid involvement: in some cases there are lingering suspicions from the colonial past (e.g. Uganda in 1966); in others important British interests are involved (e.g. Nigeria); and in others again we may be pressed to support a Commonwealth country in a quarrel with a neighbour (e.g. Kenya/Somalia). Because of our previous relationship with Commonwealth African countries there is a tendency for all those countries either to blame us for their own failures and dissensions or to appeal to us as of right to help them out of the difficulties those dissensions get them into. But it would be best if we did not react to the former or respond to the latter; any attempt by us to interfere in affairs which are purely African would risk our being regarded in the rest of Africa as ‘neo-colonialist’; and in the area of dispute the eventual result may well be distrust and suspicion coupled with further unwelcome involvement. We should seek to avoid any vulnerability to the charge of ‘neo-colonialism’, not least so that we may be free to use the charge as a criticism of attempts by other countries to influence African affairs improperly. In respect of Commonwealth Africa we should work towards a relationship which is more appropriate to their status as fully independent members of the Commonwealth and in which the extent of our involvement in their affairs is determined primarily by our own essential interests.

56. Disengagement from Africa’s political problems is not a course open to us in the short run, and certainly not as long as we maintain any responsibility for the

Rhodesian problem. Indeed such a policy might cause us even more difficulty in Middle Africa if we were seen to be continuing to profit from our trade with South Africa, while washing our hands of what the Middle Africans hold to be our responsibilities. In practice over the next few years at least, we shall have no alternative but to continue with our present policy of trying to live on terms with both Middle and Southern Africa. This should involve using our influence with both sides without seeking to maintain a leading role, and making it clear to each side that there are definite limits beyond which we are not prepared to go in alienating the other. It is not a heroic position to take, nor even a comfortable one. It is all too vulnerable to the sort of strictures on our behaviour with which we must expect the Communist powers to be continually filling the ears of Middle African governments. We shall no doubt be charged by both sides with inconsistency and insincerity; and there is always the possibility that we may reach a point in the end where in a particular crisis any decision we take will alienate one side or the other beyond the limit we have set ourselves to observe. But so long as we are involved in Rhodesia, this is really the only course open to us.

57. Once some solution is found of the Rhodesian problem, it should be much easier to consider a policy on Africa that would be in accordance with our wider long-term interests, though it should not be forgotten that considerable difficulties will persist as long as racial conflict continues in Portuguese Africa and South Africa. But until we can see the outcome on Rhodesia more clearly, and know how other Middle African States will view the resulting position, it is difficult to lay down future lines of policy with precision.

58. Meanwhile the opportunities for positive action on our part to further our general interests in the area lie mainly in the continuance of our aid and technical assistance programmes which have been discussed in paragraph 53. Apart from this the most that we can do is to avoid policies and situations which may harm our interests by making it harder for us to continue on terms with both white Southern Africa and black Middle Africa.

59. The Ministry of Overseas Development does not feel able fully to subscribe to this report. It recognises that amendments have been made to meet some of the points raised, but these do not alter the general character of the report or its conclusions. The Ministry agrees with those passages dealing specifically with aid and welcomes the recognition of its value to the African countries; but it does not feel that the report puts aid in its correct setting in the context of the long-term relations between the Middle African countries and the countries of Southern Africa now under white control. The report recognises that the existence of the race conflict in Southern Africa puts the West at a disadvantage in world affairs and that it is a major interest to us that racial tensions should be contained and as soon as possible reduced. But in the view of the Ministry this is not sufficiently taken into account in the conclusions in paragraph 60 about the lines which British policy might take. The report makes the point that it is on internal pressures in Southern Africa itself that hopes of a solution in the long term must rest; but the Sub-Committee did not accept the proposition that these internal pressures might also in the long-term be influenced, and perhaps strongly influenced, by some of the countries in Middle Africa if these could develop on sound and stable lines. Such development must depend to a large extent on external aid, and the volume and quality of external aid to the African countries is likely to depend very largely on the actions over a period of years ahead of the former colonial



powers, principally France and Britain. The Ministry feels that this must be kept firmly in mind in framing our policy for the future.

60. Subject to the reservations of the Ministry of Overseas Development, as set out in the preceding paragraph, it was concluded that the lines of our policy in Africa South of the Sahara might be as follows:—

(i) In our dealings with the Middle Africans we should concentrate on their problems of internal development where help is both urgent and within our power. Our aid effort in those countries makes a substantial, and in some cases vital, contribution to their stability and economic progress, both of which are important to our long-term political, commercial and economic interests. Most African countries will need outside help for a long time to come; but it would be right to keep the level of our aid to Africa under continuous review to ensure in the long-term that it is not inconsistent with our interests in Africa relative to our interests elsewhere.

(ii) We should positively seek to create in Middle African States an atmosphere conducive to British trade and investment and to the presence of British nationals. At the same time we should accept and deal with African regimes as they come. We should not expect them to align their external policies with ours or to manage their internal affairs in a way which we could necessarily approve. We should avoid becoming involved in the ethnic and tribal squabbles which seem likely to remain a feature of African politics for some time.

(iii) We should continue to make it clear to Middle Africa that we cannot contemplate economic or political warfare with South Africa, and that it is not in our interests to make economic war against the Portuguese territories, with the inevitable consequence which such a course involves of confrontation with metropolitan Portugal and with the further risk of an eventual confrontation with South Africa. We cannot therefore co-operate in a general sanctions campaign against either. Our hope would be that, if our unwillingness to co-operate were made clear enough in advance, it would not be worth the Middle Africans' while to press matters to a United Nations vote. We should try to persuade the United States to take the same attitude as ourselves.

(iv) We should try to ensure that the Middle Africans come to accept that (however little they may like it) South Africa is likely to remain impregnable for a long time to come and must therefore be left to evolve in whatever way her own internal pressures may dictate, though at the same time we shall of course continue to exercise such indirect influence as we can. So far as we are concerned the important point is that both sides should accept that there are limits beyond which we will not go in quarrelling with either.

(v) We should make it clear to South Africa and Portugal that we cannot withdraw our condemnation of their policies. At the same time we are prepared to do business with South Africa and the Portuguese colonies to the maximum extent of our competitive ability (as we do in Eastern Europe), both on grounds of reasonable self-interest and for the basic reason that we do not believe a boycott is the best way of mitigating apartheid. On the contrary, we think the best way is for black African states and ourselves to have dealings with them.

(vi) In our dealings with the white South Africans as individuals we should do all we can to break down their 'laager mentality' into maximum contact with the rest of the world and specifically with the main stream of Western liberal ideas.

(vii) We should do all we can to promote trade both with South Africa and with those other African countries in which there are real prospects for our exports, and we should have regard to the protection of our investments and other economic interests.<sup>8</sup>

## Annex A to 376: United Kingdom Economic interests in Africa

### *Introduction*

In the world economy Africa is important mainly as a source of some raw materials. Away from the mines and the white people of Southern Africa industrial wealth is still small. Typically population is sparse and agriculture predominates. Africa accounts for only about 5 per cent of world imports and world exports. These include 75 per cent of the free-world gold production, over 95 per cent of free-world diamonds, over 30 per cent of world platinum production.

2. The United Kingdom has greater economic interests in Middle and Southern Africa than have other developed countries. Middle and Southern Africa as a whole takes just over 20 per cent of its imports from the United Kingdom and these comprise 12 per cent of our exports (whereas we send 37 per cent to Europe and 10 per cent to the United States of America). (Appendix I.)<sup>9</sup> In the following sections are set out our economic interests in Middle and Southern Africa. These are quantified as far as possible. It must be borne in mind, however, that these various interests are

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<sup>8</sup> From the UN, Sir L Glass made two observations about this paper. He did not accept the argument in para 57 that once a solution had been found to the Rhodesian problem it would become easier to consider an African policy more in accordance with Britain's wider and long-term interests. According to Glass, 'our African problems at the U.N. do not end with Rhodesia'. In that the Africans' major concern was the perpetuation of white rule in southern Africa, their targets were South-West Africa, and through South-West Africa, South Africa. In the absence of a shift in South Africa's domestic politics, Britain would always be vulnerable because of its economic stake and its unwillingness to take action. The same was true although to a lesser degree of Britain's involvement with Portugal and the Portuguese territories. Hence Glass also disagreed with the observation in para 60(iii) of the paper that if the UK made plain its determination not to engage in economic and political confrontation, the Africans would come to realise they were banging their heads against a brick wall and back down. For Glass the Africans might lose faith in instant solutions but they would not abandon their objectives. And in the absence of real power of their own, the Africans were doing their best to use the UN as a power lever. It seemed to Glass not beyond the bounds of possibility that the Africans might force the issue in the Security Council, in which case the UK would have to resort to the veto: 'All the emotions of anti-imperialism, anti-colonialism, anti-racism, will then be whipped up by the Communists to blacken our motives and policies on all other subjects.'

In his second point Glass took issue with the assumption in the paper that British policy in Africa could be worked out in isolation within the African continent and with no consideration for non-African opinion. For Glass UN members tended to take sides, even when they had no direct interests of their own. UN debates often incensed and inflamed divisions. 'This means that our policy towards Southern Africa may bring us in the U.N. up against not only the Middle and North Africans, but the Asians, the Latin Americans, some of the Scandinavians and the Soviet Union and their supporters (let alone the Cubans and the supporters of the Chinese).' For a large number of countries, their posture at the UN was an important element of their foreign policy: 'It is not simply a matter of African votes but of our whole current policy of positive cooperation with the U.N. lacking reality, so long as we are obliged to run against the mainstream of U.N. opinion on South African questions.' Hence for Glass, a corollary of any policy decisions about Africa might have to be a review of Britain's UN policy (FCO 25/41, no 17, Glass to Greenhill, 13 Nov 1967).

<sup>9</sup> Appendices not printed.

disparate in nature and caution is needed in balancing one against another. They cannot be compared quantitatively and directly.

### *Population and income*

3. The population of Middle Africa is 206 million while that of Southern Africa is 34 million. The GNP of both areas shows far less disparity, the former totalling £6,000 million and the latter £3,800 million. The GNP of Commonwealth Africa is slightly less, being £3,600 million. (Appendix II.) The population of both areas is expanding rapidly though that of Middle Africa seems to have a slight edge (2.5 per cent) on that of Southern Africa (2.3 per cent). Detailed figures for selected African countries are given in Appendix III.

4. Economic expansion has been more rapid in Southern Africa (1950–63—4.2 per cent per annum) than in Middle Africa (1950–63—3.5 per cent). In the recent past the difference in the rate of growth has been very much greater. Estimates of future growth are highly speculative and depend heavily upon political stability. A United Nations report has estimated growth in the two areas till 1975 on two bases—one on a low growth rate and the other on a high growth rate. The low projections are for Middle Africa 3.2 per cent and Southern Africa 3.5 per cent while the high rates are 5.2 per cent and 4.5 per cent respectively. In view of the political unreliability of Middle Africa it would appear to be wiser to take the low growth rate in that case and the high one in the case of Southern Africa. This would mean 3.2 per cent and 4.5 per cent respectively.

### *Trade*

5. Our exports to South Africa have been running at £240–£260 million per year (in the current year at over £300 million) as against exports of £215–£235 million to the African Commonwealth countries and £270 million to Middle Africa as a whole. (Appendices IV and V.) There has been considerable variation in exports to individual countries resulting from political unrest, local inflation and local measures of austerity. These figures are also not comparable, since exports to South Africa involve very little credit whereas trade to Middle Africa involves much credit and to a significant extent is financed by United Kingdom aid.

6. Our exports to South Africa in 1966 were 50 per cent above their 1960 level: and in January to April 1967 they increased by 29 per cent over the same period in 1966, making her our second largest market (similar proportional increases in 1967 occurred in imports from other countries—the result of relaxation of import controls). In 1966 she was our largest market for electrical machinery, apparatus and appliances (£26.4 million); our second largest market for transport equipment (£60 million); our third largest market for non-metallic mineral manufactures (£16.8 million) including a useful market for glass and glassware; our fifth largest market for non-electric machinery (£54.8 million); and she was a useful market for our textile yarns, fabrics, made-up articles etc. (£15.2 million) including our largest market for woven cloth fabrics (£2.8 million). These items accounted for over 70 per cent of our total exports to South Africa. The concentration of engineering products has been very noticeable in recent years, in part the result of local production under heavy protection—there are over 500 subsidiaries of British companies in South Africa. In 1950, 37 per cent of our exports consisted of machinery, vehicles and aircraft; in 1965 this figure had risen to 56 per cent. During the same period our

exports of textiles and clothing declined from 25 per cent of the total to only 7 per cent (cotton textiles alone fell from 14 per cent to hardly 2 per cent). If ever the question of finding alternative markets for this trade arose, we should in the short term be in great difficulty, particularly if other countries were also seeking alternative outlets. The world market in cars and commercial vehicles is highly competitive. Engineering products are individual rather than mass-produced goods so that only our resources and not the goods themselves could be converted to serve other customers. It might be impossible to find alternative customers for British cotton textiles. Moreover, we would be looking for markets without the competitive advantage which we enjoy in the South African market through our preferences: these range from 3 per cent *ad valorem* to 10 per cent (and average about 4–5 per cent) and cover about 25 per cent of our exports to her, the main beneficiaries being electrical machinery, locomotives and parts, radio equipment, mining machinery, other machinery, tools, and cotton and rayon piece goods.

7. Our exports to African Commonwealth countries have on aggregate not increased over the past six years. Increases in our exports to Zambia and the East African countries have been offset by decreases in troubled Ghana and Nigeria. It is most difficult to forecast the future trends of these trade figures, depending as they do on how far the Middle African countries will wish to diversify their suppliers and how far they will enjoy sufficient political stability to allow their prosperity and trade to realise their potential. Looking to the next five years, however, one might guess without being optimistic that our trade to South Africa would rise at about 4–6 per cent year, but to the Middle African countries as a whole the rise would at best only be 2–3 per cent year on the basis of maintaining the present level of aid.

### *Investment*

8. The value of United Kingdom long-term private investments in Middle and Southern Africa (excluding Rhodesia) is very tentatively estimated to have been between £1,300 million and £1,400 million at the end of 1966, about 15 per cent of total private investment abroad, and our earnings from these investments to have been of the order of £150 million per annum (including reinvested profits), again about 15 per cent of earnings from all private investment abroad. These assets were situated as to about 60 per cent in South Africa and 40 per cent in the Middle African countries. By comparison the total value of these investments in 1962 is estimated to have been between £1,000 million and £1,100 million, of which a little under 55 per cent was in South Africa.

9. The stock of United Kingdom investment in South Africa, both direct and portfolio, is very large—a tentative estimate of £835 million at the end of 1966—and has grown substantially since 1962. Most—two-thirds or more—of the direct investment flow into South Africa has been financed from reinvested earnings. This pattern seems likely to continue and intensify with the impact of the Voluntary Programme on cash remittances. There has been a fairly substantial disinvestment by United Kingdom portfolio investors although in later years, due to the South African control restrictions, this has been largely in the form of sales of South African securities to non-sterling area residents. Earnings on direct investment have been increasing to a level of about £60 million in 1964 and 1965, but seem to have flattened recently, perhaps feeling the squeeze of costs on gold mining; about half total earnings tend to be reinvested. Earnings on portfolio securities at a little over

£20 million per annum are thought to have changed little and seem unlikely to increase much, if at all. (Appendix VI).

10. The stock of United Kingdom investment in the rest of Southern and Middle Africa is large—a tentative estimate of £550 million at the end of 1966—but, apart from oil, has not increased very significantly since 1962. Figures for the stock of direct investment in individual countries at the end of 1965 should be available this summer. Excluding oil, there was in 1963 and 1964 net cash disinvestment by the United Kingdom: the net increase in the United Kingdom direct investment stake has been more than accounted for by reinvested earnings and there were net sales of portfolio securities. In 1965 however there was a sharp increase in investment, particularly in Ghana and Nigeria. It is not clear yet how far this was a new trend or due to special factors. Oil investment has been significant in Nigeria. Political conditions in Africa will obviously be very important. Earnings on both direct (£30–£35 million per annum in 1964 and 1965) and portfolio (£13–£14 million per annum) investment have been flattish and seem likely to continue so, unless the sharp increase in direct investment, which occurred in 1965, continues. The proportion of earnings which were reinvested was about half in 1963, but fell to about a quarter in 1964 and 1965. With the growth in oil production in Nigeria there should however be a rising trend in oil earnings, if political conditions permit the new investments to develop their full potential. (Appendix VII).

### *Sterling balances*

11. Gross holdings of sterling by Commonwealth African countries are large in aggregate—£423 million at the end of March 1967—or about 13.5 per cent of gross overseas Sterling Area holdings—although no individual country ranks as a major holder. Official holdings account for £263 million of this total, and private holdings £160 million. The total net of claims is £287 million. The largest gross holders are Kenya, Zambia, and Nigeria, while Tanzania, Ghana and Uganda also hold substantial amounts. The net position varies widely (Ghana is a net debtor, while Zambia's net holdings are only marginally less than her gross) as also does the proportion of official holdings. Gross holdings of sterling, official and unofficial, by non-Commonwealth countries of Middle and Southern Africa, including South Africa, totalled only £41 million at the end of March 1967, a figure roughly equal to our money claims on these countries.

12. Confident prediction is impossible, but on the whole these African balances seem likely to fall over the next few years only to a degree which is not likely to result in any serious drain on our reserves. We must probably accept as inevitable some reduction in the proportion of sterling to total reserves, which will in part at least be achieved by direct switching out of sterling. This is because their pattern of trade and payments is changing, with more links with non-sterling countries, but also in one or two cases for political reasons. Some countries may need to run down their sterling reserves to pay for development programmes and to meet debt repayments. On the other hand, the possibility of rising reserves for, among others, Zambia and conceivably in the longer run Nigeria, means that there could be some compensatory building-up of sterling balances, even though Zambia may be further reducing the proportion of her sterling to total reserves. Thus, barring unforeseeable political developments, the net rundown of sterling by African countries as a whole is likely to be gradual.

13. The possibility that the threat of a major switch out of sterling may be used

against us for political purposes in any clash with Middle African states over the next 10 years is one that should be recognised. Although there have been hints of this kind of action recently, African states apparently understand that any precipitate movement would be contrary to their own interests and have in practice acted cautiously. But there can be no certainty that reason will always prevail.

14. There is a major United Kingdom interest in avoiding any rapid rundown of the balances of the African Commonwealth countries particularly as this could spark off chain reactions among other holders. Because moreover of the risk of large demands on reserves for other reasons we must give ourselves as much room for manoeuvre as possible by taking what steps we can to limit the reduction of the balances and to make it gradual. (This assumes that sterling will continue to function as a reserve currency much as at present—if of course we achieve some international arrangements designed to reduce the reserve currency functions of sterling by means which we could afford the situation would be quite different.)

### *Gold*

15. South African provides 75 per cent of the free world's gold. Her annual production now exceeds £380 million a year, and the greater part of this is normally exported. But South African gold output, which rose by 52 per cent in the period 1951–1965, is now expanding very slowly. The price of gold has been pegged since 1934 but wages and production costs have risen sharply and forced a number of marginal mines out of production. South Africa has, predictably, been a constant advocate of a higher gold price, from which she would benefit substantially.

16. Gold still constitutes about two-thirds of the free world's official reserves. Although the part played by gold in international settlements has been steadily diminishing since the war, gold is still the keystone of the present international financial system and is likely to remain so in the foreseeable future. Consequently the maintenance of the flow of supplies of newly-mined gold must be regarded as of considerable importance.

17. South African gold has been marketed through London for over 40 years because London is the largest free gold market in the world. This arrangement has no direct connection with South African membership of the sterling area but derives from long-established connections in relation to shipping, insurance and marketing. At times of political uncertainty we know that the South Africans have examined the possibilities of marketing their gold elsewhere; but they have found that any other channel of disposal would involve markedly higher costs and would not guarantee, as London does, a relatively stable price for varying but sometimes very large sales. So the South Africans would prefer to continue to use the London gold market unless something prevented them from so doing or they were stimulated to retaliate by measures which they regarded as unfriendly.

18. For our part, we are also anxious that South African gold should continue to come to London. Any transference of South African supplies away from the London market, while having no intrinsic effect upon the total of new production coming into circulation could well have a disproportionately large and adverse effect upon a market which, by its nature, is extremely sensitive. This could result in a pronounced rise in speculative purchases of gold and to increased fears as to the stability of the international payments system as a whole. We, therefore, and indeed others, have a major interest in keeping London as the outlet for South African gold.

*Africa as a source of raw materials*

19. Both Middle Africa and Southern Africa play an important role in the world economy as sources of primarily commodities and raw materials; the principal ones are diamonds (95 per cent of world production), copper (21 per cent), platinum (34 per cent), antimony (21 per cent), cobalt (59 per cent), manganese (18 per cent), chrome (33 per cent), beryllium (27 per cent), asbestos (14 per cent), cocoa (61.3 per cent), groundnuts (14 per cent), palm kernels (79 per cent), and sisal (52 per cent). If supplies from these countries were to be cut down, all industrialised countries without substantial resources of their own would suffer through higher prices or even, for short periods, through physical dislocation of production (unlike developed producer countries like the United States of America and Canada which might even benefit). Britain in particular might suffer because of her close association with some of these countries. Appendix VIII sets out a number of commodities for which Britain at present takes a large proportion of her supplies from Africa. The discovery and availability of substitute materials and advance preparations for switching to them could cushion the impact of disruption and decrease United Kingdom reliance on African suppliers; and over a period of time the working of market forces would adjust prices and channels of trade so that the burden would be shared more evenly among the industrialised countries (even if the action was deliberately aimed at the United Kingdom). In the short-term the principal significance for the United Kingdom of a disruption of supplies would in most cases be the detrimental effect upon her balance of payments. For example, two commodities for which the United Kingdom could in the short-term face sharply increased balance of payments costs are copper and cocoa.

20. In the long-term, our best safeguard lies in the interest which producing countries themselves have in maintaining their export trade. Disruption must inevitably mean that they lose the benefit of their export earnings unless they can rapidly find alternative markets. Where disruption is caused by political disturbances, the loss of export earnings may not count for much as a safeguard, and for this reason we have an interest, shared with other industrialised countries which lack their own resources of these materials, in political and economic conditions in Middle and Southern Africa being maintained conducive to production of their export commodities.

*Aid*

21. Our official bilateral aid to the whole of Africa in 1966 was £65.5 million (in 1965, £79.5 million) of which £60.5 million (1965, £75.5 million) went to Commonwealth countries. Our aid to Middle Africa in 1966 was £50 million (1965, £63.5 million), including £48 million (1965 £61 million) to Commonwealth countries in Middle Africa. In 1966 Africa as a whole received 33 per cent of total British bilateral aid (1965, 45 per cent), Commonwealth Africa receiving 31 per cent (1965, 42 per cent). About 60 per cent of our aid to Middle Africa is in the form of grants and the remainder soft loans. Technical assistance in the form of personnel is particularly important as without it the administrative system of several countries would collapse. This aid has led to Middle African countries owing us about £146 million, to which should be added about £90 million of CDC investment. Income from these loans is at present extremely small, although it will rise steeply as repayments of principal from this aid become due (and assuming those countries are able to meet the due repayments).

*Summary and conclusions*

22. In the world economy as a whole Africa is important mainly as a source of raw materials. It accounts for only about 5 per cent of world imports and exports.

23. But Middle and Southern Africa is relatively of much more importance to the trade of the United Kingdom than to that of other developed countries. It takes 12 per cent of our total exports and just over 20 per cent of its imports come from the United Kingdom.

24. The GNP of Southern Africa (with its much smaller population) is slightly greater than that of the Commonwealth African countries, although less than that of Middle Africa as a whole. Population is expanding rapidly throughout Africa.

25. As far as can be estimated, the rate of economic growth in Southern Africa is likely to be substantially higher than in Middle Africa.

26. South Africa is now our second largest market (more especially for sophisticated types of exports, for which other markets could not readily be found). They have increased rapidly, whereas our exports to Commonwealth Africa have not in total increased over the past six years.

27. About 15 per cent of our total long-term private investments are in Africa (about 60 per cent in South Africa and 40 per cent in Middle Africa). Africa also contributes about 15 per cent of our earnings from all private overseas investments. Our investments in South Africa have increased since 1962, but in the rest of Africa have not increased. In 1965, however, there was a sharp increase in investment in Ghana and Nigeria (oil investment in Nigeria being significant)

28. Commonwealth African countries hold about 13.5 per cent of the gross holdings of sterling balances. There is a major United Kingdom interest in avoiding any rapid run-down of these balances, as this could spark off chain reactions among other holders.

29. South Africa produces 75 per cent of the free world's gold, and the maintenance of this flow, and continuance of London as the largest free gold market, are important.

30. Africa is the main world supplier of certain commodities. In the longer run, the industrial countries of the world could probably adjust themselves to any interruptions of supply of most African raw materials; but in the short term such interruption could (e.g. in supplies of copper or cocoa) have adverse effects on the United Kingdom's balance of payments.

31. In 1966 we provided about £60 million of bilateral aid to Commonwealth Africa. Loan aid due for repayment now totals about £146 million. Our receipts from these loans is at present negligible, but will rise steeply as repayments of principal become due, assuming that the countries are able to meet the due dates.

**377** FCO 25/28, no 4

27 Oct 1967

'Britain and France in Africa': despatch from Sir P Reilly<sup>1</sup> (Paris) to Mr Brown

French interest and activity in areas of Africa where British influence was formerly paramount has steadily increased in recent years. Several examples of this interest

<sup>1</sup> HM ambassador, Paris, 1965–1968.



are cited in my despatch No. 44 of to-day's date on Franco–African relations. At the Anglo–French talks on Africa in London last year, the Quai d'Orsay were avid for information about anglophone Africa and will certainly display a similar appetite at the talks here next month. In the present despatch, I therefore have the honour to offer some reflections on the present state of Anglo–French relations as they affect Africa.

2. My first reflection is that this growing French influence, whether good or bad, is inevitable. There is truth in the contention, which Gaullists are the first to advance, that Britain seized the lion's share of Africa in the scramble for colonies in the 19th century and that France, for the major Power on the continent of Europe, had much the worse of the bargain. If one is French, one does not have to have a Fashoda complex to view with resigned dissatisfaction the empty and impoverished stretches of Sahara, savannah and equatorial waste which history ceded to France in Africa. The French Government have made the most, in terms of prestige, of their decision to decolonise and have honoured their remaining obligations to their former subjects with greater *panache* and probably with greater generosity than we have ourselves. But once independence was granted, it was entirely natural, and remains in many respects desirable, that French aid and trade should penetrate beyond the wall which divided French- from English-speaking Africa in the days of Imperium and Raj. We have not been equally successful in penetrating the new French African community; but the prizes to be won there are, relatively speaking, not great; and the French taxpayers have had to pay indirectly for the privileged access which French firms have hitherto enjoyed to the countries of the Franc Zone.

3. Second, while French penetration is inevitable, its scope and potential should not be exaggerated. The greater part of French aid is tied up in the francophone area, so that only between one-quarter and one-third of the annual budgetary provision for overseas aid is available for the rest of the world. Competing claims from Asia and North and South America and from the ever-clamorous Overseas Departments and Territories of France may well mop up the progressive surplus which is being squeezed from the budgets of West Africa and the Maghreb. Even in the Congo (Kinshasa), which is one of the principal targets for French penetration, present French aid, according to the Belgian Embassy in Paris, is only one-tenth of that furnished by Belgium; nor could the French Government readily find replacements for the thousands of Belgian expatriates upon whom the uncertain functioning of the Congolese economy continues to rely. In smaller and less rewarding Malawi, the French Government have had to back out at the last moment from the Nacala railway scheme, allegedly because they had doubts about the economic value of that scheme, but probably in practice because of a shortage of French funds. Moreover, to the evident material limitations which circumscribe the activity of a European Power of the medium size like France, must also be added a point of interrogation as to the policies of future French Governments. The scale of French overseas aid and the thrustful nature of French foreign policy may well change following the eventual departure from the political scene of General de Gaulle. 'Cartierism' and the taste for creature comforts at home may then blunt the *fil de l'épée* in the French assault on anglophone Africa.

4. Nor should distaste for Gaullist philosophy in its practical application in the foreign field obscure the underlying reality that in Africa as a whole—if not universally in Asia or the Middle East—the French presence seems compatible in the main with

Western interests and undoubtedly contributes to the stability and well-being of those areas for which France conceives herself as specially responsible. It is true that, where an important American presence co-exists with that of the French, the latter will usually try to do the former down. It is an open secret that one of the clandestine functions of the special department for African affairs run from the Elysée by M. Foccart is to operate against the 'Anglo Saxons' where this is necessary in the defence of French interests. This organisation is, however, directed essentially against the United States. Our American colleagues here do not appear to take M. Foccart very seriously. We for our part do not consider that the French are seeking deliberately to thwart British interests as such throughout Africa. Moreover, in our view, France seems to be far more concerned at the development of Communist Chinese than American democratic influence in Africa. M. Foccart volunteered this concern about China when I paid my first call on him in 1965, saying that the Chinese threat should be rated above the Russian in insidiousness. I believe this concern remains very much alive to-day. The Quai d'Orsay have told us that they are worried about the implications of the successful Chinese bid to build the Tanzam railway and we will wish to discuss them with your team of experts next month. The French presence in Africa inevitably also helps to block or counter-balance that of the Soviet Union. Whatever may be said of *entente* and *détente* between Eastern and Western Europe, these aspirations do not figure prominently on the French agenda south of the Sahara.

5. Naturally the above considerations should not permit any illusion as to the possibility in present circumstances of a 'special relationship' with the French in Africa. There are many Frenchmen who preserve a special goodwill for us; but they are not running the country and the government of the day have no such special solicitude. In this respect we are in Africa no worse off than the other members of the European Economic Community. There is a hard-headed, almost a brutal, quality to French foreign policy which no doubt stems ultimately from the General himself. Only he would have cast Guinea so far into outer darkness; only he could have presented the tumultuous but miserably poverty-ridden populace of Djibouti with the stark threat, if they chose the path to independence, of the complete cessation of all aid from France and the complete withdrawal (almost down to the last lightbulb) of everything French. This ruthless determination is also in evidence in the private sector in France. It has not been due solely to governmental policy but also to genuine competitiveness and drive that French arms manufacturers have sold their wares so widely across the African continent from Capetown to Lagos and Addis Ababa and perhaps tomorrow to Tripoli. The steady penetration of the Nigerian market by French merchants was effected, for most of the time, in the absence of a French Embassy. The general French pattern in Africa, both political and commercial, is, therefore, that of the hard-sell; not always effective, by no means universal, but generally tough and persistent. And where the French are intent in pursuing so single-mindedly their own interests, they are bound to be unattracted by multilateral co-operation and indifferent to the damage they may cause to others.

6. Unfortunately, it follows from the above that, in the context of our efforts to enter the European Economic Communities across the obstacles raised by France, there is little if any prospect of persuading the French to look favourably on the claims and problems of the Commonwealth in Africa. An ideal arrangement for the black African countries of the Commonwealth would no doubt be the extension to them of the status already enjoyed by the ex-French African states under the Yaoundé

Convention. When I alluded, however, to such a solution in the course of a recent audience with General de Gaulle, the latter affected some surprise. The truth of the matter is that the French have managed under the Yaoundé Convention to secure exceptional advantages for themselves and their clients, which they may not be able to retain for many more years, but the benefit of which they will naturally wish to extend for as long as possible. Not only do the African States enjoy preferential access to the Six Member States of the European Economic Communities but also some at least of the burden of aid which would otherwise have fallen on French shoulders has been shifted to the Community, while a disproportionately large share of all aid projects financed by Community funds in the Associated States continues to be awarded to French contractors. The extension of these benefits to a host of anglophone African countries would threaten the special position of France and diminish the privileged status of her former colonies.

7. It is true that France assented to the admission of Nigeria for a limited period to a status of association with the European Economic Community; but this was a special case in which French interest in detaching from the Commonwealth orbit a rich and potentially rewarding African State was combined with hard bargaining from the Dutch (who have important interests in Nigeria) and other partners in the Community. It is, moreover, certain that, when the Yaoundé Convention (and also Nigeria's own associated status) is due for renegotiation in 1969, the Five will take a very hard look at their commitments and may well attempt to muscle in on France's privileged position in the African States concerned. Barring some unexpectedly favourable turn of events, we ourselves will scarcely be in a position at that date to influence Community decisions from within. And in so far as their own privileges and those enjoyed by francophone Africans will then be under critical scrutiny at Brussels, the French, for their part, will be even less inclined than otherwise to acquiesce in the extension of such privileges to anglophone Africans also.

8. Against this somewhat unpromising background what is perhaps surprising about the Rhodesian and Nigerian crises is not the degree to which the French may have disappointed us as the extent to which in practice the French have toed the line we have marked for them.

9. As regards Rhodesia, the French Government have been unable effectively to prevent shady transactions, through South African or Swiss intermediaries, such as the notorious Boussac textile deal at the beginning of this year. But this inability has been largely dictated by the juridical and practical difficulties which other allied Governments have also encountered. A greater disappointment has been the polite refusal of the French Government to join us in applying pressure upon the Portuguese to reduce the oil supplies which reach Rhodesia through Mozambique. The French have claimed that such an embargo would not be effective because it would not, in the last resort, prevent supplies being stepped up through South Africa; in practice they simply have not been prepared to risk their relations with Portugal or to taint the image of political 'reliability' of French oil companies in South African markets. But against this disappointment must be set the claim made by the French representative in the Fourth Committee at New York only the other day that France has responded to the appeal of Her Majesty's Government in the matter of sanctions with as much scruple as any other Power. M. Gaschignard no doubt had in mind what the French consider to be the half-hearted efforts of other British allies and friends such as Germany, Japan and the United States.

10. Similarly, as regards Nigeria, we have received disconcerting reports of anti-British talk by individual Frenchmen in Enugu; and aircraft (often with French pilots also) and other weapons for the secessionist régime have been forthcoming in shady transactions conducted in part by French commercial interests. The fact remains, however, that the French Government as such have exercised the greatest caution. There must have been some temptation, which may still one day revive in Paris, to make overtures to the Biafran régime; the potential world-wide importance of East Nigerian oil would, in this respect, have carried its full weight. But the French Government's general policy has not been aimed at the breaking up of the Nigerian Federation; indeed, they have been prepared to give comfort to General Gowon to the extent of licensing the export to Lagos of a small number of armoured cars. What the French have done is to avoid taking sides too openly with Lagos so as not to exclude being in on the ground floor if Biafra should have proved a success. At least in the early stages of the fighting, our own attitude was presumably not greatly different.

11. The chief determinant of French policy towards both these difficult questions was naturally the French national interest. But, at least within the Quai d'Orsay, there has been not only a readiness to listen carefully to what we have had to say, but also sympathy in our dilemmas. They have compared our position over Rhodesia to the difficult situation which they themselves had faced in Algeria. There has been a certain concealed *Schadenfreude* at the threatened collapse of the Nigerian Federation, so long held up as a model of what British decolonisation can achieve; but they have also evinced awe at the agonies of a giant, and displayed some understanding at our own inevitable perplexities. It may be that, despite the trend noted at the beginning of this despatch, there is still an innate Gaullist tendency to think in terms of spheres of influence. However that may be, relations with French officials in Paris are easier and more frank over Africa than with regard to many of the other international issues on which we have dealings. And in the small courtesies of international diplomacy they are not wanting; they made no bones about agreeing to look after our interests in Mauritania in July.

12. I conclude that we should expect a strong competitive spirit to develop, particularly in commercial matters, between ourselves and the French in Africa. Where we are weak or afflicted, they will tend to squeeze into our place. They may even on occasions be prepared to make mischief at our expense. But Africa is likely to be big enough for more than both of us. One day there may, indeed, be more co-operation and less competition. Meanwhile, it would no doubt be often well for us to be as tough-minded as are the French; this is, after all, what they expect of us. But we should also do well to nourish the dialogue which your Department will resume in Paris next month.

**378** CAB 128/42, CC 71(67)

15 Dec 1967

‘South Africa: maritime defence equipment’: Cabinet conclusions

[At a DOPC meeting on 8 Dec 1967, it was suggested the time had come to review the matter of arms sales to South Africa. Crossman wanted to defer discussion until, following the Nov devaluation, government expenditure and economic policy had been fully reviewed. Independently, Callaghan, who had just exchanged offices with Roy Jenkins to become home secretary, raised the issue of South African arms at a meeting of younger Labour MPs. Unaware of the DOPC discussions, Callaghan mentioned the arms

question in manner that alarmed his listeners who were already concerned about press leaks. Some 140 Labour MPs signed a motion published on 12 Dec demanding the retention of the arms embargo. Crossman's diary for 15 Dec provides an account of what was said at the Cabinet meeting, the official minutes of which are reproduced below. His account suggests Wilson wanted to split his opponents and to isolate Brown and Healey. According to Crossman, Wilson was determined to get rid of Brown but the prime minister's tactics misfired when he encountered stiff resistance from an opposition led by Brown, Healey and Crosland. In wanting the arms sales to go ahead, these three had the support of Callaghan, Gordon Walker (Education), Thomson and Ray Gunter (Labour). Ranged against them were Wilson, Stewart, Gardiner (lord chancellor), Barbara Castle (Transport), Greenwood (Housing and Local Government), Peter Shore (Economic Affairs), and Wedgwood Benn (Technology). In the middle were Jenkins, Crossman, Fred Peart (Agriculture), Richard Marsh (Power) and Longford (lord privy seal). Crossman again put forward his mediating proposal, namely that a decision should be postponed and considered together with all other post-devaluation measures. This annoyed the Wilson camp but Brown came out in its favour. Wilson said he did not favour the proposal but he would accept it if it were the will of the Cabinet. According to Crossman, the prime minister had 'got himself into the curious situation of forcing the Cabinet to decide for him'. Crossman insisted the mediating proposal would not work unless Wilson believed in it himself. At which point Wilson was forced to say he did but that all would depend on the closest possible secrecy until he had made an announcement. Richard Crossman: *The diaries of a Cabinet minister Vol Two Lord president of the Council and leader of the House of Commons 1966-68* (London, 1976) pp 603-605. In his own account Denis Healey described the Cabinet meeting on 15 Dec as 'the most unpleasant meeting I have ever attended'. He also admitted that in supporting Brown, 'I showed gross insensitivity to the hatred of Apartheid both in my party and in the Commonwealth'. Denis Healey, *The time of my life* (London, 1989) pp 335-336. Brown tempered his remarks, observing only that the atmosphere at the 15 Dec meeting was, 'to say the least, pretty tense and hardly conducive to a reasonable re-examination of the whole issue.' George Brown, *In my way: the political memoirs of Lord George Brown* (London, 1971) p 173.]

The Cabinet had before them a note by the Acting Secretary of the Cabinet (C (67) 194) covering a memorandum by the Foreign Secretary and the Defence Secretary on the supply of maritime equipment to South Africa.

The Cabinet considered further the circumstances surrounding the decision of the Defence and Overseas Policy Committee on 8th December which had led to their discussion on the previous day (CC (67) 70th Conclusions, Minutes 2 and 3).

*The Foreign Secretary* said that the Cabinet faced a very difficult decision on the reply which was outstanding to an approach to us by the South African Government for the supply of maritime defence equipment valued at some £100 million. On the one hand if we were to supply these arms, there would be political difficulties not merely in Parliament and in liberal circles in this country, but also among Commonwealth countries and in the United Nations. He fully shared the general repugnance for the South African policy of apartheid, and recognised that many would consider the supply of arms to South Africa to be morally wrong. On the other hand, there were strong economic and strategic reasons for meeting the South African request. Failure to do so would not merely lose us £100 million worth of orders for defence equipment but, in the unanimous opinion of those best qualified to know, would also put at risk a large number of civil orders in our second largest export market in the world. The total loss of trade might well amount to not less than £200 million up to 1980. Our present economic situation was so serious that we could not afford to lose these orders. We should also risk losing our naval facilities at Simonstown; we might find that France would not merely replace us as South Africa's source of arms but also reach a defence agreement with her. The importance of the Cape route had been clearly demonstrated this year as a result of the closure of

the Suez Canal. The arms to be supplied would not affect the ability of the South African Government to maintain its policies of apartheid. He believed the United States Government would make no difficulty for us. If we were to supply them, it might be that the South African Government, who had shown some limited willingness to help towards a settlement in Rhodesia, would co-operate more closely with us. He therefore recommended jointly with the Defence Secretary that we should supply the maritime defence equipment which South Africa was seeking. A decision could be presented as an extension of our policy of continuing to supply certain items where we recognised an obligation to do so, and where the ability of the South African Government to enforce apartheid was not increased.

In discussion there was support for the Foreign Secretary's proposal on the ground that refusal of the South African request would cast grave doubts on the will and ability of the Government to take, following devaluation, the measures necessary to restore the economy. Doubts were already being expressed on this score both at home and abroad. If we were seen to be deliberately forgoing for political reasons trade which on some estimates might amount in total to as much as £300 million, confidence in the Government would be gravely impaired, especially among British exporters on whom we depended to restore our balance of payments. Such a decision might prove disastrous not only for our export industry but also for the living standards of working people. If we sacrificed this opportunity of improving our balance of payments, it might be necessary to make, in compensation, even more drastic reductions in public expenditure, including that on education and the social services. Although the full benefit of the proposed arms sales to South Africa would not be felt for some years, they would produce in 1968 a sum in foreign exchange equivalent to the saving obtained by withdrawing one brigade from Germany.

It was further argued that there was no strong moral issue at stake. The supply of maritime equipment did not imply condonement of the policy of apartheid any more than did our continued trade with South Africa in civil equipment, *e.g.*, transport equipment. The defence equipment itself could not be used against the African population. Public opinion did not feel strongly on this issue. In our present economic circumstances we could no longer afford to act as the world's conscience. In any case economic embargoes had repeatedly been proved ineffective. A decision to supply arms would lead to hostile reactions in the Commonwealth, but feeling on this issue was not so strong as over Rhodesia: and there were indications that some of the newly independent African countries, outside Southern Africa, were thinking of trying to improve their relations with South Africa. If we had to make up for our loss of this trade by reducing our aid programmes, the Commonwealth would suffer.

On the other hand it was argued that to supply maritime defence equipment to South Africa would constitute a major change of policy. It would involve going back on the United Nations Resolution and on the Government's own decision of November 1964, which had been taken on moral grounds. If we allowed our policy to be dictated in this way by purely commercial considerations, we risked laying ourselves open to future pressure from South Africa or even from British exporters. The racial question was one of the major issues which was going to determine the future development of the world. It was of over-riding importance to many young people in the country. To supply this equipment would amount to lining ourselves up on this issue behind South Africa and against the overwhelming majority in the United Nations. There might perhaps be a case for meeting South Africa on this

question if we could thereby achieve an honourable settlement in Rhodesia. But there seemed to be no prospect of this. There was a clear distinction between normal trade and the sale of arms; and it was far from certain that a refusal to supply South Africa with the arms for which she had asked would necessarily have serious effects on our ordinary trade. Our trade with South Africa over the last three years had not noticeably been affected by our decision to suspend the supply of arms in 1964.

It was suggested that in view of the division of opinion in the Cabinet on this issue there would be advantage in postponing a decision until it had been possible to consider the problem of arms for South Africa in the broader context of the general review of our economic policy which had become necessary as a result of devaluation. This review might cover all trade in arms, including arms for the Communist countries and Israel, and extend to all instances where we had been restrained by political considerations from following our economic interest.

*The Prime Minister*, summing up the discussion, said that not only the Government's political and economic credibility were at issue but also its moral credibility. To agree to supply the proposed military equipment to South Africa would be contrary to the principles for which the Government stood: and if they were to do so in order to carry economic credibility with British industry, they would risk being pushed into other policies advocated by the Opposition and thus lose all political credibility. They would not only destroy their standing with liberal opinion in the country, but also undermine the support of the Parliamentary Labour Party without which the Government could not survive. The Government would in the near future face some difficult decisions following devaluation. Drastic measures would be necessary, some of which would be distasteful to the Government's supporters in Parliament. It would be much more difficult to secure backing for these essential measures if in the meanwhile Government supporters had been alienated by a decision to supply arms to South Africa. Opinion in the Cabinet was divided on the question whether the political disadvantages outweighed the economic arguments in favour of supplying these arms. The balance of opinion was in favour of deferring a final decision until the problem of arms for South Africa could be seen in the broader perspective of the comprehensive review of all our policies at home and overseas, which had been made necessary by devaluation. It would have been preferable to complete such a review before the Christmas Recess. But this was not possible in the time. He would therefore propose to make a holding statement in Parliament early in the following week. The statement would refer to the comprehensive study of the measures which it was necessary to take to ensure that we obtained the full benefit of devaluation. It would make clear that no areas of policy were excluded from review. Arms for South Africa could be covered towards the end of the statement in a reference to a review of our policy on the sale of arms generally. It would also be necessary to make clear in reply to supplementary Questions that pending this general review our present policy on the supply of arms to South Africa remained unchanged, and to defend that policy if the Opposition attacked it. A statement of the kind he had outlined would moreover be valuable at the present juncture as showing the Government's determination to grapple with the problems resulting from devaluation. It would also provide an answer to the Motion proposed by Labour Members of Parliament in the House of Commons opposing cuts in the social services. It would no doubt lead to heavy criticism of the Government in Parliament. But in the circumstances this was probably unavoidable. It was essential that no information should reach the press about the Cabinet's discussion.

The Cabinet:—

(1) Took note with approval that the Prime Minister would make a statement in Parliament in the following week along the lines indicated in the summing up.

(2) Agreed to resume their consideration of the problem of the supply of arms to South Africa in the light of their general review of policy following devaluation.

### **379** CAB 128/42, CC(72)67

18 Dec 1967

#### **‘South Africa: maritime defence equipment’: Cabinet conclusions**

[Extract]

[The weekend of 16 and 17 Dec 1967 witnessed much press speculation about the South African arms sales. It was suggested the Cabinet was about to approve the mediating proposal (see 378, note). Crossman noted in his diary for 16 Dec that Brown was responsible for press leaks through Bill Grieg, his press officer and former political correspondent of the *Daily Mirror*. Matters came to a head at a Cabinet meeting on 18 Dec. Furious about the press stories, Wilson was determined to hit back at his opponents. Without mentioning anyone by name, the prime minister launched a personal attack on those held responsible for the leaks. According to Crossman: ‘I’ve never heard anybody publicly scourged as George Brown was scourged by Harold this morning.’ When the prime minister finished there was total silence. Brown said not a word. In the ascendancy, Wilson proceeded to get his way over the statement about the sale of arms he was scheduled to make that afternoon in the House of Commons. It was agreed he would say Cabinet had completed its consideration of the arms issue and that policy would remain unchanged; none would be sold. Crossman regarded Wilson’s performance in the Commons debate as a personal triumph. It was, he wrote, ‘one of the most remarkable parliamentary *boulversements* I’ve ever seen’. Expecting he would be on the defensive and make a weak compromise statement about the mediating proposal, the opposition were ‘completely flabbergasted by the Prime Minister, who like Houdini had escaped from his bonds’. Richard Crossman, *The diaries of a Cabinet minister Vol Two Lord president of the Council and leader of the House of Commons 1966–68* (London, 1976) pp 607–609. Others saw matters differently. For Denis Healey, like Brown, now seen by Wilson as an arch enemy, major damage was inflicted on the Labour government: ‘The crisis in December 1967, however, was about far more than South African arms; it was about Harold Wilson’s style of government.’ A steadily deteriorating economy after the election victory of 1966 led Wilson ‘to see enemies in every corner . . . his persecution mania finally turned his nightmares into reality’, and there was much talk of replacing him’. Denis Healey, *The time of my life* (London, 1989) pp 335–336. Relations between prime minister and foreign secretary remained permanently strained and Brown resigned as foreign secretary on 15 Mar 1968 after a further major row during another sterling crisis. Ben Pimlott, *Harold Wilson* (London, 1992) pp 493–499.]

*The Prime Minister* said that, in the light of the political situation created by Press speculation over the week-end, he had thought it right to give the Cabinet a further opportunity to consider whether it was still feasible to maintain the decision which they had taken on the previous Friday, 15th December, namely that he should make a holding statement in the House of Commons that afternoon, in which a decision on the supply of arms to South Africa would be bound up with decisions on the measures, which the Government were now considering and would be announcing in Parliament after the Recess, in order to ensure that the full benefits of devaluation to the economy and the balance of payments were secured.

The Cabinet would recall that, during their discussion of the Government’s attitude to the supply of arms to South Africa on the preceding Friday, it had become clear the views of Ministers on this issue were divided. The suggestion had accordingly been made that the question might be best dealt with in the way suggested at the meeting



of the Defence and Oversea Policy Committee on 8th December, namely as one of a series of measures covering expenditure at home and abroad which would be announced simultaneously as the Government's response to the requirements of our economic situation. Further discussion had led to unanimous approval by the Cabinet of his proposal that he should make in the House of Commons early in the following week a holding statement in which a decision by the Government on the supply of arms to South Africa should be foreshadowed as part of a range of decisions on the further measures to be taken in consequence of the devaluation of sterling; meantime, the present policy of the Government on this issue should, of course, stand. It had been recognised by the Cabinet in that discussion that, in the light of the speculation which had already taken place in the Press, it was essential, if the proposed statement was to succeed in its purpose, that their deliberations on this issue should remain secret. During the week-end, however, there had been large-scale and renewed speculation in the Press, which appeared to be based on systematic and tendentious briefing about the Cabinet's discussion and decision. Unless the secrecy of the Cabinet's proceedings were fully respected, grave damage to the cohesion and authority of the Government was bound to ensue—as it had already ensued in the present instance, even though the Press reports in question were in fact largely inaccurate. For example, they had alleged that the majority opinion in the Cabinet favoured our supplying arms to South Africa; but this was not true—the balance of opinion had been different, as he himself had made clear in summarising the discussion. Again, the reports about the division of opinion at the meeting of the Defence and Oversea Policy Committee on 8th December had been similarly inaccurate. Further, the accounts which had been given of his own position were both misleading and prejudicial. The Press had stated that he had taken the opportunity of the absence of the Foreign Secretary in Brussels to secure from the Cabinet a decision not to supply arms to South Africa, whereas in fact, both at the Defence and Oversea Policy Committee and at Cabinet, he had accepted the necessity for deferring a decision in order that the way could be kept open for a solution to be found in a wider context, in accordance with the compromise proposals put forward at both meetings. Moreover, he had insisted that a decision should not be reached on this matter in the absence of the Foreign Secretary, who was attending a meeting of the Ministerial Council of the North Atlantic Treaty Organisation in Brussels; and the Cabinet had accordingly agreed, first, to postpone their decision until the evening and, subsequently, when it had become clear that the Foreign Secretary would still be delayed by bad weather on the Continent, to hold a further meeting on the following day in order to enable the Foreign Secretary to be present.

Nevertheless, inaccurate and tendentious though these reports were, they had now gained wide currency and it was generally assumed that the Cabinet were critically divided on the issue of the supply of arms to South Africa. The Opposition would no doubt take full advantage of the opportunities which such reports of Government disunity presented them. He had therefore felt it right to give the Cabinet an opportunity to consider whether, in all the circumstances, the decisions which they had taken on the preceding Friday were still feasible and whether his own position was now such that he could reasonably be expected to make that afternoon the statement which the Cabinet had agreed that he should make. He himself felt that he had now been put into a position in which, as matters stood, it was very doubtful whether he could make the proposed statement in the House of Commons. Individual Ministers had suggested to him during the week-end that the right solution was now to put the

issue beyond doubt by reaching a decision on the supply of arms to South Africa; and he felt no doubt that he would be entitled to require the Cabinet to take such a decision. But he did not propose to do so because he had accepted the Cabinet's conclusion on the preceding Friday that a decision on this issue should be delayed. He proposed, instead, to ask the Cabinet to state formally whether they agreed, or disagreed, with his own view that the Press statements in question were not true: to authorise a repudiation of these reports on the grounds that they were inaccurate; and to endorse the statement he was to make in the House of Commons that afternoon as binding on all the members of the Cabinet, since it might otherwise be regarded as merely representing his own view. In this connection he felt that he must make it clear that he did not himself intervene—nor did he expect other Ministers to intervene—in the preparation of the records of the Cabinet's discussions. As a result he had not seen the record of the previous Friday's meeting before it had been issued. But for the sake of accuracy he wished to make it clear that the first part of the summing up of the Cabinet's discussion attributed to him was in fact a statement of his own personal view, while his summing up of the discussion as a whole was contained in the second part of the attributed passage in question.

In discussion there was general agreement that it was now essential to take immediate action in order to re-establish the authority of the Government and to restore the confidence of opinion, both at home and abroad, in the Government's determination to take the unpalatable decisions necessary to strengthen the economy. For this purpose it would be necessary to repudiate the inaccurate Press statements about disunity in the Cabinet, even though it was unusual, perhaps even unprecedented, for a Government to issue a specific denial of tendentious Press reports of this kind and the precedent so created might subsequently prove embarrassing.

It was suggested that in the new situation it was also important to take, and to announce, an immediate decision about the supply of maritime defence equipment to South Africa. While some Ministers remained of the opinion that a refusal to supply the equipment for which South Africa had asked could not be justified either on the merits of the case or on economic grounds, it was generally recognised that in the present situation no other decision was politically possible. As regards the desirability of announcing a decision to this effect, however, it was argued that, since public opinion had been led to believe that the Cabinet had agreed to postpone a decision, an immediate announcement would further undermine confidence by suggesting that they had altered their decision in response to political pressure. Moreover, it would be embarrassing to announce a decision to reject the South African request so soon after giving the South African Government to understand that, if they allowed us a little more time for consideration, they might possibly receive a favourable response. On the other hand, if it was now clear that no decision other than a refusal was politically feasible, the balance of advantage clearly inclined in favour of an immediate announcement to that effect. Delay would merely provide further opportunity for public opinion to be mobilised against the Government; and when they finally announced their decision they would appear to have yielded to political pressure rather than to have reached a deliberate and considered judgment. But any further erosion of the Government's authority would be intolerable in itself and would also be liable to undermine still more seriously international confidence in sterling; and it would therefore be desirable to put an end immediately to public speculation about disunity in the Cabinet by announcing a firm decision on the supply of arms to South Africa.

At the same time it would be important that this decision should be presented in relation to the other measures which would be required if the economy was to obtain the full benefit of devaluation, since there was some reason to think that the Government's supporters might adopt a rather different attitude if it became apparent that a refusal to supply arms to South Africa could not be without effect on the reductions in domestic public expenditure which would have to be secured. It would not be appropriate, however, to imply that these two issues were alternatives. While the supply of arms to South Africa would admittedly have yielded a welcome addition to our export earnings which we must now forgo, it would not have relieved us of the necessity to secure a very substantial transfer of resources from domestic consumption to manufacture for export and would therefore not obviate the need for reductions in public expenditure in order to ensure such a transfer. It would remain important for the establishment of confidence that the Government's proposals for this purpose should be announced firmly and with the minimum of delay.

*The Prime Minister*, summing up this part of the discussion, said that, since he did not wish to put the Cabinet in a position in which they might feel that he was asking, in effect, for a vote of confidence, he would refrain from expressing any personal view and would accept the Cabinet's clear judgment that he should announce in the House of Commons that afternoon that the Government had decided that their policy on the supply of arms to South Africa, namely to conform to the United Nations Security Council resolution of 18th June, 1964, should remain unchanged. His statement would repudiate, in the name of the whole Cabinet, the inaccurate and tendentious reports in the Press about the attitude of Ministers, individually and collectively, on this issue. It would also foreshadow, as the Cabinet had agreed, the measures which the Government would shortly have to take in order to ensure that the economy derived the maximum benefit from the devaluation of sterling; and he would arrange for these measures to be presented for consideration by the Cabinet very early in January. . . .

The Cabinet, by unanimous decision:—

(1) Reaffirmed their approval of the Prime Minister's proposal that he should make a statement in the House of Commons in the afternoon, in which the attitude of the Government to the supply of arms to South Africa should be presented in the context of a general statement about the measures which the Government were considering in order to ensure that we obtained the full benefit of devaluation.

(2) Agreed that this statement should include an announcement that the Government had decided that their policy on the supply of arms to South Africa, namely to conform to the United Nations Security Council Resolution of 18th June, 1964, should remain unchanged.

(3) Invited the Prime Minister to include in his statement, on behalf of the whole Cabinet, a categorical repudiation of the inaccurate statements published in the Press during the week-end about the positions taken by the Cabinet as a whole, by the Prime Minister and by other individual Ministers on the issue of the supply of arms to South Africa.

(4) Approved the terms of the draft of the Prime Minister's statement in the House of Commons that afternoon as amended in the course of discussion. (The final text of the statement is appended to these Conclusions.)<sup>1</sup>

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<sup>1</sup> Not printed.

**380** CAB 148/36, OPD(68)13

12 Feb 1968

**'Peace-keeping force for Nigeria': memorandum by Mr Thomson for Cabinet Defence and Overseas Policy Committee**

We need to consider our attitude to the possibility of taking part in some kind of peace-keeping force for Nigeria.

2. For the first time since the war began, the Biafrans seem willing to consider settling for less than full independence. Mr. Arnold Smith is in touch with both sides and is putting to the Federal Government proposals for a cease-fire which he has already agreed in outline with the Biafrans. These provide for a single Nigeria with important safeguards for the Biafrans. One of the safeguards is that there should be, for a temporary period, some Commonwealth presence of sufficient size to ensure the effectiveness of cease-fire arrangements. The possible form of presence suggested consists of a number of observers at key points plus a mobile force stationed between the Federal and Biafran forces.

3. Mr. Arnold Smith has told us that he is thinking in terms of a force to be drawn from two or three Commonwealth countries, notably Canada and the U.K. He believes that the Canadian Government are willing in principle to participate.

4. The arguments in favour of our agreeing to contribute to a Commonwealth force may be summarised as follows:—

(a) We share Mr. Arnold Smith's view that an outside presence of some sort will probably be crucial in obtaining the agreement of both sides in Nigeria to a cease-fire. The Ibos in Biafra have genuine, deep-seated fears for their safety if they lay down their arms, and are most unlikely to agree to a cease-fire without an assurance that Federal troops will remain outside the Ibo areas.

(b) There is considerable public pressure for us to take a more active part in bringing the Nigerian war to an end. We have stated that we are ready to consider helping in any way that the Nigerians ask in the cause of peace. Willingness to join in a peace-keeping force is the one way open to us to show that we are doing something really practical to help.

(c) Large British commercial interests are at stake. Without a settlement we are denied Nigerian oil, and Shell/BP's investments of over £150 million in Eastern Nigeria are at risk.<sup>1</sup> If failure to obtain a settlement led to the collapse and disorder of the rest of Nigeria, British investment of at least another £100 million in the country as a whole would be in jeopardy.

(d) Participation would be entirely consistent with recent defence cuts, where we

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<sup>1</sup> Reporting on the progress of the war in a despatch of 19 Jan 1968, Sir D Hunt commented on the presence of French mercenaries in support of the Biafrans. According to the high commissioner the Nigerians believed subsidies to the Biafrans were channelled through SAFRAP, the state-owned French oil company, and he envisaged that if Ojukwu emerged victorious, he would cancel the Shell/BP oil concessions and turn them over to the French company. Hunt conceded an Ojukwu victory was unlikely, but argued an oil company spending huge sums speculating in unproductive trial drillings was unlikely to blench at risking about £10 million when there was a chance, however slim, of acquiring properties worth over £200 million. The high commissioner also maintained the decision to subsidise Ojukwu had been taken personally in the Elysée. In the absence of concrete evidence, FO officials regarded this as an unsubstantiated allegation. Hunt's despatch was printed for circulation but this particular remark was deleted (FCO 25/232, no 262).

stated that the Government intended to continue to assist in international peace-keeping operations.

(e) If we decline to participate, we are almost certain to be pressed to contribute to the costs of mounting the operation with contingents from other Commonwealth countries. Indeed, it would not be understood, in this country or elsewhere, if as the senior member of the Commonwealth and the creator of a unified Nigeria we refused to contribute either men or money to a Commonwealth force and it then had to be organised without us.

5. British interests, therefore, indicate that we should contribute if we possibly can. At the same time, there are some awkward questions about the terms on which a force would be organised:—

(a) First, it is basic to the whole idea that both the FMG and the Biafrans should agree to the composition of the force. It is by no means certain that the Biafrans will be willing to have a British contingent, though they might look less askance at British logistic support. If British participation falls down on the objection of one of the parties in Nigeria, we should nevertheless have put ourselves right with public opinion in this country by offering to participate.

(b) The FMG are likely to press for the force to be under Federal control, while the Biafrans will be equally insistent on it being under independent control. Arrangements for command and control will need to be carefully worked out. Mr. Smith's present idea is that the force should be ultimately responsible to him, in the same sort of way as the U.N. force in Cyprus is responsible to U Thant. We should need to ensure that the arrangements adopted for providing political and military control give reasonable assurance that the force will be able to operate effectively and provide safeguards against the misuse of a British contingent. If, as may well be likely, it seemed that it would not be possible for the force to have a British Commander, then a Canadian Commander would be the best alternative.

(c) Timing will also be important, both as regards the stage at which a force might be introduced into Nigeria and in respect of the length of its stay there. Ideally, the force would not be introduced until the two sides had reached agreement about the future constitutional arrangements and the re-definition of state boundaries. It may prove necessary, however, on Biafran insistence, for the force to arrive as soon as possible after a cease-fire. But the Commonwealth character of the force should be manifest from the start and we should so arrange matters that the first arrivals should not all be from the same country. Mr. Arnold Smith's proposals envisage that the force should only be offered for a limited period. By that he appears to mean several months. Even so, once an outside presence has been established, it may prove difficult to disengage if the Nigerians are still arguing between themselves when the time comes to leave. Nevertheless, we should no doubt wish it laid down in advance that the force was only to stay for a period of e.g. six months.

6. Mr. Arnold Smith is at present thinking of a relatively small force, consisting of about 1,000 men. When the Chiefs of Staff examined the military implications of a possible force in December, they reached the conclusion that an effective force would require four battalions plus supporting army units and air transport. This was against a background of arbitrary assumptions on the cease-fire arrangements put forward

merely for preliminary planning purposes. Apart from the Canadians and ourselves, Mr. Arnold Smith has it in mind to approach at least one other Commonwealth Government, such as India or Ghana. It seems likely that he may have difficulty in persuading newer Commonwealth countries to provide one battalion each, but it may be that the actual circumstances of a cease-fire might make it possible to consider a force of rather less than four battalions, though we must avoid the risk of operating with too small a force or one inadequately equipped. The Chiefs of Staff made a particular point about helicopters and other specialist units which will be essential to the effectiveness of any force that we may decide to send.

7. In their earlier study, the Chiefs of Staff also estimated that the extra cost of a four-battalion force with supporting units and the necessary support by air would be in the region of £3 million for a period of six months. This was based on British costs and standards, but the figure might not be very different for a mixed force.

8. In these circumstances, I suggest that a reasonable contribution for us to offer would be one infantry battalion, together with half the supporting army units and half the air transport support. We would hope that the Canadians would match this offer, though the United Kingdom might be best placed to provide the helicopters and certain of the specialist units. We cannot expect any of the newer Commonwealth countries to provide much in the way of supporting army units or any air transport.

### *Conclusion*

9. I now invite my colleagues to agree:—

- (a) That we should in principle be prepared to contribute to a Commonwealth peace-keeping force in Nigeria.
- (b) That this would be subject to both sides in Nigeria wanting our participation; the total size and equipment of the force being adequate to the task; arrangements satisfactory to us being made for command and control; and a limit being set on the period for which the force would stay in Nigeria (perhaps six months).
- (c) That our contribution should take the form of one battalion, together with half the supporting army units and half the air transport support.
- (d) That our offer should be communicated without delay to Mr. Arnold Smith, and if necessary made public later on.<sup>2</sup>

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<sup>2</sup> The combatants could not agree on a peace-keeping force and the proposal was therefore abandoned. The Nigerians especially regarded the idea not as a device for separating the two sides, which they disliked anyway because it would mean the continued existence of what they regarded as rebel-held territory, but as a guarantee of protection for the secessionists once they had surrendered their weapons to the federal forces. Biafran resistance eventually collapsed in Jan 1970 when Ojukwu fled to the Ivory Coast.

**381** FCO 25/27, no 19

27 June 1968

‘Sub-Saharan Africa: retrospect and prospects’: memorandum by  
C M Le Quesne

It is not customary for Heads of Department on leaving their posts to attempt to sum up their final impressions in the same way as does a departing Head of Mission.

Since, however, it is now nearly eight years since I first became concerned with the affairs of sub-Saharan Africa I have naturally, now that I am severing my connection (if not my interest), cast my own mind both backwards and forwards and it may perhaps be of interest that I should try briefly to set down my conclusions on paper. If, in doing so, I appear to state my views dogmatically I do so not so much because I am unaware that they are wholly personal and partly speculative as because it would be wearisome for the reader if I qualified every opinion with the rubric 'I think that'.

2. There is of course no objective significance about to be attached to the period 1960 to 1968 in the history of sub-Saharan Africa. They happen to be the years during which I have been concerned with its affairs. But they do not constitute a distinct period in the history of the sub-continent. They are a just part of the longer historical period of de-colonisation and of the even longer one which it will take the newly-independent countries to make a reality of political independence. The periods of time required for each process are not co-terminous. While both may be regarded as having started at more or less the same moment it is already clear that the achievement of meaningful independence is bound to take very much longer even than the completion of the process of constitutional de-colonisation.

3. De-colonisation was bound to be difficult. But the extent of the difficulty was not generally understood when the process started in the euphoria of the transfer of power in Ghana in 1957. The circumstances of Guinea's break with France in 1958 took some of the guilt off the gingerbread. But even after the breakup of the Federation of Mali in 1960 the intrinsic difficulties of independence were widely under-estimated. At that time President Nkrumah's lurch to the left and Guinea's flirtation with the communists led us in the West to assume that the principal political problem in the newly independent countries of sub-Saharan Africa would be that of communist penetration. Certainly that was and is a problem. But we can now see that it is not in itself the fundamental problem so much as a secondary product of it. Its seriousness is a measure of the difficulty which we and the African countries have found in completing the two parallel processes of evolution which I have mentioned. Had the decolonisation of Africa been completed with less difficulty and had the independent countries of Africa been less unstable and less poor the problem of communist penetration would be less serious. These are the causes which lie at the root of all the problems which have successively preoccupied us in this part of the world, the Congo, Rhodesia, Nigeria and the problems of southern Africa in general and South West Africa in particular. They are all products of the difficulty which the western white world is experiencing in completing the process of de-colonisation and the difficulty which the Africans are having in achieving political stability and economic progress in conditions of constitutional independence. For H.M.G. in particular black Africa poses the further problem that it is a sub-continent in which we have small remaining power to influence the course of events and perhaps no compelling reasons of objective interest for wishing to remain involved but in which for historical reasons we are involved and from which we can not easily disengage. One need look no further than the embarrassment which the civil war in Nigeria causes us for a proof of this.

### *Retrospect*

4. This means that our policy in sub-Saharan Africa has always been bound to be to a certain extent equivocal and that we can only steer a prudent course by keeping

our eye firmly fixed on the ball and analysing rigorously, at least to ourselves, the real nature of our interests. In this respect we can claim to have made real progress in the last eight years. Our understanding of the nature of the problems and of our own interests, and our appreciation of our capacity to pursue these interests is enormously more objective and realistic today than it was. But we have made mistakes in the past for lack of this realism.

5. An example, to which I have already referred, is our attitude towards the problem of Sino–Soviet activities in the area. Before I left for Mali in October 1960 I was told, in seriousness, by a senior member of the Foreign Office that my task would be to prevent a Soviet takeover of the country. It is true that it could not have been as easy in 1960 as it is in 1968 to appreciate the natural imperviousness of Africa to communist doctrines. (Eight years ago we did not realise how shallow were the roots which western parliamentary democracy had put down either.) But this remark was symptomatic of the failure from which we all suffered in those days to understand the distinction to which I have already referred between the basic and secondary problems. It may be that even with the benefit of hindsight nothing could have been done to prevent Nkrumah's lurch to the left. What is surely true is that a better understanding of the real problem—the problem incidentally which faces the Russians as much as it faces ourselves—would have saved us a good deal of misplaced worry.

6. Another, and contrasting mistake that we tended to make at that time was to be too ready to assume that the answer to Africa's problems lay in the apparent idealism of the self-styled progressives or African socialists. I certainly fell into this error myself, in excuse for which I can only claim that I did so under the influence of a man whom I still believe to be one of the extremely limited number of genuinely high-minded idealists among the African Heads of State, Modibo Keita.<sup>1</sup> One can now see more clearly that high-mindedness is not enough and that Nkrumah's dictum on the primacy of politics is at best only half true—besides being blasphemous. But in practice, even when it was not a cloak for more squalid personal or national ambition, African socialism so far has simply not been able to produce results. I still believe that in the long run Nyerere may be nearer to working on the right lines than anyone—if history allows him a long run. Within a more modest time scale I am inclined to think that Houphouët-Boigny's<sup>2</sup> more hard-headed calculations will produce the better results in terms of living standards for the man in the bush. And with these as low as they are I do not think that it is for anyone from a developed country to argue that raising them is not the absolute and over-riding priority.

7. Another misunderstanding lay at the root of what I think we would all agree now to have been our mistaken policy in the Congo in the years 1960 to 1961, namely a failure to realise the limitations on our own power still to influence the course of events in Africa. I cannot believe that in retrospect we would argue that the issue in the Congo which put us at odds with the U.N., the Afro–Asians and the Americans in 1960 and 1961 was worth it. Despite all our exertions Katanga is now fully incorporated in a Congo governed from Kinshasa and M. Tshombe is in prison. The Congo crisis was, in short, a case in which we expended a wholly unnecessary amount of effort and goodwill in a hopeless case through a failure to realise that it

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<sup>1</sup> President of Mali, 1960–1968; ousted in a military coup, died in prison, 1977.

<sup>2</sup> F Houphët-Boigny, president of the Ivory Coast, 1960–1993.



was essentially an African problem which could only be settled in an African way, untidy and bloody though that might be. When I was in Kinshasa in 1964 an official of the Congolese Ministry of Foreign Affairs made exactly this point to me. He argued that Europeans were quite wrong to try to prevent the Congolese settling their problems in the only way which they understood, by the spilling of blood. Our attitude to the Nigerian civil war shows that in the interval we have learned that, however repugnant the sign 'No Whites' may be south of the Limpopo, it can sometimes be a sound maxim further north.

8. To pursue the history of the Congo a little further, I think that the Stanleyville operation on the other hand, much criticised though it was, illustrates what may at times be the right way for European powers to act in Africa. This was a case in which real interests, i.e., lives, were at risk and in which the local Government was unable even if willing to do anything to safeguard these. Faced with this situation the Belgians and the Americans mounted a strictly limited operation designed solely to safeguard their direct interests and were prepared to dam the consequences.<sup>3</sup> In the event, after a spectacular explosion of verbal fireworks in the United Nations (where M. Spaak<sup>4</sup> in fact had the better of it) and elsewhere I do not believe that the damage which Belgian or U.S. interests have suffered thereby has been more than marginal.

9. Much the most serious and damaging failure on our part to analyse our interests and to realise the limitations on our power—with continuing most serious consequences—has been in Rhodesia. In so far as we are responsible for our present difficulties these are not, whatever the Afro-Asian *claque* may say, the result of any weakness in our will to complete the process of de-colonisation in Africa or of any emotional tenderness towards the white regime in Rhodesia. They derive rather from an intellectual failure to analyse the problem objectively and to realise that the nature of the 1923 Constitution of Rhodesia meant that the problem of de-colonisation there was quite different in kind from the problems of de-colonisation which we had successively tackled in our other African territories. I remember being told, quite soon after I became actively concerned with the Rhodesia problem, that we had been all through this before in our other East and Central African territories. In every case the whites had resisted the transfer of power right up to the last moment but, when faced on the part of H.M.G. with a refusal to give way, they had in the end come round and come to terms with the new situation. This was of course a disastrous misunderstanding of the problem in Rhodesia and a policy founded on it, as ours was at the time, was bound to fail.

10. One could job back through the history of the Federation and list mistakes, not all on one side, which if not made would have affected subsequent events. But the blunt fact is that at any rate after the dissolution of the Federation we no longer had the power to impose a settlement on the whites in Rhodesia. *Ex hypothesi* therefore a settlement had to be negotiated. Acceptance of this fact would surely have led us into a different technique in dealing with Smith. It would also surely have led us to hesitate to state publicly the principles which must regulate any settlement which we could accept. Obviously we had to define these principles for our own guidance. But to announce them in the detail was bound to deflect attention both in our exchanges with the regime and in public comment from the only point which mattered, whether any particular arrangements were politically acceptable, and to

<sup>3</sup> See 376, note 5.

<sup>4</sup> P H Spaak, Belgian foreign minister.

divert discussion into the sterile channel whether or not they were consistent with our principles. As we now know, there are plenty of people prepared to argue that the Tiger settlement, which we judged to be politically acceptable, did not satisfy our six principles.

### *Prospect*

11. If, after eight years our understanding of the problems, of our interests and of the limitations of our power is deeper than it was the basic problems themselves are no nearer solution and indeed seem in many respects, so far as we are concerned, to be even more intractable. For one thing as I have already noted, it has become clear to us all that the problem of sustaining independence, which only begins with the transfer of power, is much more difficult and likely to take much longer to solve than either we or the Africans thought. We have also learned that it is a process in which we are able to play a much smaller part than we ourselves thought or many Africans hoped. Certainly our aid-giving techniques improve all the time. But at the same time it has become increasingly clear that many of the most intractable obstacles are those to which aid is hardly relevant, obstacles arising from the nature of African society and the African personality, and from the simple fact that it is much easier to change things than people. Certainly we can help the Africans to find short cuts to at any rate some of their problems. And I dare say that we could and should do more in the aid field. But the short cuts are not as short as we (and the Africans) hoped. However we are now, I am sure, basically on the right lines and we simply have to persevere.

12. It is on the other side of the medal, the completion of the process of decolonisation, that our difficulties are likely to be greater. In the last eight years we and the other western countries have finished the easy decolonisation—in which relatively speaking must be included the Congo. What is now left is the difficult complex of the problems in southern Africa. (I refer to these problems collectively as a problem of de-colonisation because this is how the Africans regard them. Decolonisation to them means not only the achievement of constitutional independence but the elimination of white minority domination. From this point of view the achievement of racial equality in South Africa, which is already constitutionally independent, is as much a problem of decolonisation as the achievement of constitutional independence in Angola, where there is a much less sharp degree of racial inequality than in South Africa.)

13. So far as the Portuguese colonies are concerned it is useless to speculate or to plan for the period following President Salazar's death. Fortunately the combination of his advanced age and African preoccupation with Rhodesia and South West Africa seems likely to enable us to pursue this ostrich policy safely until then. For the Africans and their allies Rhodesia and South West Africa have a more urgent priority.

14. In South Africa one thing can safely be taken as a starting point, that no outside power is going to compel the South Africans to change either their domestic racial policies or their policies in South West Africa. Acceptance of this fact, and of the corollary that in these circumstances ostracism is a self-defeating policy is another respect in which our thinking has gained vastly in realism in recent years. If we have not yet got to the point at which we declare our policy to be the opposite one of encouraging the exposure of South Africans to external influence we have already, and

with much advantage, moved into a position where it is now generally accepted that we will not join in the more extreme plans and schemes of South Africa's critics and opponents. Specifically we have made it clear that we are not prepared to engage in sanctions against South Africa, while our abstention on General Assembly Resolution No. 2145 has enabled us to disassociate ourselves from the subsequent wholly unrealistic plans for dealing with South West Africa.<sup>5</sup> It is surely an indication of the growing acceptance of our inability to risk a direct collision with South Africa that in the last stages of the negotiation of the Security Council Resolution on Rhodesia we were able to insist on the elimination of any reference specifically critical of South Africa. This progressive clarification of our own position has taken place against and has no doubt been facilitated by an evolution in African attitudes towards South Africa, at any rate in Africa itself if not in the U.N. It has not therefore cost us any damaging price in political terms and other things being equal I do not see any reason why we should not be able to maintain this position for some time. Unfortunately there can be no certainty that other things will remain equal. Both South West Africa and Rhodesia are time bombs ticking away uncomfortably loudly under our feet.

15. Strictly in terms of our interest in and relations with South Africa the judgement of the International Court on the South West Africa case in 1966<sup>6</sup> was a wholly unexpected stroke of luck since it has always seemed likely that the ultimate embarrassment with which we might be faced in the U.N. over the problems of southern Africa would be that of a situation in which action was called for under Article 94 of the Charter.<sup>7</sup> (The implications as regards our other interests of the effect of the judgement on the standing of the Court itself are another matter.) It is true that we may well yet come to regret the day when we persuaded the Security Council to find that Rhodesia constituted a Chapter VII situation<sup>8</sup> and that, having done so, it will be harder to explain why the question of South West Africa is not when the Afro-Asians achieve the object of their present tactic and succeed in raising the question directly in the Security Council. But it will perhaps be no more difficult to argue the contrary now than it was to argue the first proposition originally. Sooner or later however the Afro-Asians are surely bound to realise that exasperation with the Court's judgement led them impetuously into the wrong line in 1966. When they do so it must be feared that they will swallow their indignation and go back to the Court, this time for an advisory opinion and it is hard to believe that we shall have as much luck at the hands of the Court the second time.

16. This seems to me to be quite clearly the major threat to our relations with and interests in South Africa and the postponement of this ultimate *dénouement* must be a major objective. It therefore suits us that the Afro-Asians should continue

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<sup>5</sup> On 27 Sept 1966, by 114 votes to 2, the UN General Assembly passed a motion calling for the termination of South Africa's mandate (dating from the end of WWI) over South-West Africa and for the UN to assume responsibility for the territory. Voting against were South Africa and Portugal. The three abstentions were Britain, France and Malawi.

<sup>6</sup> On 18 July 1966, the International Court of Justice, in response to a complaint registered by Ethiopia and Liberia, dismissed the allegation that South Africa had breached its duties as mandatory power in South West Africa. With Sir Percy Spender, an Australian and president of the Court, deciding the issue by means of his casting vote, the Court ruled that the League of Nations had not conferred on League members any rights to 'invigilate' South Africa's administration of South West Africa.

<sup>7</sup> Under clause 1 of Section 94 of the UN Charter, member states are required to comply with the decisions of the International Court of Justice in any case to which they are a party.

<sup>8</sup> See 197, note 3.

for as long as possible on their present course. It is no interest of ours to persuade them that it can only lead to a dead end and to indicate the route by which they can ultimately confront us, as they would like, with an insoluble dilemma. In short our policy should be to continue to say nothing and to stand aside from any action flowing from Resolution No. 2145.

17. Even this course is not open to us over Rhodesia. We are all agreed that for practical purposes an agreed settlement on the basis of our six principles must now be ruled out. It seems to me that Smith at least is now calculating that a change of government in this country will enable him to negotiate a settlement which he can sell to his supporters. But even if this calculation is correct it appears to involve maintaining the present *status quo* for up to another 2½ years. It hardly seems possible that history will stop and wait for Smith for that long. It is true that we have now come pretty close to—if we have not actually reached—the end of the road in the U.N. It is hard to see what further action the Council can take except against South Africa and Portugal, which, whatever its other effects, will not increase the pressure on the regime in Rhodesia. There are growing indications that the Africans themselves realise this. There has been a growing tendency in the O.U.A. to argue that it is now up to the Africans themselves to settle the Rhodesia problem and I have heard from a recent visitor to Zambia that the Rhodesian nationalists in that country now say that they realise that they must stand on their own feet and that they no longer care particularly what people in Britain think of them or are prepared to do for them. The importance which the Afro-Asians attached to the inclusion in the recent Security Council Resolution of the paragraph calling for moral and material support to the Rhodesian Africans seems to be an indication of this shift of emphasis. I would expect therefore to see some diminution in Afro-Asian pressure on us to bring about a settlement in Rhodesia (though they will of course miss no opportunity of criticising us for failing to do so) and an increasing tendency to turn to the encouragement and support of violence.

18. Nor does the calculation seem to me to be implausible that this may be the only way of achieving a generally acceptable solution (as opposed to a solution consistent with our six principles). I am not sure that we have ever tried to assess in detail the regime's likely capacity in terms of manpower for sustained resistance to increased and increasingly sophisticated and bloody violence. The number of active males in Rhodesia is not unlimited and there must be a limit to the extent to which they are capable simultaneously of keeping the economy going and assuring internal security. At the moment they are able to rely on the African police and African units in the Army, while the attitude of Africans in the tribal territories to the nationalists is at least equivocal. On the Algerian analogy one would expect to see increased and more ruthless pressure to collaborate exercised by the nationalists on the Africans in the tribal territories and in the townships and sooner or later on those in the armed forces and the police, probably indirectly by way of their families. The whites faced with these growing pressures are offered a much easier and more attractive alternative south of the Limpopo than that which faced the *colons* in Algeria and if I have to risk prophecy my present guess would be that the solution in Rhodesia will come by a gradual advance not to majority rule but to a breaking-point leading to an Algerian-type leap to majority rule in one bound.

19. The key clearly lies in South Africa. If the South Africans commit themselves to the defence of the Zambesi they can certainly postpone the eventual elimination of

white control in Rhodesia and might produce a prolonged period of stalemate which had some resemblance to the present situation in Vietnam. This is an outcome which the South Africans would presumably wish to avoid and I do not believe that the present evidence is that they are committed to the defence of Rhodesia to anything like that extent. There was a marked and significant contrast between the publicity given in both Rhodesia and South Africa to the assistance which the South Africans gave to the Rhodesians at the time of the earlier nationalist incursion into the Wankie area, and the absence of any similar talk of similar assistance at the time of the later and much more serious Chirundi incursion. It is hard to believe that the Rhodesians would not have made anything of it if they had enjoyed significant South African support in this latter case.

20. It should clearly be a major objective to prevent this degree of South African commitment. Our attempts to mobilise South African assistance in the past in finding a settlement of the Rhodesian problem have been spasmodic and ill-timed. It may be that Smith would always have been impervious to any pressure which they could have brought to bear. But I am afraid that history will judge that this is a card which we have not played for its full value. It is not realistic at this stage to think of securing South African assistance in working for a settlement based on the six principles. But this does not mean that it is not worth trying to apply ourselves slowly and persistently to persuading them of the dangers of allowing themselves to be drawn into an open-ended commitment to the defence of the Zambesi. To this extent the sooner and the quicker their relations and the other African States multiply the better as it will bring home to the South Africans what they stand to lose in terms of their wider and longer term interests by committing themselves in the short term to the support of the regime in Salisbury.

21. It seems to follow from this that the time has come to abandon our undertaking about the use of force in the event of a breakdown of law and order in Rhodesia. It hardly seems possible to conceive circumstances in which we would be prepared to implement this undertaking today and now that we no longer have a bipartisan Rhodesian policy it is difficult to see what there is to lose by refraining from the ultimate anathema and making it clear to the Rhodesians that if as a result of their short-sightedness, they now find themselves faced with a full-scale nationalist assault across the Zambesi they can not look to us for protection. It is not only a question of sparing the whites the agony of a Mau-Mau campaign and an 'Algerian solution'. The alternative to a solution to the Rhodesian problem if not by reason and settlement then by blood-shed and force seem bound to be growing tension in our relations with South Africa to the point where a collision may be impossible to avoid. It can hardly be argued that we are under any obligation to our Rhodesian kith and kin to run that sort of risk.

**382** OD 38/52, no 9

30 Aug 1968

'Southern Africa development plan': minute by Sir G Wilson to Mr Prentice

I think you should know that during a recent talk between the Prime Minister and the Commonwealth Secretary the former said that, if it ever proved possible to

negotiate a settlement with the illegal regime in Rhodesia, it would be necessary to consider ways of helping to make this acceptable to those African Commonwealth countries which would be liable to regard it with mistrust. The Prime Minister referred to Zambia as an obvious example and to the discussions which he had had during President Kaunda's recent visit when the latter stressed that any solution of the Rhodesian problem should take into account the economic and financial circumstances of Zambia.

2. In this context, the Prime Minister asked the Commonwealth Secretary to arrange for an immediate study to be made by officials of the possibility of launching, at the time of a Rhodesian settlement, a Southern African Development Plan for the development of Zambia, Malawi, Rhodesia and the three former High Commission Territories. He suggested that the sort of figure which might be envisaged could be of the order of £50 million for each of ten years of which £15 million each per annum would be devoted to Zambia and Rhodesia, the remaining £20 million per annum being divided amongst the other countries.

3. The Prime Minister said that it would be desirable for contributions to this scheme to come from various different sources. For example, £10 million each from the World Bank, Britain, South Africa, Germany and the U.S. Other possible sources of contribution might be a European Communities Development Fund and Japan or Italy.

4. We understand from the Commonwealth Office that the Prime Minister's intention is that this aid should be additional to that which the countries would receive if the plan did not exist.

5. Preliminary drafting has already begun and the O.D.M. is preparing the part of the study which will consist of an outline of the possible fields in which aid of this kind could most usefully be employed. The Commonwealth Office are dealing with assessments of the political implications and the likely reactions of potential donors and African Commonwealth countries to such a scheme.

6. Discussions between officials have already taken place and the general consensus of opinion is that the proposal is thoroughly unsound in terms of aid. Apart from the inability of the territories concerned to absorb sums of the magnitude envisaged, it seems unlikely that other donors will react favourably to a request for them to make additional aid available for what they may well regard as an exercise in bailing Britain out.

7. Also if regional development is to be the target the obvious geographical grouping would be Zambia, Rhodesia and Malawi, which would smack of the former unpopular federation, and it is difficult to see any scheme for the three former High Commission Territories which would not closely involve South Africa. This could present difficulties as Britain's present policy is tacitly to approve South Africa giving aid to its neighbours but not to be seen to do so.

8. It also seems reasonable to assume that the attitude of the African Governments (particularly those which would not benefit under the scheme) will depend upon the conditions of a Rhodesian settlement, and that their judgement is unlikely to be materially affected by an aid scheme for Southern Africa, no matter how generous.

9. If, nevertheless, it is decided that a scheme of this sort is essential to a Rhodesian settlement, Britain would have to find something of the order of an additional £10 million per annum for ten years. In that event, the Treasury would

probably take the view that the money must come from within the aid ceiling. This we could not accept as it could only be done at the expense of other countries (including African Commonwealth countries). In fact our stand in relation to the resumption of legal government in Rhodesia has consistently been that substantial aid to Rhodesia will be required and this will have to be found from outside the aid ceiling. We have taken the opportunity during the discussions on these proposals to reiterate our position.

10. The Prime Minister has asked for priority to be given to this study and it is the intention of the Commonwealth Office to submit a paper to the Defence and Overseas Policy Committee at official level early next week.

This will be considered by the OPD(O) about the 9th September and it is anticipated that a paper will be placed before Ministers soon after the Commonwealth Secretary returns to London on September 12th.<sup>1</sup>

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<sup>1</sup> Prentice minuted (1 September): 'Noted. I am in complete agreement with the line taken by ODM in these discussions.'

### **383** FCO 31/713, no 1

26 Jan 1970

#### **'Uganda': valedictory despatch from D A Scott<sup>1</sup> (Kampala) to Mr Stewart on the outlook for President Obote**

It is less than four weeks since I sent you my Annual Review for 1969. I am now on the point of leaving Kampala after two and a half years in Uganda and just over ten years in post-war Africa. In this despatch, therefore, I shall try to analyse against a wider background and in rather more depth the present Ugandan situation. This means, in effect, the position, outlook and character of President Obote; for, to a very large extent, official Uganda *is* Obote. This is particularly true in the field of British-Ugandan relations where Dr. Obote's sensitivities are inextricably mixed with his secret respect and admiration for Britain.

2. In the present fluid and formative phase of African political evolution it is easy, by reporting in isolation on the country to which one is accredited, to draw either a more gloomy or a more optimistic picture than is justified in a wider perspective. In particular, any reporter on the African scene at the beginning of 1970 must constantly bear in mind (a) that few black African countries have been independent for more than ten years; and (b) that, with a few exceptions, secondary education has only become available to Africans on any scale in the life-time of their present leaders. In historical terms, therefore, we are still operating at the very beginning of a process which in our own country has taken centuries to work out. Nor must we forget, when criticising our underdeveloped clients, that large scale jobbery and corruption and crude weapons such as political assassination, both of which we tend to find very deplorable and un-British in them, are still accepted as regrettable facts of life in countries, including the United States of America, with longer and arguably greater opportunities to have learned better.

3. When, with some trepidation, I arrived in Kampala in July, 1967, British-Ugandan relations were at a low ebb. The revolution, which in 1966 had

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<sup>1</sup> High commissioner, Uganda, see 262.

resulted in the removal of the late Kabaka of Buganda<sup>2</sup> and his replacement by Apolo Milton Obote as Executive President, was still in everyone's minds. President Obote himself had earned a reputation for great suspiciousness of the British role in Uganda, and harboured an almost pathological conviction that, having recognised the Kabaka of Buganda as head of an independent Uganda, the British Government were somehow committed to supporting the old regime against the 'democratic' nation-building elements represented by himself and his Ministers. It was characteristic of his sensitivity to British attitudes that, just as I was on the point of presenting my Letters of Commission in August 1967, an ill-judged press interview by a representative of the Ministry of Defence in London on the subject of Uganda's non-attendance at the Chief of Defence Staff's biennial Commonwealth exercise, led to renewed suspicions of the British attitude to Uganda and the postponement of my call for several weeks.

4. There is no doubt that these suspicions were to some extent confirmed in President Obote's mind by the attitude taken in Britain towards Sir Edward Mutesa and his family. Long after the Kabaka had left Uganda, the reporting of Ugandan events by the B.B.C. and the London Press were perhaps understandably but all too frequently based on reports—often malicious and always tendentious—issued by the entourage of the former Kabaka. This clique, among whom Mr. Fred Mpanga and Mr. Mayanja-Nkangi were prominent, was given both moral and pecuniary assistance by a group of distinguished sympathisers in London who continued to subsidise Sir Edward Mutesa even though the British Government themselves resolutely refused to give him official recognition or support. This loyalty to former friends was in itself laudable; indeed, the British Government have in private been severely taken to task for the meanness of their attitude towards the former Kabaka. The ideal solution would have been for the Uganda Government themselves to have given their former Head of State some kind of pension, provided this could have had the effect of removing him altogether from the political field. Unfortunately, President Obote could not bring himself to make the necessary gesture, and no such agreement was ever attempted, even if it could have been accepted by the Kabaka, which is doubtful.

5. Such was the position when Sir Edward Mutesa died of acute alcoholic poisoning in London in November, 1969. President Obote was understandably incensed at the references on the B.B.C. and in leading British newspapers not only to Sir Edward Mutesa as 'the Kabaka', but also to members of his entourage as if they still occupied official positions in the Government of Buganda—and indeed as if their Government continued to exist in some real form in exile. Dr. Obote was also put out by the decision to hold a ceremonial funeral service in the Guards' Chapel for Sir Edward Mutesa in his capacity as a former officer of the Brigade of Guards; by the fact that his coffin during the ceremony was covered by a Union Jack and carried by British soldiers in uniform; and by the presence at the service of representatives of Her Majesty The Queen and other members of the Royal Family. Intellectually, he understood that none of these things amounted to recognition of a rival regime; emotionally, however, he saw them as part of a campaign to discredit him and one

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<sup>2</sup> A reference to the coup in Uganda in May–June 1966 when Ugandan troops stormed the palace of the president, Sir Edward Mutesa, the Kabaka of Buganda. One thousand people were killed but the Kabaka and his Katikiro (Bugandan prime minister) escaped and found refuge in London. Dr Milton Obote, prime minister of Uganda from 1962, became president.



which could only encourage his enemies to expect continued support from the establishment in London. He argued bitterly that the British preferred to demonstrate their attachment to a discredited minority in exile rather than face the reality of his own efforts to build a united and democratic Uganda out of the ashes of the former kingdoms. It was, I believe, to his credit—and indeed a demonstration of his increased self-confidence—that he did not formally protest to me about the handling of the former Kabaka's funeral, though he left me in no doubt of his misgivings.

6. President Obote's efforts in the domestic field to build himself up as undisputed leader of a united Uganda in which tribal interests and influences would be subordinated to a wider national interest, have been matched in the international field by a vigorous and largely successful campaign to put Uganda on the world map. President Obote has, I know, been acutely conscious that he could not compete with the status and prestige as an elder statesman of 'Mzee' Jomo Kenyatta; equally he could not match the homespun philosophy (which he both publicly admires and privately distrusts) developed by Julius Nyerere. Like many of his African contemporaries he had been profoundly shocked and disillusioned by the fall of his Ghanaian idol and exemplar, Kwame Nkrumah. But he was well aware of the reasons for Nkrumah's fall—the arrogance, the corruption and the failure to keep in touch with reality. He himself was determined to avoid making similar mistakes. Hence his watchful determination to maintain contact with every aspect of Ugandan political life; his conviction that some as yet undefined form of socialism contains the key to African progress; his connected recognition that exploitation of the masses by Africans is only one degree less undesirable than exploitation by Europeans and Asians; his concern about the widening gap between the Ugandan elite and the common man; and his deep distrust of military regimes in which he has always seen the most serious threat to his own position.

7. Thus, he has never underrated the difficulties of his task. He has always, I think, seen himself as operating on a knife-edge, but one which he hoped would become easier to tread as the years went by and might ultimately lead to a situation where he himself would become recognised at home and abroad as a wise old man—an Mzee—at whose feet the younger African leaders would sit, and who would receive widespread acknowledgment as a world leader in his own right.

8. This may still come to pass. But the events of the last three months will not have helped. Talking privately with Colin Legum of the Observer a fortnight after the attempt on his life,<sup>3</sup> the President expressed deep disappointment that 1969, which had on the whole been such a good year for Uganda, should end thus. The practical effects of the assassination attempt cannot be reversed overnight. Inevitably, it has been attributed to inadequate security precautions. If these precautions have to be stepped up, it will be that amount more difficult for him to keep in touch with the people—and a remote and inaccessible leader is just what he cannot afford to be. Moreover, unless he is very careful, increased security is likely to give still greater

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<sup>3</sup> Obote was shot at the end of the annual conference of his ruling Uganda People's Congress in Dec 1969. He escaped with only minor facial injuries. An arrest was made but uncertainty about the identity of the would-be assassin meant that no charges were brought. A state of emergency was declared. Arrests included the Kabaka's sister and the leader of the opposition Democratic Party, which was banned along with other minor opposition parties.

power to the armed forces, and thus in the long run add to the threat which it is designed to alleviate. As I write, there is talk of setting up yet another body in the security field, a Presidential bodyguard. This may be essential in order to provide a counter-weight to the Army. But it is scarcely compatible with the image of democracy and socialism which the President would like to build up.

9. All in all, President Obote starts 1970 in a less favourable situation than the one in which he started 1969. He may well continue to come out on top. But cautious leadership is not enough by itself. He has imagination, but he needs luck as well. So far, on the whole, he has had it. But he has also had a grave warning, and he must be uncomfortably aware that the pages of history are littered with the corpses of those who were not quite lucky enough. In Africa there is, perhaps, little need for a *memento mori*. The political jungle can not yet be mistaken for just another National Park.

**384** FCO 45/666, no 189

17 Aug 1970

‘Policy towards South Africa’: despatch from Sir A Snelling (Cape Town) to Sir A Douglas-Home

As the Conservative Government and its Labour predecessor probably differ more widely about policy towards South Africa than towards any other country, I feel that I should at this juncture submit to you my suggestions as to those aspects of our relations with her which appear to need rescrutiny. I am not here concerned primarily with the sale of arms, on which you have already announced the intention of the Government partially to reconsider the policy of the previous Administration, but with the broad attitude and conduct we should adopt over the whole field of our inter-Governmental relationship with South Africa. If in many areas there is no need or desire to change the policies of recent years, it seems desirable that this should emerge as the result of deliberate decision rather than of unconscious acceptance of Labour rulings. It is for this reason that I use the word rescrutiny rather than revision. I attempt in this despatch to set out the main features of a policy which I suggest that it would now be appropriate to follow towards South Africa and to list some of the detailed issues which arise.

*Main principles*

2. A policy for the seventies towards South Africa should, I suggest, contain the following elements:—

- (i) The British Government are, in your words in Parliament on 20 July, in ‘fundamental disagreement with the racial policies of the South African Government’. In negative terms, I elaborate this to mean that there will be no condoning of apartheid; no political support for those activities of the South African Government or Opposition which are directed towards the maintenance of white supremacy; and no material assistance in the supply of arms of types relevant to internal security operations.
- (ii) Positively, our desire is to see in South Africa real progress either towards majority rule in the whole country, or else towards partition on a basis involving the creation of fully independent viable non-White States capable of supporting

the vast bulk of the non-White population. We do not advocate and will not support the use of violence against South Africa by Governments or by persons or organisations inside or outside the Republic. Economic forces are already compelling South Africa in practice (though not in theory) to relax some features of the system of apartheid. Our objective should be to encourage, within the limits of normal relations between sovereign States, these and other forces making for peaceful change in the direction we desire to see.

(iii) Success in achieving this aim is likely to be enhanced by maximising and developing in depth the number of points of contact between South Africans and people in and from Britain and other countries who think like we do. You said on 22 July, 'I therefore uphold the proposition on moral grounds that South Africa should not be ostracised and put in Coventry but that her territory should be opened up to the civilising influences of the outside world'.

(iv) Our prosperity demands that we should seek to maximise the income we receive from both visible and invisible exports to South Africa. Our gross income of all kinds from her probably already exceeds £500 million a year. She is a rich country with a high growth rate. We are not maintaining our share of her market, and must strive to increase it. We are determined to avoid economic confrontation with her. We therefore oppose boycotts, sanctions, economic discrimination for political reasons and all other forms of action likely to curtail the expansion of either our exports to or imports from her. We likewise oppose economic sanctions against South-West Africa. The only two limitations we should accept upon our efforts to earn more money from South Africa are to refrain from selling her arms unconnected with seaward defence and to make the necessary adjustments if we succeed in entering the European Economic Community.

(v) Considerations affecting our own safety require us to safeguard facilities for the Royal Navy at Simonstown and other South African ports and to seek the co-operation of the Republic in protecting the Cape sea route. If we were ever unfortunate enough to face the prospect of early involvement in a war between West and East we should need to cement the closest possible defensive alliance with South Africa, who would in those circumstances be our natural ally. But for so long as there is reasonable hope of avoiding war with the East, a thoroughgoing alliance with her would augment the danger we face by forcing the rest of Africa (or at any rate the ex-British parts of it) further into the company of the East. So Commonwealth considerations together with our disapproval of South Africa's domestic policies require us to limit both the arms which we supply to her and the degree of co-operation between her armed forces and ours. We should not however delude ourselves into thinking that we are thereby lessening in any material degree South Africa's ability, if she so chose, to use her armed forces to maintain apartheid, or to threaten her Black African neighbours, or to defend Rhodesia, because she already obtains either from local production or from other suppliers such as France and Italy almost all the arms she needs apart from certain items required for seaward defence.

(vi) Our relations with Black African and other Commonwealth countries also demand that we do not adopt too friendly a political stance towards South Africa. It is necessary to preserve a balance, particularly in that part of the conduct of our relations with her which attracts public attention, between a degree of warmth upon which both she and Black African countries would seize as indicating

acceptance of her racial policies, and a degree of hostility which is incompatible with our desire to influence her in the direction of changing those policies. We stand to lose more than we gain if we appear to the world to be South Africa's only friend. But there is no justification for treating her more distantly and coolly than we treat other countries whose Governments pursue internal policies of which we disapprove, and especially those with Communist or Fascist or military régimes.

(vii) We benefit from improvement in South Africa's relations with Black Africa and suffer from their deterioration. Our political, defence and economic interests are important to us in both Black and South Africa. Therefore our objective must be to avoid being forced to choose between one area and the other. If antagonism between the two areas increases, and if the nationalisation of British assets in Black Africa continues, it seems likely that many British private enterprises (with the exception of the petroleum industry) will seek to opt out of Black Africa rather than out of South Africa. This will increase the burden of aid falling upon us to sustain the Black African economies. In general the ex-French and ex-Belgian countries in Africa are less hostile to South Africa than the ex-British, as well as being less important to us. We should therefore do all we can to encourage Mr. Vorster in his outward-looking policy particularly *vis-à-vis* the ex-British African countries. This involves helping him both to deepen his relations with those few of them where this policy has already had a limited success (Malawi and the former High Commission Territories) and to start a dialogue with others which at present ostracise him.

(viii) On Rhodesia, when the time comes to explore the possibility of opening negotiations with the Smith régime on the basis of our five principles, we should seriously consider enlisting in private the help of the South African Government. They recognise the obstacle which Rhodesia constitutes to the success of their outward-looking policy, but cannot afford to defy their own public opinion by opposing the Smith régime. Nor do they wish to see sanctions succeed for fear that this weapon should then be turned against them. What would suit South Africa best would therefore be settlement of the Rhodesian issue on terms acceptable to Britain. Thus there is a certain area in which her interests and ours coincide. In order to maximise this area, it behoves us to prosecute the policy of sanctions with the maximum vigour and to submit sanctions-breaking firms in South Africa to the greatest possible inconvenience and harassment until a settlement is reached.

3. If our policy towards South Africa is to be based upon broad principles such as these, I suggest that we need to rescrutinise the attitudes and practices which have grown up in recent years particularly in the fields of personal contact, aid and the supply of classified information.

#### *Personal contact*

4. To open up South Africa to more British civilising influence we need to increase the number of suitable people moving in both directions between the two countries. We have hitherto done comparatively little to foster such exchanges. Although large numbers of British businessmen come to South Africa every year in trade missions and other subsidised ways, they are mostly salesmen who—quite rightly from their own point of view—steer clear of expressing on political or racial issues views which might not please their customers. For the rest, I have authority to

select eight visitors a year for tours of Britain organised by the Central Office of Information; there are some meagre Board of Trade funds for business visitors to Britain but the rules are so strict that hardly any go from South Africa; and the British Council arrange for a limited number of South Africans to proceed to Britain. There are no arrangements for assisting influential people from Britain to come to South Africa, apart from provision for about half a dozen British Council visitors a year. And the rules regarding assistance by the British Council to theatrical and other performers coming to South Africa are highly restrictive.

5. An alternative policy would be to multiply several times over the number of sponsored visitors of all kinds to Britain; to make arrangements for far more sponsored visitors to South Africa from Britain; and to remove the restrictions which limit the numbers of such visitors in both directions.

6. No British Minister has visited South Africa for several years (apart from stops of a few hours en route to or from Lesotho or Swaziland). At a time when many ex-Ministers have visited Communist and other countries of whose internal policies we disapprove, this has been tantamount to an overt and continuous snub of South Africa.

7. An alternative policy would be to regard visits by British Ministers as one of the best means open to us of influencing the South African Government and public. The proposed visit to South Africa towards the end of this year by the Parliamentary Secretary, Board of Trade, responsible for exports will be a first step in the right direction. I hope he can be followed by a Cabinet Minister next year.

8. Another field for expansion of personal contact between Britain and South Africa would be to augment the exchanges which take place under the aegis of such organisations as the Ford Foundation, International Rotary Outward Bound universities and similar bodies. Efforts in this direction which encouraged more young persons to travel from one country to the other would be particularly valuable. I should like to see a particular effort made to get young members of the staffs of the Afrikaans universities to undertake short-term assignments in Britain.

9. There is, however, one area in which a reduction in the number of persons coming from South Africa to Britain would help to improve relations between the two countries. Hitherto we have admitted, on a liberal scale, South Africans of extreme Left-wing views who have then become the centre of agitation against South Africa in London and have played a prominent part in protest movements on diverse topics. This has been one of the gravest irritants between Britain and South Africa. We are, of course, bound by law to admit persons who are United Kingdom citizens and have close connections with Britain, even if they are also South African citizens. But we could be more selective in giving entry to South Africans who are not United Kingdom citizens and have no connection with Britain at all, particularly if they are self-confessed Communists.

### *Aid*

10. Relations between South Africa and some of the Black African countries would be likely to improve if she could be induced to give them aid and they could be persuaded to accept it from her. But in regard to the possibility of capital aid from South Africa to Lesotho, Botswana and Swaziland, the policies and attitudes of their Governments, of South Africa herself and of the British Government have all hitherto been somewhat confused. We for our part have welcomed closer association between these three

countries and South Africa in the form of more trade, more tourism, more private investment, bigger receipts under the new Customs Agreement, the possibility of larger earnings from migratory labour, etc., all of which have the effect of increasing their economic dependence upon her. But when it comes to aid our line has until now been that we should continue to be their main prop because we do not want them to become more dependent upon her. This inconsistency is matched by the contradiction in South Africa's own policy, which is to provide capital aid to Malawi but to no other country. Meanwhile the attitude of each of the three neighbouring countries differs: Lesotho apparently accepts technical assistance and help in kind from South Africa but has not sought capital aid from her; Botswana seems unwilling to accept any South African aid at all; and Swaziland appears to be more reluctant than Lesotho but less than Botswana to take what the Republic offers. As we have so little trade with the three countries, the large amount of aid we give them throws a uniquely heavy burden on our balance of payments. We are in effect subsidising South Africa by providing the rand area with foreign exchange at our expense and by sustaining countries which lie almost wholly within her economic orbit.

11. An alternative policy would be to relieve ourselves of this burden more rapidly than is at present contemplated and thereby to release aid funds for other countries where our economic and political interests are greater.

12. It would not be easy to nag South Africa into picking up part of the bill we at present foot. But it would be worth trying. For her to provide capital aid to her immediate neighbours would be consistent with and of help to her outward looking policy. She has hopes too of increasing her trade with other African countries further north, and it should not be impossible to convince her that these days you cannot expect to export more to under-developed countries if you give them no aid. In due course perhaps she might even satisfy part of her yearning for international respectability by paying the cost of admission to the Development Assistance Group of OECD—if they will have her. Of course, Botswana and no doubt others, would also need persuading; and one of the points on which our past policies might perhaps be rescruinised is whether we should continue to accept the principle that aid recipients have an unfettered right to choose their aid donors.

#### *Classified information*

13. We have hitherto denied to the South African Government all classified information about the nature and magnitude of Communist activities in Africa. As a result they seriously exaggerate the threat and over-react to developments in countries to the north.

14. An alternative policy would be to give them, on a basis of secrecy which would certainly be respected, selected background information in our possession about the Communist threat. Unless, however, there were overriding considerations in our own interest, we should continue to refrain from communicating data which would assist the South African Government against particular organisations of freedom fighters or which would implicate South African groups or individuals in Britain.

#### *Conclusion*

15. This Embassy has, or will shortly, initiate correspondence with the departments concerned in the Foreign and Commonwealth Office on each of the topics mentioned in paragraphs 4 to 14 above. The list is not exhaustive.

16. In drawing attention to these particular issues, I am conscious that the severity and emotionalism of the reaction from certain Commonwealth and other Governments to the proposal to supply South Africa with arms (even though solely for maritime defence related directly to the security of the sea routes) means that suggestions in relation to policy towards the Republic may have to be judged less in the light of reason than by reference to the amount of hostility they seem likely to arouse in violently anti-South African quarters at home and abroad. I shall therefore not be surprised if, after the row about arms, the Government wish to avoid any action which could conceivably be misinterpreted as being pro-South African. Even on this basis, however, I believe that some of the policies and practices I have mentioned are, in our own self-interest, worth rescruiting.

### **385** PREM 15/26

11 Oct 1970

**[Arms for South Africa]: record of meeting between Mr Heath and other UK ministers and President Nyerere at Chequers [Extract]**

*The Prime Minister*, after welcoming President Nyerere, said that he had greatly appreciated the letter which the President had addressed to him on 7 August, in which the President had set out frankly and fully his views on the question of arms sales by Britain to South Africa. But letters were no substitute for face-to-face exchanges: and the fact that both our countries were members of the Commonwealth enabled us to discuss contentious issues without inhibitions and in confidence. The very frankness which the Commonwealth relationship made possible imposed certain obligations. Some aspects of the questions under discussion—particularly the defence ones—were highly secret as well as being confidential in the conventional sense; and he hoped that both sides would respect each other's confidence. He was gratified by the President's readiness to recognise that racialist considerations played no part in British policy. It was during the 13 years of Conservative rule from 1951 to 1964 that the policy of decolonisation had for the most part, been brought to fruition. It was a Conservative Prime Minister who had made the 'winds [sic] of change' speech in South Africa itself: subsequently, it had been a Conservative Government which had given to the three East African Governments the military support they had needed to maintain their authority. He himself had fought and won the recent General Election on an anti-racialist platform; and since then the new government had striven, in the face of considerable opposition, to improve racial relations in Britain. He was grateful for the understanding of our attitude which the President had shown, and he hoped that the President, in his discussions with his African colleagues, would emphasise that it was no part of British policy to seek to perpetuate the domination of one race by another. The present Government's policy in regard to arms sales to South Africa had been consistent, whether in office or in opposition. The Simonstown Agreement had been concluded with South Africa in 1955, when most of Africa was still under colonial rule. But even then, independence negotiations were already in train with a number of African countries, including Tanzania itself, and we had been aware, on the one hand, of the importance of making adequate provision for the defence of the Cape sea routes and, on the other, of not making available to South Africa arms which could

be used for the enforcement of apartheid. This had been reflected in our attitude towards the United Nations Resolution of 1963. In opposition, the Conservative Party had maintained the same position, in particular during the debate on arms supplies to South Africa in 1967. They had contested the General Election of this year on the same basis: and they were thus under an obligation to the electorate which had returned them to power. The consultations which were now in progress with Commonwealth countries were taking place against this background. The Defence Secretary would speak later of the military situation in the Indian Ocean and of the growing Soviet threat. For the present, he himself would say only that he had grown up during the years when British Governments had failed to react to the increasing threat from the Berlin–Rome axis. He was not now prepared to remain passive in the face of a similar threat from the Soviet Union. But even wider issues were involved. In his letter of 7 August, President Nyerere had made clear his conviction that we were sincere in our belief that vital British defence interests were at stake, of which we must be the best judge. At the same time, he had made equally clear his belief that if we carried out our declared policy, we should consolidate the position of the South African Government and further their racialist policies. We did not think that this was the case. The previous Government had co-operated with the South African Government in defence matters. The Royal Navy had continued to use Simonstown and had conducted joint exercises with the South African Navy. Control of the Simonstown base had been handed over by the Royal Navy to the South African Navy. But none of this had in any way furthered the South African Government's racialist policies. We abhorred these as much as did Tanzania; but our approach to the problem was that no useful purpose would be served by isolating South Africa. Attempts to isolate Franco's Spain after the Second World War had failed to achieve their object, and the liberalisation of the Spanish regime had begun only when its isolation had been broken down. We believed that isolating the South African regime would only consolidate it, and that the best hope of bringing about a more liberal state of affairs lay in maintaining contacts between South Africa and the outside world, and relying on the economic pressures generated by industrial expansion to bring it home to the South African Government that apartheid made no sense under modern conditions. On the other hand, we recognised the strength of feeling South African policies generated in public opinion in the independent countries of southern Africa. They were South Africa's nearest neighbours, and had to live with her. It was therefore all the more important that we should exchange views frankly and understand each other's standpoint.

*President Nyerere* said that he was grateful for this opportunity to expound his views orally and face to face, though there was little he could add to the arguments he had already set out in his letter. He emphasised that he did not impute racialist views to the British Government. Moreover, he accepted that that Government was the best judge of its own vital defence interests. But Tanzania's position vis-à-vis South Africa was fundamentally different from that of Britain in that Britain's relations with South Africa were dominated by consideration of defence. For Tanzania, and indeed for the rest of the world opinion, the dominant consideration was apartheid. The Prime Minister had argued that the Conservative Party had pursued an entirely consistent line since the conclusion of the Simonstown Agreement in 1955. But in this case was consistency a virtue? The Simonstown Agreement had been concluded against a background very different from that which



prevailed today. Then, South Africa had been one of the very few independent African countries—he himself had only started his campaign for national independence in 1954. Now, almost the whole of Africa was independent. In 1955 there had been no need to take account of the views of the Africans. Now, Britain could only disregard these at her peril. New situations demanded new attitudes of mind, and perhaps Britain should even take a fresh look at the Simonstown Agreement itself. The President went on to argue that South Africa needed Britain even more than Britain needed her. South Africa could get all the arms she needed from other suppliers. She could even become a nuclear power if she wished. Much more than British arms as such, South Africa needed the ‘certificate of respectability’ and the implied moral support which she would acquire as a result of a British decision to supply arms to her. If Britain were prepared to defy world opinion by supplying her with arms, this would immensely strengthen South Africa’s position. He accepted that the British Government sincerely believed that they would be serving their essential national interests in supplying arms to South Africa. He hoped that the British Government were equally convinced of Tanzania’s sincerity in opposing this course. But Tanzania was not alone in her opposition to it, which was shared by many members of the Commonwealth, including some white ones. If the balance of advantage in terms of British defence interests were demonstrably and overwhelmingly in favour of supplying arms to South Africa, and the great majority of the British people were convinced that this was the right course, Tanzania would understand; and although it did not seem to him that the present juncture was one in which the cold war was intensifying, it was no part of his argument that there should not be a British naval presence in the Indian Ocean. But British opinion was clearly divided. He accepted that the British Government were faced with internal political problems in this matter. Nevertheless, in the circumstances, was it necessary or prudent to fly in the face of Commonwealth African and world opinion; and if a British naval presence in the Indian Ocean was necessary, was it right in the conditions of 1970, that this should be supported by South Africa? Britain was appealing to the ‘wrong policeman’. Could we not instead rely on the North Atlantic Treaty Organisation (NATO) for this purpose? And should not Britain, which needed United States support, rely on the United States rather than on South Africa? He had been glad to learn that the problem of the Indian Ocean had been discussed during President Nixon’s<sup>1</sup> visit, and hoped that Britain and the United States would deal with it without bringing South Africa in. The President appealed again to the Prime Minister to respect Tanzania’s sincerity. The basic issue was apartheid—to which we were both fundamentally opposed—not the Soviet threat, which did not seem to him all that urgent. South Africa was seeking moral support for apartheid. By selling her arms, Britain would be giving her what she wanted. Britain’s moral support should be given not to South Africa but to the African countries. Finally, the President pointed out that South Africa was trying to present herself as the defender of Christian civilisation and the Africans as the partisans of Communist infiltration into Africa. This was not so, and it was wrong to argue that the choice lay between arming South Africa and abandoning Africa to Communism. The Africans did not want to invite the Communists into Africa, but if the West abandoned them, and if in particular they could not obtain from the West the arms they needed for the struggle

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<sup>1</sup> Richard Nixon, US president, 1969–1974.

against racialism they might have no choice. During the Second World War, the West itself had had to arm Communism to deal with Hitler. Tanzania and the other former British territories in East Africa still regarded Britain as their greatest friend; but they found it difficult to understand British policies.

*The Prime Minister* said that some of our partners in the Commonwealth seemed to think that we had announced a new policy on arms sales to South Africa; that we had in consequence changed our attitude to apartheid; and that the effect and indeed the intention of our policy was to support South Africa. As he had attempted to show, our policy was a long-established and consistent one: and our condemnation of apartheid remained unchanged. But though he was glad to see that President Nyerere did not share the misconception of our attitude to apartheid, the President appeared to believe that our policy would strengthen South Africa. For the reasons he had given, we did not share this view. It was quite true that things had changed since 1955. But the defence problems remained. There had already been a substantial increase in Soviet naval activity in the Indian Ocean area, and the rate of increase was likely to quicken if there were a political settlement in the Mediterranean resulting in the re-opening of the Suez Canal. Some might take the view—as we did—that this was a matter of political concern to the independent countries of Africa: but they were free—as we too must be—to reach their own conclusions and make their own decisions. He found it difficult to understand how the contention that we were supporting South Africa could be justified. In reserving our right to sell arms to her for maritime defence and in support of the purposes of the Simonstown Agreement, we were only exercising our undoubted right under the United Nations Charter to take such measures as we thought fit in the interest of our national defence. To trade with South Africa or to invest there was not to support South Africa politically. Other Commonwealth countries traded with their political adversaries and incurred no criticism for doing so: an example of this was Zambian trade with Rhodesia. The last British Government had not attempted to restrict trade or investment in South Africa; and no British Government could or would take action so obviously contrary to the national interest. The Labour Government had continued to hold joint naval exercises with the South African Navy: they had supplied South African defence forces with ammunition and electronic equipment: they had kept the Simonstown Agreement in operation. None of this had at the time been construed as support for the South African Government's political objectives. The fact was that South African defence facilities were important to us. There was no substitute for them: if we did not make use of them, or if we failed to carry out our side of the Simonstown bargain, others would take our place. President Nyerere had suggested that NATO should assume the responsibility for the defence of the sea routes round the Cape. But the NATO area did not extend beyond the Tropic of Cancer. Many African Governments would oppose its extension southward and we respected and accepted their views. He had also referred to co-operation with the Americans. The problem had been discussed at the Prime Minister's recent meeting with President Nixon. The latter was under no misapprehension about our attitude to apartheid. We had suggested joint studies of the threat to the Indian Ocean area, and President Nixon had taken the view that both countries should look to their national interest, which it was for each to determine. President Nyerere had suggested that Britain was defying world opinion. We did not think that we were doing so: but we should not be deterred from pursuing policies which we thought right by the fact that we stood

alone, as, for a time, we had in the Second World War to the world's great ultimate benefit. The Leader of the Opposition had said that if his Party were returned to power, he would cancel any agreement to supply arms to South Africa. This was hardly consistent with the policy the Labour Administration had pursued while in office. Indeed, the evidence which was now coming to light suggested that they would have liked to sell arms to South Africa had they had the power to enforce such a decision. If the Opposition wished to break international agreements entered into by their predecessors, that was their affair. For his part, he regarded himself as obligated to carry out the pledges he had made to the country. Party policies might differ; but the present Government, unlike some of its predecessors, was determined to stick to its decisions once these had been made.

*The Defence Secretary* said that on returning to office he had been profoundly disturbed by the advances made by the Soviet Union since 1964. The Soviet Union now had an ocean-going fleet, which had not been the case 6 years ago. She now had in the Eastern Mediterranean a naval presence almost as large as the United States 6th Fleet. She enjoyed the use of land bases and facilities from which this force could be given air cover over the greater part of the Mediterranean. As the Prime Minister had pointed out, a settlement in the Middle East and the re-opening of the Suez Canal would facilitate a similar expansion of Soviet influence in the Indian Ocean where the Russians were already intensifying their effort. A Russian harbourmaster had been installed in Aden. The former British airfield at Socotra<sup>2</sup> was being developed. In Mauritius, where the political situation was unstable and open to Soviet exploitation, the Soviet Government had concluded a fishing agreement which would enable them to introduce electronic counter-measures (ECM) vessels under the guise of trawlers. The Russians were developing Berbera, Mogadiscio and Port Sudan.<sup>3</sup> During his recent tour in the Far East and Australasia, he had found considerable apprehensions about Soviet activity, particularly in Australia. Part of the motive behind the increase in Soviet naval activity was no doubt political; and it was certain that the increased Soviet naval presence had increased Soviet political influence. But military considerations were involved also. It might be argued that the possibility of a Soviet attack on our trade routes was a remote one; but in his experience of defence matters, it was the remote contingencies which had been discounted by the experts, or not foreseen by them at all, which usually happened. One-third of our oil supplies, and a quarter of our overseas trade as a whole, were routed round the Cape. In this situation we should be gravely at fault if we did not keep our alliances in repair and respond to the challenge. The Simonstown Agreement, which was concerned not with the defence of South Africa against her neighbours, but with the defence of the sea routes round the Cape, had been necessary because for good and sufficient reasons NATO did not operate south of the Tropic of Cancer. In order to secure the facilities we needed, and to enable the South African Government to discharge its own responsibilities, we had entered into certain obligations vis-à-vis the South African Government in regard to the supply of arms and equipment which we must either fulfil or face the risk that the Agreement would be denounced.

*The Foreign and Commonwealth Secretary* said that he was grateful to President

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<sup>2</sup> Indian Ocean island off the coast of Yemen and Somalia.

<sup>3</sup> Berbera and Mogadishu (Mogadiscio) in Somalia; Port Sudan is on the Red Sea coast of Sudan.

Nyerere for setting out his position so clearly. The real problem lay in South Africa's racial attitudes. But for these neither us nor anyone else would have seen any difficulty over our accepting the overwhelmingly strong political and military arguments for selling her arms and co-operating with her as an ally. The President had implied that he would acquiesce in our point of view if it were shown that we genuinely had no alternative. He himself believed that this was the case. Five years ago the then Defence Secretary had said that the United States 6th Fleet could blow the Soviet forces in the Mediterranean out of the water. Now, the balance of forces in the Mediterranean had radically changed. Soviet forces had increased: moreover, they now had land-based air cover. In effect, a new front had been opened on NATO's southern flank. So far as Africa was concerned, he agreed that the situation had changed since 1955; but so had the nature and extent of the Communist threat. There was no alternative available to the facilities provided by Simonstown and (in war) Durban. This state of affairs might change, but as successive Commonwealth countries had gained their independence, we had tried to obtain base facilities from them—eg in Trincomalee<sup>4</sup> and elsewhere—but had failed. We could not even if we wished defend the Cape route effectively without South African co-operation. The President had said that his objection was not to the Simonstown Agreement as such, but to the sale of arms to South Africa. But the two things were interconnected. If we did not provide the South Africans with the equipment they needed to carry out their obligations, they would not be prepared to go on giving us facilities. Already they had suggested the revision of the Agreement, presumably with a view to involving us more closely in the defence of South Africa itself. If we did not sell them arms, we might be faced with the necessity of acceding to unpalatable political concessions in order to maintain our position. It had been argued that the naval threat to the Cape route was not an immediate one. But we had seen how quickly the situation had changed in the Mediterranean. Warships took a long time to build: and if things developed as we feared they might, we had not too much time. In conclusion, the Foreign and Commonwealth Secretary said that the President had spoken of the armed struggle against racialism, implying that there was no alternative to the use of force in dealing with South Africa. But in the sort of situation with which the African countries were confronted, where the armed strength was overwhelmingly on one side, the use of 'freedom fighters' was a counsel of despair. This had been abundantly demonstrated in Eastern Europe. In the circumstances, he wondered whether the African countries should not give further consideration to South Africa's offer of a non-aggression pact.

*President Nyerere* said that so far as the defence arguments were concerned we were all fallible, and it might be that British preoccupations with the Soviet threat in the Indian Ocean might in the long run prove to have been mistaken. It was possible that Soviet policies in the Indian Ocean area were dictated by fears of China rather than by any hostile intentions towards Britain. It was really a question of priorities. For Britain, the overriding consideration appeared to be what Britain regarded as the Soviet threat to British sea communications. To protect these, Britain was evidently prepared to arm South Africa regardless of the effect on her status with black Africa. For Tanzania and the other African States, however, the main issues were South Africa and Portugal and their policies of white supremacy. Both parties would have to

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<sup>4</sup> In Sri Lanka.

take their decision in the light of what they regarded as their vital interests, and accept the consequences. It was not yet too late for Britain to reconcile her interests with those of the African States and to accept the fact that South Africa was no longer the only independent country in the southern part of the continent. But if Britain decided that South Africa was the only country in Africa on which she could rely, the independent African countries would draw their own conclusions. The Simonstown Agreement existed and to that extent must be accepted: but he found it difficult to understand why the British Government should not continue to maintain the same relationship with South Africa in defence matters as had the Labour Government. The Foreign and Commonwealth Secretary had referred to counsels of despair. He himself did not despair: had he done so, he would not be attending this meeting. The Africans would despair only if it became clear that one European country after another was throwing its weight on to the South African side. In the Lusaka manifesto<sup>5</sup> the African countries had appealed to the Europeans to bring all pressure to bear on South Africa short of war; and it was not too late for this. Such pressure need not include economic sanctions. Tanzania accepted Britain's right to trade with South Africa though she did not herself do so. But though there was no trade embargo, there was an arms embargo, and it should be observed. He appealed to Britain not to put her weight on the wrong side of the scales. If she did it would become all the more difficult to restrain violence. In regard to 'freedom fighters' he did not favour violent courses. But South African policies left the Africans no alternative. The Prime Minister's appeal to refrain from violence should be addressed to the 'freedom fighters' themselves, not to him. For his part he would only be too delighted if Britain would refrain from arming South Africa since in that case he would be relieved of the obligation to arm the 'freedom fighters'. In any case, the 'freedom fighters' were for the most part South Africans and their activities did not therefore constitute aggression by Tanzania or the other African States against South Africa. Turning to the question of a non-aggression pact with South Africa, the President said that he could not sign a 'fraudulent' treaty with South Africa, and he could not believe that the British Government would press him to do so. The South Africans knew that the African States could not attack them. An offer of a non-aggression pact would therefore be interpreted by the Africans as an implied threat by South Africa.

*The Prime Minister* said that he had noted with interest President Nyerere's views on the Soviet build-up in the Indian Ocean. But Soviet policy was a long term affair, and must be viewed as a whole. The Russians would always drive a hard bargain: but it was possible to reach agreement with them when they thought that agreement would be to their advantage. The partial test ban treaty, the German-Soviet treaty, and the strategic arms limitation talks were examples of this. On the other hand, whenever they saw an opportunity of advancing their interests, they would exploit it. We had seen an instance of this very recently when they had attempted to profit by the preoccupations of the West in Jordan and the confusion caused by the death of President Nasser of the United Arab Republic, to interfere with traffic in the Berlin air corridors. On that occasion the United Kingdom and United States had reacted by sending aircraft through the corridors in disregard of the Soviet ban, and the Soviets

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<sup>5</sup> A fifth summit of East and Central African states at Lusaka adopted a manifesto on South Africa on 16 April 1969.

had backed down: but this showed that difficult times might be ahead in Europe and elsewhere. What he feared in the context of the Indian Ocean was what President Kennedy had evidently foreseen at the time of the Cuba crisis, that the Soviets, if they encountered no resistance, would embark on a policy of progressive encroachment and blackmail. He was not prepared to let Britain be put in a position in which the Soviet Union would be able to prevent us from exercising our legitimate rights. In regard to a non-aggression pact with South Africa, he said that we wanted to make a defence arrangement with South Africa. Part of the difficulty in doing so arose from the fears of the African States that the arms supplied to South Africa under such an arrangement might be used against them. We were anxious to secure African acceptance of our policy and to ensure that there was in fact no threat to them from South Africa. Despite the obvious difficulties there seemed to be much to be said for some arrangement on the lines proposed, which might even specify that warships and other equipment supplied by us to South Africa would not be used against South Africa's African neighbours. Such a pact might give the African countries the reassurance they needed and promote stability in the area. The President had suggested that the present Government should continue to interpret the Simonstown Agreement in the same way as the previous Administration. One major difficulty was that it was hard to determine precisely what the previous Administration's policy had in fact been. But in any case, the Simonstown Agreement had been concluded by the last Conservative Government, whose successors were in consequence in the best position to interpret it. In any case, even, if as seemed unlikely, the South African Government were prepared to acquiesce in a continuation of the status quo the present British Government regarded it as disingenuous to continue to supply the South African Government with spare parts and items of equipment, while refusing to replace major items of equipment which we were under an obligation to supply, and which the South African Government needed if they were to discharge their obligations effectively. Others, for instance the French, incurred no criticism for supplying arms to South Africa, even when the arms they supplied could clearly be used for internal repression. But when we attempted to safeguard our own vital interests by supplying certain limited categories of arms which could not be used in this way, there was a violent reaction. He hoped that the President's earlier remarks did not imply a belief that we had written off Black Africa. If we had done so, we should not be providing it with aid on the present scale. The African Commonwealth countries must have some confidence in us. If we had failed to give them aid or to bring pressure to bear on South Africa to adopt more liberal policies, we should be open to legitimate criticism. But this was not the case. It was true that we did not believe in a policy of isolating South Africa, a view which was shared by many influential liberals in South Africa itself. But our convictions were sincerely held and should be respected. We were doing all we could to help black Africa and to influence South Africa: but in the last resort we must be allowed to safeguard our own interests as we saw them.

*President Nyerere* said that he appreciated the frankness with which the Prime Minister had spoken. He accepted that in the last resort the British Government must determine what their vital interests were and take decisions on them, though he could wish that the reasons for which the British Government appeared determined to embark on a change of policy could have been made clearer to him. At the same time, we must all realise that 'history is history' and that one action

inevitably leads to another. Tanzania had had a long tradition of contact with Britain, and had learned to respect the British people. Tanzania and Britain, in every sense, spoke the same language. Tanzania would prefer to maintain her connection with Britain, and he wished she could continue to do so, but Britain might leave her no alternative. Tanzania had gained her independence: but she was still fighting for her freedom. Decisions, once taken, were inevitably followed by other decisions. Aid was meaningless unless it were given in full understanding of Tanzania's problems and in certain circumstances the best aid she could obtain from her friends might be if those friends were to cease aiding her enemies. Whatever decisions Tanzania might take would be taken with her eyes open and after the considerations involved had been weighed with the utmost care. . . .

### **386** FCO 45/670, no 370

12 Nov 1970

#### 'Simonstown agreement and arms for South Africa': memorandum (DOP(70)40) by Sir A Douglas-Home for Cabinet Defence and Oversea Policy Committee

[At a DOPC meeting to discuss this issue on 17 Sept 1970, Lord Carrington suggested the problem concerned 'the totality of our interests in the whole area'; as such it involved political as well as strategic interests. In a defence context, the east and west coast of Africa were just as important as the south African. If a choice had to be made between retaining facilities in east and west Africa or risking them in South Africa, Carrington said he would opt for the former because South Africa would never join the Soviet camp and because offence given to African countries would tend to make them more susceptible to Soviet and Chinese influence. In further discussion the view was expressed that studies already undertaken by officials perhaps over-emphasised the threat to British interests entailed in a resumption of arms sales. There was not absolute unanimity on the issue among African governments, and still less outside Africa. Economic forecasts had made much of the threat to trade but perhaps too little to investment and future development prospects in South Africa. It was generally agreed the political aspects, especially the threat to the unity of the Commonwealth, were more important than the economic. African fears might be allayed if a decision over arms could be coupled with 'a firm reassurance' regarding South African intentions, a point which might be raised with the South African foreign minister. Summing up Heath expressed concern that the government should not be seen to be hesitating over its pre-election pledge to overturn the arms embargo. This was not a specific commitment in the Conservatives' election manifesto but soon after the election Douglas-Home sparked controversy by suggesting arms sales would be resumed. In the DOPC the prime minister also argued it was important for the government to be guided by, and not deflected from, the defence of British interests. The leverage the USSR would have over oil supplies if it achieved control of the Cape sea routes could not be ignored. In this context facilities in other parts of Africa were of limited value. But no immediate decision could be taken. To date the government had been preoccupied with Middle Eastern matters,<sup>1</sup> and the next step would be to hold discussions with the South

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<sup>1</sup> A reference to the crisis which began on 6 Sept 1970 when the Popular Front for the Liberation of Palestine (PLO) hijacked four aircraft in mid-air over Europe. Two of the aircraft were forced to fly to Jordan. A third was blown up at Cairo airport after the evacuation of the passengers. The fourth, an El Al (Israeli) Boeing 707 from Amsterdam to New York with 145 passengers, made an emergency landing at Heathrow airport after a mid-air battle between the crew and two hijackers, a man who was killed, and a woman, Leila Khaled. On 9 Sept another aircraft, owned by British Overseas Airways with 114 passengers, was hijacked en route from Beirut to Jordan and forced to join the other two planes in Jordan. Over 200 hostages were held on the three planes in Jordan. To secure their release, Britain released Miss Khaled and the governments of Switzerland and West Germany released six Arabs they were holding in prison on terrorist charges.

African foreign minister and African leaders. The discussion also touched on the question of whether, if the sales went ahead, they might be sabotaged by industrial action in Britain. The Committee discounted the possibility but asked the minister of technology (John Davies) to report (FCO 45/672, no 484, DOP(70)5.)

I attach two papers by officials which are designed to help us to decide our policy on the sale of arms to South Africa under the Simonstown Agreement (Appendix A—Possible Meeting on the Security of the Indian Ocean; and Appendix B—Contacts between South Africa and the Rest of Africa).<sup>2</sup> My colleagues may also wish to refer to three earlier papers: Implications for British Interests of United Kingdom Arms Sales to South Africa (DOP(70)18); South African Intentions (DOP(70)19); and Arms for South Africa (DOP(70)29).

2. During the last period of Conservative Government we sold arms for external defence and when in opposition we said quite clearly that we would do so again.

3. It is fair to say that with South Africa occupying an important strategic position, the only reason we hesitate to sell is because her internal policies of apartheid raise such strong emotions inside the Commonwealth.

4. In the talks which the Prime Minister and I have had with leading Africans it has become clear that the plea against sale is based solely on the contention that the sale of any arms at all would confer respectability on a government and country which insults the dignity of Africans by denying them political equality. Security does not influence them and they concentrate entirely on Britain being seen to line up with a white minority government.

*The various considerations to be weighed defence*

5. The military advice is that Simonstown is important but not vital in the planning of our security; and that on balance it would be less harmful to put at risk South African co-operation if only in peace time, than that of Black African and other Indian Ocean countries. But the clear defence interest is to retain both. That would, of course, be the ideal and later I consider whether a wider scheme for the defence of the Indian Ocean might help us to do just that.

6. But having read all the appreciations I feel that the threat from the Russians in the Indian Ocean may have been under-estimated.

7. It has only taken them four years seriously to modify the balance of power in the Mediterranean and they have done this by the acquisition of naval and air bases under their own control. This is the first time Russia has acquired bases overseas as part of an expansion programme. There is evidence from Somalia, Aden and Socotra that they are contemplating establishing the same military pattern in the Indian Ocean. This aim would be greatly facilitated by the opening of the Suez Canal.

8. It is said that if the Russians were to interfere with Britain's ships that would mean that the two countries were at war.

9. But the nature of interference is seldom clear-cut and cannot be exactly foreseen. We have had to send military expeditions abroad on many occasions since the war and in few if any of them was the situation with which we were faced foreseen. The Soviet objective is by the use of power to close as many options as they can to the West and to put us in a position where it is we who have to challenge, if it is necessary to keep an option open. We do not want to put ourselves in a position

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<sup>2</sup> Appendices not printed.



where the only answers to interference are capitulation or war. We might be offered additional facilities of a sort in Black Africa (for instance in Mombasa or Mauritius), but quite apart from any question of cost, we would have no comparable security of tenure. Simonstown now and for the foreseeable future is certainly important. If we are to make a reality of exercises and planning, a naval contribution of ships and reconnaissance aircraft is a very necessary part of the whole.

10. It is argued that we could still use Simonstown without any sale of arms to South Africa: that the South African Government would be reluctant to denounce the Agreement, since that would leave them without any formal defence link with a Western country; and that in view of their recent gesture over arms sales, the French Government would be unlikely to be ready to take our place. I doubt however if a South African Government could justify for much longer our continuing use of Simonstown, at least in peacetime, if we fell down on the supply of arms. To do so would make our claim that we 'share' the defence of the Cape routes no longer tenable. The Minister of Defence in South Africa is showing signs of impatience. Moreover the Law Officers advise that there is a specific legal obligation under the Simonstown Agreement to supply Wasp helicopters for three anti-submarine frigates (this view is not of course known to the South Africans).

11. My feeling is that the military advice gives too little weight to the unreliability of alternative bases in African countries and underestimates the ability of the Russians to put us in situations where we always find ourselves challenging them in order to do what we want.

### *Economic*

12. The amount to be earned according to the shopping list presented by the South African Government from the sale of naval equipment and arms would be in the region of £100 million, over five years, if all the items concerned were to come within the terms of our policy decision, without taking into account the sale of spares. In spite of Mr. Wilson's pledge to break the contracts the orders would be likely to be placed.

### *Political considerations*

13. Certain Commonwealth countries feel so strongly about the issue of apartheid that they threaten reprisals against us if we proceed with sale. The threats vary from leaving the Commonwealth, to expelling Britain from the Commonwealth and to economic action against Britain. The last could include the transfer of sterling balances; a co-ordinated agreement between African countries to exclude British companies from contracts or competitive investment (several prospects are being held in suspense by African Governments at present) with the object of ensuring that the net economic outcome of sales to South Africa is a loss; and the imposition of restrictions of various kinds which could adversely affect the operations of e.g. British oilfields in Nigeria. There is also a likelihood of physical attacks, whether inspired or spontaneous, on our property and citizens in some African countries where we have large communities at risk.

14. President Nyerere has taken the lead in declaring that he will leave the Commonwealth; and were he to get up and say that as an African he had no alternative, then others would find it very difficult not to follow his lead. Presidents Obote (Uganda) and Kaunda (Zambia) would probably feel that they had to follow

him.<sup>3</sup> President Kenyatta (Kenya) would be more cautious, but we cannot count on him to stand out from the other East Africans—the plea that Kenya and other sensible countries make is that they should not be forced to choose between us and their fellow Africans.

15. Of the rest, Nigeria has taken a rather more extreme position than expected: that is true too of Sierra Leone. While Ghana and Mauritius take a more balanced view, Lesotho and Malawi would give us support and Botswana would certainly not help to break up the Commonwealth.<sup>4</sup>

16. Of the Asians, India and Ceylon are unpredictable. Mrs. Gandhi is dependent on left-wing support and Mrs. Bandaranaike<sup>5</sup> is very left-wing herself. Though Mrs. Gandhi has issued no warnings, it is uncertain whether she could stand up to the pressures on her to leave the Commonwealth. Singapore would support us and Malaysia probably make noises but do nothing. Australia and New Zealand have an interest in the security of the Indian Ocean and would defend our right to decide for ourselves without interference from Commonwealth countries. For the rest, Canada would disagree with our policy but would try to prevent a break-up of the Commonwealth. There is some evidence that Guyana might leave the Commonwealth, possibly followed by Trinidad. Fiji certainly would not do so.

17. The danger is that if the 'front-line' countries, Tanzania and Zambia, left the Commonwealth, almost certainly followed by Uganda, others despite their wish not to break up the association would find themselves under pressures they could not resist, and if some large countries like India, or possibly Nigeria, withdrew they might be joined by some smaller ones e.g. by Guyana and Sierra Leone. Nigeria would probably try and enforce an economic penalty and not seek to break the Commonwealth. India is unpredictable.

18. A decision which led to a break-up or substantial departures from the Commonwealth would have long-term effects which it is difficult to estimate. They range from direct economic consequences to more intangible effects, such as the extent to which we might find ourselves increasingly pushed towards the South African position, e.g. in the U.N. and elsewhere, and the consequences to our relations with the third world generally. More fundamentally, I believe that if the Commonwealth goes we could experience a surprising loss of position in the world. Against that one has to recognise that once the Africans and Asians feel they can successfully squeeze us the process will go on.

### *Timing*

19. If we decide to stand by the policy, then the choice is between playing the matter short or long. The danger in taking an early decision is an explosion with

<sup>3</sup> For Heath's meeting with Nyerere, see 385. President Kaunda attended a dinner at Downing Street on 16 Oct having already infuriated Heath upon his arrival at Heathrow by claiming he had come to the UK to appeal to the British people over the heads of the government. Referring to trade between Zambia and South Africa, Heath accused Kaunda of hypocrisy at the dinner. Government sources described the encounter as 'rational not emotional'. Kaunda left admitting the evening did not have 'a happy ending'. John Campbell, *Edward Heath: a biography* (London, 1993) pp 337–338.

<sup>4</sup> Extensive studies were undertaken by officials of how mainly African Commonwealth countries might react if Britain resumed arms sales to South Africa, and what counter-measures in defence of British interests the government could take in relation to aid and technical assistance. For details, see FCO/59/549–551, 600–601.

<sup>5</sup> Sirimavo Ratwatte Dias Bandaranaike, prime minister of Ceylon/Sri Lanka, 1960–1965, 1970–1977.

unpredictable consequences: the questions to be answered if we play it long are whether, with time, the tension would deflate, or whether certain Commonwealth countries would gang up and present us with an ultimatum that they would leave the Commonwealth unless we decided against the sale of arms. In the latter case it would be clear that despite their denials they were seeking to dictate policy to us; and this direct challenge might be easier to meet than the present situation, in which they concede that the decision is ours, but say that they will have to take action if we decide in a certain way.

20. A factor in the judgement of timing is whether it would help to inject other issues into the debate, so that there are alternatives to the straight and immediate question 'Yes' or 'No'. There are two proposals which we could place alongside our intention to sell a limited supply of arms:—

- (i) An offer to consider with the countries of the Commonwealth ways and means of arriving at more satisfactory policies towards South Africa than freedom-fighting and war.<sup>6</sup>
- (ii) An offer for the future to study with those interested the possibility of placing the defence of the South Atlantic and Indian Ocean on a wider basis.

These two ideas derive from our contacts with African leaders and either one or the other, or both, have attraction for some of them and could help to modify their attitude to the main question. They are discussed fully in the Appendices to this memorandum.

21. An alternative course would be to try and work for an agreed moratorium on the issue with South Africa, during which some of the dangers might be dissipated. This would involve persuading the South Africans, against the background of recent encouraging statements by President Houphouet-Boigny and Dr. Busia,<sup>7</sup> to defer any arms orders for an agreed period, as evidence of their good intentions towards the other African states, while the possibilities of improved contacts with Black Africa were explored. On our side we should have to couple with this a statement that we were not withdrawing our present declaration of intent, and an offer, say, to lend the South African Navy the Wasp helicopters they need to maintain their anti-submarine capability. The prospect however of the South Africans agreeing to such a moratorium seems very slight. They do not appear to be in a mood to help us but rather one in which they are insisting on their pound of flesh: and if, to secure their co-operation, we had to state that we would sell them arms after the expiry of the moratorium period, this would risk most of the same reactions as would follow a decision to sell without further delay. The only sanction open to us would be to tell the South Africans that the total balance of advantage to our interests came out against our supplying arms to them in the immediate future, and to offer them this

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<sup>6</sup> This was covered in appendix B to this memo. The main proposal was that a conference of African countries might be held to discuss South Africa. A conference would enable the UK to demonstrate 'in a dramatic way' the *bona fides* of the government's opposition to South African apartheid. But there were grave risks. 'It would be intolerable to the South Africans, and dangerous to our interests in South Africa, if we appeared to them to be taking a lead in discussing with other States how their internal system of Government might be undermined. Statements about our dislike of apartheid are different in kind from being openly seen to be promoting measures, however pacific, for its overthrow. The South Africans would see this a direct interference in their internal affairs.' Two annexes to appendix B covered trade and contacts between South Africa and other African countries.

<sup>7</sup> Prime minister of Ghana, 1969–1972 (deposed in military coup).

way of saving face. But this would at once raise the future of the Simonstown Agreement and of the facilities at present available to us in South Africa.

22. The alternatives seem to be:—

(i) To stimulate South Africa to place an order for ships (and the outstanding Wasp helicopters), to accept it and face the Commonwealth with a *fait accompli*.

(ii) To say soon that we intend to accept orders within the defined range of equipment and arms and to accompany that statement by one or other of the offers in paragraph 20 above, or a combination of them.

Both these courses would be likely to precipitate Commonwealth reactions.

(iii) To take the matter through the Commonwealth Prime Ministers' Conference with or without the offer of subsidiary studies or conferences.

23. The arguments for acting reasonably quickly are mostly political. The most important is that we should be seen to carry out the policies which we put forward in opposition.

24. The arguments for playing it long are that the Commonwealth Conference is close and it is the natural forum; that the forces that work for the preservation of the Commonwealth will be at their strongest in Singapore; that emotions will deflate (in Africa they rise and fall very fast); that reason and persuasion will make an impact; and that with other important work being taken, the members will be reluctant to break up the association. At present I lean towards playing the matter through the Prime Ministers' Conference, but it is a very difficult choice.

### **387** FCO 45/672, no 479

6 Dec 1970

#### **'Arms for South Africa': note by M MacDonald (Kampala) for Sir A Douglas-Home on political and other opinions in Africa**

During my visits to Kenya, Uganda, Tanzania, Malawi, Zambia, Botswana, Lesotho and Swaziland I discussed the problem of a possible sale of arms to South Africa with not only all the black African Heads of Government except Kaunda in Zambia, but also with white Cabinet Ministers, white farmers and other settlers, British commercial tycoons engaged in big business in Africa, and Diplomatic Representatives of various Western nations and Asian countries. My opinions resulting from those comprehensive talks are summarised below.

2. We British must of course consider the problem, and take our decision, primarily from the point of view of what is in our best British interests. Undoubtedly some sale of arms to South Africa would help to protect those interests against the Russian presence in the Indian Ocean; but without any doubt that gain for our interests would be far more than offset by the much greater consequent damage done to them—to the Russians' advantage—elsewhere. The main reasons for that damage would be:—

(a) Our action would cause an immense reduction in British influence throughout Africa north of the Zambezi, and also in the independent black African countries south of the Zambezi. This would inevitably open the way for a great increase in Russian, Chinese and other Communist influence in most of that vast and important area;

(b) it would almost certainly also cause a considerable break-up of the Commonwealth. (The only chance of avoiding this would be to try to find a compromise settlement with our African, Asian, Canadian, Caribbean and other critics on this issue at the Commonwealth Conference in Singapore, which might possibly reduce the considerable number of withdrawals from the Commonwealth which would otherwise take place.) I know from my associations with the governments and peoples in the United States of America, Canada, Asia, Africa and other regions during recent years how significantly Britain's current prestige and influence in world affairs spring from our successful creation and maintenance of the multi-racial Commonwealth, and how severely that prestige and influence would be reduced by a collapse of the Commonwealth as a result of some action taken by the British Government, especially on such a world-wide unpopular issue as a sale of arms to the racist white minority regime in South Africa.

3. In addition to these blows to British interests, our businessmen in Africa (such, for example, as the Shell representatives) say that this act would hit very badly our commercial interests in various parts of the continent. The white Cabinet Ministers, farmers and other settlers plead that the present security which they contentedly enjoy in nations under black majority rule could become seriously prejudiced. And the leaders of Britain's most sturdy friends among the independent black African nations (such as Kenya, Nigeria and Botswana, not to mention Malawi) say they would be placed in an extremely difficult position in which (with the exception of Malawi) they would inevitably have to choose to weaken their friendly ties with Britain rather than lower their own standing in Africa.

4. Western diplomats urged on me that the great damage would naturally extend beyond British interests, and would greatly hurt American and other Western interests also, to the advantage of the Russians and the Chinese.

5. Nyerere, Obote and other similarly minded African leaders in the Commonwealth would deplore any decision to sell arms to South Africa partly because of the deep rift it would cause in friendship between their peoples and Britain. Although their partnership with Britain in the Commonwealth is perhaps a bit more detached than that of the others mentioned in paragraph 3 above, they are still fundamentally pro-British, and would like the partnership to grow steadily stronger rather than weaker. In the 'love-hate' complex of their peoples towards once-upon-a-time Colonialist Britain the love element remains at present distinctly stronger than its opposite, but this could be reversed at once by any sale of arms to South Africa.

6. Another significant consideration arises. It is of immense importance that the difficult, delicate and dangerous inter-racial problems which afflict southern Africa should be gradually solved by peaceful, not violent means. The Commonwealth can play a very valuable part in helping to achieve this, provided that it remains fully representative of the many different racial elements who now compose it. But if the Commonwealth gets broken up, the prospect of a mostly peaceful evolution in southern Africa will greatly decline, and the likelihood of increasing resorts to violence (by both sides) will grow. The African leaders would regret this, as they made clear in their Lusaka Manifesto.<sup>1</sup>

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<sup>1</sup> See 385, note 5.

7. The analysis of the consequences of a sale of arms to South Africa sketched above represents the almost unanimous judgment of all the black, white and other governmental, diplomatic and business authorities in Africa with whom I discussed the problem. They therefore greatly hope that some alternative means of sustaining our naval strength against the Russians in the Indian Ocean will be found. This does not mean that we need reduce in any way our present degree of co-operation with the South Africans in Simonstown and elsewhere. The objection is only to a reversal of Britain's present policy of no arms sales to South Africa.

8. We may feel critical of some of the African leaders' attitudes to this problem; but we should understand their reason for it. They are not anti-British; on the contrary they have hitherto all regarded Britain as their countries' best friend. They are not pro-Russian or pro-Chinese; on the contrary they are sincerely non-aligned in their international relations, and would deplore any increase of foreign Communist influence in Africa. But this arms issue touches vitally their quarrel with South Africa. To them the racist policy of 'apartheid' which treats all black Africans as inferiors, and which exerts itself by vicious, often appalling police-state methods, is as totally abhorrent as Hitler's policy of Jewish suppression was to the Jews (and to their Western democratic friends). In this context they cannot understand our pleas to them to reject violent methods of overthrowing 'apartheid' whilst at the same time we contemplate selling arms to the South Africans, who would undoubtedly use those arms if and when they think it necessary to defend 'apartheid' and defeat its enemies by violence.<sup>2</sup>

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<sup>2</sup> Acknowledging MacDonald, Home replied: 'I can swallow most things except Nyerere's behaviour in arming Tanzania from China: a policy which he is intensifying every day. Remember he sacked the Canadians who were willing to do the job for him!' (FCO 45/672, no 481, letter, 16 Dec 1970). For the outcome on the issue of South African arms, see 277–280.

### **388** FCO 31/1024, no 109

3 Feb 1971

[Uganda]: FCO brief for Sir A Douglas-Home on recognition of the new regime in Uganda following the overthrow of President Obote<sup>1</sup>

The present situation in Uganda is that General Amin, with the co-operation of the police and it would appear, the preponderance of the Civil Service, has control over the whole of Uganda. A few dissident soldiers are still being rounded up but there is no evidence of organised armed opposition. On 2 February General Amin proclaimed himself Supreme Commander and Head of State, dissolved parliament and appointed an Advisory Council of Ministers. The Council consists mainly of non-controversial civil administrators, is reasonably representative of the main tribal groups and contains none of President Obote's ex-ministers. It is sufficiently broad based and competent to constitute with General Amin, a credible non-political caretaker government.

2. However, General Amin's position is not yet assured. It is reported that he is worried about morale in the Acholi tribe of which a large number of the army and police, including the Inspector-General of the latter, are members. At the same time

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<sup>1</sup> In Jan 1971 Obote was deposed in a military coup by Maj-Gen Idi Amin, the army commander.

the Baganda, at first enthusiastic over President Obote's downfall, are now, according to a Baganda contact in London, on the way to becoming disenchanted by growing awareness that General Amin does not intend to restore the Kabaka, at any rate with the full powers previously attached to his office. There have been some indications of the fragility of the alliance between General Amin and Oryema, the Inspector-General of Police whose co-operation is vital. So while it appears that a number of leading Ugandans of all tribes have rallied to General Amin, his political hold on the country must be regarded as not fully assured.

3. Outside Uganda President Obote continues his efforts to drum up support from other African countries. It is clear that the Uganda situation is tending to divide the Black African Governments into two groups; the so called 'progressives' who clearly see the usurpation of Dr Obote's presidency as damaging to the African community and damaging also to their claim to represent the people of Africa in the matter of British arms sales to South Africa in particular; and the 'moderates', none of whom has yet felt able to recognise General Amin, though secretly sympathetic to him.

4. If Britain were now to recognise General Amin, the indications are that we should be closely followed by a number of Western European countries, Israel and probably the United States. It then seems likely that recognition by what the 'progressive' Africans would regard as a combination of Imperialists, NATO and anti-Arab governments, would make it proportionately more difficult for the 'moderate' Africans to recognise and consequently redound to General Amin's longer term disadvantage, which we judge to be HMG's disadvantage as well. In these circumstances we are canvassing the Kenya, Ghanaian and other 'moderate' African governments whom we judge likely to be sympathetic towards General Amin, with a view to recognising him simultaneously or nearly so and we are hoping that we can discreetly let General Amin know of these efforts which we are making on his behalf.

5. We have however had a private message from Nyerere urging us to hold our hand. He is of course a firm supporter of Obote, but the message bears out the dangers of dividing Africa by too early recognition.

### **389** FCO 31/1017, no 59

6 Aug 1971

#### **'The first six months of General Amin's government': despatch from R M K Slater<sup>1</sup> (Kampala) to Sir A Douglas-Home**

Six months have elapsed since General Amin's Government was sworn in. It is not an ideal time to take stock, but I doubt if the ideal time will ever come.

2. The very patchy performance described in this despatch can be better understood when it is realised that the Government operates at two levels—the Cabinet, consisting mainly of technocrats, and a clique of army officers, referred to as the Defence Council but not always easy to identify. At the risk of over-simplification, I would say that the Cabinet stands for moderate and sensible, if not very inspired, policies; the Defence Council for adventurism abroad and the pursuit of personal and tribal interests at home. Amin veers like a weathercock between the two groups. He

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<sup>1</sup> High commissioner to Uganda and ambassador to Rwanda, 1970–1972.

recognises the competence of his Ministers within their respective fields; but their collective influence appears to be limited. He understands his officers better, shares their appetite for expensive military equipment and realises that his position depends on their continuing loyalty.

3. If Amin's record as a leader of the Government has been unimpressive, his stature as a leader of the people has if anything grown since the early days of the *coup*. He has established a *rapport* with the masses which Obote, for all his chatter about the common man, was never able to do—indeed I sometimes wonder whether he really tried. The new President has travelled indefatigably throughout the country, presenting himself and his constant retinue of Ministers as a Government which really cares for the people. He has played effectively on a limited range of simple themes: the determination of the Government to raise the standard of living in specific ways easily comprehensible by his audiences; their readiness to listen to anyone with a problem; the need for unity and brotherhood to heal the rifts between and within the tribes and religions; the ability of the armed forces to deal with any threat, internal or external.

4. By all accounts, the popular response has been good; certainly this is true of the performances I have witnessed. Amin is a man the people can understand. His humble origin, direct speech and simple faith in God, apparently free from any bigotry, tell in his favour. His manifest enjoyment of the lighter side of his 'meet the people' campaign—the dancing and other forms of entertainment on which money has been freely spent—is an endearing trait. His courage commands respect; he takes no visible security precautions, even in areas where hostility might be expected. Among the Baganda his popularity, assured from the outset by his removal of Obote, has been enormously enhanced by the funeral of Sir Edward Mutesa—the master-stroke of his public relations campaign.<sup>2</sup> While the Baganda may be expecting too high a price for their continuing support, for the present at any rate Amin's personal popularity in the country as a whole is a factor which must be taken carefully into account by any potential usurper.

5. But popularity is not a substitute for Government, and the frequent and prolonged absences of the President and his Ministers from Kampala have been expensive in terms of administrative efficiency. Amin claims that his is a Government of action not words. In fact there has been a surfeit of words but very little action. Certain administrative adjustments have been made, such as splitting the unwieldy Acholi district into two, but otherwise little has been done except to identify the problems and appoint committees to deal with them. Good intentions proliferate, but there is no sign of a coherent plan for putting them into effect, nor is there any consistency in the pursuit of declared policies.

6. Inconsistency is most apparent in the economic field. Amin inherited a mess from Obote, including commitments to nationalise the private sector at a cost far beyond the country's resources. Amin's Government sensibly decided to cut back on this programme, for which it in any case had no ideological stomach. Of the 80 companies on the list for State participation, only 18 now remain. That Uganda must cut her coat according to her cloth is the constant refrain of official pronouncements; and in his Budget speech the Minister of Finance prescribed a period of austerity. Nobody in his senses could dispute the need for it. Amin himself

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<sup>2</sup> The body of the former Kabaka was brought home for traditional burial.



however has displayed and continues to display complete financial irresponsibility—no doubt shared by the Defence Council. This is predictably most marked in the field of military expenditure, but extends well beyond it. Wherever he goes he promises new roads, hospitals, schools, water supply schemes—almost anything for which there is known to be a local demand. His latest craze is an external broadcasting service with world-wide coverage. It remains to be seen how many of these projects will come to fruition, but the extravagance of Amin's ideas must be placing a considerable strain on his relations with his economic Ministers.

7. In foreign affairs too inconsistency is the order of the day. The Foreign Minister spends much of his time mending fences into which Amin has blundered. It is true that Amin has been sorely provoked by Tanzania and the Sudan, as well as by the OAU. But the manufacture of constant crises has not been in Uganda's best interests. Amin's credibility has dwindled almost to vanishing point, and he placed himself in a thoroughly false position by closing the frontiers with Tanzania and Rwanda—relenting on the latter only after much pressure had been brought to bear.

8. In all this the influence of the military clique can be detected. But I cannot be sure that they have had to push Amin very hard. Hawkishness comes all too easily to him. From the way he sometimes talks, it might be supposed that open hostilities already exist between Uganda and the countries that have incurred his wrath. He seems to have turned Clausewitz upside down and to regard diplomacy as an extension of war by other means. He has—or at least professes—a sublime and quite unfounded confidence in the ability of his armed forces to carry out any adventure which he may prescribe.

9. Fortunately saner counsels from the civil side appear to have prevailed in other areas of foreign policy. By cancelling the provocative appointment of Bigirwenkyia as his Minister for the East African Community and substituting an apparently acceptable candidate, Amin has given fresh hope for the future of the Community. By paying his respects to Emperor Haile Selassie and making in the process a gesture towards African unity, he has atoned in some degree for his refusal to attend the last OAU meeting. He has also looked to his relations with Kenya, the Congo and Nigeria.

10. Up to this point the record, if not brilliant, is not disastrous either. What must cause acute concern for the future is Amin's handling of tribalism, indiscipline in the army and general lawlessness.

11. It will be recalled that tribal divisions played a crucial part in the *coup* itself. Obote had planned to use Acholi and Langi troops in the elimination of Amin, and it was inevitable that anger against the ex-President should rub off on his instruments. Amin's own attitude was impeccably magnanimous. The Acholi and Langi, he insisted, were good people who had been misled; they must not be victimised. But the fat was in the fire and retribution pursued its bloody course, particularly up north. A subsequent effort by Amin to conciliate the Acholi at the expense of the Langi failed. Whether or not the Acholi believe in Amin's good faith, they do not believe in his ability to save them from persecution. The result is that both tribes, totalling more than a million people, suffer today from a deep sense of insecurity and see little hope for the future. Many have disappeared into the bush. Others have taken refuge in the Sudan and Tanzania, where support from Obote's funds may well be dependent on their training as guerrillas.

12. Time might be expected to heal these wounds if it were not for the

breakdown of discipline in the army, where the tribal passions released by the *coup* have rifles and ammunition with which to express themselves. At the time of the *coup* the Acholi and, to a lesser extent, the Langi accounted for a very large proportion of the officer corps. These men can now be almost entirely discounted. They have fled or been killed or imprisoned. The resultant vacuum in the command structure has been filled by promotions based not on professional competence but on tribal origin and performance at the time of the *coup*. Of the new senior officers, drawn mainly from the West Nile, few have either the ability or (when it comes to stopping the persecution of Acholi and Langi) the will to impose discipline on their men. The result is that incidents of a tribal complexion can get rapidly out of hand, as they did in June and July at Mbarara, Jinja and Moroto, where the loss of life was heavy—and had nothing to do with Obote's guerrillas. Meanwhile, educated officers of proven competence, including the products of Sandhurst and Mons, languish at junior rank, demoralised by the spectacle of an army where professional standards appear to be irrelevant.

13. Amin must be well aware how fragile the situation is and how urgent the need to remedy it. But without a 'Praetorian Guard', loyal, mobile and well-equipped, he has no means of enforcing his will and the field lies open to personal ambition, tribal prejudice and individual caprice. No unit can stand up to the Mechanised Battalion, whose West Nile officers show every sign of placing personal and tribal interests before their loyalty to the President. The answer lies in the arrival of new equipment to dilute this monopoly of physical power and in the restoration of professional standards in the officer corps. In both respects Britain is well placed to help. Meanwhile, Amin stands as the sole and increasingly less credible bulwark against anarchy in the armed forces—which would lead to anarchy in the country.

14. On the civil side the failure of Obote to maintain law and order figured prominently in the 'soldiers' indictment of his Administration. Amin has not done much better. Until a few weeks ago armed robbery was an almost daily feature of the urban scene and the police seemed incapable of effective action, either preventive or remedial. The police force was in fact utterly demoralised. Already well under strength at the time of the *coup*, its command structure collapsed immediately afterwards (the Acholi Inspector-General became a Minister without replacement) and, apart from exhortations to do better, Amin showed no signs of tackling the problem. The command structure has at last been restored after a fashion and the Government seem ready to accept help from ourselves and the Kenyans over training and equipment. They will need it. The recent drop in the incidence of armed robbery is probably ephemeral, and it will be some time before basic conditions improve.

15. This is the rather sombre background to a bright chapter in Anglo-Ugandan relations. Amin is described in our pre-*coup* Personalities Report as 'not particularly pro-British'. I think this judgment should be revised. It is true that he needed our help after the *coup*, and this must be taken into account in evaluating his protestations of friendship. But after studying him closely for six months, I have no doubt in my mind that he has a genuine affection and respect for the British Army, which rubs off on to Britain as a whole. In particular, he admires British truthfulness and fair play. I believe therefore that his overtures to Britain were not inspired solely by the exigencies of the moment; and I am sure that he is sincerely grateful for what we have done and offered to do—early recognition, help over the funeral of the ex-Kabaka, military and police training, the development loan and so on.

16. His gratitude was frequently expressed during his brief visit to Britain in July. It is still not entirely clear why he proposed himself at such short notice. His requests for material support were not pressed with any great vigour, nor did he seem unduly put out by our efforts to curb his appetite for expensive military equipment. I am sure that in part at least it was a sentimental journey; he wanted to say thank you in person to The Queen and the British Government, besides assuring himself of our moral support—not necessarily against unfriendly neighbours, but in general.

17. His claim to moral support was not strengthened by the outbreak of tribal fighting within the army and the fabricated crisis with Tanzania intended to cover it up. I find it hard to decide whether Amin is immensely gullible or whether he lacks the truthfulness which he admires in the British. He certainly has a capacity for self-deception; and his resistance to unpalatable truths is aided by a slow-moving mind. This, combined with political immaturity and over-confidence, makes him something of a liability. But he is at present much more of an asset. So long as he stays in power, Ugandan reactions to controversial British policies in Africa will be containable and the influence of the moderates in the OAU will be strengthened. It remains therefore a British interest to see his régime consolidated, while bringing what influence we can to bear on his policies. I would only add one last thought. Amin's departure from the scene would not necessarily mean a repetition of all the difficulties we experienced with Obote, whose hostility to Britain was a personal thing and did not reflect the attitude of Ugandans in general. And I would lay heavy odds against the return of Obote.<sup>2</sup>

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<sup>2</sup> In Aug 1972 Amin ordered all Asians who were not citizens of Uganda to leave. Within three months about 60,000, half of them British passport-holders, had left. Britain took in about 28,000, although with reluctance and only after attempts by the Conservative government, either to persuade other countries to accept them, or to find an island home where they might settle. Canada accepted 5,000, the US, Sweden and West Germany accepting smaller numbers. Last minute offers by Greece, Malta, Spain and Morocco left only about 800 in Uganda as stateless persons under UN protection. Much to the 'amazement' of the colonial secretary in the Falkland Islands, the colony's Executive Council offered to take in doctors, teachers, artisans, domestic servants and farm workers, said locally to be in 'chronically' short supply (FCO 44/693, no 1, T H Layng to D G F Hall, 20 Sept 1972).

### **390** FCO 59/627, no 89

18 Aug 1971

#### **'Malawi: first impressions': despatch from W R Haydon<sup>1</sup> (Blantyre) to Sir A Douglas-Home**

I do not suppose there are all that many people in the Service who can boast, if that is the word, of having had a leopard in the garden. I can—in Zomba. That made quite an impression on me.

2. However, the first impressions began in London. As soon as my appointment was known a number of well-meaning individuals offered advice. This took in the political situation, inevitably the President and the succession, the climate, the country and so on. Some of the advice has been, to say the least, misleading; but about one thing, all were agreed and all understated. The beauty of Malawi is quite

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<sup>1</sup> High commissioner, Malawi, 1971–1973.

outstanding. I have lived in many places and seen a variety of splendid landscapes. I was unprepared for the magnificence of the highlands, the rivers, and above all the Lake, the beautiful Lake Malawi. I was unprepared, too, for the unending vistas of plains, hills, mountains and plateaux which spread out before you from the houses and gardens in Blantyre and Zomba. Indeed, 'On a clear day you can see . . .'.

### *British presence*

3. Nor had I appreciated the measure of the British presence and influence in Malawi. The administration, industry and commerce are still run by Britons. Leaving aside commerce and industry, a genuinely random sample of posts, not in order of seniority or importance, held by Britons should show what I mean. The Attorney-General, who is also the Secretary to the President and Cabinet, and head of the Civil Service; the General Manager of the newly formed Import and Export Company; the Permanent Secretary at the Ministry of Works, who is also Chairman of the New Capital City Development Corporation; Managing Director of the National Bank, General Manager of the Malawi Development Corporation, Auditor-General, Solicitor-General, Accountant-General, Vice-Chancellor of the University, Commander of the Malawi Army, Head of the Special Branch, Chief of the CID, all are British. And there are many, many more.

4. British aid is greater than that of all countries put together. The British community, some 7,000 strong, is the largest except for the Asians who number about 11,000, and are anyway mostly British passport holders.

5. Business and industry are dominated by the British.

6. We are Malawi's biggest customer and Malawi buys more from Britain than from any other country.

7. Apart from the indigenous languages, English is the tongue. The President addresses the people in English on public occasions, and is interpreted into Chichewa.

8. Much of the pomp and pageantry derives from Britain.

### *What are the British in Malawi like?*

9. I have been impressed with the sober, hard-working approach which characterises most Britons in Malawi. As I have found elsewhere, some of the lower echelons are not very intelligent and are insensitive to the local people, but the higher you go in the business world the better they are: and at the top they are very good indeed. The British civil servants on loan or secondment, or employed directly by the Malawi Government, are mostly of high calibre and dedicated. They mix more easily with Malawians than do the businessmen. There is surprisingly little contact between business and Government which is partly due to the odd situation caused by the two towns, Zomba (Government) and Blantyre (commercial) being 42 miles apart. Two separate societies have grown up and they do not mix willingly.

10. The business community fluctuate in their feelings about their future. They are rightly concerned about possible future attempts by the Malawi Government to enforce greater participation in foreign-based companies. They are naturally fearful of the Forfeiture Act, are upset when people are declared Prohibited Immigrants with no reasons given; they complain, quite rightly, about the iniquitous ways of some Ministers and other VIPs who borrow money from the banks and firms and do not

pay it back. They sometimes exude gloom, sometimes qualified optimism. No businessman here feels one hundred per cent secure.

11. But they enjoy a high standard of living in a beautiful country with an agreeable climate, where the local people treat them pretty well. Most of them, especially those who have lived here many years, do not want to leave.

12. Then there are the settlers, who are in a different category. Many of them are, or have been, owners of extensive tea and tobacco estates. Many of these are being taken over by Malawians, either from the public or private sector. Some of the settlers are bitterly resentful, but a lot of them seem to accept it as a regrettable fact of life. They hope for, but do not really expect, fair compensation for the land they lose. On the whole, they hang on, often because Malawi is the only home they know and Britain is alien and a little alarming.

### *How do the Malawians view the British?*

13. Personally, my wife and I and members of the High Commission staff meet only with kindness and consideration in this country. But it is hard to judge what Malawians really think about the presence of so many white (British) faces in all sectors of life. No one has ever said anything critical to me, but Malawians would not be human if they did not feel some resentment at the dominating presence and influence of the British. They are bound to think that but for them they would get further in the Civil Service, education, business and industry. I should judge that resentment is not too deep though quite widespread and not yet serious as a negative factor in our relations. At all events, the President has said yet again (the last occasion was when the Police Force was handed over to a Malawian) that he will not 'Africanise for the sake of Africanisation'. He went even further, declaring that there would always be 'a sprinkling' of Europeans in the army, police and Civil Service.

### *The Malawians*

14. After only four months here, I can only write very superficially of the 4½ million Malawians. There are significant differences between the North, Central and Southern Regions, between the tribes, the educated and the uneducated, the urban and country dwellers. My impression is that they are unsophisticated (in the Western sense), friendly people, quite hard working, honest and phlegmatic. Their education and religious backgrounds are heavily influenced by the Scottish missionaries, the Catholics and Islam, in that order. I should not say they were particularly sensitive politically. They are beginning to have some feeling of national identity, thanks largely to President Banda's vigorous opposition to tribalism. But this could change after the President's death or removal.

15. There is something Victorian about Malawi though it is hard to define. There is a deal of cant, outward respectability and puritanism. Beneath the surface there is corruption and extortion, people are murdered, girls are bought and sold. There is hypocrisy. President Banda and the attractive Miss Kadzamira, his Secretary and official hostess, live under the same roof. Probably their relationship is platonic, though no one seems to know. But they are not married.

*The Asians*

16. I have not yet had much life with the large Asian community in Malawi, but shall be meeting them quite extensively and intensively shortly.

17. They are for the most part the smaller businessmen, owning shops in the main centres. They maintain their customs, keep very much to themselves, incline to be arrogant in their attitude to Africans; are unpopular and mistrusted, especially by the President. He just does not like them. In many ways they are a lot smarter than the Africans and if that is a strength, it is also a weakness.

*The political scene*

18. This outwardly placid, pleasant, rather cheerful little country is a dictatorship. Having served in Bulgaria and knowing something of Communism, I am aware that there is no real comparison between President Banda's style and the Communist system. None the less, there are hundreds of political prisoners, people are declared Prohibited Immigrants, businessmen do have their goods and property forfeited, and very, very few Malawians speak openly about their country, Government and President.

19. Yes, there is a Parliament, there is an Irish Chief Justice, there is a British Attorney-General.<sup>2</sup> But there is no free Press, free radio, or freedom of speech as we understand them. There is only one party, and anyone who opposes the President is removed.

*President Banda*

20. Over everything there is the Flemingesque, slightly menacing figure of His Excellency the Life President, Ngwazi Dr. H. Kamuzu Banda. Is he statesman, fearless leader, beloved father of the nation, far-sighted realist, and man of peace and racial harmony in Southern Africa? Or is he an African Papa-Doc,<sup>3</sup> a tycoon, petty tyrant, megalomaniac, figure of fun, hated oppressor of freedom? Is he mad?

21. I do not believe he is mad or even unbalanced, but I do think he is a bit of all the other things and that your attitude towards him depends on who you are. I should, I am sure, loathe and fear him were I a Malawian opposed to his policies.

22. I have seen a lot of him, and were he not the Head of State and I the British High Commissioner, I should enjoy talking to him; occasionally! He is highly intelligent, gets through mountains of work, and has the courage of his convictions. He can be very charming, has a good sense of humour, a great knowledge of history, knows many British personalities well, and can be fascinating in conversation. But I suspect his judgment and doubt his honesty; he is full of prejudices; he can be a crashing bore, he is ruthless and cruel. He is a tremendous old ham. He appears to be as fit as a fiddle. He is greedy—for power, of course, but for land and riches as well. He is now in business in a big way, some of it come by through doubtful means. Bryan Roberts has described him to me as an old-fashioned, paternalistic, Victorian capitalist.

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<sup>2</sup> B C Roberts (knighted 1973), lawyer, served in Northern Rhodesia from 1953, and Nyasaland from 1961 where he was solicitor-general, 1961–1964, and minister of justice, 1962–1963. Attorney-general of Malawi, 1964–1972; permanent secretary to Office of president, Cabinet secretary, and head of Malawi Civil Service, 1965–1972.

<sup>3</sup> François Duvalier (known as 'Papa Doc'), president of Haiti, 1957–1971.

23. I have the impression that he is out of touch with his people who do not respond to the old speeches which are trotted out again and again. Recently, he spoke in public at inordinate length about the beastliness of the European habit of dancing with others' husbands and wives. Who really cares? Not the Malawians. The lack of enthusiasm from the crowds when the President appears before them has been an eye-opener to me. The police sometimes lock the doors of Kamuzu Stadium to keep the people in when the Kamuzu speaks. I think Malawians see him too often, at least in Blantyre and Zomba. The cheer-leaders, and ululating women are not incidental nowadays; they are essential. None the less, at the closing session of the recent Parliament, he was referred to as the Messiah, likened to David (Goliath being 'the stupid Federation'), compared even with Jesus. He was extolled, referred to with love and adulation. It made sickeningly sychophantic reading in the Malawi *Hansard*. How sincere was it? I do not know, but I believe that some meant what they said, perhaps most did, while others merely trotted out the parrot phrases almost unconsciously.

24. Though Malawians surely dislike the taste of medicine which the Doctor prescribes for them, they probably think on the whole that it does them good, or that at least in the long run it will. They know he works hard, that he is determined, dedicated, is a patriot, and has courage. He has been consistent in most things.

25. His Ministers and the Civil Service are scared of him and he does not listen to their advice very often. I believe, however, that Bryan Roberts stands up to him, and that he is respected by the President who does sometimes listen to his advice.

26. I think that he rules by a mixture of the old magic, ruthlessness and because there does not at present seem to be an alternative.

27. However, he is the leader of a small, land-locked agriculture-based African country, which is doing far better than most people at the time of independence would have dared to hope, using its aid from the outside wisely on the whole; remaining united; carrying out a foreign policy which keeps it in with the white-dominated south without, so far, completely alienating it from its black neighbours. President Banda boasts endlessly of racial harmony in Malawi, and to an extent that claim is fair. But as I have said, the truth is that he dislikes Asians; and he has an odd love-hate approach to the British. In most speeches he says that Europeans are welcome provided they are not arrogant or crooked. What he really means is that they can stay if they serve *his* purpose and behave according to *his* standards. Fair enough, and may be that is the best we can expect by way of racial harmony in Malawi, or anywhere else.

28. His attitude towards Britain and the British is indeed intriguing. I think he is nearly obsessed by us. He proclaims on the one hand that he will not be pushed around by expatriate advisers and civil servants (which means Britons) and he criticises permissiveness in Britain. He is always reminding people that Malawi is no longer a colony as though that were a news flash. On the other hand, he says London is his second home, he can get sentimental about his days as a GP in Willesden, he speaks affectionately and in some awe of The Queen; he greatly admires the Prime Minister's attitude at the Singapore Prime Ministers' Meeting; he regards you, Sir, as a friend whom he respects and likes. He is a bit mixed up about us, in truth.

### *The future*

29. The future is obscure. I am only too well aware that anything can happen, and suddenly, in Malawi, but it is difficult at present to imagine the army and/or the

police and Malawi Young Pioneers engineering a *coup* against President Banda. No doubt some of the young, more progressive officers and NCOs would like to do so. But even if they could, who would they put in his place? I say this when the army is still commanded by a British officer, but who knows what might happen when the army has been Malawianised? It also has to be seen how the police force fares under the new Malawian Commissioner and just how powerful and significant the Malawi Young Pioneers are; whether, especially, their allegiance is entirely with the President. It is difficult, too, to imagine a popular uprising.

30. I suppose it is not impossible that an exiled Malawian should come back and take over (President Banda did after 40 years' absence). But again it is hard to visualise the circumstances.

31. So long as he rules Malawi in his present fashion and does not go in for too many more excesses in repression, and in material greed; provided too, he does not overdo his policy of dialogue with white-dominated Southern Africa and concentrates on foreign affairs at the expense of the domestic scene (which he constantly accuses President Kaunda of doing), Malawi can look forward to continuing stability and relative prosperity.

32. On the last, prosperity, I must, however, add a word of caution. If he were to step up his own form of nationalisation through increased participation in foreign enterprises, through application of the Forfeiture Act which can amount to expropriation, then he might so sap business confidence in Malawi that we should see withdrawal of foreign capital, foreign business and foreign know-how without which Malawi could not survive.

33. I know that there is a lot I have left out of this despatch. I have referred only obliquely to the vital matter of who succeeds President Banda and to Malawi's relations with Zambia and South Africa. I have said nothing about the students, or Rhodesia and the Rhodesians in Malawi, or what the Portuguese are up to. But this is meant to be a first impressions despatch and the first impressions are necessarily incomplete and may turn out to be ill-conceived. Other subjects will be dealt with in despatches and reports.





## CHAPTER 13

**Aid and Trade**

Document numbers 391–435

**391** CO 967/430, no 2

23 Oct 1964

**[Import levy scheme]: minute by Mr Greenwood to Mr Brown on the inclusion of the colonies in the import levy scheme**

We discussed at lunch-time today the problem of the colonies in relation to the import levy scheme.

It will come as something of a shock to them to find themselves included in this scheme. As I said this morning, it will be the first time in history that a British Government has applied sweeping general measures of this kind to the dependent territories. It is therefore most important to mitigate the economic and political effects of this as far as possible. A particularly difficult point is that Colonial Governments could argue that H.M.G. is adding to its revenues at their expense by these levies on their goods.

This charge could be answered if it could be agreed that when our balance of payments crisis is over, so that the levies can be ended, the proceeds collected on colonial goods would be returned to the Governments of the territories concerned. If a precise calculation of the sums involved could not be made rounded figures could be easily arrived at. The sums would be returned to the Colonial Governments for general economic development, not to the exporters of the products in question.

It may be objected that the bulk of money returned would go to Hong Kong. This is because our levies will apply to almost everything Hong Kong sends us. Since the economy of the territory is greatly dependent upon its export trade with the United Kingdom it is likely to be more seriously affected by our action not merely than any other colony but more seriously than any country in the whole world. Substantial economic distress will be caused and it is here more than anywhere that something needs to be done to prevent political trouble arising. Hong Kong needs to provide improved living standards for a population which is growing from refugee immigration as well as from a high birth rate. The constant increase in the refugee population is not of Hong Kong's making. It is a problem towards the solution of which H.M.G. has made no direct contribution, and to house these unfortunates, as well as the natural population increase involves heavy capital expenditure on social services, particularly housing, and water supplies. A return of the levies exacted on imports from Hong Kong should therefore not only have a favourable political effect in Hong Kong, but should also help substantially in coping with their population problems.

If a concession on these lines is to have its proper political effect in the colonies it ought to be announced to them at the same time as the announcement of the U.K. scheme. I very much hope, therefore, that I can have your agreement in principle to

my including in our message to the Colonial Governments concerned this weekend, an assurance that any levies collected on colonial goods will ultimately be returned to them. The details can then be worked out between officials of the Departments concerned.

I am sending copies of this minute to the Chancellor of the Exchequer, the President of the Board of Trade, and the Secretary of State for Commonwealth Relations.

### **392** PREM 13/1532

1 Jan 1965

#### **'Ghana's financial difficulties': minute by Mr Bottomley to Mr Wilson**

You should know of the severe financial difficulties of the Government of Ghana. It seems that these may now come to a head rather more quickly than we have been expecting.

2. For some time now Ghana has been heading for a financial crisis brought on by extravagance and mismanagement. She has run down her foreign exchange reserves (£180 million at independence) to a bare minimum of working balances of about £15 million and has incurred a formidable burden of short-term foreign debt. Successive budgets have shown heavy deficits on internal account. During 1964 she has taken some measures to reduce the balance of payments deficit, but has made no attempt to tackle the budgetary problem. Nothing has been done to cut back over-expenditure (often on prestige projects of doubtful value). On the other hand, imports have been heavily cut back and overseas remittances penalised—British commercial interests have been hurt in the process—and the result has been to discourage investment and increase the inflationary tendencies in the economy.

3. Although some Ghanaian officials are coming to realise that the position is grave, none of them yet seem to understand that the country faces bankruptcy. The President refuses even to face such limited pieces of bad news as his sycophantic advisers dare to tell him. We see no evidence that his government can be brought to undertake the comprehensive measures of economic stabilisation needed to restore the situation. The outlook is too grave to be redressed by bilateral help: what is needed is an international rescue operation initially based on recourse to the International Monetary Fund for some short-term help. The Fund (which is the body best fitted to do this) would no doubt require Ghana to undertake such a programme of stabilisation as a condition of its help. Once this was assured, Ghana's creditors, including ourselves, would be ready to discuss with Ghana (probably on lines suggested by the Fund) ways of easing her short-term debt position. But President Nkrumah is hostile to any suggestions that Ghana should place herself in the hands of the Fund. Nothing but the realisation, borne in on him by events, that he cannot get the help he needs in any other way is likely to succeed in persuading him to appeal to the Fund for help. Only by following this line does there seem any prospect that good advice will be made available on conditions that will ensure that it does not go unheeded; and only in this way can we hope to see the root causes of Ghana's difficulties remedied by a policy involving restraint both in the fields of internal and external finance, the adoption of more realistic development objectives and an end to discriminatory trading practices. America, the World Bank and Ghana's other major European creditors are all known to endorse this line of action.

4. Until recently, Ghana seemed likely to be able to ward the crisis off until next autumn. But within the last few weeks she has, in conjunction with other cocoa producers, precipitated a trial of strength with the consumers in an attempt to obtain for the current crop a world price of £190 a ton (which was the average realised over the twelve months up to July, 1964). To this end, and since the price has not risen above £180, the producers are refusing to offer their cocoa for sale. As a result, Ghana is without the foreign exchange receipts which would ordinarily now be flowing in. Crop prospects this year are extremely good, and world supply could exceed demand at present prices by anything up to 100,000 tons (about 8% of world consumption in 1964). This means that, even if the producers now decided to sell, the release on to the market of the accumulated stocks which have been bought from the farmers could depress the price significantly. Had the producers not withdrawn from the market, the price might well have fallen by now to around £170 a ton.

5. The continued suspension of cocoa sales is having grave consequences for Ghana. Before the main crop was harvested she had exhausted her international credit. She has had no success in attempts to obtain unsecured advances from importers, private banks and other commercial institutions. She is now making tentative approaches to the British Government for some kind of government to government advance of upwards of £10 million to tide over her foreign exchange needs for a few more weeks in the hope that in that time the consumers will concede victory. There are no signs that this will happen: the main consumers hold stocks sufficient for several months. The only security Ghana could offer us against this advance is cocoa, but she would no doubt try to get us not to sell it for less than £190 a ton without her agreement. This is not really a practicable proposition, and there are no good reasons for helping Ghana in this way. Rather there are positive reasons, set out in paragraphs 2 and 3 above, for refusing to offer Ghana further aid of any kind until there is evidence that the Government has decided upon positive and effective steps to live within its means.

6. If we refuse help we may of course run the risk of being accused of being in league with the consumers, or of retaliatory action against British interests in Ghana. These are risks we shall have to face. Another possibility is that, if refused help by the West, Nkrumah will turn to the Russians and Chinese. I doubt, however, if they would be ready to come to his rescue. Sino-Soviet aid has so far not shown any close concern for Ghana's true economic interests and the Bloc has not hitherto been ready to offer aid in the shape of freely convertible exchange, which is what Ghana needs.

**393** BT 213/331, no 65

23 Mar 1965

'Overseas investment and corporation tax': Treasury note of a meeting of ministers<sup>1</sup>

The purpose of the meeting was to discuss the implications in respect of overseas investment of the change to Corporation Tax. In earlier discussions at official level

<sup>1</sup> Present: Callaghan (chair), Greenwood, Jay, F Lee (minister of power), Castle, G Thomson (minister of state, FO), Clodwyn Hughes (minister of state, CRO), W Rogers (parliamentary under-secretary of state, Dept of Economic Affairs).

the Overseas Departments had expressed anxiety as to these effects on the interests with which they were concerned.

*The Chancellor of the Exchequer* said that present U.K. tax system involved a bias in favour of overseas investment which occurred in no other developed country. The changes proposed would correct this bias, and make the U.K. system similar to that operated by other countries. The present system was a legacy of the past, when H.M. Government controlled the taxation of the many dependent territories of the Empire as well as that of the U.K. The United Kingdom could not continue the present rate of overseas investment in present circumstances. The balance of payments could not stand it. Measures to correct the balance of payments problem were imperative.

Discussion showed support for the general objective of the tax changes proposed, but concern was expressed on a number of grounds. Direct investments abroad were closely linked with U.K. exports. Income from overseas investments was an important and rising element in the balance of payments. There were special problems in relation to the shipping industry, and the oil companies. The Middle Eastern countries would look with close attention at any changes in the U.K. tax system. The agreement concerning royalties might be re-opened by the Organisation of Petroleum Exporting Companies. There might be a case for some selectivity in policy on overseas investment. For example, it would be undesirable to discourage private investment in the Common Market countries.

But the most difficult problem concerned the impact on investment in the developing countries.

*The Secretary of State for the Colonies* said that if private investment in the West Indies were further reduced, in the long-term it would probably be necessary to increase Government grants-in-aid and to divert to the territories concerned development money which might otherwise be used elsewhere.

*The Minister of State, Commonwealth Relations Office* expressed concern about the impact on existing enterprises abroad, particularly the mining and plantation companies. If existing enterprises were obliged to sell out, local Governments were unlikely to permit the repatriation of the funds. The presentation of the change was important politically. Perhaps the Chancellor could say that the Government recognise that the changes would discourage overseas investment and would carry out urgently an investigation of existing investments and their value to the balance of payments. This would take place during a transitional period, after which the Government would announce whether any further action could be taken.

*The Minister of Overseas Development* said that there ought to be discrimination in favour of investment in developing countries. The political and economic risks of investing there were greater than elsewhere. If the tax position were equalised as proposed, this amounted to a discouragement to investing in the developing countries. The Government was dedicated to assisting the development of these countries. It would do great harm to present the change as necessary to strengthen the home economy. This meant that the developing countries were being asked to share any sacrifices necessary to this end. If the private investment in developing countries were reduced, this amounted to a reduction in aid from the U.K. If discrimination within the tax system was not possible, a discriminatory subsidy for investing in developing countries should be considered. The Chancellor might

announce that he recognised that developing countries should not be disadvantaged, and that compensatory action by subsidy would be examined during the transitional period.

*The Chancellor of the Exchequer* said that his prime immediate care must be the correction of the external account. Without a strong balance of payments our ability to carry out an effective independent policy in such critical fields as economic affairs, foreign and defence affairs, and overseas aid would be fatally impaired. We could not continue indefinitely to borrow short in order to lend long. The imposition of the corporation tax would bring a significant relief to the balance of payments, since it would remove a bias in favour of overseas investment which was built into the present taxation system. Potential investors would examine more rigorously the rate of return which they would receive in exercising the choice between productive investment at home and overseas. To the extent that they opted for export-producing home investment, not only would the short-term capital outflow be reduced but the current balance would be improved.

He recognised, however, that the sudden imposition of a new tax regime—even though it would merely bring the U.K. into line with other industrialised countries—could be upsetting to the companies and countries affected. He therefore proposed to have a two year standstill period during which companies that paid overseas tax in excess of corporation tax would get relief for ‘overspill’. Thereafter the relief would be so tapered as to disappear after a further three years. Growing companies would thus have a five year period during which they could arrange their affairs so as to absorb the tax without affecting retentions or reducing cash dividends. Companies which were not growing would be able to use the period to readjust their operations: some of the less remunerative ones would no doubt close down. But he was satisfied that the extent to which this would happen would be less great than had been feared.

Indeed, the total, and individual, effects of the tax could be exaggerated, mitigated as they would be at the outset. The U.K. had private long-term overseas assets of £9,000 million. The tax would do no more than moderate the rate of increase in investment overseas. The oil companies could withstand the imposition of the tax without any difficulty. The shipping industry was a different case. To the extent that it needed assistance it should be given by way of open subsidy rather than by a distortion of the tax system; he had already so informed a deputation from the industry and had asked them to make proposals during the course of the next year. As to the developing countries, he took note of the points which had been raised during the course of the discussion and would consider to what extent he could meet them in his Budget Statement, e.g. by referring to a possible study, against the time when the balance of payments was strong, of ways and means of facilitating assistance to developing countries through the private sector and within the context of the total aid programme. The presentation of this part of his Budget Statement could be discussed at the Budget Cabinet.

**394** OD 20/423, no 4

29 Mar 1965

[Technical assistance]: letter from P S Milner-Barry (Treasury) to Sir A Dudley<sup>1</sup> (ODM) on the principles governing UK aid policy

I am sorry that you have not had an earlier reply to your letter of 1st March<sup>2</sup> in which you ask us to review the principle on which we have hitherto worked—namely that the recipient country and not the donor should be responsible for decisions about the technical assistance which it requires. We have been finding the implications of this rather difficult.

2. Perhaps I should begin by making the point that, if a change were to be made, some notification to Parliament would be required in view of the statement in the 1962 White Paper (which was I see echoed by your Minister in her reply to Mr. Kenneth Lewis about Ceylon on 23rd February last). In practice an opportunity for this would present itself when the review of the aid programme which you are now carrying out is finished, and the Minister publishes, as she has said she intends to do, a new White Paper on the work of the Department.

3. Indeed the existence of this review, and the consideration which we shall all wish to give to the conclusions which you reach, lead me to suggest that we might, if this is possible, avoid at the moment taking firm positions on the question of initiatives. We for our part are not entirely happy about what you propose. I accept of course that the newer and smaller independent countries need help all along the line. But it is one thing—as I see it—for advice to be sought from us about all stages of development planning; would it not be quite another for us to take the responsibility of choosing aspects of the planning and development process for further consideration and examination? And would not independent Governments think it inconsistent with their dignity and responsibility to be told what is good for them? The more sophisticated the country, of course, the less justification there is for anything which looks like interference.

4. That is a very broad argument. We also feel—and I am sure you would not dissent—that since our resources of money and skilled manpower are limited, we cannot devote—or ask Parliament to devote—funds and skills to developing countries except in the assurance that the aid is not only desired but is given high priority by the recipient Governments. This is one of the reasons why we have asked them to pay local costs. We can always decide whether we think that the scheme is worthwhile: if they have to contribute, it is a tangible manifestation of their interest in and support of the scheme in question.

5. Thus, while there is much in your letter which I accept—for example that we should ensure that countries know what we have to offer, and that they may need help in framing their requests—I am doubtful whether we ought to go so far as to say now that we should ‘propose schemes for technical assistance’. Although it is true,

<sup>1</sup> In 1965 Milner-Barry and Dudley (see 297, note 3) were deputy under-secretaries at the Treasury and ODM respectively.

<sup>2</sup> In his letter of 1 Mar, Dudley argued that in giving technical assistance as well as capital aid, the main British objective should be to provide what would be most useful to the recipient country in advancing its development. By taking the initiative, the UK would be able to ensure it could both provide the aid needed, and afford it. When desirable technical assistance could also be suggested in a manner that would help British exports. ‘We should not be able to do these things if we always had to wait for requests’ (OD 20/423, no 3).

particularly in the case of the Foreign Office, that we sometimes take the initiative in relation to offers of capital aid, I would not regard it as agreed policy that we should do so save in exceptional circumstances. Indeed, any such policy, if generalised, would raise issues which go to the heart of an aid policy; and that is why I suggested that it may be wise to consider your proposals on technical assistance further in the context of your general review—and perhaps in a wider forum. If, however, you feel that your Department will be hampered in the absence of an understanding with us on this aspect, I wonder if, in order to take this further now, you could give me some examples of the sort of technical assistance projects, and the circumstances surrounding them, of which the Department knows and on which you may be wishing to take initiatives. If we could see these, and discuss them with you, it might help to show whether, in practice, there is much between us. I think probably there is not much, but it all depends how far you would wish to carry the new policy which you propose.<sup>3</sup>

<sup>3</sup> Within the ODM, Sir A Cohen 'was not at all happy' with the Treasury's letter. The issue was 'a pretty fundamental one'; what the ODM was proposing was a means, not of increasing Britain's expenditure but of making British aid more effective. 'We must therefore try to disabuse the Treasury of the idea that they have that, by establishing our freedom to propose types of aid, we are seeking to expand our business. This is not the purpose of what we should do' (OD 20/423, minute, 13 Apr 1965). Discussions were held with Treasury officials who accepted the UK might propose aid schemes but insisted the recipient must still want the aid and make a formal request for it by means of an application. They were also insistent the expenditure had to be part of the UK's aid to the country and this would apply even if the aid were not given to the government of the country (*ibid.*, minute by C J Hayes, 11 May 1965).

## **395** CAB 148/20, OPD(65)65

30 Mar 1965

**'Aid to Tanzania': memorandum by Mr Hughes for Cabinet Defence and Overseas Policy Committee on a proposal to construct a railway between Tanzania and Zambia. *Annex***

I invite the Committee's attention to the attached report by officials on a suggestion made by President Kaunda to the Prime Minister that the British Government should give large-scale aid to Tanzania to strengthen President Nyerere's position. The report has been approved by the Ministerial Sub-Committee on Africa. It concludes that:—

- (i) an increase in our general aid to Tanzania would not at present be justified;
- (ii) a Tanzania/Zambia rail link does not appear to be a sound economic proposition. An extension of the road system might be a better prospect.
- (iii) the most immediately effective way of supporting President Nyerere and denying the Chinese easy opportunities of increasing their influence would be to concentrate our assistance on the provision of expatriate staff and of aid for the army and, in a limited degree, the air force.

### *Tanzania/Zambia transport system*

2. As regards conclusion (ii), the Committee should know that the Americans are showing a great deal of interest in the prospect of developing transportation links between Tanzania and Zambia as something which would provide an opportunity for



the West to make a positive impact on African attitudes. In the course of our talks with Governor Harriman last week,<sup>1</sup> they mentioned that they had offered to carry out a transportation survey in south-west Tanganyika on behalf of the Tanzanian Government. They were fairly certain that this would reveal that road communications would be a better proposition than a railway, at least in the short term. We told the Americans that both the economic and the political factors in this proposal appeared to need a good deal more consideration: but in view of the political steam developing behind it, particularly in Zambia, we agreed that the whole question should be further studied, as a possible element in a broad approach to the problems of Southern Africa.

### *Military vehicles*

3. In the context of conclusion (iii), the Sub-Committee on Africa considered that there was a good case for meeting an outstanding request by the Tanzania Government for £300,000-worth of army vehicles. I am in consultation with the Minister of Overseas Development and the Financial Secretary to the Treasury over the provision of the necessary funds. We have been unable to agree that the vehicles should be directly financed out of the balance of our development aid, as the Tanzanians had asked, and we are now considering whether the problem could be solved indirectly by allocating an additional amount of civil aid to the local costs of the Tanzanian Development Plan, thus releasing Tanzanian funds which could be used to cover the purchase of the vehicles. If this does not prove practicable, the matter may have to be referred to the Committee.

### **Annex to 395: Aid to Tanzania; report by Official Sub-Committee on Africa**

President Kaunda has sent a message to the Prime Minister through Mr. Dennis Grennan of the Ariel Foundation expressing anxiety about the spread of Chinese influence in Tanzania and the weakness of President Nyerere's position. (O.P.D.(O)(A)(65) 7). He has urged that Britain should mount a substantial rescue operation and has hinted that our aid might be given in the context of the proposed Tanzania-Zambia rail link.

2. It is impossible in the present confused political situation in Tanzania to be certain whether (as President Kaunda implies) Nyerere is a well-intentioned moderate leader who has become a virtual prisoner of the extremists in his Government, or whether he is more in control of the situation than he sometimes pretends and is playing a cunning and devious game. There have been times in the past eighteen months when he has shown an almost complete lack of the essential moral qualities of leadership, but there have also been occasions when, as our High Commissioner in Dar es Salaam has recently commented, he has displayed a stubborn perversity of his own which has sometimes operated on the side of moderation and at other times (e.g. the Congo and the recent expulsion of American diplomats) on the side of extremism. In so far as we can form a judgment, we believe that the present emphasis of Tanzania's policies, both internal and external, owes as much to Nyerere's unwillingness to stand out against extremist pressures as to his inability to do so. Nevertheless, whatever his failings, there is no successor in sight

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<sup>1</sup> See 363.

who would be in any way an improvement from our point of view. He continues to enjoy wide popular support and personal prestige and we have seen no evidence to suggest that his position in the short term is seriously threatened by Kambona<sup>2</sup> or any other potential claimant to the Presidency.

3. This memorandum has been written in the light of the above analysis coupled with our view of what lies behind Kaunda's appeal for further British support for Nyerere. We believe that this stems primarily from Kaunda's growing sense of Zambia's isolation. On the one hand he is apprehensive about the possibility of U.D.I. in Rhodesia which would cut Zambia's links to the south and make her largely dependent on communications northwards through Tanzania. On the other hand, he realises that Tanzania's present drift to the left will make it increasingly difficult to maintain a moderate and relatively pro-Western Government in Zambia. He is therefore looking to the British Government to take some initiative in launching a joint Tanzania/Zambia development project which would help to create a zone of stability between the two countries; would provide the means by which Kaunda could exert a more effective influence on Nyerere; and would divert emotional pressures in Tanzania from external political problems to domestic economic ones, where African nationalism would be less of a factor and we could expect to find an atmosphere more conducive to friendly co-operation.

#### *General financial support*

4. A summary of present British and Chinese aid to Tanzania is set out in the annex. British aid amounts to about £10 million committed during 1963 and 1964 for development. Chinese aid of some £16 million over a longer period consists mainly of development credits not linked to the Tanzanian plan. There are, in our view, overwhelming objections to our giving increased aid for general development to Tanzania at the present time. These are:—

- (i) Even if Western aid covered the whole Tanzanian development plan, there would be nothing to stop the Tanzanians feeling free to accept Chinese offers outside the plan (such as external broadcasting transmitters) even though these may entail debt servicing charges and recurrent commitments beyond those the international team that drew up the plan considered tolerable. In fact, President Nyerere's desire to balance East and West might mean that our aid will induce him to accept more from China.
- (ii) If additional aid from Britain were to be offered for the current two-year period, Tanzania would benefit disproportionately in comparison with other East African countries, in particular Uganda (whose attitude in the face of Chinese and Russian advances has been robust). This would be embarrassing in that it would lead to pressure for further aid from both Kenya and Uganda.
- (iii) It is likely that a very high proportion indeed of such additional aid would have to be made available for local costs since our own negotiations and those of other donors will have already ensured the financing of the few projects with an attractive import content. To increase the proportion of our aid available for local costs in Tanzania would have the effect of encouraging other nearby African countries to expect the same treatment, and this we could not accept.

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<sup>2</sup> See 357, note 6.

*Tanzania–Zambia railway*<sup>3</sup>

5. The proposal to link the East African and Rhodesian Railway systems has been considered in the last fifteen months by (a) the World Bank which offered advice specifically on the projected rail link, (b) a Dutch firm of Consultants (EDECO), which did a survey of Zambia's transport requirements, and (c) the Economic Commission for Africa which sent a mission in early 1964 to survey the whole economy of what was then Northern Rhodesia. The proposed line, which would probably take about six years to complete, would run from Kidatu in Tanzania to Kapiri Mposhi in Zambia, (see map attached).<sup>4</sup> The Tanganyika Section would be shorter but more expensive to construct as it would cross the difficult but potentially fertile Southern Highlands, while the Zambian Section would pass through comparatively easy but infertile country.

6. The World Bank's estimate of the cost is £53 million (£21 million and £27 million for line construction in Zambia and Tanganyika respectively plus £7 million for loan charges and £3 million for rolling stock). These figures are based on comparative costs, not on a detailed survey, and may well be a substantial underestimate. The railway would also need a substantial recurrent subsidy for a fair number of years, and there might be difficulty in getting technical staff. A switching station would be needed near the border as East African Railways operate on a metre gauge and Rhodesia Railways on a gauge of 3' 6".

7. An extension of the East African Railway system into Southern Tanganyika would give access to the underdeveloped Southern Highlands of considerable agricultural potential. Its merits for this purpose compared with an extension of the road system are doubtless being studied by a current AID Consultancy on the transport needs of this area. It might also make possible exploitation of the extensive coal deposits in one or other of two areas of Southern Tanzania. The larger, containing the better quality coal, which is situated not far from iron ore deposits, lies to the east of Lake Nyasa. Another, smaller, deposit lies near the junction of the frontiers of Tanzania, Zambia and Malawi (it is probably to this one that President Kaunda has referred). Some ten years ago the C.D.C. prepared technical reports on both deposits, but owing to their extreme isolation further consideration of their exploitation has not been warranted. Nevertheless, as the quality of the coal is not much below that at Wankie in Southern Rhodesia (Zambia's existing source of supply), it might be that a railway passing through the region would alter the picture. However, the uses to which the coal might be put and the length of the haul involved both require much further study before any decision could be reached on the economics of exploiting these deposits.

8. As regards the Zambian copper traffic, Rhodesia Railways could carry an additional 800,000 tons per annum and the Benguela Railway an additional 120,000 tons per annum with only small new capital investment to each. Such spare capacity on Rhodesia Railways is of no value to Zambia in the event of U.D.I.; neither, in the immediate future, is the projected new line, as it would probably take about six years to build. A further point is that we have given guarantees to the World Bank in

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<sup>3</sup> From 1948 the COS planners had regarded a rail link between Rhodesia—[Zambia]—Kenya as a major step in an eventual Cape-to-Cairo railway link, the old dream of Cecil Rhodes. See R Hyam, ed, *The Labour government and the end of empire 1945–1951* (BDEEP: London, 1992) part II, 118.

<sup>4</sup> Not printed.

respect of loans to Rhodesia Railways, which we might be called upon to honour if the copper traffic were diverted and Rhodesia Railways became insolvent.

9. Each of the three missions listed above concluded that construction of this line could not be justified on economic grounds. The World Bank further advised that the need for better communications in the area would be met both more satisfactorily and more cheaply by improving the trunk road between the two countries and by development of associated feeder road systems. NEDECO'S recent Survey of Transportation in Zambia supported this view as far as Zambia was concerned.

10. Zambia could of course raise the money internally for its end of the line, but Tanzania could not. The project involves £17 million worth of imported rail and has obvious attractions from the point of view of British exports. It has also been suggested that Britain might find a market here for surplus British rolling stock. Unfortunately, however, while the railway will need £17 million worth of rails and £3 million worth of rolling stock, British manufacturers at the moment have plenty of surplus capacity for locomotives and rolling stock but little for rails. Even if it were agreed that lengths of disused line in England might be torn up, the rails would be unsuitable for the Tanzania–Zambia rail link, while existing British rolling stock is of course too broad a gauge. But the strongest arguments against this project are that it would be a prodigal use of scarce development capital having regard to the existing surplus capacity of the Rhodesia Railways, and that the construction of the new line would enormously increase East Africa's debt burden.

11. *Prima facie* the Tanzania/Zambia rail-link does not present a promising field for British assistance. Moreover, since the rail link could not be completed within six years, it seems unlikely to be relevant to the situation which President Kaunda fears might develop if U.D.I. were to be declared in Rhodesia. We believe that the Russians are not interested in the railway and, despite recent reports in the Tanzania and Zambian Press, we have even less reason to suppose that the Chinese would be ready to take it on. Nevertheless it will be useful to discuss this question with the Americans before reaching a final decision.

12. The Americans are believed to agree with the three missions (see paragraph 5 above) in attaching more importance to the development of roads than to the railway and can be expected therefore to share our views on the merits of the rail link. Thus Ministers may wish to consider what other ways are open for helping President Nyerere in the situation envisaged by President Kaunda. There are two other fields in which we can consider giving further aid: (a) technical assistance, (b) defence aid.

(a) *Technical assistance*

Britain is already providing an extensive programme of technical assistance to Tanzania. In particular, there are still some 1100 British officers working in Tanzania (at a cost to Britain of over £2 million a year). These are nearly all engaged in executive and educational posts. Tanzania has many unsatisfied needs for staff, particularly in the engineering and natural resources field. We are not finding it easy to meet these, owing to shortage at home, and the even more urgent needs of Kenya (in agricultural development), and to the unfavourable recruitment image of Tanzania in Britain. It is vital to keep the administration going and this is therefore clearly a field in which we and our Western allies should continue to make every effort. The Americans have recently started to supply personnel to East Africa in executive posts. An increased effort by the United States in supplying such staff to

Tanzania would perhaps be the most valuable contribution they could make at this juncture.

(b) *Defence aid*

We are at present giving no defence aid to Tanzania. The aid which might be provided is considered below under the separate services. In general, the army is the significant factor, on which the stability of this country ultimately depends. The air force is important essentially as an adjunct to the army. The navy is not significant to the maintenance of stability or to the defence of Tanzania.

(i) *Army*. Our offer to provide a military training mission after the mutinies last year was turned down by President Nyerere who has since invited the Canadians to train his army. A strong team of Canadian military instructors is now assembling in Tanzania, and there is a good prospect that their presence will enable Nyerere to dispense with the small number of Chinese army instructors who have been working there for six months. We were asked by the Tanzanians last September to provide about £300,000-worth of military vehicles for the Tanzanian army. We consider that it is important that we should meet this request. It is important to the President's position that he should have a well-equipped and mobile army at his disposal, and for this reason the trucks will be a contribution to stability. Moreover, they will enable the Government to protect the large number of British nationals in Tanzania. The Canadians have also been asked to help train the Tanzanian air force (see below), and are more likely to do so if we can show that we are playing our part by providing the trucks for the army. We therefore consider that these trucks should be supplied.

(ii) *Air Force*. This is important chiefly as an adjunct of the army, e.g. in reconnaissance, supply and transport roles. In the wrong hands it could be a powerful revolutionary instrument internally as well as a useful means of supplying rebel movements in the Congo and Mozambique. We would wish the training to be undertaken by the West, preferably the Canadians.

(iii) *Navy*. Tanzania has no navy as yet, but at the President's request we sent out an officer of the Royal Navy at the end of last year to advise them on possible requirements. His report has recently been presented to the Tanzanian Government. It may be that we shall shortly be asked for British assistance in training and equipping a navy, at a cost of about £1.5 million, not including expenditure on shore facilities, which would bring the total to about £3 million. We regard this largely as a prestige project, having very little military significance. While it would be desirable to avoid if possible the Chinese or Russians setting up the navy, it would not be worth the price of £3 million, or even of £1½ million, to do so.

*Political factors*

13. While there is a possibility of doing something to limit the spread of Chinese influence in Tanzania by the selective application of aid at particularly sensitive points such as the administration and the armed forces, we cannot hope to eliminate it altogether so long as Tanzanian politics are dominated by the racial problems of Southern Africa. China, through her moral and material support for the African liberation movements, and by the constant anti-colonial theme of her propaganda, has effectively identified herself with African Nationalist aspirations: by contrast our own supposed sympathies for the 'white' governments in Rhodesia and South Africa, and

our alliance with Portugal, place us on the other side and enable the Chinese to pick up cheap political kudos at our expense. Moreover, the situation is further complicated by President Nyerere's interpretation of the principle of non-alignment. To his way of thinking, Tanzania is still far too dependent on the West and he thus seeks to strike a more equitable balance by developing contacts with, and taking aid from, the Communist world. Any general expansion of Western aid to Tanzania would therefore logically lead Nyerere to seek a compensating increase in aid from Communist sources.

### *Conclusions*

14. (i) An increase in our general aid to Tanzania would upset Kenya and Uganda without providing any immediate compensating political gains in Tanzania.
- (ii) We do not consider that the proposed Tanzania–Zambia rail link is likely to be a sound economic proposition, though it is possible that an extension of the road system offers a better prospect. Our aid resources could be more profitably employed in other ways. There is no indication that the Chinese or Russians would be prepared to construct this rail link.
- (iii) We should therefore concentrate whatever assistance we decide to give on the provision of expatriate staff and of aid for the army and in limited degree for the air force, since we believe that this would be the most effective way of supporting President Nyerere and of denying the Chinese easy opportunities of increasing their influence.<sup>5</sup>

## ANNEX

### *British aid to Tanzania*

In terms of *capital aid*, early in 1964 we negotiated a loan of £800,000 for a large dam, and a Section 3 loan of £1.25 million. This was followed later last year by a loan of £7.5 million for capital development for the first two years of the new Tanganyika

<sup>5</sup> In discussion on 12 Apr 1965, the DOPC agreed Tanzania should be provided with army vehicles worth £300,000, and this would be a charge upon funds already committed for civil aid. On the railway the committee accepted the argument of the three previous surveys that a rail link would be uneconomic. A further survey might imply a commitment to heavy expenditure for which there was no economic justification and which Britain could not afford. On the other hand, with the threat of increasing Chinese influence in Africa, the political aspect could not be ignored. The committee therefore recommended that Britain should participate in a joint survey with the US, though without commitment to any expenditure thereafter (CAB 148/18, OPD 21(65)4). At a later meeting the committee were informed that according to US sources, Chou En-lai, the Chinese foreign minister, had offered, during his visit to Tanzania in June 1965, Chinese assistance in building 1,000 miles of the railway. The US proposed joint discussion of the issue with Britain during the next meeting of Commonwealth prime ministers, but the government declined on the grounds it did not want to encourage the two African governments to believe railway money would be forthcoming. It would be an error to convey the impression Britain and US were combining to confront them. The UK preferred to hold separate talks with Nyerere and Kaunda (*ibid*, OPD 29(65)3, 16 June 1965). The upshot, after the arrival of a Chinese survey team in Tanzania in Aug 1965, was that Britain offered to pay half the cost of a survey, this time in association with Canada. The East African countries and Zambia preferred a western consortium but Nyerere insisted only the Chinese had made a definite financial offer to construct a railway. The US responded by offering to finance a road survey and in Nov Britain offered Tanzania as a contribution towards its 1964–1966 development plan an interest-free loan of £7.5 million. The matter was not finally resolved until Oct 1970 when, with Chinese technical assistance and an interest-free Chinese loan of £169 million repayable over 30 years from 1983, work began on the railway. It was completed in less than six years. The engineer in charge was a Chinese woman. For background, see G T Yu, *China's African policy* (London, 1975), chapter 6.

Development Plan, published in June 1964, which was the work of an international team of planners including one from the Bank of England.

2. So far as Zanzibar is concerned, there is outstanding the balance of a pre-independence exchequer loan of about £157,000 which is available for development, together with C.D. and W. balances of about £143,000. In addition, we told President Nyerere in May 1964 that we were prepared to discuss 'further development aid' for Zanzibar at the appropriate time. In fact, the Zanzibaris initially made clear to us that they did not wish to take advantage of British aid for development: although there have been recent indications of some change of heart.

3. Tanzania also benefits from the loans amounting to over £5.2 million which we have made to the East African Railways and Harbours since 1963, and from the 'Como' and other grants to the University of East Africa amounting to over £1 million.

4. Apart from aid for development, we made loans to Tanganyika of £6 million to meet compensation payments to British officers, and £3 million for commutation of pensions. We have also made a grant to Tanzania for Zanzibar of £408,000 for compensation and commutation, together with a budgetary grant-in-aid of £550,000. Meanwhile technical assistance (including OSAS) for Tanzania is costing Britain about £2½ million a year.

5. After the revolution, the Zanzibar Government repudiated all its payment obligations e.g. pensions, leave salaries etc. towards its expatriate officials. After the union with Tanganyika had taken place, we secured an undertaking from the Tanzania Government that they would resume these payments. In fact they have still not done so.

#### *Chinese aid to Tanzania*

6. The Chinese have promised development credit amounting to \$42 million (\$14.0 million originally allocated to Zanzibar) and a budgetary support grant of \$3.3 million (\$0.5 million originally allocated to Zanzibar). Half the grant was made available in foreign exchange and has already been paid; the other half is to take the form of goods. The loans are interest free and will take the form of equipment, consumer goods and technical assistance and may be repaid in export goods. So far as is known, little progress has yet been made in allocating the loans to projects.

### **396** CAB 148/21, OPD(65)72, Annex 7 Apr 1965 'Britain's trade with the Commonwealth': memorandum by the Board of Trade in preparation for the Commonwealth Prime Ministers' Conference<sup>1</sup>

[In May 1963, as leader of the opposition, Wilson had suggested, on the eve of a meeting of Commonwealth trade ministers, a ten-point agenda for the Commonwealth. His ten

<sup>1</sup> This memo was submitted with a covering note by R R Powell, chairman of the Official Committee on Commercial Policy. Powell explained it had been prepared in consultation with other departments concerned and 'accepted by them as a realistic analysis of the problems of expanding our trade with the Commonwealth'. The note and the memo were forwarded to the DOPC by Sir E Roll, permanent secretary, DEA, who endorsed Powell's conclusion. According to Roll there was no scope for a British initiative in relation to Commonwealth trade at the forthcoming conference. 'In the present state of our economy we cannot afford to give much for little and if we were able to devise concessions which we could offer without damage to our other interests it is difficult to see [what] we could effectively obtain in exchange.' He recommended discussion at the conference should steer clear of 'Commonwealth economic topics' and concentrate instead on 'matters of world economic policy'.

points were: (1) Regular meetings to work through the development and capital investment programmes of each Commonwealth country, Britain asking for a specific preference in awarding Commonwealth contracts (a 'buy British' programme). (2) Guaranteed markets in Britain for Commonwealth primary products. (3) An expansion of British industrial capacity by incentives to the private sector and the creation of new publicly owned industrial establishments in order to fulfil Commonwealth requirements for development capital. (4) World-wide commodity agreements to stabilise primary prices. (5) An expansion in the volume of world liquidity for financing world trade, Britain, the US and other friendly countries taking the initiative. (6) A Commonwealth programme of higher education, especially in science and technology. (7) Fuller exchange of scientific information between countries. (8) Adoption agreements, with towns and cities down to churches and villages in advanced countries adopting their equivalents in under-developed countries to help with the provision of equipment, schools and hospital buildings. (9) The creation of a pensionable career service for work in the Commonwealth. (10) A Commonwealth youth programme dedicated to aiding Commonwealth economic and social development (CAB 134/1777, EER(63)75, note by CRO for Cabinet (Official) External Economic Relations Committee, 7 June 1963). At the Colonial Office Trafford Smith minuted (3 Sept) that the economic aspects of Wilson's proposals contained 'a number of what are at present regarded as heresies in the economic departments of H.M.G.' (CO 852/2263). D J C Jones, a principal in the Economic Relations section of the Economic Division of the CO, observed: 'I can think of few more effective ways of bringing about the economic debilitation of this country than Mr. Wilson's proposals. The points to bear in mind in considering our economic condition I think are (a) that we are an overcrowded island with few natural resources & heavily dependent on worldwide trade for our well-being; and (b) that we have an out-of-date industrial, social, educational & transport system which requires vast amounts of capital for modernisation & without which we are destined to become more uncompetitive in world markets & more sluggish in our internal growth.' For the sake of a declining Commonwealth export market, Jones suggested Wilson's proposals would also 'directly add to our import bill & mean that we would have to sell that much more in exports (& find the resources so to do) to balance our payments'. They would mean finding more capital for the Commonwealth, 'at a time when we are continually not doing urgent things at home because "we cannot afford them" ' (*ibid*, minute, 12 June 1963).]

1. The Prime Minister is anxious to explore ways of increasing Britain's trade with the Commonwealth and has expressed the hope, in the House of Commons, that the forthcoming Commonwealth Prime Ministers' Conference will provide a suitable opportunity. The Prime Minister said: 'I feel that, provided that we are prepared to give a market for more Commonwealth primary produce and provided that we are prepared to do whatever is necessary in British industry to meet the requirements of Commonwealth countries for the goods which they want, this will be of mutual benefit to both Commonwealth countries and our export trade.' (Hansard 9th February, 1965, Col. 198). On the 18th February, the Prime Minister referred to the 'devastating way' in which our proportion of trade with the Commonwealth has fallen in recent years and he added 'we shall be discussing at the Commonwealth Prime Ministers' Conference this year a number of plans for reversing the trend.' The Prime Minister suggested that our high proportion of Commonwealth trade in the early post-war years was the result of some 52 long-term contracts which we had for Commonwealth primary commodities.

#### *The proportion of trade between Britain and the Commonwealth*

2. Britain's trade with the Commonwealth was exceptionally high immediately after the war. The percentage of our total exports going to the Commonwealth rose from 28 per cent in 1932 to 32 per cent in 1938 (after Ottawa) and 40 per cent in 1952; the proportion of our imports coming from the Commonwealth was 28 per cent in 1932, 34 per cent in 1938 and 40 per cent in 1952. The exceptionally high



proportion in 1952 was due to several special and temporary causes. The inconvertibility of sterling and the shortage of dollars led us and other sterling Commonwealth countries to buy within the sterling Commonwealth to the greatest possible extent even when it was not the cheapest source of supply. Japan, Germany and several other European countries were effectively out of the market during the early post-war years. As the general economic recovery, especially in Europe, gathered way during the early 1950's and restrictions on dollar imports were progressively removed, it was natural that the Commonwealth's trade with outside countries should grow very much more rapidly than its trade with the United Kingdom. The Commonwealth share in both our exports and imports fell to about 30 per cent in 1964.

3. There are further reasons for this. During the last decade or so, the markets of Commonwealth countries, including the United Kingdom, were not expanding as fast as those of the major countries of Western Europe and Japan. Between 1953 and 1963, total imports into Australia, our best Commonwealth market, increased by £420 m. or about 90 per cent; total imports into the EEC increased by £9,183 m., or more than 170 per cent. Between 1953 and 1964, our own exports increased from £2,582 m. to £4,254 m., but the great bulk of the increase (some £1,500 m.) was to non-Commonwealth markets. Our exports to the Commonwealth rose by less than £200 m. Many of the developing Commonwealth countries are very poor and their balance of payments position has been deteriorating as they have run through the large sterling balances with which they ended the war. Our share of such Commonwealth markets is increasingly affected by the proportion we supply of the aid they receive. (We supply only about 8 per cent of the aid which India receives from the Indian Aid Consortium.)

4. Another important factor has been the growth in United Kingdom agricultural production which has meant that, despite the increase in our population and in our consumption of food, we import substantially less cereals, meat and some other agricultural products from the Commonwealth than before the war. Home production of wheat as a percentage of total supplies grew from 30 per cent in 1946-7 to 49 per cent in 1962-3; of beef and veal from 58 per cent to 59 per cent; of mutton and lamb from 24 per cent to 41 per cent; and of cheese from 10 per cent to 43 per cent. We have also restricted imports from the Commonwealth of cotton and jute goods in the interests of home industry. Between 1953 and 1963, total exports of the other Commonwealth countries rose from £4,360 m. to £6,512 m., but their exports to Britain rose by only £85 m.

5. On the other side, most Commonwealth countries have deliberately adopted policies which tend to reduce our exports to them. The three old Commonwealth countries—Canada, Australia and New Zealand—which together take about half our exports to the Commonwealth are determined to build up their secondary industries as rapidly as possible, and to give them any degree of protection, against us as well as other countries, which they consider necessary for this purpose. The protective measures they have taken have hit us more than our competitors because we were the largest supplier of the goods now made locally. Our trade with Canada and New Zealand has also been affected by import restrictions and other measures taken to deal with balance of payments difficulties. The maintenance of the Canadian anti-dumping regulations, which harm us more than our competitors, shows that the Canadians are concerned with protecting and building up industries rather than with

doing anything to help increase our trade with them. New Zealand shows no sign of relaxing its import restrictions. None of the Commonwealth countries except the United Kingdom is likely to make any significant reductions in its protective tariffs in the Kennedy Round negotiations and insofar as reductions are made they will mostly take the form of lowering or eliminating Commonwealth preferences.

6. It is clear that only major changes in the policy of most Commonwealth countries could reverse the trend of Commonwealth trade over the last twelve years, and that even with such changes there would still be strong economic factors working against a large or rapid increase.

#### *British post-war policy*

7. It has been British policy since 1945 to seek to increase Commonwealth trade as part of a wider process of creating the conditions favourable to a general expansion of world trade, for example, through the successive multi-lateral tariff negotiations and currently through the Kennedy Round. Higher earnings from our exports to non-Commonwealth countries provide a basis for higher imports by us from the Commonwealth, and vice versa. New opportunities for our own trade with Commonwealth countries would flow from the reduction of obstacles to their trade in third countries.

8. Under successive British Governments measures have been put in hand to increase our exports to the three old Commonwealth countries by straight promotion efforts—principally in Australia. These efforts will be reinforced by the new Commonwealth Exports Council. We have also tried to improve our export prospects to these countries by asking their Governments to remove obstacles such as the rigid valuation rules which apply to Canadian anti-dumping legislation, the complete ban on certain imports into New Zealand (and, to a much lesser extent, into Australia) and over-frequent tariff investigations or tariff increases for the same product—which has been a sore point for British textile exporters to Australia. We should not expect to be asked by the other Commonwealth Governments to pay for remedial action of this kind.

9. Our best hope of doing better in Commonwealth markets is to increase industrial efficiency and keep our prices down.

#### *The Commonwealth preference system*

10. Under the Commonwealth preference system, almost all Commonwealth goods have for many years entered Britain duty-free and many receive preference. In return, we enjoy valuable preferences in some parts of the Commonwealth. Some of these reciprocal advantages are guaranteed under a series of bilateral Trade Agreements with certain Commonwealth countries.

11. The value of Commonwealth preference has decreased, on both sides, since before the war. Commonwealth countries have raised many British preferential tariffs to protect their developing industries and have also reduced many m.f.n. rates in order to obtain more cheaply from foreign countries imports needed for development purposes. Australia and New Zealand, in each case on their own initiative, re-negotiated their original Ottawa Agreements in 1956 and 1959 so as to reduce the guaranteed margins of preference they accord us; they have availed themselves of this freedom to a limited extent but we continue to enjoy many useful preferences, including some on a non-contractual basis. Canada has recently made

an agreement with the United States which will considerably erode our preferences in Canada on motor vehicles and parts. Our preferences in India, Pakistan and Ceylon have little value in practice while these countries are obliged severely to restrict their imports for balance of payments reasons. We have never enjoyed preferences in Commonwealth countries in East and West Africa, except in Sierra Leone and Gambia; Sierra Leone, despite strong representations from us, recently halved the preferences we enjoy there. A number of African Commonwealth countries are negotiating, or have announced a desire to negotiate, with the E.E.C. for improved access for their exports. Nigeria's negotiations, which are the furthest advanced, suggest that duty-free quotas for her exports may be exchanged for limited preferences for E.E.C. exports to Nigeria, where we enjoy no preferences. A number of other Commonwealth countries such as Trinidad, Malta and Zambia have shown no compunction in reducing some of our preferences when it has suited them in order to lower duties on non-British goods or increase protection for their own industries. The Kennedy Round, if successful, will further reduce the value of Commonwealth preferences in both directions.

#### *General considerations*

12. It is assumed in this paper that we should not wish to attempt to extract concessions by threatening to withdraw free entry or other advantages in our market which the other Commonwealth countries enjoy, and so putting at risk the advantages we enjoy in their markets. Our Trade Agreements with Australia and New Zealand and our Exchange of Letters with Canada were presumably thought to represent a reasonable balance of advantages; and there seems no reason why, in any future negotiations, we should succeed in driving a better bargain with them than in the past.

13. New arrangements to promote an increase in trade will strengthen the Commonwealth politically and economically only to the extent that they are recognised by the parties to bring benefits which they could not otherwise have secured. For the United Kingdom, this implies that any new arrangements must be such as to serve our primary objective of strengthening our balance of payments. They must result in a net increase in our exports and not merely a diversion to the Commonwealth of exports which are already going to other countries. Nor are we likely to be better off if in order to obtain these extra exports we accept arrangements which entail our paying to Commonwealth countries higher prices for their primary products than we should otherwise have paid.

14. More than two-thirds of our total trade is with countries outside the Commonwealth, and those non-Commonwealth countries include the richest and most sophisticated markets for the kinds of goods which we produce best. We cannot afford to prejudice our trade in these great markets for the sake of our lesser trade with the Commonwealth. Since by and large the most important countries—Commonwealth and non-Commonwealth alike—wish to maintain the most favoured nation principles of the GATT, we cannot afford to forsake those principles either.

15. The Commonwealth does not form a natural economic unit, and no effective trading system could be devised for the Commonwealth as a whole. New arrangements would therefore have to take the form of a series of bilateral agreements tailored to fit the pattern of trade with individual Commonwealth countries. It is doubtful whether such arrangements could conform to a common type even to the extent that the Ottawa Agreements did. They might fall into two

broad groups; those with the old Commonwealth and those with the developing Commonwealth. The old Commonwealth means in practice Canada, Australia and New Zealand and with these countries we should have to insist on a strictly balanced exchange of advantages. With the rest of the Commonwealth (nearly a score of developing countries) we could not insist on reciprocity, particularly in view of our recent undertakings in the GATT and the U.N.C.T.A.D.

16. In the light of these considerations it is necessary to consider what we might ask for and what we could offer without infringing our international obligations or damaging our trade in other directions.

*What could we ask for?*

17. The possibilities seem to be:—

(a) The restoration of preferences which have been reduced since the relevant base date for the GATT 'no new preference' rule. The preferences we enjoy are of substantial importance in only a few Commonwealth countries, and mainly in Canada, Australia and New Zealand. There are GATT limitations on the freedom of Commonwealth countries to restore preferences without compensation to third countries and, in any case, restoration would mean either reducing the b.p. rate (which would reduce protection for a local industry) or increasing the m.f.n. rates (which would tend to raise import prices for the Commonwealth country concerned). The value to us of such action as might be possible could only be estimated after lengthy and laborious investigation: it is likely to be small.

(b) Guarantees for a period of years of continued free entry. Some two-thirds of our exports to Canada, Australia and New Zealand still enter these markets free of duty, and it would be valuable to preserve this position for as far ahead as possible. Such guarantees, combined with a guarantee for our existing preferences, would not improve the position of our exporters compared with those of other countries; but we should secure a relatively favourable position from which to expand trade in the new as well as traditional lines. Such guarantees could not be given, however, unless the other Commonwealth countries were prepared to forego protection for new industries; and it is most unlikely that they would agree to do this.

(c) Undertakings to give preference to British goods (over all other imported goods) in Government and other public purchases. This would be useful mainly in Australia, Canada and New Zealand, since in the developing countries much of this business is paid for out of aid and to the extent that we can afford to finance such business, it is already tied to this country. Except for defence equipment (for which they have tended to look to the U.S.A.), the old Commonwealth Governments do not generally buy many goods of kinds we export. Overt discrimination in our favour would make them vulnerable in the GATT in the light of their obligation to give fair and equitable treatment to all Contracting Parties. In many cases, moreover, Commonwealth Governments have little or no control over the award of public construction contracts—in Canada, these are awarded either by Provincial Governments, who are not subject to direction by the Federal Government, or by independent bodies; and in Australia, the Federal Government could not undertake that State Governments and other authorities would give preference to British firms. The scope therefore appears to be limited.

(d) Bulk purchase arrangements. There might be some scope for arranging with some of the new Commonwealth countries long-term contracts for the purchase of the bulk of their requirements of some kinds of goods from the United Kingdom. The difficulty about this is that generally speaking the sort of things that we sell are so varied as not to be suitable for contracts of this kind, but there may be some things, e.g. cement and iron and steel to which the technique could be applied.

18. It will be clear from the foregoing that there are restrictions (such as the need to protect established industries and to develop new ones and concern about relations with other trading partners) on the freedom of other Commonwealth countries to respond to our requests, and we could not therefore expect to have those requests met in full. Moreover, it would be a mistake to suppose that even a generally favourable response to our requests would in fact make a major difference to the expansion of our trade; this must depend on many factors additional to any relative price advantages which our exporters might derive from a more favourable tariff position in the Commonwealth countries.

*What could we give?*

19. Commonwealth countries do not (with certain exceptions),

(i) enjoy specific guarantees of free access to our market apart from the protection afforded by our GATT obligations. Specific guarantees of free access for, say, five years ahead might be attractive to Commonwealth suppliers, especially of temperate agricultural produce, but would make it more difficult for us to introduce, or participate in, international commodity arrangements which we might consider to our advantage.

(ii) We could offer to extend free entry for, say, five years ahead to the relatively few goods (e.g. artificial textiles and motor cars) Commonwealth imports of which are still dutiable if we could get a waiver from the GATT for the increased preferences which would be involved. Without such a waiver, we should have to make large reductions in our m.f.n. rates of duty on their goods. The loss of protection would not be compensated by reciprocal tariff reductions by the main competing producing countries, as would be the case with an m.f.n. tariff reduction within the framework of GATT tariff reductions.

(iii) We could offer to increase preferential margins; but only if we were prepared to increase duties on foreign goods and could succeed in negotiating with foreign suppliers for release from GATT bindings. Even if this were possible it would be expensive.

(iv) Some Commonwealth countries might ask us to bind our levels of support to domestic agriculture. This would involve a major change in our agricultural policy.

(v) Bulk or long-term contracts for the purchase of primary commodities. The possibilities which these offer are examined below.

*Bulk purchase contracts*

20. The Prime Minister has in mind the bulk purchase contracts which were negotiated at the end of the war with a number of Commonwealth countries for a wide range of products, principally foodstuffs. Most of these contracts stipulated the

export of a certain amount of goods from one or more Commonwealth countries such as Australia, New Zealand, Canada, Southern Rhodesia, Ceylon, Pakistan and many British colonies to Britain. The contracts were not exclusively with Commonwealth countries; for example, those for carcase meat, bacon, butter and sugar stipulated exports from a number of foreign countries also. Often prices were agreed upon, with re-negotiation annually or every other year within specified limits over the five- or seven-year period, the usual length of the contract. By 1948, more than half our imports were under bulk purchase arrangements, including 86 per cent of our imports of foodstuffs. With the increases in world prices after 1948, especially after Korea, the enthusiasm of the other Commonwealth countries for bulk purchase contracts waned steadily: prices agreed upon did not keep pace with free world prices because of the specified limits to annual changes in the original contract. (The New Zealand 'Financial Times' of September, 1950 reported complaints of New Zealand farmers that they wished to help Britain but enough was enough, and patriotism must not be allowed to 'run riot'.)

21. Circumstances have changed since we entered into the early post-war bulk purchase contracts:—

- (i) We did so primarily in order to assure essential supplies for ourselves during a period of world shortages, which no longer exist. In general, the prospect to-day is one of steadily increasing agricultural surpluses and growing domestic production.
- (ii) We were anxious to reduce imports from dollar sources because of our shortage of dollars.
- (iii) Immediately after the war, we had no obligations to GATT or to EFTA—they did not exist.

22. Some specific commodity arrangements which we made with Commonwealth countries some years ago are still in force: a note on these is attached at Annex I. Most of them were tailored to meet conditions which no longer obtain and we are seeking to modify some of them in the light of our present needs and circumstances. To renew them unchanged, and still more to add to the commitments which they involve for us, could reduce our ability to participate effectively in any multilateral expansion of world trade.

23. Bulk purchase contracts could be attractive to other Commonwealth suppliers if prices of primary produce were to drop substantially—for example, if there were a severe world depression and if the contracts were to provide a secure market for at least as much, on average, as the supplier could expect to sell without a bulk contract, and the prospect of a price which would be at least as high, on average, as he could otherwise expect. The attractions would, therefore, be greatest to the high-cost suppliers (who would probably be the least valuable markets for our exports). British Ministers have stated that new commodity arrangements with Commonwealth countries would not be at the expense of British agriculture. It follows that non-Commonwealth suppliers would have to accept some limitation on their own prospects. The non-Commonwealth suppliers who might expect to be adversely affected include important trading partners such as the U.S.A. and EFTA and also a number of foreign developing countries.

24. To implement any arrangements, we should have to be prepared either to impose import licensing against countries (whether Commonwealth or foreign) which were not parties to the contracts or to organise the whole import trade

through Government purchasing corporations. Either course would create legal complications internationally; the latter course would require legislation.

25. A list of our principal imports of primary commodities from the Commonwealth is attached at Annex II.<sup>2</sup> A detailed study by commodity would be necessary before specific possibilities for new bulk purchase contracts could be identified. Before such arrangements could be offered, we should have to be satisfied that so far as possible:—

- (a) United Kingdom consumers would not be denied access to the cheapest and most efficient sources of supply;
- (b) interests of home producers would not be sacrificed;
- (c) any diversion to Commonwealth from foreign sources would not seriously damage our commercial relations with the latter countries;
- (d) any extra burden on the balance of payments and the Exchequer would be likely to be offset by increased British exports;
- (e) suppliers of any commodities of which there is an actual or prospective shortage (such as copper or tin) would be able and willing to supply us without considerable additional assistance or inducements from us to enable them to do so.

26. All Commonwealth countries would think themselves entitled to benefit from any concessions which the British Government were ready to contemplate, especially if the idea of new arrangements were launched in a Commonwealth forum such as the Prime Ministers' Conference. If, for instance, we contemplated a bulk purchase of wheat from Australia, we should have to be prepared to contemplate a similar purchase from Canada.

27. The stance we have taken in U.N.C.T.A.D. means that for a great part of this field, and notably in relation to tropical products, it would be inconsistent and embarrassing if we were now to prejudice the position of non-Commonwealth developing countries by giving new preferences or privileges to competing producers within the Commonwealth.

28. It is not possible to foresee how bulk purchase arrangements would affect the average price which we should pay for imported products over a period. Much would depend on the course of the market. In post-war conditions of shortage and high prices, the prices which we paid were undoubtedly lower through buying in this way, but in future it seems more likely that most agricultural commodities (though not by any means all the metals) will be in surplus and in such conditions bulk buying is likely to be more expensive than competitive private buying.

### *Conclusions*

29. Against the known attitudes and interests of Commonwealth countries, the fact that nearly all of them do far less trade with other Commonwealth countries than with the rest of the world, the limits imposed by balance of payments considerations, Commonwealth policies of industrialisation and obligations to domestic producers, trading relations with suppliers in third countries and the restrictions resulting from our own and other Commonwealth countries' international obligations, it is not easy to see what new arrangements could be devised that would increase Commonwealth

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<sup>2</sup> Not printed.

trade without impairing other trading interests of this country which are of equal or greater importance.

### Annex I to 396: Commodity arrangements with the Commonwealth

1. The Commonwealth Sugar Agreement, 1951 is basically a bulk purchase contract between the United Kingdom and the sugar producing industries in various Commonwealth countries, under which the United Kingdom buys fixed quantities of sugar at prices negotiated annually. It originally ran from 1950–1958 and now, after having been extended annually, runs until 1972.

2. In addition to providing a guaranteed market the Agreement limits the total quantities of sugar which each Member may export to the preference markets, and provides the basis upon which the Commonwealth quota under the International Sugar Agreement is shared.

3. Apart from sugar, the main specific commitments on individual commodities to particular Commonwealth countries are as follows:—

(a) the United Kingdom/Australia Meat Agreement, 1952 accords the right of entry to the United Kingdom market of Australian beef and veal, and mutton and lamb at negotiated minimum import prices (though these no longer apply to mutton) without restriction of quantity up to 1967. The Australian Government undertook 'to use its best endeavours . . . to bring about steadily increasing exports of meat to the United Kingdom' and to promote development to this end. Australia also agreed to limit to agreed levels her exports of meat to other countries until it was agreed otherwise. This latter provision ceased to apply for mutton and lamb in 1958 and for beef and veal in 1961.

(b) the Joint Declaration on meat by the United Kingdom and New Zealand Governments in 1952 accords the right of entry to the United Kingdom market for New Zealand beef and veal and mutton and lamb without restriction of quantity until 1967. Like the Meat Agreement with Australia, this commitment was entered into in the context of a declaration by New Zealand of her intention to increase production of meat for the United Kingdom market. There were however no minimum import price provisions or limitations on New Zealand's right to sell to other countries.

(c) the undertaking in Article 5 of the United Kingdom/New Zealand Trade Agreement, 1959 to admit without restriction of quantity imports of New Zealand butter and other dairy products, casein and chilled and frozen pork until 1967.

(d) under the quota arrangements for butter which were originally introduced in 1962 to safeguard the interests of New Zealand against dumped and subsidised competition and were subsequently continued in 1963 in the interests of traditional suppliers generally, New Zealand has agreed each year in the light of consultations to waive her right under (c) above to unrestricted entry for butter. New Zealand and Australia, and also the Irish Republic, have, however, been guaranteed under the quota arrangements a share in the United Kingdom butter market proportional to their share in 1963.

(e) the wheat clause in the United Kingdom/Australia Trade Agreement, 1959 states the desire and expectation of the two parties that sales on commercial terms of Australian wheat and flour in the United Kingdom will amount to not less than



750,000 tons per annum. This commitment was given in the context of the renegotiation of the Agreement in return for other benefits and not in order to assure supplies to the United Kingdom. It has been a source of dispute and friction between the United Kingdom and Australia.

4. We still retain dollar q.r's in citrus fruit, rum, cigars and bananas which give advantages in the United Kingdom market to Commonwealth producers. The special quota system for butter was introduced primarily for the benefit of New Zealand. We also retain (in contravention of the G.A.T.T.) q.r's on apples and pears which are advantageous to South Hemisphere producers (particularly Australia and New Zealand) and have indicated that we would have regard as far as possible to Australian and New Zealand interests if it became necessary to remove them.

5. The United Kingdom and a number of other Commonwealth countries are members of certain international commodity agreements such as tin, wheat and coffee.

### **397** PREM 13/182, ff 14–18

9 Apr 1965

[Commonwealth trade]: minute by D J D Maitland. *Enclosures*: letter from Dr T Balogh<sup>1</sup> to Mr Wilson and minute by Mr Wilson

This is to confirm that the Prime Minister asked Sir Burke Trend this morning to remove from the Agenda of Monday's meeting of the Defence and Oversea Policy Committee the papers on Britain's trade with the Commonwealth and economic relationships. I handed to Sir Burke Trend the original of a private and confidential letter from Mr. Balogh to the Prime Minister. He may also like to have the enclosed copy of a jeu d'esprit by the Prime Minister in the form of a paper with the title 'Trade with Europe'!

#### **Enclosure 1 to 397: letter from Dr T Balogh to Mr Wilson, 8 Apr 1965**

The Economic Development (Official) Committee has now considered and come to completely negative conclusions on Commonwealth Trade. The relevant documents are E.D.(O) (65) 7th meeting and E.D.(O)(65)40<sup>2</sup> dated 7th April.

2. The conclusion is that: 'Our examination of the field of Commonwealth trade and economic relationships does not suggest that there is much scope for a major United Kingdom initiative at the forthcoming Prime Ministers' Meeting . . . our general recommendation is that, at the present point of time, the main attention of the Commonwealth Prime Ministers should be directed to matters of world economic policy such as the Kennedy Round rather than to specific Commonwealth economic topics.'

3. This conclusion is diametrically opposed to your directive. Inasmuch as the new Commonwealth are now members of the Afro-Asian Latin American Group at

<sup>1</sup> Economist, life peer (Baron Balogh of Hampstead cr 1968); fellow of Balliol College, Oxford, 1945–1973, and reader in economics at Oxford University, 1960–1973; economic adviser to Cabinet, 1964–1967, and consultant to prime minister, 1968; minister of state, Dept of Energy, 1974–1975.

<sup>2</sup> cf 396.

the new Trade and Development Board it would lead to a cleavage between the rich and the poor. A second and perhaps even greater danger is that unless a new initiative is taken at the Conference attention may be focused on Southern Rhodesia with untoward consequences.

4. From an economic viewpoint, moreover, the recommendation to continue with the policy of non-discriminating liberalisation under G.A.T.T., i.e. the Kennedy Round, means an automatic diminution of Commonwealth preferences. This flies in the face of the only empirical study ever commissioned by the Board of Trade (the A. J. Brown Report)<sup>3</sup> which shows conclusively that, as you always maintained, we derive large gains from Commonwealth preferences. This is completely disregarded. Equally disregarded are the empirical studies which show that sterling area investments, apart from India, have been more profitable than those elsewhere. The Official Committee arrived at its surprising conclusions because it either failed to consider, or dismissed for no good reason, your suggestions on greater planning, relating aid to trade, bulk buying contracts etc., and because it took an intensification of Commonwealth trade to be synonymous with the creation of a Commonwealth Customs Union or Free Trade area. It is significant that it is acknowledged that: 'The older Commonwealth countries remembered our earlier attempt to join the European Economic Community and would look on overtures on Commonwealth trade with a critical eye.' I don't seem to remember that the Labour Party and especially yourself have ever attempted to enter E.E.C.

5. On bulk purchase arrangements, the Committee came to the astonishing conclusion that the provision by us of a guaranteed market would result in our paying higher prices than we pay at present. It is unquestionable that guaranteed markets have always had the corollary of lower prices, except in cases where higher prices have been granted for political reasons (e.g. on sugar).

6. The negativeness of the Official Committee's approach is also due to the fact that it completely neglected the growing importance of technical aid, especially at a time when we cannot supply sufficient resource aid, and when better technical aid could increase the effectiveness of such resource aid as we can give. Such technical aid would moreover allow a collaborative planning of investment with immensely increased scope for mass production. It is significant that the Officials turn away their faces from this expedient despite the brilliant demonstration of what can be accomplished in your conversations with General de Gaulle. Is it likely that analogous attempts in the Commonwealth would not yield better results within and outside the Commonwealth?

7. The a priori assumption (E.D.(O) (65)40 paras. 8 and 9) that all coordination is either impossible or useless is the more surprising as the aversion to U.S. investment dominance which is so widespread and effective in Canada, has now taken hold in Australia too (as our conversation with Coombs<sup>4</sup> has shown). I am sure that we could use this fear of complete American superiority in sophisticated industry to establish that broader base for our own sophisticated industry which we so badly need. Incidentally, I should like to call your attention to the fact that the Official Committee

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<sup>3</sup> A J Brown, professor of economics at Leeds University, 1947–1979. In his report (CCP(65)19), Brown estimated the UK had a level of exports £100–£200 million higher than if Commonwealth preferences did not exist (PREM 13/182, Balogh minute, 1 Apr 1965).

<sup>4</sup> H C Coombs, governor and chairman of Board, Reserve Bank of Australia, 1960–1968.

on External Economic Policy at their 8th meeting on the 25th of March decided to commission a number of papers on the constitutional, defence and policy aspects, and the implications for developing Commonwealth countries, of British entry into the Common Market. While I don't say that this has anything to do with the fact the Conservative Central Office has just published a pamphlet on our entry into the Common Market it does show the mentality. I do not believe that they had any sort of directive to explore the consequences of our entry into the Common Market.

8. My paper on Commonwealth Cooperative Planning has been dismissed by reference to the unfavourable experience of France in her relationship with her ex-Colonies. I fear, however, that as my study of the impact of European policies on Africa shows, they have completely missed the point over French actions.

9. Even more unfortunate is the fact that the Committee has not considered in this context the implications of our present agricultural policy for our terms of trade, and the possible large savings which could accrue and which could be used for the bolstering up of Commonwealth Trade.

10. I can only once more and urgently suggest that the problem of preparing for the Commonwealth Prime Ministers' Conference ought to be transferred to a mixed Ministerial Official Committee under the Minister of Overseas Development, with a strong economic secretariat preferably recruited from her economic planning staff. I feel very apprehensive that the present attitude will lead not to a strengthening but to a further weakening of Commonwealth relationships without any compensating advantage for us elsewhere, and in particular that the unique opportunity offered by the creation of the Ministry of Overseas Development and the proposed establishment of the Commonwealth Secretariat in conjunction with it will be completely missed.

I am sending copies of this letter privately to George Wigg, Barbara Castle and Paul Streeten.<sup>5</sup>

#### Enclosure 2 to 397: minute by Mr Wilson (nd): 'Trade with Europe'

1. We have examined the possibility of trade with Europe. European countries vary. Some are large. Some are small. No uniform pattern is therefore possible.

2. Moreover they are highly developed & have their own industries, with whom [sic] it is difficult to compete. And if we did they might not like it.

3. There is a high tariff due to EEC. We could not negotiate reductions because of GATT, and EEC.

4. Our prices are not competitive. So it is no good trying.

5. Except in agriculture. We might try to develop exports of British agricultural produce to Europe, though this may lead to a demand that we take more industrial goods from Europe.

6. Their economies are competitive with ours. Since any expansion of trade with Commonwealth countries which have complementary & less advanced economies is ex-hypothesi ruled out, a fortiori any hope of trade with competitive economies must be regarded as small.

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<sup>5</sup> George Wigg, paymaster-general; Paul Streeton, deputy director-general, Economic Planning Staff, ODM.

7. Certainly no major initiative, such as an attempt to create a Customs Union or Free Trade Area, would be likely to succeed & an attempt which failed would be damaging.

8. Nor could we deal with an area which has created an agricultural policy contrary to the principles of Free Trade & to the provisions of GATT.

9. In any case we have tried and failed so why try again.

10. In any case we are all very tired.

**398** T 171/806, ff 158–161

7 May 1965

[Corporation tax]: letter from Mr Jay to Mr Callaghan expressing concern about the impact of corporation tax on overseas investment in the less developed countries

A great volume of representation has been reaching me since the Budget, and I know that there is more on the way, about the effect of the Company Tax changes on overseas investment, particularly in the less developed countries. I feel that there is sufficient foundation for it to oblige me to ask you to consider whether some further concession can be made in the course of the Finance Bill Debates. In India and Pakistan, in particular, in the course of my visit there, this was the main issue raised by British, Indians and Pakistanis alike, official and commercial; and, though naturally some of this anxiety may be exaggerated, it is certainly deep and sincere. I of course firmly defended the Government's proposals, emphasising the transitional period and the exemption of the Sterling Area from exchange control. I cannot pretend, however, that these anxieties seem to me wholly unjustified, or that we can be confident real damage will not be done. The burden of complaint is, of course, that the tax changes will reduce the profits available for reinvestment unless dividends after tax are heavily cut. It is, in my view, no sufficient reply to say to India or Pakistan that this is partly due to their heavy rates of profit taxation, because without high direct taxation there is no hope of launching their economy into a genuinely developing phase. Similar arguments are being advanced by a number of other Commonwealth countries. At the forthcoming Commonwealth Prime Ministers' Conference, they are likely to be forcefully expressed. Strong representations are also being made to me by some of our most successful exporters to all parts of the world, including those who are cooperating actively with the Government in the B.N.E.C. They speak more in sorrow than in anger, but speak cogently.

I agree fully that our total private investment overseas must be restricted, as long as our balance of payments is in the recent parlous state of deficit, and indeed until there is a surplus to invest. But against this simple short-term necessity, the medium and long-term balance of payments argument for judicious investment overseas, seems to me stronger the more one looks at it and the more facts come to light. I summarise it as follows:—

(i) The balance of payments figures show that the net invisible income from interest profit and dividends overseas has been about the most encouraging single item in recent years. The balance of payments White Paper (Cmnd 2629 March 1965) shows that our gross income from this source has risen from £666 m. in

1959 to £863 m. in 1964; and the net income from £270 m. in 1959 to £435 m. in 1964. Even though it may be true that we could increase the rate of return on capital employed, in the future, this is nevertheless a very large and rapidly rising plus in our balance of payments.

(ii) It is desirable and indeed inevitable nowadays that many leading British manufacturing firms should locate factories etc. overseas in order to jump tariff walls, to accord with local sentiment and to help in developing undeveloped resources to everyone's benefit. Provided we get an adequate return remitted on the investment (and the above figures suggest we must be getting it at any rate in a great many cases), it is desirable that these firms should steadily reinvest in the overseas country. Otherwise, our share of these markets is bound to decline.

(iii) Though this is harder to measure, there is abundant evidence that the existence and expansion of British firms in these countries itself provides us with contacts and markets for further exports—and not just spare parts, components etc. If British firms fail to expand, these markets will go to the U.S., Germany and Japan. This applies not merely to visible exports, but to banking, shipping, insurance etc. earnings also. It also affects important developed countries such as Australia, where profits taxation is 50%.

(iv) We cannot neglect the general argument for developing those countries which are both poorer and less advanced than ourselves. Insofar as private investment is directed to revenue-earning objects and is in harmony with the policy of the overseas country, it benefits both of us, and improves the prospects of their markets for our exports.

(v) We cannot neglect either the undertakings we have given to promote Commonwealth trade and investment. In countries like India and Pakistan—which bulk so large in the Commonwealth—trade and exports are in fact largely dependent on the extent to which we can invest there. We cannot easily expand one without the other.

When I pointed out to those advancing these arguments in India and Pakistan that the U.S. had been forced to place a surcharge on overseas investment, they retorted that the U.S. Government had exempted developing countries from its operation. They asked why, since this also was taxation, we could not ourselves do something similar. I have enquired into this, and find that the U.S. Secretary of Commerce maintains a list of developed countries to which the interest equalisation tax does not apply. The Americans have thus found such discrimination possible, and this carries great weight in the developing countries.

In all this, I draw a clear distinction between portfolio investment on the one hand and direct investment by firms in new productive assets on the other. I apply the above argument only to the latter; and I accept the arguments you have advanced in the Budget Speech and elsewhere for cutting portfolio investment overseas at the present time. Indeed, it seems to me that the argument you put forward about the need for correcting an actual bias in favour of overseas investment applies mainly to portfolio investment.

One example may perhaps be given, among the many represented to me, of the type of direct investment I have in mind. India's tea production provides about 16 per cent of her total export earnings; it is highly economic; and is efficiently managed by companies in which British and Indian personnel work well together, and which

remit substantial dividends to this country. India's next five year plan provides for a large expansion of these estates, and the Indian Government wishes the British companies to participate in this. These companies now maintain, however, that they will be prevented in most cases from doing so, and may indeed actually have to sell out their assets. If these were sold to an Indian purchaser, it is not clear that the latter would even be able to pay in sterling, and they might therefore go to one of our foreign competitors. Thus both India and ourselves would suffer in the short and also longer term. Even allowing for the natural tendency of these countries to exaggerate their grievances, I do not believe we can brush all this aside as illusory; and tea is of course only one example in one country.

Nor am I satisfied that we can dismiss altogether the representations of the oil companies, whose shipping and ship-building operations impinge very closely, as you know, on Board of Trade responsibilities. I understand the Ministry of Power will be approaching you in more detail about the oil issue; but I would like to say this. I fully agree that it was indefensible for Shell and B.P. to be paying so little U.K. tax; that their profits are large; and that it would not be possible or right for us to put them in as easy a tax position as the American companies. But it does not follow from this that so sharp a change as that now proposed is necessarily desirable in the national interest. Shell and B.P. are, frankly, almost the only British enterprises which are in the forefront of economic activity throughout the world, and hold their own with the large American companies. Their contribution to our balance of payments is greater than any other British enterprises other than perhaps B.M.C., Ford, I.C.I. and Leyland, and likely to grow still faster in the future. We should surely be exceedingly careful not to damage this growth for any fiscal reason other than necessity.

It is not in dispute that, despite the transitional period, the oil companies will under your present proposals have substantially less profit available for reinvestment unless they cut their post-tax dividend well below what it would have been. It is not in dispute either that the American companies will often have available after paying the same post-tax dividend about twice as much profit for reinvestment out of every hundred pounds of profit. B.P. estimate that the new tax imposed on their company plus its stockholders will be between £15 and £25 m. a year, apart from transitional relief, which is, I understand difficult to estimate precisely. I do not feel satisfied that the British companies in these circumstances will be able to hold their own in world expansion against the Americans; nor can we simply ignore the immediate effect on our own balance of payments if they order fewer tankers from British yards and charter from foreign owners instead.

I hope you may now feel that some concession can be made to meet these representations. You will know much better than I what would fit best into the new scheme. On the face of it, the minimum would seem to be an extension of the transitional period, and perhaps some improvement of the transitional terms. I hope also, despite the difficulties, that the possibility of discriminating in favour of the less developed countries can be re-examined, particularly as the Americans are doing so. I realise that discrimination in our case would raise quite different issues, because the U.S. interest equalisation tax is not related to profit taxation generally. But I would have thought a concession could be linked with the profits of companies registered in l.d.c.'s: and that in view of the American scheme, and recent discussions in U.N.C.T.A.D. and the I.B.R.D., it would not be impossible to devise a list of such countries.

I have discussed these points with the Foreign Office, C.R.O., Colonial Office, Ministry of Overseas Development, and Ministry of Power. They are in broad agreement with this letter, a copy of which I am sending to them. In reporting on my India and Pakistan visit to the Prime Minister, I mentioned that I would be approaching you about this: and as he asked me to send him a copy of what I said, I am sending one to him and the First Secretary also.

You may think it best to discuss this with the other Ministers concerned and myself before the Committee Stage of the Finance Bill is reached.

**399** CO 967/426, no 2 12 May 1965  
[Corporation tax]: letter from Mr Greenwood to Mr Callaghan,  
supporting Mr Jay's view

I have seen Douglas Jay's letter of 7th May<sup>1</sup> about the effect of the Company Tax changes on overseas investment.

As you know, I have all along been anxious about the effects of your proposals on the dependent territories, and I strongly support the President's letter. Most of the territories for which I am responsible are at a low level of development, and face alarming population problems which will make their economic position even worse if nothing is done. They must have private investment to supplement what we can do by Government-to-Government development aid. I am worried that the Corporation Tax proposals will not merely deter investment in new enterprises, but make it impossible for existing ones to plough back enough to remain viable, and that the net result may be disinvestment. It may be that investors in other metropolitan countries would step in to some extent, but they would hardly repair the damage completely, and in any case I should like to see us maintain our position in these territories, especially in view of our need to export. The President has pointed out, in terms which I find persuasive, that such investment should prove advantageous to our balance of payments in the medium and long term.

We are of course committed to increasing aid to the developing countries in the public sector as and when our own financial position permits; and it seems to me that to take action likely to hinder investment in the private sector would be both inconsistent with this aim and likely to undo much of the benefit of direct Government assistance. Certainly that is how it will be seen overseas, and I am also worried over the psychological effect in the dependent territories, where I am sure your proposals will be regarded as a sign that we are no longer concerned about their position. During my recent visits to the West Indian territories and Mauritius, I was left in no doubt of the concern felt there about these proposals; and the West Indian Prime Ministers passed a resolution which was strongly critical of them during their recent meeting in British Guiana.

I very much hope, therefore, that you will agree to discuss this further with the Ministers concerned.

I am sending a copy of this letter to the Prime Minister, the first Secretary of State, the President of the Board of Trade, and to the Foreign Office, CRO, Ministry of Overseas Development, and the Ministry of Power.

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<sup>1</sup> See 398.

**400** CAB 130/229, MISC 56/4

24 May 1965

**'Aid and exports to the Commonwealth': memorandum by the Ministry of Overseas Development in preparation for the Commonwealth Prime Ministers' Conference<sup>1</sup>***I. Introduction*

1. The Meeting of Ministers and officials under the chairmanship of the Prime Minister on 13th May to consider Commonwealth Economic Relationships (MISC.56/1st Meeting) invited the Ministry of Overseas Development, in consultation with the Department of Economic Affairs, the Treasury and the Commonwealth Relations Office, to prepare a paper on the prospects of stimulating exports to the Commonwealth through the aid programme. This paper represents only a preliminary consideration of the extent to which our present financial aid and technical assistance are beneficial to trade, and the possibilities of improving upon this both in a programme of the present size and in a larger programme. We consider first the advantages and disadvantages to us of seeking to stimulate exports to the Commonwealth through aid; estimate the effects of the present degree of tying of aid to British goods and services and of an extension of this practice; and finally consider the actual scope for a policy of this kind.

*II. Advantages and disadvantages of the proposals, in relation to our aid policy and programme generally*

2. The main objective of our aid programme is the promotion of economic development. This is necessarily a long-term aim and requires concentration of resources in ways which the donor and recipient can agree upon as likely to achieve the most effective results. The increasing prosperity which such development will promote should lead to an increase in world trade, from which we, as a trading nation, may expect to benefit.

3. Over 80 per cent of our bilateral aid (including both capital and technical assistance) is already directed to the Commonwealth, including about 30 per cent to the dependent territories. In concentrating our aid on the Commonwealth, we are helping a group of countries whose need is particularly great (since income per head is markedly below the level in the less developed countries as a whole), but whose capacity for immediate growth appears to be generally below the average in developing countries. It has indeed been argued that it should be our aim, in the future, to give greater priority, as recipients of our aid, to those countries (both within and outside the Commonwealth) which have the most favourable prospects for development and future trade. This would still mean that the greater part of our aid would continue to go to the Commonwealth but, over a period of years, some redirection of our effort would be needed and might result in a larger proportion of an increased total programme going to certain foreign countries, including Latin America. Any such proposal might well compete, within the aid programme, for resources with the proposal to provide more aid to encourage Commonwealth trade.

4. A scheme of the latter kind, if it could be put into effect, might appear to offer

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<sup>1</sup> A covering note explained that the Treasury, Dept of Economic Affairs and CRO all supported the line of this memo, with minor reservations.



substantial advantages for the United Kingdom. It has been suggested that it might be possible to develop increased trade as a result of discussions between ourselves and the governments of various developing members of the Commonwealth and that if such negotiations were successful, aid could be made part of a 'package deal'. It has also been suggested that we could point out to the developing countries that it will be difficult for us to increase the present programme substantially so long as a large proportion of it is untied. A re-shaping of the existing programme so as to diminish the amount of untied aid, especially aid devoted to meeting local costs, which have a particularly severe impact on the balance of payments, would reduce the cost of the aid programme in terms of foreign exchange. We consider that further study should in any case be given to the development of our trade with those countries to which we give substantial amounts of aid. It may be difficult to sustain the flow of aid if it can be shown that the indirect effect is to finance trade with other countries, even if the aid is tied to exports from this country. (This can happen through 'switching', i.e., if the recipient country uses our aid to pay for imports which it would have bought from us in any case, and uses some of the free foreign exchange which it saves in order to buy imports from elsewhere.)

5. There are, however, a number of important considerations which argue against a policy of the deliberate use of aid to promote trade. The practicable extent of such a policy is small and, as the later sections of this paper show, there is little or no scope for the redirection of aid, within the limits of a programme of the present size, though it would be easier to use additional aid for the purpose of export promotion. We may, in fact, have to provide substantially more aid for India, and this (apart from whatever may be necessary to refinance Indian debt) will be in the form of tied loans which will finance additional British exports. There will, however, be other substantial claims to any increase in the aid programme—notably that of an increased contribution to the International Development Association (from which we have in the past obtained more contracts than the amount of our subscriptions) and the Supplementary Financial Measures which we sponsored at the UNCTAD last year. There is also a strong case for expanding our technical assistance programme.

6. We should distinguish between the part which aid can play in expanding international trade and the possibly dangerous consequences which may result from aggressive competition for international trade backed by aid. Other countries certainly make more use of aid as an instrument of commercial policy than we do, but it seems probable that we, with our great dependence on international trade, are more likely to lose than to gain from the kind of competition which policies of this kind may stimulate. For this reason, our policy hitherto has been to regard aid (other than that provided as budgetary support and for other reasons) as provided primarily in order to supply goods required by the developing country from us for its development programme, as distinct from commercial credit which, we hold, is for the supply of goods which our suppliers wish to sell. There is, of course, a considerable overlap between the two, but we are at present working in the O.E.C.D. to try to establish a clear distinction. A policy of linking our aid more overtly with our trade might involve reconsideration of this policy. It might, moreover, affect our ability to co-operate constructively with other Western donor countries in preparing for the next round of discussions at the UNCTAD. The developing countries feel strongly that the tying of aid distorts their development programmes and makes them more expensive; the present discussions in the Development Assistance

Committee of the O.E.C.D. are directed towards seeing what can be done to meet this kind of criticism, which will be voiced again at the next session of the Conference.

### III *Extent to which the existing tying of aid protects the balance of payments*

7. British tying practices are probably not in themselves much less effective than those of other donors. Perhaps we are a little more liberal in the sense that at least half of total Section 3 aid to the Commonwealth is not tied to projects. Where we differ from other donors is in giving so high a proportion of formally untied aid.

8. There are basically three types of 'tying' in our bilateral financial aid. The first are those loans under Section 3 of the Export Credits Guarantee Act which are tied to goods purchased in Britain for the execution of specific projects (so called 'double tied' aid); this is thought to be the severest form of tying. Secondly, loans for general purposes, also extended under Section 3, are tied to goods procured in Britain but not to specific projects. Thirdly, some financial aid to dependencies under the Colonial Development and Welfare Acts is administratively tied to purchases in Britain in the sense that the local Government is asked to ensure that all goods directly imported for the aid-financed projects are obtained here unless a special dispensation is obtained from London.

9. All our remaining financial aid, whatever the ostensible purpose for which it is given, is formally united, although frequently the purpose of the aid is specified in a manner which has the indirect effect of bringing much of the money back to Britain. For example, when a colony becomes independent we make finance available to help it meet its legal obligation to compensate displaced British officials; this money cannot be used for any other purpose, and the greater part would be repatriated.

10. 'Double tied' aid at present represents just over a quarter of all British financial aid to the independent Commonwealth; Section 3 'general purpose aid' about the same proportion. In other words in the independent Commonwealth well over half the capital aid is formally tied in one way or another, but quite a large proportion of the remainder is given in forms which make it likely to return directly to Britain. Other bilateral donors to the Commonwealth effectively tie most of their aid.

11. None of the methods of formal tying guarantees that an increase in the amount of aid in question will cause an equal increase in imports from Britain, or that an increase in the proportion of tied aid within a given total will necessarily stimulate a corresponding shift of trade towards us. Our present methods cannot protect us, therefore, from the effects of a worldwide tendency for our share in Commonwealth trade to decline, such has been occurring in recent years.

12. Had our aid to the Commonwealth not been increasing, however, the decline in our share of trade would no doubt have been faster. The extent to which our tied aid in the independent Commonwealth at present protects our trade is under discussion between Departments as part of the study of the relation between aid and the balance of payments, but it seems likely that agreement will be reached that at the present time our 'double tied' aid to Africa generates British exports to the value of about 80 per cent of the aid in the short run, and perhaps a little more in the long run. In other words, about 20 per cent of the aid is switched to third countries and puts a burden on our balance of payments. In India and Pakistan the return to Britain is higher, perhaps 90 per cent, and the leakage correspondingly less. With Section 3 'general purpose' (i.e. non-project) aid the leakage is probably as high as 40 per cent in Africa, but in the Indian sub-continent is only about 15 per cent. For the

two types of aid taken over the whole programme, the average leakage is probably about 25 per cent.

13. In India and Pakistan, between 1960 and 1963, our share in total imports fell from 19 per cent to 15 per cent, but our share in the aid these countries received also declined to 8 per cent. By contrast they were receiving massive and increasing amounts of severely tied U.S. aid, in face of which it would not have been surprising had our share in their imports fallen still further.

14. The proportion of the formally *untied* aid which in practice returns to Britain is less easily estimated, but it is the O.D.M.'s view that in East and Central Africa, the average figure is at least 50 per cent. (We do not give any of this kind of aid to India or Pakistan.)

#### IV. *Extent to which present aid stimulates trade*

15. *Financial aid.* Many projects in developing countries are such that, after completion, they will need to be maintained by a continuing flow of replacements, spare parts, raw materials or partially fabricated components, some of which may have to be supplied from the same country which supplied the plant and equipment for the original project. Among such projects, for example, would be telecommunications systems, motor assembly plants, power plants and heavy and light industrial factories of many types.

16. It is not possible in the time available to provide figures which in any particular case quantify the volume of exports that has flowed to enable a particular overseas project or the projects in any particular country to continue to perform their purpose. No doubt in many cases follow-up orders have come our way. In the case of India, however, the import requirements of factories and other undertakings associated with British capital are such that special financial aid arrangements (Kipping Aid) have been made to enable the factories to maintain reasonable levels of production. Although we have provided £4 million in each of the last two financial years for this purpose, the claims on behalf of such factories have been so great that the Indian authorities have only been able to issue licences for a small proportion of them against these funds.

17. *Technical assistance.* Most of our technical assistance is in the form of the provision of British experts to developing Commonwealth countries and of training facilities (mostly in the U.K.) for people from those countries.

18. Over 11,000 British experts, either employed by overseas Governments or under contract to the Ministry, are serving in developing Commonwealth countries. The demand has risen more steeply than a greatly increased rate of recruitment. The professions most in demand are teachers, doctors and nurses, agriculturalists and vets, and engineers. The countries making the greatest demands are Uganda, Kenya, Zambia, Tanzania, Malawi, Hong Kong and Malaysia. Most new Commonwealth countries prefer British staff but turn elsewhere to make up their deficiencies.

19. There is no precise equation between experts and exports but in certain fields particularly (e.g. engineering, technical education and to a lesser extent medicine and agriculture) the presence of British staff helps to ensure the active continuation of British connections in the supply of, and familiarity with, British machinery, equipment, text books, etc. Viewing the problem in reverse, the filling of vacancies by e.g. Germans or Russians introduces competitive elements into formerly British spheres of industrial and commercial influence.

20. Any new initiatives which succeed in increasing the supply of British experts are likely to have some beneficial effect, direct or indirect, in channelling orders to Britain. In this connection, a series of proposals to develop and re-shape our recruitment policy have been substantially agreed by officials and will shortly be submitted to Ministers. Their object is to make possible expansion in the supply of British experts to the developing world and an improvement in their quality.

21. Practical training in British industry of students from overseas has considerable potential value in relation to follow up export orders. At present, the private sector organises a very considerable intake of such students. The O.D.M. is actively engaged in consultation with other departments in ensuring that overseas students take full advantage of training places provided by industry under the arrangements set out in the Industrial Training Act.

#### V. *The use of aid in encouraging trade and promoting British exports*

22. This question can be considered in two aspects: the direct stimulation of exports by further tying; and their indirect encouragement by the use of increased aid.

23. *The effect of further tying in the present programme.* The scope for the diversion of trade to Britain by further tying within the present-sized programme is extremely small. All our aid to the *Indian Sub-Continent* is already formally tied under Section 3. In Africa, nearly all our aid to *Nigeria, Ghana and Sierra Leone* is also tied. There will be some limited scope for increased tying in the *Gambia* and *Malawi* from 1966 onwards; both these countries are, however, heavily dependent on Britain for untied budgetary aid. It has already been established, as a result of a careful examination of their development plans, that there are no projects in the *East African Commonwealth* countries (where only about one-half of our aid is tied) over and above those which we are already assisting, which offer any possibility of promoting British exports. The *Zambians* have specifically said that, while they may be expected to spend a large amount of our aid, and more money of their own, in Britain they would resent the tying of the former. Most of our aid to *Malaysia* and all of our aid to *Ceylon* is already tied and there is no scope for further tying.

24. *The use of increased aid for furthering exports.* Our aid to India and Pakistan is only a small percentage of the total Western aid which they receive, and we already have a favourable balance of trade with Pakistan. Other donors are therefore in a much stronger position to stimulate additional exports from their own countries, in so far as India's resources of 'free' foreign exchange will pay for them. *Ceylon* is about to have a debt refinancing operation, and the demands of *Malaysia* for defence aid are so great that there is little possibility of increased economic aid. In *West Africa*, most of our additional aid could be tied, but the effect of this would be to distort the recipient's development plans, and their resources of foreign-exchange would be quickly exhausted in financing the additional imports stimulated by the local cost content of projects. This would limit their capacity to absorb further tied aid or additional normal imports from Britain. In *East and Central Africa* we could only find more scope for increasing British exports financed from tied aid at the price of sacrificing our present policy of providing aid related to the development plans and the economic needs of the countries concerned.

25. We could, however, give more tied aid to the *East Africa Common Services Organisation* for purchases of capital equipment, and this might lead to increased

exports in orders for spare parts. The Organisation is known to require telecommunications equipment.

26. One further possibility which we are following up is for more British consultants to undertake feasibility surveys for projects in developing countries in cases where (i) the project itself is likely to be financed from an untied source such as the World Bank or the developing country's own foreign exchange reserves, or (ii) it is desired to pre-empt a project for British financial assistance or commercial credits because, after completion, the project will give rise to a continued flow of imports from Britain.

27. *Ways of dealing with local costs aid.* A large proportion of our formally untied aid is given to finance the local expenditure of Colonial and independent African governments on development projects or as general 'budgetary aid' intended to support a development programme. To the extent that this aid stimulates increased local production, the greater part of it ultimately leads to a corresponding increase in the total imports of the recipient, but only a modest proportion of these additional imports would normally come from Britain. Consequently, aid for local costs is really a form of united balance of payments aid with a substantial foreign exchange content.

28. Given the currency system of some African countries and the virtual impossibility which they would experience in administering a complex exchange control system (let alone other undesirable side effects) it is clear that any crude attempt to reduce local cost aid would probably mean a reduction of our total aid and severe economic consequences in a group of countries where we are usually the major donor. Nevertheless, in the light of our current economic difficulties a number of possibilities for reducing the balance of payments cost to us have been suggested:

(i) Aid agreed to in principle should not be disbursed until it had become evident that it was needed to finance the country's direct balance of payments deficit with the United Kingdom. By such means, the aid would be uniquely related directly to the recipient's needs from the United Kingdom, but could not be used to burden our balance of payments.

(ii) Aid disbursements could be related to increases in imports from the United Kingdom as indicated by trade statistics. If the method were applied within the existing total of British aid to Africa, it would no doubt be regarded as oppressive, but we could answer that we cannot afford to continue to give large amounts of aid to countries which are diverting their trade away from us, as both East and Central Africa have been. There is an important distinction between the 'mercantilist' element in German and French, and even American, aid and an approach based on the proposition that Britain is no longer in a position to give aid in the form of free exchange because she has no free exchange to give. On the other hand, the diversion of imports to Britain could not be accomplished without import controls, which are unlikely in some cases to be administratively practicable.

(iii) Various devices for giving so-called 'local costs' aid in non-convertible currency. The Americans do this in West Africa and it would not be difficult to devise similar schemes for sterling aid. Of course, this aid can be 'switched' in the same way as formally tied capital aid, but the foreign exchange loss to Britain would probably be reduced. The economic, political and administrative consequences for the recipients,

however, would be little different from the case where we crudely reduced our local cost aid and attempted to convert it into formally tied aid.

29. In fact, in so far as any of these schemes are successful in reducing the amount of free exchange provided by the United Kingdom, they would present the recipients with substantial difficulties unless other donors gave more aid or united their aid. They would also be difficult to administer and would be objected to by the countries concerned.

#### VI—*Conclusions*

30. The considerations examined in this paper suggest that:—

- (i) Export promotion, whether in the Commonwealth or elsewhere, is not the main object of our aid;
- (ii) the amount of trade to be gained by using aid for this purpose is likely to be small within the context of the present programme and not very significant in an enlarged programme owing to future commitments which can already be foreseen;
- (iii) Such a policy would not be possible with India and Pakistan and would be difficult to apply in Africa (the area which would be the main target) and would be likely to cause considerable resentment;
- (iv) we should, however, make it clear to the developing countries that, insofar as increased trade with us is within their capacity, this makes it easier for us to increase our aid;
- (v) over a period, the policies of the Ministry should lead to greater co-operation with developing countries of the Commonwealth in the examination of their needs and the ways in which we can help them with planning, and this, together with expanding technical assistance and greater use of consultancies should have a stimulating effect on our exports to them;
- (vi) the application of conclusion (v) is particularly important in countries with good prospects of growth.

31. To sum up, this subject will need cautious handling at the Commonwealth Prime Ministers' Conference. If we are to put forward proposals on this we can only do so if there is to be a steady increase in our aid programme as the Ministry of Overseas Development has proposed in connection with the 1969/70 public expenditure plan. Without such an increase—on which there is as yet no decision, and on which the Treasury at this stage have reservations—there is no scope for any action to associate aid and trade which would be effective or acceptable to the developing Commonwealth countries.

## **401** PREM 13/183, ff 31–34

3 June 1965

[Commonwealth Prime Ministers' Conference]: minute by Mr Jay to Mr Wilson proposing free trade arrangements with Commonwealth countries

Since there was not time to raise this at our discussion on Commonwealth trade on Monday, I should like to press my suggestion that at the forthcoming Prime

Ministers' conference we should declare our willingness to discuss bilaterally with any Commonwealth country the possibility of entering into free trade arrangements with them, on the lines (*mutatis mutandis*) of the free trade area which we are now discussing with the Irish Republic. This would not be a proposal directed at one country with an immediate answer expected, as in the case of Canada in 1957, but a standing offer to examine possibilities with any individual country.

2. We have now informed both EFTA and Commonwealth countries confidentially of our negotiations with the Irish Republic. They may well therefore enquire in any case whether we are willing to make such arrangements within the Commonwealth. My suggestion is that we should gain by taking the initiative and saying that we are.

3. Such an arrangement would be perfectly legitimate (like the Irish one) within both GATT and the Stockholm Treaty. Indeed, it is one of the merits of that Treaty that, unlike the Treaty of Rome, it leaves this possibility open. It is also an arrangement which can be made bilaterally without either waiting for others or erecting barriers against them.

4. It may be argued that such a proposal would almost certainly be rejected by Commonwealth countries, developed and undeveloped, who are not prepared to dismantle their tariffs. I think here the same argument applies as with the EFTA approach to EEC which we suggested at Vienna. Even if the proposal were rejected, it would have been better to make it and show our willingness clearly. It would also be at least one positive and imaginative proposal for us to put forward publicly.

5. Some might say that our offer was cynical, because we already grant free access and others do not, and so we have everything to gain. Here again I think it would be a positive advantage to show clearly who is the obstacle to expanding trade.

6. One or two developing countries might perhaps accept the offer on condition that it applied to textiles. We should have to make reservations here, as is all too usual with textiles and agriculture; but I do not think this should inhibit us from making any such general declaration at all.

7. As I see it, we might put forward, in addition, a package proposition to the Commonwealth countries on these lines:—

(1) *Tariffs and Preferences*

(a) We all support multilateral reduction of tariff barriers in the Kennedy Round.

(b) Commonwealth preference remains very important for the trade of all Commonwealth countries, and we should consider whether further steps need to be taken to preserve and strengthen it to the greatest extent compatible with the general reduction of tariffs and barriers to world trade. But so far as developing countries are concerned we must take account of the pressure in UNCTAD and GATT to extend our Commonwealth preferences to benefit other developing countries, in return of course for the extension to Commonwealth developing countries of preferences in the markets of other important industrial countries.

(2) *Commodities*. We should be glad to consider proposals for commodity schemes aimed at improving access and stabilising prices at remunerative and equitable levels. Because of the importance of non-Commonwealth countries both as producers and consumers, viable commodity schemes will usually have to be on a wider than Commonwealth basis.

(3) *Government purchase*. Many Commonwealth Governments and public authorities make large purchases of imported goods. We should welcome it if, in respect of manufactured goods at any rate, particularly those where there is no local manufacture, and without resorting to discrimination of a kind that would be incompatible with the obligations that we all share as members of the GATT, there could be some understanding between us that at least where other things were equal preference would be given to buying from British or other Commonwealth suppliers.

(4) *Joint planning*. In planning our economic development we want to know more of the development of other Commonwealth countries over the next five or ten years, so that we can foresee the changing pattern of what they will wish to buy from us and be ready to supply their needs. We should like to establish machinery for examining with the authorities in Commonwealth countries who are responsible for economic development their plans and forecasts so that we and our industrialists can take account of them in planning investment at home. A conference of Commonwealth planning authorities might be useful.

(5) There should be a later meeting of Commonwealth Trade Ministers to work out these proposals in detail and any necessary machinery for implementing them.

8. I believe, that as an initiative, all this would hang together with the free trade area offer mentioned above.

9. I am sending copies of this minute to the First Secretary of State, the Chancellor of the Exchequer, the Foreign Secretary, the Commonwealth Secretary, the Colonial Secretary and the Minister for Overseas Development.

**402** PREM 13/183, f 29

9 June 1965

[Commonwealth free trade agreements]: minute by Dr T Balogh to Mr Wilson on Mr Jay's proposal

I saw the President's minute<sup>1</sup> on the Commonwealth Prime Ministers' Conference and your comments.

2. I fear that the President under-estimates the perception of our Commonwealth partners. Bilateral common market treaties with underdeveloped areas would be prejudicial to their development. Even the richer areas, such as Australia, could not possibly contemplate a reciprocal abolition of industrial tariffs. The UNCTAD provides (and so does the E.E.C. Rome Treaty) for a unilateral grant of free imports into the highly developed areas of the Community without reciprocal privileges in the underdeveloped areas, for those commodities which the underdeveloped areas wish to commence manufacturing and which they remain free to protect. Anything less would be regarded as derisory and certainly would compromise you in your negotiations at the Conference. To score off Australia or Canada by putting them into the dock and showing up the protectionist nature of their policies, would seem to be an unfriendly act hardly calculated to benefit us in a situation of extreme political difficulty. I feel that paragraphs 4 and 5 taken together are calculated to arouse the maximum hostility: '... it would be a positive advantage to show clearly who is the obstacle to expanding trade ...' '[W]e should have to make

<sup>1</sup> See 401.



reservations here, as is *all too usual with textiles and agriculture . . .*' This is an inverted Rome Treaty.

3. I feel that on the EFTA/GATT tack there is nothing for us except humiliation. Joint planning, leading to preferential Government purchase and certain commodity agreements strictly on the lines of the Sugar Agreement, is to me still the most hopeful approach.

4. Finally, I do not believe that Trade Ministers should prepare for the next round. It should be Ministers concerned with Planning. I fear that on the Board of Trade lines of thought we shall not get anywhere. . . .

### **403** PREM 13/183, ff 25–27

11 June 1965

[Commonwealth free trade agreements]: minute by Mr Brown to Mr Wilson on Mr Jay's proposal

You asked for comments on the Minute the President of the Board of Trade sent you on 3rd June about the treatment of Commonwealth trade at the Commonwealth Prime Ministers' conference.<sup>1</sup>

I am content with the proposals in paragraph 7 of the President's minute, which seem to me to tie together into a useful package the separate items we have agreed upon for presentation to the Commonwealth Prime Ministers in the economic part of the Meeting. On the points in paragraph 7 of the President's minute which particularly concern me I would just say that point (4) is covered more fully in the brief prepared by my Department, following our discussion on 31st May. On point (5) the question of what Ministers might attend any later meeting of Commonwealth Ministers would, I assume, be settled in the light of the agenda to be discussed.

With the main part of the President's proposals, therefore, I see no difficulty. But to his other suggestion that we might offer free trade area arrangements with any Commonwealth country willing to enter into negotiations on them, there are, in my view, serious objections:—

(a) Commonwealth countries all want to develop their own industries, which is only possible under protective tariffs and quotas or other means contrary to the basic concept of a free trade area. (Ireland is an entirely special case and quite different from any Commonwealth country.)

(b) Some Commonwealth countries might be prepared to open negotiations with us, not in order to give us anything, but to see what new concessions they could wring out of us, which could only be in embarrassing fields such as agricultural products and textiles.

(c) Any offer on the lines proposed would have serious implications for our efforts at bridge-building in Europe. To make such an offer without informing E.F.T.A. countries first would be regarded by them as a further unilateral step on our part. Moreover, I do not see how any such proposal could be squared with what we have said to E.F.T.A. about bridge-building in Europe. The absence of prior consultation with E.F.T.A. would give us no answer to the question Commonwealth countries would obviously ask, as to what E.F.T.A.'s views were on the proposal.

<sup>1</sup> See 401.

(d) The proposal coming out of the blue would excite at best suspicion in the United States, the E.E.C., E.F.T.A., Japan, and the G.A.T.T. in general: and perhaps even in the Commonwealth countries themselves. It might well raise the Nigeria–E.E.C. deal in the Conference.

(e) The proposal would distract attention from the more practical idea of applying the E.D.C. concept to Commonwealth trade. This is much more likely to appeal to the Commonwealth—a planned exchange of wanted goods—than the traditional idea of free trade between developed and less developed countries.

I think, therefore, that a broadcast proposal of bilateral free trade areas with Commonwealth countries would involve at once a great deal of risk and little prospect of gain. We might even appear as casting round desperately for expedients—in this case one which, as the President himself says, we have not had time to discuss. I should prefer to rest content with the measures we have already discussed and agreed as suitable for the Conference, and with their presentation as a package, as the President suggests in paragraph 7 of his minute.

I am sending copies of this minute to the President of the Board of Trade, Chancellor of the Exchequer, the Foreign Secretary, the Commonwealth Secretary, the Colonial Secretary and the Minister for Overseas Development.

#### **404** PREM 13/183, ff 23–24

11 June 1965

#### **[Commonwealth free trade agreements]: minute by Mr Stewart to Mr Wilson on Mr Jay's proposal**

I have read with interest the President of the Board of Trade's proposal, set out in his minute to you of 3 June, for an offer of free trade area arrangements to Commonwealth countries.<sup>1</sup>

2. If proposals of the kind suggested were made, would that not seem to Europeans (e.g. EFTA and our friends among the Six) as an initiative hostile to Europe, in spirit if not in substance? Would not the EFTA countries, for instance, feel that they ought to have been notified? And, if an offer of a free trade area was accepted by one or more of the Commonwealth countries (which is perhaps not likely), would this not make an eventual arrangement (assuming a favourable moment) with the EEC more difficult? Would it not in fact be setting up yet a further obstacle, when what we want is to keep the options open? Finally, if we offered a free trade area arrangement to Commonwealth developing countries, involving the extension of further preferences to us, might that not be thought to run counter to our views on the undesirability of such preferences being granted to developed countries?

3. I would press the above objections less forcibly if there were an opportunity of substantially increasing British trade by concluding free trade area arrangements with Commonwealth countries; but paragraph 4 and 5 of the President's minute appear to cast doubt on this possibility and I wonder whether we should not be in danger of making difficulties for ourselves, and appearing to compromise principles, without prospect of real advantage.

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<sup>1</sup> See 401.

4. I am sending copies of this minute to the First Secretary, the Chancellor of the Exchequer, the Commonwealth Secretary, the Colonial Secretary, the President of the Board of Trade, the Minister for Overseas Development and to Sir Burke Trend.

## **405** PREM 13/183, ff 21–22

11 June 1965

### **[Commonwealth free trade agreements]: minute by Mr Bottomley to Mr Wilson on Mr Jay's proposal**

I have seen the minute which the President of the Board of Trade sent to you on 3 June about discussions with other Commonwealth Governments on trade matters.<sup>1</sup>

2. I am in entire agreement with the recommendations in paragraph 7 of his minute that we should make constructive proposals to Commonwealth Governments about Tariffs and Preferences, Commodities and Government Purchase.

3. I share his view, as I know that you do, that we should adopt, and be seen to be adopting, a positive and constructive approach to the question of Commonwealth trade. Indeed, the points mentioned above have been broadly covered in the two Ministerial meetings which you have held and in the papers resulting from them.

4. I am, however, less happy about the President's proposal that we should offer to discuss bilaterally with any Commonwealth Government the possibility of entering into Free Trade area arrangements on the lines (*mutatis mutandis*) of the Free Trade area which we are now discussing with the Irish Republic, though with reservations about textiles and agriculture; and that we should say in public that we had made this offer.

5. My doubts are:—

(a) As the President appreciates, it is unlikely that any Commonwealth Government would wish to pick up our offer. I fear that they might regard it as designed to put on them the blame for any failure of Commonwealth trade to expand in the future, and that their resentment might affect their readiness to consider the other suggestions which we plan to put to them.

(b) Reservations by us on textiles would further prejudice the reaction of developing Commonwealth countries. Reservations on agriculture would render the idea particularly unattractive to Canada, Australia and New Zealand.

(c) The offer might reduce the attraction to the Irish Republic of a Free Trade area with us. The agreement with the Irish Republic is not yet 'in the bag' and premature publicity for the negotiations would produce pressures which could prejudice them. For this reason only limited information has so far been given in strict confidence to four Commonwealth Governments and to E.F.T.A. It would be best to make certain of the Irish agreement before we consider anything wider.

(d) E.F.T.A. might also be troubled, even though they would have no right to complain.

6. We would also have to consider the position of the Colonies.

7. I am sending copies of this minute to the President of the Board of Trade, the First Secretary of State, the Chancellor of the Exchequer, the Foreign Secretary, the Colonial Secretary and the Minister of Overseas Development.

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<sup>1</sup> See 401.

**406** PREM 13/183, ff 19–20

11 June 1965

**[Commonwealth free trade agreements]: minute by Mr Greenwood to Mr Wilson on Mr Jay's proposal**

My only comment on the President of the Board of Trade's minute to you of the 3rd June<sup>1</sup> relates to his proposal that we should declare our willingness to discuss bilaterally with any Commonwealth country the possibility of entering into free trade area arrangements with them.

2. I assume that if we did put forward this proposal it would apply, *inter alia*, to Hong Kong, subject to a proviso on cotton textiles. Hong Kong is a free port, with virtually no tariff protection, and she already gives us free entry for all our exports to her. We in turn give her the benefit of Commonwealth treatment on her exports to us of Commonwealth origin. In the case of a free trade area, however, we would also need to extend free entry to certain Hong Kong products on which we now maintain duties, e.g. silk and textiles made from artificial fibres. If we made a proposal on these lines there is a strong likelihood that Hong Kong would find it attractive both for the reasons given above and because it would provide a further safeguard for the continuance of free entry for her exports to this country in case, for instance, we were ever to contemplate entering a European Customs Union.

3. On similar grounds it may be that arrangements of this sort would also be attractive to Gibraltar.

4. I need hardly make the point that it is highly unlikely that we should be able to enter the E.E.C. on any terms involving acceptance of a Customs Union without denouncing agreements of this sort with Commonwealth countries (other than perhaps Gibraltar—and Malta and Cyprus if they were to want one). It may be that we are prepared further to circumscribe our negotiating ability in Europe in this way, but we should at least do so with our eyes open.

5. I am sending copies of this minute to the President of the Board of Trade and to those who received copies of the President's minute.

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<sup>1</sup> See 401.

**407** PREM 13/183, ff 17–18

14 June 1965

**[Commonwealth free trade agreements]: minute by Mr Callaghan to Mr Wilson on Mr Jay's proposal**

The President of the Board of Trade sent me a copy of his minute to you of 3rd June<sup>1</sup> proposing that, at the Commonwealth Prime Ministers' conference, we should declare our willingness to discuss bilaterally with any Commonwealth country the possibility of entering into free trade arrangements with them. I feel very doubtful about the wisdom of this proposal.

I will not go into the tactical questions, though I am not convinced that it is sensible to put up a proposal which will almost certainly not be accepted. Nor do I go into the relationship of such free trade arrangements with our other connections and

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<sup>1</sup> See 401.

obligations, though I feel that the President under-estimates the complexities of the situation.

I will confine myself to saying that from the balance of payments angle such proposals would seem to have more dangers than advantages. We could not reasonably expect Commonwealth partners to agree to expose their developing interests to full competition from United Kingdom exports unless we in our turn helped them by making new concessions over and above the free entry into the U.K. market which they already possess—apart from cotton textiles and a few other items. No doubt the concessions would vary from case to case, but they would certainly impose additional burdens on our balance of payments—increases in development aid, for example, or undertakings that we would purchase fixed quantities of Commonwealth primary products at prices higher than we would otherwise have to pay.

It seems to me that if any Commonwealth countries were prepared to get into discussions with us on these lines, we might well find ourselves moving towards arrangements which involve some additional net burden on our balance of payments without getting the advantages of a real closer economic integration with the countries concerned.

#### **408** PREM 13/183, ff 14–16

14 June 1965

[Commonwealth Prime Ministers' Conference]: minute by Mrs Castle to Mr Wilson on the provision of technical assistance

I have been considering whether I can make any further suggestions to you and the Commonwealth Secretary about ways in which you could make use of our new policies in the aid field in the initiatives you are intending to take at the Prime Ministers' Conference.

2. I hope to have a suggestion to make about the terms of aid loans; but before putting that forward I want to consult my colleagues in the Overseas Development Committee at a meeting we shall be having on the 16th June.

3. I believe that the most positive contribution we can make at the present time is in the supply of professional and technical men and women to help forward the progress of developing Commonwealth countries. It is quite clear to me from my tours overseas and from talks in London with Ministers from overseas governments and our representatives abroad, that the developing countries need and want British personnel. I myself attach the highest priority within the aid programme to technical assistance. I believe that the Foreign Secretary, the Commonwealth Secretary and the Colonial Secretary would see in the supply of personnel for development an offset to any reduction of the British presence which may occur through reduced defence commitments overseas.

4. There is much enthusiasm among young people in this country for service overseas as volunteers or professionally. We have large numbers of experts in fields which are important to the development of Commonwealth countries, either serving abroad already or prepared to go abroad. There are some 18,000 British people working abroad in developing countries, Commonwealth and foreign, under our technical co-operation programme; 13,000 of these are financially assisted or wholly

paid for from British Government funds. We are recruiting at the rate of some 2,000 a year not including young volunteers. Professional bodies in this country and universities are anxious for greater opportunities for helping the developing countries. Here is a contribution to Commonwealth links, which we are well qualified to make and in a position to provide valuable help. You may wish to refer to this form of help at the Meeting.

5. I do not want to give the impression that our programme for the supply of personnel is confined to the Commonwealth. I am writing this minute in a Commonwealth context. For historical reasons and because of their great needs the main volume of our effort is bound to go to Commonwealth countries. But I know that the Foreign Secretary is anxious to see us extend our technical assistance effort for foreign countries and I am equally anxious to do so within our programme as a whole.

6. During the eight months since the Ministry of Overseas Development was set up, we have been engaged in a general review of our aid policy and programme and the result of our examination of the matter is now being discussed with the other Departments concerned. As part of this review we have systematically examined all our operations in the field of technical assistance. A series of proposals have been put to Ministers in the field of recruitment policy, the retention of British personnel already overseas, training and research in public administration, and medical assistance. These have all been approved by Ministers in the Overseas Development Committee. Other new initiatives have been agreed inter-departmentally and still others are under preparation.

7. These new policies represent a major effort by the Ministry of Overseas Development. I am most grateful for the help and interest I have had from other Ministers and their Departments. You may feel that it would be worth mentioning to your colleagues from the Commonwealth in general terms that we have undertaken this major review and that I shall be announcing details of these new policies in the White Paper which I shall be issuing next month. It would not be appropriate to go into them in detail at the Prime Ministers' Conference. Some general reference to them would, however, be helpful to us.

8. In reviewing our policies in the field of technical assistance I have taken the following points into account:—

(a) Although the most newly independent Commonwealth countries, particularly in Africa, continue to need large numbers of personnel for running their professional and technical services and as secondary school teachers, increasingly what all the developing Commonwealth countries require is specialised personnel. Our aim must be to organise ourselves to supply this personnel.

(b) In organising our technical assistance effort we should concentrate particularly on the supply of personnel to help overseas countries in higher, technical and vocational education and training, including teacher training. We should also concentrate on the supply of personnel to help in the planning and promotion of economic development.

(c) In our technical assistance programme we should make fuller use of resources which are available, not only inside the Government, but also in universities, technical colleges, research institutes, statutory corporations, local government bodies and voluntary organisations. Technical assistance to be effective must be a

transfer of know-how from country to country, not simply from government to government.

9. I am sending copies of this to the Foreign Secretary, the Commonwealth Secretary, the Colonial Secretary, the First Secretary of State, the President of the Board of Trade and the Chief Secretary to the Treasury.

**409** OD 20/416, no 150

6 Aug 1965

[Colonial Development & Welfare]: letter from Sir A Cohen to Sir H Poynton on reductions in the CD&W allocation

I have already warned you over the telephone that I am sending you a letter about C.D. & W. allocations which I don't at all like having to send and which I realise will place you in some difficulty. The purpose of the letter is to suggest that our two Offices should get down to discussions at once on the method of handling the C.D. & W. allocations in the light of the severe cut Ministers have made in our aid programme as a whole for 1966/67 and the subsequent years.

2. There has as you know been some general exchange of correspondence on this subject between our two Ministers in connection with the Gibraltar allocation and Mrs. Castle, in her letter of the 4th August, has said that she does not think she can exclude colonies from the review of disbursements in future years under the aid programme which will now be necessary.

3. Alan Dudley who will be in charge of the office during my absence on leave—I go off tonight—will be having a meeting with other Departments as soon as we have been able to study the figures in the light of the latest situation. We hope that this meeting will be possible during the next 10 days or so. At this meeting both development expenditure and budgetary aid will presumably come up. I am pretty sure from what I know to be the Colonial Office views that you will say that budgetary aid cannot be cut because it is based on minimum needs and I don't want you to get the impression from this letter that I am making any suggestion about this at all except that it will have to be looked at. But the position is somewhat different I think in relation to development aid.

4. The difficulty here is that, now that the Overseas Development and Service Bill has become law, you will I am sure want to get on as quickly as possible with the notification of allocations to colonial Governments. We had always hoped that the allocations to the colonies could be made earlier; but as you know the Bill was for a long time held up in Committee for reasons not directly connected with its terms and by the time we might have regarded ourselves as free to go ahead, it had become clear that we might suffer a severe cut on our proposals for the aid programme as a whole.

5. You are aware also I think that Mrs. Castle was ready, on the basis of the aid programme she submitted to her colleagues, for the allocations for Colonial development which we submitted to her in agreement with the Colonial Office to be implemented, subject to further discussion with the Colonial Office of the figures for Aden and South Arabia which she thought high. Now, however, that we have got to re-examine the figures in the aid programme as a whole, Mrs. Castle feels that some saving in disbursements ought to be possible on Colonial Development.

6. We have gone into the figures and we think that the figures for disbursements for Colonial development ought to be reduced by £2 m. each year as against the figures shown in our original programme. I know that you will find this view unpalatable and we all recognise of course, our special responsibility to colonies. None the less our belief is that such a cut could be achieved without serious damage. I would like to suggest, therefore, that the two Finance Departments should get down next week to a close study of the figures to see whether agreement can be reached on a way of proceeding quickly on the allocations. The results would of course be reported to you and Alan Dudley who you might well like to meet later. But if you want to start off with a meeting at your level, of course Alan Dudley will be very glad to take part in this.

7. I have suggested the above procedure because, as I have said, I imagine that you will want to get ahead with the allocations quickly. If these had to await the settlement of the whole of the revised aid programme there might be considerable delay which I imagine you would not want. It is for that reason that I hope that by an adjustment downward of the figures we may be able to find a way of getting ahead with the allocations for Colonial development without awaiting the whole of the rest of the programme.

8. I am very sorry, as I have already said, to have to send a letter of this kind on the day when I am going on summer leave so that I cannot myself take part in any discussions. But as you know the decision about the size of the aid programme has only been reached after long discussions by Ministers and we are only now in a position to look at the results. I am sure the best course would be for the two Offices to get together in the way I have suggested and I hope that you will agree to this.

**410** OD 20/416, no 152

8 Aug 1965

[Colonial Development & Welfare]: letter from Mr Greenwood to Mrs Castle on reductions in the CD&W allocation

Thank you for your letter of 4th August about aid commitments.

I am concerned by what you say, because I cannot reconcile it with the clear understanding which I derived from all our discussions in Cabinet that both you and the Chancellor agreed that there should be no cutback on the formal commitments which were accepted as totalling £198 million. These formal commitments were, I understood, those set out in Column B of paragraph 3 of your paper of 6th July, with some slight additions. They include £30½ million for Colonies. This was the assessment of your officials and mine of the disbursements likely to flow in that year from the commitments we anticipate for budgetary assistance, and from the new allocations of C.D. & W. money which we propose.

Of course, I realise what a difficult position you are in as a result of decisions in Cabinet, and I want to help you as much as I can. You have to ensure that our total commitments will be no more than will produce disbursements of £225 million. I am very ready to instruct my officials to go through the 'Colonies' figures with yours in detail, to see if by rigorous scrutiny we can realistically reduce our estimate of what will actually be spent in that year on the basis of the commitments we have assumed. There is always a tendency to over-estimate rates of spending. What I cannot agree is that we should reduce the commitment figures, and in particular the three-year C.D.



& W. allocations which have been worked out. You know my reasons, and I need not go over them again.

I am also most concerned that we should now reach decisions without delay. Colonial Governments have been anxiously waiting for their new C.D. & W. allocations, and will become increasingly impatient now that the Act has received the Royal Assent. Nor will their impatience be without solid foundation; we are now nearly as late in announcing them as the previous administration were in 1963, and we risk causing the same hold-up in planning and expenditure as occurred then. I very much hope, therefore, that we can agree very quickly on figures which can be announced at once for all these territories.

In view of my reference to the Chancellor's agreement that the formal commitments should stand, I am sending him a copy of this letter.

**411** OD 20/417, no 158 13 Aug 1965  
 [Colonial Development & Welfare]: letter from A N Galsworthy to  
 Sir A Dudley on reductions in the CD&W allocation

Cohen wrote to Poynton on 6th August about C.D. & W. allocations.<sup>1</sup> He suggested that disbursements on Colonial development should be reduced by £2 million a year as against the original figures (£30.5 m. rising to £33 m.), in consequence of Cabinet decisions about the aid ceiling.

This letter crossed with that of 8th August<sup>2</sup> from my Secretary of State to your Minister which made what is our basic point, that we are ready to look again at disbursements but cannot agree to any reduction in the proposed allocations. I may add that Mr. Greenwood has several times stressed to us that he is clear that it was understood between your Minister, the Chancellor and himself that the 'Colonies' figure was accepted as part of the £198 m. of firm commitments, and was therefore not open to reduction except in so far as actual disbursements could reasonably be reassessed.

Our two Finance Departments have now gone through the 1966–67 disbursement figures in the most critical spirit. They are satisfied that, on the basis of the allocations so far proposed, the previous estimate of £30.5 m. disbursements in that year could be reduced to £28.5 m; Eric Burr has a detailed breakdown of this revised total. However, since they carried out this exercise we have had to take account of a new factor. We have just been told by B.O.A.C. that the ancient Dakotas used by their subsidiary, Aden Airways, are so near the end of their safe life that a decision must be made very shortly on replacing them by new aircraft. This will involve bringing some dozen landing strips in South Arabia up to a higher standard to meet the requirements of modern aircraft. A rough estimate of the cost is £1.1 million. We cannot expect this to be found within proposed allocations for South Arabia; we are in fact worried about the adequacy of this to meet existing commitments. We shall therefore have to be ready to provide fairly soon a supplementary allocation of about £1 million. Our people are sending yours fuller details of all this; and of the difficulties we are in over the existing proposed allocation to South Arabia; but the upshot is that we must assume expenditure, not hitherto allowed for, of about £0.5 m. on these airfields in each of the years 1966–67

<sup>1</sup> See 409.

<sup>2</sup> See 410.

and 1967–68. We should therefore think it unwise to reduce our estimate of 1966–67 disbursements below £29 m., and could not agree to do so.

As regards subsequent years, we think that, on the same basis as that described in paragraphs 2 and 3 above, we could be reasonably sure that disbursements would not exceed £31½ m. in 1967–68, and £32 m. in each of the two subsequent years. But it would be wholly unrealistic to cut the disbursement figures below these levels.

Cohen indicated in his paragraph 7 that his object was to make it possible for us to settle the new C.D. & W. allocations without waiting for decisions on the rest of the aid programme. We have in fact gone a good part of the way to meet his proposal. I trust, therefore, that those allocations can now be approved on the basis of the proposals which were put to your Minister about 2½ months ago, and of certain modifications since proposed in relation to Gibraltar (already agreed) the West Indies and Seychelles, and an understanding with regard to the Federation of South Arabia which we shall be putting to you in a day or two. The money for Arabian airfields can be announced later, when we have actual figures.

Our Ministers think it essential to avoid further delay, which would make us as late in announcing allocations as we were in 1963, when the announcements were in early September (that, of course, was before the O.D.M. was set up).

**412** OD 20/417, no 165

20 Aug 1965

[Colonial Development & Welfare]: letter from Sir A Dudley to A N Galsworthy on reductions in the CD&W allocation

Thank you for your letter of 13th August about the C.D. & W. allocations, in reply to Andrew Cohen's letter to Poynton of 6th August.<sup>1</sup> I am replying in his continued absence on leave, and in the light of the relevant correspondence between our Ministers.

In present circumstances the essential question for us is of course the level of disbursements on the colonial side, especially in 1966–67, including both grant-in-aid and development money. On this question I think that the exercise which our two Finance Departments have carried out is most helpful since (subject to the South Arabia complications which I deal with below) it now appears reasonably certain that the allocations proposed would lead to disbursements in 1966/67 of £28.5 m. This meets the request which Andrew Cohen made. We are ready to advise our Minister, who will be in the office next week, to agree that the allocations should now be notified to colonies on this assumption. Such knowledge as we have here supports the Colonial Office expectation of some under-spending, and this seems the more likely since part of the first year has already gone. These allocations for the period in question would not of course commit H.M.G. to any level of aggregate disbursements thereafter, and at this stage we cannot be taken as accepting your figures for 1967/8 to 1969/70. I think it necessary that estimates of disbursements in those years should be considered in the exercise on total aid disbursements for that period which is now being conducted.

While I hope that the Minister will agree and indeed be anxious that the

<sup>1</sup> See 409 & 411.

allocations should be sent out at once, I think that this must be subject to the agreement of the Overseas Departments and the Treasury, since the process of re-examining the aid programme has not yet been completed. I do not think that the allocations to the colonies can be regarded as in a different category in this examination from our other obligations, and the ceiling of £225 m. may make it necessary to reconsider or re-phase commitments anywhere in the programme. I hope, however, that the other Departments will accept the allocations on the basis of disbursements of £28.5 m. for 1966/7 and as I have already suggested to you orally we can probably deal with this issue at a meeting which we are planning to have next week to continue the discussion which was started at my meeting on the 12th. A separate approach to the Treasury will be necessary and I will arrange for copies of the draft savingram and allocations to be sent to them.

All this, however, excludes any addition to the disbursement figure on account of the South Arabia airfields to which you refer in your letter to me and in the enclosure to your letter of 18th August to Hayes. It also excludes any increase in the Federal allocation which is not offset by a reduction elsewhere. As regards the airfields, while we agree that much of any essential expenditure would have to come from C.D. & W. funds (I take it that any defence use has been or is being examined with a view to an appropriate share coming out of defence expenditure) we cannot readily agree that the whole amount should simply be added to disbursements under other plans and commitments and thus increase our total disbursements.

As we understand it the whole object of allocating aid to each colony in a total sum over a period rather than in dribbles for projects is to enable priorities to be established within a development plan and within the total allocation. From what you say the airstrips must come very high in the priority order and this means that other development must take lower priority. It may be that in different circumstances something extra could be found for this kind of emergency from the reserve of unallocated C.D. & W. money, though even in that case we should be pretty chary of dipping into the reserve before the 5-year period has even effectively begun. In present circumstances, however, it is not a question of using the reserve but of keeping within an overall total of £225 m. in 1966/67. Within this figure any emergency such as airstrip development (whether in Arabia or in the Caribbean) can only be met if it displaces other plans. This situation cannot be avoided in the colonies any more than it can in independent countries. If you really wish to press for the cost of improving airstrips to be met from the exiguous amount which might be available for new projects within the £225 m. we shall have to ask to look at your case along with those of the other Overseas Departments but it really would not be possible for us to agree with you bilaterally.

As regards the Federal allocation generally which you dealt with in the other enclosure to your letter to Hayes, again we find it hard to see why the Federation should take precedence over all other commitments. Indeed, as you know, our Minister has raised doubts about the total amount being allocated to the Aden area in relation to what we can do elsewhere, to the low standards of development potential, and to the relatively huge increases in expenditure there in the last three years.<sup>2</sup> We

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<sup>2</sup> The question of the South Arabian airfields remained unresolved but ceased to be an issue between the CO and ODM when responsibility for Aden and South Arabia was transferred to the FO in May 1966. Expenditure for these areas thereafter fell on the FO vote but the money was never spent and the work never completed because of the accelerated timetable for Britain's withdrawal.

very much doubt whether there is scope for efficient development expenditure of the amounts now envisaged and we think that some economic assessment is essential before any allocation could be considered which might bring disbursements above the £28.5 m. I do not therefore see how we could agree to your proposal if, as it appears, it would mean a paper allocation of more than £7 m. to the whole area. We will, however, look at it again if you are proposing to rearrange the other components of this sum in order to accommodate an increased Federation element of £5.5 m. I think it would be far too dangerous to adopt the so-called Malta device in present circumstances. That device was acceptable, though undesirable, when there was no ceiling on aid expenditure, because it was a purely bilateral arrangement. It amounts, however, either to double-counting the estimating adjustment or to pre-empting the following year's money; we are in no position now to do either.

I can therefore only suggest that we send out all the other allocations but hold back those for Aden for further study.

### **413 CAB 148/18, OPD 55(65)1**

22 Dec 1965

#### **'Tanzania and Ghana: consequences of breach of diplomatic relations': Cabinet Defence and Oversea Policy Committee minutes**

The Committee considered a memorandum by the Commonwealth Secretary and the Minister of Overseas Development (OPD (65) 193) on the consequences of the breach of diplomatic relations by Tanzania and Ghana.<sup>1</sup>

*The Commonwealth Secretary* said that in spite of the irresponsible action by Tanzania and Ghana in breaking off diplomatic relations it was agreed that we should not react vindictively and should seek to minimise the consequences of what we must hope would be a temporary situation. The British officers now serving in Tanzania and Ghana should be encouraged to stay and existing commitments for capital aid should continue to be met. No new commitments should however be made. The loan of £7.5 million for Tanzania had not yet been signed and it would be administratively difficult to do so now that our High Commissioner had left. New requests for technical assistance also required negotiations with the Tanzanian Government which would be inhibited in the absence of diplomatic relations.

*The Minister of Overseas Development* said that the Tanzanian economy was completely dependent on the British officers and experts, numbering about a thousand, now serving in Tanzania. Moreover it was not practicable to draw a distinction between existing commitments and new requests in the field of technical assistance. If we encouraged the British officers now serving in Tanzania to remain at their posts but did not continue to recruit to fill vacancies the officers in Tanzania would quickly become discouraged and would leave the country. The Tanzanian Government were anxious that they should stay and were likely to agree that members of the High Commission should remain to look after the administrative arrangements. It was important that a message should be sent that evening which would inform these officers of our policy. As regards capital aid, the loan of £7.5 million had been agreed in principle in 1964 and had not yet been signed only

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<sup>1</sup> See 207, note 1.

because its terms were being revised in that it would now be free of interest. With our agreement the Tanzanian Government had entered into commitments in advance of signature and these must clearly be met. We could not negotiate for new capital aid but in spite of the administrative difficulties we should seek to get the loan agreement signed and allow drawings to be made against it.

*The Secretary of State for Defence* said that the memorandum might underestimate the value of the British Joint Services Training Team in promoting British influence in Ghana. If the team were withdrawn it would be very difficult to re-establish it and Ghana might well turn to countries of the Soviet *bloc* for assistance in military training. We should therefore allow the team to remain, provided that the Government of Ghana agreed to a member of the High Commission remaining in Accra to exercise supervision. If the Ghana Government made it necessary for the team to be withdrawn sympathetic consideration should be given to suitable compensation for the members of the team. We should also allow students from Ghana and Tanzania to continue to come to the United Kingdom for military training; a number of students from Ghana were already on their way to this country.

In discussion it was agreed that, judging strictly from the point of view of the interest of the United Kingdom, the immediate severance of aid to Tanzania and Ghana would be inexpedient. Existing aid commitments should be fulfilled; the British officers and experts serving in the two countries should be encouraged to remain so long as conditions remained tolerable for them and the two Governments enabled us to exercise the necessary administrative supervision. Recruitment in the technical assistance field should continue. On the other hand it was important to show that diplomatic relations could not be broken without having any adverse consequences to the country concerned; otherwise the countries in Africa which had resisted extremist pressure and maintained relations with us would be discouraged. Furthermore, it must be borne in mind that the severance of diplomatic relations by the countries concerned would inevitably affect the attitude of public opinion in the United Kingdom to the continuation of aid. In considering our future policy we should keep under close review, and react appropriately to, any further action which the countries concerned might take injurious to our interests, including any action relating to our sterling balances.

Summing up the discussion, *the Prime Minister* said that it was in our long-term interest to maintain our position in Africa and to prevent the extension of Soviet or Chinese Communist influence. It was agreed that we should not react vindictively to the break in diplomatic relations or adopt measures which would appear retaliatory. The British officers in Tanzania and Ghana should be encouraged to stay and the recruitment of further technical assistance experts should continue so long as the two Governments maintained conditions which would make this possible including the continuation of our administrative supervision. Existing capital aid commitments should continue to be met, but there would be advantage in showing that the break in diplomatic relations must make the administration of aid more difficult. Administrative delays might therefore suitably be allowed in our future dealings with these issues in relation to the Government concerned. We should not at this stage sign the loan agreement for £7.5 million for Tanzania, but President Nyerere might be told that the Prime Minister would be ready to discuss this and other aid questions with him at the Commonwealth Prime Ministers' Conference

which the Prime Minister of Nigeria was summoning at Lagos in January. This would give time to see how the situation developed and the Committee would in any case need to consider nearer the time the question of the line which we should adopt at the Conference. It might also provide an opportunity for him to discuss the future of the British Joint Services Training Team with President Nkrumah. Meanwhile the team should remain and students from Ghana and Tanzania should continue to be allowed to come for military training in the United Kingdom.

The Committee:—

(1) Invited the Commonwealth Secretary and the Minister of Overseas Development to be guided by the Prime Minister's summing up in relation to the provision of technical assistance and capital aid to Tanzania and Ghana.

(2) Invited the Commonwealth Secretary to arrange for President Nyerere to be informed that the Prime Minister hoped to discuss with him aid questions, including the £7.5 million loan, at the Lagos Conference of Commonwealth Prime Ministers.

(3) Invited the Commonwealth Secretary and the Minister of Overseas Development to submit recommendations to the Committee in due course about the policy to be adopted on aid matters at the Lagos Conference.

#### **414** OD 36/24, no 140

14 Oct 1966

#### **'Savings on government expenditure in 1967–8: effects on the aid programme': ODM paper for Mr Bottomley**

On July 20th the Prime Minister announced in the House of Commons, as one of a number of measures designed to deal with the economic crisis, the Government's intention to reduce its overseas expenditure in 1967/8 by at least £100 m. from the level in 1966/7. A prospective make-up of the £100 m. had been worked out by officials and discussed by Ministers, but the figures for defence were not definite. Ministers had agreed that savings from the Aid Programme should be £20 m. (£10 m. by outright cuts and £10 m. by deferment of expenditure) and from military aid and overseas administration £5 m. and £1 m. respectively. There are three specific issues directly or indirectly affecting the contribution to the £100 m. savings to be made from the planned Aid Programme for 1967/8 which are likely to require ultimate resolution by Ministers. This memorandum is designed to give the Minister a preliminary warning of them.

#### *The contingency margin in the aid programme*

2. In 1966/7 our figure for total disbursements on the Aid Programme is £225 m., and a saving of £20 m. from this figure is required in 1967/8. A larger saving, namely £30 m., from the planned programme has actually been worked out and agreed at official level with the overseas departments so as to allow not only for the £20 m. required by the Cabinet decision, but for the inclusion within a target of £205 m. of a margin of £10 m. for contingencies (i.e. unforeseen calls on our resources for aid which might arise and result in expenditure in 1967/8). The Treasury believe that the £20 m. saving will be in danger unless the contingency margin is put higher than £10 m., since they foresee the possibility of large specific demands on us (e.g. for Rhodesia in the event of a settlement) for which no provision

has been made in the planned programme and which it would be virtually impossible to resist. The Treasury have not specified the amount by which they would wish to see the £10 m. contingency margin increased, and for our part we have argued that a margin of £12.5 m. in the larger programme for 1966/7 has proved to be adequate. Any increase in the contingency margin will mean deliberate reductions in planned expenditure on the specific countries and institutions, some of which has already been committed.

3. It is our intention to continue to resist the idea of raising the contingency margin in this way. However, it may well be that should the whole complex of questions arising from the £100 m. savings operation come before the Cabinet, and particularly if the Minister finds himself under great pressure with regard to the emergency expenditure in Zambia (see below) he will need to have a concession available in order to avoid the appearance of complete inflexibility. Consequently, we are studying in the Ministry the possibility of raising the contingency margin to a maximum of £15 m. by effecting further economies in the planned programme up to £5 m. This will not be discussed with the other interested departments; the idea will be kept in reserve for the Minister himself to put forward in discussion with his colleagues at the appropriate moment, should the tactical situation at the time render this necessary. But the details should be left to be worked out by officials.

#### *Emergency expenditure in Zambia*

4. Expenditure in Zambia arising out of the Rhodesian crisis has not so far been counted against the Aid Programme, or indeed accounted for under any of the other main sectors of Government overseas expenditure. Although appreciable expenditure is of course being incurred in 1966/7, this was not included in the figures for Government overseas expenditure placed before the Cabinet in July, which formed the basis of the proposal for £100 m. savings, nor was any estimate given of such expenditure in 1967/8. The Treasury are arguing, nonetheless, that unless this expenditure in Zambia is accommodated within one of the overseas expenditure ceilings the Government's intention to achieve the £100 m. saving will have been frustrated by the full extent of the expenditure on Zambia incurred in 1967/8. As a consequence of their view of the matter, and also because they are anxious in general to have every item of Government overseas expenditure formally accounted for within one of the main programmes (whether defence, administration or economic aid) the Treasury will argue strongly for the whole of the Zambia expenditure to be included within the reduced aid ceiling of £205 m. or that it should be offset by additional defence savings. This is not, in our opinion, a logical view; the true situation is surely that the £100 m. saving would be depleted only to the extent that the expenditure in 1967/8 *exceeded* the corresponding expenditure in 1966/7, since, as stated above, the figures were originally omitted from both sides of the equation.

5. To provide for the Zambia expenditure from the aid programme would be highly objectionable to us on a number of grounds. In the first place, it would render necessary even further inroads into the planned programme in order to provide the necessary margin to accommodate expenditure in Zambia in 1967/8, and savings of the order needed could not be achieved without extremely adverse political and economic consequences. (As the Minister is aware, an offer totalling £13.85 m. was lately made to Zambia, and a Memorandum of Understanding is at present under negotiation. Of the total sum, £6.85 m. is intended for expenditure up to 31st

December, 1966, and the remaining £7 m. is to be made available in December 1966 for reimbursing Zambian expenditure incurred in that year or for continuing expenditure during the first half of 1967. The amount of money which would have to be spent within the financial year 1967/8 is, therefore, uncertain; it may be of the order of £5 m. But it may well be that a further offer of such assistance, of an amount which cannot now be known, would have to be made after the £13.85 m. had been spent.) The second ground of objection is that this is emergency expenditure arising out of the Rhodesian crisis, and as such should, in our view, come out of a national contingency margin for emergencies; and other unexpected contingencies arising, whether at home or abroad. Thirdly its acceptance within the aid ceiling would set a most dangerous precedent in that it would appear to indicate that any form of overseas expenditure which could not conveniently be accounted for within any definite category should be accounted an item of aid or should displace aid of an equivalent amount. The Treasury have already tried to do this in relation to other forms of expenditure—e.g. military technical assistance.

*The shortfall in defence economies*

6. The Treasury calculate that total prospective Government overseas expenditure in 1967/8 has risen from £580 m. to £617 m. since the July decision to save £100 m. The make-up of the £100 m. then envisaged was as follows:—

	£ <i>Million</i>
Defence (excluding Germany)	43
Defence (local contributions)	12
Germany (at least)	19
Economic Aid (firm decision)	20
Military Aid	5
Administrative and Diplomatic	1
Total	<u>100</u>

The savings now thought to be found, as against the items in the table above, are:—

	£ <i>Million</i>
Defence (excluding Germany)	19
Defence (local contributions)	Nil
Germany	uncertain
Economic Aid	20
Military Aid	5
Administrative and Diplomatic	1
Total	<u>45</u>

Of the £36 m. defence economies outside Germany which have not been found, £24 m. are now thought to be impossible of achievement before 1968/9; and the other £12 m., constituting local contributions to defence, are not now expected at all.

7. On the face of it this places the Aid Programme in a most dangerous position, even though the Cabinet took a *firm* decision on the contribution to be expected from the Aid Programme. We must clearly resist to the utmost any proposal that a failure on the part of the Ministry of Defence to find the savings



required of them should be compensated for by *any* further inroads into the planned Aid Programme. On our side, we can argue strongly that the Prime Minister stated in the House that by far the greater part of the necessary savings would be found from the Defence Programme. (Extracts from his statements in the House on 20th July are annexed to this memorandum.) Consequently, the announcement by the Government of a failure to achieve savings in overseas defence expenditure, and a consequent intention to find the required savings from the Aid Programme, would cause such adverse political consequences both at home and abroad that it may be regarded as an impossible posture for the Government to adopt. Lastly, the shortfall in the defence economies, including Germany and local contributions, while it cannot be precisely estimated while the German position remains wholly uncertain, threatens to be so large (up to £55 m.) that we could not possibly compensate for it in the Aid Programme without contracting out of International Aid as a major donor.<sup>1</sup>

<sup>1</sup> Emergency expenditure in Zambia (see 264, note 2) was considered by the DOPC on 20 Oct 1966. The £13.85 million offer to Lusaka had been made to enable Zambia to participate more effectively in sanctions against Rhodesia. On 20 Oct 1966 the DPOC met to consider against which vote that part of the offer—£7 million, to be allocated in 1967—was to be drawn. John Diamond, chief secretary to the Treasury, argued the choice lay between the aid programme and the defence budget and because it was impossible to make further savings in the latter, it should be drawn from the aid vote. Other ministers disagreed, on the grounds that the expenditure did not represent normal development. They pointed out a further £7 million had been offered to Zambia in Aug (over and above the original offer of £6.85 million) as insurance against an increase in copper prices. To draw the money from the aid programme would mean other commitments would have to be broken, causing resentment among recipient countries. Future UK exports might be adversely affected. On balance the DOPC felt the money should come from the defence budget, but decided first to ask the ODM to report further on what the consequences would be if it were accommodated within the existing aid programme. Specifically, the ODM was asked to consider which aid commitments would have to be reduced or cancelled, and what the implications would be for recipient countries and the UK balance of payments (CAB 148/25, OPD 42(66)). Bottomley submitted a report on 15 Nov. It concluded cuts elsewhere in the aid programme would be 'too severe to be justifiable'. They would mean a reduction of up to £2 million in bilateral assistance, a reduction in aid to Malawi of about £2.5 million, and a reduction in the colonial ceiling in respect of aid to Swaziland of £0.25 million. In a covering note Bottomley argued, 'it would be wrong to make the decision to give aid to Zambia for emergency purposes the occasion for cutting aid to countries which desperately need it for development' (CAB 148/29, OPD(66)13, memo by Bottomley, 'The grant to Zambia and the aid programme for 1967–68'). Bottomley also wrote in a similar vein to Wilson (OD 36/25, no 188). The DOPC considered the matter again on 18 Nov. On behalf of the Treasury it was pointed out there was always underspend on aid commitments, and some of the specific commitments might not materialise. An example was a scheme for a steel works at Durgapur in India, in relation to which it was possible about £5 million might be released for other aid purposes. Ministers finally agreed the emergency expenditure for Zambia should be met from the aid programme. This was on the assumption any underspend on other aid expenditure for 1966–1967 should be used to offset expenditure under grant for Zambia in 1967–1968 (CAB 148/25, OPD 45(66)2).

## **415** T 312/1920

1 & 15 Dec 1967

[Devaluation]: minute by W J E Norton (Treasury) on sterling area reactions to devaluation

Messages were sent, on or just before devaluation day on 18th November 1967, to Australia and New Zealand at Prime Minister level, and to all independent sterling

area countries at Chancellor/Finance Minister level. The general reaction has been moderate and restrained. Eighteen countries or currency authorities within the sterling area, including a number of dependent territories, have decided to devalue with us to the full 14.3 per cent, and another five to devalue by a different amount: all these are listed at Annex A.<sup>1</sup> The remainder have decided not to devalue. The only adverse reactions of note have come from some *private* holders in Kuwait; the Governor of Hong Kong; one junior Minister in Zambia, who was probably not speaking for his Government; and our Representative to the Caribbean Associated States. But there are also some new threats of diversification from a number of sources.

### *Reactions of major holders*

2. *Kuwait* has not devalued. Although Kuwaiti holders, official and private, may between them have lost £60 million, the Kuwait Government's reaction has been in the words of our Ambassador, 'astonishingly mild', and the atmosphere cordial; there is ready acceptance that H.M.G. could not be expected to disclose the decision in advance. The Kuwaiti's seem surprised that the devaluation was as limited as it was. The Government intend to maintain their sterling holdings at least for the time being and have advised private investors to do likewise. There is however a report that the Currency Board will be raising the gold cover for its currency, and claiming compensation in view of its good sterling holding record. The private holders—who between them hold as much as the Kuwait Government—were in some cases philosophical, but in others very offended at what they regarded as a lack of concern on the part of British Government spokesmen for the losses they had incurred; one large banker spoke of a 'dishonest swindle'.

3. *Hong Kong* (who devalued by 5 per cent) has reacted violently. The Governor and his Advisers are most annoyed that they were not given more warning or advice, given that they have no choice as a Crown Colony but to hold their official reserves in sterling. The Governor has asked for a public statement of regret by H.M.G., for compensation on the losses incurred, and for permission to diversify his reserves. These matters are to be the subject of early consultation.

4. *Australia*, the largest official holder, has shown great restraint. Mr. Holt, in a message to the Prime Minister explaining his Government's decision not to devalue with us, spoke of his deep disappointment but also of his full appreciation of the economic problems we were up against, and said that he understood how difficult the decision must have been. The Treasurer, Mr. McMahan, in a telephone call to the previous Chancellor, called our move 'a triumph of enlightenment for all and in the world's interest'. The press has shown mild sympathy and a feeling of inevitability.

5. The *Irish* Finance Minister made a notably helpful speech on devaluation night, to which the previous Chancellor sent an appreciative reply. Ireland devalued the full 14.3 per cent.

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<sup>1</sup> Those devaluing at 14.3 per cent were Bermuda, British Honduras, Cyprus, East Caribbean Currency Board, Falkland Islands, Gambia, Gibraltar, Guyana, Irish Republic, Jamaica, Malawi, Malta, Mauritius, old Malaysian dollar, Seychelles, Sierra Leone, South Arabian Currency Authority, Trinidad. Those devaluing by other amounts were Ceylon (20 per cent), Fiji (8.95 per cent), Hong Kong (5.7 per cent), Iceland (24.6 per cent), New Zealand (19.45 per cent).

*Reactions of other holders*

6. *Malaysia* was relaxed and has made no claim for compensation, although there is a risk of diversification (see below). *New Zealand* (who devalued by more than we) was helpful; in his message the Finance Minister, Mr. Muldoon, expressed every sympathy and assured the former Chancellor that he had New Zealand's utmost support for his efforts to maintain the strength of sterling and indeed thanked us for devaluing because it enabled him to do so. The New Zealand press considered devaluation the right move for us at the time. *India* (a poor holder) was understanding, believed the new rate to be right, and was relieved that we did not go further; *Pakistan* (another poor holder) was also sympathetic, but less certain that we had devalued by a sufficient amount; *Ceylon* (a good holder) took the news well. *The Gulf States* other than Kuwait also took the news calmly and without resentment. *Jordan* thought our measures justified and likely to be effective. *Libya* was appreciative of our difficulties. *Ghana* was neither surprised nor disturbed and thought our devaluation might be a good thing for them. There has been no significant reaction from *Kenya*, *Uganda*, *Tanzania* and *Nigeria* (except on the point about commodity markets) all of which were mainly concerned at the implications for their own rate (none have moved so far). The President of *Malawi* showed sympathy though hoped we would be generous over aid.

7. A sour note came from *Zambia*, whose lightweight Minister of State, Murila, in the absence of the Finance Minister, described our move as a shocking surprise, complained at the lack of consultation and the effect on Zambia's sterling balances, and doubted if confidence in the pound could be maintained. But the more influential Central Bank Governor took an entirely different line: he readily accepted the short advance notice, understood our decision, and did not envisage any change in Zambia's policy of holding the major part of her reserves in sterling, despite the existence of some emotional hostility in the Cabinet (including, no doubt, Murila's).

8. Less noteworthy was a critical reaction in the *South African* press and warnings by her Prime Minister that we should alter our economic policies in Southern Africa. South Africa, although a member of the Sterling area, holds practically no sterling.

9. From the Caribbean, *Jamaica* reacted not unfavourably and had no intention of getting out of sterling. A *Trinidad* Minister sympathised publicly with our problem, and stressed the international role of sterling and Trinidad's close trading links with Britain. A less helpful reaction came from our own Representative to the *Associated States*: devaluation would have an unwelcome effect throughout the States, especially in Antigua and St. Lucia where there were special problems. But it was not clear how far he had consulted the governments of his scattered domain before giving this assessment.

*The outlook for diversification*

10. The intentions of sterling holders in respect of the composition of their reserves are very difficult to foresee, but there are few grounds for optimism. Prior to devaluation, there were indications that 1968 could well prove the worst year yet for diversification, with threats from perhaps half of all significant holders of sterling. It is difficult to believe that devaluation has led any of these to modify their plans. Since the announcement *Singapore* has accelerated a movement out of sterling which had

begun earlier; this has been the subject of a message from the present Chancellor to the Singapore Prime Minister. There is a risk that *Malaysia* may be prompted by this development to follow suit. *Malta* has given notice that she intends to move some £11 million of her official reserves. We are under pressures from *Hong Kong* to permit some diversification of her very large official balances.

11. There is perhaps a slender hope that some sterling area countries contemplating diversification will be ready to postpone their plans until the effect of devaluation on our balance of payments and hence on sterling becomes clearer. It should certainly be our objective to encourage this, where possible. But for the most part it is likely that these countries are planning diversification as a deliberate long-term measure, and are unlikely to be deterred by what they will see as temporary fluctuations in the declining fortunes of sterling.

*Paragraph 4 (Australia)*<sup>2</sup>

While it remains by and large true that the Australian Government has reacted with restraint, the Minister of Trade, Mr. McEwen, has indicated that Australia may have to retaliate against cheaper British imports by imposing selective tariffs. There has also been sharp public criticism of the extent to which Australia still holds sterling, which the Government have made some effort to counter.

*Paragraph 6 (Malaysia and East Africa)*

The *Malaysian* Government have not been so helpful as at first seemed likely. They have tended to blame Britain publicly for the ensuing devaluation of the old Malaysian dollar, a move which has caused much discontent locally (and loss of life in riots in Penang)—although this tendency is not echoed by the press or informed public opinion which has pointed out that the decision was the Malaysian Government's alone. The Minister of Finance in public statements has taken the line that the British devaluation was a humiliating object lesson from which Malaysia should learn before it was too late. There has been a complaint from *Uganda*, which we are investigating, that Kenya had several hours' more warning of the move than she did, and profited therefrom.

*Paragraph 9 (Jamaica)*

The High Commissioner reports that the experience was traumatic for politicians and public alike, and there has been critical comment in some quarters, though this has not been general.

*Paragraph 10 (Diversification)*

A threat from the *Bahamas* to diversify some £2¼ million of their small official reserves, which could have repercussions on their much larger commercial bank holdings, is in suspense since the Government have agreed at our request to consult us on their plans. The Governor of *Bermuda* has given notice that he will seek permission to diversify some of his reserves into dollars. And the *Jamaican* Minister of Finance, while not intending to move out of sterling unless it looks as if the new rate cannot be held, has stated publicly that he intends to build up Jamaica's dollar assets to match her dollar liabilities.

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<sup>2</sup> Norton added an update on 15 Dec, in which the para numbers refer to his note of 1 Dec.

**416** T 295/437

14 Dec 1967

**‘Sterling after devaluation’: note by W S Rylie (Treasury) of an inter-departmental meeting<sup>1</sup>**

Sir Denis Rickett suggested a discussion of the position of the sterling area following devaluation and particularly of exchange control policy. Should the idea of extending exchange control, in some form, to the sterling area now be considered? What then would happen to the Voluntary Programme,<sup>2</sup> and should such a move be accompanied by a relaxation of exchange control over investment in non-sterling countries? This was linked up with proposals which were already being considered for relaxation over certain types of direct investment in non-sterling countries and also ideas for realizing some part of the country’s portfolio investments in non-sterling countries.

2. The following points were made in discussion:—

(a) The time had come to ask whether our exchange control policy was serving the purposes for which it was intended. It resulted in a distortion in the pattern of investment, because investment was so severely restricted in non-sterling areas, but freely permitted, apart from the Voluntary Programme, in the sterling area.

(b) The sterling area had originally begun as the group of countries which chose, during the 1930s when the pound was floating against other major currencies, to peg to the pound. But there had been a gradual change in the character of the sterling area and this had been capped by the failure of the majority of sterling area countries to follow our recent devaluation. One purpose of exchange control was to prevent residents from speculating against our own currency. It had been assumed in the past that sterling area currencies were so closely bound to sterling that speculation as between currencies within the area would not occur. But this had happened at the time of the recent devaluation.

There was at least a case, therefore, for considering whether exchange control should not now be extended to the sterling area as a whole.

(d) However, the main difficulty that had been seen in the way of exchange

<sup>1</sup> The meeting was attended by representatives from the Treasury, Bank of England, Commonwealth Office and Foreign Office. It was chaired by Sir D Rickett, second secretary, Treasury, 1960–1968.

<sup>2</sup> The voluntary programme was introduced in May 1966 to restrain direct British investment in the four developed countries of the sterling area—Australia, New Zealand, South Africa, and the Irish Republic. In his 1966 budget speech the chancellor announced the programme as being ‘for the next year or two’. In his 1967 budget speech he said it would continue for a further year. The gross cash outflow to finance direct investment (excluding oil) in the overseas sterling area was running at about £125 million in 1965, of which over half was in the four developed countries. This compared with remittances of official exchange of only £16 million in the same year for gross direct investment in the non-sterling area, a figure much reduced from earlier levels by the withdrawal of access to official exchange. The use of official exchange had since fallen away almost completely as authorities given before July 1965 had been used up. Additionally, and separate from the amounts involved in the cash outflow to the overseas sterling area, the operation of the severe exchange control regime for the non-sterling area involved a significant element of distortion in the pattern of direct investment abroad in favour of the overseas sterling area. The voluntary programme was limited to the four developed countries because it would be politically impossible to restrict flows of private capital to the less developed countries which were, in many cases, the recipients of substantial UK aid (T 295/437, Treasury note, ‘The future of the voluntary programme’, 3 Jan 1968).

control over transactions with sterling area countries in the past was that this would provoke sterling area countries to move out of sterling. The conclusion has been reached more than once that, for this reason alone, we could not afford exchange control. It was true that something of the kind had been introduced in the shape of the Voluntary Programme; but in the exchanges with the Australians before the Voluntary Programme was introduced, they had reacted very sharply to the idea of exchange control and they had not taken the Voluntary Programme itself at all kindly.

(e) The change indicated by the fact that other sterling area countries had not followed us should not be exaggerated, however. Some which had not yet devalued might still do so and some had failed to devalue because they had recently done so.

(f) The danger of diversification in the future needed to be assessed, but, in advance of such an assessment, we should not be alarmist. There had been relatively small withdrawals by the sterling area from the reserves before devaluation. Whatever might be said about speculation in non-sterling countries, the very great bulk of the pressure on sterling had come as a result of withdrawals by holders in non-sterling countries.

A distinction ought to be made, so far as diversification was concerned, between direct switching out of sterling and a process of taking accruals to reserves in non-sterling form. On the other hand, if countries always took increases in reserves in non-sterling form, but ran down their sterling holdings when they were in deficit, the effect would be the same.

(g) We were still too close to devaluation to make a clear assessment of the position. The sterling area had been gradually changing, but there was still no indication that the act of devaluation itself had brought about a sudden or great change. It was possible, however, that it would have considerable effects on trading relationships rather than on financial relationships.

(h) If an examination was to be made on the possibility of applying exchange control to the sterling area as a whole, there were a great many points to be considered. The advantages might include the elimination of tax-havens and the closing of exchange control gaps. The effect on political relationships, and the implications for aid and trade would have to be considered and a judgment would have to be made as to the benefit to our balance of payments. This would have to be set against a judgment about the cost of continuing the system unchanged as at present and include a judgment about the cost of making any accompanying relaxation in exchange control as applied to non-sterling countries.

(i) Even if nothing were done to extend exchange control to the sterling area, there was a danger that diversification would eat up the surpluses we expected to earn. In that case, the choice might, in effect, be between making no change and making a change which would improve our basic balance of payments but create greater dangers for the reserves. The second course would be more acceptable if longer-term international support arrangements existed. On the other hand, it was possible that if we did succeed in getting a great strengthening of the balance of payments, diversification would cease to be a serious problem.

(j) In the short-term it was essential both to concentrate on bringing about a great improvement in the underlying balance of payments and to avoid unnecessary dangers to the reserves. In the longer turn, however, we shall recognise that there would always be times of relative weakness and it was most

important, therefore, to get a solution to the problem of the imbalance between our large liquid liabilities and relatively small reserves.

3. It was decided to leave this final point over for later discussion. Meanwhile, two papers would be prepared:—

(i) The Bank of England would prepare a paper on the sterling balances, setting out what had been happening and the prospects for diversification following devaluation.

(ii) The Treasury (Mr. Rawlinson) would prepare a paper on exchange control dealing with all the implications of extending exchange control to the sterling area, or part of it, including the implications for diversification, on which the Bank would contribute, and political implications, on which the Commonwealth Office would contribute.

**417** T 295/438

18 Jan 1968

**'Exchange control: Commonwealth political aspects': note by Sir A Snelling**

The political reaction in the Commonwealth countries in the sterling area to the imposition by us of exchange control against them will not depend to any significant degree upon the precise manner in which we propose to exercise in the first instance the powers which we take. The reaction will be to the mere fact of taking such powers. Abroad as well as at home, the belief will be that, once we have taken the decisive step of imposing control, we will be free at any time to tighten up the manner in which we exercise it, and that whenever convenient to us we will start administering it stringently. Therefore, whatever we may say about how lenient we intend to be at first, Commonwealth countries will regard this decision as the beginning of the end of their prospects of obtaining private capital from Britain, and as heralding the obituaries of the sterling area. These countries will therefore proceed on the assumption that they had better get out of sterling while the going is good.

2. Exchange control against the sterling area cannot be considered in isolation from the other steps we have taken in recent years which Commonwealth countries regard as harmful to their interests. We have delivered them, and particularly Australia, a succession of blows. This is recognised in paragraph 21 of the Treasury paper on the future of the Voluntary Programme, but there are likely to be additional factors in the Australian reaction which are not mentioned there. The first blow to Australia was the Voluntary Programme, which she was led to expect would be purely temporary. The second was when we made it clear to her that in any negotiations over EEC we intended to try to secure no more than transitional alleviations for her economy; and of course she regards this threat as still hanging over her because of our statements that, notwithstanding the French veto, we still regard entry into EEC as being in our best long term interest. Then there was the blow of devaluation which has a three-fold effect in Australia: first the loss in international value of part of her large sterling reserves; second (even though this loss was in her case offset by a corresponding reduction in the burden upon her repaying her long term debts in

London) there remained the loss of confidence in Britain, particularly in view of all we had done to dissuade her from further diversification of her reserves; third, there is the loss in real income which she now faces from the decline in the prices measured in her currency which she receives for about one-fifth of her exports to us, e.g. of dairy produce and sugar where the price she gets is in effect fixed in sterling. Now there has been our decision to withdraw from the Far East in 1971 instead of 1975 despite our assurance to her on 18 November to the effect that we confidently believed that one effect of devaluation would be that we should not now have to accelerate our withdrawal.

3. If on top of this we now impose exchange control against Australia, this could well be the final and decisive blow to her confidence in us and in our word. Particularly after the defence cuts, it seems likely that we simply will not be believed if we say that, though we are going to impose control, we intend to administer it with leniency towards her. The only safe assumption she can make is that, just as within two months we had to go back on what we had said to her about the rate of our military run-down in the Far East, so we might come to her one day soon and say we were sorry but that we have felt it necessary to stop entirely or to curtail gravely the flow of investment capital to her. The act of imposing exchange control against the sterling area must be regarded as heralding the break-up of the area.

4. There are a number of other Commonwealth countries on whom several of these blows have fallen. New Zealand is in a similar position in regard to the Voluntary Programme, devaluation and the defence cuts. In Malaysia and Singapore the effect of our change of heart over the pace of defence cuts will of course be much more severe and direct, and they suffered big losses over devaluation. Hong Kong is in much the same position as Australia in regard to EEC and, after Kuwait, has suffered the heaviest losses from devaluation. At the other side of the world some of the Caribbean countries have reacted particularly emotionally to one aspect of devaluation, viz. the increase in the price of British exports to them notwithstanding the fact that they have devalued in step with us. In Black Africa there have been some losses on account of devaluation and a number of the Commonwealth countries are already in an antagonistic frame of mind towards us over Rhodesia. India and most other Commonwealth l.d.c.'s will suffer as a result of devaluation a decline of perhaps 10 per cent in the real value to them of our aid.

5. Thus in hardly any Commonwealth country would the imposition of exchange control be looked at in isolation. For this reason the reactions would be far more severe than might be expected if this step were to be considered by itself, and they would be unlikely to be wholly rational.

6. It so happens that, apart from the Irish Republic, all the largest balance holders in the sterling area lie East of Suez—Kuwait, Hong Kong, Australia, New Zealand, Malaysia and Singapore. By virtue of the size of their balances, the Commonwealth countries in the Far East will feel themselves to have the strongest grounds for complaint if we impose exchange control. It so happens too that some of them, notably Australia, also rank high as export markets for British goods. It is amongst these countries in the Far East that the most resentment against us will be felt and from whom we can suffer the most harm if they take counter-action, not in any sense out of a feeling of vindictiveness but in order to safeguard their own self-interests.

7. The reaction of Commonwealth countries in the Indian sub-continent, Africa



and the Caribbean is likely to be influenced to a major extent by what they conceive to be the reasons for which we impose exchange control *against them*. Broadly speaking these are not funk holes for British money; nobody in Britain is going to hold rupees in preference to sterling or to escape British taxation by putting his money in India where taxation is higher. If we do impose exchange control against them, they will be drawn inevitably to the conclusion that we are doing so primarily for the mere sake of uniformity and in order to avoid discrimination against the developed members of the sterling area. It is easy to imagine the reaction of, for instance, the Black African countries if they got into their heads that we were harming them because we wanted to avoid discriminating against South Africa, which is the arch-discriminator on racial grounds. Moreover would it pay us to impose exchange control on this category of countries? Some of them, e.g. Kenya and Zambia, hold balances around the £100 m. mark and would obviously seek to withdraw them. The amount of British private capital at present flowing to these countries (apart from the tax havens and perhaps Hong Kong) is insignificant in relation to our balance of payments. On the other hand our private investment income from them is quite considerable. In general the greatest incentive for underdeveloped countries to accord good treatment to capital invested from abroad is the lively expectation of reward in the shape of further capital to come. Once we had made it clear that we were instituting a system of control which could at any time be tightened up so as to ensure that little if any further British money could be expected, the fate of our income from our existing investments in the tropical Commonwealth would be gloomy indeed.

8. The imposition of exchange control against our remaining dependent territories would raise even more acute moral and political problems. Their welfare remains our responsibility. If we appear to be harming them in our own self-interest, we shall have a difficult ethical case to answer. Moreover there seem to be grave constitutional objections to this course. And some of them even use our own currency or coinage or that of other countries in the sterling area. For many years the dependent territories have in effect had autonomy in the tariff field but not in the monetary field. The imposition of exchange control against them will inevitably lead them to demand the right to be the arbiters of their own monetary arrangements. Our ability to resist such demands will be gravely undermined if we impose new arrangements which obviously involve the disruption and probably the severance of many of their banking connexions with Britain, and if we compel them to adjust to new banking and financial links with major financial centres. Politically we shall not be able to resist, even in dependent countries, demands for changes, e.g. in regard to the repository for their reserves, if that demand springs from a widespread belief that we are conducting our relations with them in our self-interest and in disregard of theirs.

9. To all this the tax havens—notably Bermuda and the Bahamas—constitute a partial exception. But Bermuda is now proposing to segregate new non-Bermudian deposits in her banks from Bermudian deposits and she intends to accept liabilities only in sterling to depositors in the former category. The Bahamas already appear to be operating in this way. Therefore Bermuda and the Bahamas are ceasing to be funk holes for British money seeking a hedge against a further devaluation. Insofar as these countries remain tax havens their Governments will probably feel that the remedy lies in our fiscal devices. Hong Kong also is in a special category, notably

because her sterling balances amount to over £350 m. If we take steps which in effect put her outside the sterling area she will consider that she has a moral right to diversify her reserves to the extent that she chooses. Any small benefit we might devise through plugging the exchange control leak through Hong Kong has to be weighed against the vastly greater losses we should suffer if she insisted on diversifying on a considerable scale. It is quite clear that in political terms we could not resist a demand from Hong Kong for widespread diversification if on top of the losses she has suffered as a result of devaluation we were to put her outside the sterling area.

10. The most fundamental political question is how far the imposition of exchange control, heralding as it would the break-up of the sterling area, would be generally regarded as likely to hasten the break-up of the Commonwealth itself. Certainly this step would gravely weaken the Commonwealth. Even now Commonwealth countries have such a close relationship with us in many fields that they are far more gravely affected than the generality of foreign countries by major economic and political decisions which we take. The degree of economic interdependence between Britain and the rest of the sterling area is still exceptionally high. Commonwealth Governments may well feel that Commonwealth economic relationships should be viewed as a whole, and that if Britain looks like ceasing to be a source of capital for them they need feel little obligation, if any, towards Britain in regard to trade and other economic relationships. It is impossible to quantify the value to us of the Commonwealth relationship but it is obviously still immense, as between for instance Britain and Australia. Some significant part of our pattern of trade with Australia must be dependent upon the links which are generated by the degree of British ownership of Australian productive resources and this trade would obviously be at risk if the expectation were to be that it would not be sustained by future investment. Moreover Commonwealth preferences, though eroded, are still of great value to us and the climate of opinion in the old Commonwealth in which these preferences are preserved would undergo change for the worse if we were to alter the basis of the financial relationship. Undoubtedly the feeling would grow in Commonwealth countries that the material benefits they derive from Commonwealth membership were being so successively whittled away by the unilateral actions of Britain that little would remain in it for them. The Commonwealth has not ceased to be of value to us and we ought not to contemplate hastening its disintegration as an accidental by-product of any economic step we take without at any rate satisfying ourselves that the taking of this step is absolutely essential to our own survival.

**418** T 295/400

26 Apr 1968

**'UK investment in developing countries': Treasury memorandum**

This paper discusses current policy on direct and portfolio investment in the developing countries and describes the means by which it is implemented under fiscal arrangements, exchange control, and to a very limited extent, under the Control of Borrowing Order. The paper ends with a brief discussion of some common criticisms of the policy.

*Overseas investment policy in general*

2. Current policy is based on the Budget statement of the then Chancellor in 1965. Mr. Callaghan announced then a change of direction in this field, to be manifested both in the tax system and exchange control: the Voluntary Programme was added in 1966. This change of direction had two main objectives.

3. The first is to bring about a permanent shift of emphasis away from investment abroad in favour of investment at home. The Government's view is that it is necessary to redress the imbalance under the previous system under which the U.K. has, traditionally, invested excessively abroad to the serious detriment of investment and economic activity at home. This adjustment is effected chiefly through the corporation tax system, which was designed to align more nearly to the resulting benefits to the economy as a whole the choice for an individual company or private investor between investment at home and investment abroad.

4. Second, superimposed on this permanent fiscal aspect of policy are the direct measures under exchange control and the Voluntary Programme chiefly designed to ensure that the high level of direct and portfolioc investment which continues to take place is financed so as to impose the minimum burden on the U.K. reserves and sterling liabilities. These measures, at least in their present severity, have been regarded as temporary, to be relaxed when the nation's external liquidity position has sufficiently improved.

*Corporation tax and the developing countries*

5. No distinction is in general made in the assessment of the liability of U.K. firms to corporation tax on their overseas income between income arising in the developing and in the developed countries. That there would be no such distinction was made clear by the 1965 Budget Speech. Referring to the position of the developing countries under the new corporation tax regime Mr. Callaghan said:

'I am very mindful of the interests of those who have for long been dependent for development capital and otherwise on us. I do not expect that the impact of the measures we are taking on the developing countries, towards whom we have special responsibilities, will be adverse to any significant degree. But . . . I shall be watching this aspect of the question with great care and will be ready to consider whether any new action on my part is needed, for example, in the field of aid to the developing countries.'

6. In more detail, the 1965 tax changes in relation to overseas investment may be summarised as follows. The previous company and profits tax system gave a special incentive to overseas *portfolio* investment to the extent that the U.K. shareholder in an overseas company secured a credit for all the other country's tax on the underlying profits, whereas a U.K. shareholder in effect received credit for the income tax paid by the company but not for its profits tax. The new system is in form neutral between home and overseas investment: a shareholder gets no credit for the underlying tax on the profits out of which his dividends are paid, whether his investment is in a company in the U.K. or abroad.

7. Similarly, the previous system gave a degree of incentive to overseas *direct* investment in that the overseas tax paid on the profits of overseas subsidiaries and branches could effectively be used to frank the income tax liability of U.K. shareholders in the U.K. parent company whereas, as indicated above, the income tax

liability of U.K. shareholders in a U.K. company with domestic investments could not be franked in respect of U.K. profits tax. Under the new system, a U.K. company making a direct investment abroad receives full credit for overseas tax paid but may credit this only against its U.K. corporation tax liability. That is, a U.K. shareholder does not obtain credit for the underlying tax on the profits out of which his dividends are paid, whether the U.K. company in which he has invested received its income from direct investments abroad or at home.

8. The transition to the corporation tax regime as described above is being effected over a period of seven years. The tapering transitional relief which was granted in respect of the excess of overseas tax and the U.K. corporation tax liability will be exhausted by 1971. The corporation tax system will then be in full operation.

9. Its impact may in some cases be modified by the matching credits facility which may be conceded under Double Tax Agreements with developing countries. Section 17 of the Finance Act 1961 permits Double Tax Agreements to be made containing provisions under which the United Kingdom gives credit for overseas tax spared by the overseas country under special reliefs introduced to foster development—for example, tax holidays given by developing countries to pioneer industries. If overseas tax rates are as high or higher than the U.K. corporation tax rate, the effect of these provisions is that the U.K. taxpayer pays no corporation tax on the income in the U.K. and no tax overseas.

10. The matching credits concession is, in principle, inconsistent with the object of the 1965 tax changes in giving an incentive to investment in the countries concerned and possibly an advantage even against investment in the development districts in the U.K. But the special position of the developing countries is recognised and under current policy the concession may be made in the context of an otherwise satisfactory Double Tax Agreement to countries in receipt of U.K. aid. There are at present comparatively few Agreements with developing countries and thus the matching credits concession benefits only a few. But this reflects the unwillingness of the countries concerned to come to an Agreement satisfactory to the U.K. in other respects. The prime example is India, which stands to gain a good deal from such a concession, but where Indian unwillingness to agree to the reciprocal exemption of shipping and airline profits (a feature of all other U.K. Agreements) has prevented the conclusion of an Agreement hitherto.

#### *Exchange control and the developing countries*

11. The exchange control rules apply to investment in the developing countries of the non-Sterling Area in the same way as to developed countries. The broad effect of these is as follows. Portfolio investment by U.K. residents may take place only in quoted securities and may be financed only with investment currency. Oil investment is subject to detailed scrutiny by the Treasury and an allocation of official exchange is allowed annually for the two major companies, Shell and B.P. For the rest, including the rump of direct investment, the normal methods of financing projects are by the ploughing-back of profits of existing enterprises or by borrowing, raised locally by the subsidiary or, more commonly in the case of the developing countries, in London by the U.K. parent. For projects promising an early return to the U.K. balance of payments, access to investment currency may be allowed, though this privilege is insubstantial at present when the premium is above 40 per cent. For exceptionally favourable projects, promising a return to the U.K. balance of payments

commensurate with the initial remittance within 18 months, limited access to official exchange is allowed under the super-criterion scheme.

*The voluntary programme and developing countries*

12. The Voluntary Programme was introduced in May, 1966 to exercise a degree of control over the pattern of finance primarily of direct and portfolio investment in the four developed countries of the Sterling Area—that is, Australia, New Zealand, South Africa and the Irish Republic. The developing countries of the Sterling Area were excluded from this Programme. The Programme was not extended to the developing countries—largely on the ground that it would be odd to restrict capital flows, from private sources, to these countries which are the main recipients of U.K. aid, financed by the Exchequer.

*Control of borrowing order and the developing countries*

13. Formal control exists under this complicated legislation of borrowing in the United Kingdom by any resident outside the United Kingdom. In respect of borrowing by companies resident in the non-Sterling Area, the exchange control criterion apply. Similarly, for borrowing by companies resident in the four Voluntary Programme countries, the Voluntary Programme criterion apply. Applications by companies resident in the developing countries of the Sterling Area are normally freely allowed, provided that the transaction is judged to be to the benefit of the economy and balance of payments of the country of the borrowers and to involve no avoidable detriment to the U.K. balance of payments apart from the outflow of funds involved in the borrowing itself.

*Criticism of the policy*

14. The main criticism is the familiar argument that insufficient is done by the Government to stimulate private investment in the developing countries and that recent changes have positively discouraged such investment. Evidence may be quoted of the recent provisional figures for total U.K. private investment in the developing countries in 1967, which shows a (marked fall) compared with the previous two years.<sup>1</sup>

15. Three main points on this. First, the U.K. has traditionally invested large sums in the developing countries and continues to do so. (Can F(DGA) give chapter and verse—in particular on our performance compared with other OECD member?)

16. Second, though the tax changes involve some discouragement to overseas

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<sup>1</sup> The ODM calculated the figures for UK private and portfolio investment in developing countries as £158 million in 1965, £103 million in 1966, and £82 million (provisional) in 1967. The average for the decade before 1963 was about £100 million (OD 36/87, no 147, ODM paper, 'Private investment', 2 Jan 1969). The view from the ODM was that, in the words of the G M Wilson, the permanent secretary, 'there lies an inconsistency in Government policy'. Britain was committed to the 1 per cent target for aid flows set by UNCTAD in Feb 1968 (see 189, note 2). The ODM had successfully prevented inroads into the £205 million that represented the public sector part of the target, but the private sector part of it consisting of direct and portfolio investment had been falling. 'It is a matter of deliberate policy on the part of H.M.G. that overseas investment *should* fall and, while the Treasury has paid lip service to the idea that this fall should not affect developing countries, it is impossible to prove one way or the other whether corporation tax is having this effect or not.' If the present policy continued, the UK would fall further short of the 1 per cent target as neither the £205 million (in current prices) nor private investment could be expected to increase (OD 36/87, no 149, minute by Wilson, 13 Jan 1969).

investment in general, they merely introduce a neutral fiscal system in place of a previous arrangement which was biased in favour of such investment. The new corporation tax system is in line with American practice and no less favourable to overseas investment than that of many other developed countries. Moreover, though the present system may be regarded as neutral in a purely fiscal sense, a position of economic neutrality would be different. Whereas the return to the nation as a whole is the gross pre-tax return on home investment (because the tax is paid to the home Exchequer), the return to the nation on overseas investment is not of foreign tax (which benefits the overseas Exchequer). In this purely economic sense, the system would be neutral only if the investor's interest was identified completely with the national interest. This is not achieved under the present system, and would be attained only if overseas taxes paid were treated as an expense rather than, as at present, allowed to frank the home corporation tax liability. Thus though the present system is neutral in the fiscal sense, it may be regarded as still unduly favourable to overseas investment in economic terms.

17. Third, it seems unjustified to attribute responsibility for the recent fall in U.K. private investment in the developing countries wholly or even primarily to the Government's measures. Though no doubt the measures have already had some effect in this direction in some cases, this should not be exaggerated. Other factors also are of much importance including in particular political and economic conditions in the host countries themselves. (Has total private investment in the developing countries by all the developed countries shown any recent fall comparable with that in U.K. investment?) The Government's view is that responsibility in the field of private investment lies on the host countries themselves to provide a stable political and economic framework to attract investment from the U.K. This is one of the reasons why, though supporting the IBRD Convention for the Settlement of Investment Disputes, the U.K. has not sought to introduce an official guarantee for the protection of U.K. investors in the developing countries.

**419** T 295/401

23 May 1968

**'British investment: Singapore': Treasury briefing for the visit of Mr Lee Kuan Yew**

Mr. Lee has expressed considerable eagerness to obtain new United Kingdom private investment in Singapore, especially in manufacturing.<sup>1</sup> He has advocated that H.M.G. should take steps—and, specifically, institute a system of investment guarantees against such risks as expropriation—to stimulate such investment. Our line has been that while we should be very willing to see U.K. investors take advantage of the opportunities offered by Singapore, we cannot afford to take any positive action in this direction which would conflict with the overall policy requirement of limiting the capital outflow in the interests of our balance of payments.

2. H.M.G.'s position is thus one of neutrality. There are no curbs or disincentives on investment—the introduction of the Corporation Tax was of course designed to reduce the previous tax bias in favour of overseas investment, not to introduce any

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<sup>1</sup> See 110 & 111.

bias the other way; exchange control does not apply to Singapore nor, as it is a less developed sterling area member, does the Voluntary Programme. (The previous Chancellor's undertaking to keep the effect of Corporation Tax on developing countries under review stands; but no adverse effect is as yet discernible—the figures fluctuate from year to year, but there certainly appears to be no significant downward trend.)

3. Few statistics are available of where investment stands in this situation. The total of United Kingdom direct investment in Singapore (excluding banking, insurance and oil) at the end of 1965 was £5.4 million, of which only £2.1 million was in manufacturing industry. There are no indications of any substantial current inflow.

4. We would have no objection to firms using their freedom to invest in Singapore under the concession whereby developing sterling area countries are exempted from our generally restrictive policy on outward investment. Indeed, there are special considerations in Singapore's case which from some points of view make this desirable. Our aid offer to Singapore (and Malaysia) to help offset the effects of our forces' withdrawal is of course limited in amount. But the aims of that offer—to achieve an orderly withdrawal, and to leave behind a stable situation in which British commercial and other interests will be protected—will be the better achieved in so far as Singapore obtains the investment essential to build up her industry and employment; and as Singapore will have to obtain this investment from somewhere if the economic (and hence political) consequences of our withdrawal are not to be excessively damaging, it is desirable that the United Kingdom should benefit from a continuing stake in Singapore's economy. To go beyond this, however, to any positive measures of encouragement would involve the most serious difficulties.

5. In response to Mr. Lee's representations we did, about the end of last year, give the most serious consideration to the question of an investment guarantee scheme. Our general policy is that such a scheme (whether multilateral or bilateral) is unacceptable in present circumstances; the overriding considerations are that we cannot afford anything which would so tend to encourage increased capital outflow to the detriment of our balance of payments, and that to do this for Singapore would make it impossible not to do the same for other countries, to whom the potential flow of investment would be much larger. We have had to make it clear in discussion in the I.B.R.D. (and earlier in O.E.C.D.) of a draft International Investment Insurance Agency that for these reasons we could not at present contemplate becoming full members of any such scheme. Nevertheless we considered whether limited exception could be made in the special circumstances of Singapore, and finally concluded that this was not practicable. This was made clear to the Singapore Government (and to the C.B.I.).

6. The comparatively low level of investment which at present obtains reflects, presumably, the commercial judgment of potential investors. It is therefore up to Singapore to persuade them of the advantages of investment. The Singapore Government already provides tax inducements. What else it can do on its own behalf in the way of encouraging investment is for Singapore to decide—we could not object; there have been various suggestions, e.g. that they might consider themselves offering a guarantee scheme (though this would not be as credible as a British Government scheme), or offer to conclude an investment protection treaty with us, or ratify the I.B.R.D. Convention on the Settlement of Investment Disputes (to which

we are a party)—as Malaysia had done. They might also act more vigorously in various ways to enlist the interest of British manufacturers. They have been in touch with the C.B.I. about this. Mr. Norman<sup>2</sup> of the C.B.I. visited Singapore in March, and Mr. Lee is having further discussions with the C.B.I. on 23rd May. A substantial difficulty is the doubt about the viability of manufacturing based on the small Singapore domestic market (aggravated by the separation from Malaysia), and how far continuing export opportunities can be counted on.

7. These discussions can be welcomed. So far, however, the line the C.B.I. have taken in talking to H.M.G. is that no substantial increase in investment can be expected without an investment guarantee scheme, which they claim is essential to put United Kingdom manufacturers on a par with competitors from countries such as the United States and Japan, which operate such schemes. They strongly supported Mr. Lee's request for this. (This is in part in support of their campaign for a more general scheme.) It has recently been confirmed to them that this is out of the question.

8. Given that it is for the Singapore Government to take such action as they see fit to induce United Kingdom investors to come to Singapore, the question is whether they might use part of the offer of mitigating aid for this purpose. There is no general objection to this in principle; but we should have to consider carefully any specific proposals which might be put forward, since these could be objectionable. We should not, for example, find it acceptable that our aid should be used in direct subsidies for manufacturing enterprises, since these would in practice have to be set up in order to export and would compete directly with U.K. exports. The element of discrimination between firms would also be a difficulty. In discussion, the C.B.I. have shown themselves to be sensitive about these problems. It will therefore be essential to give a cautious reception to any propositions for the use of the aid in this way which Mr. Lee may advance, but we can of course undertake to give them sympathetic consideration.

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<sup>2</sup> (Sir) Arthur G Norman, president of CBI, 1968–1970.

**420** OD 20/447, no 1

16 July 1968

‘Assessment of aid recipients’ conduct in relation to UK interests’:  
circular letter from K C Christofas<sup>1</sup> to Commonwealth posts.

*Enclosure*

[The ODM complained to the Commonwealth Office that the letter below with its enclosure had been circulated without prior consultation: ‘There were certain things in the letter which in our view could with advantage have been put rather differently, but that is now water over the dam. The point is that, in view of the emphasis which is placed on aid, it would surely have been in keeping with the division of functions between us if we had been consulted before the circular was sent out’ (ODM 20/447, no 2, Wilson to Snelling, 29 July 1968). Snelling defended the letter, explaining it had been circulated at his own initiative and acknowledging there were two views about both the propriety of allowing non-developmental considerations to influence aid policy and the effectiveness of attempts so to do. He was influenced primarily by the view taken by his own ministers. With the British economy under so much pressure it would not be possible to maintain

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<sup>1</sup> Commonwealth Financial Policy Dept, Commonwealth Office.



the current level of aid unless it could be demonstrated that in administering it more attention than hitherto was being paid to Britain's own immediate political and economic interests. His department approached such issues in general terms, not in the context of their application to individual countries, and he therefore thought that it would be useful to identify those political and economic policies of each of the Commonwealth countries which were helpful and harmful respectively to British interests. He conceived this as a 'domestic exercise' between the Commonwealth Office and high commissioners to see whether or not they agreed 'with our cockshy assessment of the non-developmental considerations that were relevant'. In its own policies the ODM was not committed by the correspondence, and Snelling's expectation was that, in particular cases, the two departments would 'not be found to be very far apart' (*ibid* no 13, Snelling to Wilson, 9 Aug 1968).]

When offers of aid are under consideration it is obvious that all factors affecting the relations between the United Kingdom and the recipient countries ought to be taken into account. The Commonwealth Office is considering the manner and extent to which, in determining aid allocations, account should be taken of British political and general economic interests, in addition to the developmental considerations which are the concern of O.D.M.

2. Recent instances when such considerations have entered our thinking are:—

- (a) *Singapore*, where mitigatory aid has been linked to an undertaking by Singapore in relation to her behaviour over sterling.
- (b) *Ceylon*, where we think that in future offers of aid there is a case for attaching a stipulation that the flow of remittances on past British investments should be improved.
- (c) *Zambia*, where internal legislation adversely affecting British trade has been taken into account in determining the amount of aid offered.

3. To serve as a guide to the most important factors which should be taken into account (whether they are political, economic, financial, consular or general) when we are considering specific aid propositions we have drawn up brief lists for recipients of our aid showing:—

- A. Actions and attitudes which are in harmony with U.K.'s interests.
- B. Actions and attitudes which adversely effect U.K.'s interests.

4. These lists are intended as a guide which will enable us readily to identify factors which should be taken into account in considering future offers of aid. When the question of aid to a particular country comes up for consideration, there will, of course, be a much more detailed examination of the position, involving a careful assessment of the pros and cons of seeking to attach any particular stipulation to aid offers. The complete lists are attached hereto so that you can see the sort of considerations which are regarded as relevant to countries other than your own.

5. There is, of course, some dispute about the propriety or, indeed, effectiveness of attaching economic or political stipulations to aid offers. It is not intended to prejudge this issue and each particular case will be looked at most carefully on its merits.

6. I should be grateful for your comments on the lists concerning the country to which you are accredited. Recommendations for additions, deletions or amendments would be welcome. We should also value your help in keeping them up-to-date.

## Enclosure to 420

### *Far East and Pacific Department*

#### *Malaysia*

A.

- (1) Adoption of a reasonable attitude to our military withdrawal plans.
- (2) Generally well disposed and British investments are protected.

B.

- (1) Commonwealth preferences removed unilaterally on range of items important to the U.K.
- (2) Signs of a switch out of sterling—but agreement reached as to degree of diversification so long as value of pound maintained.
- (3) Protracted bickering with Singapore and failure to come to terms with her.
- (4) Approach to E.E.C. for Associate Membership without prior consultation with us.

#### *Singapore*

A.

- (1) Adoption of a reasonable attitude to our military withdrawal plans.
- (2) Generally well disposed and British investments are protected. (In fact, Lee Kwan Yew is positively encouraging further British investment.)<sup>2</sup>

B.

- (1) Extensive and undetected diversification out of sterling carried out between 1965–67. Oral undertaking given not to diversify was followed by further diversification.

### *East Africa Department*

#### *Tanzania*

A.

- (1) There has been no harassment of British citizens and Nyerere has consistently maintained that his quarrel is with the present policies of H.M.G. and not with the British people.

B.

- (1) Broke diplomatic relations in 1965 over Rhodesia policy and has not resumed them even though NIBMAR appeared to meet Tanzanian requirements.
- (2) Nationalisation in February, 1967, involving a wide variety of British undertakings. Compensation was not given adequately and promptly—two British Banks have large claims outstanding and compensation terms have not yet been agreed in all cases.
- (3) Tanzania has abrogated its responsibility to expatriate pensioners which it assumed under the Public Officers Agreement.
- (4) Current attempt to prevent purchase of British locomotives by East African community.

#### *Kenya*

A.

- (1) Maintains a moderate and reasonable attitude generally—especially over Rhodesia.
- (2) Refused to follow OAU call to break diplomatic relations with Britain in 1965.

<sup>2</sup> See 110, 111, 419.

(3) Kenya's reputation for fair dealing with British companies and investors remains good. Despite land hunger and calls for Africanisation of farming land held by Europeans the Kenya Government is endeavouring to pay fair prices for the land it is buying from British farmers on a willing seller/willing buyer basis under the Land Transfer Scheme (although there could be difficulties in the future over establishing satisfactory valuations).

(4) Currently a strong centre of stability in Africa.

(5) Current attempt to secure purchase of British locomotives by East African community.

B.

(1) Deportation of British citizens in July, 1967.<sup>3</sup> There were good grounds for this but the method was inhumane. There have, however, been no further cases.

(2) The Kenyanisation policy resulted in a flood of Asian immigrants to Britain in 1968 to our great political embarrassment.<sup>4</sup> However, the policy can be partially justified in local terms and the Kenyans appear now to be operating it reasonably

(3) Proposing that East Africa should give major tariff preferences to E.E.C. to our detriment.

### *Uganda*

A.

(1) Maintains a reasonable attitude over Rhodesia (but more in private than in public).

(2) Refused to follow OAU call to break relations with Britain in 1965.

B.

(1) There have been several 'incidents' involving British subjects starting with Tank Hill Party<sup>5</sup> deportation in 1964 and further incidents in 1966, 1967 and 1968.

(2) Failure to provide satisfactory answers to representations about these incidents.

(3) Lengthy refusal to give Consular access to a detained British subject.

(4) Failure to prevent damage to High Commission Building in 1968 and uncooperative attitude following representations about this.

*Mauritius* (Still too early to pass judgment).

### *Zambia, Malawi and Southern Africa Department*

#### *Zambia*

A.

(1) Practical support for economic sanctions against Rhodesia although not convinced of the efficacy of the policy and despite local opposition. There has been a significant reduction of trade with Rhodesia.

<sup>3</sup> See 447, para 7.

<sup>4</sup> See 447.

<sup>5</sup> On 11 December 1963, on the eve of Kenya's independence, a number of UK residents in Kampala organised a 'bottle colonial sundown party'. The wording of the invitations, some of the fancy dress worn, and the conduct of some of the participants, gave the impression the intention was to ridicule Africans. Invitations were along the lines of, 'The League of ex-Empire Loyalists request your presence to celebrate the end of the white man's burden', while one of the female guests, the local organiser of the Save the Children Fund, appeared in local costume and was led round by her partner by means of rope round her neck. The UK government thought the occasion 'in deplorable taste', but equally deplored the decision of the Uganda government to deport 15 participants with families, including 8 civil servants (DO 213/41 & 42).

- (2) U.K. exports to Zambia have increased substantially since 1965.
- (3) Maintenance of a generally pro-western sympathy despite increased Russian and Chinese activities (road building and ZEARL).
- (4) Refused to follow OAU call to break relations with Britain in 1965.
- (5) Replacement of Mr. Simbule as Zambian High Commissioner in London.<sup>6</sup>

B.

(1) Continual criticism of our Rhodesia policy and calls for use of force, examples of which are:—

- (a) Refusal to co-operate in any planned reduction of Zambian/Rhodesian trade.
  - (b) Warning by President Kaunda that he might lead Zambia out of Commonwealth (April, 1966) and highly hostile attitude in September 1966 Commonwealth Conference (c.f. Kapwepwe's<sup>7</sup> 'racialist' accusations)
  - (c) Threat to look elsewhere if Britain did not come to Zambia's aid in defence of its air strips against Rhodesian incursions.
  - (d) Kapwepwe's speech at U.N. in December, 1966.
  - (e) Delay in signing the Memorandum of Intention and Understanding (finally signed in February, 1967).
  - (f) Simbule's 'toothless bulldog' remarks.
- (2) Unilateral abolition of Commonwealth preference (January, 1966).
  - (3) Decision in August, 1966, to hold 15 per cent of Zambian reserves in currencies other than Sterling; further decision in November, 1966, to increase this diversification to 25 per cent.
  - (4) Difficulties and delays over signing of Training Team Agreement (covering status of British servicemen serving with the Zambian forces).
  - (5) Arrest and deportation of U.K. nationals (and failure so far to settle claims for compensation).
  - (6) Voted with Pakistan and Tanzania, in favour of U.N. General Assembly Gibraltar Resolution (14 Commonwealth countries joined the U.K. in voting against and 7 abstained).<sup>8</sup>
  - (7) Economic measures announced by President Kaunda in April 1968 against overseas owned firms.

### *Malawi*

A.

- (1) Effective use of aid, apart from certain extravagances.
- (2) Lip-service support for our methods for dealing with Rhodesia.
- (3) Voted against U.N. Resolution on Gibraltar and with us on the Middle East.
- (4) Generally anti-communist and pro-western.
- (5) Reserves (approximately £10 m.) held in sterling.
- (6) Imports from U.K. rose considerably between 1965 and 1967.

B.

(1) Preoccupation with extravagant projects (including the Presidential Palace and the move of the Capital) which divert resources from directly productive schemes.

<sup>6</sup> Mr Ali Simbule, Zambian high commissioner designate to London, described the UK as a 'toothless bulldog'. He was replaced in Dec 1967.

<sup>7</sup> Simon Kapwepwe, formerly Zambian foreign minister who became vice president in Sept 1967. On Kaunda and the threat to leave the Commonwealth, see 264, note 2.

<sup>8</sup> For the UN resolution on Gibraltar, see 314.

(2) Signs of Presidential instability—e.g. sudden deportations on flimsy evidence—which apart from their obvious message in so personal a regime have discouraging effects on expatriate morale and thus reduce efficiency and recruitment.

(3) Overt and covert dealings with Rhodesia which encouraged the regime in its quest for recognition.

### *Botswana*

A.

(1) Provision of site and facilities for the Central African Relay Station at Francistown.

(2) Voted against U.N. Resolution on Gibraltar and with us on the Middle East.

(3) Generally anti-communist and pro-western.

(4) Obtains about one-third of its imports from the U.K.

B.

NIL

### *Lesotho*

A.

(1) Voted with us on Middle East Resolutions.

(2) Generally anti-communist and pro-western.

(3) Import figures are obscure because of dependence on South Africa but there is a strong British connection.

B.

(1) Uncooperativeness over Rhodesia in the early days of independence and refusal to be associated in the U.N. Resolution on Sanctions.

(2) Low standards of internal financial control, dating from Colonial days. Warnings have been taken seriously but corrective action is slow.

NOTE: Malawi, Botswana and Lesotho have all taken action at U.N. to register their inability to comply fully with the Sanctions Resolution.

### *Mediterranean Department*

#### *Cyprus*

A.

(1) Holds over £50 m. in Sterling balances. In 1966 they notified us that they intended to diversify a percentage of their overseas resources into non-sterling currencies. As a result of representations by us, the percentage taken out of sterling was less than the Cyprus Government originally intended and did not exceed £10 m. The advance notice given, and the concession they made, was considered reasonable by the Bank of England and the Treasury.

B.

(1) Cyprus is slow in paying us for the former War Department properties. We have already made this one of the conditions for future allocations of aid.

#### *Malta*

A.

(1) The Malta Government and private Maltese hold large sterling balances in London which they show no signs of withdrawing.

## B.

(1) The Malta Government in 1967 threatened to deny the Services rights under the Defence Agreement. If they were to take such action we could withhold further aid under the Financial Agreement, the terms of which we cannot otherwise alter unilaterally.<sup>9</sup>

*South Asia Department**India*

## A.

(1) Signs of a wish on the part of the Indian authorities to improve relations with the U.K. In particular, their suggestion for annual official talks.

(2) Recent improvement in Indian attitude to U.N. affairs affecting U.K., e.g. Fiji, Gibraltar, Committee of 24 (but see List B).

(3) Comparative restraint in measures taken by Indian Government to counter the Commonwealth Immigration Act 1968 (but see List B).

(4) Generally not unhelpful attitude to Britain's application to join the E.E.C.

(5) Forthcoming response to long drawn out negotiations for release of Pakistan ships and cargoes detained since the India/Pakistan war.

(6) Reasonably relaxed and sympathetic reaction to Britain's devaluation of the £ Sterling.

(7) Generous compensation paid to firms involved when Life Insurance was nationalised in 1956.

(8) Resistance to recent internal political pressure for nationalisation of Banking and General Insurance.

(9) Progress towards negotiation for the acquisition of the Calcutta Tramways Company.

(10) Good general attitude to past British investment—e.g. high priority given to maintenance of flow and remittances.

(11) Attitude over Exchange Control on individual cases.

## B.

(1) General obsessive suspicion about alleged British attempts to harm Indian interests—e.g. British inclination always to favour Pakistan; British scheming against Indian interests in East Africa.

(2) General tendency in the U.N. to run with the Afro/Asian pack on colonial issues, including such matters as Rhodesia and Aden. This is sometimes reflected in unhelpful public statements outside the U.N.

(3) Critical official attitude towards the U.K. use of the British Indian Ocean territories.<sup>10</sup>

(4) Critical public reaction to the Commonwealth Immigration Act.<sup>11</sup> The attempt to obtain a condemnatory resolution in the U.N. Commission on Human Rights (but see List A).

(5) Undue severity over the BOAC gold case.

(6) Over-zealous and sometimes discriminatory enforcement of restrictive controls (e.g. Tribeni Tissues).

<sup>9</sup> See 20.

<sup>10</sup> See 348.

<sup>11</sup> See 444–447.

- (7) Reluctance or inability to protect company property and expatriate staff in industrial and labour disputes (Coppees, Bengal Ingot Company, High Range Tea Estates).
- (8) Measures for the social control of Banking and Insurance (but see List A).
- (9) Expropriation measures, such as taking over management of the Calcutta Tramways Company (but see List A).
- (10) Disposition, which might be purely coincidental, to provide aid to countries at times and in circumstances which might be interpreted as a snub to us (e.g. Ceylon, Sudan, Kenya and Tanzania).
- (11) Getting out of sterling over the course of several years. No longer a good holder of sterling.
- (12) Unhelpful behaviour at UNCTAD.
- (13) The contrast between India's attitude over Britons going to work in India and Indians coming to work in Britain.
- (14) Failure to reach a Double Taxation Agreement with us.

### *Pakistan*

#### A.

- (1) General inclination to damp down, or at least not to encourage, public anger against the U.K. over specific incidents, e.g. the Middle East war and 1968 Commonwealth Immigration Act.
- (2) Letters of Credit. The Pakistanis modified their original ruling to enable the four British Banks most affected to handle transactions at the U.K. end and to share commission 50/50 on business conducted in Pakistan by the National Bank of Pakistan.
- (3) Behaviour in Exchange Control and remittance questions and attitude to British private investment.

#### B.

- (1) Tendency to criticise U.K. for failure to support Pakistan over Kashmir.
- (2) General tendency to take an unhelpful attitude along with the rest of the Afro/Asian countries over international questions.
- (3) Unhelpful behaviour in CENTO and SEATO.
- (4) Failure to release seized cargoes as quickly as India (a few packages have still not been released, and we are just about to negotiate compensation for those that were 'consumed').
- (5) The vesting under 'Enemy Property Regulations' during and after the 1965 fighting of businesses operating in Pakistan in which there was some Indian capital, shareholding or other participation. But there is, in practice, little interference with British management.
- (6) The marginal discrimination against British Banks that followed from a Pakistani decision that Letters of Credit under British Government loans could from last summer only be opened by the National Bank of Pakistan, thereby depriving British Banks operating in Pakistan of commission and contact with business financed from loan funds (but see List A).
- (7) The operation of Pakistan Exchange Control is often unhelpful to individual U.K. citizens.
- (8) Importation of Rhodesian steel.

*Ceylon*

A.

(1) 1965–1968. Payment of agreed compensation to the international oil companies whose business had been nationalised without compensation by the Bandaranaike Government in 1963.

(2) 1966. Relaxation of the moratorium on the remittance of profits and dividends from Ceylon, imposed by the previous administration in 1964, by a series of ad hoc payments followed in June, 1966, by the decision to allow regular payments of Rs. 3.5 m. per month.

(3) 1968. Adoption of enlightened policy on *new* foreign investment published as a Government White Paper.

(4) 1968. Introduction of legislation which may again allow the foreign banks in Ceylon to operate freely. They were prohibited from accepting new deposits by the previous administration in 1961.

(5) Foreign policy. Ceylon's foreign policy is one of non-alignment, but this 'non-alignment' has not been allowed to obscure the realities of the issues involved. Ceylon shows reasonable friendliness to the West, and has been sympathetic to British policies.

B.

(1) 1967. Ceylonese business interests put forward a scheme to take over three of the best sterling tea estate companies at less than half their market value. While the Ceylon Government have not given the necessary exchange control permission for the application of this take-over scheme they have not yet rejected the scheme out of hand.

(2) 1968. The Ceylon Government still restrict the level of remittances below that required to match the current accrual of profits and dividends, and have failed to take any action to reduce the backlog which now amounts to approximately Rs. 80 m.

*West and General Africa Department**Ghana*

A.

(1) The present Government has abandoned the worst of the political and economic excesses of its predecessor, is taking steps to repay its heavy debts, and has made a start in easing the burdens of foreign business.

B. [blank in original]

*Nigeria*

(There is little point in enumerating the good and bad deeds of Nigeria during this period of civil war. On the whole Nigeria has been western-orientated and British businessmen and residents, in spite of heavy increases in taxation, have suffered no discrimination).

*Sierra Leone*

A.

(1) Generally well disposed towards the U.K. and the West. British business unhampered and British residents have no cause for complaint.

B. [blank in original]



*Gambia*

A.

(1) Friendly and sympathetic to British interests.

B.

(1) Gambia is still showing no serious signs of drawing closer to Senegal, although it is our view that she can only become viable as part of a much larger political and economic unit.

*Atlantic Department**Jamaica*

A.

(1) *Montego Bay Hospital*. During 1967 an American firm of consulting architects drew up specifications for this hospital which greatly favoured American tenders. We made representations and the Jamaicans responded favourably thus enabling a British firm to bid competitively.(2) *I.C.I. Fertilisers*. The Jamaican authorities have promised to reverse a previous decision to stop the bulk import of fertilisers as a result of representations made.

B.

(1) A tendency to adopt policies dictated by narrow self-interest, e.g. her withdrawal from the Caribbean Development Bank because it was decided to locate the headquarters in Barbados rather than in Jamaica; and the adoption of pressure tactics of various kinds in pursuit of her trading interests, particularly over bananas.

*Trinidad and Tobago*

A. [blank in original]

B.

(1) *Port of Spain Power Station Extension*. This important contract was awarded (mid-1967) to General Electric of America, despite a highly competitive tender from the British firm of C.A. Parsons Ltd. The decision for this award was apparently based, at least partially, on side offers made by General Electric and not disclosed to other competitors who were thus placed unfairly at a disadvantage.(2) *Water Pipe Contract*. This contract, for asbestos water pipe required by the Trinidad Water and Sewerage Authority, was awarded in late 1967 by the Central Tenders Board to an Italian firm without any opportunity being given to British or other firms to tender.(3) *Telephone Service*. Following the rather dubious award in 1963 of a large telephone equipment contract to an American firm, against British competition, British manufacturers were not given an opportunity to tender for work on the secondary phase of the telephone extension programme. The telephone service has now been taken over by a subsidiary of Continental Telephones although Cable & Wireless Ltd. had indicated their interest in running it.(4) *Fiscal Policies*. Certain provisions of the Finance Act, 1966, e.g. high rates of Corporation Tax and a 'withholding tax' on profits, dividends, etc. accruing to non-resident persons and companies were inimical to the interests of British and other non-Trinidadian companies operating in Trinidad. The Trinidad Government has, however, recently announced its acceptance in principle of the recommendations of a Fiscal Review Committee which, if implemented, will partially remove or ameliorate these adverse effects.

- (5) *Proposed new taxation in the oil industry.* The Trinidad Government's announced intention to introduce in 1968 a new system of taxation on the operations of the oil companies will, if implemented, have severely detrimental affects on the profitability of the operations of the companies concerned (B.P., Shell and Texaco); but particularly on those of B.P., to such an extent that the Company, already compelled by economic stringency drastically to retrench its land operations, would be forced to terminate operations in Trinidad altogether. In the face of fierce reaction by all three companies, these proposals have not yet been implemented.
- (6) The case of Tagg (OSAS) who was a victim of gross injustice.

### *Guyana*

A.

(1) Generally well disposed and friendly if on no other grounds than those of political self-interest. The Guyanese showing every sign of wishing to deal with Britain and with British exporters generally, whenever it is commercially feasible to do so.

B.

(1) Mr. Burnham has been dangerously hot-headed in his threats of war over the Guyana/Surinam affair.

### *Barbados*<sup>12</sup>

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<sup>12</sup> There was no entry for Barbados.

**421** T 318/229

26 Aug 1968

[Overseas investment]: minute by J G Littler<sup>1</sup> on the Reddaway Report. *Annex: leader from *The Times Business News**

[Professor W B Reddaway of the Department of Applied Economics at Cambridge University produced two reports—*Effects of UK direct investment overseas: Interim Report* (1967, in collaboration with J O N Perkins, S J Potter and C T Taylor) and *Final Report* (1968, in collaboration with Potter and Taylor). They were published as occasional papers and by the Cambridge University Press in 1967 and 1968. Both were prepared in close co-operation with the Confederation of British Industry. For Treasury reaction to both reports, see also T 295/261 and 527.]

The final report will not be published before a little while yet—'in the autumn'. Meanwhile, Reddaway has apparently finished his work on it; there was a presentation in outline a few weeks ago to members of the C.B.I. and others invited; and one or two copies of late, if not final, drafts have been passing around more or less privately. Mr. Walker has obtained one such copy through contacts in the O.D.M. Economic Section.

2. In substance, the final report is unlikely to differ from the interim report which was studied and discussed within the Treasury, and between the Treasury and C.B.I., last year. As the *Times Business News* points out, it is not really a comforting document for those who commissioned it, because it goes a long way towards justifying the kinds of temporary restrictions on foreign investment which are now maintained under exchange control.

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<sup>1</sup> Assistant secretary, Treasury.

3. I expect that the C.B.I. will wish, making the best of unhelpful support, to make some further approach to the Chancellor on the occasion of publication of the final report. We shall be able to put up appropriate briefing at short notice, and we shall in any case undertake more detailed analysis when the full and definitive text is available. I am making sure that a number of copies are ordered for Treasury use.

4. Meanwhile, I think that the tone of the leader in *The Times Business News* is from our point of view not only very fair but welcome.

#### Annex: leader from *The Times Business News*, 26 Aug 1968

The final Reddaway report, it now appears, will provide little comfort for the main critics of the Government's restrictions on direct investment abroad. Mr. Reddaway has clarified some of the arguments which were questioned in the interim report of March, 1967. But he holds fast to the conclusion that the economic benefits of overseas investment are smaller, and accumulate more slowly, than was once generally supposed.

These economic benefits are still considered enough to make the opposition of the Confederation of British Industry to the Government's restrictive policy understandable. British companies currently draw a third of their income from investment abroad. Total foreign assets owned by the United Kingdom in 1966 represented half the gross national product that year.

But the ultimate gains from overseas investment are not in question. In the long run, investment abroad may become virtually self-financing.

Mr. Reddaway's concern has been essentially to examine the scale of returns on new investment abroad, and the length of time needed for them to accumulate. He has not dealt directly in his final report with the more political question of the alternative sacrifices which would become necessary if restrictions on foreign investment were lifted.

For with the balance of payments in its current state any relaxation of the curbs on this investment would inevitably mean some other item would have to be squeezed. The interim Reddaway report assumed that additional borrowing would neutralize the impact of new overseas investment on the balance of payments. But in present circumstances, a deliberate increase in Britain's foreign debts is evidently out of the question. So, too, is a compensatory running down of United Kingdom reserves.

When, and if, devaluation ultimately produces a trade surplus adequate to finance all the country's foreign expenditure priorities, and cover debt repayments, and the rebuilding of the reserves, then the rationale for restrictions on investment abroad will disappear. But this is still a long way off. Until it arrives, the onus is on the supporters of freer overseas investment to set out the items in the balance of payments which they feel should be sacrificed to make way for a higher capital outflow. Of course there are some obvious choices. There is Government expenditure, especially on defence. There is aid, although to a considerable extent this brings its own returns in export orders. Then there are imports; but the task of cutting them back, even with the help of devaluation, is already proving hard enough.

While the supporters of freer investment abroad ponder this range of alternatives, they might take a second look at their existing foreign concerns. A comparative study

of the profitability of British and American firms, published by Professor John Dunning, of Reading University, in the August issue of the National Provincial Bank Review, found that over the period 1960 to 1966, the foreign investments of United States companies achieved a higher rate of return on their capital in most countries, were more efficient and were, on average, 26 per cent more profitable than those of United Kingdom firms. The main reasons for these differences were the greater technological and managerial advantages of American firms. It is in the hands of British industry, rather than the Government, to eliminate these advantages. Until the balance of payments situation allows the removal of restrictions on overseas investment, disgruntled firms might concentrate their energies on making the most of what they already have.

## 422 FCO 29/235

26 & 27 Feb 1969

[Aid policy]: minutes by R J M Wilson<sup>1</sup> on 'Divided responsibility for the UK effort in West Africa', and 'Aid policies in West Africa'

### *Divided responsibility for the U.K. efforts in West Africa*

One point which particularly struck me during my recent visit to West Africa was the way in which responsibility for our effort in this part of the world is still divided in Whitehall.

2. As one who was concerned with African affairs at one time before the merger, I know how much the merger of the Foreign Office and the Commonwealth Relations Office has facilitated our handling of affairs in West Africa where there are four Commonwealth countries and sixteen independent foreign countries. The burden of work in harmonising policies between two independent hierarchies has been removed, I believe, to everyone's benefit. In retrospect it is only surprising that this change, proposed to Ministers in, I think, 1947, took twenty years to bring about. The objective was to have all overseas policy a single integrated whole under a single Secretary of State.

3. Seen from West Africa, however, it is clear that we have not yet reached this goal. The Foreign and Commonwealth Office and the Diplomatic Service are now one. But our main effort in West Africa is being made by quite another independent Department under a separate Minister not responsible to the Foreign and Commonwealth Secretary, namely the Ministry of Overseas Development. The F.C.O. spends under a million pounds on representation in West Africa (£963,000), a fair amount of this being, in fact, spent on aid work performed on the O.D.M.'s behalf (the High Commissioner in Bathurst, for example, reckons that 80% of the work of his office is on O.D.M. aid matters) and much the same is true of a post like Kaduna in Nigeria which costs us about £100,000 a year. For its part the O.D.M. provides British aid to the amount of some £11½ m. a year in West Africa (about £4 m. in Nigeria, £4½ m. in Ghana, £1¼ m. in Sierra Leone, £1 m. in The Gambia, £¾ m. in the former French territories and approximately £½ m. in Liberia and Cameroons).

4. The O.D.M. keeps us informed and consults us on matters of detail but it pursues independent policies based on criteria which may be, and often are, different

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<sup>1</sup> Head of FCO West Africa Dept, see 197.

from our own and which may or may not dove-tail with us. The O.D.M. controls much the greater part of H.M.G.'s expenditure in this area.

5. I returned from West Africa convinced that this is not an efficient way to run our affairs. The system seems to me wrong. I believe that *all* our policies and *all* our expenditure in West Africa should be controlled by an integrated staff under the direction of a single Secretary of State so that our aid can be fully coordinated with our political and commercial objectives. Indeed, I think this would enable us to work out aid policies on a better basis, the starting point of which should, in my opinion, be British interests conceived always in the opportunity and not in the narrow sense. Built up on this bedrock we could, I think, have useful and effective aid policies and ones geared much more effectively to our financial capabilities and to our interests in West Africa. At present, I have the impression that the O.D.M. are more concerned with a vague concept of 'African development' than with giving aid in our wider, political and economic interests.

26.2.69

### *Aid policies in West Africa*

During my visit to West Africa I inevitably came across a good deal of evidence of the work we have been doing in the provision of aid to West Africa which we are currently doing to the tune of some £11½ m. a year. Given our continued economic difficulties and the over-riding need to contain the rise of Government expenditure overseas, I personally doubt whether it is necessary or right for us to continue to spend on this scale in this area. Much of the aid we have given seems marginal from our own point of view and too much of it runs into the sands of African 'development'. Too often too, I think, its timing is geared to our own financial deadlines, so producing convulsive offers of large sums to startled West African countries which are sometimes given only a few weeks to decide whether they can use the money.

2. I should myself like to see:—

- (a) greater concentration on aid that fosters our own exports (this might be helped by putting aid matters locally under the control of commercial staffs);
- (b) greater concentration on matters that we are really good at e.g. tropical agriculture;
- (c) modest, practical and realistic schemes like the small agricultural training school I saw a year or so ago in Swaziland;
- (d) a greater emphasis on English language teaching, not least in English-speaking countries like The Gambia (the British Institute in Dakar it seems to me is one of the best projects in the whole area).

3. The crying need everywhere in West Africa is for an improvement in the machinery of government and of administration. This we provided in colonial days and in many ways it was the most priceless gift of all—an honest, disinterested, efficient and economical administration. This is just what a country like Nigeria desperately needs, has not now got, and is unlikely, to her cost, to have again. Whether the country has civilian or military government, corruption and inefficiency continue. Perhaps the best solution to the problem of securing reasonably effective administration while relinquishing control is the French system of *Conseillers techniques* in Government Departments. But it is, I fear, too late for us to adopt it now.

4. I think myself we should seek to avoid grandiose conceptions which are not

really suited to West African realities. I was shocked, for example, by the contrast between the University of Ibadan, a magnificent affair with modern buildings of which I have seen no equal anywhere, and the teeming hovels of down-town Ibadan a mile or two away. Nowhere is the contrast between American and European theories and African realities more striking. I wonder whether our 1962 education grant to Nigeria of £5 m. was really well conceived or whether it is really of value to us to contribute over £½ m. for a science block at Ife. It is no good our cherishing illusions about Africa. I heard in Lagos that the equipment supplied four years ago by the Americans for instrument landing at Lagos airport is still lying unused in crates.

5. The expensive exercise of 'supplementation' by which we 'top up' the salaries of expatriate staffs in West African countries seems to me justified for real technical assistance experts but much less so for university dons who, I was told, can in any case be recruited without much difficulty by West African universities and who are normally given jumped up status locally. This exercise costs us in Nigeria for example about £1 m. a year. We are giving about £1,000 a year each to some 1,000 British expatriates. 270 of these are university staff and 250 are teachers. (In addition, we have in Nigeria 41 British technical assistance experts wholly paid for by the British tax payer.) With supplementation the university dons, I understand, get about £4,000 a year but they are asking for more.

6. Mr. McKeever<sup>2</sup> in Lomé told me that his American colleague is given a small amount of aid funds which he is able to dispense without reference at his own discretion. This seems to me an idea that we could usefully adopt. It would put decisions on some aid matters in the hands of H.M. Representatives who are better able to judge in most cases than officials miles away in London and would also enhance the importance of our Representatives in the eyes of local governments and authorities.

27.2.69

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<sup>2</sup> R F McKeever, UK ambassador and consul-general, Togo. On aid funds at the disposal of local representatives, see 432 & 433.

## **423** FCO 44/135, no 21

14 Apr 1969

### **'Development aid to the associated states and developing countries after 31 March 1970': circular letter from Mr Stewart to posts**

I have the honour to address you on arrangements in substitution for those now made under the Colonial Development and Welfare Acts, which HMG have now decided should not be renewed next year. Those Acts provide that no scheme shall continue in force nor any loan be approved after 31st March 1970. This is therefore effectively the date of expiry of the Acts, although there may be disbursements from approved loans after that date up to 31st March 1973.

2. It therefore now becomes necessary to establish a procedure for providing development aid after these Acts expire. Heretofore it has been the practice to extend the operation of the Acts and to increase, so far as necessary, the financial limits incorporated in them. With the expiry of these Acts it will be possible to provide development aid, in the form of grant and/or loan, to the remaining dependent territories and to the Associated States, under the Overseas Aid Act 1966. This Act

will therefore become the authority for such aid after 31st March 1970; and actual issues in any year will be provided, as now, under the authority of annual Votes. The change in legislative authority signifies no change in aid policy, and the Minister of Overseas Development will take an early opportunity to make a statement in Parliament to the effect that although the C.D. & W. Acts are being allowed to expire, HMG still regard the reasonable needs of the remaining dependencies as a first charge on the aid funds which they are able to make available.

3. Under the C.D. & W. Acts there was an accumulation of administrative procedures to govern the provision of development aid to dependencies and Associated States. The expiry of the Acts provides the opportunity to review the necessity for such procedures. Owing to the great demand for the available funds, all aid donors are obliged to call for information which may occasionally appear to be excessive. HMG will thus continue to need adequate information as the basis on which to enter into commitments to provide funds for development. The following procedures are based on those current in relation to independent countries, modified in certain respects to take account *inter alia* of the need to reduce the present administrative burden. Delays are liable to occur after an application for development funds has been received. This Despatch describes the kind of information required, with a view to reducing these delays. For these reasons I invite your comments on the proposed procedures, and if they appear likely to strain administration I will consider how they can be modified.

4. On the basis of examination of the overall development policy and programme of each territory, as in the past, HMG will assume a forward commitment to provide £X. of development aid over a period of years ahead, usually three. An indication will be given to the Government of each territory of the manner in which, having regard to the probable rate of expenditure, it is expected that disbursements by United Kingdom financial years will be phased. The sectors on which such aid is expected to be concentrated will also be indicated in general terms. Development aid granted to territories and States which are in receipt of budgetary assistance should be devoted as far as possible to productive development; in this way it is hoped that local revenues will be increased so as to reduce and possibly eventually remove the need for budgetary assistance. I do, however, recognise that in some of the smaller territories there is only a limited scope for economic development. I also recognise that, although the planning of expenditure ought to be arranged so as to keep within the disbursement figures indicated for each U.K. financial year, it may not always be possible to adjust the effective administration of long-term programmes to rigid limits on annual expenditure; there will be room for some flexibility so long as HMG's annual ceiling for total aid disbursements is not exceeded.

5. Development aid, whether grant or loan, will as now be provided for approved individual projects. What is meant by a 'project' is illustrated by the following examples:— a building or part of a complex of buildings, e.g. office block, school or hospital; a vessel; a defined phase of a roads programme, housing, water supply or electricity scheme; or a small scheme, of the nature of many C.D.& W. schemes specially devised to provide for a particular requirement. So far as projects can cover a sector of development the total administrative and accounting work will be reduced; but it is not intended to exclude provision for even quite small schemes.

6. Only assistance towards capital expenditure on projects can be approved unless a special dispensation has been given for certain recurrent expenditure e.g.

replanting subsidies, to be financed from development funds. Project applications should be prepared on the following basis:—

(i) *Projects costing less than £50,000*

A brief description of the project should be given covering the following points:—

- (a) Is the project included in the approved development plan, and if so, where?
- (b) Benefits to be derived from the project, economic and social.
- (c) Professional advice on which the project is based.
- (d) Location of the project and reasons for its choice.
- (e) Total cost of projects broken down into main items of expenditure; amount of British aid required and over what period. (U.K. financial years.)
- (f) When the work is expected to begin.
- (g) The agency responsible for construction and operation, and whether the project will be put out to tender.

(ii) *Projects costing over £50,000 and less than £100,000*

A fuller description of the project should be given covering points (a) to (g) in (i) above together with a statement of

- (h) the way in which the operating costs will be financed when the project is completed.

Plans should be forwarded if the project includes building or civil engineering works.

(iii) *Projects costing over £100,000 and less than £250,000.*

The description of the project should cover all the points listed at (a) to (h) above, together with the following—

- (i) Whether consultants will be used (i) in the design stage and (ii) to supervise construction or if not, how construction will be supervised.
- (j) Availability or proposed provision of power, water and other services.

Plans should be forwarded if the project includes building or civil engineering works.

(iv) *Projects estimated to cost £250,000 or more*

These receive special consideration within the Ministry of Overseas Development and a careful assessment of all the relevant economic, commercial and financial factors will be required.

The information supplied in answer to the preceding questions should be expanded to permit the Ministry to complete a paper on the lines of the check list enclosed with this despatch. The Ministry's special procedures will apply also in relation to the 'if and when' rule, in so far as it will be necessary to retain it.

7. You will observe that the more a project is likely to cost, the more information about it will be needed. If full information is supplied under the headings described there should be no delay in the approval of projects. In dealing with (b) 'benefits to be derived from the project' information should be given covering both direct benefits, e.g. sales of products, increase in Secondary School places, additional hospital beds etc. and indirect benefits, e.g. increased revenue to be derived as a result of the project, increased employment created both during construction and operating stages, and any relevant policy considerations. If any of the items are covered by a feasibility study, technical study, consultants' report, detailed cost benefit analysis, or other report, it will be sufficient to refer to these documents and to enclose copies, if they have not already been sent to the Ministry of Overseas Development.

8. Virement between items within a project will be within your discretion provided there is no material change in the project and no additional development aid is required.



I shall, however, need to give approval in advance to proposals to transfer aid from one project to another. The existing rules on 'tying' would continue in force.

9. The present C.D.& W. procedures involve meticulous and detailed financial requirements. I hope that the procedures described in this despatch will prove to be less cumbersome, particularly as less information is required for the less costly projects, while few projects are likely to be of the value of £250,000 or more, for which the greatest amount of detail is required.

10. Development aid will be issued quarterly on the same system as at present. For audit purposes I have it in mind to stipulate a single certified statement listing the projects in existence, the amounts received from HMG and the total expenditure incurred on each project. The statement should be rendered as soon as possible after the end of the territory's financial year, and in any case no later than twelve months from that date. Where projects run into second or subsequent years, the statement should also indicate total issues and total expenditures by projects to the end of the period covered by the statement. It should bear a certificate signed by the Financial Secretary to the effect that British development aid has been applied only to the purposes for which it was supplied.

11. I should welcome any comments you may wish to offer on the proposals outlined here. A further communication will be sent to you in due course notifying the final proposals and setting out detailed accounting arrangements. The Minister of Overseas Development does not intend to make a statement in Parliament until replies to this despatch are received, and I should therefore be glad to have your reply as soon as possible.

12. I have it in mind, in the course of the next year, to publish a White Paper covering the history of the C.D.& W. Acts and also in due course a historical review and assessment of their purpose and what has been accomplished under them. It may be necessary to seek information from you as to a contribution to this.

13. The contents of this despatch should be regarded as confidential until the Minister of Overseas Development has announced his intentions.

14. This despatch is addressed to the Governors of British Honduras, the Falkland Islands, Fiji, Gibraltar, St. Helena and Seychelles; the High Commissioner for the Western Pacific; the Administrators of the British Virgin Islands, the Cayman Islands, Montserrat, St. Vincent, Tristan da Cunha and the Turks and Caicos Islands; the Resident Commissioners, Gilbert and Ellice Islands Colony and New Hebrides; and to H.M. Commissioner and Consul, Tonga, who is requested to pass copies to the Government of Tonga. It is being copied for information to the Governor of the Bahamas in his capacity as Governor of the Turks and Caicos Islands; the British Development Division in the Caribbean; and the Director-General, Overseas Audit Service.

**424** FCO 59/571, no 3

29 May 1970

**'African and Middle Eastern affairs': letter from J K Dick<sup>1</sup> to Sir D Greenhill on the growing trend towards nationalisation**

Following the declaration by President Obote of Uganda of his Government's intention to nationalize all or the majority of the shareholdings in some 80-odd

<sup>1</sup> Chairman, Mitchell Cotts Group, 1966–1978.

foreign businesses and Banks I wrote to the appropriate Department of your Office. I enclose a copy of that letter and of the reply I received.

After the nationalisation of our business in Khartoum—which, as you will see, I hinted at in my attached letter<sup>2</sup>—I attended a meeting in the Foreign Office on Wednesday last where Mr. Hope-Jones was in the chair.

At the afore-mentioned meeting I again made the same point about the ‘domino’ effect to which I had referred in my letter to your East African people.

I realise, of course, that this is a big issue which transcends area or regional responsibilities, and, I therefore felt you would not think it inappropriate if I wrote to you about it.

In a word—and I fear rather to over-simplify an admittedly most complex problem—what I foresee and what I am worried about is this. We began with the Arusha Declaration in Tanzania:<sup>3</sup> in fact its terms were within limits negotiable, and most of us, though unhappy, did not feel too aggrieved.

We then had a series of measures in Zambia directed towards a similar end, and, here again, those concerned seem to have found ways and means of living with the difficulties caused.

President Obote, on paper anyway, seemed to go a good deal further, and Somalia, although perhaps only of marginal importance, has done the same kind of thing.

We now have the Sudan going a long way beyond what any of us would think was proper behaviour, and my fear is that, if time after time, these countries are seen to get away with it the terms will become worse and worse: simultaneously the pressures on remaining Independent States in that part of the world cannot but increase very substantially.

I speak specifically of Kenya and Ethiopia. I would hazard the guess that in both cases their present Heads of State are of sufficient stature and repute that excessive nationalistic measures, such as the confiscation of foreign-owned businesses, are unlikely to take place whilst they hold effective power. Both are nearer 80 than 70 and, in the nature of things, time must be short.

Whoever succeeds either in Kenya or in Ethiopia would, I suspect, be under enormously heavy pressure from young, enthusiastic theoreticians: if the latter can point to neighbouring States having taken the sort of action they advocate without adverse results, the Governments are going to find it very difficult, if not impossible, to resist.

From there the same sort of pressures would, at a guess, manifest themselves in due course in Saudi Arabia, and maybe in Iran and the Gulf as well.

With the foregoing in mind, I should like to urge upon you that H.M.G. takes whatever measures it considers it properly can take (e.g. with the I.B.R.D. or maybe over foreign aid or possibly by sending a very senior person—even a Minister—to the Sudan) and that as far as possible such action should be seen to be taken and be known to be taken.

The friends of what I suppose we should call the western way of life will need all the ammunition they can get, and the more evidence you can put in their hands that extreme actions do not pay the better it will be for all of us.

<sup>2</sup> Not printed.

<sup>3</sup> See 357, note 6.

**425** FCO 59/571, no 10

8 June 1970

[Nationalisation]: letter (reply) from Sir D Greenhill to J K Dick

Thank you very much for your letter of 29 May.<sup>1</sup>

If I may say so, you have stated most cogently a problem which has been greatly exercising us here for some time—how best to handle in the British interest the take-over infection which in a variety of forms has been spreading through the African body politic and from which, as you suggest, the Middle East may not be immune.

I don't think there is any Gordian knot solution to the problem, in the sense of there being any single act or statement of policy which could be expected to apply to all or to neutralise the spread. It might perhaps be helpful if I set out some of the considerations which have to govern action by the Government.

In the first place, under international law, it is not possible for us to take legal objection if a foreign or Commonwealth Government compulsorily acquires the property of U.K. nationals in the interests of the state. The only requirement of international law is that in such event compensation for the compulsory acquisition of the property of a non-national must be prompt, adequate and effective. Thus our formal demands (as distinct from any private argument or persuasion we may be able to deploy) have to be restricted to the rights of our nationals to proper compensation, rather than to the principle of take-over.

A second problem, which is a very real one for us, is that in any of these situations the interests we are anxious to protect, i.e. those of the British companies concerned, are rarely identical and often widely divergent. There is often even a divergence of view in respect of Government intervention, some companies preferring to make their own accommodations and others being anxious for maximum support from our representatives. Our responsibility lies to all of them, of course. I make this point simply by way of extension of the proposition that it is not possible to devise any standard formula of Government action which can be applied to all these situations. Basically they have to be dealt with individually and in terms of what influences or pressures can be effectively mobilised in any particular situation, having regard to the wishes of the British interests involved themselves.

I entirely accept your view that we are unlikely to be finished with this process in Africa, whatever assurances we may have from Governments there in the short term. So far as Africa is concerned we seem to be dealing with the second wave of independence. Countries which have had their political independence for some time are now trying—as they see it—to establish their economic independence. You referred to Kenya and Ethiopia: we could also have to face similar developments in Ghana in the medium term and perhaps in Nigeria eventually. We already have them in Sierra Leone.

I also well understand your wish to see the Government take some visible action in a specific case which would serve as a warning to others. Let me say that we by no means exclude such action, if it can be identified in effective form; but that it is not at all easy to identify in a form which would not either immediately or in the longer term damage some or all of the interests we are concerned to protect. This is the dilemma these situations produce. The first announcements by Governments are often in terms which are so unacceptable as to appear to call for immediate and drastic action: but to take such action is probably to forfeit the chance of negotiating on behalf of British companies

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<sup>1</sup> See 424.

(or of the companies themselves negotiating) individual accommodations with which they feel they can live (as in Tanzania and Zambia) and which they would prefer to a situation in which strong action by the British Government might have provoked the local Government into complete expropriation and a reorientation of their external links and commerce to the benefit of our political and economic competitors. In this context it is interesting that in Zambia, for example, the take-over measures seem in no way to have discouraged British firms—and certainly not our Continental competitors—from seeking to get in to the Zambian market on the new terms.

As regards that part of the Middle East to which you also refer, i.e. Iran, Saudi Arabia and the Gulf generally—as well as in other countries of the area—we are well aware of the constant possibility that Governments may take the same sort of action against Western enterprises. The latter, and particularly the oil companies operating in the area, are clearly vulnerable to such action on two counts. Not only do they represent a concentration of power and wealth beyond the reach of the local Governments, but they are also in many ways the main representatives of the Western world, and particularly Britain and America, which are regarded throughout the area as the chief protagonists of Israel. However, setting aside for the moment the possibilities of drastic changes of régime, or of a further grave deterioration in the Arab/Israel situation, there are counter-balancing factors of considerable importance. First, the régimes of the Gulf generally have had a longer history of internal independence than the African countries involved in the recent nationalisations, and thus a longer experience of dealing with Western enterprise. If one may think in such terms, they probably have a greater awareness of the scope and role of Western business enterprise in the development of their countries than their African counterparts. Secondly, the area being in some ways economically more advanced than East Africa and yet comparatively poor in human resources, the Governments involved have a greater need for external expertise and capital to maintain the momentum of progress. Thirdly, as regards the oil companies, nationalization of a foreign oil company is a daunting task for any Middle East Government. Not only would the capital previously invested represent an obligation to compensate which few Governments could afford to pay (and the alternative would therefore be to disregard the obligation altogether, with the corresponding risk of alienating Western financial and industrial institutions); but furthermore, no country in the area could possibly hope to command the world-wide markets and sophisticated supply system which the international oil companies have built up over the years. The nationalization of the Anglo-Iranian Oil Company in 1951 (as a result of which Iranian oil production dwindled to nothing within two years) is a warning in this context.

On balance, therefore, while we must constantly bear in mind the position of Western enterprises in general, and British business in particular, in the countries of the Middle East, we hope that the foregoing factors will continue to influence the Governments of the area. I cannot pretend, however, that the prospects are entirely reassuring.

May I sum up by saying that we share your concern and dismay at the past and possible future course of events. We regard it as our first duty to protect the interests of British companies overseas. How we do so must I think continue to be worked out case by case, in consultation with the interests concerned, and in the light of the sort of factors I have described. I do not think we are going to be able to stop countries who so decide trying to secure a controlling interest in their national economies. What is vital is the eventual terms on which any such forced marriages are concluded. How far it is possible to anticipate the kind of partnership arrangements these Governments

are seeking in ways which will ensure acceptable management and returns on capital is a question for individual companies: but it may be one worth thinking about.

**426** FCO 59/571, no 27

15 June 1970

[Nationalisation]: letter (reply) from J K Dick to Sir D Greenhill on the need for deterrent action

Thank you for your courtesy in replying to me at such length on 8th June<sup>1</sup> about the whole range of nationalisation problems in Africa and the Middle East. I particularly appreciated your letter because I can imagine how extremely busy you must be at this moment.

Of course I can realise only too well that even within any one country, when there are a number of companies which are wholly or partially nationalised, there will be a wide difference of opinion between them as to the desirability or otherwise of official support, of acting together or of going it alone.

The Sudan seems a different kind of problem from Uganda, and within recent days the nature of what is happening in that unhappy country has become more clear. The second nationalisation instalment, involving the confiscation (seemingly without even a pretence of paying a penny of compensation either in cash or kind) of a whole range of undertakings—both foreign owned and Sudanese owned—reveals pretty clearly the realities in the Sudan. I doubt if it would be much of an exaggeration to say that Sudanese independence (if it has not already ceased to exist) cannot have long to survive.

As I see the problems with which we are in our several ways concerned, they can be split into two categories. There is, first of all, a problem for the individual company and for the Foreign Office of what to do to salve as much as possible after nationalisation—whether whole or partial. Here, as you rightly point out, obviously individual companies will see their responsibilities and their possibilities for protecting themselves in different ways according to their circumstances: equally obviously the Foreign Office will have to take more than a purely ad hoc view case by case.

The second category of problems is that of trying to foresee where the next vulnerable area may be and to endeavour, on the one hand, to mitigate in advance the consequences of nationalisation when it comes and also, from the Foreign Office point of view, to try to prevent it from happening at all.

It was really to this point that I was mainly directing my attention in my earlier letter to you. Certainly I think it may well be that the pressures of one sort or another from H.M.G. will result either in the methods of valuation being fairer or compensation being more effective, and I am by no means underestimating the importance of this. It did seem to me, however, that anything done in the Sudan or, for that matter, in Uganda (though primarily in the Sudan because it has behaved so much worse than Uganda) might not only be effective within the Sudan but have a deterrent effect elsewhere.

I accept completely your point that there is no panacea to deal with these complex problems but I think I underline my point if I put it in the negative: if we do nothing—or virtually nothing—it would be a reasonable conclusion that the deterrent effect of so doing would itself be nil at best, and a positive encouragement at worst.

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<sup>1</sup> See 425.

**427** FCO 59/598, no 20

1 Sept 1970

**[Aid programme]: letter from Mr Macmillan<sup>1</sup> to Sir A Douglas-Home**

[The incoming Conservative government inherited an aid programme determined by its Labour predecessor. In a submission to Cabinet in Oct 1969, Mrs Hart explained that as percentage of GNP, official aid had gone down from 0.53 per cent in 1964, to 0.42 per cent in 1968, and on the chancellor's own forecasts, would fall to 0.37 per cent in 1971–1972. In her view the figure for gross official aid should be increased by £33 million over the figure of £227 million proposed by the chancellor for 1970–1971. Mrs Hart argued in justification there was growing pressure on Britain and other donors to reach the 1 per cent set by UNCTAD in 1968 (see 189, note 2). This target had been confirmed in the Pearson Report,<sup>2</sup> and the UN had designated the 1970s as the Second Development Decade. Labour ministers decided in their own discussions that the balance of payments provided no basis for a general relaxation of control over public expenditure. It was suggested Britain's creditors would not take kindly to a substantial increase in the aid programme while Britain's standing debts were so large. Also, Britain's record on aid compared favourably with that of other countries. However, Labour ministers also recognised the political need to maintain the value of aid in real terms as a percentage of GNP. A suggestion this might be achieved by offsetting any increase in the value of aid by reductions in its quality was rejected because it would harm developing countries and be badly received at home and abroad. The Labour Cabinet agreed the 1971–1972 aid programme should be increased by an amount that would match, in real terms and as a percentage of GNP, the 1970–1971 programme. It would also provide for some modest growth over and above the chancellor's provisional estimate that to maintain the value of the aid programme would cost an additional £11 million. Upon this basis they agreed the figure for gross official aid should be increased from £227 million (excluding military aid to Singapore and Malaysia) to £245 million, but this was subject to review if the basis on which it was calculated proved on further examination to need revision (CAB 128/44/2, CC 49(69)3, 16 Oct 1969).]

Thank you for writing to me on 20 August about the overseas aid programme.

I enclose a copy of my reply to Richard Wood<sup>3</sup> in which I have set out the reasons why I cannot agree to any further increase in the aid programme. I certainly did not have aid in mind when I said in my Cabinet Paper last July that in some cases increases might be unavoidable. That reference was to such commitments as our pledge to give pensions to the over 80s. On the contrary, I think that on aid we can give a good account of ourselves and our intentions, with the rapid increase represented by the figures which were approved by the Treasury and which I endorse notwithstanding that we are facing a heavy burden in support of our external policies generally. I believe that if we present our aid effort on its merits, not defensively, we shall be able to make a positive impression in responsible quarters at the General Assembly this autumn.

As was inevitable from the outset, it is clear that we shall have to take some very difficult decisions indeed, if we are to secure the net savings of £1,700 million by 1974/75 which the Cabinet set as our target on 23 July; and even this will give us

<sup>1</sup> Maurice V Macmillan, chief secretary to Treasury, 1970–1972.

<sup>2</sup> On 19 Aug 1968 the IBRD under the presidency of Robert McNamara announced that Lester Pearson, the Canadian prime minister, would head an international commission to review the impact of aid on the development of poorer countries over the past twenty years. Published as *Partners in Development* in 1969, the Pearson Report, *inter alia*, endorsed the 1 per cent target (to be achieved by 1975 'at the very latest'), and also called for increases in foreign aid to enable developing countries to increase their own GNP from 5 to 6 per cent in the 1970s.

<sup>3</sup> In his letter (1 Sept 1970) to Wood at the ODM, Macmillan argued he did not regard the promise in the Conservatives' election manifesto to increase the aid programme as national prosperity returned, or the government's undertaking in the Queen's Speech to pursue an expanding aid programme, as implying an obligation to improve on the programme inherited from the Labour government. 'On the contrary, we are doing well to take over this expansion when our first priority for the prosperity we seek is a massive reduction in public expenditure, involving the curtailment of many desirable programmes' (FCO 59/598, no 19).

little scope for reductions in taxation. It was against this background that, as you will remember, in summing up the discussion then the Prime Minister asked that proposals for additional expenditure should only be put forward where they were genuinely unavoidable; and that so far as possible, compensating savings going beyond those already under consideration should be proposed at the same time.

I am sending a copy of this letter to the Minister of Overseas Development.

## 428 CAB 128/47/2, CM 26(70)3

5 Oct 1970

### 'Overseas aid': Cabinet conclusions on the government's aid programme

[The FCO thought it prudent to support the ODM (soon to be the ODA) in this matter. It regarded a draft of the ODM paper as a 'somewhat starry-eyed document', needing to be balanced by the arguments of 'enlightened self-interest in the FCO draft'. In preparing its own submission the FCO was also mindful of two points Heath was likely to make in his UN speech (the prime minister had been personally involved in the setting up of UNCTAD in 1963–1964). First, developing countries could do more to help themselves, notably by improving the climate for private investment. Secondly, trade was as important as aid in promoting development (FCO 59/598, no 21, note by R L Wade-Gery, head of FCO Financial Policy and Aid Department (1969–1971), 4 Sept 1970).]

The Cabinet considered memoranda by the Minister of Overseas Development (CP(70)44) and the Secretary of State for Foreign and Commonwealth Affairs (CP(70)42) about the British contribution to overseas aid.

*The Minister of Overseas Development* invited the Cabinet to agree that at the United Nations General Assembly in October the Prime Minister should pledge the Government's best endeavours to reach the overseas aid target of 1 per cent of gross national product (GNP) for the total of official flows, private investment and export credits by 1975. An interdepartmental working party of officials should be asked to examine ways of stimulating the flow of private investment from this country to the developing countries. He was prepared to accept the Treasury proposals for official flows of aid for 1971–72 and 1972–73.<sup>1</sup> Their proposals for 1973–74 and 1974–75

<sup>1</sup> The Treasury proposals for the aid programme were, in £ million

	1971–72	1972–73	1973–74	1974–75
Net at constant prices	206	214	234	255
In gross cash	245	265	300	340
As percentage of GNP	0.39	0.39	0.41	0.44

Wood wanted to increase the figures as follows

	1971–72	1972–73	1973–74	1974–75
Net at constant prices	215	229	248	273
In gross cash	255	281	316	362
As percentage of GNP	0.41	0.42	0.44	0.47

Net at constant prices meant the sum available each year less capital repayments from past aid/loans deflated to allow for projected price increases.

Gross cash meant the sum available in cash each year, the purchasing power of which might be affected by price changes from year to year.

Source: CAB 129/151, CP(70)44, 'The British contribution to development', memo by Wood, 22 Sept 1970. The supporting memo by Douglas-Home is CP(70)42, 22 Sept 1970. See also, FCO 59/599.

should provisionally stand but should, he suggested, be subject to an assessment in the year 1972–73 of the effectiveness of measures to stimulate private investment; as a result of that assessment, the figures for the last two years should if necessary be revised in order to make likely the attainment of the 1 per cent target in 1975–76. These proposals would not necessarily involve any increase in public expenditure above the levels already forecast, though the outcome would depend on whether or not private flows reached a level of just over 0.5 per cent of GNP in the later years.

In discussion it was argued on the one hand that there was strong pressure both abroad and at home for a greater commitment to aid for the developing countries. It was, however, suggested that this might be met by the considerable increase in aid which was already provided for in the estimates, amounting on average to some 6 per cent a year in real terms. It was not necessary to make a commitment to reach the target of 1 per cent of GNP by 1975, and thus an implied commitment to substantial increases in public expenditure in 1975–76 if private flows did not increase as was hoped. A 6 per cent increase in expenditure on overseas aid was in itself excessive when compared with the limitations being placed on the growth of expenditure on education, health welfare and other social services in this country. Moreover the United Kingdom provided substantial assistance to the developing countries by means of, for example, the Commonwealth Sugar Agreement, which was not at present counted in our total aid but should be.

*The Prime Minister*, summing up the discussion, said that the Cabinet agreed that he should announce at the General Assembly that we would use our best endeavours to reach the 1 per cent target by 1975; he would, however, make it clear that a substantial percentage of this was expected to come from private flows and that these in turn depended on the attitude to private investment of receiving countries. A working party of officials should examine ways of stimulating private investment in the developing countries; how it would be possible to ensure that credit were taken for those forms of assistance which were not at present included; and should consider not only the recommendations made in the Pearson Report but also those on the United Nations administration of overseas aid in the preceding Jackson Report and those in the Peterson Report on aid by the United States. The Cabinet endorsed the Treasury proposals for official flows for the years 1971–72 and 1972–73. They agreed with the proposal that the position for the following two years should be examined in 1972–73 but were not prepared now to make any commitment to increase aid then.

The Cabinet:—

Took note with approval of the summing up of their discussion by the Prime Minister.

Authorised public expenditure on overseas aid (net at constant prices) of £206 million in 1971–72, £214 million in 1972–73, £234 million in 1973–74 and £255 million in 1974–75.

Invited the Minister of Overseas Development, in consultation with the Chancellor of the Exchequer, the Secretary of State for Foreign and Commonwealth Affairs and other Ministers concerned, to arrange for officials to examine ways of stimulating private investment in the developing countries and the other points mentioned by the Prime Minister in his summing up of their discussion.



**429** FCO 59/626, no 19A 27 Jan 1971  
 [UK business in developing countries]: record by FCO Financial  
 Policy and Aid Department of a meeting between Lord Lothian and a  
 delegation from the India, Pakistan and Burma Association and other  
 similar associations<sup>1</sup>

After introducing the members of his delegation, *Sir Percival Griffiths* explained that although they represented different groups their problems were all the same and it was for this reason that they had decided some months ago to submit to the Secretary of State a joint memorandum on the protection of British investment in the developing countries.

2. *Sir Percival Griffiths* said that they were very anxious about British business in developing countries, where it was becoming harder and harder to operate. He was not proposing to ask HMG there and then to deal with specific problems but wanted Lord Lothian to know what they were:—

- (i) the unrealistic attitude of some countries (eg India) over royalties and technical know-how;
- (ii) compulsion to export whether it was economic or not;
- (iii) the employment of expatriates;
- (iv) constant threat of nationalisation;
- (v) ‘creeping’ nationalisation (eg Calcutta Tramways Company);
- (vi) discriminatory taxation against sterling companies (eg in Pakistan).

All of this meant that British commercial interests overseas needed HMG’s protection more than ever before, especially as private companies no longer carried the same weight with developing countries as in the past. The associations could not pay a high enough tribute to the help given by our High Commissioners, but they felt that the last Government had not really cared about British commercial interests overseas. What was more, the developing countries had felt this too. The situation had now changed, however, and the new Government had shown a positive attitude on British business in developing countries.

3. *Sir Percival Griffiths* suggested various ways in which HMG could give positive help:

- (i) the conclusion of more bilateral investment protection treaties;
- (ii) the establishment of a national insurance scheme;
- (iii) the aid ‘weapon’.

He recognised that (iii) raised very difficult problems and emphasised that he only wished to propose the suspension of aid in extreme cases. Nevertheless its very existence was important as an influence on developing countries.

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<sup>1</sup> The delegation was led by *Sir Percival Griffiths*, formerly of the Indian Civil Service, a writer on British India, and the Commonwealth, and a former president of the IPBA. He was accompanied by *Sir Duncan Oppenheim*, president of British–American Tobacco Co, 1966–1972, and deputy chairman, Commonwealth Development Finance Co, 1968–1974; *E M Rose*, a former diplomat and director and secretary, East Africa and Mauritius Association since 1969; and *Sir Evelyn Hone*, Colonial Service from 1935 and governor of Northern Rhodesia, 1959–1964, adviser to West Africa Committee, 1967–1975, and president, Zambia Society, 1969.

4. *Sir Percival Griffiths* then elaborated on the memorandum's proposal for the setting up of a joint informal consultative committee. The CBI, he said, were now prepared to come in on this so that the Committee would be a very well informed one indeed. It was envisaged that it should meet *ad hoc*, possibly every three months, and should undertake a tour of the world situation, followed by an examination of individual problems.

5. In the discussion that followed, the delegation emphasised that they were not advocating direct intervention by HMG, except in cases where there was discriminatory action. Some surprise was expressed that there was not more consultation and joint action by governments whose firms were affected by nationalisation in a particular country. The delegation emphasised the importance of this and quoted one or two rare occasions where joint action had been taken and had been effective (eg in Tanzania).

6. The delegation also explained the importance they now attached to such self-protective measures as share participation, joint ventures, indigenisation, etc.

7. *Mr Shakespeare*<sup>2</sup> described the studies currently being made by two Inter-Departmental Working Parties, one on Private Overseas Investment and the other on Investment Guarantees. While welcoming this change in HMG's attitude towards private investment overseas, the delegation expressed disappointment that our tentative plan for a national insurance scheme did not at present envisage the coverage of existing investment.

8. In winding up the discussion *Lord Lothian* said that he had been particularly interested by the delegation's proposal for a joint committee. He said that he would like to give the matter further consideration and that we would get in touch with Sir P Griffiths again in due course.

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<sup>2</sup> J W R Shakespeare, first secretary, FCO Financial Policy and Aid Dept.

## **430** FCO 59/670, no 15

29 Jan 1971

### **'Aid policy': minute by R L Wade-Gery<sup>1</sup> on the philosophy of the ODA and the policy of the FCO**

1. The main brief for the Secretary of State's meeting with Mr. Wood and officials on 1 February (in preparation for his meeting with the PM on 2 February) is being submitted by the ODA after consultation with FCO departments concerned. In addition Mr. Graham has asked me to provide a supplementary note on some underlying issues which are difficult to deal with in papers which are seen by members of the ODA. This note should therefore be regarded as 'FCO (Whitehall wing) eyes only'.

2. The essential questions are whether ODA's basic philosophy is unsatisfactory from the point of view of our foreign policy as a whole; and if so, what should be done about it.

#### *ODA's philosophy*

3. ODA staff have the reputation for being starry-eyed idealists, concerned more with raising living standards in developing countries than with promoting specifically

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<sup>1</sup> Head of Financial Policy and Aid Dept, FCO, 1969–1971 (see 428, note).

British interests. They may have deserved this reputation in their early days, after the first establishment of ODM in 1964. The heady spirit of those times runs through the famous 1965 White Paper 'Overseas Development—the Work of the New Ministry' (Cmnd 2736). But they have come on a long way since then. They are much more realistic and down-to-earth, and major clashes with the FCO have become much rarer. The ODA do still see it as their job to argue the case for spending our aid money on developmentally sound projects; and in particular to make the valid point that, because it takes time to work up good aid programmes, you do not get best value for money if you regularly turn the aid taps on and off as political relations fluctuate between Britain and the various recipients. But they increasingly accept the need on occasion to temper these excellent principles to meet the practical needs of particular political and/or commercial situations. Interdepartmental agreement on these lines was reached at official level in 1969 and embodied in the 'Guidelines for the operation of the Aid Programme' (a confidential document designed mainly to help our overseas missions to identify suitable aid openings). ODA do however regard it as the FCO's or DTI's job, rather than theirs, to argue particular cases for accepting political or commercial rather than strictly developmental criteria. They have attached a good deal of importance to the PM's parliamentary answer on 5 November last, indicating that despite the transformation of ODM into ODA the criteria for disbursement of aid 'will remain the same' (the same answer did of course also indicate that there had always been and were bound to be some political considerations involved in the use of development aid).

4. ODA staff thus remain 'developmentalists' at heart, which is fair enough. But they are a good deal readier than they were to compromise with their principles in particular cases in the face of strong political or commercial counter-arguments.

#### *Possible courses of action*

5. Our present policy vis-à-vis the ODA is to *proceed pragmatically*; and to concentrate on getting the right decisions in particular bilateral cases, rather than on working out a new aid philosophy on a global basis. This is the approach favoured by Mr. Bottomley and Mr. Holland as well as by myself. It is, I think, generally accepted throughout the Office; and it has already produced some encouraging results. In the longer term there is nothing incompatible between FCO and ODA objectives. The promotion of British interests overseas and the promotion of development in the developing world are complementary rather than mutually exclusive aims. In the shorter term, political or commercial factors will probably be upheld as decisive in a number of cases; and to the extent that they are, it will be clear that a new aid philosophy is *de facto* in operation.

6. It would of course be possible, as an alternative, to concentrate on trying to *re-formulate aid policy* in general, as a basis for ensuring that the right decisions are reached in particular cases. So far as the actual operations of government are concerned, this would be less likely to produce useful results than the pragmatic approach suggested above. Compromise formulae would probably be unavoidable, and these might not provide any clearer basis for action than the existing (though confidential) Guidelines. From the point of view of the Government's public posture, however, it may well be helpful to produce a new White Paper on aid in general, given that the only existing one is the previous Government's 1965 White Paper which states the 'developmentalists' case in rather extreme terms (see above). We

understand that Mr. Wood does in fact have a new White Paper in mind. To some extent it would no doubt simply codify the more down-to-earth policies and practices now being followed. But it would at least make clear that the 1965 White Paper was out of date. It is worth nothing that the 1965 White Paper is the only official basis for the often-quoted view that aid funds ought only to be used for strictly developmental purposes. The Overseas Aid Act of 1966 and the annual Parliamentary estimates are more or less neutral on the subject.

7. Looking further ahead, it may well be found in time that a more satisfactory *division of functions* between the FCO and the ODA would involve the transfer of aid policy work to the FCO, leaving ODA as a purely executive department responsible for carrying out whatever policy was agreed on in the FCO (cf. the role of the old Department of Technical Cooperation down to 1964). The Swedes have recently gone over to a system of this kind. It would no doubt involve seconding a certain number of staff from the ODA to the FCO, to carry the extra workload and reinforce expertise. My personal guess is that we shall come to this in the end, and that it will prove the best way of running the railroad. But it does not appear to be an immediately available option. The ODA would of course hate it, and there are plenty of doubts about it even within the FCO. I think Mr. Bottomley shares these doubts. The size of the FCO would increase, as would the load on its senior members. Administratively, it might get harder to avoid merging the whole staff of the ODA with the Diplomatic Service, with harmful results on morale all round. Whatever happened, morale in the 'rump' ODA would suffer badly.

8. The *conclusion* to which all this seems to point is that we should continue to proceed pragmatically (as suggested in paragraph 5 above) and to ensure that political and commercial needs are met in specific cases; that we should welcome a new White Paper, to replace the somewhat over-developmental White Paper of 1965 (paragraph 6 above); and that we should bear in mind for the future the possibility of more radical organisational change (paragraph 7 above).

### **431** FCO 59/681, no 3

11 June 1971

'FCO priorities for aid programme': minute by J W R Shakespeare<sup>1</sup>

1. During the past two years a great deal of work has been devoted to elaborating the principles on which our Aid Programme rests. However there is an urgent need now to achieve a satisfactory synthesis with the ODA which would reflect the balance to be observed in the aid programme between strict developmental criteria (associated with the long-term interest of the UK in the prosperity and stability of the developing world) and the more direct and shorter term economic and political returns to this country from aid giving. Furthermore, the Prime Minister has been showing increasing interest in aid policy, with particular reference to the need for political considerations to be given full weight.

2. The need to achieve such a synthesis is increased by the expansion of the present aid programme which also provides the necessary flexibility to allow for a reconsideration of the pattern of British aid.

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<sup>1</sup> See 429, note 2.

3. In order to achieve this there needs to be a global view in the Whitehall wing of the FCO before framework discussions with the ODA begin in July.

4. General considerations that should govern the FCO view are:—

i. Occasional need to give aid for short-term political reasons, eg as a token of the ending of strained political relations. Conversely we may wish to cancel or threaten to cancel aid programmes when relations move into crisis (as in the case of eg UAR, Indonesia, Southern Yemen in the past).

ii. A programme reflecting national as well as developmental interests would need to review the ODA's need criteria. In particular it should bring into question the tendency to deny that less poor countries (Malaysia, Iran, much of Latin America) are aid worthy. It should also press for a fresh look at our current terms of aid under which, largely at Treasury insistence, the less poor countries can only get capital aid on the hardest terms.

iii. Related to this is the need to reinforce success, eg Malaysia, because of the long-term UK interest in lessening the distinction between rich and poor.

iv. There is a need to encourage increased UK private investment in such countries, eg through links with official aid and investment protection treaties.

v. The need to safeguard our sources of raw materials, highlighted by the Prime Minister's special interest in this matter, indicates the deliberate cultivation of close economic relations with countries strategically placed in this respect.

vi. The impact on the aid programme of our entry into Europe.

vii. The interest of the British public in getting value for money which is a factor of increasing importance in the aid programme.

### *The FCO Interests*

5. In the light of these considerations it is not sufficient for the FCO to await ODA proposals and accept or criticize them country by country. We should aim for a flexible programme which would ensure that adequate funds were available for the following purposes:—

i. Dependent Territories, which are in a separate class.

ii. Countries of actual or potential political and economic importance to the UK. The FCO list would include

(a) Kuwait, Iran, UAR, Libya, Saudi Arabia, Trucial States, Muscat and Iran, for oil/UK investment and political reasons.

(b) Turkey, Morocco and Algeria for mainly political (European) reasons and because of Algeria's potential.

(c) Malaysia, Singapore, Indonesia, for political/economic/raw materials reasons.

(d) Zambia, Chile, The Congo, Brazil. These are countries of importance for the supply of raw materials and the Congo and Brazil in particular have major growth potential.

iii. Contingencies: part of the existing contingency fund to be earmarked for rapid disbursement on small-scale projects likely to have a major impact in the Third World and also benefit to the UK without necessarily satisfying ODA's developmental or need criteria.

*Qualifications*

6. Clearly this expenditure means having less money available for other recipients. It should also be noted that the present annual inflation rate of 8–9% in the UK reduces the annual increase in the real value of the aid programme far below the 13% increase in monetary terms.

**432** FCO 59/674, no 14

14 June 1971

**'Aid at heads' of mission disposal': letter from J A Turpin<sup>1</sup> to S J L Olver<sup>2</sup> (Freetown)**

1. I am writing to ask for your help and advice on a matter in which you have, I believe, been taking a personal interest. It is the idea that posts abroad should have at their disposal sums of money that could be disbursed quickly, preferably at the discretion of the Mission, for small urgently needed aid projects.

2. This is an idea which has been mooted from time to time—notably at the last West African Heads of Mission Conference—but has never made much progress so far. The advantages of such a scheme from the FCO's point of view are obvious: the ability to respond quickly to a clear-out need can earn political (and possibly commercial) dividends out of proportion to the sum involved; a good deal of correspondence with the ODA on minor matters might be eliminated; and the standing of the Mission with the local Government would be enhanced. However, there are doubts and difficulties which also have to be faced: doubts about the ability of Missions without specialised staff to cope with the problems of judgement and accountancy involved, and the difficulties of ensuring that money split up into penny packets would be spent with reasonable consistency and would not result in a substantial amount in the aggregate remaining unspent at the end of a given accounting period. These latter considerations have no doubt weighed heavily in the past with the ODM (as it then was) and the Treasury, and it was perhaps understandable that during the period when there was a fixed aid ceiling ideas of this kind could not make headway.

3. Now, however, that there may be a little more room for manoeuvre, we on this side of the FCO have been having another look at the possibility of such a scheme; and I have mentioned it in an informal way to the ODA side as something we should like them to examine if we can make out a convincing case. However, if we are to have any chance of getting the cooperation of the ODA, and the subsequent approval of the Treasury and other Departments, we shall need to satisfy them on quite a number of points. It is on three of these that I should be grateful for your help.

4. The first question is: what would a scheme of the kind proposed give posts that they do not already have under the Miscellaneous Assistance Scheme? The answer is very important, because posts have not been using the latter Scheme as fully or as systematically as they might and it has tended to be substantially underspent. Although admittedly the ceiling of expenditure on any one item is low, it is nonetheless sufficient to purchase, for example, a specially-fitted Landrover—one of the items mentioned as aid-worthy by the West African Heads of Mission—and a

<sup>1</sup> Assistant under-secretary of state, FCO.

<sup>2</sup> High commissioner, Sierra Leone, 1969–1972.

number of posts have in fact used the Miscellaneous Assistance Scheme to finance this very item. So a hostile critic might well ask why posts should be expected to spend larger sums of money effectively when they have not done so with smaller sums.

5. My second set of questions arises from the assumption that there will be strong resistance in Whitehall

- a. to freezing a fixed sum for each post (thus increasing the risks of underspending); and
- b. to spending the money other than in the UK.

Suppose that from a central pool of, say, £1 million each post had, say, £10,000 attributed to it at the beginning of the year and was given a shopping list of items from which it could select for aid-worthy causes, would it be reasonable to require posts to seek approval by telegram before making a firm commitment? This would enable ODA to keep a tally on total expenditure and stimulate posts when the total showed signs of falling behind. Or would this degree of control be in your view such a flaw in the arrangements as to make them no improvement on the present? And on the assumption that only goods of British origin could be used under the scheme, how important would it be to have authority to buy an approved item locally rather than order it from Britain, ie, would this be essential, or merely desirable?

6. My third question concerns the practice of other donor governments, and it is here that your personal knowledge may be of special help. I understand that your German colleague in Freetown has considerable discretion in committing aid money. Can you give us an indication of how this authority is delegated to him, how he accounts for what he has spent, and whether he can order locally? Do other Heads of Mission, eg, the United States, also enjoy some degree of discretion? Obviously the more detailed and firm the information you can give on this point the better.

7. I apologise for the length of this letter and the somewhat formidable nature of the questions. But it is clear that if we are to make any progress we shall need to prepare the ground very carefully indeed. I am sure therefore that you, and the select list of colleagues to whom I am copying this letter, will do your best to supply the answers. And if you have any additional comments outside the questions posed, these would be gratefully received. It would be most helpful if we could have your replies by, say, 5 July, because we expect about that time to be getting into discussion with the ODA on the future shape of the aid programme.<sup>3</sup>

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<sup>3</sup> This letter was copied to missions at Addis Ababa, Nairobi, Gaborone, and Yaoundé.

**433** FCO 59/674, no 17A 9 July 1971  
 'Aid at heads' of mission disposal': letter (reply) from S J L Olver to  
 J A Turpin

1. I am sorry I was away when your letter of 14 June<sup>1</sup> arrived. I hope this reply is not too late for you. I am delighted to see that this question is being taken up in earnest.

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<sup>1</sup> See 432.

2. Perhaps it would help if I start off with an example of the sort of request which arises and how an ideal arrangement would work. At the Independence anniversary celebrations in April, when Mr Bernard Braine,<sup>2</sup> the representative of HMG, and I called on the President, Stevens<sup>3</sup> asked us whether Britain could help him over the supply of Customs launches, since he was deeply worried about the growing scale of smuggling. I could of course do no more than say that we would look at this request as sympathetically as possible. We have since been pursuing it with ODA. We have so far, after nearly three months, got nowhere—though I understand privately from Huijsman<sup>4</sup> that our latest arguments demonstrating that there is a ‘developmental’ aspect to this may have made some impression. The argument will doubtless continue for another month or so yet, and thereafter there will be the process of deciding on specifications, placing an order, delivery, etc. All in all, if we get a launch at all, it will clearly not arrive before mid-1972, probably more likely a year later, when the original request has been completely forgotten. Now admittedly, action to speed up the actual ordering and delivery is difficult and at best only partially effective but from the psychological point of view, it would have been ideal if I could have:—

- (a) said on the spot to Stevens: Yes, I am sure we can do something and will let you know very shortly; and
- (b) after consulting the Office by telegram, gone back to him within a week or 10 days saying: Agreed in principle, let us now get together on the details.

3. Now, before attempting to answer your three questions, let me comment on the ‘doubts and difficulties’ mentioned in paragraph 2 of your letter. Obviously, we have not got the know-how to deal with complicated demands for aid. But I do not see why the rather more straightforward transactions which we presumably have in mind in this context should strain either our operational or accounting capacities; and in any case, as you will see from the launch example above, the essential factor—as I see it—is not an ability to say yes off the cuff so much as the prospect of a really quick reaction, in principle at least, from your end. Spending money ‘with reasonable consistency’ is a real difficulty. To some considerable extent—again, as in the launch example—I would see this fund as providing a means of quick reaction to requests by important members of the government here. There would of course also be scope for initiative in this general field by the Head of Mission and I should certainly, given such a fund, have this very much in mind. But I should hate to be in the sort of position where, by the end of the financial year, I was expected to have spent £X,000: I am sure this would lead to the type of situation one often sees with the Ministry of Works—frantically spending their money in the last two or three months of the year. This sort of consideration would seem to me to point towards a bigger, better, and more flexible miscellaneous assistance scheme rather than any sizeable sum at the disposal of each individual Head of Mission—see further comment below.

4. Now to your three questions. First, the Miscellaneous Assistance Scheme. The trouble with the existing scheme, as I see it—apart from rather too rigid a ceiling—is

<sup>2</sup> MP (Con), chairman of Select Committee on Overseas Aid, 1970–1971.

<sup>3</sup> Dr S P Stevens, prime minister of Sierra Leone, 1967; first prime minister and first executive president, Apr 1971.

<sup>4</sup> N B J Huijsman (formerly Colonial Office), assistant secretary, ODA.



the fatal paragraph (1)(b). What are 'the recognised categories of aid'? How are these defined? When is a land rover 'recognised aid' and when does it qualify for the assistance scheme? Assuming that it had been within the financial ceiling—which is of course most unlikely—would my launch have qualified for the scheme, or would it be regarded as falling into one of the recognised categories of aid? In my own case—and I suspect this applies to a number of other Heads of Mission—this paragraph has inhibited me from applying under this scheme for anything but rather small-scale occasional gifts such as e.g. sports equipment. If this sub-paragraph could be removed from the Miscellaneous Assistance Scheme, the ceiling raised to, say, £10,000 and a processing machinery set up to guarantee at least a very fast initial reaction in principle to a telegraphic enquiry from the Post, this would meet the sort of need I at any rate foresee. My only qualification is that this would still leave a small area of middle ground between the very minor personal gift or subscription to charity which can legitimately be made from *frais*<sup>5</sup> and the rather large gift on which reference to the Office was clearly necessary; and to cover this area a smallish built-in slush fund would be handy. But I can see that, multiplied by the number of Posts throughout the world, even small slush funds would add up to an alarming total and I would regard this facility as far less important than the major facility to respond quickly to proposals for larger gifts after reference to the Office.

5. To take your second point, it follows from what I have said above that I have reservations about a £10,000 shopping list for each post. As you see, again with the minor reservation above, I envisage no difficulty at all about seeking approval by telegram before making a commitment. I would equally see no general difficulty in an assumption that gifts must be ordered in Britain, provided that there were not obviously overriding arguments of price and/or delivery dates in favour of local purchase: I should be inclined to regard such flexibility as rather more than merely desirable if the Scheme is to work effectively.

6. On the practice of other donor governments, I can only usefully quote to you the Americans and the Germans here: none of the other missions operates perceptibly in this sort of field. The American Ambassador has a fund, for use at his personal discretion, of \$100,000 per annum. The only qualification is that it must be spent on a 'self-help project', i.e. where there is some form of local contribution, either through labour, collection of money from the public to assist in the project, or what have you. This fund tends to get spent on materials for the building of local projects, schools, clinics, water supply projects, rice storage, etc, and often connected with Peace Corps personnel who provide the necessary professional advice and supervision. The Ambassador also hopes to obtain money, again for use at his discretion, for the support of family planning projects. My German colleague is unfortunately away on long leave, and his Deputy is very unforthcoming on the mechanics of German aid in this sort of personal field. He denies for instance that there is any sizeable slush fund for use at the Ambassador's discretion, and it may well be that the sort of gifts which my German colleague has been making were specifically authorised by Bonn: this would be in line with our existing Miscellaneous Assistance Scheme, as broadened on the lines suggested above. Specific examples of this sort of German activity, as distinct from the sizeable German capital aid and technical assistance, are:—

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<sup>5</sup> *frais*: expenses or overheads.

- (a) Finance for the building of a bridge in the North near Kabala: the Ambassador visited the area with the Minister in whose constituency it lies, was asked for help over the bridge and undertook on the spot to provide this; amount not precisely known, but I believe of the order of £5,000;
- (b) A gift of Volkswagen cars and buses to the Police: in the time available, I have not managed to track down details but they were at least one bus and four cars;
- (c) A fully-equipped ambulance presented to President Stevens on Independence Day: cost not known, but unlikely to be less than £2,000;
- (d) Presentation of drugs for a hospital in the North: precise cost not known but of the order of £500;
- (e) Presentation of musical instruments to the Milton Margai Teachers College: this was a fairly small, though much appreciated gift, costing I suppose £100 or so;
- (g) Christmas charity, on a scale far larger than could conceivably be covered by frais: to quote from a news item of 23 December 1970:

‘The gifts (gift parcels containing mainly food) were part of a donation by the German Embassy in Freetown to the value of nearly five thousand leones to the Freetown City Council, the Catholic Relief Service, the Kissy Mental Home, the Cheshire Home, King George Memorial Home, the Children’s Home, the Schools for the Blind and Dumb, the Remand Home and the Anglican Church.’

7. To sum up, I should be quite happy with a bigger and better Miscellaneous Assistance Scheme:—

- (a) involving reference to FCO for authority—perhaps with local discretion, for gifts not exceeding £50 in value and totalling not more than £500 a year: on the understanding that at least a really fast initial reaction in principle could be expected;
- (b) with the existing reference to ‘recognised categories of aid’ withdrawn;
- (c) limited to British gifts, normally ordered from the UK though with some flexibility over local purchase, and not tied to any specific shopping list;
- (d) and with a higher ceiling than the existing £3,000.

## **434** FCO 59/681, no 17

16 Sept 1971

### ‘Aid policy’: circular letter from Sir M Walker<sup>1</sup> to heads of mission on developments in aid policy

The ODA tries to inform Overseas Missions of changes in aid policy as soon as decisions are reached and this is usually done by sending you copies of White Papers and by circular savingsrams. However, I know from recent oversea visits undertaken by senior members of the ODA that posts would welcome being kept more closely in touch with developments in the aid field and I hope to do this by sending an informal circular letter to posts perhaps twice a year. In this I would try to give a more informal account of policy questions currently under consideration in the aid sphere in Whitehall and to let posts know of possible developments that are likely to be of general concern later.

<sup>1</sup> Secretary, ODA, 1971–1973.

2. This then is the first attempt to put you in the picture in this way. The topics covered range pretty widely and are I believe the ones most relevant to your work in the aid field. I am afraid that this has made the letter very long but having once covered much of the ground, I hope that future editions can be shorter. Generally speaking, you should regard this information as being for your use only, and not for discussion outside the post at this stage. I should naturally welcome any views that you may have on the value of a periodic letter of this sort. I do not regard it as necessarily a one way channel of communication and I hope that you will feel free to let me have your own views on aid matters generally. If Heads of Mission can find time to call on me during visits to London this would also be most welcome.

#### *Aid framework*

3. As you probably know the gross cash aid programme for this year is £245 m. including items that were previously treated as special additions to a basic programme. For 1972/73 it has been fixed at £265 m. for 1973/74 at £300 m. and for the following year at £340 m. All these figures are in cash terms, that is, they will not be increased on account of a fall in the value of money and they are also, of course, gross of receipts from the servicing of past loans. These are the amounts that we can *spend* in each year, not what we may *commit*. Our job is so to manage the Aid Programme that disbursements from all the commitments we have entered into are kept within these figures. However, we have recently reached agreement with the Treasury that an excess or underspending of up to £5 m. that emerges in any one year may be adjusted against the figure for the subsequent year. This should ease our problem of hitting a target figure.

4. Our practice is to draw up a framework for the allocation of aid for each year for which decisions on the total available for disbursement have been taken by Ministers. This means that we are already looking ahead to 1974/75 (and indeed are actively thinking about 1975/76) and we hope that in future we shall be able to do more in the way of entering into medium and longer term agreements than has been possible in the past when an aid ceiling was decided on more or less on a year to year basis. The rising level of aid is another important new factor. While the Aid Programme was pegged at about £205 m. the aid framework at any particular time was governed in large measure by decisions taken some years previously. Because of the time lag between commitments and disbursements any single year's programme must largely reflect previous commitments; but there is now some scope for new initiatives and new emphases and there are likely to be some changes in the make-up and distribution of aid from fresh Governmental decisions.

5. In the past few months Ministers have instituted two inter-Departmental reviews under Cabinet chairmanship with implications for the aid programme. Earlier this year the Prime Minister authorised an analysis of the overseas production of raw materials required by UK industry and consideration of the possible role of the aid programme in assuring future sources of supply. A report has been submitted to the Prime Minister recommending certain studies in greater depth. The report has also drawn attention to some of the major policy questions raised by the approach, including the extent to which an active mineral procurement policy is in the UK interest and would attract participation by British industry; and these studies are not yet complete. More recently an inter-Departmental review has begun under Cabinet Office chairmanship of the emphasis placed on the main criteria—developmental,

political and commercial—in the use of aid funds with particular reference to the commercial opportunities that may arise. This review is not yet complete and it is too early to say whether it will lead to any marked changes in policy or practice.

6. The agreed aid framework up to 1974/75 foresees disbursements on multilateral aid rising in total from 13% this year to 17% in the last year. The most important element in our multilateral contributions is that to the IDA, but we are also contemplating contributing substantially to the regional development banks and in aggregate to several United Nations funds of which the UNDP is of course the largest.

7. The remainder of the framework is allocated principally to bilateral capital aid and to technical assistance but the implementation of the Government's commitment to take over pensions contributions will require about 4.25% of the available money this year declining to below 4% of the increased aid programme in 1974/75. We also hope to be in a position to allocate increased resources to the CDC.

8. Technical assistance in all requires 17 or 18% of the programme. This is divided between the regional technical assistance programmes, supplementation schemes, and a variety of functional technical assistance schemes. At the moment the technical assistance provision falls very roughly into thirds between these three items but we anticipate that the requirement for supplementation will decline as a proportion of the aid programme and that the other two elements will rise both absolutely and proportionately.

9. Bilateral aid may be looked at as divided between the dependencies, independent Commonwealth and foreign countries. We have always regarded the dependencies as having first claim on our available resources and we expect that they will require around 11% of our bilateral aid over these years. The allocation for the Commonwealth declines slightly. The Indian subcontinent of course takes a major share of the programme but the overall allocation for Africa is expected to decline during this period. We have for a long time tried to get an increase in the allocation for foreign countries but there has been difficulty in spending the money which has frustrated our efforts. However we hope to see the allocations for foreign countries rising towards 20% of the framework over this period.

#### *The UNCTAD 1% target*

10. We have been able to reach the 1% UNCTAD target (ie 1% of GNP) in both 1969 and 1970 although the figures for the latter year are at the moment only provisional. In both years the non-official aid elements of the score—net guaranteed export credits and net private investment—were unusually high and there is some possibility that unless these elements remain high we may slip below the 1%, especially since GNP is rising quickly in money terms. In this connection you will have seen the recent White Paper 'British Private Investment in Developing Countries' (Cmnd 4656)<sup>2</sup>

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<sup>2</sup> In this White Paper the government announced its intention to introduce a scheme for insuring investment against the non-commercial risks of war, expropriation, and restrictions on remittances. Additionally, the government intended where possible to negotiate bilateral agreements with developing countries for the protection of new and existing investment. Other measures to encourage private investment included tax concessions against the foreign tax on the profits of a foreign company paying dividends to a British company. The government also intended to consider with the Commonwealth Development Corporation (which was largely financed from the aid programme) what action might be taken to enable British firms to increase their investment in developing countries in association with the Corporation.

which announced the Government's measures to encourage British firms to invest in the developing world and FCO guidance telegram number 95 of 23 April on this subject.

#### *New ODA department*

11. In July a new department in the ODA was set up, the Private Investment and Consultancies Department. It is responsible for work on British private investment in developing countries. A Private Investment Adviser, Mr W H L Gordon, has been appointed to assist in this work. The department also has responsibility for advising on and arranging feasibility studies, pre-investment surveys and project management consultancies with firms of Consulting Engineers and other professional consultants. This latter function has hitherto been the main task of the Special Projects Directorate which has been wound up.

#### *Untying of aid*

12. For years it has been the view of many developed as well as developing countries that the tying of aid to procurement from the donor country or countries is harmful both to the effectiveness of aid and to international trade, but in practice no major donor felt able to untie so long as the US was not willing to do so. Following a radical change in policy of the US in mid-1970, the Development Assistance Committee of OECD noted in September 1970 a readiness of most members to work for an agreement for the untying of bilateral development loans and the unanimous acceptance of the principle that future contributions to multilateral institutions should not be tied. Since that time the DAC has been working intensively to prepare an agreement covering the reciprocal untying of both multilateral contributions and bilateral loans. Guidelines governing procurement methods under untied aid loans have been devised, and a draft agreement is in an almost final stage. The draft agreement would open procurement under development loans to all participating DAC member countries and to all developing countries except possibly the recipient country. There would be a continuing ability for donors to provide aid for local costs.

13. We ourselves are clear that the general untying of aid on a properly reciprocal basis would not only increase its effectiveness to the developing countries but would also be in our own interest by increasing the chances open to us—as already happens in the case of multilateral aid—of drawing from this pool in terms of orders for British goods and services more than we are required to put into it. There remain, however, two major policy conflicts to be overcome: first, whilst most members insist on reciprocity of action, France is not willing to untie her bilateral loans and is asking that those DAC members who do participate in the Agreement should be free to declare France an eligible source for procurement from their own untied, bilateral loans. If France is not satisfied in some way, the adoption of the Agreement within the OECD might be blocked. Secondly, whilst most members contemplate a joint package of the untying of multilateral and bilateral aid, largely to avoid the danger that a major donor might switch from bilateral aid to a much greater concentration on multilateral aid, the US shows continuing reluctance to commit itself firmly to an obligation to untie future multilateral aid contributions. This reluctance stems mainly from US anxiety that the Inter-American Development Bank might adopt arrangements under which the very large US contributions would have to be untied to new members or associates who would not themselves be making any very significant contributions to the Bank's resources. It is not yet

possible to forecast the chances of a reconciliation of these opposing views and recent economic developments in the US may affect their attitude generally to untying. The likelihood is that the matter will come to a head at the time of the DAC High Level Meeting in October. If agreement is reached it will still take some months to bring it into operation and the provisions of the agreement will apply only to new commitments. Posts will be kept in touch with this important subject.

#### *Indebtedness of developing countries*

14. The indebtedness of less developed countries is increasing and gives rise to problems of some complexity in the fields of both aid and commercial credit. International pressures are growing for the relief of the debt of developing countries with a frequency and on terms not previously conceded in commercial settlements. A series of studies of this question are being produced by the IMF, the IBRD and the OECD. HMG, like other creditor governments, is giving careful attention to the assessments contained in these studies.

15. The most recent IBRD study on 'The External Debt of Developing Countries' points out that growing indebtedness is not in itself a reason for concern. It is one of the aims of international development policy to enlarge the flow of external capital to developing countries, and thus the rise in their external debt may be taken to reflect at least in part the success with which this objective has been achieved.

16. The UK is concerned to resist pressures for the relief of indebtedness on an automatic or concessional basis. Much of the indebtedness arises from commercial obligations and if these obligations are not honoured there is a danger that international trade will be disrupted and that major trading nations like the UK will be obliged to curtail the flow of concessional aid.

#### *IDA replenishment*

17. Parliamentary approval has been obtained to our making an advance contribution in company with enough other donors to keep the IDA afloat for the second half of this calendar year (the period in which we expect that US Congressional delays will prevent the main Third Replenishment from coming into force). We have offered IDA \$50 m. immediately and are ready to pledge another \$53.6 m. (the balance of our first year's contribution to the Replenishment) as soon as there is a satisfactory response by other major donors. With contributions from Canada, Finland, Norway, Japan, and a transfer of \$110 m. from Bank profits, IDA should have at least \$270 m. for commitment in the next few months. The position of other governments, and particularly the Germans, should be clearer before long. Meanwhile we have to watch carefully the progress of the IDA legislation in the US Congress (the IDA Bill has passed the first hurdle of the House Banking Subcommittee), where the atmosphere is not favourable either towards multilateral aid of this kind or to President Nixon's proposed reorganisation of the American bilateral aid structure. Here again recent events in the US may affect the outlook.

#### *Food aid convention*

18. We have announced in various international fora our decision not to join a new Food Aid Convention—the previous Convention expired on 30 June 1971. As a consequence no future requests from the Government to which you are accredited for food aid from the UK will be accepted.

19. Our reason for not joining a new Food Aid Convention is that in the UK's present economic circumstances we consider that our aid funds can be best used in the form of capital aid and technical assistance for the improvement of the agriculture or general economic development of the developing countries, rather than by giving cash for the purchase of surplus grain from a grain exporting nation for transfer to another country. Our decision in no way implies that we consider that a new Food Aid Convention would have no useful purpose for other countries, particularly if food exporting countries could thereby achieve a more effective control over the pattern of their food aid shipments.

*Manpower aid*

20. In the aid debate in the House of Commons on 9 June, the Minister, commenting on the quality and kind of aid we give, said that he had been convinced, since becoming responsible for Overseas Development, of the importance of the technical assistance which we give in a vast number of countries round the world. He had been concerned in particular during his visits overseas by the absence of the human infrastructure.

21. One of the ways of filling the gap is of course in supplying staff for the expanded public services overseas through our various supplementation schemes—notably the Overseas Service Aid Scheme (OSAS). We remain willing to try to supply staff for these services where they are needed, but as localisation progresses and the overseas countries become increasingly able themselves to meet their manpower needs, we are seeking, following the new supplementation agreements concluded this year, to be more selective in our effort. In education we are beginning to run down the large numbers of British teachers who have gone to the developing countries since the scheme for Commonwealth Education Cooperation was started in 1960, and we are seeking to place more emphasis on helping to train local teachers. Some overseas countries still stand very much in need of our help over their requirements for highly qualified and skilled professional people but at the technician and sub-professional levels we should be able to begin to pull out of the field. With at least one country we have already agreed to exclude secretaries, nurses, clerical and lower executive officers from the scope of supplementation. The Inter-University Council is taking steps to expand the help that is available to train indigenous university lecturers, where suitable material is available, but it is unlikely that there will be any appreciable reduction in the number of university staff from this country serving overseas in the next five years.

22. The success of our recruiting efforts turns very largely on the total emoluments, including inducement allowance, that we are able to offer. We have recently surveyed the present arrangements to find out how far the allowances we at present offer amount in the various professions to the equivalent of the appropriate British salary plus a reasonable extra amount as an inducement to serve overseas. The situation varies from country to country but it is broadly true that for primary and secondary school teachers, most technicians and most sub-professional staff it already amounts to the equivalent British salary plus an adequate inducement. For highly qualified professional staff the picture is different. In their case salary increases in Britain over the last two years are tending to push us out of the recruitment market with supplementation allowances as they now stand. We are therefore considering whether, in the professional fields to begin with, we should not

move supplementation arrangements from a basis of topping up local overseas salaries to a basis of topping up to the relevant British salary plus an inducement amounting in most cases to what seconded officers get by way of FSA. If we make such a move—and to begin with it could affect more than a quarter of supplemented officers—we would obviously be disturbing established relativities in the total emoluments earned by British expatriates in the overseas countries. The change would need to be explained very carefully to the Governments and Staff Associations concerned. We shall be writing further to you about this.

23. You will know that it is present Government policy to examine the work done by the Civil Service and to consider whether if the work must be done it should be done by civil servants or can adequately be done by others. In the context of this policy we are now well advanced in discussions with the Crown Agents aimed at their taking on a substantial amount of the recruitment work which we ourselves have hitherto carried out. We shall be writing to you about this very shortly now.

24. Training is another important element in the task of helping the overseas countries to meet their manpower needs. We are continuing our policy of seeking to make our training effort more purposeful and meaningful in relation to manpower needs and also our policy of gradually reducing the number of British staff occupying established posts overseas. In the context of the general Government policy referred to in the last paragraph, we are discussing with the British Council the extent to which they can increase their work on the placing of trainees in this country and thus enable us to reduce the work done by the ODA Training Executive. We shall be in touch with you on this in due course.

#### *Take-over of pensions*

25. We are going ahead with the implementation of the policy, first announced by Mrs Hart on 11 March 1970, under which HMG will take over from certain independent governments responsibility for the cost of pensions awarded to expatriate officers for pre-independence service. HMG will bear (i) the full cost of pensions and commuted pension gratuities relating to pre-independence service, (ii) the cost of that proportion of pension or gratuity earned by post-independence service that is attributable to inducement allowance, and (iii) the whole cost of compensation, including the whole cost of accretions resulting from post-independence service.

26. We are corresponding with posts about the exchanges of notes that are needed to give effect to the first stage of take-over, during which overseas governments will continue to pay pensions but will be reimbursed by HMG with effect from 1 April 1971. The second stage of the take-over involves direct payments to individuals from UK funds, and enabling legislation is needed for this stage. The Minister announced in his observations (Cmnd 4687) on the Report of the Select Committee on Overseas Aid that the introduction of such legislation is being considered. *For your own information* the passage of the legislation is not expected to be completed until the summer of 1972.

#### *Higher education*

27. In the field of higher education, two important developments have occurred. In 1970 the Inter-University Council for Higher Education (IUC), which includes representatives of all British universities, was established as a separate corporate



entity. The IUC is already responsible, either directly or through individual British universities, for providing a wide range of aid, including especially the recruitment of staff to the universities with which it deals. It will be responsible for advising the ODA on all aid, including capital aid, to the universities with which it has relationships. These are limited to the former colonial territories and to one or two foreign countries; aid to universities in other countries (and especially the Indian sub-continent) is the responsibility of the British Council. A working agreement has now been reached under which the two organisations will collaborate fully in providing or advising on the provision of aid to universities in all the developing countries to which we give it. A circular savingram is being sent to posts in countries where the IUC operates. It explains the procedure for the preparation of cases for assistance to universities from regional technical assistance funds to finance equipment or small sums for buildings. The IUC will, after consulting the overseas university, discuss the case for assistance with ODA and the post would later be consulted about clearance with the government concerned.

28. In the fields of technical education, management training, and industrial training, the Council for Technical Education and Training in Overseas Countries (TETOC) is in the process of being reconstructed. It should be established as a corporate legal entity this month. Its membership is being extended to include further representatives of academic, industrial and commercial interests and it will have its own professional staff in the three fields of technical education, management education and industrial training. It will help to assess the needs of developing countries in all three fields and work closely, in an executive as well as an advisory capacity, with ODA in providing the help needed. It is hoped that our aid effort, particularly in the fields of management education and industrial training, will be greatly strengthened as a result. This development follows the establishment last year of the Centre for Educational Development Overseas (CEDO) which has analogous responsibilities in the work of curricular innovation and the use of educational media.

### *Latin America*

29. We are proposing a substantial increase in capital aid to Latin America. In the past our major effort there has been in technical assistance. Preferred countries for bilateral capital aid are those of the Andean Pact, bar, *pro tem*, Chile. The difficulties of processing large scale capital projects in many Latin American countries are considerable, and it is hoped that a large part of this aid can be channelled through the Inter-American Development Bank (IDB). An agreement with the IDB for a new UK Development Fund for Latin America was signed on 1 June 1971, initially for an amount of £2 m. of soft, untied aid which can be increased at any time. The ODA has also had a preliminary exchange of views with a Bank Mission that visited London about the possibility of some form of multilateral untied non-member trust fund. The establishment of such a fund will depend on the willingness of other non-member countries to participate, and the IDB's agreement to reciprocal untying of its own resources (see paragraph 13 above).

### *Africa*

30. Assistance to African countries accounts for a high proportion of our total bilateral aid (in 1970, £61 m. which was about 30% of the total Aid Programme) and

about 95% of this was directed to Commonwealth countries. Although, as mentioned above, we expect the overall allocation for Africa to decline during the period up to 1974/75, we have had discussion in Whitehall about our aid policy towards non-Commonwealth countries in Africa with a view to establishing some order of priority for our aid operations in these countries. A policy paper incorporating the agreed views of the Departments concerned is in preparation and when complete will be circulated to the posts concerned for general guidance and comment. Our original aim was to consult posts beforehand, but in order to speed matters we have adopted the quicker methods of relying on Whitehall views and on what we already know of posts' views in order to formulate early guidance. The intention is to review the guidance annually, and for this purpose we propose in the first instance to take into account the views of posts before preparing an updated paper for clearance in Whitehall.

31. Technical assistance generally continues to be a very high priority in our aid programmes to African countries and accounts for about 30% of our bilateral aid to them. Support through OSAS (particularly the supply of teachers) is however being gradually phased down. We are giving priority to assistance in English language teaching, which has a particular relevance to the French speaking countries of Africa, and we are anxious to give help in the field of economic planning, project preparation and appraisal. We should like to do more than we are doing to promote regional development in Africa but our efforts are restrained by the priorities given by African Governments to their own national programmes and by the halting progress of what should be promising regional organisations. We hope eventually to phase out the budgetary aid we have been giving to Malawi and the Southern African countries.

### *Asia*

32. I have said nothing specifically about our operations in Asia, where naturally enough the greater part of our aid money is spent—particularly now with our new and expanding Indonesian programme. This has been partly because there have been no developmental problems of sufficient general interest to justify making this letter longer than it already is. But naturally the cataclysmic happenings in Bengal which began in East Pakistan in March<sup>3</sup> have had a major impact on our work in the Indian sub-continent—and it is difficult to see how things are going to turn out for us. Partly for the obvious political reasons, but also for developmental reasons Ministers decided early on that it would not be possible for us to give new development aid to Pakistan until the situation settled down sufficiently for sensible development programmes to be got under way once again. This has been the position adopted generally by the Consortium countries—even the Americans, though they have disclaimed 'political' conditions in public—and we shall hope to move in step with them both on the strictly developmental front and in relation to the moratorium on Government (ie bilateral aid) debt service which the Pakistan Government have imposed. There are serious problems ahead on all this, not least because of the

<sup>3</sup> On 26 Mar 1971 Sheikh Mujibur Rahman, leader of the Awami League in East Pakistan who had been arrested the night before, declared East Pakistan the independent republic of Bangladesh. President Yahya Khan of Pakistan ordered an invasion of East Pakistan during which many Awami League leaders were killed and millions of refugees fled across the border to India. India and Pakistan were at war briefly in Dec 1971, and by early in the new year most of the world powers had recognised Bangladesh.

strong feelings that have been aroused in this country by the Bengal happenings, and the need to consider our relations with India and the present regime in Pakistan. Meanwhile we have been able to find from the aid programme the considerable sums you will know that we have promised as contributions to the support of East Pakistan refugees in India and also the contributions we have agreed to make to a properly supervised rehabilitation and relief programme in East Pakistan itself, though this has hardly yet got under way.

### **435** FCO 59/671, no 71

16 Sept 1971

#### **'Aid for dependent territories': minute by G Foggon<sup>1</sup> to J R A Bottomley on the social aspects of aid**

I have already made you aware of my disquiet about the social aspects of aid for our dependent territories. I first raised this matter in connection with the Caribbean; more recently in respect of BSIP and its new Development Plan; and yesterday I attended a meeting at ODA with Miss Emery and Sir John Field<sup>2</sup> about aid to GEIC.

2. My doubts centre around three points:—

(a) The very strong powerbase of the economists within ODA which results in undue stress (in my view) on the economic aspects of development and the fact that there is no countervailing influence at the early stages of planning. Once a Plan has been made with an economic bias it may be possible to induce modifications; but it is seldom possible to induce a drastic reappraisal.

(b) There is still a lingering Treasury preference for an early end to grant-in-aid and a balancing of local budgets, a tendency for the main part supported by the economists. This almost inevitably means that recurrent budgets are subject to the sharpest scrutiny and the social elements in those budgets are the main sufferers.

(c) I still doubt whether it is fully understood at all levels in ODA that special attention must be given to the aid requirements of our dependent territories and that all their reasonable needs must be met. I think that this is reflected in the recent Aid Framework as put forward by ODA which showed diminishing amounts for our dependent territories over the next few years and a steeply rising aid allocation to, for example, India.

3. If I may turn from the general to the particular; at yesterday's meeting Sir John Field quite firmly declared that the Development Plan which had been put forward for the GEIC was markedly deficient on the social side and that this had largely arisen from the economists' aim to keep down recurrent expenditure and to give priority to income-producing investment. We are therefore in the position that in both BSIP and GEIC there are Development Plans which appear to me to be

<sup>1</sup> Foggon joined the Ministry of Labour in 1930 and the CO in 1949. He spent most of the early part of his CO career dealing with labour issues in West Africa, and between 1958–1961 he was labour adviser to the secretary of state for the colonies. He continued in this capacity, ending as labour adviser to the FO/FCO, 1966–1976.

<sup>2</sup> Resident commissioner, Gilbert and Ellice Islands Colony, 1970–1971; first governor, GEIC, 1972–1973 (see 354, note 2).

inconsistent with the policy of Ministers. Only a few days ago I sent Miss Emery a report on school feeding in BSIP which revealed the most unsatisfactory and deficient arrangements—arrangements which a few thousand pounds could rectify in weeks. Our aid to BSIP will, during the Plan period, be running at the rate of Aus.\$ 5 mil. per annum approximately; the total budget of the Social Welfare Department is Aus.\$ 17,500. For a period of almost a year up to last November virtually all social welfare work came to a stop and all case-work was abandoned because of leave and staff shortages.

4. It is not for me to say how we should approach all this but if you could perhaps instigate a special review of aid to the dependent territories, to be carried out jointly by the geographical desks here and those concerned in ODA, together with Advisers, and under strong chairmanship, I think a lot could be done to clarify our objectives and the methods by which those objectives can be achieved.<sup>3</sup>

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<sup>3</sup> Fresh guidance was given to the Pacific Island Territories in framing development plans, and in the FCO administrative measures were adopted to improve the co-ordination of policy on dependent territories. It was not thought necessary to instigate a review of aid to the territories (FCO 59/671, no 72, minute by Sir L Monson, 20 Sept 1971).



## CHAPTER 14

**Race and Immigration**

Document numbers 436–454

**436** PREM 13/382, pp 94–114

4 Jan 1965

[Commonwealth immigration]: memorandum by Sir F Soskice to Mr Wilson proposing measures to tighten existing controls and to assist in the integration of immigrants

1. I would be grateful if I might have the opportunity of a short discussion with you on the question of Commonwealth immigration, on which I would like, if I can, to be in a position to make a statement at an early date after Parliament meets on 19th January. You may remember that I spoke to you about this matter some three weeks before Christmas.

2. The position is at the moment that on 17th December 1964 I presented a Paper to the Commonwealth Immigration Committee (C.I. (64) 7) suggesting certain measures which I thought were necessary for the purpose of tightening the existing control. You minuted to me on this paper asking me whether I had considered all possible methods of dealing with the matter administratively under existing powers, and in particular whether I had given full consideration to the possibility which I mentioned to you in the conversation above referred to of making the existing control more effective by posting immigration officers in the countries of origin of immigrants in the offices of our High Commissioners in those countries. I had considered and have again considered with my advisers the possibility of proceeding in this way and of using other existing powers; but I have come to the conclusion that it would not be possible by these means to make control effective.

3. A basic difficulty is that even if it were possible to reduce evasion to nil, the numbers of immigrants to whom we are virtually committed to allow entry must in any event be considerable. The following figures will give some indication of the nature and dimensions of the problem. One starts with what I may call the net annual intake, by which I mean the number by which in each year arrivals of immigrants from Commonwealth countries and Colonies exceed departures. These really are the important figures, by which to measure the problem. I divide for this purpose Commonwealth countries into 'old' and 'new'. By 'old' I mean Canada, Australia and New Zealand, and by 'new' I mean broadly those countries and colonies of which the populations are coloured, though in this latter category I also include countries such as Malta and Cyprus. The existing control came into operation on 1st July 1962. These figures are as follows:—

<i>1959</i>	<i>1960</i>	<i>1961</i>
old —	old —	old —
new 22,000	new 58,000	new 136,000
<i>1962</i>		
<i>1st January to 30th June</i>	<i>1st July to 31st December</i>	
old —	old 6,000	
new 90,000	new 8,500	
<i>1963</i>	<i>1964</i>	
old 9,000	<i>1st January to 31st November</i>	
new 57,000	old 13,500	
	new 60,000	

The figures for December 1964 are not yet available. It is likely that there will have been a net intake from the new countries and (as in December 1963) a net departure of people from the old countries. So far therefore as coloured immigrants are concerned it can be said with reasonable certainty that for the whole year 1964 the net intake will have been between 60,000 and 65,000. Thus in 1964 the net intake will have exceeded that of 1960 and very greatly exceeded that of 1959 before the control began to operate. Admittedly to get a more accurate picture one would need to trace the development of the 'net intake' over a much longer period of years. But I don't think a longer period is likely to show a diminishing net intake. My anticipation is that it will increase. In the figures I give in the succeeding paragraphs I will confine myself to figures of coloured immigrants (including for this purpose Cypriots, Maltese, etc.)

4. The Commonwealth Immigrants Act 1962 provides that dependants who are children under 16 and wives of immigrants are (if they satisfy the Immigration Officer that they are within this category) entitled as of right to enter. Under this heading in 1964 persons at the annual rate of 25,000 were allowed entry, and the indications are that this figure will increase. It is not easy to estimate the total number of such dependants of coloured immigrants still to come; but we do not think it can be less than about half a million. It is estimated that the number of coloured immigrants now in the United Kingdom is in the region of 800,000, though no precise figure is available. The majority of the breadwinners who enter either bring or may be expected in due course to bring dependants. The natural rate of increase in this country also has to be taken into account. In addition dependants who under the Act have no statutory right to enter, such as children over 16, children of close relatives, elderly parents and so on, have been allowed to enter at discretion by my immigration officers. The present annual rate of admission is about 7,500.

Even if I cut down very drastically on this figure of entrants at discretion I could not, I am advised, reduce it by more than 2,000 to 3,000 annually. It is I know you will agree inhuman to put obstacles in the way of families coming together; and I would not propose to alter substantially the existing rights or discretionary principles on which dependants are admitted. There is certainly some evasion of these provisions by people (particularly Pakistanis) who, for example, pass themselves off as the dependants of people already here; but it is impossible to make any reasonably accurate assessment of its scale. One is thus committed to an

irreducible minimum intake annually of something over 30,000 dependants, for many years to come.

5. In addition under the Act students who wish to study at a 'university college, school or other institution' for the whole or a substantial part of their time have a statutory right to be admitted to this country. They are now being admitted at the rate of 19,000 a year. I do not think there is much evasion by persons passing themselves off as would-be students who are not in fact, though there is some. I believe, however, that a good many who genuinely come as students do not go back after completing their courses, or not even completing their courses. I have no means of estimating the extent to which this takes place; since once he is past the immigration barrier I have no effective means of keeping a check on the student's subsequent movements. I would like this statutory right to enter terminated, so that the would-be student would enter at the discretion of the immigration officer; but there may be political difficulties about this. But if I am to prevent a proportion of this 19,000 remaining permanently in this country, as I believe they now do, I would require a power to deport them if they do not leave at the end of their course. At the moment I have no such power, and have therefore virtually no means of preventing as many as wish to do so from staying on.

6. At present coloured immigrants who have obtained A or B labour vouchers are being admitted at the rate of 14,000 a year. Since the middle of 1964 the Ministry of Labour have ceased even accepting new applications for C vouchers from citizens of India and Pakistan (unless they have served in our armed forces) and are not issuing any (a back-log of some 300,000 has built up). Shortly, an A voucher is a voucher issued to an immigrant who has a job in this country, whether skilled or unskilled to go to, in which there is an employer here ready to employ him. B vouchers are issued to applicants with certain skills e.g. a doctor, nurse, teacher, shorthand-typist, etc. A and B voucher holders make a contribution to our economy; but I should like to see a drastic reduction in the voucher holders admitted. If this number were reduced to say 10,000 we would have with this 30,000 or over dependants an irreducible minimum of 40,000 annually or over, quite apart from the students who stay on and the visitors who stay on (with whom I deal in the next paragraph,) and of course the natural increase.

7. About 220,000 visitors arrive annually from the whole Commonwealth of whom about 70,000 are coloured. I am sure a number do not leave; but I have neither the means of checking how many, nor the power to make them go, should I find them.

8. In the result one has to face the situation that whatever we do, it is politically virtually impossible to reduce the net intake even if we are very drastic in tightening up the existing control below something in the region of 40,000 per annum (or under, depending on how much we reduce the annual intake of voucher holders). As stated the actual intake in 1964 must have been at the rate of 60,000 to 65,000. There is, and I am certain is publicly known to be, a considerable amount of evasion. Under the existing control, I am almost entirely powerless to stop or even reduce this evasion which I believe will increase; and I shall certainly have to face questions when the House meets, as to what the Government is going to do about it. If the answer is that we are not going to take any adequate steps to make the control effective, I believe public opinion will become exasperated. It is no answer to say the Conservatives imposed the control; because we resisted even their control. If during



the summer and autumn of 1965 it transpires that the annual intake has risen still higher (in 1964 it was about 14% higher than in 1963), I believe great harm will be done to the Government, and the personal position of the Home Secretary will be exceedingly difficult. This is, of course, purely a personal judgment, about which I may be wrong, but I am convinced that I am unlikely to be. Resentment at the moment is largely but not entirely confined to the areas in which there are large concentrations of coloured immigrants. If it were possible to procure their dispersal throughout the community the resentment might be temporarily at any rate to some extent allayed. But naturally newly arrived immigrants want to go where their friends are already and where there is work for them; and cannot be prevented from doing so. I know of no way in which they can be induced within any reasonable future period to spread throughout the community.

9. The question then arises what is the best way to handle this problem; and my view is that the proper approach is by way of what I would describe as a 'package deal'. In practical terms I mean the more or less simultaneous announcement by others of my colleagues and myself of a number of measures, designed not merely to make the control effective, but to integrate the coloured immigrants in a genuine sense into the community as first and not second-class citizens. It was this broad approach that I tried to put to the House in the debate last November on the Expiring Laws Continuance Bill, and I think that on both sides of the House this commended itself as a civilised way of dealing with a very difficult social problem. What I feel certain about is that it would in the course of the next few months turn out to be disastrous if we as it were let the problem drift. As stated I greatly hope we can do something of this sort before the end of this month.

10. The constituent parts of this 'package deal' which we would announce I envisage would at least include the following:—

(i) The adoption of such measures of an administrative character as are more open to us—they would not be enough by themselves—so far as possible to tighten the existing immigration control, by the use of existing powers.

(ii) The introduction of a Bill which would give to the Home Secretary additional powers by way of deportation and requirements as to registration, reporting, furnishing evidence of identity and so on, necessary to put an end so far as possible to the existing evasion of the scheme and to make the control 'effective'.

(iii) This same Bill (or as to (a) another bill to amend the Public Order Act 1936) would include two further provisions:—

(a) A provision prohibiting what may be loosely described as discrimination against persons on the ground of their colour and perhaps race or origin in public places. I have prepared a rough draft of the form which this provision might take which I annex as an Appendix.

(b) A provision enabling financial aid to be given to local authorities with a view to the encouragement by them of steps taken to integrate the existing coloured immigrants into the community. I fully appreciate the difficulties of the Chancellor of the Exchequer in agreeing to further finance at the present time; but we specifically promised in our Election Campaign that 'Special' help would be provided and I would have thought this was largely understood at any rate to include financial help. It could be on a modest scale, at any rate for the first year. The purposes for which the finance was to be used could in the bill be

restrictively defined, and their scope would obviously require very careful consideration.

(iv) The introduction of a Bill to amend the Public Order Act 1936 by prohibiting racial incitement. I have received advice from my own department about this, and am at present engaged in conversations with the Lord Chancellor and the Law Officers on the form such a Bill might take. As you will remember there are serious difficulties of definition, but I hope they can be overcome. It is I think essential so to frame any such provision as to win general public approval, and to avoid any appearance of unduly inhibiting anything which could reasonably be regarded as legitimate even if biased and bitter criticism on discussion of a public issue.

(v) An announcement that invitations have been sent to Commonwealth countries inviting them to participate in conversations on the form of the existing control. You will remember that on the authority of the Cabinet the Secretary of State for Commonwealth Relations on 9th November sent telegrams to Commonwealth Governments asking if they would wish to take part in conversations on immigration control. So far only a few have shown any interest. No such conversations could I imagine be completed before many months have elapsed.

and finally

(vi) I would hope that some of my colleagues might be able to make statements from the point of view of their departments announcing steps that they propose to take to promote integration, for example, in the field of housing, health, education and the social services. I realise that it is not easy to announce any very striking proposals in these fields, as, with heavy pressure to meet the needs of the indigenous population, possibilities in these fields are somewhat limited.

11. It is obviously arguable that we should not announce any measures we propose to take unilaterally to make the control effective, but should rather announce in January that we are initiating Commonwealth discussions with a view to making proposals (which we would not in the announcements specify) to Commonwealth Governments. I do not favour this course. It would mean postponing any action for many months while discussions were taking place, during which time the intake of coloured immigrants might continue to build up and there would be 'jumping the gun'. Even then the discussions might end inconclusively, or individual Commonwealth Governments might put forward proposals with which we could not comply, with the consequent embarrassment which a refusal to accept these proposals would entail.

12. Since putting my paper before the Commonwealth Immigration Committee I have had the great advantage of purely informal conversations with the Secretary of State for Commonwealth Relations, the Secretary of State for the Colonies, and the Minister for Overseas Development. It is an extremely invidious position for a Labour Home Secretary as one of the Government's early steps to propose asking for additional powers to tighten up the immigration control, and my colleagues are understandably very uneasy about my proposals. I am grateful to them for their help and suggestions, however. They stressed that whatever is done any tightening up of the control must be equally applicable to the old and new Commonwealth countries,

and that aliens must not be put in a better position than Commonwealth immigrants. Both of these propositions I of course accept, although with regard to the former it may be difficult to avoid applying any measure for tightening the control more strictly, say, in the case of Pakistanis who evade on a larger scale than in the case of other Commonwealth countries, whether old or new, immigrants from which do not resort to evasion on so large a scale.

13. An incidental, but I think not unimportant, advantage which would derive from my proposals is as follows:— Lord Caradon came to see me immediately before his departure for the U.N. to ask me what was being done with regard to legislation forbidding race discrimination and incitement. This was because the draft U.N. Convention on Racial Discrimination which includes a requirement that signatory countries should take steps to prevent race discrimination and incitement is likely to come up for discussion in about the third week of this month. It would be of great assistance to him if the Government were able to announce fairly soon after that such measures were to be introduced (though no doubt a simultaneous announcement that the control was to be tightened up would not be of help to him).

14. I thought it right to set out the problem and my own ideas as to how it should be approached. It would be of great help to me if I might in a short discussion ascertain your own reaction. The matter is due for further consideration by the Commonwealth Immigration Committee later this week or early next week.

I am sending a copy of this memorandum to the Lord President.

#### APPENDIX

(1) It shall be an offence in a public place to withhold from coloured persons or persons of any particular racial ethnic or national origin facilities, advantages or services which are at that place available whether on payment or otherwise to members of the public in general resorting thereto who are not of that colour or origin, unless the person charged proves that the fact that such persons were of that colour or origin was neither the sole nor the main reason why he withheld such facilities, advantages or services as aforesaid.

(2) For the purposes of this section a public place means a hotel within the meaning of section 1 subsection 3 of the Hotel Proprietors Act 1956, a restaurant, a cafe, or any place kept or used for the sale of food or drink to the public, including premises licensed for the sale of intoxicating liquors, or any place kept or used for dancing, singing, music, a theatrical or cinematographic performance or any public entertainment of the like kind, and a person withholds facilities, advantages or services who being whether alone or in conjunction with other persons the owner of or in charge of that place and in a position to make available or to cause to be made available such facilities, advantages or services at such place on being at reasonable hours and in a reasonable manner requested to make them available declines or fails within a reasonable time so to do.

(3) A prosecution under this section shall not be instituted except by or with the consent of the Director of Public Prosecutions.

(4) A person convicted of an offence under this section shall be [liable] to a fine not exceeding £50 and on conviction for a second or subsequent offence shall be liable to a fine not exceeding £100.

**437** HO 344/173

15 Feb 1965

**'Immigration': letter from D J Mitchell<sup>1</sup> to G J Otton<sup>2</sup> on a mission to Commonwealth countries**

The Prime Minister held a further meeting with the Lord President, the Home Secretary and the Commonwealth Secretary on Friday, February 12, about his suggestion that Mr. R.A. Butler<sup>3</sup> might lead a small mission to certain Commonwealth countries to examine the possibility of tightening control of immigration at the exporting end.

It was agreed that there was scope for such an enquiry, which should be directed to examining what could be done to make controls on evasion effective, measures requiring legislation not excluded. In particular, the machinery for issuing passports in certain countries might repay study. It was suggested that the mission should visit Pakistan, India, Nigeria, Jamaica, Trinidad and one 'white' Commonwealth country. Malta and Cyprus should be left out for the moment.

The mission might also be asked to have an eye to the possibility of a quota system as a more positive method of control if the present one could not be made effective, but it might be better not to do this overtly.

The conclusion of the meeting was that the Home Secretary, in consultation with the Commonwealth Secretary, would produce detailed proposals for the terms of reference of the mission, and that these, after further discussion in the same small group, would be considered by the Commonwealth Immigration Committee. The Prime Minister stressed that progress should be as speedy as possible in case Mr. Butler took on other commitments which would occupy his time between now and the date on which he assumes the Mastership of Trinity.<sup>4</sup>

<sup>1</sup> Principal private secretary to Mr Wilson (see 195, note 1).

<sup>2</sup> Principal private secretary to Mr Soskice.

<sup>3</sup> Conservative home secretary at the time of the 1962 Commonwealth Immigrants Act.

<sup>4</sup> Soskice proposed to Wilson the following terms of reference for the mission: 'To consider, in consultation with Commonwealth governments, what new measures might be adopted in the countries of origin to control the flow of immigrants to the United Kingdom.' The prime minister inserted 'particularly' after 'adopted', preferred 'regulate' to 'control', and suggested at the end the insertion of the words, 'with particular reference to the control of evasion', subsequently amended to 'including the need to prevent evasion of control'. Butler declined the invitation to lead the mission, and Lord Mountbatten was appointed instead. Mountbatten did not visit Pakistan, the government of that country refusing to receive him, as it had on previous occasions, on account of his role as viceroy in the partition of India in 1947, and what they alleged was his partiality towards India during the time he spent as India's governor-general in 1947–1948 (HO 344/173). The Home Office believed Mountbatten should be free to 'interpret his terms of his terms of reference liberally, and should feel himself quite free to canvass both changes of policy and changes in statutory powers' (PREM 13/382, pp 35–38, minute by Sir C Cunningham, permanent under-secretary of state at the HO, 18 Mar 1965).

**438** CAB 129/120/2, C(65)23

17 Feb 1965

**'Racial discrimination and incitement to racial hatred': Cabinet memorandum by Sir F Soskice**

It was stated in The Queen's Speech on the opening of Parliament that the Government would 'take action against racial discrimination and promote full

integration into the community of immigrants who have come here from the Commonwealth'. During the Committee Stage of the Expiring Laws Continuance Bill I indicated that it was our firm intention to introduce as soon as possible legislation dealing with discrimination against coloured persons in public places; and that if, as I hoped, we could overcome the formidable difficulties of definition, we would couple with it legislation against incitement. (Official Report, 17th November, 1964, cols. 287–8.)

2. I have since given much thought to the form which legislation might take and, following discussions with the Lord Chancellor and the Law Officers, I submitted a memorandum to the Home Affairs Committee. At their meeting on 12th February the Committee expressed general agreement with my proposals, but in view of their political importance and inevitably controversial nature they invited me to bring them before the Cabinet. This I now do.

### *Racial discrimination*

3. If we are to make discrimination a criminal offence we must, I think, define fairly narrowly the area in which that offence may be committed and avoid interference with the rights of the individual where their exercise is not contrary to the public interest. We must also be sure that any provision creating an offence of discrimination can be enforced. These are difficult problems.

4. My proposal is that discrimination on grounds of race or colour should be penalised if it is practised in places to which the public have access—in particular in hotels, restaurants, public houses, places of entertainment or recreation and public transport vehicles. There is not much evidence of discrimination in such places now; but it is indefensible if it should occur and I think it is right to prohibit it. We cannot, I feel, go further and deal (for example) with the refusal of landlords to take coloured lodgers—which leads to a lot of complaint—without interfering unjustifiably with the rights of the individual.

5. We must recognise that even in places to which the public have access services may be refused to a coloured person for reasons which have nothing to do with discrimination of this kind. Persons are commonly refused services where, for example, they are the worse for drink or unkempt or their dress is unsuitable for the particular place; and if these grounds of refusal are to continue to be available, they must apply to coloured as to white persons. In the nature of things it would, I think, be impossible to place on the prosecutor the responsibility of proving in every case that the refusal of services was due to discrimination on grounds of race or colour. I propose therefore to make it an offence to refuse to coloured persons—or to persons of a particular race—services which are available at the place in question to other members of the public in general, unless the accused can show that the substantial ground of the refusal was not race or colour.

6. The offence would be a summary one with a maximum penalty of £50 on first conviction and £100 on any subsequent conviction. I propose also to limit the right to prosecute to the Director of Public Prosecutions for two reasons. First, the police, who are worried about the effect of new legislation on their relations with the coloured population, are most unwilling to undertake the difficult and invidious task of prosecution. Secondly, it seems to me right, in principle, to include the additional safeguard of prosecution by the Director against the bringing of proceedings on grounds other than the public interest. The creation of the new offence represents a

considerable interference with the rights of the individual; and while I think this is fully justified it is, in my view, desirable to demonstrate that the circumstances of each case will be fully and impartially considered before action is taken and that the law will be consistently administered.

7. I have set out in Appendix A<sup>1</sup> a rough outline of the provisions I have in mind. It will no doubt need alteration by Parliamentary Counsel.

*Incitement to racial hatred*

8. Amendment of the law to make incitement to racial hatred an offence has been frequently proposed during the last 30 years. The case for it has been strengthened by developments since the war—the growth in the coloured population; the immediate and nation-wide publicity given by television to any disorders; the indignation caused by propaganda of the ‘Hitler was Right’ type after the years of Nazi persecution of the Jews. The problem remains, as it always has been, to frame a provision which will penalise indefensibly scurrilous and inflammatory speeches or publications without curtailing legitimate freedom of comment and controversy.

9. Section 5 of the Public Order Act 1936 provides that—‘Any person who in any public place or at any public meeting uses threatening, abusive or insulting words or behaviour with intent to provoke a breach of the peace or whereby a breach of the peace is likely to be occasioned, shall be guilty of an offence.’ After the disturbances caused in 1962 by minor Fascist leaders, such as Colin Jordan, and their opponents, at public meetings, the Public Order Act 1963 increased the penalties under Section 5 of the Act of 1936 from a maximum of three months’ imprisonment or a fine of £50 or both to a maximum of three months’ imprisonment and/or a £100 fine on summary conviction and 12 months’ imprisonment and/or a £500 fine on conviction on indictment. During the passage of both Bills amendments were proposed which would have widened their scope to penalise incitement to racial or religious prejudice, or to hatred on grounds of race, colour or creed. The view prevailed, however, that to make such incitement an offence would encroach unacceptably on the right of free expression and was too close to political censorship.

10. There have been no recent troubles on the 1962 scale, and there is at present less general concern about public meetings. The representations which I receive refer to written matter—anti-Semitic articles in Fascist news-sheets, swastika-daubing and the fly-posting of stickers of the ‘nigger neighbour’ variety.

11. The existing law is defective in dealing with written incitement. The common law offence of seditious libel (endeavouring to stir up hatred or hostility between different groups of The Queen’s subjects with the intention of promoting violence) has been variously interpreted, and, as the *Caunt* case showed, a conviction is not easy to secure. At present offensive remarks can be disseminated in writing provided that they are not obscene or blasphemous, or seditious in the comparatively narrow sense indicated above; and a scurrilous campaign could be mounted, *e.g.*, against coloured immigrants, on a sufficient scale to produce a considerable effect without falling foul of the law, in view of the difficulty of proving that publication took place ‘with the intention of promoting violence by stirring up hatred or hostility between different classes of The Queen’s subjects’.

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<sup>1</sup> Appendices not printed.

12. My present proposals, while they are designed to close this gap in the law dealing with written incitement, would also broaden and strengthen the law on incitement to racial hatred generally. I am satisfied that the time has come when it is right and necessary to penalise deliberate incitement to racial hatred, oral or written, whether or not it can be shown that it was intended or likely to cause a breach of the peace. My proposals are therefore twofold:—

(a) The scope of Section 5 of the Public Order Act 1936 (see paragraph 9 above) should be extended to include the dissemination of written matter which is threatening, abusive or insulting, with intent to provoke a breach of the peace or whereby a breach of the peace may be occasioned. The penalties (as increased by the Act of 1963) would be the same.

(b) It should be made an offence for a person, with intent to stir up hatred against an ethnic or racial group, to disseminate written matter, or in a public place or at a public meeting to use speech, which is threatening, abusive or insulting and likely to stir up hatred against that group on grounds of race or colour. It would thus be necessary to prove both that the matter complained of was likely to stir up hatred on grounds of race or colour and that the accused intended to stir up hatred; but, if it were shown that the matter was likely to stir up such hatred, it would be for the accused to satisfy the court that he did not intend to bring about the natural consequence of his action. In my view a provision on these lines would strike a reasonable balance between the preservation of freedom of speech and the protection of racial groups from vicious attacks. I propose that proceedings for this offence should not be instituted except by or with the consent of the Attorney-General: this should afford a further safeguard against proceedings being taken in circumstances which would penalise or inhibit legitimate controversy.

The provisions I have in mind would be broadly on the lines shown in Annexes B and C.

#### *Discrimination and incitement to hatred on grounds of religious belief*

13. The Home Affairs Committee invited me, in putting my proposals to the Cabinet, to refer to a difference of opinion in the Committee on the question whether the proposed measures should be applied to discrimination or to incitement to hatred on religious grounds. Some members feared that a charge of racial discrimination might be met by the suggestion that the person in question was refused services, not on grounds of race, but because he was, for example, a Muslim; and that, in view of the attitude which the Labour Party had adopted in the past, it would be expected that the provisions against incitement would protect religious as well as racial minorities. I doubt whether in practice there is a need for legislation to deal with discrimination or incitement on religious grounds; and I am anxious not to have to face a charge of preventing religious or political controversy except where a clear case for doing so can be made out. Further, as regards incitement, Section 5 of the Public Order Act already prohibits the use of offensive language in a public place, irrespective of the persons attacked, if the result is intended or likely to be a breach of the peace. It would thus apply to abuse on religious grounds. So therefore would Annex B. Annex C would only apply to race or colour origin; that is something one cannot help.

*Conclusion*

14. I seek my colleagues' approval of my proposals and of my announcing to Parliament the Government's intention to introduce legislation on these lines. Before making any announcement I propose to consult the Opposition informally with a view to reducing controversy in the House of Commons, and I will raise the question of timing again with my colleagues when I have done so, and I shall of course consult the Leader of the House and the Chief Whip about timing.

**439** CO 967/428, no 20

12 May 1965

[Police]: letter from Sir F Soskice to Mr Greenwood on the appointment of 'coloured' policemen. *Annex*

You will remember raising the possibility of arranging for a contingent of coloured police officers from the Colonies to come here to carry out ceremonial duties e.g. at the Houses of Parliament, Buckingham Palace and Downing Street. I have not been able to write to you before about this as I have been going very carefully into the whole question of the enrolment of coloured men into home police forces, and this has been one of the points to which I have had special consideration given in the course of the discussions that have been taking place both through H.M. Inspectors of Constabulary and direct between the Home Office and chief constables.

I am now enclosing for your information an advance copy of a paper which I am circulating to the committee on Commonwealth Immigration. You will see that the particular point which you raised is discussed in paragraph 6. The short point is that we have not been able to discover any purely ceremonial police duties which could be carried out by coloured officers coming from a colonial force. The police are in this respect quite different from the army whose job it is to mount ceremonial guards. Police who are on duty at Buckingham Palace and in Downing Street must be ready to carry out any kind of police duty, and of course in certain circumstances, especially in Downing Street, they may have very difficult and delicate jobs of crowd control to undertake.

This means that if coloured police were to be brought here for such duties they would have to be enrolled as police officers and, quite apart from the difficulties that this would involve, my advisers cannot suggest any form of training which would, with their very different background in their own countries, put them in a position to carry out police duty here without risking some kind of incident which would set back very considerably the cause that we all have in mind.

This is not a question of prejudice against coloured policemen; the situation would be just the same if, for example, it were to be suggested that police officers should come here from the United States to carry out police duties here [sic]. Coloured police officers are in fact welcomed here for training and work side by side in residential and non-residential police training establishments ranging from the Police College itself to all kinds of technical training schools. It is in fact an impressive list of countries from which we take predominantly coloured trainees—I enclose a copy for your information—and I think that we might consider taking steps to give further publicity to this.



On the main issue dealt with in my paper I think that the most promising avenue is likely to be that of recruitment to the police cadets.

### **Annex to 439: Note by Mr Soskice, 'Appointment of coloured policemen'**

I have now been able to give further consideration to this matter in the light of discussion with H.M. Inspectors of Constabulary and with representative Chief Constables. The formal position, as the Committee will be aware, is that the appointment of constables is by law a local matter, and that chief officers are responsible for recruitment. Regulations made for the whole service lay down certain basic qualifications for appointment, but these do not discriminate in any way between British subjects of differing race, colour or creed.

2. My enquiries have confirmed that there is no evidence at all that the better educated coloured man of good physique has any interest in joining the police. Very few coloured candidates have presented themselves for police forces who could be considered to have even borderline qualifications. The chief officers who have been consulted are in general agreement that suitable coloured applicants should and would be appointed, but they would naturally take extreme care, especially in the early stages, to ensure that a coloured recruit was of indisputably good quality, that he was likely to stand up to stress and strain of the job and to the close interest that his appointment would undoubtedly evoke, and that he was sufficiently accustomed to British life by having lived in this country for some time—preferably being brought up here—to make certain that he would fit in to the accepted pattern of police/public relations.

3. The question of assimilation is not one of training. There is no difficulty about training coloured police officers and in fact for many years now coloured officers from the Colonies have been trained on a very large scale. Last year coloured students from police forces from no fewer than 36 separate territories came to this country for training, sometimes at special courses but more usually joining in standard courses for the U.K. police. This however is a different matter from actually exercising authority (and deciding when not to exercise it) in a way that is acceptable to the British public.

4. A few chief constables, especially those in areas where there is already an element of racial tension (e.g. between Pakistanis and Irish in towns like Bradford) would prefer not to be amongst the first to appoint coloured officers since they feel that the unruly element would regard the appointments as an incitement to make trouble and that the inter-racial situation would be made worse rather than improved. There are however a number of areas where there is no background of this kind and where the chief constable would have no hesitation about appointing a suitable candidate. The most suitable areas would be those with a comparatively small coloured population and no race tensions.

5. One field which has not so far been fully explored is that of the appointment of coloured youths to cadet forces. Most police forces now have their own cadet forces where whole-time training of up to three years is given, often on a residential basis, and it is the general view that enrolment as a cadet would enable a suitable candidate to become thoroughly accustomed to British life and mentally adjusted to the type of duty that he would have to perform. Moreover, if he proved unsuitable he would be

required to leave the cadet force, as unsuitable cadets often are, long before he reached the stage of becoming a constable. The cadet service is a possibility to be encouraged.

6. I have gone carefully into the suggestion that coloured officers might be brought here, possibly on an exchange basis, to perform ceremonial duties. I am satisfied that this would not be practicable. Police in this country are not employed on purely ceremonial duties such as, for example, those of Service men outside Buckingham Palace. Any police officer who is on duty, e.g. at the Palace or 10 Downing Street, is expected to carry out the full range of police duties if necessary and indeed he might be confronted with situations which would require just as much discretion and familiarity with British habits as would any constable on duty elsewhere.

7. I think that if we were to approach appropriate High Commissioners with the suggestion that they should seek to encourage suitable young men to apply to police forces, we should run the risk that with the best will in the world on both sides, some of those whom they put forward would not be up to the standards required, and there might be a danger in the end of causing bad feeling rather than good.

8. I am satisfied that nothing would be worse than to press chief officers into making appointments of men who were doubtfully suitable for the always exacting work of the constable. It is easy to imagine the bad feeling that would be caused if the services of a coloured recruit had to be dispensed with during his probationary period because his early service showed that he was not suitable.

9. This is a matter in which there is a strong and continuing public interest, and as opportunity offers I shall make it clear that as a matter of policy it is accepted that coloured applicants are not excluded from British forces and that I am confident that applicants who reach the necessary educational and physical standards, and who can show—as any other applicant would have to—that they have a background of familiarity with British life and of what is required of a police officer here, would be given as good a chance as any other applicant. I would emphasize the value of the cadet service as a means of ensuring that applicants of the right standard become fully aware of what would be expected of them before actually doing duty, and I would express the hope that those who are responsible for educating coloured boys brought up in this country would bear this especially in mind. I should go on to say that it was my policy to make it quite certain that there was no discrimination in this matter as in others, and that I was sure that chief constables and police authorities would agree with me about this.

1964

*Total coloured students—314*

*Kinds of course* 'A' course at the College, Recruit Training Courses, C.I.D., Fingerprint and Photography, Traffic Patrol, Driving, Dog handling, Equitation, in addition to specially designed courses.

*Countries from which coloured students come*

Aden, Bahamas, Bermuda, British Guiana, British Honduras, Bechuanaland, Basutoland, Ceylon, Congo, Fiji, Gambia, India, Iran, Iraq, Jamaica, Kuwait, Liberia, Malaya, Nigeria, Mauritius, Nepal, Nyasaland, Sierra Leone, Swaziland, St. Kitts, Sabah (Borneo), St. Lucia, S. Arabian Federation, Singapore, Tanganyika, Trinidad, Thailand, Uganda, U.A.R., W. Cameroons.

**440** PREM 13/383, p 10 5 July 1965  
 [Immigration]: minute by Dr T Balogh to Mr Wilson on the economic  
 benefits to Britain of immigration

It may be felt desirable to set a limit to immigration for social or political reasons. However the following economic considerations should be borne in mind when decisions are made on this subject:

Every European country that has grown at a rate of more than 3½ per cent has experienced heavy net immigration.

Immigration is essential to prevent the substantial wage drift that is likely to arise as a result of rigidities in the labour force at full employment.

Without immigration there would be serious shortages of workers willing to do unskilled, dangerous and dirty jobs, since training for semi-skilled work with semi-automated machines is simple and easily available.

**441** CAB 129/128/2, C(65)90 6 July 1965  
 ‘Commonwealth immigration’: Cabinet memorandum by Mr Bowden  
 (lord president of Council) on the recommendations of the  
 Mountbatten Report

It is necessary to reach early decisions on recommendations arising from Lord Mountbatten’s recent Mission to certain Commonwealth countries, if a full and detailed statement of Government policy is to be made as promised by the Prime Minister in the House of Commons on 15th June, and a White Paper issued before the Summer Recess.

*Lord Mountbatten’s Report*<sup>1</sup>

2. Lord Mountbatten was commissioned to explain to the other Commonwealth Governments whom he visited the problems caused us by the present scale of immigration into this country, and to consider what new measures might be adopted, particularly in the countries of origin, to regulate the flow. He was also invited to make any recommendations as to policy or procedures in the whole field of immigration. His recommendations were summarised in paragraph 76 of his Report (C. I. (65) 19), of which an extract is attached at Annex A.<sup>2</sup>

*Commonwealth Immigration Committee’s views*

3. These recommendations have been considered by the Commonwealth Immigration Committee, who are prepared to accept them except as explained below.

*Workers (recommendations (i) to (viii))*

4. The Committee considered that the overall figure of 10,000 vouchers a year in future recommended by Lord Mountbatten was too high, and that a more realistic

<sup>1</sup> For Mountbatten’s *Report on Commonwealth Immigration*, 13 June 1965, see HO 344/175.

<sup>2</sup> Annexes not printed.

figure would be 7,500. This figure, however, needed to be considered against the figures of aliens admitted for employment here, of whom 9,000 were allowed to take up permanent residence here in 1964 (an exceptionally high year).

5. While generally in favour of the abolition of Category C (mainly unskilled) vouchers, the Committee felt that, while perhaps maintaining the distinction between Category A vouchers (those with jobs to go to) and Category B vouchers (those with special qualifications or skills needed here), vouchers might be issued within these broad categories according to a restricted list of eligible occupations agreed inter-departmentally and arranged in order of priority. On the basis of a limit of 7,500 vouchers the Minister of Labour has suggested the following list:—

- (1) doctors, dentists and nurses;
- (2) qualified teachers;
- (3) graduates in science or technology with two years' post-graduate experience;
- (4) non graduates with certain professional qualifications and two years' experience after qualifying;
- (5) persons with offer of employment in hospitals;
- (6) persons with offers of employment in public transport.

He considers that it would be impracticable not to reveal publicly these classifications and the criteria required.

6. As regards Malta (recommendation (vii)), some members of the Committee were doubtful about the proposal for special arrangements to ensure that Malta receives until 1967 not less than her present level of 1,500 vouchers. This matter must clearly be considered in relation to Her Majesty's Government's relevant commitments to Malta, which are set out in the note at Annex B.

7. Some members of the Committee think that attention should be drawn to two further implications of these proposals:—

- (i) By restricting categories of Commonwealth employment-voucher holders to those with special qualifications of value to this country, would we not, in our own interests, be discriminating against Commonwealth countries, both in 'creaming off' the skilled professional workers whose services they need themselves, and at the same time in treating them less favourably than foreign countries on whose nationals no such limitations are imposed?
- (ii) By imposing such rigid and limited categories of employment for immigrants from Commonwealth countries, should we not be inflicting undue hardship on small dependent territories (for whom Her Majesty's Government have a special responsibility) whose economies are to a greater or lesser extent dependent on being allowed to send workers here in other categories than those listed?

8. Figures are attached at Annex C of statistics regarding the immigration and employment of Commonwealth citizens and aliens, and statistics of vouchers hitherto issued to Commonwealth citizens for different categories of employment.

#### *Dependants*

9. The Committee felt that some further limitation on the entry of dependants was desirable, having regard particularly to a possible half million dependants now

entitled to admission if they care to exercise the right.<sup>3</sup> They considered—but rejected—various possibilities of imposing a limitation, including that of a moratorium on the entry of all dependants and a scheme for requiring proof of satisfactory housing arrangements being available for all newly arriving dependants of established immigrants. They consider, however, that, while preserving their legal right of entry, there must be stricter control of dependants. The Committee agree with the Mission's recommendation (x) that the concessionary extensions set out in Cmd. 1716 (to allow children from the ages of 16 to 18 to join parents and to allow children under 16 to rejoin relatives other than parents) should be withdrawn. As regards the need to verify claims for the admittance of dependants (recommendation xi), after considering various alternatives, the Committee think that the best arrangement would be to make it a requirement for immigrant workers to register, before some specified date, the names and particulars of all their direct dependants. These should be checked in the country of origin, and certificates issued which would need to be produced to immigration officers on arrival to secure admittance. Legislation would be needed to enable immigration officers to refuse admittance to dependants arriving without certificates of registration. The Home Secretary should have discretionary powers to waive the strict application of these requirements in compassionate cases.

### *Students*

10. In order to check the *bona fides* of a student the Mission recommended (xii) that encouragement should be given to arrangements whereby Commonwealth Governments and High Commissions in London vouch for the *bona fides* of students. When they completed or gave up their studies they should be allowed to take up work only if they would have qualified for a voucher. To ensure that they left after completing their studies a new general power to repatriate Commonwealth citizens without a criminal conviction or a court recommendation should be used.

11. This would not, however, solve the problem of finding students who left their studies for general employment. The most practical solution would be to compel the registration with the police of those students whose *bona fides* was in doubt. Registration with the police would, however, be inappropriate for Commonwealth citizens and would be sharply criticised by the Commonwealth. Other methods of keeping in touch with them, e.g. through Colleges would be much preferable.

12. The Committee think that there should also be some tightening up of the present criteria for admission as a 'student' and of the definition of 'educational establishment'.

### *Visitors*

13. The Committee agree with the Mission's recommendation (xiii) to limit stays of visitors to six months (extensions being freely granted if good cause is shown).

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<sup>3</sup> Soskice wanted to draw a distinction between the estimated half-million 'entitled dependants' of immigrants already settled in Britain, and future dependants who would not be allowed entry until an immigrant could provide 'proper housing accommodation' for them. The home secretary did not think this would be 'a breach of faith', or 'in any sense inhumane or immoral. On the contrary, to allow dependants to come to overcrowded conditions in an atmosphere of developing ill-will and friction with the indigenous population would I think be described as immoral' (CAB 129/121/2, C(65)92, memo by Soskice, 7 July 1965; see also HO 344/175, minutes by Soskice and Cunningham, 20 & 22 June 1965).

*Conditions of entry*

14. The Mission recommended (xiv) that there should be a general power to impose conditions of entry. The liability would be extended by statute to all Commonwealth citizens subject to control, including voucher-holders and entitled dependants, and the power would be a general power to impose any condition. The Committee agree but feel that the power to require registration with the police as a condition of entry in any class of case should not be exercisable unless it is expressly conferred by a statutory instrument subject to the affirmative resolution procedure. The general power might, it was suggested by the Home Secretary, also be used to obtain photographs.

*Repatriation*

15. The Committee agree with the Mission's recommendation (xv) that there should be power to repatriate Commonwealth citizens without the necessity of a criminal conviction or a court recommendation. They think, however, that a right to make representations to an independent authority would be essential. Whether there should be a qualifying period of residence here for the exercise of this right, and if so how long, will require decision by the Cabinet. Aliens acquire a right to make representations against deportation after two years of residence; it is urged that, in principle, Commonwealth immigrants' rights in this respect should be greater than those of aliens.

*Health checks*

16. While agreeing wholeheartedly that it is desirable to establish effective health checks for immigrants entering the United Kingdom, the Minister of Health does not agree that it is practical to ensure that these are effectively carried out in all the countries of origin. The national health authorities, he thinks, cannot be relied upon to produce reliable certificates, and it would be too difficult and expensive to instal United Kingdom teams of doctors, etc. with the necessary diagnostic equipment in all the countries from which we receive immigrants. He considers therefore that health checks must continue to be carried out in the United Kingdom and extended and improved where possible. Some of the Committee, however, lay greater stress on the arguments in favour of checks in the country of origin, even if not 100 per cent reliable, on the grounds that there is a strong feeling, however unjustified, in this country against potential carriers of diseases being allowed to reach these shores. They emphasise also the hardships involved in returning sick persons once they have arrived here. This has however been the practice over many years with aliens.<sup>4</sup>

*Decisions required*

17. Decisions by the Cabinet are now sought on the following points:—

- (1) Should the overall limit of vouchers be 7,500 annually (subject to a possible special additional allotment to Malta)?
- (2) On this basis should the distinction between Category A and Category B vouchers be maintained and is the limitation of employment-vouchers to the categories proposed by the Minister of Labour (see paragraph 4 above) acceptable?

<sup>4</sup> The Mountbatten Report also recommended (para 69) that immigrants should satisfy the British High Commission in the country of origin that they had sufficient knowledge of English to become assimilated in the UK.

- (3) If agreed, must the proposed categories be made public, as in the past?
- (4) Should similar restrictions be placed on foreign workers?
- (5) Should a special allotment of vouchers be given to Malta so that she may receive up to 1,500 vouchers at least until 1967?
- (6) Should legislation be enacted to enable immigration officers to refuse admittance to dependants of immigrants not in possession of a certificate of registration as a dependant of an immigrant (i.e. as a wife or child under 16 of a voucher-holder)?
- (7) Should a general power be taken for immigration officers to impose conditions of entry on any immigrant whose *bona fides* is in doubt, including dependants and visitors? Should this power include the right to require photographs of immigrants?
- (8) Should this power ever be used to require Commonwealth students, whose *bona fides* is in doubt, to register with the police? If so, should the power to require registration be held in reserve until expressly approved by Parliament under the affirmative resolution procedure?
- (9) If, as proposed, there should be power to repatriate Commonwealth citizens without the necessity of a criminal conviction or a court recommendation, subject to the right of representation, should there be a qualifying period of residence for the exercise of this right, and, if so, how long should it be?
- (10) Should immigrants be required to pass a medical test in the country of origin? If not, should measures be limited to what can be done to improve existing arrangements in this country?
- (11) Should powers be taken for the medical examination of dependants, and also to make it a condition of entry for all immigrants found to require medical treatment that they should take steps to obtain it?

### Timing

18. Decisions are also needed on the timing of:—
  - (i) The statement in Parliament on Government policy.
  - (ii) The issue of the proposed White Paper.
  - (iii) The proposed changes in the voucher scheme, and other changes which need not await legislation.
  - (iv) The timing and date of operation of the legislation required.<sup>5</sup>

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<sup>5</sup> On the key issues, Cabinet agreed with the Immigration Committee that an overall figure of 10,000 vouchers was too high. But instead of the 7,500 recommended by the committee, Cabinet raised the figure to 8,500, 1,000 vouchers being point aside to provide for the special case of Malta. Ministers accepted that to restrict voucher-holders to certain categories of professional worker would deprive dependent territories and poorer Commonwealth countries especially of people they needed: it would constitute 'technical assistance in reverse'. The new figure therefore made 'adequate allowance' for the admission of unskilled workers. Save in compassionate cases to be decided at the discretion of the home secretary, the concessionary right of dependants aged between sixteen and eighteen was to be withdrawn; the right of wives and children under sixteen to enter Britain remained unchanged. Cabinet rejected Soskice's distinction (see note 3 above) between entitled and future dependants. Students whose *bona fides* was in doubt would be required to register with the police, and Commonwealth visitors were to be allowed entry for six months. Within the first five years of an immigrant's stay, the home secretary was given the power of repatriation without the necessity of criminal conviction or the recommendation of a court of law. Health checks were checks were to be required under the supervision of the UK High Commission in the country of origin (CAB 128/39/2, CC 36(65)3, 8 July 1965).

**442 CAB 129/121/2, C(65)93**

6 July 1965

**'Immigration of Asians from East Africa': Cabinet memorandum by Sir F Soskice***The problem*

I wish to draw my colleagues' attention to the existence in the newly independent countries of East Africa of a considerable number of people of Asian origin who, if they choose to come to this country, are not subject to control under the Commonwealth Immigrants Act.

2. Part I of the Act (which provides for control of immigration) applies to a citizen of the United Kingdom and Colonies only if his passport is issued by or on behalf of the Government of a part of the Commonwealth outside the United Kingdom. After a territory has become an independent member of the Commonwealth, its Government issues passports only to those of its inhabitants who have become citizens of the new State. The others who have remained citizens of the United Kingdom and Colonies must then obtain their passports from the United Kingdom Government through the High Commission; and passports so obtained exempt them from our immigration control. The citizenship legislation of the newly independent countries of East Africa did not confer citizenship automatically on either—

- (a) persons who had become citizens of the United Kingdom and Colonies by registration or naturalisation in the country concerned, or
- (b) persons born in the country both of whose parents were born abroad.

The vast majority of such persons are Asians of Indian or Pakistani origin who have no connection with the United Kingdom, but who have no citizenship other than citizenship of the United Kingdom and Colonies.

*Arguments for control*

3. We cannot tell with any accuracy how many of these people there are, but it is thought that there may be as many as 150,000 in Kenya and perhaps another 100,000 in Uganda and Tanganyika. Malawi and other territories, including those still dependent, might account for another 25,000 or 35,000.

4. At first these people showed no tendency to migrate to the United Kingdom but reports from the immigration staff at London Airport since December last indicate that they are now arriving at the equivalent of an annual rate of at least 5,000. Only the arrivals of large parties are reported; since these people are exempt from control, the arrival of individuals or single families is not normally noted. Nor do any of them appear in our statistics of Commonwealth Immigration, which relate only to people subject to control. The political, economic and social factors which induce them to leave East Africa seem unlikely to change for the better in the near future. It is hard to justify letting them enter the United Kingdom freely while contemplating more stringent restrictions on other categories of Commonwealth immigrants.

*Means of securing control*

5. To bring these people within the scope of Part I of the Commonwealth Immigrants Act it would presumably be necessary to amend section 1 of the Act so as



to provide that a citizen of the United Kingdom and Colonies who holds a United Kingdom passport shall be exempt from the control only if he 'belongs' to the United Kingdom in a sense to be specified in the amended provision. The qualifying connection with the United Kingdom would probably be that the individual or his father or his father's father—

- (a) was born in the United Kingdom; or
- (b) was naturalised in the United Kingdom; or
- (c) was registered as a citizen of the United Kingdom and Colonies in the United Kingdom or in a country which at the date of registration was mentioned in section 1(3) of the British Nationality Act 1948; or
- (d) was adopted in the United Kingdom.

7. In view of the pressure of Commonwealth immigration I have thought it right to bring the circumstances outlined in the paper to the attention of my colleagues. My own view is that legislation depriving them of their existing rights and status as citizens of the United Kingdom and Colonies would be difficult to justify. On the other hand it may be argued against this view that it is not practicable, within the limits of the absorptive capacity of this country, to acquiesce in the entry of another quarter of a million or more persons of Asian descent who have little or no connection with the United Kingdom, and that investigation of possible forms of legislation to change their legal status and reduce the numbers entering should be undertaken. Clearly the form of any such legislation would have to be most carefully examined; but if, in principle, my colleagues are of opinion that such legislation is unavoidable, the necessary studies should begin at once before the rate of arrivals increases substantially, as it is perhaps in the nature of things likely that it will, over the present annual rate of 5,000.

I accordingly invite my colleagues to decide:—

- (i) whether we should accept the position that these entrants should have an unqualified legal right to settle in the United Kingdom on a permanent basis; or
- (ii) whether studies should be immediately begun with a view to framing legislation to alter their legal status as citizens of the United Kingdom and Colonies, so that their entry may be restricted.<sup>1</sup>

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<sup>1</sup> In its discussion of immigration on 8 July (see 441, note 5), Cabinet took the view that legislation to deprive the East African Asians of their right to enter Britain would be difficult to justify. The matter was submitted for further consideration to the Immigration Committee.

## **443** CAB 128/43/1, CC 4(68)2

11 Jan 1968

### **'Racial discrimination': Cabinet conclusions on the proposed legislation**

#### *Race relations legislation*

The Cabinet considered a memorandum by the First Secretary of State (C (68) 12) reporting the conclusions of the Home Affairs Committee on the proposed legislation on race relations.

*The First Secretary of State*<sup>1</sup> said that the Home Affairs Committee had considered in particular whether the Race Relations Bill should apply to the sale of owner-occupied houses, whether it should apply to the Crown and to the police and whether assessors should assist the courts in proceedings under the Bill. The Committee had examined these questions on the basis that the purpose of the Bill was to educate public opinion, foster attitudes of toleration, and support those who were willing to adopt such attitudes; and that consequently the presentational aspects of the Bill were of particular importance.

*The First Secretary of State* said that the Home Affairs Committee were convinced that because housing was recognised as one of the immigrants' greatest problems it must be one of the central features of protective legislation; and since half the houses in England and Wales were privately owned, what was done here would be regarded as a touchstone of the Government's sincerity. At the same time, people needed to be reassured that the Bill could not be used oppressively against owner-occupiers or to compel the vendor of a house to accept a bid from a coloured purchaser when he had innocent and justifiable reasons for not doing so. In the view of the Committee, the solution lay in applying the Bill to owner-occupiers, while guiding the Race Relations Board (RRB) in the exercise of their power so as to confine legal proceedings under the Bill to cases of flagrant discrimination. The conciliation machinery should give a vendor an opportunity to explain his reasons for refusing an offer from a coloured person and should accept as a valid reason that, for example, the house had been sold to a friend or someone with a special claim, or that the coloured would-be purchaser was known as a landlord of overcrowded houses, although there would have to be grounds for this assertion distinguishable from prejudice.

In discussion it was pointed out that complainants would not be able to secure an injunction to prevent or delay the sale of a house; this would infringe individual liberty and might cause hardship. The Bill might have little practical effect save in flagrant cases, but it would have a valuable influence on public opinion; it would help house agents to refuse to discriminate themselves or to act for clients who wished to discriminate; and it would discourage conspiracy between neighbours to prevent a sale to a coloured purchaser.

The Cabinet—

(1) Agreed that the Race Relations Bill should apply to the sale of houses by their owner-occupiers.

#### *Application to the Crown*

*The First Secretary of State* said that the Home Affairs Committee had been divided about the merits of binding the Crown under the Bill. There was no dispute about the function of the Bill as a measure to lead and educate opinion, nor about the consequent need for the Government to set the example of its own submission to be bound by law. The difficulty lay in presentation. It had been argued that in binding the Crown the Bill would have to make so many reservations and exemptions that, far from demonstrating the Government's commitment to the principles of the Bill, the provision would appear discriminatory; and that it might be preferable to leave the Crown exempt and make instead a declaration that the Government would abide by the principles and purpose of the Bill. The Committee had concluded by a narrow

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<sup>1</sup> Michael Stewart.

majority that if the Bill was intended to give legal form to the Government's philosophy of race relations such a statement would not suffice; the Government, and hence the Crown, must be willing to be legally bound, though there would be room for special arrangements to be made to safeguard the recruitment arrangements of the Civil Service, the Diplomatic Service and the Armed Forces, and further consultation was needed about the position of the Royal Household and Royal Duchies.

*The Home Secretary* said that the Crown's standing in relation to the Bill differed according to the role it performed. As an employer, that is in the recruitment of staff, the Crown need assume no privileges not given to other employers, save as regards the nationality and security rules, and he was in favour of allowing the RRB full powers under the Bill. As a provider of services, there was similarly a case for binding the Crown so that complaints about public servants in their dealings with the public could be dealt with by conciliation. His only doubts concerned the Crown as employer in questions of internal discipline, where the application of the Bill would provide an avenue for complaints by coloured people, about, for example, lack of promotion, which would not be available to their white colleagues.

*The Secretary of State for Defence* said that there was a similar problem in the Armed Forces. The Army Act and the corresponding Acts of the other two Services contained provision for the redress of grievance. The Service authorities thus had both statutory obligation and statutory power to deal with grievances and it was pointless to bring in new legislation to over-ride or overlap what was already there. The RRB should not be permitted to pronounce on cases decided by the Service Boards nor to act as a court of appeal to them, particularly when officers had an ultimate right of appeal to The Queen. He would be prepared, by informal consultation, to keep in touch with the RRB over the implementation of the principles of the Bill, and to let them make representation before the procedure was completed but not to determine the issue.

In discussion it was agreed that there was neither objection of principle nor serious administrative difficulty in applying the Bill to Crown servants in their relations with the public, for example in the administration of social security or of the driving test, and that it was desirable to do so. Similarly, it could be accepted that recruitment into the Civil and Diplomatic Services and the Armed Forces should be covered by the Bill subject to the preservation of nationality rules and other security measures; but security problems would arise not only in the public services themselves but among the employees of firms holding defence contracts for which specific provision would have to be made.

It was suggested that in matters of internal discipline the case for bringing Crown servants unreservedly within the scope of the Bill was the same as the broader case for binding the Crown—that the impact of reform in race relations would be strengthened by the Crown's participation and weakened by withholding from the Bill some area of Government activity on grounds of convenience. It was wrong to fear excessive or irresponsible intrusion by the RRB into the affairs of the public services. The Board had gained a reputation for good sense and responsibility. Moreover the Bill should be seen as a long-term measure concerned with coloured people born in this country rather than with recent immigrants. On the other hand, it was argued that it would be wrong to allow the RRB to interfere in Ministers' exercise of their statutory duties. The Services' disciplinary Acts and the civilian staff

regulations gave full scope for redress of grievance. It would be clumsy to duplicate the existing law and inappropriate to open an avenue of appeal outside the Services (particularly where this was at present prohibited) for complaints of racial discrimination which would not be open for any other kind of grievance.

It would, however, look very odd to bind the Crown as a provider of Services but exclude it as an employer. It was not clear why if a complaint reached the RRB the Board should not forward it to the Department concerned for the normal procedures to be followed. If the Board were not satisfied with the outcome they could not reverse the decision but could report the case to Parliament where it could, if necessary, be taken up with the Minister. The Board need not be extended until the existing machinery had dealt with the complaint.

*The Prime Minister*, summing up this part of the discussion, said that the Cabinet were agreed that the Bill should apply to the Crown both as a provider of services and as employer, subject to provisions to safeguard the nationality and security rules and to further consideration of the position of the Royal Household and the Royal Duchies. On the question of the application of the Bill to the armed forces a further attempt should be made to work out an arrangement which would ensure the operation of the existing statutory machinery but would not exclude the consideration of a complaint thereafter by the RRB. If however this proved impossible it would be open to the Secretary of State for Defence to revert to his proposal that the Armed Forces should be exempt in respect of their machinery for dealing with grievances and discipline.

The Cabinet:—

(2) Agreed that the Race Relations Bill should bind the Crown, subject to exemptions in respect of nationality and security rules and to further consideration of the position of the Royal Household and the Royal Duchies and of the Armed Forces in respect of their existing statutory procedure for dealing with grievances and discipline.

(3) Invited the Home Secretary, in consultation with the appropriate authorities, to consider further the position of the Royal Household and the Royal Duchies.

(4) Invited the Home Secretary to consider further in consultation with the Secretary of State for Defence and other Ministers concerned, the application of the Bill to the Armed Forces on the lines indicated in the Prime Minister's summing up.

### *The police*

*The First Secretary of State* said that the majority of the Home Affairs Committee agreed with the Home Secretary's proposals that the Bill should apply to the police except in respect of their operational dealing with the public. The Committee had recognised that the police were vulnerable to allegations of racial prejudice, and were regarded with suspicion by many coloured people, so that there was a case for opening their actions to inquiry by the RRB in order to give the immigrant community confidence in the police discipline. They considered, however, on balance that the statutory police disciplinary code was adequate to deal with complaints by members of the public provided that racial discrimination was made a specific offence under the code.

In discussion it was pointed out that the arrangements for considering complaints against the police involved investigation akin to that of allegations of crime and

formal proceedings similar to those of a court. It would be difficult to accept the intervention of the RRB in these proceedings. Moreover, there would then be a different, or additional, means of dealing with complaints of racial discrimination against the police from that available for dealing with other forms of complaints. If weight was to be attached to the argument that the police were judges in their own cause, the procedure for dealing with complaints of all kinds should be re-examined.

On the other hand, it was observed that the arguments about discipline in the public services were being reversed in their application to the police. Moreover, the relations between the police and the public were one of the most sensitive areas in the problem of race relations and if complaints against the police were to be exempt this would be the only exempted service. There would undoubtedly be political advantage in applying the Bill here though it might be right that the RRB should not have power to override the statutory procedure.

*The Prime Minister*, summing up this part of the discussion, said that the Home Secretary and the Secretary of State for Scotland should consider, in consultation with the police, whether a means could be devised of applying the Bill to the police in their operational duties in a manner analogous to that indicated in his summing up on the question of the application of the Bill to the Crown, in respect of the armed forces.

The Cabinet:—

(5) Invited the Home Secretary, in consultation with the Secretary of State for Scotland, to consider the question of the application of the Bill to complaints against the police on the lines indicated by the Prime Minister in his summing up.

(6) Agreed that the Bill should apply to the police in other respects.

### *Merchant Navy*

It was pointed out that a special problem arose in relation to the Merchant Navy in which there was difficulty in getting seamen of different races to live and work together and the practice had grown up of recruiting homogeneous racial groups.

*The Home Secretary* said that he recognised that there was a case for making special provisions to permit this arrangement to continue.

### *Assessors*

*The First Secretary of State* said that the Home Affairs Committee had agreed by a majority with the Home Secretary's proposal that when proceedings under the Race Relations Bill were brought before a designated county court the judge should have the assistance of two assessors appointed from a panel approved by the Lord Chancellor. The judge would remain solely responsible for the decision of the case, but the presence of assessors experienced in problems of race relations would give confidence to immigrant complainants before the court.

*The Lord Chancellor*<sup>2</sup> said that although there was provision already for the employment of assessors in county courts, they were very rarely used. Their introduction in this context would have no practical value except as a gesture to improve race relations. He accepted it in that light, although with reluctance because of the inevitable implication of a lack of confidence in the courts.

In discussion the Cabinet agreed to the introduction of assessors on the

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<sup>2</sup> Lord Gardiner.

understanding that the Government should be prepared to reconsider the proposal if it were strongly opposed in Parliament. It would cause more difficulty in Scotland than in England and Wales because the sheriffs had wider jurisdiction and correspondingly greater standing than county court judges; but apart from this there were no reasons for different treatment of proceedings in Scotland and similar arrangements should be made.

The Cabinet—

(7) Agreed, subject to the points made in discussion, to the employment of assessors in county courts hearing proceedings under the race relations legislation.

### *Procedure*

*The Prime Minister* said that preparation of the Race Relations Bill should now be urgently pursued. Drafting should if possible conform to the wording of United Nations Conventions against racial discrimination. Outstanding questions arising from the Cabinet's discussion and in course of drafting should be resolved by the Home Affairs Committee.

The Cabinet:—

(8) Invited the Home Secretary to arrange for the speedy preparation of the Race Relations Bill as indicated by the Prime Minister.

(9) Invited the First Secretary of State to arrange for the Home Affairs Committee to consider as necessary any outstanding issues on the Race Relations Bill.

## **444 CAB 128/43, CC 13(68)4**

15 Feb 1968

### **'Commonwealth immigration': Cabinet conclusions on further measures to tighten existing controls and to extend control to Kenyan Asians**

The Cabinet considered memoranda on immigration legislation by the Home Secretary (C (68) 34), the Commonwealth Secretary (C (68) 35) and the Attorney-General (C (68) 36).

*The Home Secretary* said that he was seeking the approval of the Cabinet to introduce legislation on four aspects of Commonwealth immigration. Three of his proposals had been endorsed by the appropriate Ministerial Committee. The first of these was designed to deal with the clandestine entry of immigrants, mainly Pakistanis, who, as the law stood at present, were able to avoid immigration control altogether if they succeeded in doing so for 24 hours. Secondly, he proposed that power should be taken to prevent the entry of children under the age of 16 who came to join a single immigrant parent in this country; this was intended primarily to deal with the problem of boys, particularly from Pakistan, near to working age, who came to join all-male households, thus evading the voucher system and creating social problems. The powers would be discretionary and would be used to keep family units together rather than to keep them apart. Thirdly, he proposed that, in order to meet the strongly expressed wishes of the health authorities, the wives and children of immigrants should have to undergo a medical examination on entry. It was not intended to put them on the same basis as voucher holders, who could be refused

entry on health grounds, but to compel them to go for treatment after entry should this be necessary.

His fourth proposal, which was both urgent and controversial, was that immigration control should be extended to citizens of the United Kingdom and Colonies who did not belong to this country in the sense of having any direct family connection with it or having been naturalised or adopted here. There were about 400,000 such people who at present had the right to come permanently to this country if they wished; about 200,000 lived in East Africa, mainly in Kenya. In addition, there were about one million persons of dual nationality with similar rights who would be affected by the proposed legislation, but these did not pose as serious a practical or moral problem. Until 1966 immigrants from East Africa had been entering this country at the rate of about 6,000 annually, but there had been a sharp increase in the summer of 1967. Although Ministers had then considered whether action should be taken to deal with the problem, a decision had been deferred. It was now clear that the increased flow was continuing and might become a flood. It was due to the Africanisation policy of the Kenya Government who, although they were not actually expelling Asians, were making it increasingly difficult for them to obtain employment in certain trades and professions. The influx was being stimulated by publicity.

The problem was extremely difficult. On the one hand there were the obligations which we had undertaken when Kenya and other colonial territories had achieved independence that their citizens who did not opt for local nationality would retain the rights of citizens of the United Kingdom and Colonies. There were also the various international conventions which we had signed or ratified which made it difficult for us to deny entry to these people, although such conventions had not in his view been intended to deal with the kind of problem which we now faced. On the other hand, there was the fact that, unless we took action now, we might this year have to accept a total of 150,000 immigrants from this source and under the Commonwealth Immigration Act; this would be more even than in 1961 when immigrants had flooded in before that Act came into force. So large an influx was more than we could absorb, especially since Asian immigrants tended to concentrate in particular localities in this country; and, unless the influx could be greatly reduced, there was a very real risk that our efforts to create a multi-racial society in this country would fail. Some of the provisions of the forthcoming Race Relations Bill, which was aimed at creating such a society, would in any event encounter serious opposition; the passage of the Bill would be jeopardised if nothing were done to reduce the present flow of Asian immigrants from Kenya. In these circumstances the only practical and fair course was to legislate in the way that he proposed, and in doing so to eliminate the contingent liability that problems similar to that which had arisen in Kenya might be created in other countries having large numbers of citizens of the United Kingdom and Colonies or dual citizens. We should at the same time allot a generous quota of vouchers to this new class of controlled immigrants which would be in addition to those already granted under the Commonwealth Immigration Act. Although we should do what we could to persuade the Government of Kenya to moderate its actions against Asians in that country and also seek the agreement of the Governments of India and Pakistan to accept some of them should they wish to go to those countries, we could not afford to delay legislation which to be effective must be passed very quickly.

*The Commonwealth Secretary* said that he accepted the need for legislation to deal with the clandestine entry of immigrants, with the entry of dependent children of immigrants and with the medical examination of wives and families. He was, however, strongly opposed to depriving citizens of the United Kingdom and Colonies of the right to enter this country freely. Although he recognised the difficult problems that would be created by a continued influx of a large number of Asians from Kenya, to pass such legislation would be wrong in principle, clearly discriminatory on grounds of colour, and contrary to everything that we stood for. We should be going back on legal and contractual obligations which we had undertaken as recently as 1963 and which had been an essential element in the process by which we had been able to hand over our responsibilities in Kenya and the other colonies concerned. We should effectively deprive large numbers of people of any citizenship at all or, at best, turn them into second-class citizens. Although these people were not yet being expelled from Kenya, under Kenyan laws they were not allowed to remain in the country unless they had work permits and these were not being granted. If we were to pass the proposed legislation we should face strong criticism both at home and abroad, particularly when, as was inevitable, large numbers of people arrived at our ports with British passports but were refused entry.

We should therefore seek other ways of reducing the flow of immigrants to manageable proportions so that our policy of integration could succeed. The Home Secretary's proposals on dependents' clandestine entry would go some way to reducing the flow but, in addition, he would support a policy under which the flow of immigrants from other sources, and particularly India and Pakistan, which were not facing their responsibilities in this matter, was reduced, and priority for immigration was given to those entitled to British passports. At the same time we should bring pressure to bear on Kenya to control the number of emigrants. Although there was no prospect that President Kenyatta could be persuaded to drop his policy of Africanisation, there were growing indications that some members of the Government of Kenya were becoming alarmed at the effects on the economy of the large exodus of relatively well-educated, highly qualified and prosperous Asians. We should therefore decide against legislation in this matter and Mr. Malcolm MacDonald, our Special Representative in East and Central Africa, should visit President Kenyatta urgently and attempt to persuade him to control the emigration of Asians from East Africa.

*The Attorney-General*<sup>1</sup> said that, if we were to pass legislation depriving citizens of the United Kingdom and Colonies of the right to enter this country, our position in relation to the relevant international agreements and declarations would be difficult but not impossible. In the case of the Universal Declaration of Human Rights, the United Nations Convention on Racial Discrimination and the International Convention on Civil and Political Rights, we might justify our action on the grounds, among others, that the people concerned did not in any real sense belong to this country. The European Convention on Human Rights presented greater difficulties. Article 3 of the Fourth Protocol of this Convention provided that no-one should be deprived of the right to enter the territory of the State of which he was a national, and it would be difficult to argue that refusal of entry to an Asian immigrant from East Africa would not be in breach of this provision. But although we had signed this

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<sup>1</sup> Sir E Jones.



Protocol we had not yet ratified it. A problem also arose in relation to the proposed restriction on the right of entry of dependent children, since Article 8 of the same Convention provided that everyone had the right to respect for his family life; it could be contended that refusal of entry to the dependent child of one parent already in this country was contrary to this provision. There were already two cases before the European Commission in which it was being alleged that we were in breach of the European Convention, and we had accepted the right of individuals to petition the Commission and the compulsory jurisdiction of the European Court of Human Rights. It would be a serious matter to refuse to obey the decision of the Court or of the Committee of Ministers since parties to the Convention had undertaken to accept their decisions as binding.

In discussion there was general agreement that legislation should be introduced to deal with the clandestine entry of immigrants, to restrict the right of entry of dependent children of immigrants and to make the medical examination of their wives and children compulsory. On the proposal to deprive citizens of the United Kingdom and Colonies of the right to enter this country freely, opinion was divided. On the one hand it was argued that for reasons of moral principle, because of the effect that such action would have on our international standing and because of the practical difficulties that we should face, we should not legislate in this matter. Although we should not be depriving these people of citizenship we should be taking away its most essential feature and creating a new class of refugees. At the very least a decision should be delayed until the practical and legal problems had been further examined and an attempt made to reach a solution in consultation with the Governments of Kenya, India and Pakistan. We had given solemn pledges to these people in 1963 and, very recently, compounded the situation by giving assurances to people similarly placed in Aden. If holders of United Kingdom passports presented themselves here and were turned away, having nowhere else to go, the Government might be faced with a public outcry in this country and serious criticism abroad.

On the other hand it was argued that in our present economic situation and with the great pressure on the social services, particularly on education, we could not afford to allow the unrestricted entry of the Asians from East Africa. The situation in the schools in some localities was already very grave and becoming worse, with increasingly high proportions of immigrant children in individual schools—some schools might soon be used wholly by immigrant children. There was opposition in the trade union movement to some of the measures which it was proposed to include in the Race Relations Bill and this would become more serious if the numbers of coloured immigrants entering the country were allowed to rise. The proposed legislation would undoubtedly represent a major change in policy, but we had already made a similar break with tradition when the Commonwealth Immigration Act was passed. Although we had given assurances to these people when Kenya became independent, we could not now afford to honour them, and in these circumstances the right course was to give them a share of vouchers within whatever total we could afford to allocate to immigrants as a whole. This would mean that they would know that they could, if they wished, join a queue and in due course enter this country. Urgent examination was necessary of the total numbers of immigrants we could afford to accept and what the share for Asians from East Africa should be. It was urged, however, that delay would be dangerous because we might be faced with an uncontrollable flow of immigrants. We should either legislate quickly—and

arrangements could be made to pass the Bill through Parliament in a day and a half—or we should announce that we were not going to legislate to exclude holders of United Kingdom passports and thus reduce the incentive to come here in the immediate future.

*The Prime Minister*, summing up the discussion, said that the Cabinet were agreed that legislation should be introduced to deal with clandestine immigration, to restrict the right of entry of dependent children of immigrants, and to make compulsory the medical examination of immigrants' wives and children. The Cabinet were not at present prepared to take a decision either to introduce legislation to deprive citizens of the United Kingdom and Colonies of the right of free entry into this country or to announce that no such legislation would be introduced. It was, however, essential that an early decision should be taken and they should therefore consider the matter again at their meeting on 22nd February, when a final decision must be taken. In the meantime the Commonwealth Secretary should arrange urgently for Mr. Malcolm MacDonald to visit President Kenyatta in an effort to persuade him to control the rate of Asian emigration from Kenya; before this visit Mr. MacDonald should be briefed on all aspects of the problem. An approach should also be made to the Governments of India and Pakistan. The Home Secretary should arrange for officials to examine and report on what reduction in the total number of Commonwealth immigrants was likely to result from the restrictive measures which the Cabinet had approved; the appropriate allocation of vouchers to citizens of the United Kingdom and Colonies on the assumption that these were deprived of the right of normal entry to this country; the extent to which the present allocation of vouchers to Commonwealth countries might be reduced to allow for this; and what criteria should be adopted for the allocation of the new class of vouchers. Mr. Duncan Sandys intended to seek leave to introduce a Bill on Asian immigration from East Africa under the 10-minute rule on 28th February or earlier but arrangements should if possible be made for the time to be taken by another Member. The Home Secretary would, however, have to indicate, in reply to Questions later in the day, that the problem of Asian immigrants was being considered.

The Cabinet—

(1) Agreed that legislation should be introduced to deal with clandestine immigration, with restrictions on the right of entry of dependent children of immigrants and with the compulsory medical examination of their wives and children.

(2) Invited the Commonwealth Secretary, in consultation with the Home Secretary, to arrange for Mr. Malcolm MacDonald to visit President Kenyatta on the basis indicated in the Prime Minister's summing up and to report the results of this visit before their meeting on 22nd February.

(3) Invited the Commonwealth Secretary to arrange for consultations with the Governments of India and Pakistan on the problem of Asian immigration from Kenya and to report their outcome on 22nd February.

(4) Invited the Home Secretary to arrange for officials to carry out the examination indicated by the Prime Minister in his summing up of their discussion and report by 22nd February.<sup>2</sup>

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<sup>2</sup> When discussion was resumed at a Cabinet meeting on 22 Feb, Callaghan reported that immigrants from Kenya were arriving at a rate of between 200 and 300 a day. Measures to stop clandestine immigration and

to restrict the right of dependent children were now expected to yield a reduction in immigration of 1,000–2,000 annually, not 5,000 as originally forecast. The government of Kenya were unwilling to take action publicly to reassure Asians, and the governments of India and Pakistan were not ready to offer positive help. Thomson at the Commonwealth Office again argued the moral case against legislation but he was now a lone voice. A majority in the Cabinet felt the moral arguments were outweighed by the implications for race relations and social services (in the area of housing especially) in Britain if legislation were not introduced. Callaghan offered to reserve a quota of 1,000 entry vouchers for the heads of households of Kenyan Asians. Cabinet increased this to 1,500; with dependants this would rise to an annual figure of about 7,000 (CAB 128/43/1, CC 14(68)2, 22 Feb 1968). The Commonwealth Immigrants Act received the Royal Assent on 1 Mar 1968. Callaghan, according to Richard Crossman, dismissed anyone who opposed the legislation as a ‘sentimental jackass’. The home secretary would not tolerate any ‘bloody liberalism’. ‘He was going to stop this nonsense as the public was demanding and as the [Labour] Party was demanding.’ Richard Crossman, *The diaries of a Cabinet minister Vol Two Lord president of the Council and leader of the House of Commons 1966–68* (London, 1976) p 679.

## 445 PREM 13/2157

19 Feb 1968

### [Kenyan Asians]: letter from Mr Sandys<sup>1</sup> to Mr Thomson

In view of the flood of Asian immigrants from Kenya I made a statement on Saturday urging the Government to amend the Commonwealth Immigrants Act without delay. I explained that ‘the purpose of the amendment should be to put these people in exactly the same position, as regards citizenship and right of entry into the United Kingdom, as they were in immediately before independence (i.e. Citizens of the United Kingdom and Colonies subject to the controls of the Commonwealth Immigrants Act).’

On Sunday your Department issued a statement to the press challenging my facts. The Commonwealth Office is reported as saying that ‘before independence Kenya was a colony. Therefore all its citizens until then had the same right of entry into Britain as any British citizen. The Commonwealth Immigrants Act which restricts entry into Britain, applies only to full Commonwealth member countries and so had no reference to Kenya until after independence’. In other words they said I was ‘talking through my hat’.

This morning I took the matter up at once with the Immigration Department of the Home Office, who agreed entirely with me that, contrary to the Commonwealth Office statement, the inhabitants of all dependent colonies are subject to full immigration control.

I thereupon telephoned the Commonwealth Office and was assured that they would issue a revised statement to put the record straight, and would in particular make it clear that, as I had said, United Kingdom citizens in Kenya were subject to the Commonwealth Immigrants Act before independence. However, when it appeared their statement contained no reference to this crucial point.

I trust, therefore, that you will issue a further statement to clear this matter up, since otherwise the impression will be given that the entire population of the British Colonies, including such places as Hong Kong, Fiji, Mauritius and a number of West Indian islands, all have the right to enter the United Kingdom without immigration control; and this could cause much confusion.

<sup>1</sup> Mr Sandys was present at a meeting of the Commonwealth Immigration Committee in Nov 1963 when the committee was informed by the home secretary that Kenyan Asians would remain citizens of the United Kingdom and Colonies unless they registered as Kenyan citizens within two years of Kenya’s independence (CAB 134/1468, memo by Brook, CCI(63)3, 30 Oct 1963, and discussion of same, CCI 1(63)2, 6 Nov 1963).

**446** PREM 13/2157

20 Feb 1968

[Kenyan Asians]: letter (reply) from Mr Thomson to Mr Sandys suggesting that Mr Sandys must share responsibility for the 'great and human problem'

I have received your letter of 19th February about the question of Asian immigrants from Kenya.<sup>1</sup> To deal with the two points in your letter:—

(i) You allege basing yourself on a report in *The Times*, that my Department issued a statement to the press on Sunday challenging you. The Commonwealth Office issued no such statement. A number of newspapers, including *The Times*, telephoned the Press Officer on duty during the weekend, but no views corresponding to those attributed to the Commonwealth Office in *The Times* of 19th February were expressed to any of them. You will see from today's *Times* that there is an admission that their report contained two errors.

(ii) The facts as to the status of citizens of the U.K. and Colonies in dependent territories are quite clear. The Commonwealth Immigrants Act applied before Kenya's independence to citizens of the U.K. and Colonies who derived their citizenship from Kenya. Equally, U.K. citizens of the present dependent territories who owe their citizenship to their connection with those territories continue to be subject to the Commonwealth Immigrants Act.

You have referred publicly to the present flow of immigrants as being due to 'a loophole in the law', the law in this case including the Kenya Independence Act, 1963 of which you were the principal architect. The present situation has followed necessarily and directly from the Kenya independence settlement which was negotiated by you in the knowledge of the Commonwealth Immigrants Act passed in the previous year; and it is misleading to dismiss the rights to which a substantial number of U.K. citizens in Kenya then became entitled as 'a loophole in the law'. No one can underestimate the great and human problem that has been created, and for which we have now to seek a solution. But I venture to suggest that your share of the responsibility for it is greater than one would judge from your public utterances.

Since you gave your letter to me to the press, I am doing the same.

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<sup>1</sup> See 445.

**447** FCO 50/329, no 349

16 Apr 1968

'Kenya: the "Asian exodus" and the Commonwealth Immigrants Act, 1968': despatch from B Greatbatch<sup>1</sup> to Mr Thomson

The Home Secretary announced in the House of Commons on Thursday, 22 February, that Her Majesty's Government had decided to introduce legislation to control the rate of inflow into the United Kingdom of citizens of the United Kingdom and Colonies having no substantial connection with the United Kingdom, as for example, by birth or paternal parentage and who were not already controlled under

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<sup>1</sup> Deputy high commissioner Kenya (see 349, note 1).

the Act of 1962. Just over a week later, on 1 March, the Commonwealth Immigrants' Act, 1968, became law. Although the legislation covers 'non-belonging' United Kingdom citizens in any part of the world, and the numbers of these in different countries, from Trinidad and Tobago to Malaysia, were cited as a justification for the Bill, nevertheless it was rushed through Parliament primarily to check the flood of Asian immigrants to Britain from Kenya during the latter part of 1967 and early 1968—the Asian exodus'. I shall therefore attempt to describe the events in Kenya which led to the enactment of this highly controversial legislation at this particular time and the first effects of it, including the reactions of other interested Commonwealth Governments. In the context of this despatch 'Asian' means 'originating in the Indian sub-continent'.

2. Under the Kenya Independence Act of 1963, any citizen of the United Kingdom and Colonies born in Kenya of a parent born in Kenya automatically became a Kenya citizen. This included about 40,000 Asians. Other United Kingdom citizens who were ordinarily resident in Kenya were given a period of two years' grace to apply, as a constitutional right, for registration as Kenyan citizens. Unless and until they exercised this right, they retained their citizenship of the United Kingdom. After the two-year period of grace, they could only acquire Kenya citizenship at the discretion of the Kenya Government.

3. In October 1963, before Kenya's independence, the Ministerial Commonwealth Immigration Committee was warned of the risk that the proposed citizenship arrangements for Kenya could leave Britain with many thousands of United Kingdom citizens of Asian origin who could enter the United Kingdom at will, because they would be outside the scope of existing immigration controls. The warning was given against a background of Press comment on the exodus from East Africa, with their families, of a thousand or more Asian civil servants who had resigned their posts in the East African Common Services Organisation, and of a pre-independence rush by Asians for United Kingdom passports. However, there had in fact been no large Asian exodus from Uganda or Tanzania since their independence; the policy of the Indian Government was to encourage local Indian communities to 'identify' with their country of residence by taking out the citizenship of that country; and the Kenya Government had publicly proclaimed that they would welcome all people of all races who wished to remain in Kenya and were prepared to identify their interests with the new Kenya—specifically, as Mr. Mboya among others pointed out, by taking Kenya citizenship.

4. The appeals to the Asian community to take out citizenship met with scant success. Indeed, on the very day of Kenyan independence—12 December, 1963—the Commonwealth Office were writing to the High Commission expressing concern about the rush to obtain United Kingdom passports. The rush was caused by Asians, not Europeans, and there can be no doubt that it caused deep and lasting resentment in the new Kenyan African Government. Only about 18,000 of the Asian British community, estimated at about 170,000, applied for Kenyan citizenship during the two years of grace and of these several thousand applied at the very last minute—an additional cause of resentment. About 8,000 of the applications made in reasonable time were granted, and the other 10,000 still await a decision although the Kenya Government has now promised early action in these cases. The remainder, the vast majority, retained their British citizenship and, with this insurance policy in their pockets, proceeded to live their introverted and insulated lives within their separate

communities pursuing their own interests, in Kenya but not of it, as described in Sir Edward Peck's<sup>2</sup> despatch of September 1966. He warned then that there remained a clear possibility that large numbers might wish to travel to the United Kingdom if any of several factors—but particularly 'Africanisation'—made their position in Kenya untenable.

5. When that despatch was written there were already the first signs of an increase in Asian emigration to Britain. Although, at that time, Asians were not being forced to leave, the feeling was undoubtedly beginning to grow—or perhaps the fact was at last beginning to penetrate—that the non-Kenya citizen Asian had no long-term future in Kenya. Some of them would have had this brought home to them by a difficulty in obtaining education for their children as the schools were Africanised, when they would begin to think of the better prospects for their children in the country of which they had become citizens. Most kept their heads in the sand. But with the publication, on 7 April, 1967, of the Kenya Government Immigration Bill—despite the fact that it had been foreshadowed in Press comment and political speeches over the previous 12 months at least—a shudder of alarm went through the community.

6. The Bill proposed two significant amendments to existing law. First it was proposed to abolish 'permanent resident' certificates (valid for 10 years or for life) and would enable the Kenya Government to enforce the departure from Kenya of persons formerly holding 'permanent resident' certificates. Secondly, all non-Kenya citizens over the age of 18 years would be required to obtain permission to take employment through a system of 'entry permits', so that after the Bill became law every non-Kenya citizen entering into, or resident in, Kenya would have to be in possession of some kind of permit or pass, or his presence in Kenya would be unlawful. The publication of the Bill was accompanied by policy statements from the Ministers of Labour, and Commerce and Industry, which underlined the Government's intention to press ahead with all speed with 'Kenyanisation' in commerce in particular, since the public service had already been more than 90 per cent 'Kenyanised', and the farming areas were already largely 'Kenyanised' through the Land Transfer Programme financed mainly from British Aid funds.

7. While the Asian community were digesting the unpalatable fact that what they had feared was in danger of coming to pass, a fresh incident served to heighten their fast growing sense of insecurity. In the early morning of Friday, 7 July, 1967, six Asian British citizens (together with five British Europeans) were forcibly expelled from Kenya. As indicated in Sir Edward Peck's despatch of 17 July, 1967, none of the Asians was an especially prominent member of his community; the six appeared to have been selected at random from a wide geographical area '*pour encourager les autres*'. The side effects, in revealing the depths of African resentment of the Asians, were probably more important than the deportations themselves. (The very arbitrariness of the selection of victims could lead the individual Asian to feel that he had about the same chance of deportation as of winning a lottery.) However that may be, the Asians now began to think about their insurance policy—the British passport—and were deeply disturbed by suggestions from the United Kingdom that its validity might not be as certain as they had thought. Mr. Duncan Sandys had implied in a television broadcast on 24 July that coloured immigration into the United Kingdom should cease. A remarkable rumour subsequently circulated in

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<sup>2</sup> See 367.

Nairobi—and was splashed across the front pages of the Kenyan Press on 3 and 5 September, that Her Majesty's Government intended to introduce measures on 15 September to restrict the entry of Asian emigrants to Britain from East Africa. On 11 September the Kenyan Press reported Mr. Sandys as having declared that 'as soon as Parliament reassembles legislation should be passed to close this loophole (*i.e.*, the entry of Asian immigrants into Britain from Kenya) by applying to those people the normal immigration controls'. He urged Her Majesty's Government to 'suspend granting further United Kingdom passports to persons in East Africa who have no roots in Britain'. Although 15 September came and went without the feared restriction—indeed Parliament was not even in session—the first major panic exodus was now in full swing. The numbers travelling per week had increased from an average of about 100 to 400.

8. The Kenya Government now produced the second leg of the 'Kenyanisation' nutcracker. The Trade Licensing Bill was published on 3 October, 1967. Its main objective was to regulate, through the issue of licences valid for one year at a time, businesses in the wholesale, retail and catering trades, those concerned with importing and exporting, and the businesses of commission agents and manufacturers' representatives. The Minister of Commerce and Industry could declare to the National Assembly, perfectly justifiably, that there was no racialism behind the Bill—it simply discriminated between citizens, whose needs must come first, and non-citizens. But the effects were obvious. The Asians control some 80 per cent of the country's commerce, and most of them are non-citizens. In addition, the Transport Licensing Board also announced its intention to issue commercial vehicle licences to non-citizens only when there were no citizens available to take over the transport job concerned.

9. At the beginning of December, the Kenyan Immigration Act was brought into force, and the first classes of non-citizen employees were required to apply, through their employers, for work permits. The financial cost of obtaining a work permit was considerable. The permit itself cost 500s. (17s = £1). But a bond, either in cash or guaranteed by a bank, of up to 5,000s. was demanded not only in respect of the permit holder, but for each of his dependants as well. This could face a family, or an employer, with a cash demand of around 20,000s. for each permit holder. The result was that some employers did not even bother to apply for permits, but simply gave their non-citizen employees notice. Those dismissed could have little or no hope of alternative employment, and turned therefore to their long-term insurance policy—their British passport. Ground between the upper and nether millstones—'Kenyanisation', and the threat that the insurance might not be paid—the Asians rushed to the airlines in unprecedented numbers. Although a few had lost their jobs the majority of those who joined the exodus did so through fear of what might happen to them in the future, not because of being actually forced out. The rate of emigration increased steadily, stimulated again by Mr. Sandys' threat of a Private Member's Bill, to an estimated 800 in the first week of February 1968.

#### *Her Majesty's Government's dilemma*

10. Faced with this flood of immigrants from Kenya Her Majesty's Government had to consider whether to legislate to check the inflow, or if some other solution was possible. Restrictive legislation would be bound to meet with considerable opposition in Britain and even more abroad. Inevitably there would be charges of

racialism, of broken promises, and even of the denial of fundamental human rights. It would be said that restrictive legislation would suddenly deprive people of rights which they had been led to expect to be permanent. And it would be argued that those who had to leave Kenya and who could not gain entrance to Britain would, whatever their technical status, become in practice yet another group of Stateless persons. But alongside these moral issues the practical problems had to be faced. The unchecked arrival of large numbers of Asians from East Africa was already exacerbating the serious problems of assimilation in Britain where most of the Asian immigrants tended to settle in five or six main centres. In these areas, the social services, in particular education and housing, were already under a severe strain; and, consequently the pressure grew for steps to be taken to slow down the rate of arrivals. Again, there was the danger that immigration at a rate faster than society could absorb might lead to the establishment of underprivileged minorities in Britain subject to the patterns of prejudice and discrimination, which have been seen elsewhere; the development of harmonious relations between the majority and the minorities in the United Kingdom could be set back indefinitely.

*The attitude of President Kenyatta's government*

11. On 30 October, 1967, during a brief visit to Nairobi, you, Sir, had raised this question yourself with President Kenyatta, and explained Britain's dilemma. After paying tribute to President Kenyatta's successful development of a multiracial society in Kenya and expressing your understanding and sympathy with Kenya's policy of 'Africanisation' you suggested that it was in the mutual interests of Kenya and Britain to keep in close touch over this problem. Kenya, by encouraging the too rapid emigration of Asians, would be losing valuable commercial and industrial skills. This in itself was of concern to Her Majesty's Government in view of our close interest in Kenya's economic development. You suggested that those Asians who were prepared to identify themselves with Kenya, might be given some degree of assurance that they could continue to make a living there. In this event, many of those now preparing to leave might be more inclined to stay.

12. But President Kenyatta responded with a characteristically frank statement saying that as far as he was concerned the fewer 'Indians' who remained in Kenya the better: though he would do nothing to force them out and so long as they stayed they would enjoy the full protection of the law, he considered that Kenya could get along well enough without their 'skills'. Indeed, he questioned the wisdom of Her Majesty's Government in continuing to issue United Kingdom passports to so many Asians and suggested—perhaps without fully considering the consequences—that we should close our doors to them. He voiced the view widely held by Africans in Kenya, that the Asians had had their chance of acquiring Kenyan citizenship in the two years after independence and, though some had taken this opportunity and thus identified themselves with Kenya, the majority had preferred to demonstrate their basic lack of loyalty to Kenya by clinging, where possible, to their United Kingdom passports. President Kenyatta expressed understanding of the difficulties of integrating these people into Britain and suggested that the only solution was for them to return to 'India' where they rightly belonged.

13. Although President Kenyatta had made it quite clear in October that he had no sympathy at all with any remedy involving the slowing down of 'Africanisation', and that he had no intention of reassuring the non-Kenya citizen Asian community



about their future in Kenya, Her Majesty's Government decided, before taking the decision to legislate, to discuss the problem with the Kenyans once more. Mr. Malcolm MacDonald was therefore sent out on 17 February on a special mission to see President Kenyatta and to explore whether there was any action, either by the two Governments in concert or acting individually, which could be expected to have a sufficient effect on the exodus to avoid the necessity for legislation. After hearing Mr. MacDonald's report of his talk with President Kenyatta, Her Majesty's Government decided that there was no practical alternative to legislation.

*The Commonwealth Immigrants' Act, 1968*

14. For some time the Home Secretary had been considering a Bill to make certain changes to the Commonwealth Immigrants' Act of 1962. These changes would deal with the problem of clandestine immigration by Commonwealth citizens; the rights of dependent children to enter Britain; and the need for some dependants to undergo medical examination before admission. It was now decided to add to these changes new measures to bring under immigration control those citizens of the United Kingdom and Colonies, holding United Kingdom passports, not subject to control under the 1962 Act, who had no substantial connection with Britain, for example, by birth or parentage. The legislation would not only apply a control to the flow of immigrants from East Africa: it would also extend to persons in other parts of the world who had hitherto been similarly exempt from United Kingdom immigration control, although in most cases they had not drawn attention to the fact—and created a problem in Britain—by exercising their right to enter.

15. These measures were enacted in the Commonwealth Immigrants' Act, 1968, which became law on 1 March. In introducing the Act the Home Secretary explained that it was intended that there should be a special allocation of 1,500 vouchers a year for the 'Heads of Households' who were 'non-belonging' citizens of the United Kingdom to settle in Britain. Voucher holders would be entitled to be accompanied or joined later by their dependants who would not be counted against the quota. In this way it would be possible for new immigrants from East Africa to arrive in Britain at a rate roughly equivalent to the rate in 1965 and 1966 before the dramatic increases in 1967 and early 1968.

16. It was emphasised that no one was losing his British nationality and protection, or being made Stateless by the Act. Indeed the ultimate right of those concerned to settle in Britain if they so chose was equally not affected: but those subject to control would have to agree with Her Majesty's Government when they chose to exercise the right. The right to visit Britain for *bona fide* reasons—on business, on holiday, or to study, was unaffected; but travellers were to be encouraged not to set out for the United Kingdom without having obtained an entry certificate.

*The reactions of the Kenyan and the Commonwealth governments to the Act*

17. The Kenya Government did not engage in any overt criticism of the United Kingdom over the legislation—perhaps because as President Kenyatta had indicated in private—they had a good deal of sympathy for our position. They were, however, at pains subsequently to put the blame for the exodus on the threat of British legislation, maintaining disingenuously—even hypocritically—that the Asian non-citizens were 'free to go' and the Kenyan Government would not wish to interfere with this freedom. In other words, the Kenyans adopted the typically African pose

that the Asians were leaving for their own good reasons, unconnected with any actions of the Kenya Government. The main objection of the Kenyans to the Act sprang from the feeling that the 1,500 voucher allocation was too small and that we might therefore be trying to force them to keep Asians whom they wished to see go. This issue has by no means been resolved—because it has not yet been put to the test—and remains a potential source of friction between the two Governments. At the end of 1968 and early in 1969 we may have a considerable number of urgent applications when those Asians who have only received a work permit for one year have to apply for an extension and the automatic trade licences for one year come up for reconsideration. Whether or not these applications can be fitted in to the quota remains to be seen. But in any case we can cross this bridge when we come to it (or prepare to cross it when it is a little nearer).

18. The Kenyans did however take immediate steps to ensure that they were permanently rid of those United Kingdom Asians who had left in the panic before 1 March, by imposing a new visa requirement on all those United Kingdom citizens wishing to travel to Kenya who had visited the United Kingdom between 1 December, 1967, and 1 March, 1968. The first—temporary—victims of this rule were, ironically, the Asian delegation who went to London to lobby the Home Secretary.

19. Other Missions have reported on the reactions of the Governments to which they are accredited, but it may be convenient if I refer briefly in this despatch to the most important of these.

20. Of the other African Commonwealth countries, only President Obote of Uganda strongly criticised the Act in principle in a good debating speech in which he pointed out that since Britain could not by unilateral action affect the sovereignty of Uganda, 'Uganda will therefore proceed, act and handle this matter as if nothing has happened'. He pointed out that 'all non-citizens in Uganda of any extraction and from any country remain here subject to our laws and institutions'. A subsequent threat that several hundred United Kingdom citizens were about to be declared prohibited immigrants was not translated into practice, and the few who have had to leave have been dealt with by the issue of vouchers.

21. President Kaunda of Zambia went so far as to say that the Asians in Kenya were not entirely blameless because they had refused to take up Kenya citizenship and were 'opportunists who had refused to have confidence in Kenya and yet expected Kenya to feed them'. He took the opportunity to call on all Asians in Zambia to take up Zambian citizenship and identify themselves with Zambia (a call which would certainly not be made by the Kenya Government). Zambia did however begin to operate certain somewhat arbitrary restrictions on Asians wishing to enter Zambia evidently on the grounds that their ultimate 'returnability' to the United Kingdom, when their stay in Zambia came to an end, was not assured. Since it is in our interests that British Asians should be allowed to go and work in Zambia if they wish, we are hoping to be able to satisfy the Zambian Government on this issue, but as I write the problem has still not been entirely resolved.

22. The bitterest criticism has, not surprisingly, come from India; this has naturally led to considerable backwash in Nairobi.

23. Seen from here, the extreme Indian reaction, particularly in Parliament, appears to derive from a mixture of guilt and frustration. Guilt because although before the Act United Kingdom Asians could freely travel to India—and settle there—the attitude of the Indian High Commission here had been one of sublime

indifference. The Indian High Commissioner laid claim to 4,000 citizens and no more. The rest were our problem—whatever the Kenyans were doing to them. (An ironic comparison might be made with the intense concern over the rights of the Indian minority in Kenya by the Indian Government under a British Viceroy when that minority were battling with Kenya settlers under the formidable Lord Delamere,<sup>3</sup> and the recent lack of interest in the much larger community by an independent Indian Government.)

24. Frustration, because the Indians' only answer, after accusing us of a denial of fundamental human rights, was to impose restrictions on the people whom they were purporting to defend which were more draconian than anything we were proposing. Asians with perfectly good family or business reasons for wishing to visit India found themselves unable to do so because of the refusal of the Indian High Commission to give them visas.

25. The 'Bhagat' affair in Nairobi was a direct consequence of the irrational and violent criticisms voiced in the Indian Parliament.

26. Mr. Bhagat, Minister of State for External Affairs, had already announced the Indian Government's restrictions on British Asians wishing to enter India and had heard suggestions in the Indian Parliament that India should leave the Commonwealth unless Her Majesty's Government changed its policy, when he left India to attend the Mauritius Independence Celebrations. According to the Indian High Commissioner in Nairobi, Prem Bhatia, it was considered that, in view of the strong feelings in India, Mr. Bhagat could not return, having been so close to Kenya (indeed the air timetables were such that unless he was to prolong his stay in Mauritius he would have to transit Nairobi) without being seen to make some gesture of support in favour of the Kenyan Asians. He duly arrived on 14 March. He met the Vice-President, Daniel arap Moi, and, at social functions, several Kenyan Ministers. He was apparently promised a meeting with President Kenyatta—which would have been a good public relations exercise however unrewarding its consequences for the problems of Asians in Kenya—but he was never in fact called to State House. After waiting until 20 March he departed. The *Times of India* correspondent who had accompanied Mr. Bhagat's party then published a statement to the effect that Mr. Bhagat's failure to see the President was due to influence exercised by the British High Commission in Nairobi. This was not only completely untrue, but I fear greatly exaggerates our control over President Kenyatta's engagement book. However, rather like the 'big lie' of the Middle East June war last year, it was very difficult, once published, to exorcise. We immediately approached the Indian High Commissioner in Nairobi to deny the truth of the story and to ask whether he was in possession of any evidence which could justify it. He said he knew of none, but at the same time he made clear his intense dislike of a number of British expatriates whom he described as 'advisers' in the Government, without naming them and whom he evidently suspected of possible malign influence. Our subsequent investigations have produced no shred of evidence that any British expatriate had had any influence over the decision of the President not to see Mr. Bhagat. In any case, no such influence by outsiders was needed, since the Kenyans did not particularly welcome Mr. Bhagat's visit, and the President regards the whole question of the Asians as a distasteful one which

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<sup>3</sup> Leader of white settlers in Kenya (died 1931).

he has no desire to discuss. So far as he is concerned Kenya's policy of replacing non-citizens by citizens is entirely justified and will proceed at the pace the Kenyans determine.

27. By imposing restrictions as they did, the Indian Government have paradoxically given us precisely the assistance we needed in the implementation of the Act in the early stages. The danger was that by allowing Kenyan Asians to enter India freely, they would then establish large numbers with a high priority for vouchers to proceed to the United Kingdom. It is not yet clear that they may not in time do this, but at the moment they seem fortunately more concerned to strike a moral attitude and maintain that they will not accept British Asian citizens who are our responsibility and not theirs.

*Reactions of the European and Asian British communities in Kenya*

28. The more articulate and prominent members of the Asian community reacted in the Press and otherwise as might have been expected, by criticising Her Majesty's Government for breaking its word. The most eminent, able, and bitter of these critics was (and is) a Dr. Sandhu, a prominent Nairobi eye specialist, who led the delegation to London to lobby the Home Secretary and others while the Bill was going through Parliament.

29. Dr. Sandhu has made clear his intention to pursue his opposition to the Act, by campaigning for its repeal. In the meantime, he acts as the goad of the Passport Office, even sending his wife to make enquiries at the counter to check whether the questions asked by the staff are, in his view, proper ones.

30. Although the self-appointed leader of the British Asian community, Dr. Sandhu is not, as it happens, representative. In many trips around the country, from Mombasa to Kitale, which the Counsellor and I have made to explain the implications of the Act to Asians, we have found that, while obviously there is widespread regret that the Act should have been passed, the Asians are mainly interested in understanding how it will affect them, and seeking such reassurances as they can that, if they must leave Kenya either to settle or for temporary visits, we will enable them to travel to England if this should be their choice. The explanations given to them on how we would deal with all forms of entry permits have done much to calm their anxieties.

31. The main criticisms we encountered were to some extent contradictory: on the one hand that the Act was unnecessary because most Asians would in any case rather settle in India than in the United Kingdom, and that consequently the British Government had greatly over-estimated the number who intended to go to Britain; and on the other that the number of 1,500 for heads of households obtaining vouchers in a given year was too few.

32. As regards the first, the answer we have given is that in so far as the numbers wishing to go to Britain were small, the Act should not cause hardship, since we could all the more quickly accommodate the numbers; on the second, we suggested that only time could show whether the number was adequate to meet urgent needs, but we pointed out that a figure of 1,500 voucher holders probably meant between 6,000 and 7,000 people emigrating, and in addition dependants of all those who had already left for Britain had also established a right to join them, so that in total the numbers going over the next year or so would almost certainly be considerably higher than in 1965 and 1966.

33. The European British community also reacted somewhat inconsistently by welcoming the Act in private (the Indian High Commissioner's suspicion of an anti-Indian prejudice among many British expatriates in Kenya is all too well founded) while deploring the trouble it caused to them because of the need to have an additional stamp in their passports.

34. Indeed some of the 'belongers' who were advised to get an 'entry permit exempt' stamp in their passport appeared to regard this as in some way a personal slight, and an overworked Passport Office staff had several brushes with indignant British citizens. However, these teething troubles are being ironed out.

#### *The implementation of the Act*

35. The first effect of the new Act was naturally to increase severalfold the work of the Passport Office. Hitherto the large British community had kept the Passport Office busy mainly over passport and registration problems. Now the large traffic of United Kingdom citizens between Kenya and England has first to flow through the High Commission either for entry permits or to obtain exemption from them. Staff who had been used to operating an entry permit system for non-British citizens under the 1962 Act—with relatively small numbers—had suddenly to adapt their methods of work to dealing with British citizens under the 1968 Act. Entirely new criteria had to be advised and put into operation for the voucher system. It is essential however that this new and very large load of work is dealt with efficiently and understandingly. If the new controls work with the minimum of friction then in time the majority of Asians will get used to them. I hope therefore that the authority to employ extra local staff for which I have applied will be quickly given and that we can so organise the Passport Office that applications are dealt with speedily and with sympathy.

36. It is as yet too early to judge whether the Act can be made to operate as intended; either Kenya or India, for example, could if they so wished force our hand on the voucher system by the simple expedient of declaring large numbers of British citizens to be prohibited immigrants. It seems on the whole unlikely that this will happen—certainly so far as Kenya is concerned—although until our present difficulties with India are resolved one cannot be sure that we may not have to extend the quota. In Kenya the Government are now administering the Immigration Act much more tolerantly having received something of a shock at the reactions to their first actions. Entry permits to non-citizens are now being given for a minimum period of one year, and a *normal* period of two years. Among other administrative modifications bonds are now only required in respect of the permit holder. Consequently, faced with controls in all directions but an alleviation of 'Kenyanisation', the Asian community has calmed down; one of the surprises so far has been the relatively small number of applications for vouchers—of the order of 200 or so in the first six weeks, many of whom do not wish to travel immediately. We have in fact been able to issue vouchers well within our quota to all those who both needed and were ready to go. One possible reason for this is that so many went in the December–February panic that some slowing down was inevitable. News may also have filtered back that the cold streets of Nottingham and Bradford are not entirely paved with gold. Whatever the reasons, the militants among the Asian opponents to the Act have barely been able to conceal their chagrin that we have not been overwhelmed with demands for vouchers which we

could not meet. The 1,501-th 'test case', beloved of Asian lawyers here, still seems a long way off.

### *The appeals system*

37. A second surprise was that so few people decided to appeal against refusals to grant entry permits. Perhaps I should admit that when we heard that two eminent lawyers were to fly to Nairobi to hear appeals against refusals to award entry permits, we thought that this would assuredly mean an 'instant appeals' system, in which all those refused a permit would automatically appeal, as an intrinsic part of the procedure. We prepared ourselves, in consultation with the lawyers, to frustrate applicants who regarded the initial application for an entry permit as a mere first step, to be dealt with perfunctorily, before setting out their real case direct to the lawyers. In practice this has not happened. In the first six weeks there were only 17 appeals, of which 10 were allowed. This does not suggest any very lively sense of injustice on the part of applicants.

38. The future of the appeals system is of course primarily a matter for the Home Secretary. I could perhaps be permitted to comment that the presence of the appeal lawyers has done much to calm the fears of Asians although they have not often found it necessary to use their services. In general the co-operation between the High Commission, and Sir Derek Hilton and Mr. Trevor Reeve,<sup>4</sup> could not have been closer or more cordial, and whether or not it is decided to retain an appeals system in Nairobi, it has undoubtedly been of great value to us to have the benefit of their wisdom and advice in the difficult early stages of the implementation of the Act.

### *Conclusion*

39. Possibly the most telling criticisms of Her Majesty's Government's action in introducing a limitation in the right of non-belonging United Kingdom citizens to settle in Britain were made, not abroad, where the moral position of most critics tended to be equivocal, but in the British Parliament. The Parliamentary Under-Secretary of State at the Home Office, Mr. Ennals, admitted the force of Mr. Ian Macleod's arguments in his open letter to Mr. Duncan Sandys. It was widely suggested that Her Majesty's Government's action would call in question the credibility of any British promise. Whether this is true in any general context, I am bound to report that this particular aspect of our action has not affected in any way our relations with the Kenyan Government: their concern lies entirely with matters of practice.

40. It has been suggested that the problem should be the subject of Commonwealth discussion: it may well be raised at the next Commonwealth Prime Ministers' Conference. I think, Sir, that we may welcome the prospect, for I do not think our interests could be damaged—and they might well be helped—by a discussion of this problem, and an explanation of the reasons for our actions, not clouded by too much Press publicity or emotion. By that time the results of implementing the legislation in Kenya will be much clearer and it may well be possible to show that many of the early fears of the consequences of the Act were greatly exaggerated.

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<sup>4</sup> President of the Law Society, 1965–1966, Hilton later became president of the Immigration Appeal Tribunal, 1970–1978. Reeve, a judge of the High Court of Justice, was a member of the Appeals Tribunal for East Africa in respect of the Commonwealth Immigrants Act, 1968.

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 [Immigration]: speech by Enoch Powell<sup>1</sup> at the annual general  
 meeting of the West Midlands Area Conservative Political Centre,  
 Midland Hotel, Birmingham

The supreme function of statesmanship is to provide against preventable evils. In seeking to do so, it encounters obstacles which are deeply rooted in human nature. One is that by the very order of things such evils are not demonstrable until they have occurred: at each stage in their onset there is room for doubt and for dispute whether they be real or imaginary. By the same token, they attract little attention in comparison with current troubles, which are both indisputable and pressing: whence the besetting temptation of all politics to concern itself with the immediate present at the expense of the future. Above all, people are disposed to mistake predicting troubles for causing troubles and even for desiring troubles: 'if only', they love to think, 'if only people wouldn't talk about it, it probably wouldn't happen'. Perhaps this habit goes back to the primitive belief that the word and the thing, the name and the object, are identical. At all events, the discussion of future grave but, with effort now, avoidable evils is the most unpopular and at the same time the most necessary occupation for the politician. Those who knowingly shirk it, deserve, and not infrequently receive, the curses of those who come after.

A week or two ago I fell into conversation with a constituent, a middle-aged, quite ordinary working man employed in one of our nationalised industries. After a sentence or two about the weather, he suddenly said: 'If I had the money to go, I wouldn't stay in this country'. I made some deprecatory reply, to the effect that even this government wouldn't last for ever; but he took no notice, and continued: 'I have three children, all of them been through grammar school and two of them married now, with family. I shan't be satisfied till I have seen them all settled overseas. In this country in fifteen or twenty years time the black man will have the whip hand over the white man'.

I can already hear the chorus of execration. How dare I say such a horrible thing? How dare I stir up trouble and inflame feelings by repeating such a conversation? The answer is that I do not have the right not to do so. Here is a decent, ordinary fellow Englishman, who in broad daylight in my own town says to me, his Member of Parliament, that this country will not be worth living in for his children. I simply do not have the right to shrug my shoulders and think about something else. What he is saying, thousands and hundreds of thousands are saying and thinking—not throughout Great Britain, perhaps, but in the areas that are already undergoing the total transformation to which there is no parallel in a thousand years of English history.

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<sup>1</sup> A Conservative MP representing Wolverhampton South-West since 1950, Powell was financial secretary to the Treasury in Harold Macmillan's first administration, resigning in 1958 in protest at the government's public expenditure plans, and then minister of health, 1960–1963. Heath sacked him from his position in the shadow Cabinet immediately after his Apr 1968 immigration speech. He left the Conservative Party on the eve of the Feb 1974 general election over the issue of Britain's entry into Europe (to which he was opposed), and joined the Ulster Unionist Party. As a Unionist MP he represented South Down in Northern Ireland from Oct 1974 until 1992. A gifted classical scholar, Powell was the most controversial politician of post-war Britain.

In fifteen or twenty years, on present trends, there will be in this country 3½ million Commonwealth immigrants and their descendants. That is not my figure. That is the official figure given to Parliament by the spokesman of the Registrar General's office. There is no comparable official figure for the year 2,000, but it must be in the region of 5–7 million, approximately one-eighth of the whole population, and approaching that of Greater London. Of course, it will not be evenly distributed from Margate to Aberystwyth and from Penzance to Aberdeen. Whole areas, towns and parts of towns across England will be occupied by different sections of the immigrant and immigrant-descended population.

As time goes on, the proportion of this total who are immigrant descendants, those born in England, who arrived here by exactly the same route as the rest of us, will rapidly increase. Already by 1985 the native-born would constitute the majority. It is this fact above all which creates the extreme urgency of action now, of just that kind of action which is hardest for politicians to take, action where the difficulties lie in the present but the evils to be prevented or minimised lie several parliaments ahead.

The natural and rational first question with a nation confronted by such a prospect is to ask: 'how can its dimensions be reduced?' Granted it be not wholly preventable, can it be limited, bearing in mind that numbers are of the essence: the significance and consequences of an alien element introduced into a country or population are profoundly different according to whether that element is 1 per cent or 10 per cent. The answers to the simple and rational question are equally simple and rational: by stopping, or virtually stopping, further inflow, and by promoting the maximum outflow. Both answers are part of the official policy of the Conservative Party.

It almost passes belief that at this moment twenty or thirty additional immigrant children are arriving from overseas in Wolverhampton alone every week—and that means fifteen or twenty additional families of a decade or two hence. Those whom the gods wish to destroy, they first make mad. We must be mad, literally mad, as a nation to be permitting the annual inflow of some 50,000 dependants, who are for the most part the material of the future growth of the immigrant-descended population. It is like watching a nation busily engaged in heaping up its own funeral pyre. So insane are we that we actually permit unmarried persons to immigrate for the purpose of founding a family with spouses and fiances whom they have never seen. Let no-one suppose that the flow of dependants will automatically tail off. On the contrary, even at the present admission rate of only 5,000 a year by voucher, there is sufficient for a further 25,000 dependants per annum ad infinitum, without taking into account the huge reservoir of existing relations in this country—and I am making no allowance at all for fraudulent entry. In these circumstances nothing will suffice but that the total inflow for settlement should be reduced at once to negligible proportions, and that the necessary legislative and administrative measures be taken without delay. I stress the words 'for settlement'. This has nothing to do with the entry of Commonwealth citizens, any more than of aliens, into this country, for the purposes of study or of improving their qualifications, like (for instance) the Commonwealth doctors who, to the advantage of their own countries, have enabled our hospital service to be expanded faster than would otherwise have been possible. These are not, and never have been, immigrants.

I turn to re-emigration. If all immigration ended tomorrow, the rate of growth of the immigrant and immigrant-descended population would be substantially reduced,



but the prospective size of this element in the population would still leave the basic character of the national danger unaffected. This can only be tackled while a considerable proportion of the total still comprises persons who entered this country during the last ten years or so. Hence the urgency of implementing now the second element of the Conservative Party's policy: the encouragement of re-emigration. Nobody can make an estimate of the numbers which, with generous grants and assistance, would choose either to return to their countries of origin or to go to other countries anxious to receive the manpower and the skills they represent. Nobody knows, because no such policy has yet been attempted. I can only say that, even at present, immigrants in my own constituency from time to time come to me, asking if I can find them assistance to return home. If such a policy were adopted and pursued with the determination which the gravity of the alternative justifies, the resultant outflow could appreciably alter the prospects for the future.

It can be no part of any policy that existing families should be kept divided; but there are two directions in which families can be reunited, and if our former and present immigration laws have brought about the division of families, albeit voluntary or semi-voluntarily, we ought to be prepared to arrange for them to be reunited in their countries of origin. In short, suspension of immigration and encouragement of re-emigration hang together, logically and humanly, as two aspects of the same approach.

The third element of the Conservative Party's policy is that all who are in this country as citizens should be equal before the law and that there shall be no discrimination or difference made between them by public authority. As Mr. Heath has put it, we will have no 'first-class citizens' and 'second-class citizens'. This does not mean that the immigrant and his descendants should be elevated into a privileged or special class or that the citizen should be denied his right to discriminate in the management of his own affairs between one fellow-citizen and another or that he should be subjected to inquisition as to his reasons and motives for behaving in one lawful manner rather than another.

There could be no grosser misconception of the realities than is entertained by those who vociferously demand legislation as they call it 'against discrimination', whether they be leader-writers of the same kidney and sometimes on the same newspapers which year after year in the 1930's tried to blind this country to the rising peril which confronted it, or archbishops who live in palaces, faring delicately with the bedclothes pulled right up over their heads. They have got it exactly and diametrically wrong. The discrimination and the deprivation, the sense of alarm and of resentment, lies not with the immigrant population but with these among whom they have come and are still coming. This is why to enact legislation of the kind before Parliament at this moment is to risk throwing a match onto gunpowder. The kindest thing that can be said about these who propose and support it is that they know not what they do.

Nothing is more misleading than comparison between the Commonwealth immigrant in Britain and the American negro. The negro population of the United States, which was already in existence before the United States became a nation, started literally as slaves and were later given the franchise and other rights of citizenship, to the exercise of which they have only gradually and still incompletely come. The Commonwealth immigrant came to Britain as a full citizen, to a country which knew no discrimination between one citizen and another, and he entered

instantly into the possession of the rights of every citizen, from the vote to free treatment under the National Health Service. Whatever drawbacks attended the immigrants—and they were drawbacks which did not, and do not, make admission into Britain by hook or by crook appear less than desirable—arose not from the law or from public policy or from administration but from those personal circumstances and accidents which cause, and always will cause, the fortunes and experience of one man to be different from another's.

But while to the immigrant entry to this country was admission to privileges and opportunities eagerly sought, the impact upon the existing population was very different. For reasons which they could not comprehend, and in pursuance of a decision by default, on which they were never consulted, they found themselves made strangers in their own country. They found their wives unable to obtain hospital beds in childbirth, their children unable to obtain school places, their homes and neighbourhoods changed beyond recognition, their plans and prospects for the future defeated; at work they found that employers hesitated to apply to the immigrant worker the standards of discipline and competence required of the native-born worker; they began to hear, as time went by, more and more voices which told them that they were now the unwanted. On top of this, they now learn that a one-way privilege is to be established by act of parliament: a law, which cannot, and is not intended, to operate to protect them or redress their grievances, is to be enacted to give the stranger, the disgruntled and the *agent provocateur* the power to pillory them for their private actions.

In the hundreds upon hundreds of letters I received when I last spoke on this subject two or three months ago, there was one striking feature which was largely new and which I find ominous. All Members of Parliament are used to the typical anonymous correspondent; but what surprised and alarmed me was the high proportion of ordinary, decent, sensible people, writing a rational and often well-educated letter, who believed that they had to omit their address because it was dangerous to have committed themselves to paper to a Member of Parliament agreeing with the views I had expressed, and that they would risk either penalties or reprisals if they were known to have done so. The sense of being a persecuted minority which is growing among ordinary English people in the areas of the country which are affected is something that these without direct experience can hardly imagine. I am going to allow just one of those hundreds of people to speak for me. She did give her name and address, which I have detached from the letter which I am about to read. She was writing from Northumberland about something which is happening at this moment in my own constituency:

'Eight years ago in a respectable street in Wolverhampton a house was sold to a negro. Now only one white (a woman old-age pensioner) lives there. This is her story. She lost her husband and both her sons in the war. So she turned her seven-roomed house, her only asset, into a boarding house. She worked hard and did well, paid off her mortgage and began to put something by for her old age. Then the immigrants moved in. With growing fear, she saw one house after another taken over. The quiet street became a place of noise and confusion. Regretfully, her white tenants moved out.

The day after the last one left, she was awakened at 7 a.m. by two negroes who wanted to use her phone to contact their employer. When she refused, as she would have refused any stranger at such an hour, she was abused and feared she would have

been attacked but for the chain on her door. Immigrant families have tried to rent rooms in her house, but she always refused. Her little store of money went, and after paying her rates, she has less than £2 per week. She went to apply for a rate reduction and was seen by a young girl, who on hearing she had a seven-roomed house, suggested she should let part of it. When she said the only people she could get were negroes, the girl said 'racial prejudice won't get you anywhere in this country'. So she went home.

The telephone is her lifeline. Her family pay the bill, and help her out as best they can. Immigrants have offered to buy her house—at a price which the prospective landlord would be able to recover from his tenants in weeks, or at most a few months. She is becoming afraid to go out. Windows are broken. She finds excreta pushed through her letterbox. When she goes to the shops, she is followed by children, charming, wide-grinning piccaninnies.<sup>2</sup> They cannot speak English, but one word they know. 'Racialist', they chant. When the new Race Relations Bill is passed, this woman is convinced she will go to prison. And is she so wrong? I begin to wonder.

The other dangerous delusion from which those who are wilfully or otherwise blind to realities suffer, is summed up in the word 'integration'. To be integrated into a population means to become for all practical purposes indistinguishable from its other members. Now, at all times, where there are marked physical differences, especially of colour, integration is difficult though, over a period, not impossible. There are among the Commonwealth immigrants who have come to live here in the last fifteen years or so, many thousands whose wish and purpose is to be integrated and whose every thought and endeavour is bent in that direction. But to imagine that such a thing enters the heads of a great and growing majority of immigrants and their descendants is a ludicrous misconception, and a dangerous one to boot.

We are on the verge here of a change. Hitherto it has been force of circumstance and of background which has rendered the very idea of integration inaccessible to the greater part of the immigrant population—that they never conceived or intended such a thing, and that their numbers and physical concentration meant the pressures towards integration which normally bear upon any small minority did not operate. Now we are seeing the growth of positive forces acting against integration, of vested interests in the preservation and sharpening of racial and religious differences, with a view to the exercise of actual domination, first over fellow-immigrants and then over the rest of the population. The cloud no bigger than a man's hand, that can so rapidly over-cast the sky, has been visible recently in Wolverhampton and has shown signs of spreading quickly. The words I am about to use, verbatim as they appeared in the local press on 17 February, are not mine, but those of a Labour Member of Parliament who is a Minister in the present Government. 'The Sikh communities a campaign to maintain customs inappropriate in Britain is much to be regretted. Working in Britain, particularly in the public services, they should be prepared to accept the terms and conditions of their employment. To claim special communal rights (or should one say rites?) leads to a dangerous fragmentation within society. This communalism is a canker; whether practised by one colour or another it is to be strongly condemned.' All credit to John Stonehouse for having had the insight to perceive that, and the courage to say it.

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<sup>2</sup> Offensive term for a small black or Australian aboriginal child.

For these dangerous and divisive elements the legislation proposed in the Race Relations Bill is the very pabulum they need to flourish. Here is the means of showing that the immigrant communities can organise to consolidate their members, to agitate and campaign against their fellow citizens, and to overawe and dominate the rest with the legal weapons which the ignorant and the ill-informed have provided. As I look ahead, I am filled with foreboding. Like the Roman, I seem to see 'the River Tiber foaming with much blood'. That tragic and intractable phenomenon which we watch with horror on the other side of the Atlantic but which there is interwoven with the history and existence of the States itself, is coming upon us here by our own volition and our own neglect. Indeed, it has all but come. In numerical terms, it will be of American proportions long before the end of the century. Only resolute and urgent action will avert it even now. Whether there will be the public will to demand and obtain that action, I do not know. All I know is that to see, and not to speak, would be the great betrayal.<sup>3</sup>

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<sup>3</sup> The Attorney-General's Office received several representations to the effect Powell should be prosecuted under section 6 of the 1965 Race Relations Act for his Birmingham speech. To be successful, the prosecution had to prove, first that there was intent to stir up hatred, secondly, that the words used were threatening or insulting, and finally that the words were likely to stir up hatred. Taking the view a prosecution would not be justified unless there was a probability of conviction, the law officers advised against proceedings (PREM 13/2315, draft press statement from the Law Officers Department, 24 Apr 1968).

## **449** FCO 49/31, no 1

22 Apr 1968

[Race as a factor in international relations]: letter from Sir J Nicholls (Cape Town) to Sir D Allen

We have read with much interest the Foreign Office despatch to Bonn, dated 2 April, setting out the results of your recent review of foreign policy. It seems to us a very lucid and useful analysis, and we have no quarrel with the conclusions. But there are two points which I should like to make on it, because they are of particular relevance to this post.

2. In the Rhodesia Debate on 27 March, the Prime Minister spoke about 'the world now dominated, as the Commonwealth is dominated, by problems of race and colour'. It seems to me a notable omission in the policy review that the words race and colour do not appear once. There is a very general reference to 'north/south' differences in paragraph 3, and the developing world earns a couple of brief references, if only in an economic context. But nowhere is there any suggestion that the questions of race and colour dominate, and are likely to go on dominating, the attitude towards the United Kingdom of a large majority of countries; or that these questions are increasingly likely to affect our relations with some of the white countries which are or should be among our closer associates.

3. It seems to me, with respect, that we can no more afford to ignore these problems than could the governments of the sixteenth century afford to overlook religious problems. A cursory look at the state of the world today underlines their importance. The United States is torn by racial strife exacerbated by the assassination of Dr. Martin Luther King<sup>1</sup> and American policy towards various parts of the world

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<sup>1</sup> US black civil rights leader and Baptist minister, assassinated 4 Apr 1968.

(notably Africa) is governed to quite a considerable extent by fear of repercussions on the negro problem at home. In Rhodesia we are struggling with an intractable problem, extremely damaging to British interests, which would disappear overnight if we could ignore racial aspects, but since we cannot, it threatens not only domestic unity but the continued existence of the Commonwealth as we know it. In our own country, racial problems, in addition to over-crowding, have compelled us to limit immigration, which has had an obvious effect on our relations with Kenya and with India. In South Africa our economic interests as such would call for the closest possible association; but South African race policy is diametrically opposed to our own and this leads us to adopt policies which may well put our exports and our investment here at risk.

4. An equally notable lacuna in the despatch is the absence of anything but the most cursory reference to the United Nations. The U.N. gets a brief reference in paragraph 11 ('we should aim to make the United Nations more effective'), reflected briefly in conclusion (e), and the possibility of losing our permanent seat on the Security Council is mentioned *en passant* in paragraph 13. However this is a long way from H.M.G.'s declared intention of making the United Nations the cornerstone of its foreign policy and, if the change of emphasis is deliberate, it would seem to merit a word or two of explanation.

5. More important, perhaps, is the failure of the review to deal with the situation with which we are now confronted in the United Nations, where the new Afro-Asian countries are setting the pace and combining with the Communist world (and on many issues, unfortunately, with the Latin-Americans) to drive us into policies contrary to our real interests. We have walked the United Nations tightrope with remarkable success for a number of years, but can we seriously hope to go on doing so until, a sufficient number of Afro-Asians are mature enough to break away from the policies to which they are now committed? If it comes to that, what are the prospects of such an evolution within the Afro-Asian group? I would have thought that they were pretty poor, because what motivates them all in varying degrees is their conviction that it is time for the black man, the yellow man and the brown man to come into their own and for the white man to be reduced to the position in the world to which his actual numbers entitle him. It could be argued that, with increasing experience and an adequate injection of development aid, some at least of the Afro-Asians could move from the 'have nots' into the 'haves' and settle down as responsible members of the world community. But there is very little sign of this happening, and all the indications are that the gap between developed and developing countries is widening both politically and economically and that the Afro-Asians when they act together—particularly in the United Nations—will become more rather than less extreme. Against such a background, the prospects of achieving our aim to make the United Nations more effective do not look very bright to me.

6. Both the omissions to which I have drawn attention come back in the end to the problems of race which I believe to be central to any foreign policy which we seek to establish in the coming years. Our present attitude is ambivalent for, although we are dedicated to the principles of racial equality and non-discrimination, it still has to be demonstrated that in the countries where racial issues loom large, the integrated multi-racial society can really achieve stability and orderly progress. In any case we should probably not be prepared to put our material interests at stake by following the Afro-Asian line, even if we were convinced that it was both practicable and right.

In this country, for example, we pursue on the one hand a policy of expanding trade and increasing contacts in the hope of influencing South Africa's racial policies over a generation or so, while the overwhelming body of Afro-Asian opinion wants immediate results and calls for ostracism and coercion. We try to moderate the extreme demands of the Afro-Asians at the U.N. by going some way to meet them and by making speeches against *apartheid* which (apart from casting doubt on the friendly tone we employ towards South Africa in matters of trade) encourage the Afro-Asians to believe that we are really on their side and can be pressurized into forgetting our economic qualms. But this is a process which cannot be continued indefinitely; it smacks of appeasement in the Munich sense and, like all compromise positions, carries with it the inevitable risk that we shall end up by incurring the hostility of *both* protagonists.

7. I recognise that it is perhaps a little unfair for me to make these criticisms of a despatch which, although it is described as setting out the issues considered during a general review of foreign policy, is, as is made clear in paragraph 2, fundamentally a paper about our policy towards Europe in the framework of world events and of our interests world-wide. Nevertheless, I think that it is not really practicable for us to consider general issues of foreign policy without giving proper weight to race problems and what I would like to suggest is that the Planning Staff might perhaps be asked to produce a parallel paper on the impact of race problems on foreign policy generally and, more specifically, in relation to the United Nations and to the policy objectives described in the despatch of 2 April. Such a paper with broader scope should surely make some reference to China, which is not mentioned in the present paper, in which the view eastwards from London does not seem to range beyond the Persian Gulf, except for one brief reference to Singapore and Indonesia. There is also the question of the effects on us in the rest of the world of our entry into the European Economic Community.

8. A convenient starting point might be the immediate dilemma set out in Foreign Office telegram No. 1151 of 15 March to UKMIS New York and to Washington, i.e. whether we should veto as unacceptable a resolution on a racial issue or abstain and ignore it if we are forced to the crunch in the Security Council. But I think that the paper might also cast a critical eye on our present policies and tactics, particularly in the United Nations, in relation to racial problems; if my thesis that the process of appeasement cannot be continued indefinitely—or indeed much longer—is accepted, it is important to decide not only what we shall do when we cannot go any further to meet the Afro-Asians without unacceptable damage to our own interests but also how we should comport ourselves in the meantime to minimize the ill-effects of the clash when it comes. In dealing with this latter point, I would hope that the paper might examine a question which often worries me—namely, whether it is really right to make concessions to a point of view we disagree with because to do otherwise would 'harm the United Nations'. The pursuit of unanimity on the sort of issue I am dealing with can only mean either a resolution which is mere window-dressing or one in which we have conceded points against our better judgment. It is at least arguable that greater and more harm results from making concessions which bring nearer the first show-down over a resolution which we can neither accept nor block. I believe too that we exaggerate the dangers of straight-forward opposition to Afro-Asian views; some of the countries concerned are of course so hostile that neither our opposition nor our agreement can affect their

attitude to us, but others, I believe, would react better than we think to firm and reasoned rejection of proposals we dislike. In fact it is arguable that by seeking compromises on bad resolutions we encourage the extremists and reduce our chances of detaching the less extreme. I personally think that we do ourselves more harm with the Afro-Asians by our present tactics than we should by sticking to our guns, since all too often we raise their hopes by what we say only to dash them by what we do, thus laying ourselves open to the charge of hypocrisy and also appearing to take our final decisions on grounds of selfish economic interest alone.

9. I believe myself that a paper dealing with these issues might be very useful in considering questions which, in my view, are bound to confront us a year or two from now. If it is decided to produce anything on these lines I hope that we may be allowed to offer some suggestions.

**450** FCO 49/31, no 22 5 July 1968  
 [Race as a factor in international relations]: minutes of 75th meeting  
 of FO Planning Committee

*Race as a factor in international relations*

Sir Edward Peck<sup>1</sup> welcomed Sir J. Nicholls and Mr. Fitzgerald<sup>2</sup> to the Planning Committee. He explained the origins of the paper before the Committee (PC(68)4). He invited Sir J. Nicholls to open the discussion of the paper.

2. Sir J. Nicholls said that his letter<sup>3</sup> which had led to the paper before the Committee was prompted by a recent Foreign Office despatch on overseas policy which had not mentioned race and had only made a passing mention of the U.N. He believed that no study of overseas policy could omit the United Nations. Governments of African countries might adopt moderate attitudes to foreign affairs in their own capitals but their vote almost always went the wrong way in the United Nations. Race was becoming a more and more potent factor in the United Nations. As a result the United Kingdom was being compelled to adopt policies increasingly inconsistent with our own interests. The paper should take account of this.

3. Mr. Everett<sup>4</sup> said that the Planning Staff accepted that the paper should have said more about the United Nations, should have made more of the size of our interests in Southern Africa and should have given greater emphasis to the fact that race was central to all Southern African issues. At the same time Mr. Everett said that despite the undoubted effect of racial questions in the United Nations the Planning Staff still did not consider that race had an important effect on Britain's fundamental interests e.g. the Atlantic Alliance, economic developments, East-West relations etc.

4. The following were among the principal points made in the subsequent discussion:—

- (a) The paper was rather thin. It should examine the differences between attitudes to race in different parts of the world. For instance even in Africa there were

<sup>1</sup> Knighted 1966; formerly high commissioner in Kenya (see 367), Peck was now deputy under-secretary of state, FO/FCO.

<sup>2</sup> T Fitzgerald, assistant under-secretary of state, Home Office, 1964–1975.

<sup>3</sup> See 449.

<sup>4</sup> C H D Everett, first secretary, FO.

differences between attitudes in West and East Africa. It should compare the difference between Anglo-Saxon, French, Portuguese, Soviet and other white nations' attitudes to race. In view of other white nations' success in avoiding the stigma of racialism it was arguable that the paper should in many instances use the word Anglo-Saxon rather than white. It should examine Chinese notions of racial superiority and consider the difficulties of any deep links being established between black, brown and yellow races.

(b) It was impossible to study race without bringing in the notions of under-development and power. If countries in the developing world made economic progress then conceivably race would not be an important factor. But the gap between 'North' and 'South' was widening. Race was a convenient rallying cry to cover all the ideas embodied in this gap. It could be argued that African behaviour in the United Nations might in future become more responsible in the same way that Latin American behaviour had done in the last ten years or so, but this was not necessarily the case, especially if a bloc of white countries were to develop in Southern Africa.

(c) The paper paid too much attention to the broader aspects of overseas policy. It was also too categorical in stating that the United Nations and the developing world were a second priority. This misrepresented the degree to which we continued to have world-wide interests even if these could be regarded as, in some senses, secondary. In concluding that race was never a dominant element the paper ignored the fact that it was in many cases a unifying factor. It would always remain with us and always be likely to blow up in our faces.

(d) Mr. Fitzgerald said that the Home Office were very conscious of the ways in which the two facets of domestic policy on race – immigration control and race relations—could affect external affairs. Race had exploded as a factor in Home Office affairs in the last two years. The Race Relations Bill had arisen in part from Mr. Jenkins' determination that the United Kingdom should avoid the conditions which had developed in the United States. One difficulty was the difference between the capacity of different immigrant groups to assimilate. Among the factors which had led to immigration control were the strain which unrestricted immigration put on social and other services and the continuing possibility of incidents. A problem was that U.K. citizenship was not coterminous with immigration control.

Mr. Fitzgerald said that the reaction to 'Powellism' showed that no reliance could be placed in future on traditional British phlegm and stoicism. The liberal press were somewhat unreal. All the pressures from Parliament were for more immigration controls.

(e) It was pointed out that race was not a straightforward conflict between black and white but a force in world politics which other whites could exploit. As a result it did involve East-West relations. The Soviet Union tried to take advantage of it. China used it as a stick with which to try to beat the West and to some extent the Soviet Union. Chinese failures to date were not necessarily significant. In various parts of Africa the Chinese achieved psychological impact because they could claim to be have-nots among have-nots. They fell into the right category. On the other hand their belief in their own innate superiority would continue to tell against them.

(f) The paper under-estimated the effect of race on U.S. policy, e.g. the degree to



which American attitudes to Vietnam and race were now intertwined, and the impact of U.S. policies on the United Kingdom. The paper was also too complacent about race in Latin America. Several Latin American countries, e.g. Peru, were dominated by small white oligarchies.

(g) Race affected international relations in numerous ways—as a common domestic problem of many societies, through its effect on national image and reputation, as part of the North-South relationship, and as the basic factor in Black African attitudes to Southern Africa. It was necessary to distinguish all these problems. We risked building up hatred on racial lines or at any rate hatred rationalised on racial lines. We could face a frightening choice between moral principles and material interests.

(h) On the other hand it was argued that we should scrutinize arguments from moral principle. We had exacerbated the problem of race by agonizing over it. From unjustified feelings of guilt and shame we sometimes tended to concede an automatic superiority to black countries. We needed to treat them as equals and on a realistic basis.

5. Summing up, Sir Edward Peck said that the paper should be redrafted to take account of the points made in discussion. In particular it should:—

- (i) focus on the international features of race but touch on questions of immigration, race relations and citizenship;
- (ii) take greater account of Commonwealth aspects of the problem;
- (iii) emphasize the need to deal with countries as they deal with us and not to distinguish between them on grounds of colour or to accord any nation an emotionally privileged position;
- (iv) deal with the whole spectrum of colour and racial consciousness;
- (v) emphasize in conclusion the need to avoid the danger of race becoming or remaining a rallying cry transcending other causes and releasing emotions damaging to U.K. interests.

The paper should go to the Steering Committee in September with a view to subsequent presentation to OPD(O). It should be phased in with the paper which the Commonwealth Office were preparing in consultation with the Home Office for the Commonwealth Prime Ministers' Meeting.

## **451** CAB 128/43, CC 46(68)6 12 Nov 1968

### **'Race relations and the police': Cabinet conclusions on the exclusion of the police disciplinary code from the Race Relations Act**

The Cabinet considered a memorandum by the Home Secretary (C (68) 122) on race relations and the police.<sup>1</sup>

*The Home Secretary* recalled the decision that actions taken by the police in the course of their operational duties should not be brought within the scope of the Race Relations Act, but that there would be advantage in amending the disciplinary code in due course so as to make discrimination a specific offence. This proposal had run

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<sup>1</sup> cf 443.

into difficulties, and he sought the agreement of the Cabinet that it should not be pursued.

The opposition of the Police Federation to the amendment of the code was intense and deep-seated; and the Police Advisory Board, representing both the police service and the police authorities, were unanimous in advising him not to proceed with the amendment. Repeated explanations of the case for amendment had failed to convince the Board, and the opposition of the police service had not, as he had hoped, died away. It was based on the proposition that, since the constable's oath bound him to carry out his duties 'without favour of affection, malice or ill-will', to make a specific offence of an action which would in any case be a breach of the oath and of the existing provisions of the code on abuse of authority would place an unjustified slur on the police service. The Secretary of State for Scotland had encountered similar opposition from the relevant Scottish organisations, and agreed with him that the proposal should be dropped. It had originally been intended to serve a presentational purpose in countering Parliamentary criticism of the fact that the Race Relations Bill did not cover the police in their operational role, but none had arisen, nor had the immigrant organisations shown much interest. No doubt they would complain if the proposal was abandoned, but they had taken the line that what mattered most was not provisions written into the statute or the discipline code, but the attitude of mind of the police force. On this he could emphasise that positive action had been taken; he had arranged for instruction on race relations to be included in training courses and the Metropolitan Police had designated an officer in each station to deal with problems of race relations. While, therefore, the advantages of amending the discipline code would be purely presentational, the disadvantages had proved to be greater than they had expected, since there was no doubt that the police would continue to object and that they would obtain some support both from the Opposition and from public opinion.

*The Prime Minister* said that the Chancellor of the Exchequer, who was unable to attend the meeting, had sent him a minute arguing that the proposal to amend the discipline code should not be abandoned. The Chancellor had pointed out that the proposal had been adopted as a compromise less satisfactory than applying the Race Relations Act to the police in their operational role, and thought that if it were now abandoned there would be strenuous opposition from the leaders of immigrant opinion. American experience had illustrated that good relations between the police and the coloured community were indispensable in creating a tolerant society. There was no doubt that the immigrants believed that the police discriminated against them, and the Chancellor thought that a number of policemen agreed with Mr. Enoch Powell's views on race. At a time when the Government had thought it right to pass an Immigrants Act to limit the number of Asians admitted to the country from Kenya, and to reopen negotiations with Mr. Ian Smith about the future of Rhodesia, many of the Government's supporters in Parliament would also be offended by the abandonment of the proposal to amend the discipline code.

In discussion there was support for the view that the proposed amendment of the discipline code had been no more than a presentational device, and that the Government should take account of the strong opposition of the police themselves and the police authorities to a provision which seemed to cast doubt on the validity of the oath taken by constables, and indeed by magistrates. It was arguable that an oath and a discipline code in general terms were of more value than specific references to particular kinds of discrimination.

*The Prime Minister*, summing up the discussion, said that the Cabinet were not disposed to press the Home Secretary to insist on an amendment of the discipline code in the face of opposition from the police. There should, however, be no immediate announcement of the Government's decision; it should simply be communicated to the Police Advisory Boards for England and Wales and for Scotland at a suitable meeting.

The Cabinet:—

Agreed that the police disciplinary code should not be amended to make racial discrimination a specific offence.

**452** FCO 50/244, no 4 31 Dec 1968  
**[East African Asians]: FCO brief for Mr Stewart on the extent of the problem<sup>1</sup>**

*The problem*

1. There is likely to be a heavy demand for immigration by Asian U.K. citizens in Kenya and Uganda in 1969 and succeeding years, as the Governments of those countries implement their Africanisation policies.

The problem is to decide how H.M.G. should meet this demand.

*Recommendation*

2. *It is recommended* that the Foreign and Commonwealth Secretary should, in Cabinet:—

(a) Support the proposition that immigration priority be given to U.K. citizen Asians from East Africa, at the expense if necessary of nationals of other Commonwealth countries.

(b) Support the proposal that discussions should be initiated with Commonwealth delegations to the forthcoming Prime Ministers' Meeting, with the following objects in view:

(i) *Kenya*: to persuade the Kenya Government not to accelerate their Africanisation programme.

(ii) *Uganda*: to persuade the Uganda Government that we cannot give an undertaking to admit U.K. citizen Asians at will; that we are prepared to accept them (as from Kenya) in an orderly manner; and to get Uganda to co-operate with us in maintaining at most a manageable rate of migration.

(iii) *India*: to persuade the Indian Government to continue to accept a number of Asians from East Africa under the existing understanding.

(iv) *Australia, New Zealand, Canada*: primarily to obtain the sympathy of these Governments, and help in getting our case understood in their countries; and also to enlist, if possible, their help by accepting some Asians from East Africa themselves.

(v) *Other countries from which migration to Britain takes place*: to persuade them that Kenya (and potentially Uganda) actions will affect their interests, so that they put pressure on Kenya and Uganda.

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<sup>1</sup> Brief prepared for Stewart's use at Cabinet meeting on 3 Jan 1969.

*Background*

3. The paper attached to the Home Secretary's memorandum was considered by the Ministerial Committee on Immigration and Community Relations on 16 December. The briefs prepared for Mr. Whitlock's use at that meeting are at Flag B.

4. In the covering memorandum dated 20 December the Home Secretary makes clear to his colleagues the gravity of a situation in which, at worst, some 30,000 Asians might seek to enter the United Kingdom from East Africa in 1969, in addition to the normal entry of employment voucher holders and dependants. The Home Secretary also refers to the suggestion that at the time of the Commonwealth Prime Ministers' Meeting, we should hold bilateral discussions with President Obote and with the Kenyan Minister, and with others who might co-operate in finding a solution to this problem. Commonwealth posts have been instructed by telegram (Y circ. No. 73) to advise Governments whose Ministers will be concerned in these talks that we shall wish to raise these matters outside the Conference proceedings.

5. Nairobi telegram 3940 of 20 December gives recent figures, supplied by the Kenya Ministry of Labour, for the numbers of Asians whose 'entry' permits (i.e. work permits) will not be renewed in the 21-month period beginning 1 January, 1969. If these figures are to be believed, the problem is somewhat less acute than is described in paragraph 2 of the F.C.O. paper enclosed with the Home Secretary's memorandum. Non-renewals of Kenya work permits during 1969 are now estimated to be 3,020 (instead of 5,000 as estimated in the paper and 9,000 as stated by the Office of the President of Kenya) and during 1970 this figure may rise to 3,500. The situation is still serious, however, in view of the fact that nearly all the families concerned would qualify for the highest priority in receiving special vouchers, whereas the quota is at present fixed at 1,500 per year.

6. While the actual numbers likely to be expelled from Kenya may be fewer than previously thought probable this should not be allowed to obscure the seriousness of the problem as a whole in relation to the present level of immigration. The contingent liability to take an additional large number of Asian citizens of the United Kingdom and Colonies from Uganda remains. It is, however, not possible at this stage to talk to the Ugandan Government, or President Obote, in terms of numbers. Although secret but not entirely reliable information indicates that Ugandan policy towards Asians might lead to the expulsion of as many as 20,000 persons (say 5,000 vouchers) over an initial period of six months, and we believe the Uganda Government to be preparing to implement their intentions in the near future, the only public indication we have is the Report of the Committee on Africanisation of Commerce and Industry and the Government's announced intention to publish a white paper on that Report. Thus, while Cabinet must take into account the probability of a large number of Asian U.K. citizens being required to leave Uganda during 1969, perhaps 5,000 heads of families, discussions with President Obote during the Prime Ministers' Conference must, at any rate initially, be on quite a different basis from those with the Kenya delegation. President Obote has demanded that H.M.G. give a blanket assurance that all U.K. citizens at present resident in Uganda will be able to enter Britain when they wish to do so, or when Uganda chooses to require them to leave. Such an assurance, if given, could not be confined to Ugandan Asians, and would therefore amount to a complete vitiation of the Commonwealth Immigrants Act of 1968. Only if and when, in the course of discussions, President Obote can be led to indicate his Government's intentions

regarding the expulsion of U.K. Asians will Ministers be able to discuss with him the nature of H.M.G.'s problem in terms of numbers of immigrants as a whole, and seek to obtain his agreement to a programme of manageable dimensions.

7. We must recognise that the scope for diplomatic action in India, Kenya and Uganda is strictly limited because we are on weak ground in denying access to Britain to our own citizens. They regard our attempts to enlist the help of our Commonwealth partners in solving our immigration problems as an attempt to shrug off our responsibilities. We do not wish to prejudice the existing informal arrangements with the Indian Government whereby India is accepting for settlement a fair number of U.K. citizens of Indian origin formerly resident in Kenya in return for our endorsement in their passports that they are entitled to be admitted to the U.K. So far as Kenya and Uganda are concerned, we can at least try to persuade them to keep the forced exodus of Asians to manageable proportions. But it is very unlikely that we—or any other members of the Commonwealth—would be able to influence these Governments to abandon their intentions to rid themselves of their Asian populations as soon as they find it practical to do so, either by referring to our own difficulties or by threatening reprisals. We consider it would be wrong to use the threat of withdrawing aid in an attempt to influence what is clearly domestic policy arrived at in the exercise of national sovereignty. Apart from the unpleasant consequences which would arise in our relations with Kenya and Uganda, such action would throw doubt upon our whole aid policy, which is conducted on the principle that no strings are attached to our grants. As far as Kenya is concerned, we stand to lose valuable military facilities, overflying and staging facilities, our commercial interests are considerable, and most of all, we should antagonise the emergent African Government whose views on African policies are more moderate and predictable than most if not all others. A denial or reduction of aid would have serious consequences for the substantial number of European U.K. settlers who have not yet disposed of their land holdings, and for the United Kingdom firms still operating in Kenya. In Uganda, our trade and other commercial interests would probably suffer disproportionately to the amount of the aid which would be saved. Nevertheless, in line with our view that we cannot afford at this stage to neglect any opportunities open to us, we should be prepared to discuss with our colleagues at the Prime Ministers' Meeting ways and means of alleviating the situation. Attached to this brief are some notes which outline the kind of approach we might make to the representatives of Kenya, Uganda, India, the Old Commonwealth countries and other Commonwealth countries which are traditionally the source of immigration to the U.K.

8. It would be a mistake to bind ourselves to the present ceiling of 1,500 special vouchers a year for U.K. citizens (effectively from East Africa). A continued refusal by us to admit additional numbers of U.K. citizens who may be forced to leave East Africa would have the following consequences:—

- (i) We should probably be in breach of our obligations under customary international law and such refusal would accentuate the difficulties raised by the 1968 Act in connection with the various 'human rights' conventions which we have signed but so far not ratified;
- (ii) It would damage our relations with the Governments of Kenya and Uganda;
- (iii) It would expose us to embarrassing criticisms not only by the Asian-U.K. community of citizens in Kenya and Uganda, but also by the press in this country.

(iv) If the special vouchers are not increased by a number which will meet the minimum demand, we shall be called on to implement the Home Secretary's statement on 28 February, 1968 (Hansard Col. 1501) that we would have to take '... a man who was thrown out of work and ejected from the country'; in which case total coloured immigration to Britain would perforce increase.

(v) The Indian Government might use this as an excuse to repudiate the informal understanding we reached with them last July, with a consequent intensification of the problem of numbers;

(vi) It would convey to the world at large an impression that the U.K. is not really concerned to honour her obligations in respect of her own citizens, an impression incidentally which gained wide currency at the time of the passage of the Commonwealth Immigrants Act, 1968.

9. It follows that a drastic reassessment of our priorities in regard to the issue of employment vouchers (i.e. the 8,500; the 1,500 special vouchers are not linked to employment in this country) may prove to be the only effective way whereby we could be in a position to receive very large numbers of U.K. citizens who are expelled from East Africa and who, with the possible exception of India (which has no formal responsibility for them), have no other home to go to. Serious consideration should therefore now be given to the desirability of curtailing, perhaps for a temporary period, the issue of employment vouchers to all Commonwealth citizens who, unlike the Asians in East Africa, were subject to control under the 1962 Act. Few countries are likely to challenge the concept that the duty of any state to honour its obligations in relation to its own nationals must override its willingness to admit as immigrants nationals of other states, even if these are members of the Commonwealth.

10. A decision in principle on this issue will have to be taken by Ministers on 3 January to determine the tactics we should adopt at the Commonwealth Prime Ministers' Meeting opening on 7 January.

## **453** FCO 49/31, no 38

24 Feb 1969

[Race as a factor in international relations]: letter from Sir J Nicholls to Sir E Peck on a revised FO paper<sup>1</sup>

Thank you for your letter of 28 January enclosing a copy of the Planning Working Party's draft paper on 'Race as a Factor in International Relations'.

2. Whilst in general the paper seems to cover its subject well, I think that there are three important factors in the situation to which, as seen from here, it does not give sufficient weight. The first of these is the relationship of racial size to attitudes on race. Rightly or wrongly—and in the light of developments elsewhere in Africa, I am inclined to believe rightly—the South African white minority believe that if they relax their dominance of the non-white population and allow them anything approaching equality this must lead ultimately to their own loss of a country in which the Afrikaners who now hold the reins of power have been settled for nearly 400 years. Secondly—and a connected theme—is the ability of a dominant

<sup>1</sup> The final version of the paper, dated 30 Sept 1969, is at FCO 49/258, no 62. It was discussed at a seminar organised by the FCO at St Antony's, Oxford, 13–15 Dec 1969 (FCO 49/276).

government to submerge racial issues within its own territory. For example, the Russian domination of their Eastern peoples seems to be so complete that only very rarely do racial issues within the Soviet Union attract attention even in the United Nations. Similarly it is, I believe, the sheer prosperity and economic and military power of the South African Government that is the largest factor in persuading some of her Black neighbours, notably Malawi, to some acceptance of her policies. The extent of the South African Government's ability to maintain themselves in power in the face of Black African opposition is, I would suggest, essentially a matter of the extent of their own self-confidence. The same is, to an extent, true of Portuguese occupation of Angola and Mozambique. The retreat from colonialism has been a matter as much of a loss of self-confidence by the colonial power as of a realisation of the rights of the colonised peoples. And finally—my third factor—it has been the retreat from colonialism which has brought with it the present trend by the rich Northern nations to retire into their own circle and become economically increasingly less involved with the poor South, with the result that the economic gap between North and South is now widening steadily.

3. On a more minor point, we should, I think, take issue with the mention of South Africa at the beginning of paragraph 6 of the paper as an example where racial problems have stemmed from colonialism. So far as the Afrikaner here is concerned, racial problems have their roots in slavery and it was only the English settlement in the nineteenth century which brought the full trappings of colonialism. Perhaps Rhodesia would be a better example of the colonial problem. We think also that it is probably wrong to suggest (in paragraph 29) that the non-white nations in Africa can, in the foreseeable future, become an economic or military match for South Africa.

## **454** CAB 129/154, CP(70)126

31 Dec 1970

### **'Immigration Bill': Cabinet memorandum by Mr Maudling<sup>1</sup> on the establishment of a single system of control for all immigration from overseas**

#### *Introductory*

1. In our Manifesto we said:—

'We will establish a new single system of control over all immigration from overseas. The Home Secretary of the day will have complete control, subject to the machinery for appeal, over the entry of individuals into Britain. We believe it right to allow an existing Commonwealth immigrant who is already here to bring his wife and young children to join him in this country. But for the future, work permits will not carry the right of permanent settlement for the holder or his dependants. Such permits as are issued will be limited to a specific job in a specific area for a fixed period, normally 12 months. There will of course be no restrictions on travel.

These policies mean that future immigration will be allowed only in strictly defined special cases. There will be no further large scale permanent immigration.

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<sup>1</sup> Reginald Maudling, home secretary, 1970–1972.

We will give assistance to Commonwealth immigrants who wish to return to their countries of origin, but we will not tolerate any attempt to harass or compel them to go against their will.'

2. The Immigration Bill is in an advanced stage of drafting. In this memorandum, I summarise its main provisions, and call attention to some particular points of difficulty.

*Main provisions of the Bill*

3. The Bill is drafted so as to carry out our undertaking to introduce a 'single system of control' and to remove the automatic right of the Commonwealth worker to remain here once he has arrived. But my colleagues must appreciate that it is not possible to assimilate completely the treatment of aliens and Commonwealth immigrants: and indeed the Manifesto does not commit us to this. In some respects indeed it will be necessary to treat Commonwealth immigrants less favourably than aliens—and if we enter the European Economic Communities (EEC) the discrimination will become even more marked. This stems from the fact that, in the main, aliens and Commonwealth immigrants come to this country for different reasons. Of the 50,000 aliens who come each year to work, half stay for less than 12 months. Only about 1 in 6 stay for 4 years and then settle; and they do not bring in large numbers of dependants. The Commonwealth immigrant, on the other hand, normally wants to come here to stay. The number of those admitted has declined sharply (see figures in Appendix I),<sup>2</sup> but about 4,000 voucher holders have recently been arriving each year. All these, once admitted, are entitled to stay indefinitely, and have rights to bring in dependants. Over the years, dependants have been coming in at the rate of about 2.7 per voucher holder.

4. At present Commonwealth citizens have certain statutory rights of entry (notably as voucher holders or as visitors or as students) and there is also a statutory right of entry for dependants of Commonwealth immigrants already settled here. The Bill will take away these rights—for which we shall be criticised. But the undertaking in our Manifesto about dependants will be safeguarded in the Immigration Rules, which will be published as a White Paper when the Bill is presented. These dependants will continue to have a right of appeal if refused an entry certificate.

5. A Commonwealth immigrant admitted for employment will in future require a work permit, for a specific job at a specific place. It will be valid for not more than one year. He may have his stay extended while he remains in approved employment, and after 4 years he will (like an alien) be eligible to apply for the revocation of the conditions attached to his stay. Until then, he will be required to register with the police.

6. The Bill will alter the appeal arrangements in two main respects:—

i. The provision of rights of appeal in security cases is unnecessary and contrary to the national interest. The Home Secretary should have an unfettered power, subject only to his answerability to Parliament, to exclude or expel any foreign national or Commonwealth citizen where he has decided that this is conducive to the public good. This is a view I had formed before the Rudi Dutschke<sup>3</sup> appeal.

<sup>2</sup> Appendices not printed.

<sup>3</sup> West German militant student leader, admitted to the UK to take a post-graduate course at Cambridge on condition he took no part in political activities. His appeal against a deportation order issued for failure to comply with this condition was dismissed in Jan 1971.



ii. At present anyone arriving with a work permit, voucher, visa or entry certificate who is nevertheless refused entry can appeal at the port. It was the intention of the Immigration Appeals Act, 1969 that anyone arriving without any of these documents who was refused entry (eg as a visitor) should also have a right of appeal at the port. The last Administration deferred introduction of this latter form of appeal; and the Bill will now provide that the right of appeal shall not be exercisable while the passenger is in the United Kingdom. When back in his country of origin, he will be in much the same position as a person appealing against refusal to issue a visa or entry certificate.

7. A Commonwealth citizen or citizen of the Irish Republic now has an automatic right to be registered as a citizen of the United Kingdom and Colonies on completing 5 years ordinary residence here. The Bill will make registration discretionary—on the lines of, but not identical with, naturalisation.

8. Appendix II gives fuller details of the contents of the Bill, including the changes proposed in respect of deportation, and new offences and new penalties. The Bill will contain a provision dealing with expenditure on repatriation. Since this is a topic on which we are likely to be challenged, I have set out my present proposals in some detail in Appendix III.

#### *Particular issues*

9. I now turn to three issues raising points of some difficulty.

##### *a. Limitation on numbers*

10. How should we best limit the number of Commonwealth immigrants? We shall have to take *some* special steps. Otherwise, assimilation to the arrangements for aliens would lead to an increased entry by Commonwealth citizens. Most of them would be well behaved, and could not be extruded without harm to community relations in this country.

11. Relevant factors are:—

i. The Cabinet have already agreed on 26 November (CM(70) 41st Conclusions, Minute 6) that we should try for an agreement with Kenya and Uganda about the admission of East African United Kingdom passport holders of Asian origin to this country on the basis of doubling the present quota of 1,500 and halving the inflow of about 4,000 Commonwealth voucher holders.

ii. It would seem right to allow doctors from the Commonwealth to come in 'off the ration', as is already the position for aliens (although they come only in small numbers).

iii. It would also seem right to maintain a special quota for Malta and the dependent territories. Otherwise very few people would be able to come from these places.

12. If we keep to a maximum of 2,000 work permits, as envisaged in the Cabinet discussion on 26 November, and something like half are left for Malta and the dependent territories, this would leave a total of the order of 1,000 for the rest of the Commonwealth. To keep the intake down to this figure, we have the alternatives of a numerical limit coupled with restrictive criteria (as at present), or of depending solely on even more restrictive criteria. The Department of Employment think that we could probably achieve our aim by giving work permits only to the following:—

- a. Those holding professional qualifications and managerial and executive staff.
- b. Skilled craftsmen and experienced technicians.
- c. Specialised secretarial and clerical staff.
- d. Those coming to do other skilled or responsible work which in the opinion of the Secretary of State for Employment is of substantial economic or social value to this country.

As with aliens, permits would not be issued until the would-be employer had first tried and failed to fill the vacancy from resident labour here. No permits would be issued to unskilled or semi-skilled Commonwealth citizens.

13. The criteria suggested for Commonwealth citizens are stiffer than those for aliens; and we shall be criticised for discriminating *against* the Commonwealth. But there is no escape from this, whether we have a numerical limit or whether we rest solely on restrictive criteria. This results from the differences I have already explained. For example, our hotels and restaurants would suffer badly if they could not recruit foreign help. But in the main the Spaniards, Italians and others who are recruited for this purpose do not come here with any intention of settling, whereas if we permitted hotels and restaurants to recruit say Indian or Pakistani staff, most of them would wish to settle here, and the problems of control would be insuperable.

14. Later on, we may have to introduce an overall numerical limit (and to justify doing this for the Commonwealth but not for other countries) if we find that the application of the criteria in paragraph 12 do not keep the numbers down to the required extent. But I hope my colleagues will agree that we should try this method.

#### b. *The old Commonwealth*

15. There is an arguable case, on kith and kin grounds, for special provision for those Commonwealth citizens who have an ancestral connection with the United Kingdom. The Foreign and Commonwealth Secretary considers that resentment in the Old Commonwealth—especially Australia and New Zealand—at being treated in the same way as aliens would damage our interests severely. I am sympathetic, but it is not easy to devise a scheme which would not expose us to criticism, both in the New Commonwealth and in this country, for discriminating between different members of the Commonwealth.

16. As the Bill is at present drafted, exemption from control on grounds of ancestral connection is restricted to those who are citizens of the United Kingdom and Colonies. A person born in Australia of a father born in the United Kingdom will himself be a citizen of the United Kingdom and Colonies (as well as a citizen of Australia) and exempt from control; but not so a person born in Australia but having a mother or a grandparent born in the United Kingdom. The straightforward way of extending exemption would be to provide that any Commonwealth citizen should be exempt if he had a parent or grandparent born (or naturalised and so on) in the United Kingdom.

17. This would mean

- i. that we would have no control over the entry of a possibly very large number of people, and could not deport any of them;
- ii. that we would have trouble over Australians who can claim no ancestral connection but would be no less resentful of control;
- iii. that we should be giving an exemption to these large numbers at the same time

as we are reaffirming control over some 250,000 United Kingdom passport holders; and

iv. that there would be practical problems—the immigration officer could not be expected to determine at the port the truth of a claim by a person travelling on an Australian passport to have had a Scottish-born grandmother.

18. But while it is right to draw attention to these very real difficulties, my colleagues may well agree that an exemption provision based on ancestral connection should be included. If it was, it would, I fear, be necessary to require persons seeking exemption on grounds of ancestral connection to apply for an entry certificate before starting the journey. But no device will enable us to deal smoothly with the sort of person who will not take the trouble to apply for an entry certificate. Such people would have to be turned away and we would have to face the criticism that would result.

19. There is another problem arising in this same context—whether students from the Commonwealth should be required to register with the police, like foreign students. I do not think that it would be right to withdraw this requirement of registration from foreign students and so weaken the immigration control; and the police tell me that they are concerned about Commonwealth students slipping into employment. But if my colleagues thought it right, it would be practicable so to draw the Rules as to avoid imposing the requirement of police registration on a Commonwealth student (if accepted as a genuine student). This would mean yet another distinction between Commonwealth and foreign countries, and one that would be very obvious. Incidentally the Bill will not affect the present concession for working holidaymakers—mostly young Australians and New Zealanders—who are technically visitors although allowed to stay for up to 3 years in employment which can be regarded as incidental to a holiday.

*c. Voting rights*

20. It is for consideration whether the Bill should alter the law about the right to vote at Parliamentary and local elections. Aliens have no such right until naturalisation. Commonwealth (and Irish) citizens have it as soon as included in the electoral register.

21. There are clearly arguments for giving no right to vote until the individual has been registered as a citizen of the United Kingdom and Colonies (paragraph 26 of Appendix II), or at any rate until he has become exempt from control and accepted for permanent residence (normally after 4 years in approved employment). For the Irish, however, there is no procedure parallel to acceptance for permanent residence; and one course might be to treat Commonwealth and Irish citizens alike by giving them the vote after 4 years' residence. If we were so to decide, we should presumably have to introduce a similar qualification for membership of the Houses of Parliament and of local authorities.

22. But we are not committed to any such changes, and there are practical objections to making them. They could give offence to the Commonwealth, both Old and New. Unlike immigration control, they would affect immigrants already here. They would complicate any statement of voting rights (which must be simple to be understood) and cause confusion at the time of the electoral registration canvass. It might be argued that we have no mandate to make changes in the franchise which

might be to our electoral advantage, and there could be especially troublesome controversy if inclusion of provisions about voting meant a wide extension of the scope of the Bill.

23. I invite my colleagues to consider whether the disadvantages outweigh the attractions. Further details are given in Appendix IV.

#### *Cost*

24. The cost of the new arrangements, apart from repatriation, depends on the numbers of Commonwealth citizens whom we admit for employment, and the categories in respect of whom the police registration requirement is introduced. Assuming entry for employment at about 2,000 a year, the additional cost is estimated at rather under £400,000 a year (of which £350,000 would fall on the Exchequer). The additional manpower required in the first five years would be of the following order:—

Home Office	–	25
Department of Employment	–	30
Police	–	50 civilians, plus an unquantifiable call on the time of police officers. (The figure would be less if Commonwealth students are exempt from the requirement to register.)

Further staff will be required in the Home Office to handle applications for citizenship by registration (see Appendix II paragraph 26) after 5 years.

#### *Conclusion*

25. I ask my colleagues

- (i) to note the main provisions of the Bill.
- (ii) to consider the arguments for and against
  - (a) limiting entry by restrictive criteria (paragraph 14);
  - (b) making a concession for the Old Commonwealth (by exempting Commonwealth citizens with parental or grandparental connections) (paragraph 18);
  - (c) exempting Commonwealth students from the requirement to register with the police (paragraph 19);
  - (d) changing the law about the right to vote (paragraphs 20–22).



## Biographical Notes

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### Allen, Roger, 1909–1972

Knighted 1957; Repton and Corpus Christi, Cambridge; called to the Bar, Inner Temple, 1937; temporary employment in FO, 1940; in Moscow, 1946; FO from 1948; head of UN (Political) Dept, 1949, of Africa Dept, 1950; assistant under-secretary of state, 1953–1954; deputy high commissioner, West Germany, 1954; HM minister, Bonn, 1955–1956; ambassador to Greece, 1957–1961, to Iraq, 1961–1965; deputy under-secretary of state, FO, 1965–1967; ambassador to Turkey, 1967–1969

### Allen, (William) Denis, 1910–1987

Knighted 1958; Wanganui, New Zealand, and Cambridge; HM Diplomatic Service, 1934–1969; deputy commissioner-general, South-East Asia, 1959–1962; ambassador to Turkey, 1963–1967; deputy under-secretary of state, FO/FCO, 1967–1969

### Bottomley, Arthur George (Lord Bottomley), 1907–1995

Life peer cr 1984 (Baron Bottomley of Middlesborough); Gamuel Road Council School and extension classes at Toynbee Hall; Walthamstow Borough Council, 1929–1949, mayor, 1945–1946; MP (Lab) for Chatham Division of Rochester, 1945–1950; Rochester and Chatham, 1950–1959; Middlesborough East, 1962–1974; Teeside, Middlesborough, 1974–1983; parliamentary under-secretary of state for the dominions, 1946–1947; secretary for overseas trade, Board of Trade, 1947–1951; S of S for Commonwealth relations/affairs, 1964–1966; minister of overseas development, 1966–1967

### Bottomley, James (Reginald Alfred), 1920–

Knighted 1973; King's College, School, Wimbledon and Trinity, Cambridge;

entered Dominions Office, 1946; served Pretoria, Karachi, Washington, UN, 1948–1963; deputy high commissioner, Kuala Lumpur, 1963–1967; assistant under-secretary of state, Commonwealth Office/FCO, 1967–1970; deputy under secretary of state, FCO, 1970–1972; ambassador to South Africa, 1973–1976; permanent UK representative to UN, 1976–1978

### Brown, George Alfred (Lord George-Brown), 1914–1985

Life peer, cr 1970 (Baron George-Brown of Jevington, Sussex); trade union official (worked under Ernest Bevin at Transport and General Workers Union); MP (Lab) for Belper Division of Derbyshire, 1945–1970; parliamentary private secretary to Ministry of Labour and National Service, 1945–1947, to chancellor of Exchequer, 1947; joint parliamentary secretary, Ministry of Agriculture and Fisheries, 1947–1951, Ministry of Works, Apr–Oct 1951; deputy leader of Labour party, 1960–1970; first secretary of state and secretary of state for economic affairs, 1964–1966; S of S for foreign affairs, 1966–1968

### Callaghan, Leonard James (Lord Callaghan), 1912–

Life peer cr 1987 (Baron Callaghan of Cardiff); elementary school and Portsmouth Northern secondary schools; entered Civil Service as tax officer, 1929; war service in RN; MP (Lab) for South Cardiff, 1945–1950; South-East Cardiff, 1950–1983, Cardiff South and Penarth, 1983–1987; parliamentary secretary, Ministry of Transport, 1947–1950; parliamentary and financial secretary, Admiralty, 1950–1951; Opposition

spokesman on colonial affairs, 1956–1961; chancellor of Exchequer, 1964–1967; home secretary, 1967–1970; S of S for foreign and Commonwealth affairs, 1974–1976; minister for overseas development, 1975–1976; prime minister, 1976–1979; leader of Labour Party, 1976–1980

**Caradon** (see Foot, Hugh Mackintosh)

**Castle, Barbara Anne (Lady Castle), 1910–2002**

Life peer cr 1990 (Baroness Castle of Blackburn); Bradford Girl's Grammar School and St Hugh's, Oxford; journalism and local government, 1937–1945; administrative officer, Ministry of Food, 1941–1944; MP (Lab) for Blackburn, 1945–1950; Blackburn East, 1945–1950; Blackburn, 1955–1979; minister of overseas development, 1964–1965; minister of transport, 1965–1968; first secretary of state and S of S for employment and productivity, 1968–1970; S of S for social services, 1974–1976; member of European Parliament for, successively, Greater Manchester North and Greater Manchester West, 1979–1989

**de la Mare, Arthur (James), 1914–1994**

Knighted 1968; Victoria College, Jersey and Pembroke, Cambridge; entered Foreign Service, 1936; HM vice-consul, Tokyo, 1936–1938, Seoul, 1938–1939, US, 1942–1943; Embassy, Tokyo, 1951–1953; head of Security Dept, FO, 1953–1956; counsellor, Washington Embassy, 1956–1960; head of Far Eastern Dept, FO, 1960–1963; ambassador to Afghanistan, 1963–1965; assistant under-secretary of state, FO, 1965–1967; high commissioner, Singapore, 1968–1970; ambassador to Thailand, 1970–1973

**Foot, Hugh Mackintosh (Lord Caradon), 1907–1990**

Knighted 1951; life peer cr 1964 (Baron); Quaker Leighton Park School, Reading and St John's, Cambridge (president of Cambridge Union, 1929); administrative officer, Palestine govt, 1929–1937; attached to CO from 1938; colonial

secretary, Cyprus, 1943–1945, of Jamaica, 1945–1947; chief secretary, Nigeria, 1947–1951; governor of Jamaica, 1951–1957, of Cyprus, Dec 1957–1960; ambassador and adviser to UK Mission to UN and permanent UK representative on Trusteeship Council, 1961–1962 (resigned over government's Rhodesia policy); member of UN expert group on South Africa, 1964; minister of state at FO and permanent UK representative to UN, 1964–1970

**Galsworthy, Arthur (Norman), 1916–1986**

Knighted 1967; Emanuel School and Corpus Christi, Cambridge; entered CO, 1938; on active service, 1939–1945; assistant secretary, head of International Relations Dept, CO, 1947–1951; chief secretary, West African Inter-Territorial Secretariat, Gold Coast, 1951–1954; assistant secretary, head of Finance Dept, CO, 1954–1956; assistant under-secretary of state, 1956–1965; deputy under-secretary of state, CO, 1965–1966, Commonwealth Office, 1966–1968, FCO, 1968–1969; high commissioner, New Zealand, 1969–1972, in Tonga and Western Samoa (non-resident), 1970–1973; governor of Pitcairn, 1970–1973; ambassador to Republic of Ireland, 1973–1976

**Garner, (Joseph John) Saville (Lord), 1908–1983**

Knighted 1954; life peer cr 1969 (Baron); Highgate School and Jesus, Cambridge; entered Dominions Office, 1930; private secretary to successive secretaries of state; served in High Commission, Canada, 1943–1948; assistant under-secretary of state, CRO, 1948–1951; deputy high commissioner, India, 1951–1953; deputy under-secretary of state, CRO, 1952–1956; high commissioner, Canada, 1956–1961; permanent under-secretary of state, CRO/Commonwealth Office, 1962–1968; head of Diplomatic Service, 1965–1968

**Gordon Walker, Patrick Chrestien (Lord Gordon Walker), 1907–1980**

Life peer cr 1974 (Baron Gordon Walker of Leyton); Wellington College and Christ

Church, Oxford; MP (Lab) for Smethwick, 1945–1964; Leyton, 1966–1974; parliamentary under-secretary of state, CRO, 1947–1950; S of S Commonwealth relations, 1950–1951; S of S foreign affairs, Oct 1964–Jan 1965; minister without portfolio, 1967; S of S for education and science, 1967–1968

**Gore-Booth, Paul Henry, 1909–1984**

Knighted 1957; life peer cr 1969 (Baron Gore-Booth of Maltby); Eton and Balliol, Oxford; entered Foreign Service, 1933; ambassador to Burma, 1953–1956; deputy under-secretary of state (economic affairs), FO, 1956–1960; high commissioner, India, 1960–1965; permanent under-secretary of state, FO/FCO, 1965–1969; head of Diplomatic Service, 1968–1969

**Greenwood, Arthur William James Greenwood (Anthony Greenwood), 1911–1982**

Life peer cr 1970 (Baron Greenwood of Rossendale, East Mersea, Essex); Merchant Taylors' School and Balliol, Oxford; MP (Lab) for Heywood and Radcliffe, 1946–1950; Rossendale, 1950–1970; S of S for colonies, 1964–1965; minister of overseas development, 1965–1966; minister of housing and local government, 1966–1970

**Haskard, Cosmo (Dugal Patrick Thomas), 1916–**

Knighted 1965; Cheltenham, Royal Military College, Sandhurst, and Pembroke, Cambridge; seconded to King's African Rifles, 1941 (served in East Africa, Ceylon, and Burma during war); Colonial Service cadet, Tanganyika, 1946; district commissioner, Nyasaland, 1948; secretary successively for labour, for social development, for local government, and for natural resources, Nyasaland, 1961–1964; governor of Falkland Islands and high commissioner for British Antarctic Territory, 1964–1970

**Head, Antony Henry (1st Viscount Head of Thorpe cr 1960), 1906–1983**

Eton and Royal Military College, Sandhurst; MP (Con) for Carshalton Division of Surrey, 1945–1960; S of S for war, 1951–

1956; minister of defence, 1956–1957; high commissioner, Federation of Nigeria, 1960–1963; high commissioner, Federation of Malaysia, 1960–1963

**Healey, Denis Winston (Lord Healey) 1917–**

Life peer cr 1992 (Baron Healey of Riddlesden, West Yorkshire); Bradford Grammar School and Balliol, Oxford; war service in army; MP (Lab) for South-East Leeds, 1952–1955; Leeds East, 1955–1992; S of S for defence, 1964–1970; chancellor of Exchequer, 1974–1979; deputy leader of Labour Party, 1980–1983

**Heath, Edward (Richard George), 1916–**

Knighted 1992; Chatham House School, Ramsgate and Balliol, Oxford; war service in army; MP (Con) for Bexley, 1950–1974; Bexley, Sidcup, 1974–1983; Old Bexley and Sidcup, 1983–2001; Civil Service, 1946–1947; parliamentary secretary to Treasury and government chief whip, 1955–1959; minister of labour, 1959–1960; lord privy seal with FO responsibilities, 1960–1963; S of S for industry, trade, regional development and president of Board of Trade, 1963–1964; leader of Opposition, 1965–1970; prime minister, 1970–1974; leader of Opposition, 1974–1975

**Home, Alexander Frederick Douglas- (Lord Home), 1903–1995**

14th Earl of Home, 1951–1963 (renounced peerage), Sir Alec Douglas-Home, 1963–1974, cr life peer 1974 (Baron Home of the Hirsel); Eton and Christ Church, Oxford; MP (Con/Unionist), 1931–1945, 1950–1951, 1963–1974 (Lanark/Kinross & West Perthshire); parliamentary private secretary to prime minister, 1937–1940; joint parliamentary under-secretary of state, FO, 1945; minister of state, Scottish Office, 1951–1955; S of S for Commonwealth relations, 1955–1960; leader of House of Lords, 1957–1960; lord president of the Council, 1957, 1959–1960; S of S for foreign affairs, 1960–1963; prime minister, 1963–1964; S of S for foreign and Commonwealth affairs, 1970–1974



**Hunt, David (Wathen Stather), 1913–1988**

Knighted 1963; St Lawrence College and Wadham, Oxford; war service in army; principal, DO, 1947; 1st secretary, Pretoria, 1948–1949; private secretary to prime minister, 1950–1951 (Attlee), 1951–1952 (Churchill); assistant secretary, CRO, 1952; deputy high commissioner, Lahore, 1954–1956; assistant under-secretary of state, CRO, 1959–1960; deputy high commissioner, Federation of Nigeria, 1960–1962; high commissioner, Uganda, 1962–1965, Cyprus, 1965–1967, Nigeria, 1967–1969; ambassador to Brazil, 1969–1973

**Jenkins, Roy Harris (Lord Jenkins), 1920–2003**

Life peer cr 1987 (Baron Jenkins of Hillhead); Abersychan Grammar School, University College, Cardiff and Balliol, Oxford; war service in UK in Royal Artillery; MP (Lab) for Central Southwark, 1948–1950; Stechford, Birmingham, 1950–1976; parliamentary private secretary to S of S for Commonwealth relations, 1949–1950; minister of aviation, 1964–1965; home secretary, 1965–1967, 1974–1976; chancellor of the Exchequer, 1967–1970; deputy leader of Labour Party, 1970–1972; broke with Labour Party and co-founder of Social Democratic Party, 1981; MP (SDP), Glasgow Hillhead, 1982–1987; Chancellor of Oxford University from 1987; writer and biographer, including studies of *Gladstone* (1995), *The Chancellors* (1998), *Churchill* (2001)

**Johnston, Charles (Hepburn), 1912–1986**

Knighted 1959; Winchester and Balliol, Oxford; entered Diplomatic Service, 1936; ambassador to Jordan, 1956; governor of Aden, 1960–1963; deputy under-secretary of state, FO, 1963–1965; high commissioner, Australia, 1965–1971

**Kaunda, Kenneth David, 1924–**

Lubwa Training School and Munali Secondary School; headmaster; national president, Zambia African National Congress, 1958–1959; minister of local government and national welfare,

Northern Rhodesia, 1962–1963; prime minister, Northern Rhodesia, Jan–Oct 1964; president of Zambia, 1964–1991

**Le Quesne, (Charles) Martin, 1917–**

Knighted 1974; Shrewsbury and Exeter, Oxford; Foreign Service from 1946; served at Baghdad, 1947–1948, Bahrain, 1951–1954, Rome, 1955–1958; chargé d'affaires, Republic of Mali, 1960, ambassador, 1961–1964; head of West and Central Africa Dept, FO, 1964–1968; ambassador, Algeria, 1968–1971; deputy under-secretary of state, FCO, 1971–1974, high commissioner, Nigeria, 1974–1976

**Lee Kuan Yew, 1923–**

Raffles College, Singapore, Fitzwilliam, Cambridge and Middle Temple, London; member of nationalist Malayan Forum; legal practice in Singapore, 1950–1959; played leading role in foundation of the People's Action Party, Nov 1954; elected to Legislative Assembly, 1955; member of constitutional missions to London, 1956, 1957 and 1958; led PAP to victory in 1959 elections; prime minister of self-governing state of Singapore, 1959–1963, of Singapore within Malaysia, 1963–1965, and of the independent Republic of Singapore, 1965–1990; senior minister since Nov 1990

**MacDonald, Malcolm John, 1901–1981**

Son of J Ramsay MacDonald; Bedales School and Queen's, Oxford; MP (Lab) 1929–1931, (Nat Lab) 1931–1935, (Nat Govt) 1936–1945; parliamentary under-secretary of state for Dominion affairs, 1931–1935; S of S for Dominion affairs, 1935–1938 and 1938–1939; S of S for colonies, 1935 and 1938–1940; minister of health, 1940–1941; high commissioner, Canada, 1941–1946; governor-general, British territories in South-East Asia, 1946–1948; commissioner-general in South-East Asia, 1948–1955; high commissioner, India, 1955–1960; gov/gov-gen/high commissioner in Kenya, 1963–1965; special representative in East and Central Africa, 1966–1967, and in Africa, 1967–1969

**Nicholls, John (Walter), 1909–1970**

Knighted 1956; Malvern and Pembroke, Cambridge; entered FO, 1932; assistant under-secretary of state, 1951; ambassador to Israel, 1954–1957, to Yugoslavia, 1957–1960, to Belgium, 1960–1961; deputy under-secretary of state, FO, 1963–1966; ambassador to South Africa, 1966–1970

**Nyerere, Julius Kambarage, 1922–1999**

Tabora Secondary School, Makerere University College and Edinburgh University; teacher; formed Tanganyika African National Union, 1954; chief minister, Tanganyika, 1960; prime minister, 1961–1962; president, Tanganyika Republic, 1962–1964; president, United Republic of Tanzania, 1964–1985

**Palliser, (Arthur) Michael, 1922–**

Knighted 1973; Wellington College and Merton, Oxford; war service in army; entered Diplomatic Service, 1947; head of Planning Staff, FO, 1964; private secretary to prime minister, 1966; minister, Paris, 1969; ambassador and head of UK delegation to European Communities, Brussels, 1971; ambassador and permanent UK representative to European Communities, 1973–1975; permanent under-secretary of state, FCO, and head of Diplomatic Service, 1975–1982

**Poynton, (Arthur) Hilton, 1905–1998**

Knighted 1949; Marlborough and Brasenose, Oxford; entered CO, 1929; seconded as private secretary to minister of supply and minister of production, 1941–1943; CO assistant secretary, 1943–1946; assistant under-secretary of state, 1946–1948; joint deputy under-secretary of state, 1948–1959; permanent under-secretary of state, 1959–1966

**Smith, Arnold Cantwell, 1915–1994**

Canadian; Upper Canada College, Toronto, Lycée Champoléon, Grenoble, University of Toronto, and Christ Church, Oxford (Rhodes Scholar for Ontario); entered Canadian Diplomatic Service, 1943; served in Moscow, 1943–1945; special assistant to S of S for external affairs, 1953–1955;

international truce commissioner in Indo-China, 1955–1956; Canadian minister to UK, 1956–1958; Canadian ambassador to UAR, 1958–1961, to UUSR, 1961–1963; assistant under secretary of state for external affairs, Ottawa, 1963–1965; secretary-general of Commonwealth, 1965–1975; Lester B Pearson professor of international affairs, Carleton University, Ottawa, 1975–1981

**Smith, Ian Douglas, 1919–**

Seukwe School, Chaplin School, Gwelo, Southern Rhodesia and Rhodes University, Grahamstown, South Africa; war service in RAF; farmer; member, Southern Rhodesia Legislative Assembly, 1948–1953, parliament of Federation of Rhodesia and Nyasaland, 1953–1961; founder-member and vice-president, Republican Front (formerly Rhodesian Front), 1962; deputy prime minister and minister of the Treasury, Southern Rhodesia, 1962–1964; prime minister of Rhodesia, 1964–1979; minister without portfolio in Bishop Muzorewa's government, 1979

**Snelling, Arthur Wendell, 1914–1996**

Knighted 1960; Ackworth School, Yorkshire and University College, Oxford; Dominions Office from 1936; assistant under-secretary of state, CRO, 1956–1959; high commissioner, Ghana, 1959–1961; deputy under-secretary of state, CRO/FCO, 1961–1969; ambassador to South Africa, 1970–1972

**Soskice, Frank (Lord Soskice), 1902–1979**

Knighted 1945; life peer cr 1966 (Baron Stow Hill of Newport); MP (Lab) for Birkenhead East, 1945–1950; Neepsend Division of Sheffield, 1950–1955; Newport, Monmouthshire, 1956–1966; solicitor-general, 1945–1951; attorney-general, 1951; home secretary, 1964–1965; lord privy seal, 1965–1966

**Stewart, (Robert) Michael (Maitland) (Lord Stewart), 1906–1990**

Life peer cr 1979 (Baron Stewart of Fulham); Christ's Hospital School and St John's Oxford; teacher, lecturer (for

- Workers' Educational Association), 1930–1942; Army Intelligence Corps, 1942; Army Educational Corps, 1943; MP (Lab) for Fulham East, 1945–1955; Fulham, 1955–1974; Hammersmith, Fulham, 1974–1970; S of S for education and science, 1964–1965; first secretary of state and S of S for economic affairs, 1966–1967; S of S for foreign and Commonwealth affairs, 1968–1970
- Thomson, George Morgan (Lord Thompson), 1921–**  
Life peer cr 1977 (Baron Thomson of Monifieth, Dundee); Grove Academy; war service in RAF; MP (Lab) for Dundee East, 1952–1972; minister of state, FO, 1964–1966; chancellor of Duchy of Lancaster, 1966–1967, 1969–1970; joint minister of state, FO, 1967; S of S for Commonwealth affairs, 1967–1968; commissioner, EEC, 1973–1977; member, Liberal Democrats from 1989
- Trend, Burke St John, 1914–1987**  
Knighted 1962; Whitgift School and Merton, Oxford; entered Treasury, 1937; under-secretary, 1949–1955; deputy secretary to Cabinet, 1956–1959; second secretary, Treasury, 1960–1962; secretary to Cabinet, 1963–1973; Rector of Lincoln College, Oxford, 1973–1983
- Trevelyan, Humphrey (Lord Trevelyan), 1905–1985**  
Life peer cr 1968; Lancing and Jesus, Cambridge; entered Indian Civil Service, 1929; Indian Political Service, 1932–1947; entered Foreign Service, 1947; chargé d'affaires, Peking, 1953–1955; ambassador to Egypt, 1955–1956; under-secretary at UN, 1958; ambassador to Iraq, 1958–1961; deputy under-secretary of state, FO, 1962; ambassador to USSR, 1962–1965 (retired); called out of retirement to become high commissioner, South Arabia, 1967
- Turnbull, Richard Gordon, 1909–1998**  
Knighted 1958; University College School, University College, London and Magdalene, Cambridge; district officer in Kenya, 1931–1948; provincial commissioner, 1948–1953; minister for internal security and defence, 1954; chief secretary, Kenya, 1955–1958; governor of Tanganyika, 1958–1961 (governor-general, 1961–1962); high commissioner for Aden and Protectorate of South Arabia, 1965–1967 (recalled)
- Wilson, James Harold (Lord Wilson), 1916–1995**  
Life peer cr 1983 (Baron Wilson of Rievaulx, West Yorkshire); Milnsbridge Council School and Royds Hall School, Huddersfield, Wirral Grammar School, Bebington, Cheshire and Jesus, Oxford; lecturer in economics, New College, Oxford, 1937; MP (Lab) for Ormskirk, 1945–1950; Huyton (Lancs), 1950–1983; parliamentary secretary, Ministry of Works, 1945–1947; president, Board of Trade, 1947–1951; leader of Labour Party, 1963–1976; prime minister, 1964–1970, and 1974–1976 (resigned); leader of Opposition, 1970–1974
- Wright, (John) Oliver, 1921–**  
Knighted 1974; Solihull School and Christ's, Cambridge; served in war in Royal Naval Volunteer Reserve; entered Diplomatic Service, 1945; private secretary to prime minister (Home and Wilson), 1964–1966; ambassador to Denmark, 1966–1969; seconded to Home Office as UK representative to Northern Ireland government, 1969–1970; chief clerk, Diplomatic Service, 1970–1972; deputy under-secretary of state, FCO, 1972–1975; ambassador to Federal Republic of Germany, 1975–1981 (retired); reappointed ambassador to Washington, 1982–1986

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Unless otherwise indicated, runs of files listed below cover approximately the period of the Labour government from October 1964 to June 1970, and the first eighteen months of the Conservative government from June 1970 to December 1971. However, the organisation of the archives—and their public release—does not permit listings to be made exactly congruent with changes of government. Nor can it be assumed that all files in the runs are actually available.

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Miscellaneous series:

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4 *Chiefs of Staff Committee and Service Departments*(i) *COS records, 1964–1971*

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West Indies: CO 1031/4335–5285

(ii) *CO original correspondence: subject classes*

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Dependent Territories and Constitutional: CO 1058/1–42

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Establishment and Organisation: CO 866/122–176

Finance: CO 1025/158–289

General: CO 1032/394–513

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6 *Commonwealth Relations Office/Commonwealth Office*(i) *High Commission and Consular Archives*

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7 *Foreign Office/Commonwealth Office/Foreign and Commonwealth Office*

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- (ii) *FO private papers: ministers and officials*  
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George Brown (1966–1968): FO 800/955–986
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  - American and Latin America: FCO 7/129–138, 140–160, 234–242, 264–266, 1073–1088, 1347–1348, 2114–2119
  - Arabia and Middle East: FCO 8/1–1787
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  - \* Defence (Commonwealth Office): FCO 16/1–253
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  - Diplomatic Service Administration Office: FCO 77/1–210
  - East Africa: FCO 31/1–1075
  - \* Economic and Commonwealth Trade: FCO 22/1–31
  - Economic Relations, Financial Policy and Aid: FCO 59/1–1004
  - Gibraltar and General: FCO 86/1–223<sup>2</sup>
  - Gibraltar and South Atlantic: FCO 42/1–505
  - Hong Kong and West Indian ‘C’ (British Honduras): FCO 40/1–424<sup>3</sup>
  - Information, News and Guidance: FCO 26/1–867
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  - Rhodesia Political: FCO 36/1–1022
  - South Asia: FCO 37/1–980

<sup>1</sup> Asterisked references are Commonwealth Office departments ending in Oct 1968 when the FCO was created.

<sup>2</sup> Including Dependent Territories Administrative Staffing Unit, 1969–1971, and Dependent Territories General Department, 1971–May 1972.

<sup>3</sup> A separate Hong Kong department was created under the FCO in 1968 (until 1972 when it became the Hong Kong and Indian Ocean department). For British Honduras references under the FCO, see FCO 44 and 63.

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 Southern Africa and Swaziland: FCO 45/1–1378  
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 \* West Indian 'A' and Associated States: FCO 43/1–125<sup>4</sup>  
 West Indian 'B' and West Indian: FCO 44/1–634<sup>5</sup>  
 Zambia, Malawi and Southern Africa: FCO 29/1–376

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Commonwealth Immigration files: HO 344/1–336

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<sup>4</sup>For relations with the associated states under the FCO from 1968, see FCO 63.

<sup>5</sup>West Indian department 'B' under the Commonwealth Office was responsible for the dependent territories in the West Indies. The responsibility continued under the FCO West Indian department with the same reference, FCO 44.

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- A — appendix or annex
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- † — entry in office-holders, at the beginning of each volume-part
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