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17th December 1982

Ref B06663

Shackleton Report

I wrote to you on 14th December to let you know that Lord Shackleton had asked me to lunch today to follow up the discussion at the Prime Minister's dinner on 9th December, and I promised to let you have a report of any points of interest which arose.

2. It emerged that Lord Shackleton was mainly concerned to emphasise the two points which I mentioned in my letter: namely his anxiety that he and the other members of his team (but particularly Mr Bob Storey of the Highlands and Islands Development Board), should be given the opportunity to "interpret" the recommendations in the report and offer advice, where appropriate, on implementation to the officials concerned; and to find out more about how the Falklands Islands Development Agency would operate and how soon it would be set up. Lord Shackleton indicated that he was under some pressure to adopt a critical public stance in relation to the Government's reaction to his report and to brief Opposition MPs before next Wednesday's debate. He had made it clear that as chairman of a review committee appointed by the Prime Minister it would not be appropriate for him to do this. He said more or less in terms that as long as he and one or two of his colleagues were given access to officials and the opportunity to express their views on the implementation of the report, he would not want to put the Government under pressure by making public criticisms of their policies in the Falklands. He emphasised that he was not seeking any *droit de regard* over those policies: he and Mr Storey, whose firsthand knowledge of the islands was unrivalled, simply wanted to be as helpful as they could. Any consultation with officials would be private and without commitment on either side. Lord Shackleton also made it tactfully clear that he hoped that the lead on policy towards the Falklands would continue to be taken by the diplomatic wing of the FCO.

3. In the light of my telephone conversation with Roger Westbrook yesterday, I was able to assure Lord Shackleton that it was the FCO's intention to stay in touch with him and his team as implementation of the Falkland Islands development programme got under way; and that we were hoping that Mr Onslow would be able to make this clear in the course of next Wednesday's debate. I encouraged him to make contact with you direct (he said that he would prefer to deal with officials and did not want to bother Ministers unnecessarily). He hoped that he might also remain in touch with me; and he wondered whether it would be useful for you and me to meet him and Bob Storey early in the near year to discuss how continuing contact might best be maintained. I explained that I was not in the driving seat on all this and that responsibility lay with the FCO. But in the light of the earlier part of our conversation I took the liberty of saying that I would be happy to invite Lord Shackleton and Bob Storey to lunch early next month to meet you and any other representative of the FCO or ODA you

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Foreign and Commonwealth Office

to bring with you, in order to get the process of consultation started. Lord Shackleton warmly welcomed this, and it was agreed that I would be in touch with him shortly about it (he will be away from 12th-26th January and was clearly hoping that we might meet before then. I suggest therefore that we might aim for 7th or 10th January. Perhaps you could let me know if either of these dates would suit you.)

4. Lord Shackleton stressed his hope that FIDA would be set up quickly, and recalled the proposal in his report that the Chief Executive should be someone of stature with experience of business as well as of the public service (he made it clear incidentally that he was not offering himself in this capacity). He also reiterated his anxiety that the Government's proposals on land transfer would prove too gradualist and were likely to be ineffective - although he admitted that it had been a mistake for the report to advocate wholesale compulsory purchase. He drew my attention to a letter (extract enclosed) to Sir Rex Hunt from Mr Colin Smith arguing the urgency of the case for land subdivision and expressed the hope that we would study this carefully. He was doubtful whether Mr Onslow had been given the full picture on this question during his visit to the Islands in October and hoped that, at the very least, FIDA would be authorised to interpret its remit on land transfer in a positive, rather than simply a passive, way. If this could be publicly stated, so much the better.

5. Finally, Lord Shackleton said that the Prime Minister had mentioned to him that he would be on the invitation list for the 150th anniversary celebrations in Stanley in February, but he had so far had no confirmation of this. Since his diary for the early part of next year was now filling up it would be helpful if he could be given some indication as soon as possible of whether he would be expected to go. I said that I would pass this on and that you or Roger Westbrook would have a word with him on the telephone about it early next week.

A D S GOODALL

General Comment upon Subdivision and the future of the Islands.

- 15) The Islands population, especially in Camp is declining and growing older, there will soon be a crisis on many of the large farms, with insufficient labour forces to run them. The labour force on the farms is growing older and retiring and not being replaced by young people in the same numbers. This will be worsened by the need for more labour to repair war damages and the drift of people into services for the garrison and perhaps other developments envisaged by Shackleton. This is the single greatest reason for subdivision from the Owners standpoints. This problem is more serious than the decline in net profitability of the farms, which in relation to the catastrophic World economic recession and decline in profitability of all industries, is by no means severe.

To Page 4.

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OR



A.P.C. 24.12

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PRIME MINISTER

MH

SHACKLETON REPORT

Mr. Healey, leading the response to Mr. Pym's statement, made three points: first, why had the Government rejected Lord Shackleton's proposal for the wholesale transfer and subdivision of absentee-owned farms; second, was it not the case that the Government was not immediately pressing ahead with the airfield because there was no possibility of setting up air links with the mainland; and third, were not friendly relations with the mainland absolutely crucial to the future of the Islands, and did the Foreign Secretary reject your view that there should be no negotiations of any kind with Argentina. Most of the subsequent questioning followed these themes. David Owen called for negotiations on the long-term future of the Islands and its relations with the mainland. Nigel Spearing called for the new development agency to take over all absentee-owned land, and to redistribute it bit by bit. Sir Hugh Fraser and Sir Bernard Braine said that the construction of an all-weather airfield was essential. George Foulkes maintained that the Government had approached Chile, Uruguay and Brazil about the possibility of opening air links with the Islands, and they had all refused.

There was one other theme to the questions. A number of Opposition MPs, such as Kevin McNamara and Dennis Canavan, argued that the Government should devote as much attention to the depressed areas of the UK as it was clearly devoting to the Falkland Islands. Dennis Canavan maintained that the Government would be spending over £1 million on every Islander, and that "it was clearly time for Galtieri to invade 10 Downing Street", so as to promote investment in the UK.

Francis Pym said that the Islanders were not persuaded of the need for the wholesale redistribution of absentee-owned land, and would prefer a more gradual process. The Government were convinced that there would have to be an improved airfield;

the feasibility study was not about whether there should be an airfield, but about how best to establish a better airfield. The Government had been trying to normalise relations with the mainland for some time; a joint European approach had been made on the question of lifting sanctions; and he hoped that proper relations could be established in the long run, including air services; we were, however, a long way from negotiations on the future of the Islands, and the question of sovereignty simply did not arise. What we were looking for was a change of attitude on the part of the Argentines. There could be no comparison between the situation in the Islands and the depressed areas of the UK; the Islands had been invaded and had undergone a long campaign, and rehabilitation was absolutely necessary.

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8 December 1982

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Falkland Islands (Shackleton Report)

3.31 pm

The Secretary of State for Foreign and Commonwealth Affairs (Mr. Francis Pym): As the House knows, Lord Shackleton, at the Government's request, produced and published in September an updated version of his 1976 report on the economy of the Falkland Islands. We are enormously grateful to Lord Shackleton and his team for their work.

In considering the report's recommendations, we have been guided by the need to assure the economic future of the islands through a development programme, while at the same time preserving the islanders' way of life as far as possible. The report has been discussed with the Civil Commissioner, with the island councillors, amongst the islanders generally and with other interested parties. Their views have been carefully taken into account.

The Government agree with the broad conclusions of Lord Shackleton's report and are ready to support action by the Falkland Islands Government in the following major areas covered by his recommendations:

—A Falkland Islands Development Agency should be established. This would be provided with funds to buy land on the open market, and to divide it into smaller holdings. It would also have powers to make loans and grants towards the cost of a number of small-scale development projects.

—The islands' agricultural research centre, the Grasslands Trials Unit should be expanded;

—there should be a feasibility study on an improved harbour complex, including a new deep-water jetty;

—the Stanley-Darwin road should be completed and the existing network of tracks should be improved;

—a pilot scheme for salmon-ranching and a survey of shellfish resources should be established; hotel and guest house facilities upgraded; and cottage industry skills developed.

Although they were not specifically covered in Lord Shackleton's report, we believe that urgent action should also be taken to improve the water supply and sewerage system in Port Stanley, and to study the requirements for future electricity generation and distribution, and the telephone system in the islands.

The following proposals made by Lord Shackleton in our view require further study:

—Exploratory offshore fishing and the establishment of a 200-mile fisheries limit: the implications of such a limit, not least its policing, and the degree of commercial interest in fishing need to be carefully assessed.

—Expansion of tourism: this will depend to a large extent on the establishment of commercial air links.

We are not convinced by Lord Shackleton's proposal for the wholesale transfer and sub-division of absentee-owned farms. We believe that this is inappropriate and consider a gradual approach to land redistribution under the auspices of the Falkland Islands Development Agency more in keeping with the capacity of the islands' existing agricultural population and more consistent with realistic immigration prospects. We are also not convinced of the need for a major expansion of the road network and are looking at more cost-effective ways of improving transport within the islands, in particular by improving the existing network of roads and tracks.

Lord Shackleton proposed expenditure of between £30 million and £35 million. My tentative estimate is that the programme that I have outlined would cost about £31 million over six years. The Government also propose to make available a further £5 million for civilian rehabilitation, in addition to the £10 million announced in July.

The islands' economy will inevitably be affected by the presence of a sizeable military garrison there, and by the outcome of the Government's present studies into the feasibility and cost of establishing a better airfield on the islands.

I should also remind the House that the economic future of the islands does not depend on the Government alone. There will be continuing scope for private sector investment and involvement which I hope will be encouraged by the commitment that we are making to the islands' future. We expect that Government and private investment together will lead to the creation of new jobs.

We have restored the freedom of the Falkland Islanders and shall continue to do what is necessary to guarantee their future security. As Lord Shackleton has reminded us in both of his studies, the economic development of the islands will ultimately depend upon the degree of local commitment to the future of the islands. For our part, we shall do all that we can to enable the islanders to look forward to a sound economic future and a worthwhile life. Our positive response to Lord Shackleton's report demonstrates our commitment to this.

Mr. Denis Healey (Leeds, East): Has this meagre response to Lord Shackleton's proposals secured the assent of the Falkland Islanders whom the Foreign Secretary says he has consulted? Can the right hon. Gentleman say why he has rejected Lord Shackleton's absolutely central proposal for the transfer of absentee-owned land to the islanders? How can he argue that the agricultural capacity of the population is inadequate when the present population is now farming the absentee-owned land? The question is whether one gives them some incentive to farm more efficiently which does not exist under the existing system.

Am I right in thinking that the right hon. Gentleman has accepted Lord Shackleton's view that there is no sense in expanding the airfield unless there are friendly airfields on the Latin American mainland from which traffic can operate?

What scope does the right hon. Gentleman see for private sector investment against the present background? The Minister said the other day that he hoped that some private entrepreneur would establish a fish and chip shop—or was it a unisex haircutting establishment? Does he really think that his proposals provide any incentive for private sector investment from Britain? Does not his statement expose the heroic postures of the Prime Minister about the Falklands as cynical vote catching? Does not his statement also reveal that the economic development of the Falklands depends on friendly relations with the mainland?

Can the right hon. Gentleman confirm diplomatic correspondents' reports, which appeared with interesting unanimity in the press recently, that the Foreign Office rejects the Prime Minister's view that no negotiations can take place with Argentina before or after the next general election?

Mr. Pym: The Shackleton report was delivered in the Falkland Islands on the day that it was published here. It received careful consideration in the way that I described in my statement. The Minister of State naturally discussed it with the islanders when he was there. We certainly have taken full account of what they said.

Islander opinion, which has been consulted on the important matter of land redistribution, is unpersuaded of

[Mr. Pym]

the advantages of wholesale sub-division in the way proposed in the Shackleton report. Our approach is gradualist. We shall start on a small scale and then see what develops. That is a sound way to approach the matter.

As to the airfield, it is not a question of a decision not yet having been reached, because the airfield facilities must be improved. A feasibility study is in progress and in due course my right hon. Friend the Secretary of State for Defence will inform the House of his conclusions.

With the sizeable garrison on the islands, there is already scope for private sector investment. Interest has already been expressed in the fishing possibilities and in mutton processing. That is happening, although Lord Shackleton and his team were not optimistic about it.

I remind the right hon. Gentleman that since the end of the conflict we have done everything that we can to re-establish friendly relations with the mainland and especially to normalise our relations with Argentina. We have achieved progress on the financial side, but we have not yet been able to obtain the lifting of the economic sanctions. However, the United Kingdom and other Community members made a joint approach to Argentina. That approach did not get an encouraging response, but we hope that in the long run—the sooner the better—proper relations will be restored, because that is of real interest and importance to the Falkland Islanders. We are doing our best to achieve that.

Mr. Healey: The Secretary of State did not comment on my point that Lord Shackleton's report stated that the case for an airfield rests crucially on the readiness of neighbouring countries on the mainland to make available airfields for British aircraft and to send their aircraft to the islands. Has any progress been made in that respect, and does the Secretary of State accept Lord Shackleton's judgment on the case for an airfield? The right hon. Gentleman did not comment on the Foreign and Commonwealth Office briefing of diplomatic correspondents to the effect that it disagreed with the Prime Minister's view on negotiations with Argentina.

Mr. Pym: "Negotiations" is not an appropriate term because, first, formal hostilities have not been ended and, secondly, even with the help and support of our European friends, Argentina is not prepared to lift economic sanctions. We have a long way to go before we reach that position.

The right hon. Gentleman is correct to say that air communications should be as easy and as cheap as possible. That means facilities on the mainland. We would welcome now the establishment of a regular commercial air service, but there are obvious difficulties in the aftermath of the fighting. There is no immediate prospect of establishing such a service, but we hope to do so in due course and with the minimum of delay.

Dr. David Owen (Plymouth, Devonport): Will the Secretary of State make it clear that when formal hostilities are ended and economic sanctions have been lifted the Government will be prepared to enter into discussions, without pre-emption on either side, about the long-term future of the Falkland Islands? Nothing would give greater security to the islanders than such a clear declaration.

Mr. Pym: Both during the conflict and subsequently I have said to the House constantly that it must be in the islanders' long-term interests to restore good relations with the mainland. The right hon. Gentleman postulates a hypothetical position on which I shall not comment, except to say that he knows that I have an open mind about how we can make progress in the way that he describes that will benefit the present islanders and future generations.

Sir Anthony Kershaw (Stroud): Would it not be desirable for an airfield to be constructed so that, as far as possible, it could stand by itself without help from the mainland? Will my right hon. Friend bear in mind that for many generations, when there were no aircraft, communication by sea was perfectly satisfactory?

Mr. Pym: Yes; but, if one is to encourage the development of tourism, it must be made easier to reach the islands. Whether or not we can establish commercial air services with the mainland soon, we need better airfield facilities on the island, and the question is how that can best be provided. My right hon. Friend the Secretary of State for Defence will report to the House in due course.

Mr. Nigel Spearing (Newham, South): Is the Secretary of State aware that the Shackleton report states on page 28 that between £½ million and £1 million a year is sent back to Britain from the 10 land companies? Lord Shackleton's proposal publicly to own the land would staunch that flow. If the Secretary of State is worried about management problems, why cannot the new development authority take over the land and bit by bit—or gradually, as he said—transfer the land as and when it is appropriate? Would that not benefit the islanders, and would it not gain both national and international agreement?

Mr. Pym: The Government do not believe that to be the best approach, nor is it the general wish of the islanders.

Sir Hugh Fraser (Stafford and Stone): Will my right hon. Friend make it clear whether the Government propose to proceed with the creation of a better all-weather airfield? That has always been the key—whether we are friendly with or negotiate with Argentina—to the eventual safety of the islands. We are talking about a feasibility study now but, after the first Shackleton report, I and many hon. Members pressed many times for such a study and seven or eight years ago it would have cost only a few million pounds. Will the Government make it clear that they are determined to construct an all-weather airfield on the islands that is capable of reinforcement if need be?

Mr. Pym: Yes, Sir.

Mr. Tam Dalyell (West Lothian): What hard evidence is there that any South American Government on that continent will enter into serious negotiations about providing landing rights with a Prime Minister—not with the Secretary of State, because he had no part in the decision to sink the "General Belgrano"—who, in cool calculation, sank the "General Belgrano"? Why should South American Governments deal with such a leader?

Mr. Pym: Although it has not been possible to make progress in arranging a commercial air service involving a mainland airfield in any country, I can tell the hon. Gentleman that there is a general desire in every Latin American country, with the exception of Argentina, not only to maintain but to improve their relations with Britain

and Europe. That is reciprocated by us. I hope that from that general desire will grow the possibility of establishing the airfield facilities that will be of great help to the islanders.

Sir Bernard Braine (Essex, South-East): Bearing in mind that infirmity of will in this matter has been the curse of the Falkland Islands during the past 20 years, and recalling that Lord Shackleton recommended six years ago that an all-weather airport was crucial to the development of the islands and that he still says the same, will my right hon. Friend assure the House that, feasibility study or not, it is the Government's firm intention not to keep the Falkland Islands dependent upon Argentina for its external communications for one moment longer? Will he assure the House that those air facilities will be provided and supplemented by adequate sea communication?

Mr. Pym: I thought that I had made it clear that the question is not whether we shall improve the airfield but the best way of achieving that objective. There are various ways of doing it and that is what is being studied. However, my hon. Friend's principle is conceded, and there will be an improvement.

Mr. George Foulkes (South Ayrshire): Is the Foreign Secretary aware that Lord Shackleton said that the prospects for any development in the Falkland Islands are gloomy unless a civil air link is established quickly? Will the Secretary of State confess that his officials have approached Chile, Uruguay and Brazil and that all those countries have said that there is no prospect of their granting landing rights to British aircraft? Will the right hon. Gentleman admit that?

Mr. Pym: We have had friendly conversations with all Latin American countries, but we have not been able to achieve—

Mr. Foulkes: And never will.

Mr. Pym: —the arrangement that I have sought. However, that objective is clearly in the interests of the islanders, and we are doing our best to achieve it.

Sir Hector Monro (Dumfries): My right hon. Friend's proposals are both realistic and practical. Does he agree that the farmers of the Falkland Islands will welcome his policy of the gradual purchase of land through the Falkland Islands Development Agency, provided that it can start soon? Does he accept that money put into the Grasslands Trials Unit is money well spent?

Mr. Pym: I am grateful to my hon. Friend for his remarks. It is for the Falkland Islands Government to pursue the policies that I outlined, with our financial support, and we shall consult them. I have every reason to believe that they will make an early start.

Mr. David Young (Bolton, East): will the right hon. Gentleman recognise that, as Her Majesty's Government discovered where the Falklands were only after the invasion, hon. Members hope that no ongoing commitment will be entered into until this House has discussed the matter in full? The Leader of the House failed to give me the assurance that I requested a week last Thursday that not a penny would be spent until this House had discussed the matter. In my opinion, the present discussion on this statement is totally inadequate to meet

the future commitments that we may face if the Government go off on a tangent without consulting the House on the implications of future commitments.

Mr. Pym: It is not reasonable to describe my statement and the provision that it outlines as unreasonable and inadequate. In total, it is a sum within the bracket suggested by the Shackleton report. My right hon. Friend the Leader of the House has heard what the hon. Gentleman said about a debate, and that of course is a matter for him.

Sir John Biggs-Davison (Epping Forest): Do not the local commitment and the private investment which my right hon. Friend rightly seeks depend on confidence at home and in the Falkland Islands that the British will to defend British sovereignty in the Falklands will be maintained? In view of my right hon. Friend's exchange with the former Foreign Secretary, the right hon. Member for Plymouth, Devonport (Dr. Owen), is my right hon. Friend aware that the nation will not tolerate a return to the shilly-shallying, ambivalent conversations that took place over the years on the question of sovereignty?

Mr. Pym: My hon. Friend is quite right in saying that private investment depends on confidence. I hope that he will agree that my statement and the contribution that the Government are making, as outlined in the statement, about economic development are strongly in the direction of that confidence.

On the security of the islands, we shall of course do whatever is necessary, as we are now doing, to secure the safety of the people there. The question of sovereignty does not arise.

Dame Judith Hart (Lanark): Will the Foreign Secretary answer the following points? Will the £31 million plus £5 million that he announced come out of the budget of the Overseas Development Administration? Does his announcement about the development agency and his attitude to the private sale of land mean that Government money will subsidise the infrastructure from which Coalite and other private owners can make further profit? Given the long-term problems of resolving the diplomatic questions concerning the Falklands, has he, before he made this statement, had any discussions with the United Nations Secretary-General, because clearly United Nations trusteeship is a possible future solution?

Mr. Pym: In answer to the right hon. Lady's first question, the new aid for the Falklands will be financed mainly from additional funds. No existing commitments will be cut to pay for it.

In answer to the right hon. Lady's question about infrastructure, what I announced today goes further in that direction than the Shackleton report recommends. In our view, it is important for the development of the islands, and the islands and the islanders will benefit from it.

In answer to the right hon. Lady's last question, I am commenting on the report by Lord Shackleton and his team, and in my view no question of United Nations consultation arises.

Mr. Churchill (Stretford): Does my right hon. Friend, as a former Secretary of State for Defence, agree that as long as the air defence of the islands depends on a single runway on a single airfield we shall be in an exposed position in defending the Falkland Islands from a large

[Mr. Churchill]

scale air attack? Will he confirm that the Government are determined to find a location for developing a second airport?

Mr. Pym: That is a matter for my right hon. Friend the Secretary of State for Defence. There will be opportunities in due course for my hon. Friend the Member for Stretford (Mr. Churchill) to question my right hon. Friend on that matter.

Mr. Kevin McNamara (Kingston upon Hull): Will the right hon. Gentleman say how much the sums he has announced represent per capita in investment on the Falkland Islanders, who have been facing tremendous problems, and what it would mean if the same investment were made in areas in the United Kingdom where unemployment is, say, over 10 per cent., so that we could then gauge the value of the Government's consideration for the Falkland Islanders and for the unemployed, say, in Hull? Would it not be important for the Government to announce at this stage the building of cold store facilities in the Falklands as the first requirement in the proper maintenance and supply of mutton to the Services there, and as a prerequisite for fishing interests in the deep waters, as the right hon. Gentleman described?

Mr. Pym: The answer to the hon. Gentleman's first question is £17,000. The comparison that he makes is nonsensical, and it does not help in any way. One recalls the bridge that was built in certain circumstances which cost a lot of money which might with advantage have benefited the unemployed in the hon. Gentleman's constituency.

The cold store could well come in due course, if the development of the islands takes place in a way that makes that sensible. I have said that some private investment sources are interested in the possibility of mutton processing, and if the fishing possibilities are explored there may be further reason for a cold store. However, it is too soon to judge.

Mr. John Farr (Harborough): Although I welcome my right hon. Friend's statement, he said nothing about the mineral resources or about the important problem of population introduction from Great Britain to the Falkland Islands. In addition to the recommendations in the Shackleton report, which my right hon. Friend suggested for agriculture and farming projects there, as the House last night approved an increase in the Commonwealth Development Corporation allocation from a £500 million ceiling rate to £850 million, will my right hon. Friend tell us whether the CDC will be involved there in a meaningful way?

Mr. Pym: I agree that the resources in and around the islands are capable of exploration and, possible, development. As I said in my statement, we do not think that the stage has been reached in some cases where it is either sensible or right to put in Government money. However, they could be further explored, and if the prospect seems more promising than it does now further money can be found from private sources and, possibly, public sources. However, that remains to be seen.

Population increase, again, is desirable in many ways, but it depends on how the plan and the economic development of the islands go. If they are successful,

clearly there would be an increase. Otherwise, the increase may be in the garrison. We must see how things go.

What my hon. Friend said about the Commonwealth Development Corporation is right, but, off the cuff, I cannot say whether it will be a contributor to the Falkland Islands' financial resources. The answer is probably "No", but I shall let my hon. Friend know.

Several Hon. Members rose—

Mr. Speaker: Order. I propose to call four more hon. Members from either side, and then we shall move on to the main business.

Mr. Andrew Faulds (Warley, East): As British naval and military forces brilliantly salvaged the politicians from their failures, is it not time to recognise that the Falkland Islands are a long-term and expensive liability, and that the sooner we come to terms with the realities of interests of South America the better?

Mr. Pym: The hon. Gentleman is entitled to his view. Obviously, it was an expensive exercise and expedition. However, not only the House but the country supported our wish to drive back the aggressor and restore freedom to the islanders. No one says, or pretends, that it was a cheap exercise.

Lord James Douglas-Hamilton (Edinburgh, West): Will my right hon. Friend confirm that the French capacity to operate the island diversion scheme in getting long-haul civilian aircraft to land in the Austral Islands in the South Pacific can also be applied by us in the Falklands, in the context of a developed, or a new, runway?

Mr. Pym: That question is beyond my technical knowledge. I shall let my hon. Friend know the answer.

Mr. John Maxton (Glasgow, Cathcart): In view of the large increase in profits that was announced by the Coalite Company yesterday, will the Minister say how much of that profit will be reinvested in the Falkland Islands? If the money is not reinvested in the Falkland Islands, why should that company continue to own the land, or why should the people of this country invest in that area, when the company that owns it is not prepared to do the same?

Mr. Pym: It is not for me to say what the company's intentions are. What I am concerned about, and what I think the House is concerned about, is to do everything that we can to improve the economic future and environment in the islands. That is what the statement is about.

Mr. Bowen Wells (Hertford and Stevenage): Will my right hon. Friend reassure me that the developments that are to take place in the Falkland Islands are viable and profitable? Would it not be foolish to overload the Falkland islanders with many public investments, which the recurrent budget could not sustain? Will my right hon. Friend try to attract neighbouring countries and even Commonwealth countries to assist us in the development of the Falkland Islands in view of their strategic importance and control over the South American passage to the Pacific?

Mr. Pym: As I have announced in the statement, a considerable part of the resources that are allocated are for infrastructure, roads, agriculture and so on. Some is for the development of businesses of one kind or another. However, we must see how we go. If the future turns out

be reasonably hopeful and confidence returns, I think that there will be increased scope for developing more business. The only way that we can proceed is to take a gradual approach.

Mr. James Lamond (Oldham, East): How can the Foreign Secretary say that sovereignty does not arise today when the success or failure of the package that he has announced depends on that very matter? Can the Falkland islanders, or those whom he thinks will put money into the private sector investment in the Falkland Islands, safely disregard the repeated calls by the President of the United States when he was in Latin America for the resumption of talks about the future of the Falkland Islands, which can end only in sovereignty passing to Argentina?

Mr. Pym: The House knows the British Government's position. I do not think that the House would expect me to take any other position. We are trying to make Argentina change its attitude. They were the people who invaded the islands. They were the people who did all the damage. They are the people who are not now prepared to restore normal relations. The change that we want to bring about is there. We are doing everything that we can to achieve it. As I said before—and it is true—in the meantime the question of sovereignty does not arise.

Mr. Ivor Stanbrook (Orpington): On the subject of land redistribution, in all the circumstances of this case would it not be a sensible interim measure for the Government to acquire the interests of Coalite Ltd. in the Falkland Islands?

Mr. Pym: We have not thought so.

Mr. Dennis Canavan (West Stirlingshire): Why is it acceptable for the Government to use public expenditure to regenerate the Falkland Islands economy but not the British economy. Now that total Government spending on the Falkland Islands is to amount to about £1 million for every Falkland islander, will the Government ask Lord Shackleton to assess the likely effects on the British economy if Galtieri were invited to invade 10 Downing Street?

Mr. Pym: The hon. Gentleman knows the extent of our national resources that are helping our economy and the people adversely affected by rising unemployment. He knows of our schemes for youth and so on. That was a wrong comparison to make. To do anything less than what we have proposed in the statement would not be in accordance with the wishes of the House.

Mr. Robert Banks (Harrogate): Bearing in mind the fact that the report draws attention to the rich resources of krill off South Georgia, will my right hon. Friend include a pilot scheme in his proposals for offshore fishing to see whether those resources can be commercially exploited?

Mr. Pym: We want to see the possibilities of fishing explored much more widely. We are considering how best to do that. There should be further studies before we put any money into that venture. We hope that it will turn out to have good prospects, but that remains to be seen.

Mr. Denis Healey (Leeds, East): The Foreign Secretary rightly revealed the fact that he has been trying, though in vain so far, to establish air links with countries in Latin America other than Argentina. I am sure that he can confirm that the main obstacle to that is the Government's refusals to enter into any sort of discussion with the Argentine Government. As it was he who referred to obstacles to such talks, will he assure the House, as the Foreign Office appears to have assured diplomatic correspondents, that once the Argentine Government have ended sanctions and the formal state of war with Britain, Her Majesty's Government will be prepared to enter into talks with Argentina without preconditions?

Mr. Pym: Let us consider that position when we get to it. What matters is the future of the islands, the islanders and the next generation. That is what we must consider. The fact that we have taken the line that we have over Argentina is not the reason why countries in Latin America so far have not been prepared to grant us air services. None of them has produced that as a reason. They are just reluctant at the moment to take that step for their own reasons. They have not identified that as a reason, nor have they said that if we did have discussions they would grant us such services.

The question of negotiations or anything of that kind does not arise at present for the reasons that I have stated. We want to see a change of attitude by Argentina. That is of fundamental importance to the future of the islands. Even without that, in the meantime we are taking all necessary military steps to protect the islanders and taking economic steps here to make their prospects brighter.

NEW MEMBER

The following Member took and subscribed the Oath: Mrs. Helen Margaret McElhone, for Glasgow, Queen's Park.

BILL PRESENTED

LANDS VALUATION AMENDMENT (SCOTLAND):

Mr. Secretary Younger, supported by Mr. Allan Stewart, presented a Bill to amend the definition of the expression "machinery fixed or attached" in section 42 of the Lands Valuation (Scotland) Act 1854: And the same was read the First time; and ordered to be read a Second time tomorrow and to be printed. [Bill 42]

BILL PRESENTED

TRADE UNION (AMENDMENT)

Mr. J. W. Rooker, supported by Mr. David Stoddart, Mr. Robert Kilroy-Silk, Mr. Andrew F. Bennett and Mr. Frank Field, presented a Bill to amend the Trade Union Act 1913 in order to provide for each member paying into the political fund the right to a vote in respect of certain elections; and for connected purposes: And the same was read the First time; and ordered to be read a Second time upon Friday 28 January and to be printed. [Bill 38.]

Orders of the Day

SUPPLY

[3RD ALLOTTED DAY]—*considered*

The Economy (Impact on Women)

Mr. Speaker: I should inform the House that I have selected the amendment in the name of the Prime Minister.

4.6 pm

Miss Joan Lestor (Eton and Slough): I beg to move,

That this House condemns the disastrous effects on employment of Her Majesty's Government's economic policies and their particularly damaging impact on the social and economic position of women.

We are debating today the impact of the economic recession, particularly on women. This debate is long overdue. It is being listened to by women throughout the country. Many women representing organisations have written to me on particular aspects of the recession and its impact on women.

If we cast our minds back to the general election, we recall that many women voted for the Prime Minister. They voted for the Prime Minister not because she was a monetarist, not because she was a militarist, not because she was a reactionary and not because she was a Tory. They voted for her not because they wanted at least 3½ million unemployed, and not because they wanted cuts in the National Health Service nor in State education. Those women voted for the right hon. Lady because she, too, was a woman. They believed that because of her sex she would advance the cause of women's equality. How wrong they were. It was the biggest political error since Neville Chamberlain—[HON. MEMBERS: "Where are the Tories?"]

Mr. D. N. Campbell-Savours (Workington): On a point of order, Mr. Speaker. Is it not disgraceful that there are very few Conservative Members in the Chamber? Is not that an indication of the Government's attitude to women in society?

Mr. Speaker: Order. The hon. Gentleman knows that attendance in the Chamber is not compulsory.

Mr. Campbell-Savours: On a point of order—

Mr. Speaker: Order. This is not a point of order. I can understand the hon. Gentleman's feeling, but it is not a point of order to me even if the Benches are empty—as long as there are two hon. Members present we keep going.

Mr. Campbell-Savours: On a point of order, Mr. Speaker. Would it not be in order to suspend the sitting?

Mr. Speaker: Order. I have already said that this is not a point of order. Suspend the sitting indeed!

Miss Lestor: The women who voted for the Prime Minister because she was a woman made the biggest political error since Neville Chamberlain was heard to say that Hitler had missed the bus. My hon. Friend the Member for Workington (Mr. Campbell-Savours) has already pointed out that there are only six or seven Conservative Members in the Chamber at the moment.

That fact will go out to the public who are watching the debate with great interest, and who will see it as a demonstration of how little concern the Government have for the position of women.

The right hon. Lady has a commendable public stance on the treatment of women and on the Equal Pay Act. On the Second Reading of the Equal Pay Bill in 1970, she said:

"One of the reasons why . . . women go out to work is the quite ordinary one that the wife needs to work to keep up a good standard of living for the family."—[*Official Report*, 9 February 1970; Vol. 795, c. 1024.]

We all know that that is true. However, that was the right hon. Lady's public stance. The private stance of the right hon. Lady and her Government is different, as the recent submission to the European Commission of Human Rights in defence of their sexist and racist immigration rules shows. That submission says:

"Women are not necessarily bound to compete for employment and are unlikely to be breadwinners. Women as breadwinners are unusual. . . . Society still expects the man to work and the woman to stay at home. This is a fact of life, a common pattern. The majority of women do not threaten the labour market."

We now have a position where unemployment among women is escalating at a great rate. It is difficult to obtain precise figures of this. However, we know that the estimated figures given by the Government are in error, and the true figure is possibly double the Government's figure, just as the official unemployment figures are much less than the figures of which we have evidence.

The Department of Employment figures show that 71,000 women have been dropped from the unemployment register because of the new way of compiling the unemployment figures. That is a fact that cannot be disputed. In addition, the work availability tests just introduced are likely to make it more difficult for women to work, assuming that a job is available. The Government justify this test on the grounds that women with children were signing on and claiming benefits because it was easy money.

Thus, according to many people who are not concerned with the advancement of women in our society—most Members of the Government and the Conservative Party are in that position—women in work earn pin money. This same attitude carries over when women are out of work as well. It is not that women are not available for work, it is that the jobs are not available for them. The failure of this Government to expand the economy and to ensure investment has had a disproportionate effect upon women. That has to be taken in conjunction with the failure to expand day nurseries and nursery schools to meet women's requirements, and the limiting of local authority provisions for the elderly and handicapped.

It is a well known fact that at any time in our history, women in the 35 to 54 years age group are those most likely to be called upon to give up their jobs and stay at home to look after elderly and handicapped relatives and dependents. That has been compounded by the present Government because local authority facilities have been squeezed. These women give up their jobs and are judged not to be available for work because they have to care for elderly and dependent relatives. In addition, if they are married, they are denied the invalidity care allowance at the same time because it is judged that married women

SHACKLETON REPORT: STATEMENT IN THE HOUSE OF COMMONS BY THE
FOREIGN AND COMMONWEALTH SECRETARY, 3.30 PM, 8 DECEMBER 1982

As the House knows, Lord Shackleton, at the Government's request, produced and published in September an updated version of his 1976 report on the economy of the Falkland Islands. We are enormously grateful to Lord Shackleton and his team for their work.

In considering the report's recommendations, we have been guided by the need to assure the economic future of the Islands through a development programme, while at the same time preserving the Islanders' way of life as far as possible. The report has been discussed with the Civil Commissioner, with the Island Councillors, amongst the Islanders generally and with other interested parties. Their views have been carefully taken into account.

The Government agree with the broad conclusions of Lord Shackleton's report and are ready to support action by the Falkland Islands Government in the following major areas covered by his recommendations:

- A Falkland Islands Development Agency (FIDA) should be established. This would be provided with funds to buy land on the open market, and to divide it into smaller holdings. It would also have powers to make loans and grants towards the cost of a number of small-scale development projects.
- The Islands' agricultural research centre, the Grasslands Trials Unit, should be expanded;

/- There should

- there should be a feasibility study on an improved harbour complex, including a new deep-water jetty;
- the Stanley/Darwin road should be completed and the existing network of tracks should be improved;
- a pilot scheme for salmon-ranching and a survey of shellfish resources should be established; hotel and guest-house facilities upgraded; and cottage industry skills developed.

Although they were not specifically covered in Lord Shackleton's report, we believe that urgent action should also be taken to improve the water supply and sewage system in Port Stanley; and to study the requirements for future electricity generation and distribution, and the telephone system in the Islands.

The following proposals made by Lord Shackleton in our view require further study:

- exploratory offshore fishing and the establishment of a 200-mile fisheries limit: the implications of such a limit, not least its policing, and the degree of commercial interest in fishing need to be carefully assessed;
- expansion of tourism: this will depend to a large extent on the establishment of commercial air links;

/We are not

We are not convinced by Lord Shackleton's proposal for the wholesale transfer and sub-division of absentee-owned farms. We believe this is inappropriate and consider a gradual approach to land redistribution under the auspices of the Falkland Islands Development Agency more in keeping with the capacity of the Islands' existing agricultural population and more consistent with realistic immigration prospects. We are also not convinced of the need for a major expansion of the road network and are looking at more cost-effective ways of improving transport within the Islands, in particular by improving the existing network of roads and tracks.

Lord Shackleton proposed expenditure of some £30 - £35 million. My tentative estimate is that the programme I have outlined would cost about £31 million over six years. The Government also propose to make available a further £5 million for civilian rehabilitation, in addition to the £10 million announced in July.

The Islands' economy ^{may also be considerably} ~~will inevitably~~ be affected by the presence of a sizeable military garrison there, and by the outcome of the government's present studies into the feasibility and cost of establishing a better airfield on the Islands.

I should also remind the House that the economic future of the Islands does not depend on the Government alone. There will be continuing scope for private sector investment and involvement which I hope will be encouraged by the commitment we are making to the

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Islands' future. We expect that government and private investment together will lead to the creation of new jobs.

Mr Speaker, we have restored the freedom of the Falkland Islanders and shall continue to do what is necessary to guarantee their future security. As Lord Shackleton has reminded us in both of his studies, the economic development of the Islands will ultimately depend upon the degree of local commitment to the future of the Islands. For our part, we shall do all we can to enable the Islanders to look forward to a sound economic future and a worthwhile life. Our positive response to Lord Shackleton's report demonstrates our commitment to this.

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MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1

Telephone 01-~~920-7022X~~ 218 2111/3

MO 5/21

8th December 1982

Dear John

SHACKLETON REPORT : STATEMENT IN PARLIAMENT

Thank you for copying to us the draft statement. As I explained over the telephone there are two amendments which we would like to suggest.

Firstly, it would be useful if the paragraph on page 3 on the impact of the garrison and the potential airfield could be amended to reflect our uncertainty about the precise effect of the garrison on the Islands' economy and to describe more clearly the current position on the airfield. It might read as follows:

"The Islands' economy may also be considerably affected by the presence of a sizeable military garrison there and by the outcome of the Government's present studies - into the feasibility and cost of establishing a better airfield on the Islands."

It might also be useful to identify in the statement one of the principal difficulties over the establishment of a 200 mile fisheries limit, namely the cost of effectively policing it. The following amendment to the penultimate paragraph on page 2 would suffice:

".... the implications of such a limit, not least its policing, and the degree of"

I am copying this letter to the Private Secretaries to the members of OD(FAF) and to Sir Robert Armstrong.

Yours ever,
Jane Ridley
(J E RIDLEY)(MISS)

J E Holmes Esq

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ARGENTINA



A.J.C. 8/12

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

8 December 1982

J.E. Holmes, Esq.,
Private Secretary to the
Secretary of State for Foreign and Commonwealth Affairs,
Foreign and Commonwealth Office

Dear John,

SHACKLETON REPORT : STATEMENT IN PARLIAMENT

You sent me a copy of your letter of 3^{TPM} December to John Coles, enclosing the draft text of the Foreign Secretary's Parliamentary Statement. There are two changes the Chancellor would like to propose.

Paragraph 5 of the draft includes, under items for further study, a major expansion of the road network. However, Ministers at OD(FAF) (82) 8th meeting did not agree to such a study. And paragraph 11 of OD(FAF) (82) 22, the note by officials which Ministers were then considering, states that officials do not support Lord Shackleton's recommendation for an expanded road network on the Islands. The Chancellor therefore suggests the deletion from paragraph 5 of the reference to a major expansion of the network and the addition, at the end of paragraph 6, of a sentence on the following lines: "We are also unconvinced of the need to embark on a major expansion of the road network".

He would also like to suggest a strengthening of paragraph 9 to underline the point that it is not within the Government's power to make a success of development on the Falklands and that a great deal will depend on how the Islanders respond. This could be done by drawing on Lord Shackleton's study (paragraph 2.1.2) and inserting a new second sentence in paragraph 9 of the statement, as follows: "As Lord Shackleton has recognised in both of his studies, economic development will ultimately depend for its success upon the degree of local commitment to the future of the Islands".

I am copying this letter to John Coles and to the Private Secretaries to other members of OD(FAF) and Sir Robert Armstrong.

Yours sincerely,

Jill Rutter

JILL RUTTER

Argentina

Relations

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LORD SHACKLETON'S APPEARANCE BEFORE THE FOREIGN AFFAIRS COMMITTEE

Line to Take

(a) Land Reform

The case for sub-division of the existing large farms, either to promote development or to create employment, is not yet proven.

(b) Fisheries

The Government will be announcing its detailed decisions on Lord Shackleton's recommendations shortly. I can however say that at least some of his recommendations concerning fisheries have been accepted.

(c) Oil

There is no proof that oil reserves actually exist in this area. No applications for drilling licences have been received.

(d) Air Communications

We would welcome the establishment of a regular commercial air service between the Falklands and the South American mainland in due course.

7.12.82

BACKGROUND

1 Lord Shackleton appeared before the Foreign Affairs Committee of the House of Commons on 6 December to answer questions arising from his recently up-dated Falkland Islands Economic Study which was published on 13 September. Among the subjects reportedly discussed were land reform (which Lord Shackleton apparently described as a 'key issue', and one whose rejection would adversely affect prospects for development); air communications between the Falklands and the South American mainland (which he described as vital, though he saw no immediate likelihood of their being established); offshore oil (on which his views were 'pretty negative'); and fisheries, about which he was much more optimistic.

A 2 The Government's response to Lord Shackleton's recommendations will be announced by Mr Pym in a Parliamentary Statement on 8 December. A draft text is attached.

B 3 The Statement will indicate that the Government do not regard the case for the sub-division of large farms to be proven. On fisheries, it will indicate acceptance of the recommendations for salmon-ranching and a survey of shell fish resources, but will say that those concerning exploratory offshore fishing and the establishment of a 200-mile fisheries limit require further study. It will not refer to oil, about which Lord Shackleton made no recommendations. Nor will it refer to an air-link with the mainland, although Mr Pym indicated in the House of Commons on 24 November that this would be welcome.

SHACKLETON REPORT: DRAFT STATEMENT

As the House knows, Lord Shackleton, at the Government's request, produced and published in September an updated version of his 1976 report on the economy of the Falkland Islands. We are enormously grateful to Lord Shackleton and his team for their work.

In considering the report's recommendations, we have been guided by the need to assure the economic future of the Islands through a development programme while at the same time preserving the Islanders' way of life as far as possible. The report has been discussed with the Civil Commissioner, with the Island Councillors, amongst the Islanders generally and with other interested parties. Their views have been carefully taken into account.

The Government agree with the broad conclusions of Lord Shackleton's report and believe that action should be taken in the following major areas covered by his recommendations:

- a Falkland Islands Development Agency (FIDA) should be established. This would be provided with funds to buy land on the open market, and to divide it into smaller holdings. It would also have powers to make loans and grants towards the cost of a number of small-scale development projects;

/- The Islands'

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- The Islands' agricultural research centre, the Grasslands Trials Unit, should be expanded;
- there should be a feasibility study on an improved harbour complex, including a new deep-water jetty;
- the Stanley/Darwin road should be completed and the existing network of tracks should be improved;
- a pilot scheme for salmon-ranching and a survey of shellfish resources should be established, hotel and guest-house facilities upgraded, and cottage industry skills developed.

Although they were not specifically covered in Lord Shackleton's report, we believe that urgent action should also be taken to improve the water supply and sewage system in Port Stanley, and to study the requirements for future electricity generation and distribution and the telephone system in the Islands.

The following proposals made by Lord Shackleton in our view require further study:

- exploratory offshore fishing and the establishment of a 200-mile fisheries limit: the implications of such a limit and the degree of commercial interest in fishing need to be carefully assessed;
- expansion of tourism: this will depend to a large extent on the establishment of commercial air links;

/- a major

- a major expansion of the road network. This might produce an unacceptable local maintenance burden and there may be more cost-effective ways of improving transport within the Islands.

We are not convinced by Lord Shackleton's proposal for the wholesale transfer and sub-division of absentee-owned farms. We believe this is inappropriate and consider a gradual approach to land redistribution under the auspices of the Falkland Islands Development Agency more in keeping with the capacity of the Islands' existing agricultural population and more consistent with realistic immigration prospects.

Lord Shackleton proposed expenditure of some £30 - £35 million. My tentative estimate is that the programme I have outlined would cost about £31 million over six years. The Government also propose to make available a further £5 million for civilian rehabilitation, in addition to the £10 million announced in July.

The Islands' economy will also be considerably affected by important military decisions, particularly on the airfield, which are still being considered and about which the House will be informed as soon as possible.

I should also remind the House that the economic future of the Islands does not depend on the government alone. There will be continuing scope for private sector investment and involvement which I hope will be encouraged

by the commitment we are making to the Islands' future. We expect that government and private investment together will lead to the creation of jobs for new blood with new skills. This is essential.

Mr Speaker, we have restored the freedom of the Falkland Islanders and shall continue to do what is necessary to guarantee their future security. At the same time, we must ensure that the Falkland Islanders can look forward to a sound economic future and a worthwhile life. Our positive response to Lord Shackleton's report demonstrates our commitment to this.

would further the peacemaking process. Our basic position has been that it would be inappropriate to see the PLO until it renounces violence and recognises the right of Israel to exist. It is essential to take a decision about that difficult matter in the light of the answer to the question whether or not it will help the peacemaking process. We are considering the request, which we have now received formally, contrary to what was originally proposed, that the delegation should include PLO representation. That is now under consideration by the Government.

Mr. Hooley: Does the Secretary of State agree that in areas like the Middle East it is vital to uphold the authority of the United Nations peacekeeping operations, and that as long as the great powers allow those operations to be treated with complete contempt—as Israel has done—the prospect of stability and peace is remote?

Mr. Pym: Yes, indeed. That is just one aspect of the difficulties that I mentioned of achieving the withdrawal of all forces from the Lebanon. There is no doubt that that multinational force has an important role to play. At the moment, I think that it is adequate for the job that it is doing, but there is a request for further reinforcements, and that is what we are now considering.

Mr. Walters: Did it emerge from my right hon. Friend's talk with the King that the Reagan proposals would have a chance of making progress only if there were an immediate freeze of settlements on the West Bank? What positive steps will we and the Americans take to bring that about?

Mr. Pym: Fundamentally, it is a decision for Israel to take. It is Israel's responsibility. We have made representations to that country in various ways. Clearly, the country with the greatest influence is the United States, and for that reason I have made direct representations more than once about the importance of this change. If the policy now followed by Israel is not altered, a credibility gap will arise in the minds of Arab countries. Clearly that would set-back the peacemaking process, for which there is a broad and general desire.

Falkland Islands

2. **Mr. Winnick** asked the Secretary of State for Foreign and Commonwealth Affairs what consultations with overseas Governments he is having regarding the Falkland Islands and their future.

Mr. Pym: Our first task remains that of reconstruction and rehabilitation of the islands. When the islanders have had time to recover and consider the future, we shall be consulting them about their views. It would be premature to discuss their future with other Governments until that stage has been reached, but I have of course explained to a large number of other Governments the British Government's position and approach.

Mr. Winnick: Is the right hon. Gentleman aware that no one in his right mind would wish to live under the rule of the junta in Argentina? However, is there not a danger now of Britain becoming isolated over the Falklands issue? Would it not be sensible at least to explore the possibility of United Nations trusteeship? Will the Foreign Secretary confirm today that he has not ruled out the possibility of negotiations on the future of the Falklands?

Mr. Pym: The immediate problem is to restore and rehabilitate the islanders, their way of life, and the

structure of the islands. Secondly, our aim is to restore normal relations with Argentina. That has been our policy since the end of the conflict. We have had the advantage of our friends in the European Community making approaches direct to Argentina with us in an effort to bring that about. So far, there has been remarkably little sign by Argentina that it wishes to restore normal relations. That, I think, must be the beginning of relations—negotiations or relationships, call them what one will—with Argentina.

It is premature to consider the question of trusteeship or the other possibilities that could arise in the long-term future. When the islanders have recovered from the shock that they suffered, and have considered their future in the light of events, that will be a more appropriate time to consider the possibility that the hon. Gentleman mentioned.

Sir Anthony Kershaw: Does my right hon. Friend agree that whether the negotiations are undertaken bilaterally or with others as well, there is little point in such negotiations if it is proclaimed in advance that they must end in the sole sovereignty of Argentina not only over the islands but over the dependencies?

Mr. Pym: There is no question of negotiations of that sort taking place at present, as I made absolutely clear—[HON. MEMBERS: "At the moment?"]—well, maybe never. I am talking about negotiations on sovereignty. That is the whole point and the argument which we deployed at the United Nations and which I have made clear to countries all round the world. However, there is good reason to restore normal relations with Argentina in commercial, diplomatic and other ways, because that is to the advantage of the islanders.

Mr. Dalyell: What have the Governments of Chile and Uruguay said to our requests for landing rights? May there not be a dreadful accident involving Hercules aircraft in the hazardous business of refuelling and refuelling again from Victor tankers?

Mr. Pym: We would welcome, of course, the establishment of a regular commercial air service of any kind between the Falklands and the South American mainland, whether in Chile or elsewhere. At present, however, there are political and practical obstacles to that. Undoubtedly Argentina's neighbours are somewhat sensitive about the matter at the moment, and there are other problems. However, it is a desirable objective and one that we are pursuing.

Mr. Nicholas Winterton: Although I appreciate my right hon. Friend's answer, does he agree that it would help the British Government to have discussions with Chile, because that could provide splendid communications with the Falkland Islands, without going to Argentina or impinging on Argentine air or land space? Does my right hon. Friend agree that Chile is gradually moving back through a voted constitution towards democracy, and that that would stabilise Chile as well as the southern Atlantic?

Mr. Pym: As I said, we would welcome the establishment of links of that kind with the South American mainland. As Chile is part of that mainland, I include that country in the answer that I have just given.

Mr. Clinton Davis: How does the Foreign Secretary distinguish between the Fascism that exists in Chile and the Fascism and breaches of human rights that occur in

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10 DOWNING STREET

From the Private Secretary

6 December, 1982.

Shackleton Report

Thank you for your letter of 3 December. The Prime Minister is content with the draft Parliamentary statement which you enclosed. I will assume that you have agreed with the Lord President's Office that the statement will be made on 8 December, unless I hear to the contrary.

I am sending copies of this letter to Nicholas Huxtable (Lord President's Office), and Richard Hatfield (Cabinet Office).

W. F. S. RICKETT

J.E. Holmes, Esq.,
Foreign and Commonwealth Office.

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1) Mr Rickett ^{mm} 3/12 Foreign and Commonwealth Office

2) Prime Minister London SW1A 2AH

Content?

TH Yes not
3/12

3 December 1982

Dear John,

Shackleton Report: Statement in Parliament

OD(FAF) agreed on 25 November that the Government's response to Lord Shackleton's Report should be announced in Parliament soon. I enclose the proposed text of a Parliamentary Statement and would be grateful for comments as soon as possible. The Statement is likely to be made on 8 December, although the timing has not yet been finally fixed.

I am copying this letter to the Private Secretaries to other members of OD(FAF) and to Sir R Armstrong.

Yours ever
John Holmes

(J E Holmes)
Private Secretary

A J Coles Esq
10 Downing Street

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SHACKLETON REPORT: DRAFT STATEMENT

As the House knows Lord Shackleton, at the Government's request, produced and published in September an updated version of his 1976 report on the economy of the Falkland Islands. We are enormously grateful to Lord Shackleton and his team for their work.

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The Government agree with the broad conclusions of Lord Shackleton's report and believe that action should be taken in the following major areas covered by his recommendations:

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- The Islands' agricultural research centre, the Grasslands Trials Unit, should be expanded;
- there should be a feasibility study on an improved harbour complex, including a new deep-water jetty;
- the Stanley/Darwin road should be completed and the existing network of tracks should be improved;
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- a major expansion of the road network. This might produce an unacceptable local maintenance burden and there may be more cost-effective ways of improving transport within the Islands.

We are not convinced by Lord Shackleton's proposal for the wholesale transfer and sub-division of absentee-owned farms. We believe this is inappropriate and consider a gradual approach to land redistribution under the auspices of the Falkland Islands Development Agency more in keeping with the capacity of the Islands' existing agricultural population and more consistent with realistic immigration prospects.

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I should also remind the House that the economic future of the Islands does not depend on the government alone. There will be continuing scope for private sector investment and involvement which I hope will be encouraged

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by the commitment we are making to the Islands' future. We expect that government and private investment together will lead to the creation of jobs for new blood with new skills. This is essential.

Mr Speaker, we have restored the freedom of the Falkland Islanders and shall continue to do what is necessary to guarantee their future security. At the same time, we must ensure that the Falkland Islanders can look forward to a sound economic future and a worthwhile life. Our positive response to Lord Shackleton's report demonstrates our commitment to this.

CONFIDENTIAL



13 DEC 1982

*With the Compliments of the
Assistant Legal Secretary*

H. STEEL

*Attorney General's Chambers,
Law Officers' Department,
Royal Courts of Justice,
Strand. W.C.2A 2LL*

01 405 7641 Extn. 3229

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01-405 7641 Ext. 3229

Communications on this subject should
be addressed to
THE LEGAL SECRETARY
ATTORNEY GENERAL'S CHAMBERS

ATTORNEY GENERAL'S CHAMBERS,
LAW OFFICERS' DEPARTMENT,
ROYAL COURTS OF JUSTICE,
LONDON, W.C.2.

Our Ref:400/82/162

3 December, 1982

Dear John,

A.S.C. 6/12
h.a.

SHACKLETON REPORT: STATEMENT IN PARLIAMENT

Thank you for sending me a copy of your letter to
John Coles of today's date together with the draft
of a Parliamentary Statement. We have no comments
on that draft.

I am copying this letter to John Coles and to the other
recipients of yours.

Yours ever,
Henry Steel

H. STEEL

J E Holmes Esq,
Private Secretary
Foreign and Commonwealth Office
London .SW1A 2AH

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Argentina:

Relations

6 DEC 1982

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