

Second session with Councillors: Tuesday, 15 November, 9.30-11.15

The participants were the same as during the First Session.

1. In opening the discussion the Governor invited Councillors to give their comments on the previous day's ideas.

2. Mr Wallace said that the Councillors had met amongst themselves the previous afternoon. They had reached no decision on the proposals Mr Ridley had put forward, and would like time to consider them further and for the public to react. Generally their view was that preference should be given to the freeze than to the leaseback. Mr Goss personally felt that the Islanders were being bulldozed. He thought that consideration should be given to providing compensation and a place of abode in the UK for all those who did not like whatever settlement was reached. He could not see any scheme working. The only result would be further infiltration and further controls by Argentina. Mr Evans said that more than a week was needed to consider what Mr Ridley had said. If Islanders eventually allowed Mr Ridley to go ahead and discuss the freeze or the leaseback with the Argentines, the Islanders would be giving away a lot and it was not clear to him what they would be receiving. He could see the attractions of a settlement for the UK Government, which would have solved another problem, and secured commercial advantage with Argentina. But he felt that the UK should give the Islanders something. There should be more money to develop the Islands and right of abode for all Islanders in the UK. Mr Bowles was apprehensive. He believed that time was on the Islanders' side (sic). An Agreement with Argentines would not offer security or prosperity. He could not see people agreeing to what Mr Ridley had suggested until the Argentines came up with some better ideas. Mr Miller said that if a leaseback agreement was eventually made, it would have to be so worded as to avoid admitting that Argentina had had rights to the Islands in the past. Such an admission would be a betrayal of the last 140 years. He added that all Islanders should have right of abode in the UK. He would prefer Mr Ridley to explore a freeze first but did not consider 25 years enough. Mr Monk agreed that Councillors needed more time to think these ideas over. He suggested that Councillors were being too suspicious of the ideas; he understood that Mr Ridley was only asking for authority to explore these ideas with the Argentines, not to decide definitively on a settlement. But he added that the

Islanders were being hurried a bit and even frightened a bit. Perhaps there were other ideas which might form the basis of a solution. Personally, he thought that leaseback was the only idea with any possibility of success. He appreciated that transfer of sovereignty was central to the Argentine requirement. Mr Luxton believed that leaseback was the only practicable solution which would lead to stability for the Islands. On the proposals his colleagues had made that all Islanders should have right of abode in the UK, he believed that if a solution was reached which then led to a large-scale exodus from the Islands, such a solution would be a failure. He was clear that Mr Ridley was only seeking at this stage a mandate to explore possibilities with the Argentines; the Islanders could accept or reject a draft package after negotiations. But the Islanders needed time to consider it all. Mrs Jennings preferred a long-term freeze, but thought that a leaseback had the best chance of success. But she believed that a leaseback would provoke an exodus from the Islands. Mr Bennett preferred the freeze. He did not consider that the Argentines would respect a lease agreement. But he agreed that the ideas should be explored in negotiation with Argentina. Mr Rowlands said that the ideas under discussion were very important for the colony. Islanders needed time to consider them but would not drag their feet. As Financial Secretary, he believed that increased financial assistance would be required from HMG in the event of a negotiated settlement with Argentina. It was not unreasonable to ask for this since Britain would be gaining from increased trade with Argentina. Mr Morrison considered that a settlement might give everything away. He was horrified by the leaseback idea which he thought would mean the end of the Falkland Islands. He thought that Councillors should be very wary of it.

3. Mr Ridley was grateful for these initial views. He emphasised that he was not trying to bulldoze the Islanders; he had come to consult them. Of course he would not demand a firm reaction from them before his departure from the Islands, but he expected to have some idea of general reactions by then. There seemed to be a misunderstanding on some of the implications of leaseback. Mr Goss and Mr Bowles had suggested that this would mean introducing the Argentine system into the Islands. This was not his intention; under a leaseback there should be no Argentine administration of the Islands, only a continuation of the British system. He repudiated the suggestion that HMG were putting forward these ideas simply for the prestige of solving the problem or to boost trade with Argentina. As seen from London, we believed that the future of the Islands had to be settled, so that stability and economic development could be assured. He met people who said that the Islands were now bleeding to death because of the dispute, despite the economic potential of agriculture, oil or

fish. Surely it was rather the case that the Islands would need extra financial assistance if they did not settle with Argentina because that would be when the economy was in jeopardy. A settlement would make development more likely, and an exodus of population less likely. But the UK would continue to give to the Islands all the aid that it could. Turning to the comments made by Councillors on right of abode, he accepted that this was a difficult problem for the Islanders. The new Bill would not alter the rights belonging to people already alive. Children born after the Act was passed would have the right of abode if one or both parents had been born in the UK. It would not be possible to make a special exception for Falkland Islanders. Each colony regarded itself as special. Moreover, if special exemption was granted for the Falkland Islands they could become a backdoor for entry to the UK for Chilcans, Pakistanis, etc. But he considered that Islanders would have access to the UK through the Home Secretary's discretionary powers in the event of a real emergency, as they had at present; he gave his tacit assurance on that. Also he was prepared to discuss the subject with the Home Secretary on his return to London to see if there was any possibility of a different arrangement. As to the two alternatives, freeze or leaseback, views seemed to be divided. He appreciated that neither was very palatable. He would be happy to try for a long freeze, but doubted that that would succeed, because it gave the Argentines nothing. At this stage, he was only putting forward possibilities, not firm plans. If Councillors could think of alternative suggestions they would be most welcome. But it was clear to him that we had either to negotiate, or to refuse, in which case emergency procedures might be required. He wanted Islanders to consider most carefully the implications of a decision not to negotiate with Argentina.

4. Some discussion followed on whether the Falkland Islands Dependencies should be included in any leaseback arrangement. Mr Ridley suggested it might be better to keep hold of them if possible and therefore to exclude them from the negotiations.

5. Mr Monk said that the Islanders were in the classic position of a small country. They could be forced to give up what was rightly theirs; perhaps this was unavoidable, but it was indeed unpalatable. Mr Luxton suggested that the Islands could be incorporated into the United Kingdom. Mr Ridley said that this was impossible while we retained Hong Kong. The British could not have all colonial subjects voting in UK General Elections. Nor would it be possible to incorporate one colony and not another. Mr Miller asked if a freeze or a leaseback was being discussed for Gibraltar. Mr Ridley explained that in negotiations with Spain, we had leverage because the Spanish wanted to join the European Community. Nevertheless negotiations on Gibraltar would still be very difficult.

6. Mr Ridley suggested turning to a discussion of domestic problems. Mr Miller wished to discuss the YPF jetty. He had no objections to this jetty being built by the British but could not accept the Argentines building it and thus having a bigger influence. The Islanders should not accept bribes and charity from their political enemies. Mr Ridley replied that the Islanders should take it or leave it. British aid was limited. Surely a gift of £1.3 million should be accepted. The Argentines were attaching no strings. Councillors ought to realise that Britain was in no position to increase aid to the Islands, and might even have to reduce it. Either they could accept the £1.3 million from Argentina, or it would have to come from elsewhere in the UK aid programme in the Islands. The Governor added that the Argentines had a financial reason for building the jetty. They were losing £300,000 each year on the present delivery arrangements. Mr Gozney added that they had the right to build a jetty under the YPF agreement anyway. Mr Monk complained that the Islanders should never have been put in this position. But he admitted that it would be economic suicide to refuse the Argentine offer. On the general point, Mr Ridley suggested it was a mistake by Islanders to see the attempts of Argentina to be friendly as a threat. The Argentines found it difficult to understand why all their offers were so resented. Why could Islanders not be less suspicious? Mr Miller asked if the jetty would be entirely under Islander control. The Governor explained that these details remained for Councillors to discuss. Mr Ridley repeated that any financial assistance to the Islands which augmented British aid was surely welcome. Why did the Islanders have to regard every dealing with Argentina as dealing with the enemy? To settle the dispute with Argentina would make life so much easier in the Islands. Mr Wallace agreed that if a solution to the dispute was found, of course suspicion of Argentina would decrease. Mr Evans countered that feelings were very strong in the Islands. Mr Ridley entirely understood. What he was saying was that a settlement would remove the uncertainty and the complications which overlay every aspect of life in the Islands. He found it hard to imagine life continuing on the present basis for the next 100 years.

7. Mr Monk turned the discussion to the Stanley-Darwin road. There was a shortage of labour and equipment for the job. The Governor agreed. He said that new capital plant was required to finish the task. Mr Ridley suggested that that Falklands Islands Government could borrow money for this. It was never satisfactory always to rely on public money for such projects. Mr Rowlands countered that the Islands Financial Adviser had said that better

securities would be required against commercial loans. Mr Ridley undertook to look into this on his return to London. Mr Monk suggested that the FIG could sell its own bonds.

8. Mr Wallace raised the possibility of labour from St Helena. The Governor explained where consideration had reached. Mr Wallace believed the labour shortage was linked to the housing shortage. The Governor remarked that he would like 20 or 25 building workers to come, who could first be accommodated in a large vacant building. Mr Monk wondered whether employers could afford to pay new labour. On his own farm there was a shortage of 6 employees but he had calculated that he could only afford to pay one. Mr Rowlands added that labour costs amounted to some 60 per cent of the total expenses of the farms; Mr Ridley suggested that this indicated that new products were needed from the Islands; it was a mistake to rely solely on wool. Mr Luxton considered that the larger farms were now becoming unmanageable. Smaller units were required. Mr Ridley agreed. He thought that mortgages should be available commercially both for buying land and for buying houses. On the economic problems of the Islands, one always came back to the shortage of capital.

9. The meeting ended at 11.15.