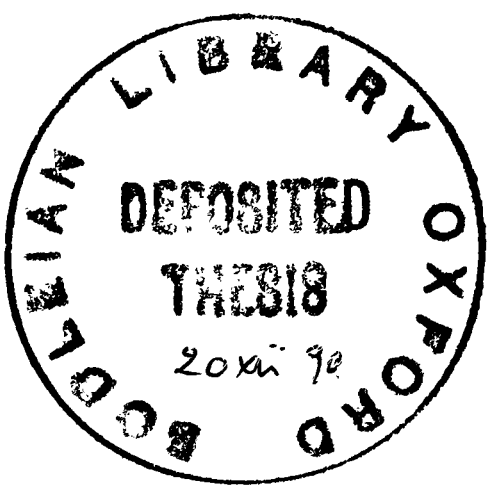
BRITISH INTERESTS IN THE FALKLAND ISLANDS: ECONOMIC DEVELOPMENT, THE FALKLAND LOBBY AND THE SOVEREIGNTY DISPUTE, 1945 TO 1989

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Thesis submitted to the Faculty of Modern History, Oxford University, for the degree of Doctor of Philosophy



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A.S.L.I.B. ABSTRACT

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D.Phil. Thesis in Modern History.

Hilary Term 1990.

British interests in the Falkland Islands: economic development, the Falkland Lobby and the sovereignty dispute, 1945 to 1989

The aim of the thesis is to study the circumstances which influenced the policy of the British Government towards the decolonization of the Falklands from 1945 to 1989. A comprehensive approach to the subject enabled an examination of the inter-relationship between the various forces which defined the nature of the dilemma. The themes included economic development, the form of landownership in the Colony, Falkland politics, the strategic value of the Islands, Anglo-Argentine trade and the Antarctic dimension.

The thesis presents an original interpretation of how volatile and unpredictable pressures defined the dispute. A pattern emerges which shows that Government policy consisted of responses to different situations. The structure is based on a chronological approach which concentrates on the seven major turning-points in the dispute and how they were perceived in Britain and the Falklands. It also includes three original case studies. First, there is a socio-economic study of the peculiar approach to the colonization of the Falklands in the nineteenth century which provides a background to later developments. Secondly, the 1982 Conflict shows how the problems of the last British colonial territories can be in inverse proportion to their size. Thirdly, the examination of the Falkland Lobby gives a detailed account of how a successful British pressure group is organized.

The primary sources used were Foreign and Colonial Office files at the Public Records Office (Kew) for the period up to the 1950s, and the archives of the Falkland Islands Association for the period from the mid-1960s. These were supplemented by private papers, the records of the Falkland Islands Company in London, interviews with prominent people, contemporary newspapers, official documents and secondary sources.

ABSTRACT

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The decolonization of the Falklands has presented an intractable problem since it was placed on the British political agenda in the mid-1960s. The Anglo-Argentine sovereignty dispute is based on the conflicting principles of Argentine territorial integrity and the right of the Islanders to self-determination. However, its course was guided by pragmatism. In an international context a negotiated settlement seemed a logical step in Britain's withdrawal from Empire. The Falklands had a precarious economy, which could not sustain independence, and were isolated by their geographical position. When the internal situation in the Falklands is considered, a transfer of sovereignty would appear unthinkable. The roughly 2,000 Islanders are almost exclusively British in their culture and racial extraction. The Islands are about two-thirds the size of Wales with enormous potential for economic development which could be of direct benefit to Britain.

The sovereignty dispute resembles a complex jigsaw puzzle composed of numerous issues. A number of the main aspects have been covered by authoritative works. Mary Cawkell (1960) and Ian Strange (1985) studied Falkland economic development, H. S. Ferns (1960) and Professor David Rock (1982) examined Anglo-Argentine economic relations, Max Hastings and Simon Jenkins (1986) and Cardoso, Kirschbaum and van

der Kooy (1983) wrote about the 1982 Conflict, and P. W. Quigg (1983) and Dr. Peter Beck dealt with the Antarctic dimension. However, these works do not provide a overall perspective of the Falklands' dispute. They also do not cover the role of the Falkland Lobby or the post-1982 economic development of the Falklands and its historical context.

The aim of this thesis is to study in depth the policy of the British Government towards the Falklands from 1945 to 1989. It is original because the comprehensive approach adopted to the subject enabled an explanation of the inter-relationship between the various forces and pressures which influenced the Government. The themes include economic development, the form of landownership in the Colony, Falkland politics, the strategic value of the Islands, Anglo-Argentine commercial relations and the Antarctic dimension. Each reappraisal of the British Government's policy is assessed in the context of relevant developments such as the price of wool, the internal Argentine political situation and British public opinion.

The thesis includes three original case studies. First, as a socio-economic study of the Falklands - in the context of British settlement in Australasia, Canada and Southern Africa - it presents a peculiar pattern of economic development. Secondly, the 1982 Conflict - which cost the British Government about £3½ billion and resulted in the deaths of over 1,000 Argentines, Britons and Islanders - shows how the problems of the last British colonial outposts can be in inverse proportion to their size. The difficulties encountered in the decolonization of the Falklands were paralleled by Gibraltar, Hong Kong and British Honduras. Thirdly, the thesis gives an original case study of a successful British pressure group. The Falkland Lobby was a

crucial factor in the transformation of the dispute. The verbal assault in the House of Commons on Nicholas Ridley in December 1980, when he attempted to explain the Government's sovereignty leaseback initiative, is accepted as an important turning-point in the failure to reach a peaceful settlement with Argentina. This thesis is the first detailed study of the aims, organization and achievements of the Falkland Lobby. It is relevant to both the nature of British politics and the future of the Falklands.

The topic was shaped by the material available. The primary sources used were Foreign and Colonial Office files at the Public Records Office (Kew) for the period up to the late 1950s, and the archives of the Falkland Islands Association for the period from the mid-1960s. These were supplemented by private papers, the records of the Falkland Islands Company in London, interviews with prominent people, contemporary newspapers, official documents and secondary sources. A visit to the Falklands in November 1988 gave an invaluable insight into the Islanders' perspective of the dilemma.

There were obvious limitations. First, it is difficult to comment with authority on Government policy after 1960 due to the closure of official records for thirty years. Extended closure was also applied to many earlier Foreign and Colonial Office files which related to sensitive subjects such as the sovereignty of the Falklands and the Dependencies. Secondly, there was a danger that the papers in the Falkland Islands Association archive gave a distorted view of events because they were concerned with the preoccupations of a pressure group.

Nevertheless, the material presented an ambitious and challenging basis for a thesis. The restrictions on the official

records could be circumvented to some extent by the close examination and interpretation of the accessible sources. Oral history gives an invaluable insight into events which will not be available when the relevant records are open to the public. A detailed study of the Falkland Lobby's perception is justified because it was a very important factor in the sovereignty dispute between 1968 and 1982. Finally, the thesis is meant to be a contribution towards placing both the present uncertainty about sovereignty and the rapid economic development of the Falklands in an historical context.

A chronological approach was adopted because it showed the progression of events. Chapters one and two set the scene in 1945 and chapters three and four examine the developments up to the mid-1960s. Each subsection explains how the major aspect of the issues had evolved. Britain annexed the Falklands in 1833 due to their strategic value on an important trade route around Cape Horn. Port Stanley was established as a 'Harbour of Refuge' to provide fresh supplies and ship repair facilities. The military value of the Falklands to the Royal Navy was shown in both world wars. The sovereignty dispute was not a significant factor in Anglo-Argentine relations until the 1880s when Argentina consolidated its control of Patagonia. It would seem that the Argentine Government did not pursue its claim to the Islands in an aggressive manner because Britain was a major source of investment from the 1880s and was a vital market for meat exports. The complementary Anglo-Argentine trade relationship began to breakdown in the 1920s. The 1933 Roca-Runciman agreement gave Britain various trade concessions in exchange for maintaining the level of Argentine meat imports. However, it contributed to the rise of Argentine nationalism and demands for the

restitution of the Falklands. The dispute was extended to Antarctica in 1908 and 1917 when South Georgia, a segment of the continent and a number of sub-Antarctic islands were declared dependencies of the Falklands. In 1943 the British War Cabinet decided to establish permanent bases in response to Argentine incursions.

The approach adopted to the colonization of the Falklands in the nineteenth century defined the nature of the Colony until the 1980s. Port Stanley was the primary concern of the Colonial Office. The development of the hinterland was left to private enterprise with little regard for the long-term consequences. The land was divided into vast ranches which were leased and sold to the Falkland Islands Company (which was granted a Royal Charter in 1851) and a handful of settlers. After the decline in shipping the Islands developed a monoculture economy dependent on sheep farming which required the minimum of investment. However, in the short-term the Falklands prospered and were granted Crown Colony status in 1892. The importation of skilled labour from Britain resulted in the creation of a British community which was little influenced by Latin America due to an Argentine ban on direct communications from the 1880s. The population remained static at about 2,000 because sheep farming could not support greater numbers. The landowners, who tended to be resident abroad by the twentieth century, opposed experiments with alternative uses of the land which threatened to breakup their estates. Local initiative towards development and Falkland politics was inhibited by a dependence on the absentee landowners for housing, employment and supplies.

Chapters five to eleven trace the important turning-points in the transformation of the Falklands problem up to 1989. Why did the

British Government decide to negotiate the sovereignty of the Islands with Argentina in 1966? Why were the talks continued once the opposition of the Islanders became clear? What were the political repercussions of the 1976 Shackleton Report? Why did the British Government fail to resolve the future of the Falklands? What was the Falkland Lobby and how did it influence events? Why did diplomacy fail to avert a military outcome of the 1982 Conflict? What were the repercussions for the British Government?

A pattern emerges from this comprehensive study which reveals that the policy of the British Government towards the Falklands consisted of responses to seven different situations. When the Government began to address the Falklands' problem the circumstances which defined it were realigned and required the formulation of a new strategy. The forces were both volatile and unpredictable. Chapter five shows that the reappraisal of the British Government's strategy in the mid-1960s was the result of a combination of factors. Resolution 2065 (xx) passed by the U.N. General Assembly in December 1965 placed Britain under an obligation to negotiate a settlement of the dispute. Argentine nationalist aspirations were concentrated on the Falklands after the 1961 Antarctic Treaty was ratified. A British exports drive to Latin America, a major revision of British defence policy and economic stagnation in the Colony contributed to a perception of the Falklands as a liability rather than an asset. The situation was altered in 1968 with the formation of the Falkland Lobby, with strong Parliamentary support, and an announcement by the British Government that sovereignty would not be transferred against the wishes of the Islanders.

Chapter six seeks to explain an ingenious attempt to persuade the Islanders that co-operation with Argentina was in their interests. The Conservative Government elected in 1970 removed sovereignty from the agenda but negotiated a Communications Agreement and a fuel monopoly with Argentina to establish close links between the Falklands and the mainland. The dependence of the Islanders on Britain was effectively transferred to Argentina. The resolve of the Islanders and the Falkland Lobby to resist the gradual assimilation of the Colony into Argentina was weakened by an opportune announcement by the F.I.C. that it intended to withdraw the R.M.S. 'Darwin'. The ship had provided the Colony with its principal external link through Montevideo and its loss would have further isolated the Islanders. The initiative ceased to offer a viable basis for a settlement of the dispute because the circumstances changed. First, Argentina became uncooperative and aggressive towards the Falklands as a result of internal upheavals. Secondly, the 1973 oil crisis shifted interest from the extrinsic value of the Colony to its intrinsic value. The Falkland Lobby saw the development of the oil, fishery and alginate resources of the South West Atlantic as a way to secure the future of the British community in the Islands.

Chapters seven and eight examine the origins, recommendations and consequences of the 1976 Shackleton Report, which was a response by the British Government to pressure from the Islanders and the Falkland Lobby for an economic survey of the Colony. The Labour Government expected that it would conclude that economic development required the collaboration of Argentina. However, Argentina was hostile to any suggestion of joint development while Lord Shackleton, who

chaired the independent survey team, was ambiguous on this key issue. The most important recommendation of the report was that the Port Stanley Airport runway should be extended to enable the establishment of an external air service independent of Argentina. An impasse was reached when the British Government refused to fund the major recommendations of the report.

The United Kingdom Falkland Islands Committee (U.K.F.I.C.), which formed the core of the Falkland Lobby, expanded its activites in an ambitious attempt to implement the Shackleton Report and reverse the Colony's economic decline. The most important result was that Parliament and the media were given a perception of the Falklands as an economic asset to Britain which could support a sizeable, self-sufficient British community. The 1980 sovereignty leaseback initative by the Government was a response to growing Argentine impatience. It revealed that the Falkland Lobby consisted of three groups. The attack on the proposal by the Falkland supporters in Parliament seemed to reflect their hostility towards the Government. The U.K.F.I.C. and the Islanders were divided on its merits. However, the emergence of Falkland nationalism, which had been encouraged by the Shackleton Report, resulted in a shift in Islander opinion against any concessions on sovereignty.

Chapter nine considers the politics of the 1982 Conflict. A number of circumstances led to the Argentine invasion of the Falklands and South Georgia in April 1982. General Galtieri succeeded to the Presidency of Argentina in December 1981 after promising the Commander of the Argentine Navy that the Falklands would be occupied in 1982. The acquisition of the Falklands was a popular nationalist cause which

diverted attention away from internal instability. The Junta misjudged both the international reaction and the response of the British Government to the invasion. The year 1983 also had historic significance for Argentines as a deadline for a resoluton of the dispute. The invasion of the Falklands was perceived in Britain as a national humiliation which justified the despatch of a formidable task force. An important element in the politics of the war was Margaret Thatcher's ability to reflect British public opinion. The British Government became more conciliatory in the peace talks when opposition to high casualties mounted. In the 1956 Suez Crisis Anthony Eden had faced considerable resistance to his strategy within Britain.

It was ironic that Argentine intervention should have caused a drastic reappraisal of the British Government's policy which in turn saved the Falklands from an almost inevitable economic collapse and the transfer of sovereignty. Chapters ten and eleven consider how the cicumstances of the dispute changed between 1982 and 1989. The cost of the 1982 Conflict in human and financial terms gave Britain a new commitment to the Islands. The British Government provided the Colony with an international airport and sufficient funds to implement the recommendations of a revised Shackleton Report. The annual garrison costs by the end of the 1980s were £100 million. Although a considerable proportion of British public opinion questioned the long-term viability of the strategy it was not placed on the political agenda. Economic pressures in Argentina led President Menem to end the hostilities and restore diplomatic and commercial relations with Britain. Finally, the autonomy of the Falklands was strengthened by constitutional reforms and a 150 mile fishing zone which resulted in

rapid economic development. The trend within the Falklands was towards a larger, more self-sufficient British community with a distinct national identity.

CONTENTS

	Page
List of Maps and Diagrams	(iii)
Acknowledgements	(iv)
Abbreviations	(v)
Introduction	1
Chapter One: The Falklands' Economy in 1945	6
(A) Development of the Economy	6
(B) The Failure of Reform	22
(C) Falkland Politics	33
References	39
Chapter Two: The Falklands' Strategic Value, the Sovereignty Dispute in Anglo-Argentine Relations and the Antarctic Dimension Before 1945	45
(A) The Falklands' Strategic Value	46
(B) The Anglo-Argentine Sovereignty Dispute	56
(C) Anglo-Argentine Economic Relations	62
(D) The Antarctic Dimension to the Falklands' Sovereignty Dispute	66
References	73
Chapter Three: Colonial Development and the Sham of Progress, 1945 to 1965	79
(A) The Problems of Directing Development Aid	79
(B) The Politics of Local Development	88
(C) Migration	96
(D) The Colonial Government/Falkland Islands Company Relationship	99
References	106
Chapter Four: The Falklands in the Context of the Decolonization of Small Colonies, Anglo-Argentine Relations and Antarctica, 1945 to 1965	111
(A) The Failure to create a Panacea Status for the Smaller Colonies, 1945 to 1969	111
(B) The Falklands' Sovereignty Dispute, 1945 to 1965	122
(C) Anglo-Argentine Trade Relations	127
(D) The Antarctic Dimension, 1945 to 1965	132
References	140

	Page
Chapter Five: The 1968 Sovereignty Crisis and the Birth of the Falkland Lobby	144
(A) Background to the Secret Anglo-Argentine Sovereignty Talks	145
(B) Birth of the Falkland Lobby	151
(C) Culmination of the Crisis	159
References	165
Chapter Six: Anglo-Argentine Co-operation, Disenchantment and the Expansion of the Falkland Lobby, 1969 to 1975	170
(A) The Second Anglo-Argentine Initiative towards the Falklands	171
(B) Relations Sour and the Revival of the Falkland Lobby	177
(C) Falkland Development and the Falkland Lobby	186
References	194
Chapter Seven: the 1976 Shackleton Report - Economic and Political Ramifications, the Argentine Response and the Antarctic Dimension	198
(A) Origins and Aims	198
(B) Conclusions and Proposals	204
(C) Argentina's Hostile Response	210
(D) Limited Implementation and Falkland Politics	217
(E) Developments in Antarctica	222
References	228
Chapter Eight: British Politics and the Falklands' Question - Reorganization of the Falkland Lobby and Nicholas Ridley's Sovereignty Leaseback Initiative, 1976 to 1982	234
(A) The Creation of F.I.R.A.D.A.	234
(B) The Activites and Problems of F.I.R.A.D.A.	241
(C) The late 1970s South Atlantic Fishery Proposal	248
(D) The 1980 Leaseback Initiative, the Falkland Lobby and Falkland Politics	254
References	263
Chapter Nine: The 1982 Conflict	269
(A) Immediate Causes	269
(B) Britain's Response to the Invasion	277
(C) A Diplomatic Failure and the Politics of War	287
References	298

Page

Chapter Ten: Commitment and the Falklands' Boom, 1982 to 1989 302

(A) The British Government's Resolve to Retain Sovereignty, the Falkland Lobby and Falkland Politics 303
(B) The 1982 Shackleton Report and the Falkland Islands Development Corporation 309
(C) The 1987 Fisheries' Revolution 318
References 327

Chapter Eleven: Britain's Relationship with the Falkland Islands, 1982 to 1989 332

(A) Proposals to Resolve the Sovereignty Dispute and the External Factors for Change 332
(B) Falkland Economic and Political Development as a Factor for Change 349
References 359

Conclusions 364

Bibliography 375

LIST OF MAPS AND DIAGRAMS

1. Landownership in the Falkland Islands in 1950 23
2. Graphic Illustration of the Fluctuating Value of Falkland Wool Exports 94
3. The British Colonial Empire in July 1965 119
4. Anglo-Argentine Trade, 1945 to 1965 129
5. Bases of the Falkland Islands Dependencies Survey in 1947 134
6. Land Reform 313

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ABBREVIATIONS

A.I.L.	Alginate Industries Limited
B.A.S.	British Antarctic Survey
CAB	Cabinet
C.D.C.	Colonial Defence Committee in chapter two and Colonial Development Corporation in chapter three
C.D. and W.	Colonial Development and Welfare
C.-in-C.	Commander-in-Chief
Cmnd.	Command Papers
CO or C.O.	Colonial Office
C.O.I.	Central Office of Information
C.P.A.	Commonwealth Parliamentary Association
E.R.L.	Environmental Resources Limited
F.A.O.	U.N. Food and Agriculture Organization
F.C.O.	Foreign and Commonwealth Office
F.I.A.	Falkland Islands Association
F.I.C.	Falkland Islands Company
F.I.C.Z.	Falkland Islands Conservation Zone
F.I.D.C.	Falkland Islands Development Corporation
F.I.D.S.	Falkland Islands Dependencies Survey
F.I.G.	Falkland Islands Government

F.I.P.Z.	Falkland Islands Protection Zone
F.I.R.A.D.A.	Falkland Islands Research and Development Association
F.I.s	Falkland Islands
FO or F.O.	Foreign Office
H.C.	House of Commons
H.L.	House of Lords
H.M.S.O.	Her Majesty's Stationary Office
H. of C.	House of Commons
Leg.Co.	Falkland Islands Legislative Council [pre-1965 minutes in series CO80 at the P.R.O. (Kew), post-1965 minutes in Foreign and Commonwealth Office Library (London)]
N.P.P.	National Progressive Party
P.R.O.	Public Record Office
S.A.C.	South Atlantic Council
S.A.F.C.	South Atlantic Fisheries Committee
S.C.A.R.	Scientific (formerly Special) Committee on Antarctic Research
S.F.L.	Stanley Fisheries Limited
S. of S.	Secretary of State
S.O.A.	Sheep Owners' Association
U.K.F.I.C.	United Kingdom Falkland Islands Committee
U.N.	United Nations Organization
W.F.A.	White Fish Authority
Y.P.F.	Argentine State Oil Company

INTRODUCTION

The Anglo-Argentine sovereignty dispute over the Falkland Islands is an issue worth exploring due to its several unique facets. First, the approach to the colonization of the Falklands in the nineteenth century was peculiar in that the land was leased and sold before it was surveyed. The territory had considerable potential for the settlement of hardy British settlers. However, the British Government left the settlement of the land to private enterprise and showed little concern for how this would shape the nature of the Colony. Secondly, the decolonization of the Falklands was complicated by the close ties of the Islanders with Britain. They were almost exclusively British in their racial extraction and way of life. The community had similarities with other British settlement colonies in Australasia but was unable to sustain independence because its tiny population had a weak economic base. Thirdly, the Falkland Lobby gained a remarkable degree of support in Parliament for its campaign to defend the wishes of the Islanders. This pressure group is an interesting case in that it identified the potential of the Colony's natural resources and argued that they could be of direct benefit to Britain. Finally, the 1982 Conflict was an extraordinary reversal of the trend towards Britain's withdrawal from empire.

Previous studies were insufficient in their coverage of the Falklands issue. The sovereignty dispute in the eighteenth century was vigorously examined in the 1920s by Dr. Julius Goebel.[1] In 1988 Dr. Peter Beck published a book which brought together the conflicting British and Argentine interpretations of the dispute, with an account of

recent developments and possible options for a settlement. It did not elaborate on many of the crucial turning-points or important factors such as the Falkland Lobby.[2] The Argentine Government's lack of interest in the Falklands for long periods before 1945 remains a mystery. Professor David Rock wrote an authoritative work on Argentine political and economic history up to 1982.[3] It did not explain how internal pressures influenced the attitude of the Argentine Government towards the Falklands. The relationship between Anglo-Argentine trade and the sovereignty dispute has not been considered.

The Antarctic dimension was also examined by Dr. Beck who concentrated on Britain's political involvement and the evolution of the Antarctic Treaty System.[4] Britain's leading role in the exploration of the continent was researched by Bill Hunter Christie.[5] Philip Quigg assessed how Antarctica's economic potential was seen during the 1970s.[6] These studies do not offer a detailed examination of how Britain's parallel interests in the Falklands and Antarctica developed. They have tended to be viewed as separate issues with unexplained links.

The formation of the Colony and the gradual establishment of a monoculture economy based on sheep farming was covered by the works of Mary Cawkell and Ian Strange.[7] The main defect with their approach was that they looked at the internal situation in isolation, and ignored international pressures and events. Strange also failed adequately to trace the debate about landownership and subdivision which was identified by the 1976 Shackleton Report as a crucial factor in Falkland politics. The impact of the post-1982 fishing boom has not been adequately researched or placed in its historical context.

The activities and influence of the Falkland Lobby has been largely overlooked or misunderstood. For example, an article in 1977 by J. Hickey referred in very vague terms to the supporters of "Keep the Falklands British."[8] The inquiry by a Committee of the Privy Counsellors (the Franks Report) into the origins of the 1982 Conflict gave only one specific reference to the Falkland Lobby and did not elaborate on how it had affected the Government's perception of the dispute.[9] James Callaghan, the former Labour Foreign Secretary and Prime Minister, asserted in his autobiography that the Falkland Lobby was just concerned with the interests of the Falkland Islands Company.[10] G. M. Dillion, in a recent study which argues that British ministers failed to provide adequate leadership before 1982 to reach a settlement, includes a useful section on the organization and objectives of the Falkland Lobby. However, the relevant chapter is both brief and mainly based on official records.[11]

The military and diplomatic aspects of the 1982 Conflict have been examined by numerous books. Perhaps the most authoritative work on the British perspective of the war was by the journalists Max Hastings and Simon Jenkins.[12] The Argentine angle was researched by Cardoso, Kirschbaum and van der Kooy.[13] The reliance on interviews with politicians, civil servants and senior military personnel shaped their approach to the conflict which is seen in terms of decisions by individuals. The complex forces which led to the Argentine invasion were analysed by Jimmy Burns.[14] He saw the military coup in March 1976 as a crucial factor. The origins and politics of the 1982 Conflict has not received much attention. The work by Hastings and Jenkins totalled 372 pages of which only 44 were devoted to the background of the crisis.

An important exception was the polemic written by Anthony Barnett on the political culture which influenced the British perception of the war.[15] In 1987 Virginia Gamba made a valuable contribution with a work which placed the conflict in the context of misperceptions between the industrialised North and the developing South. It revealed the lack of understanding between Britain and Argentina and the motives and values of both sides.[16]

The aim of this thesis is to present a comprehensive overview of the circumstances which shaped the British Government's policy towards the Falklands between 1945 and 1989. A number of key issues will be explored. First, what was the strategic value of the Falklands and how did it change? Secondly, how did the approach to the British settlement of the Falklands affect the nature of the Colony and the form of landownership in the twentieth century? Thirdly, what factors shaped the character of Falkland politics? Fourthly, how have external economic forces influenced the course of the sovereignty dispute? Fifthly, how significant were pressures and expectations within Argentina? Sixthly, what did the Falkland Lobby achieve? The Falkland Lobby and the issue of the Colony's development will be examined to a greater extent than the other themes to compensate for the past neglect of their significance to the sovereignty dispute. In the course of the thesis the concept of a 'Falkland nationalism' is used, by which is meant a local patriotism drawing strength from a British identity.

The primary source for the period up to the late 1950s was the Foreign and Colonial Office files at the Public Records Office in Kew. The problem presented by the closure of official records after

1960, under the thirty years rule, was overcome by access to the archives of the United Kingdom Falkland Islands Committee in Sussex and the Falkland Islands Association in London. These were supplemented by private papers, the records of the Falkland Islands Company in London, interviews with prominent people, contemporary newspapers, official documents and secondary sources.

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CHAPTER ONE: THE FALKLANDS' ECONOMY IN 1945

The development of the Falklands by 1945 has been interpreted in conflicting ways to suit the arguments of interested parties. The initial British settlement of 51 inhabitants in 1842 grew into a self-supporting colony of 2,339 by 1946. The extent to which the resulting landownership structure realised the Islands' economic potential is debateable. The landowners saw the Colony's economy as sound and profitable. In 1945 there were 619,449 sheep producing 4,071,400 lbs of wool worth £189,800.[1] The tiny population maintained a favourable balance of payments since little of the profits were reinvested in social services or the virtually non-existent infrastructure. In contrast, Argentine critics stressed the "sterile situation" in the territory which would have experienced, ". . . a greater economic boom if linked to its natural and legal owners."[2]

This chapter will assess the strength of the different interpretations of the Colony's development in 1945 by examining how the situation arose. How did the Colony develop in an almost uninhabited territory? What were the aims and role of the British Government in settling the Falklands? Were there any attempts to introduce an alternative form of landownership to the large scale ranching approach adopted by the early settlers? How much interest was shown by the settlers in local politics?

(A) DEVELOPMENT OF THE COLONY

The British Government did not have a plan to colonize the Falklands when it reasserted control in 1833. The Admiralty's interest

in a strategic base will be discussed in chapter two. There are parallels with Geoffrey Blainey's interpretation of the annexation of Australia. He commented that,

> "Ironically Britain claimed the whole continent simply in order to claim a few harbours astride trade routes. It was like a speculator who, buying a huge wasteland flanking a highway because it had a few sites for road-cafes and filling stations, found later that much of the land was fertile and productive. It seems fair to suggest that Britain did not particularly want the continent."[3]

Lord Palmerston's decision to repossess the Falklands was probably influenced by an encouraging assessment of the Islands' resources. In 1832 Louis Vernet, the Argentine Governor at Port Louis, sent the British charge d'affaires in Buenos Aires a description of the Falklands' climate, soil and herds of wild cattle introduced by the French.[4]

There was no attempt at colonization during the Admiralty's administration between 1834 and 1842. The murder of Matthew Brisbane, the senior British resident, in August 1833 by convicts and gauchos formerly employed by Vernet led Charles Darwin to remark that,

> "Here we, dog-in-the-manger fashion, seize an island, and leave to protect it a Union Jack; the possessor has, of course, been murdered; we now send a lieutenant with four sailors, without authority or instructions."[5]

In January 1834 H.M.S. 'Challenger' arrived to restore order. Port Louis, the only settlement, had nine inhabitants and had been wrecked by the outlaws. Lieutenant Henry Smith was then installed as Naval Officer-in-Charge, Falkland Islands.[6] The Royal Navy's presence brought stability. By 1839 the population had risen to 45 settlers (25 men, 10 women and 10 children). The succession of naval officers ensured that ample vegetables were grown to supply the settlers and passing ships. Sheep, swine and poultry were imported and 350 cattle were tamed by

1838. The most significant achievement of the naval administration was probably the completion of a nautical survey of the Falklands by Lieutenants B. J. Sulivan and R. Lowcay who commanded H.M.S. 'Arrow' and H.M.S. 'Sparrow'.[7]

The decision to colonize the Falklands would appear to have been due to pressures within Britain rather than from demands by merchants at the periphery. It should be seen in the context of a transformation of the British attitude towards the economic value of the colonies in the late 1830s. Fred Hitchins, in a study on the Colonial Land and Emigration Commissioners, identified two phases in British colonial policy in the nineteenth century. The first was dominated by apathy and the centralization of colonial administration in London due to disillusionment with empire in the wake of the American Revolution. The Industrial Revolution and the rise of the doctrine of Free Trade led the Manchester School of Economists to reject the need for empire altogether. It was feared that colonies which did not have a sense of imperial destiny would ultimately rebel.[8] This interpretation is supported by the Admiralty's administration of the Falklands in that it lacked direction.

The second phase of British colonial policy developed from the influence of the Colonial Reformers who called for the development of the colonies to solve both their own problems and those of the mother country at the same time. The 'Theorists of 1830', such as Edward Gibbon Wakefield and the Earl of Durham, called for responsible government in the colonies and systematic colonization involving planned settlement and the sale of land at a sufficient price to fund further emigration. This would help relieve the labour and capital shortages in

the colonies, and the poverty and unemployment in Britain stemming from rapid industrialization. The utilization of the colonies' resources would supply Britain with raw materials and create new markets for manufactured goods.[9]

The Falklands were affected by this change of policy in 1840 through the appointment of the Colonial Land and Emigration Commission, which was heavily influenced by Wakefield's experiments from 1836 in applying systematic colonization in South Australia. The Commission performed a number of functions until it was disbanded in 1878. It was responsible for the publication and supervision of emigration to British settlement colonies. This involved the preparation of reports and organization of the subsidized and safe transportation of emigrants. These activities were financed by the Commission's sale of colonial Crown Lands to settlers. In 1840 the Commission's main guideline was to serve as, ". . . the connecting link between the disposal of Crown Lands and the conveyance of immigrants."[10]

The growing prosperity of the Australian wool industry in the 1830s inspired a number of entrepreneurs - representing shipping, banking and whaling interests - to propose that private enterprise develop the Falklands.[11] The most prominent was G. T. Whitington, who had obtained an interest in a 6,400 acre concession on East Falkland from Vernet during the Argentine administration. In 1834 he formed the 'Falkland Islands Commercial Fishery and Agricultural Association' with the aim of obtaining British Government recognition for the Argentine concession. Whitington hoped to revive Vernet's sealing, fish and beef salting and sheep farming operations.[12] The British Government refused

to acknowledge the grant since it might have been interpreted as recognition of Argentine claims. Whitington admitted that,

"My individual interests would be best be promoted by the Sovereignty of the Islands being confirmed to Buenos Aires."[13]

Whitington again applied for a concession offering to pay the salary of a military governor appointed by the Crown.[14] When this failed Whitington adopted the arguments of the Colonial Reformers to support his venture. In 1840 he published a pamphlet which claimed that the Falklands were strategically invaluable to the Admiralty, the merchant navy and the new steam ships, while South America offered a market for Falkland agricultural produce. Whitington concluded that,

"With the knowledge of all these facts before us, surely it is our interest, and becomes an imperative duty to devise adequate measures for speedily turning the immense stream of emigration from the North American States to the Falkland Islands, and our other colonies in the Ethiopic and Pacific Oceans."[15]

The British Government's continued lack of interest led Whitington to take action. In 1842 he initiated operations by sending his brother, J. B. Whitington, with eighteen settlers, stores and stock to Port Louis.[16]

In August 1840 the Colonial Land and Emigration Commissioners produced a report on the Falklands' economic potential which was accepted by Lord Russell, the Secretary of State for Colonies, and the Admiralty. It suggested a number of possibilities. The Falklands were useful as a refitting station for merchant shipping rounding Cape Horn. The Royal Navy could establish a depot, ". . . for [the] protection of our commerce in times of war and maintaining command of the sea."[17] The Commissioners were less optimistic about agriculture, due to the poor soil and climate, but considered that, "a small body of colonists of frugal and industrious habits," could be

supported by sheep farming, cattle ranching, fishing and sealing.[18] Scottish islanders were judged the most suitable settlers.[19]

The Commissioners also proposed that East Falkland become a free colony and the West a penal settlement. The benefits included the difficulty of escape, the absence of settlers or aborigines who might be "contaminated or offended," peat for fuel, the capacity for self-sufficiency in food, lower convict transport costs compared with Australia, and convict labour to construct the naval base.[20] The plan was made while Saint Helena, Corfu and Cape Town were also being considered as destinations for the 4,000 convicts annually sentenced to transportation. It cost £120,000 to keep 4,000 convicts in the hulks for four years, £360,000 in a penitentiary and £60,000 to transport them to Australia. In 1839 the government decided to reduce the number of convicts transported to Australia by 2,000 and hold more in Britain. In 1840 New South Wales ceased to be a penal colony.[21] The reason why the Falklands was rejected as a potential penal settlement is not recorded, although it was only one amongst many options.

Transportation dropped from favour by the 1850s since the forced labour system on which it was based broke down due to mounting criticism in the established settlement colonies.[22] Nevertheless, in 1855 Governor Thomas L. Moore, supported by prominent settlers, revived the proposal to use convict labour in the Falklands for public works such as fencing the camp and building roads. Moore also wanted former convicts and their families to remain and develop smallholdings.[23] The debate continued through correspondence in 'The Times'. In January 1857 Mr. C. W. Eddy wrote quoting an Emigration Commissioner who favoured

giving time-expired prisoners and their families smallholdings. He claimed that,

> "A rude and boisterous climate will stimulate their energies, will compel them to exercise and labour, to keep the life-blood circulating in their veins."[24]

George Rennie, Moore's predecessor as Governor, replied opposing the establishment of a convict settlement because of the difficulties experienced by the existing settlers. In response Eddy quoted Captain Sulivan's belief that the Falklands could support "at least 100,000 persons."[25] A Norwegian pointed out how inhospitable regions of Norway and the "stony wastes of Galway" were successfully cultivated.[26] W. Parker Snow, the former commander of the South American Missionary Society ship 'Allen Gardiner', concluded that,

> "One thing is now certain, the possession of the islands is un fait accompli. They are secure beyond dispute; and if he (John Bull) uses his resources to good purpose, and sends out plenty of hardy colonists, there is very little doubt of the islands proving a valuable acquisition to him."[27]

In 1841 Parliament passed an Act which established a government in the Falklands with a grant of £3,750 for three years. In August 1841 Lieutenant Richard C. Moody of the Royal Engineers was appointed Lieutenant Governor with orders to report to the Colonial Office on the prospects for colonization. Six months after Moody sailed, the Emigration Commissioners were authorized to sell land in the Falklands.[28] Three months after arriving, Moody stressed his optimism about the territory's potential in a 15,000 word report. The climate was mild and healthy, there were 30,000 wild cattle and 3,000 horses, the pastures were suitable for sheep farming, cultivated vegetables thrived, local stone made an adequate building material and there was

abundant peat for fuel.[29] Moody recommended that the most appropriate settlers were,

> "The fisherman . . . selected from the Orkneys in preference to Hastings or Brighton because the Orkney men are accustomed to the roughest weather to be found on the coasts of Great Britain and are in addition to be good seamen and fisherman accustomed to tillage in a rough way."[30]

In June 1843 Lord Stanley, the Secretary of State for Colonies, appointed Moody Governor and Commander in Chief of the settlement and Dependencies.[31]

The overriding purpose of holding the Falklands was to establish a port to serve shipping which used Cape Horn. The Antarctic explorer Captain James Ross, supported by the Colonial Office, recommended a site in the harbour at Port William. Moody favoured remaining at Port Louis - which he renamed Anson and where he sold plots of land - because the camp around Port William was waterlogged, requiring drainage. However, Moody was overruled by Lord Stanley on the advice of the Emigration Commissioners. They argued that,

> ". . . the site of the capital should be fixed at whichever port be decided by competent authority to afford the greatest advantage to shipping."[32]

In July 1843 work began on the new town of Port Stanley. The Emigration Commissioners explained that,

> "All the naval authorities were understood to be unanimous in favour of the superiority of Port William . . . seeing the objections to a temporary site for a Capital, and considering that the convenience for maritime purposes was the very end for which the Settlement was formed, it was thought indispensible at once to remove the Seat of Government to Port William."[33]

In July 1845 Port Stanley became the official capital and Anson ceased to exist. Whitington declared that,

> ". . . of all the miserable bog-holes in the Falklands Islands . . . [it is] one of the worst for the site of the town."[34]

In 1849 Earl Grey, the Secretary of State for Colonies, decided to establish a 'military village' composed of thirty Chelsea Pensioners and their families in Port Stanley. Earl Grey used military pensioners elsewhere in the empire to consolidate fledgling settlement colonies. For example, they were installed in Western Australia between 1850 and 1853 on ten acre allotments to assist in the suppression of outbreaks among the convicts.[35] In the Falklands the pensioners were expected to do garrison duty. They were sent out with prefabricated houses and agricultural implements and were each presented with ten acres of land on the outskirts of Stanley to prepare vegetable gardens and sell produce to visiting ships. Many of the pensioners were discontented and some returned to England in 1855 when they were given permission to leave.[36]

The British Government's failure to guide the colonization of the Falklands had long-term consequences for the nature of the Colony since development was left to private enterprise. Moody was instructed to concentrate on expanding the port rather than settling the land. Colonization was,

> ". . . a matter of secondary importance to be valued with reference to the extensive maritime interest contingent and not as a matter per se."[37]

In 1844 the Government rejected Moody's proposals to assist in developing the camp. Moody had wanted to increase the value of land by selling it with stock imported at Government expense. He also suggested a Government farm be established costing £1,000.[38] The most serious result of the Government's neglect was to lease land before it had been surveyed. Mary Cawkell commented that,

> "No proper system of land tenure was ever devised. Everything was left to the individual governor . . . The Falkland

Islands is unique among the Colonies in that all its land, save a few thousand acres, has been leased and sold without a proper survey ever having been made."[39]

In 1847 Moody devised a grazing scheme for East Falkland whereby land was leased to settlers who bought licences. In 1849 settlers could lease stations of up to 6,000 acres, if they were between 6 and 24 miles from Stanley, or up to 10,000 acres, if they were further from Stanley, on condition that they purchased 160 acres of land at 8s. an acre. This figure was calculated to be sufficient to fund the cost of various public works, a land survey and the importation of nine labourers for each farm. Settlers selected the land they wanted which the Government marked on its incomplete nautical charts. A Land Proclamation in 1861 stated that 6,000 acres was to be the basic land-holding unit. Settlers had to purchase 160 acres out of each 6,000 acres leased as well as to build a house and introduce stock within a fixed period. Each station would be leased at a rent of £10 per annum for ten years, which could be renewed for a further ten years.[40]

Private enterprise was encouraged to initiate development. In 1841 and 1843 a proposal to create a 'Royal Falkland Land cattle, etc. Co.' was placed before the House of Commons to publicize the idea.[41] In 1843 Moody stated that,

"I should not be disinclined to treat with a Company, but as the main object is to supply . . . fresh meat at a moderate expense, I should not feel myself justified in establishing a monopoly, without security against the abuse of its privilege."[42]

George Lake, who represented a group of Liverpool merchants, expressed interest in the challenge of forming a company,

". . . for supplying the Navy at moderate fixed prices with . . . provisions . . . to purchase of the Government a sufficient quality of land and wild cattle to afford employment to two or three

hundred settlers in cultivating garden ground and in slaughtering and preparing Cattle for the market."[43]

In March 1844 Samuel Fisher Lafone, a Montevideo merchant with interests in the beef industry, also proposed exploiting the Falklands' cattle and sending out settlers from the Shetlands and Chile. In March 1846 a contract was signed which granted him 600 square miles of East Falkland (a peninsula later named Lafonia) and the sole right to kill cattle. A dispute then arose when Lafone discovered the charts were incorrect and he had leased much less than he had assumed. A new agreement in January 1850 halved Lafone's rent. However, Lafone was virtually bankrupted by disputes with the Governor and the British blockades of Montevideo between 1842 and 1851.[44]

The Falkland Islands Company (F.I.C.) was formed in April 1851 in the City of London after a committee was constituted in January to buy Lafone's rights and interests. In 1849 Lafone's indebtedness to his London financers led his brother to issue a prospectus for a 'Royal Falkland Land, Cattle, Seal and Whale Fishery Company'.[45] Samuel Lafone retained a fifth of the shares when the F.I.C. was incorporated as a joint stock company in 1851 with a capital of £100,000.[46]

In January 1852 the F.I.C. was granted a Royal Charter by Queen Victoria. Lafone had argued that the,

> ". . . Colony can never have its resources developed, and become useful and profitable to the Mother Country unless a much larger amount of Capital be introduced there, than it is profitable to be done by private enterprise alone . . . I beg to remark that without a charter be granted [sic] to limit the liability, there is not the slightest chance of a Company being formed."[47]

The objectives of the Charter were to import horses, gauchos and equipment, stock the new stations with sheep, establish a general store in Stanley, export and sell beef, hides and wool, purchase more land,

and establish a postal service.[48] The Government sought to minimize the cost of colonization. There are parallels with the formation of the Royal Niger Company in July 1886 when the Government supported a commercial business to strengthen British interests in a disputed territory.[49] The F.I.C. directors regarded themselves as,

> ". . . essentially a trading company, combining colonization as an adjunctive benefit. The projectors do not under-rate the value of colonization, as commercial speculators they look upon its beneficial results as being generally too remote to give, in their estimate, a great practical value to a scheme which does not contain in some elements of a return of a more certain and speedy character."[50]

In other words, short-term profits earned from large scale ranching were more important than long-term investment in unpredictable experiments with alternative uses for the land.

The F.I.C. was unprofitable for the first twenty years because Lafone had misrepresented the potential. It also had meagre finances to exploit the existing opportunities. The Board of Directors lobbied Parliament to create a penal settlement in the Falklands before taking legal action against Lafone in 1858. The conciliatory response of Lafone, which involved further investment, enabled the Company to pay its first dividend in 1862.[51] The F.I.C., nevertheless, played an influential role in the creation of a predominantly British community in the Falklands. By the Land Order system, administered by the Emigration Commissioners, purchasers of £100 of land on East Falkland were entitled to bring out five labourers at Government expense. The F.I.C. deposited £1,000 with the Commissioners between 1867 and 1872 to purchase land and were able to nominate 65 emigrants for free passages.[52] Little immigration had occurred before then due to insufficient funds, even after Governor Rennie had requested the Commissioners to send young

women in 1849 to alleviate the inbalance between the sexes.[53] Between 1847 and 1872 the Commissioners supported the emigration of 211 people to the Falklands - 51 English, 151 Scottish and 9 Irish - and 119 other miscellaneous passengers.[54] Assisted passages were abolished in 1879.[55]

Before the rise of sheep ranching the initial prosperity of the Falklands depended upon ship repairing, as will be examined in chapter two. There were a number of attempts to introduce sheep in the 1840s from the River Plate which failed due to scab. In 1846 only 180 out of 900 sheep imported the previous year had survived.[56] In 1852 the F.I.C. imported 46 Cheviots which became the predominant strain until the end of the century.[57] Between 1854 and 1883, when the last wild cattle were killed, sheep numbers increased from 2,500 to 428,918.[58] In 1868 the F.I.C. introduced the first sheep dip, at Darwin, which brought scab under control on its land.[59] Wool prices then rose to a record 1s. 6d. per lb. as a result of the 1870/1871 Franco-Prussian war.[60] In 1876 Governor D'Arcy reported that,

> "The prosperity of the Islands is wholly dependent on the use of the vast tracts of pasturage . . . pastoral occupations are the principal source of individual and private wealth."[61]

In 1895 a Scab Ordinance introduced a tax on all freehold and leasehold land to fund the cost of an Inspector of Stock. Within years scab was eradicated and sheep-ranching firmly established.[62]

The Patagonian Missionary Society, founded by Allan Gardiner in 1844, pioneered the recolonization of the West Falklands. In 1851 Gardiner postulated that,

> "Who can tell but the Falkland Islands, so admirably situated for the purpose, may become the key to the aborigines of Patagonia and Terra del Fuego?[63]

In 1854 the Missionaries were granted permission to rent Keppel Island where they constructed a settlement and planted gardens. A model community was then assembled to produce a revenue for the now re-named South American Missionary Society. The schooner 'Allan Gardiner' transported over fifty Yahgan natives to Keppel. The missionaries continued to manage Keppel until 1911 when their operations were transferred to Patagonia.[64]

A Proclamation in June 1867 opened West Falkland to settlement by extending East Falkland's land regulations. In September 1867 James L. Waldron, who had leased Port Howard, arrived in the chartered barque 'Diana' carrying his family, servants, building materials, stores and sheep direct from England.[65] By 1869 the entire West Falklands had been leased to eight settlers.[66] The risks and hardships experienced by the pioneer settlers in founding the ranches were rewarded during the 1880s in profits which enabled some farmers to extend their operations to Patagonia. For example, in 1892 Robert Blake, a partner at Hill Cove, purchased land in the Territory of Santa Cruz and founded a ranch.[67]

The political and economic structure of the Colony, which remained intact until the 1980s, was established by the close of the nineteenth century. Her Majesty's settlements in the Falklands became financially independent of Britain in 1881, and gained Crown Colony status in February 1892.[68] In 1892 the population was 1,869 - 1,086 males and 783 females. The Falkland Government's revenue was £11,485 13s. 9d., compared to an expenditure of £10,947 18s. 3d..[69] In 1898 sheep numbers peaked at 807,211 producing 3,601,647 lbs of wool worth £103,501.[70] Between 1904 and 1915 Governor William Lamond Allardyce

introduced social services in Stanley which included a hospital, a school, a new town hall and sanitary system, street lighting and a public telephone exchange.[71] The Falklands also acquired religious significance. In 1869 the Reverend Whait H. Stirling (a former supervisor at Keppel) was ordained Bishop of the Falkland Islands, the largest diocese in the world encompassing the whole of South America. In 1892 Bishop Stirling consecrated Christ Church Cathedral in Stanley.[72]

The Falklands' economy was very small to support competition. It was, perhaps, a logical step in 1888 when the F.I.C. acquired the rival business of J. M. Dean and Sons, which owned Stanley's profitable West Store and acted as banking agents for the majority of the Colony's farmers.[73] By the early twentieth century it was also apparent that the Colony had failed to diversify away from a dependence on the fluctuating price of wool. There had been sporadic sealing and whaling, as well as the exportation of mutton. For example, in 1928 the Falkland Islands and Dependencies Sealing Company was formed to extract oil from sea-lions. It failed due to an insufficient market - in 1930 only 200 of the 530 tons produced were sold.[74] The Norway Whaling Company operated a whaling factory on New Island from 1907. It was transferred to the more profitable Dependencies in 1916.[75] A mutton canning plant was established at Goose Green in 1911, and processed 17,000 sheep and 1,000 cattle in 1919 alone. It was abandoned in 1921 due to falling demand.[76]

A number of factors inhibited further development in the Falklands. The Islands' isolation and limited resources were natural restraints. In 1924 a geological report by Dr. H. A. Baker was

pessimistic about the possibility of discovering exploitable minerals such as coal and oil.[77] Adequate external communications were an essential prerequisite for change. Chapter two will show how the rise of the agricultural colony paralleled the decline in shipping which called at Stanley. This made the maintenance of even a limited external link relatively expensive. For example, the £2,500 mail subsidy paid to the Pacific Steam Navigation Company to connect Stanley with Britain - via ships rounding Cape Horn in each direction once every four weeks - cost the Falkland Government one sixth of its total revenue in 1904.[78]

Nevertheless, there were also political and economic factors which might have inhibited further development. First, there was the problem of the 'absentee landlord' who has been described as, ". . . the curse of the Falklands, drawing all his money out of the country and putting nothing back."[79] The issue emerged as farmers, such as Robert Blake from Hill Cove in 1897, retired back to Britain, when their health deteriorated, leaving managers to adminster their estates.[80] The sheep stations then became profitable investments for the pioneers' families who remained resident in Britain. A second factor was that the colonial administration was a distant unrepresentative bureaucracy which failed to play a positive role in the formative stages of the Colony. A third factor was that Falklanders and future immigrants were denied the opportunity to purchase land because it had been converted into vast sheep ranches owned by British companies. The F.I.C., as the chief employer, also failed to offer Falklanders adequate career opportunities. As a result, the majority of Falklanders who settled in Patagonia "came from the Company's Camp."[81] For example, in 1885 the F.I.C. shepherd William Halliday emigrated from the Falklands with his

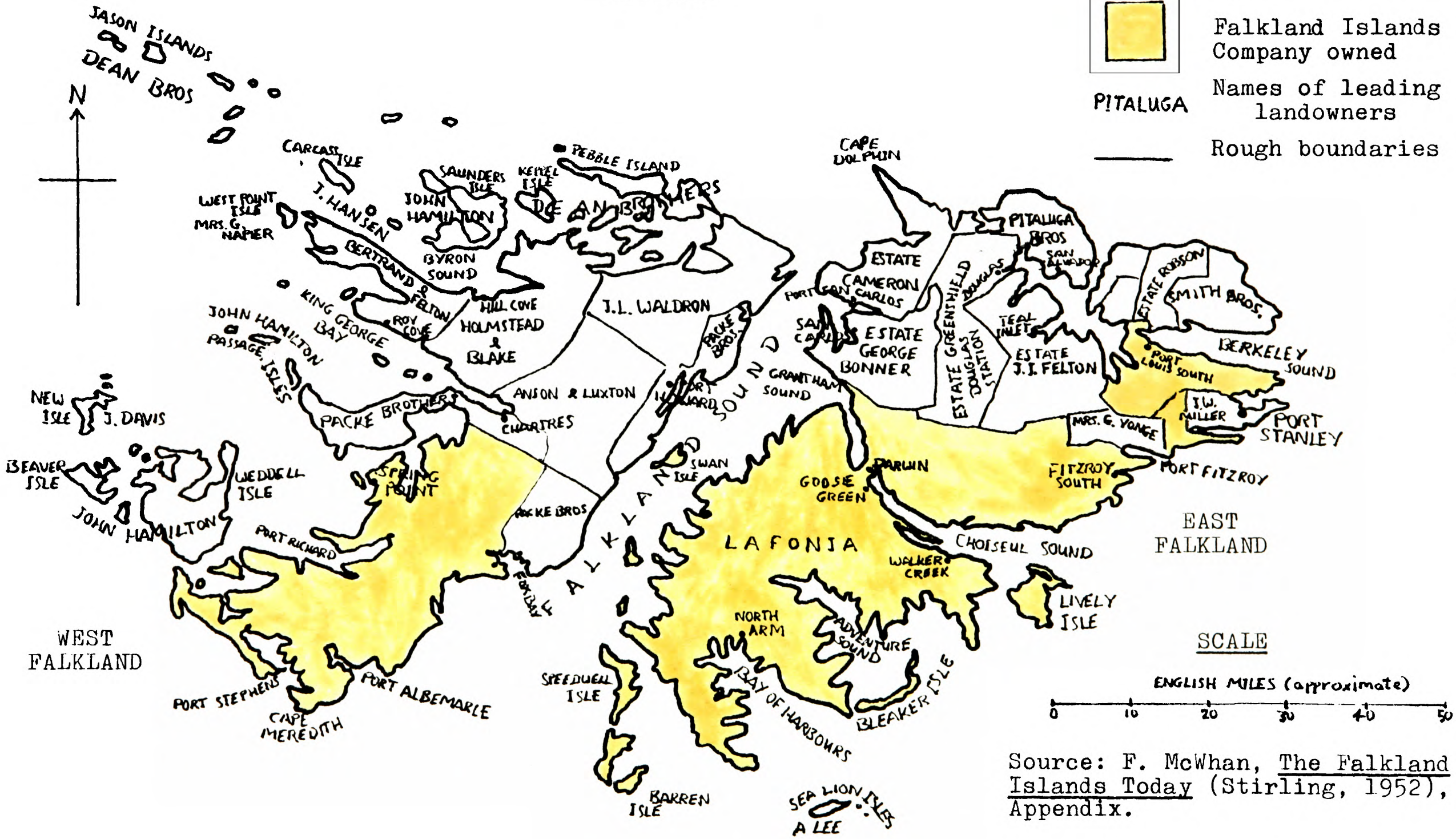
family because senior positions were appointed in Britain which meant he could not advance beyond Second Manager.[82]

(B) THE FAILURE OF REFORM

A clash of interests arose over the vision of future progress for the Colony between the landowners and several Governors. The central issue was land ownership and the consequences of subdivision. The map on page 23 illustrates how the land was partitioned by 1950 amongst a handful of British based companies and exclusively used for large scale sheep ranching. The advocates of subdivision argued that the creation of owner-occupied smallholdings would have numerous benefits through the encouragement of local initiative towards development. It was argued that closer settlement would stimulate more intensive farming, such as the production of milk, bacon, vegetables and small fruits. Smallholdings would enable greater supervision of the stock, reducing the high losses. Finally, reinvestment would be safeguarded and the drain of profits abroad to absentee shareholders stemmed.[83] The debate on landlords will be deferred until chapter seven when the issue was revived by the 1976 Shackleton Report and the arguments were clearly elucidated. This subsection will examine the background to the controversy.

The first initiative was made by Sir Roger Tucker Goldsworthy, Governor of the Falklands from 1891 to 1897. After serving in the Indian Mutiny, Goldsworthy had worked in the West Indies and as Governor of British Honduras. During the 1870s he gained experience of settlement colonies while Colonial Secretary in Western Australia.[84] Within months of arriving in the Falklands Goldsworthy decided to use

LANDOWNERSHIP IN THE FALKLAND ISLANDS IN 1950



Source: F. McWhan, The Falkland Islands Today (Stirling, 1952), Appendix.

the opportunity of the expiring leases to investigate the issue of land ownership. Governor D'Arcy had made major concessions to the struggling sheep farmers. In 1870 he extended the leases for twenty one years, reduced the rent from £10 to £6 for ten years and reduced the purchase price per acre from 8s. to 2s.. D'Arcy sold 800,000 acres before the Colonial Office intervened. By Ordinance No. 4 of 1871 the price of land was raised to 4s. per acre, while the sales already made were confirmed. In 1872 leaseholders were allowed to purchase all their land. In 1882 Governor Kerr raised the rent to £20 to reflect the growing prosperity of the settlers.[85]

Goldsworthy discovered the original licences for land were based on three different nautical charts, licences were poorly drawn up and were often unregistered, and that several boundaries differed from those on the charts.[86] He calculated the extent of land leased was underestimated by one-seventh.[87] A number of settlers petitioned the Secretary of State for Colonies for the opportunity to buy land. For example, in 1892 a group of Stanley residents requested that,

". . . surplus land may be secured [sic] for the benefit of colonists other than the existing lessees."[88]

Goldsworthy applied pressure on the Secretary of State for Colonies to fund a land survey by refusing to renew licences or sell land. For example, he obstructed the sale of 76,127 acres leased to James Greenshield because he believed that it contained 112,000 acres.[89] Goldsworthy argued a survey would double the Government's revenues from rents and enable the creation of smallholdings.[90]

The landowners opposed Goldsworthy's plans for a number of reasons. First, they resented the "clamours for a share in the land"

once the "hardest pioneering work is done."[91] Secondly, they argued that the land could only support a finite number of sheep while more small farms would result in the perpetuation of scab. Thirdly, the sheep ranchers claimed that economies of scale were essential to make a profit in the Falklands. Subdivision would increase the costs of fencing and management for a proportionately smaller number of sheep. The F.I.C. Camp Manager commented that,

> "South of the corn growing latitudes there is no chance of peasant proprietors. The land is not good enough to carry them. The sooner it is recognised that, while the Colony offer[s] a good living and means of saving money to a steady working man, it does not afford him the means of making a fortune the better it will be for the place."[92]

Goldworthy's plans were defeated primarily by the resistance of the landowners. The Law Officers of the Crown decided leases must be renewed, although the Governor could reserve a portion of a leasehold to sell separately as a test of local demand. If there were no purchasers the land would revert to the original leaseholder.[93] In 1892 Goldsworthy auctioned Fanning Head, a 6,000 acre section of W. Keith Cameron's ranch since 1870. The leaseholders united in protest and all except one of the Colony's Justices of the Peace resigned. In December Cameron petitioned the Colonial Office. He asserted that investment in buildings and fences on the section would make Port San Carlos unviable if it were separated. In February 1893 the Secretary of State decided that Cameron should sell an alternative section. Cameron chose land that was, ". . . not worth the upset price to us, and cannot be worth it to anyone else."[94] Nevertheless, his manager was advised not to assist any purchaser by selling sheep,

> ". . . not if they offer £10 each for them. I'd rather burn them first, in fact shew them no countenance whatever."[95]

A second attempt to sell a subdivision also failed because there were no bidders.[96]

The reason why the sections were not bought by other Islanders is disputed. Sydney Miller, a former farmer and local historian, suggests Goldworthy's potential smallholders were "men of straw," who were unsuitable farmers.[97] However, Mary Cawkell claims that by 1893, when a surveyor arrived in the Colony to examine the proposed sections, many of the original applicants had emigrated to Patagonia. Those that remained were required, by the unfavourable terms of the auctions, to purchase the subdivisions outright.[98] In May 1895 Goldsworthy conceded defeat. The 1903 Consolidating Land Ordinance enabled all lessees to purchase their land, based on the acreage stated in their leases, at 3s. per acre over a thirty year period. In 1906 the purchasers were allowed to pay in advance. By 1909 the majority of leading farmers had applied to buy their leaseholds.[99]

During the early twentieth century concern about overstocking and the deterioration of pastures led the Falkland Government to take new measures. The farmers sought to counter falling sheep numbers by improving the stock. The output of wool was increased by compulsory dipping and the introduction of Romney Marsh and Lincoln strains. However, the industry remained inefficient. The 1921 Government Annual Report stated that,

> ". . . stock inbred, fences in many places in disrepair, woolsheds and wool presses out of date with little hope of replacement . . . Many farms in difficulties."[100]

In April 1924 Hugh Munro of the New Zealand Department of Agriculture was appointed to investigate the situation. Munro concluded that overstocking and unwise burning had caused almost irreparable damage to

the pastures. He blamed primarily absentee landowners and company directors who, ". . . insisted upon a given number of stock being carried."[101] One of Munro's chief recommendations was the establishment of a farm to carry out trials in re-grassing and stock breeding. In 1926 Governor John Middleton set up Anson Experimental Farm in Berkley Sound, at a cost of £17,000, and engaged a manager from New Zealand for three years.[102]

The scheme was abandoned in 1928 due to the opposition of Middleton's successor, Arnold W. Hobson. Delays and transport difficulties resulted in the need for a further £7,000 expenditure. The Colonial Office wanted the farm to be, ". . . given a fair trial and retained for a considerable time," since the Colony's Land Sales Fund of £190,000 could support it on interest alone.[103] However, Hobson claimed the farmers viewed the research as unnecessary and expensive. In October 1927 a joint meeting of the Executive and Legislative Councils voted to sell the farm. Hobson asserted that, ". . . if the farm is to be continued the outcome can only be chaos and heavy financial loss."[104]

The second initiative to subdivide the sheep ranches was made by Governor Herbert Henniker-Heaton between 1935 and 1941. Henniker-Heaton had gained extensive experience with the problems of small colonies such as Fiji, Mauritius, the Gambia, Bermuda, and Cyprus. He was attached to the Falklands since his daughter had married into one of the Islands' oldest families and he had served there as Colonial Secretary from 1921 to 1925.[105]

The question of subdivision was revived during the 1930s economic Depression. The price of wool had peaked at 2s. 7½d. per lb in 1917/1918 and dropped to an average 6d. per lb in 1933.[106] The

Depression was exacerbated in 1929 by a public works scheme which induced the migration of camp labour into Stanley. The farmers imported labour to replace their losses creating unemployment when the public works ceased.[107] The population of the Falklands was 2,400. Henniker-Heaton estimated the influx of Islanders into Stanley was, ". . . at least 400 in excess of the requirements of the community."[108] The Government responded by continuing the "relief works" and constructed nine miles of roads around Stanley.[109]

J. M. Ellis, the Colony's Colonial Secretary, believed that the unemployment resulted from over-population and sought to assist emigration. He contemplated sending Kelper children to Fairbridge Farm Schools in Australia.[110] Ellis then favoured founding settlements of Falklanders in Canada and Argentina.[111] The Foreign Office was horrified at the prospect of emigration to Argentina. In February 1934 Ellis claimed that, ". . . hitherto no trouble had arisen in connection with the Falkland islanders resident in Patagonia."[112] However, J. H. Leche, the British charge d'affairs in Buenos Aires, stressed that,

> ". . . great difficulty would be bound to arise as the Argentines would almost certainly claim them as Argentine citizens and possibly oblige them to perform military service."[113]

Financial difficulties forced Henniker-Heaton to review the relief works. In 1935, when an Unemployment Relief Committee was formed to distribute aid, the Colonial Office reduced the contribution to the Colony from the Dependencies' Reserve Fund (derived from the whaling industry) from £9,000 to £8,000. Henniker-Heaton asked the Secretary of State to transfer the entire £200,000 balance of the Fund after the existing commitments had been met, or at least guarantee a minimum of £7,000 a year to maintain the living standards of the unemployed. The

Secretary of State compromised. The Fund was fixed at £150,000 (to ensure the Dependencies did not become a liability to the Falklands). The Colony would receive £8,000 in 1936, which would be gradually reduced to £4,000 in future years.[114] As a result, the Falkland Government was forced to make economies.[115]

The financial crisis swayed the Falkland Government to sponsor a more intensive use of the land. The Government House gardener was sent to study horticulture at Kew.[116] An Agricultural Department was established and an Agricultural Adviser from New Zealand appointed.[117] The Colonial Development Fund financed research by William Davies from the Welsh Plant Breeding Station in Aberystwyth. Davies spent four months between 1937 and 1938, visiting every sheep station, to study how to improve the quality of the pastures. The main recommendation of his report to the Government was more fencing to maximize the use of the herbage. Davies argued that the existing ranching method failed adequately to trample the soil or graze the grass, which was necessary to encourage new growth and the 'perpetual spring' effect. The creation of smaller fields and the introduction of better methods of grazing management were essential. Davies said that,

> "Until a methodical and much extended scheme of sub-dividing existing paddocks is brought about, the potentialities for land improvement throughout the colony will remain all but untapped . . . all the evidence suggests that pasture deterioration will take place progressively the more rapidly in proportion as the stock carried becomes less."[118]

Henniker-Heaton concluded that subdivision of the ranches was the solution for both the declining pastures and unemployment. He saw parallels with Barbados where the land was divided into huge estates by largely absentee proprietors for the production of a cash crop for

export using the minimum of labour. A landless population was then driven into the town to depend upon Government assistance.[119] Henniker-Heaton estimated 2,704,654 of the 2,962,243 acres of the Falklands were held by absentee owners.[120] He believed that the concentration of land ownership inhibited development and investment. The Governor wrote to the Secretary of State that,

> ". . . huge estates of 100,000 acres . . . [were] run for the benefit of a few owners and supporting only perhaps 4 - 5 married shepherds. The young man who wishes to marry will have no house, will lose his job possibly and, it is little wonder has small enterprise or initiative . . . The absentee owner can see few good reasons for spending a part of his profits building a road to the residence of an ignorant employee whereas he can think of several good reasons for opposing it!"[121]

The Governor demanded change,

> "This is a Crown Colony, a trusteeship. If the idea of one flag, one King, one Empire, is not pure hypocrisy then the native Falkland Islander deserves something better than to have his nature undermined by the innervating [sic] toxin of paternalism while the real owners gather in the Shekels."[122]

He was supported by the official members of the Executive Council and the Agricultural Adviser.[123]

Henniker-Heaton proposed the expropriation of 2,228,000 acres, with compensation for the owners, and the establishment of 380 families on 6,000 acre smallholdings. The Falkland Government would grant each tenant a 35 year renewable lease and lend £1,600 for stock and equipment.[124] The Colony's reserves of £250,000 would fund the first 100 families. However, unless the British Government contributed capital, the project would take 70 years at a rate of 4 families a year to settle the remainder.[125] In 1938 the Falkland Government's total revenue was £70,553, compared to an expenditure of £70,673.[126]

The Colonial Office recommended a gradual approach, with the co-operation of the landowners. It accepted that closer settlement was a "sound policy" and did not rule out the expropriation of land.[127] The cautious response was probably conditioned by the Treasury's pressure to limit expenditure and ensure that the colonies balanced their books. For example, the 1929 Colonial Development Act had originally intended that the Colonial Development Fund would receive £1 million a year. However, the Depression brought the future of the Fund into question and many promising projects had to be rejected.[128] In May 1939 Henniker-Heaton proposed the subdivision of either the Albermarle Crown Land reserve (21,760 acres) on West Falkland, or the F.I.C.-owned Port Louis South (52,000 acres) on East Falkland.[129]

A number of factors contributed to the failure of the experiment. The opposition of the landowners was probably decisive. Mr. W. Markham Dean, the chairman of the Colony's Sheep Owners' Association and owner of Port Stephens and Port Edgar, gave stiff resistance to the Governor's plan not to renew his lease of the Albermarle reserve.[130] In January 1940 Dean met Colonial Office officials. He claimed that his remaining stations would be unviable without the use of Albermarle's superior pastures. Dean hinted that they might be sold to Argentine interests,

> ". . . if he was forced to sell his other stations, he would not be particularly concerned as to whom he sold them providing that he got a reasonable price."[131]

The Colonial Office accepted it was "perfectly reasonable" that Dean should be given one year's notice if his lease was not going to be renewed.[132]

Colonial Office officials suspected that the demand for smallholdings had diminished since many Falklanders had enlisted in the armed services.[133] Henniker-Heaton complained that the Colony lacked a wool production adviser which caused delays in refuting the F.I.C.'s arguments against subdivision.[134] The debate, therefore, was overshadowed by doubts about the consequences of subdivision. Norman K. Cameron, a partner at Port San Carlos, neatly summarized the dilemma. He said that,

> "Some may see in it visions of a golden age where prosperous and hard working settlers grow their wool and improve their land under the guidance of a benevolent Government, but the other extreme to which it may lead should not be overlooked - a land of isolated and ill-educated crofters extracting a precarious living from their neglected flocks and relying on drink and the Government for support."[135]

In September 1941 an official commented that,

> "All that has occurred, so far as the papers show, is semi-official discussion and correspondence conducted in an atmosphere of well-known personal antagonism."[136]

In February 1942 Henniker-Heaton's successor, Sir Allan Cardinall, presented his own proposals on how to direct post-war British development aid. Cardinall suggested investing £500,000 on development. He was most impressed by the Agricultural Department's success in cultivating 72 acres of Stanley Common, which produced 273 tons of vegetables and 160 tons of cattle fodder between 1940 and 1946.[137] Cardinall proposed that an experimental farm could be combined with an Agricultural High School. The young would be trained as farmers to prevent the creation of a, ". . . discontented black-coated class for which the Colony offers no outlet."[138]

Cardinall favoured subdivision but thought Henniker-Heaton's approach "financially unsound."[139] The prerequisite for change was the

construction of a £150,000 road across East Falkland, £3,000 per mile, with new townships either side of the Falkland Sound linked by a ferry. Cardinall argued that,

> "One cannot sub-divide, one cannot colonize, one cannot even improve the present very low standard of economy, unless one breaks down isolation, inaccessibility, the primitive pastoral use of land which ranching entails, and the general backwardness of the country."[140]

He also speculated about a long-term vision for the Falklands as an extension of Britain rather than a dependency to exploit. Cardinall postulated that,

> "If one were to look upon this Colony as a Colony such as Tasmania is today or better as a remote country of the United Kingdom, one would obtain I think a truer perspective of conditions; but if one regards it as a small conglomeration of substantial privately-owned estates, the perspective is gone, and one's eyes remain focussed on the present, too shortsighted to see any vision of any future."[141]

The failure to introduce land reform resulted in the consolidation of the existing economic system. The F.I.C.'s position in the Falklands was strengthened by the acquisition of Spring Point (60,493 acres), Fox Bay West (76,297 acres) and Port Stephens (182,800 acres) on West Falkland between 1938 and 1945.[142] The next subsection will examine how the approach to the colonization of the Islands determined the nature of Falkland politics.

(C) FALKLAND POLITICS

It is difficult to trace Falkland social history due to the inaccessibility, or absence, of relevant sources. However, a brief outline of how Falkland politics evolved will help to explain the context of later developments. In 1945 the Falklands lacked any form of elected representative government. A large proportion of the population was employed by the Government and absentee landowners. The June 1946

census recorded a total population of 2,239 including 1,642 adults. Port Stanley's electoral roll of 411 adult males included 150 Government and 70 F.I.C. employees. All except 9 of the 217 adult males in the East Falklands were labourers or shepherds, with 60 percent employed by the F.I.C.. On the West Falklands all except 15 of the 145 adult males were navvies or shepherds.[143] Falkland society was also divided, despite its size and the absence of racial or religious tensions. A considerable gulf existed between the different interests of Stanley and the camp, and between absentee landowners, station managers and the shepherds and labourers.[144]

The distant, bureaucratic administration in the thinly populated Falklands was only challenged by sporadic political agitation for change. The pioneer settlers, who leased and purchased land, were concerned primarily that essential services were provided and the tax burden was minimized. The colonists who lacked property were largely uninterested in politics since important decisions were taken by what became absentee landowners and the Colonial Office in London. The virtual absence of settlers in 1843, when the government was established, inevitably led to Richard Moody, the Governor and Commander-in-Chief, being granted almost autocratic powers. In 1845 Moody appointed Executive and Legislative Councils composed of officials.[145] Nevertheless, the handful of colonists resented Moody's overbearing rule. In 1843 'Fisher's Colonial Magazine' criticized the selection of such young and inexperienced military officers as colonial governors. It commented that,

> "They know nothing of civil government and are too arrogant to learn . . . [they] become scourges to the Colonists instead of leaders and sympathetic friends."[146]

The Falkland landowners secured a degree of political influence through the Governor and the Secretary of State. In the 1880s they became more united and assertive on a number of issues. For example, West Falkland farmers lobbied for an extension of the mail service to the West since they contributed one-fifth of the Government's revenue in rent. In 1885 £300 was voted to fund a service to Fox Bay. However, 200 West Falklanders complained that it was inadequate and petitioned the Colonial Office.[147] The influence of the vested interests was also illustrated in the defeat of Goldsworthy's subdivision scheme.

In July 1882 Governor Kerr reported to Earl Kimberley that eight landholders had petitioned for increased non-official representation on the Legislative Council, with separate representation for East and West Falkland. In 1881 the Falklands became financially independent of Britain. In 1892 Her Majesty's settlements in the Falklands became a Crown Colony.[148] It would appear that the increase in non-official Legislative Councillors resulted in greater influence for the vested interests in the Colony, rather than representation for the working class. For example, in 1892 the question of collusion between the Government and the landowners was raised in the House of Commons. In December 1890 the Legislative Council passed an Ordinance which sold Crown Land to the F.I.C. at 3s. per acre instead of 4s., which was fixed in an earlier Ordinance. The Council consisted of three official members - the Governor, the Colonial Secretary and the Colonial Surgeon - and two non-official members, Messrs. Cobb (the F.I.C. Colonial Manager) and Felton.[149]

However, there were also differences between the Government and the vested interests. For example, many landowners believed the administration was too large for the Falklands. In 1928 the Colony's Sheep Owners' Association, an organization composed of farming interests and landowners, petitioned the Colonial Office to increase taxes on the whaling industry. Its members were critical of the growth in bureacracy, which they blamed on the Dependencies' administration. The cost of the Falkland Government had risen by 125 percent in the past 20 years. The number of officials increased from 45 in 1907 to 102 in 1925.[150] The Colonial Office denied that the Dependencies were subsidized by the Falklands and replied that the rise in costs was due to essential expenditure on education, medical services and public works which was paralleled in other colonies. For example, the cost of administering British Honduras rose by 100 percent between 1907 and 1927. The cost of administering Saint Helena increased by 187 percent during the same period.[151]

The growth in a Falkland sense of identity was reflected in 1920 by the formation of the Falkland Islands Reform League. Its aim was to become,

> ". . . an organised body through which the views of the general public on matters affecting local legislation could find expression."[152]

During the 1930s Depression the League sought to champion the interests of the working class and unemployed. It attempted to recruit "everyone in the Islands" so that it would be able to arbitrate working conditions with the "Farmers Association."[153] The F.I.C. was offended by the League's claim that, "Wages have been kept as low as possible to allow Owners of Farms to live in luxury abroad."[154] The Company's treatment

of employees was a source of pride. For example, the F.I.C. established a Provident Fund and provided free housing, meat, fuel and milk, as well as a school and assembly hall in Darwin.[155] Henniker-Heaton reported that the agricultural workers were uninterested in the League. However, he added that,

> "It is to be remembered that there are no trade unions in the Colony and the League is the only body which can claim to represent the working man in the political field."[156]

In October 1943 the first trade union, the Falkland Islands General Employees Union, was formed. It had a membership of 500 and employed a full-time Secretary.[157]

It would seem that there was no pressure for representative government in the Falklands because the nature of their colonization had created a dependent society which accepted that important decisions were taken in Britain. Constitutional reform would appear to have been as a result of external, not internal, pressure. During the early 1940s the British Government sought to change the appearance of colonialism to win the support of American public opinion for the British war effort. Article III of the August 1941 Atlantic Charter, signed by President Roosevelt and Winston Churchill, stated that all peoples had the right to chose their own form of government. Churchill's failure to restrict the principle to Europe led to a review within the Government of the Empire's future. In September 1941 a Colonial Office memorandum submitted to Churchill referred specifically to the Falklands as a territory which could not be granted self-government, although the growth of local institutions might be a healthy development.[158]

In 1941 the Reform League raised the question of electoral representation in a petition to the Governor. The Secretary of State's

positive reply probably reflected the wider context of countering anti-colonial American sentiment. He stated that,

> "It should be in accord with general policy and principle that a measure of representation through election of say half of the unofficial members of the Legislature should be introduced, unless there are strong reasons to the contrary . . . This is a matter which should be considered now and . . . carried through even under war conditions."[159]

In August 1942 Governor Cardinall proposed a Legislative Council composed of four officials, two nominated members (to represent farming and commercial interests), and four elected members. He believed that government in the Falklands should be similar to rural communities in England. Action was postponed because Cardinall delayed consulting Islander opinion.[160] In March 1945 Cardinall wrote to the Secretary of State that,

> "This Colony is so hopelessly unlike any other Crown Colony in that it is entirely peopled by British, most of whom look to retiring to the homeland, that I am even toying with the idea, now air traffic is so speedy and certain, to put forward a suggestion that the Island be incorporated in the U.K.."[161]

In 1946 a Colonial Office official commented that Cardinall was "obviously a sick man" incapable of introducing constitutional reforms.[162]

The colonization of the Falklands should be seen in the context of British interests in the South West Atlantic region. Chapter two will consider parallel developments since 1833 in the strategic value of the Falklands to Britain, the Anglo-Argentine sovereignty dispute and economic relations, and Antarctica.

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CHAPTER TWO: THE FALKLANDS' STRATEGIC VALUE, THE SOVEREIGNTY DISPUTE IN ANGLO-ARGENTINE RELATIONS AND THE ANTARCTIC DIMENSION BEFORE 1945

In January 1833 Captain J. J. Onslow of H.M.S. 'Clio' arrived at Port Soledad in East Falkland and informed the acting Argentine Governor that Britain intended to, ". . . exercise the right of sovereignty over these islands."[1] The Argentines protested and sailed for Buenos Aires. The strategic perception of the Falklands as the "Key to the whole Pacifick Ocean" was central to the mid-eighteenth century sovereignty dispute between Britain, France and Spain.[2] This period is beyond the scope of the thesis.[3]

The newly independent United Provinces, claiming to be Spain's heir, took possession of the Falklands in 1820. In 1823 Argentina appointed a Governor of the Malvinas and granted Louis Vernet, a former Hamburg merchant, ninety square miles of land with fishing and cattle rights. Between 1826 and 1831 Vernet established 90 settlers at Port Soledad.[4] In June 1829 Argentina consolidated her claim by declaring the 'Political and Military Commandancy of the Malvinas Islands' with Vernet as Commandant.[5] In August 1829 the British Foreign Secretary, the Earl of Aberdeen, instructed the British Consul-General in Buenos Aires to protest that the action was,

> ". . . done without reference to the validity of the claims which His Majesty had constantly asserted to the sovereignty of the islands."[6]

Argentina's claim was also challenged by the U.S.S. 'Lexington' which sailed to Port Soledad in December 1831. The Americans looted the settlement, deported six inhabitants to Montevideo and declared the end of Vernet's administration. President Jackson defended American rights

to fish around the Falklands without Argentine interference and described Vernet's employees as, ". . . a band acting, as they pretend, under the authority of the Government of Buenos Ayres."[7]

(A) THE FALKLANDS' STRATEGIC VALUE

This section will examine the strategic motives behind the British annexation of the Falklands in 1833 and consider how its value changed before 1945. The conclusions will then be compared to the results of parallel studies of the Anglo-Argentine sovereignty dispute, Anglo-Argentine economic relations and British interests in Antarctica.

Commerce was a key factor in the British annexation of the Falklands. Britain's expanding trade with Australasia and the Pacific region increased shipping rounding the treacherous Cape Horn. Between June 1826 and March 1831 Vernet reported 87 ships visited Port Soledad of which 32 were British. The British Consul-General commented that,

> "I believe there can be no doubt of the future importance of any settlement which may be planted there, and especially of its great utility to all shipping passing round Cape Horn."[8]

The prophecy was fulfilled. In the 1840s a scientific study of the winds and currents resulted in sailing vessels taking full advantage of the westerly winds of the 'roaring forties' for travelling between Britain and Australasia - using Cape Horn on the return journey.[9] Between 1838 and 1839, 539 vessels of 190,312 tons, valued at about £2 million excluding cargoes, sailed from London and Liverpool to Australasia and the Pacific using Cape Horn.[10] The development of steamships might also have influenced the decision as it created a need for coaling bases along major trade routes.[11] The subsequent importance

of the Falklands for steamships was shown in 1914 when 119 of the 130 ships visiting Port Stanley were steam-powered.[12]

The strategic importance to the Royal Navy in 1833 was perceived as relatively limited as shown by disagreements between British Government Ministers. In 1848 Britain maintained 129 warships on foreign stations of which 14 were based along the south east coast of South America to protect British commerce.[13] The interpretation by Professors Robinson and Gallagher that the British sought commercial paramountcy in Latin America, and Professor Platt's view that the British Government only wanted to ensure that merchants of all nations had an equal opportunity to trade, both acknowledge the importance of British naval supremacy and the acquisition of strategic bases to achieve these aims.[14] The Falklands, however, would appear to have been considered of marginal value.

In July 1829 the Government's legal officer affirmed the strength of Britain's claim to sovereignty based on discovery and occupation.[15] The then Prime Minister, the Duke of Wellington, rejected a proposal to annex the Falklands, since France and the U.S.A. were not interested and because of the financial cost to garrison the existing outposts. Wellington stated that,

> "We have possession of nearly every valuable port and colony in the world, and I confess that I am anxious to avoid exciting the attention and jealousy of powers by extending our possessions and setting the example of gratification of desire to seize more territories."[16]

A distinction might be drawn between Viscount Palmerston's view of the Falklands' value (Foreign Secretary between 1830 and 1834) and that of the Earl of Aberdeen (Secretary of State for Colonies from 1834 to 1835). In the current interpretation Palmerston reflected an

aggressive British nationalism, while Aberdeen held an internationalist outlook.[17] Kenneth Bourne's claim that Palmerston was "essentally non-interventionist" is not supported by his evidence since Palmerston advocated or achieved the acquisition of Aden, Goa, Hong Kong and Fernando Po.[18] In March 1832 Palmerston instructed the British Consul in Buenos Aires to demand that Argentina revoke her claim to administer the Falklands. In August 1832 Palmerston authorized the Admiral on the South American station,

> ". . . to take measures for periodically exercising the right of sovereignty on behalf of His Majesty in the Falkland Islands."[19]

In contrast Aberdeen, when Secretary of State, failed to initiate colonization. Muriel Chamberlain said that,

> "The question of whether it would be 'expedient' to go on occupying the Falkland Islands was still unresolved when Aberdeen retired from the Colonial Office."[20]

The strategic value of the Falklands shifted during the mid-nineteenth century due to the failure of Port Stanley to become a significant commercial port. Stanley's attractions included easy access, fresh water, beef and vegetables. In 1851 Port Stanley was advertised as a "Harbour of Refuge" for ships rounding Cape Horn.[21] A brisk ship repair industry developed invigorated by the Peruvian Guano trade and passing emigrant ships travelling to the gold fields of California and Australia.[22] Stanley's prosperity from shipping peaked in 1867 and then rapidly declined from 1870. A major reason was probably the rise of Punta Arenas in the Straits of Magellan as a competitor. In 1870 a ton of coal cost £2 at Punta Arenas compared to £3 at Stanley. Secondly, the Peruvian guano trade collapsed in the 1870s.[23] Thirdly, tighter Board of Trade restrictions ensured sturdier

vessels used Cape Horn. Fourthly, the development of American railways diverted the wheat trade overland between San Francisco and New York. There were also a number of internal reasons. Stanley suffered from a severe labour shortage - wage rates were usually double those in Britain and treble for shipwrights. Stanley lacked essential services and facilities. It did not have a hospital, a slip for off-loading cargo, or a pilot (until 1870). Provisions were expensive to import. Finally, a trade in wrecking ships off the Islands gave Stanley a bad reputation. Wrecks and cargoes were not controlled by laws until 1871.[24]

The Falklands remained of marginal military value in the mid-nineteenth century. British naval supremacy was considered adequate to deter any attack although the Royal Navy "regularly visited" the Falklands to show the flag.[25] Detachments from the Royal Navy and Royal Sappers and Miners conducted administrative and public works duties between 1834 and 1845. In 1849 the Third Earl Grey established 30 Chelsea Pensioners with their families as military settlers. Their function was replaced by the 'Falkland Islands Garrison Company' in 1858, which consisted of about 35 Royal Marines stationed in Stanley with their families. Governor Callaghan withdrew the Marines in 1877 because a police force was less expensive to maintain. It saved the Colony £1,066 per year.[26] An 1865 Colonial Naval Defence Act had transferred internal security to many colonial governments.[27] The Admiralty remarked that, "It would appear . . . the detachment was for police duties, and not for defence purposes."[28]

There was little external threat to the Falklands in the nineteenth century. In October 1845 Governor Moody asked for a military detachment since deteriorating Anglo-Argentine relations led to the

danger that the dictator Rosas might issue privateers with Letters of Marque to attack the Colony.[29] In 1854 Britain's position in the Falklands was challenged by the U.S.A. following the arrest of two masters from American whaling ships for killing seals. The U.S. Commercial Agent in the Colony asserted that the Governor wanted to break up the American fisheries and requested military assistance. In March the U.S. corvette 'Germantown' arrived in Stanley. Its commander affirmed the unrestricted right of American citizens to use the uninhabited islands of the group and contemplated recapturing the detained ships. He refused to "admit or deny" British sovereignty.[30] However, these threats did not amount to anything.

The second shift in the strategic importance of the Falklands occurred in the late nineteenth century as a result of a growing threat to the Royal Navy's supremacy. Britain's share of world trade fell from 25.2 percent in 1860 to 17.1 percent in 1898 due to the rise of rival industrialized countries. An arms race with France and Russia - following the British occupation of Egypt in 1882 and a dispute over Afghanistan in 1885 - was joined by Germany and the U.S.A.. The 1889 Naval Defence Act led Britain to adopt the two-power standard to maintain pre-eminence. However, the development of larger warships with new armaments and turbines escalated costs. The Royal Navy's estimates rose from £11 million in 1883 to £34.5 million in 1904.[31] This led to a proposal at the 1887 Colonial Conference that the self-governing colonies should contribute towards the costs of imperial defence.[32] In 1878 the First Colonial Defence Committee was formed, in the wake of tensions in the Balkans and the Congress of Berlin, with the aim of reappraising imperial defence. This evolved into the inter-departmental

Imperial Defence Committee which formulated the Empire's defence strategy.[33]

It was in this context that the military value of colonial outposts was reassessed. In 1881 the 'Royal Commission on the Defence of British Commerce and Possessions' recommended £200,000 expenditure on minor coaling stations, which included Thursday Island, the Seychelles, Saint Helena, Cyprus, the Falklands and Fiji. The nearest British territories to the Falklands with stores of coal were Saint Helena (3,308 miles), Cape Town (3,474 miles) and Auckland (5,300 miles). The only other coaling base on the South American station was Esquimalt (7,523 miles away). By 1891 only Saint Helena was fortified, work on Thursday Island had begun and Cyprus was garrisoned.[34]

The earlier lack of interest in the Falklands' value was shown in the December 1888 annual return of the Naval and Military resources of the Colony. It stated the Islands were defenceless, while in 1885 a senior naval officer reported that only, ". . . five men could be armed in the whole Islands."[35] Assessments of the strategic importance of the Falklands conflicted since its value had not been tested in war. The 1881 Royal Commission considered the Falklands unimportant because plans to construct a Panama Canal would divert shipping using Cape Horn. In June 1883 the Inspector-General of Fortifications for the War Office agreed and recommended, ". . . slight and comparatively temporary defences."[36] In June 1886 the Admiralty endorsed the view of Admiral G. Tryon, Commander of the Australian station, that the Falklands were an essential base.[37] Tryon had written to the Queensland Government expressing concern about a rumour that the Falklands were to be exchanged for New Caledonia. Tryon claimed the

Suez and future Panama canals would be insecure in time of war. The Falklands were,

> ". . . the only British possession on that line of communication between Australasia and the Pacific shores with the markets of Europe and with those on the eastern shores of America."[38]

In January 1890 the Admiralty Intelligence Department reported on the defence of the Falklands. It estimated that the value of British trade passing round Cape Horn (excluding the value of the ships) in 1887 totalled £30,269,000, divided between Australia (£16.25 million), San Francisco (£6.25 million) and the western parts of South America. The chief threat to the Falklands was seen as a raid by a single cruiser due to the distance from hostile powers and the Royal Navy's ability to intercept larger forces. A number of military experts assessed the extent of the defences required. A garrison of between 1,000 and 3,560 men with fortifications costing between £140,000 and £375,000 was recommended.[39] The Admiralty favoured Captain Bowden-Smith's proposal to build a fort in Stanley harbour to defend a coal depot and ordinance stores, which could be enlarged if a naval refitting station were built. It should be able to accommodate 250 to 300 men in time of war armed with light artillery and machine-guns. The fort should be capable,

> ". . . to maintain itself against an assault from any possible crews landed from a hostile squadron."[40]

A report in 1897 estimated the cost of providing coaling facilities, fixed defences and a 600 foot dry-dock to accommodate battleships at over £500,000. However, only a small stores depot and limited repair facilities were approved.[41] In 1898 the Colonial Defence

Committee (C.D.C.) stated that the base would be administered on similar lines to Ascension Island,

> ". . . treated as a ship and will include an armoury with fighting complement as well as depot for coal, provisions, and ammunition."[42]

The garrison would be supported by 100 local militiamen organised into a detachment of mobile artillery and mounted infantry. The cost would be met from "Imperial funds."[43]

A number of steps were taken to implement the plan. In 1898 the Colony was lent 100 Martini-Henry rifles, ammunition and two 9 pounder field guns.[44] In 1899 the Admiralty decided to abandon the fortifications and concentrate on repair facilities and a small stores depot. This measure, perhaps, reflected a need to reduce costs. Work began in May 1899.[45] Stanley's total coal reserve fluctuated between 2,000 and 4,000 tons. The Colony's Governor asserted that, ". . . it is unnecessary to deal with the defence of any other portion of the Colony."[46] In February 1908 Commander M. H. Hodges of H.M.S. 'Sappho' inspected the Volunteer Force and reported its strength as 94, although only 34 were present due to members living in the camp. The Volunteers' effectiveness was tested by an exercise involving an attack by Marines. The C.D.C. recommended Falklanders participate in the annual Beasley Trophy competition and the Commonwealth Games to encourage shooting skills.[47]

The appointment of Admiral Sir John Fisher as Second Sea Lord in June 1902 resulted in a naval revolution which greatly diminished the perceived military value of the Falklands. In August 1903 the Admiralty ceased work on the coaling depot and announced that,

". . . when the existing stock of coal maintained by them at the Falkland Islands is used up no more will be kept for naval purposes."[48]

The decision reflected Fisher's redistribution of the fleets to meet the threat from Europe. Fisher based 25, instead of 16, of Britain's 33 battleships in the North Atlantic.[49] The navy was to concentrate on what Fisher considered were the "Five strategic keys [that] lock up the world!" - Singapore, the Cape, Alexandria, Gibraltar and Dover."[50] The South American station was disbanded and its area of responsibility absorbed into the South Atlantic station with its base at Freetown - 5,000 miles from the Falklands. Between 1904 and 1913 the Royal Navy's presence in South American waters was reduced to a cruiser squadron training in the West Indies which annually sent token vessels to the Falklands.[51]

The final shift in the strategic value of the Falklands was the confirmation of its military use for controlling Cape Horn in both World Wars. In December 1914 a British squadron under Admiral Sturdee, the Commander-in-Chief, South Atlantic and South Pacific, based in Stanley sank Vice-Admiral Count von Spee's German China squadron at the battle of the Falklands.[52] Before the end of the war the Admiralty laid a submarine cable from Stanley to Montevideo (which was abandoned in 1921) and installed a spark transmitter which could be received in Britain.[53]

By the Second World War Britain had lost its naval mastery and the military value of the Falklands was complicated by the sovereignty dispute with Argentina. At the 1921-1922 Washington Naval Conference Britain recognized a new balance of power. Naval equality in capital ships with the U.S.A. was conceded and Japan's stronger position

was reluctantly accepted.[54] There were no developments during the inter-war period which affected the strategic value of the Falklands. In December 1939 a British squadron operating from Stanley destroyed the German pocket-battleship 'Graf Spee' at the battle of the River Plate. In March 1941 Stanley was commissioned as a 'base depot ship' named 'Pursuivant'.[55] Montevideo served as a "jumping-off point for the Falkland Islands" for military personnel.[56]

The sovereignty dispute became more prominent from the Autumn of 1941 due to the threat of a Japanese attack and the American participation in the Colony's defence. In August 1941 the Joint Intelligence Sub-Committee of the War Cabinet concluded that a small Japanese raiding force could land 600 to 800 men and achieve "complete surprise."[57] In December 1941 the Japanese hinted that they intended to send a convoy to Argentina and would, ". . . capture the Falkland Islands and present them to the Argentines."[58]

The U.S. entry into the war led to the South Atlantic becoming the defence responsibility of the American Atlantic Naval Command. The Chiefs of Staff invited the U.S. to garrison the Falklands, without consulting the Foreign and Colonial Offices or the War Cabinet on the political implications. The Foreign Office described the action as an "unthinking procedure" which could result in the loss of the Falklands.[59] The British dilemma was to find,

> ". . . the best means of ensuring that the effect of additional defence of the Falkland Islands under the new conditions does not lead to any diminution of our actual or juridical control over the Islands."[60]

The Foreign Office proposed a compromise whereby Britain remained responsible for the Colony's land defences while America gave maritime

support.[61] In the Autumn of 1942 a British infantry battalion and an A.A. battery unit, composed of 2,000 men, was sent to garrison the Falklands. It was reduced in 1944 to about 200 men.[62] In December 1941 Vice-Admiral Moore, the Vice-Chief of the Naval Staff, reaffirmed that the Falklands were,

> ". . . of considerable importance as they are our only post on the route to the Pacific around Cape Horn in the event of the use of the Panama Canal being denied to our ships."[63]

Whereas in the first half of World War Two the Falklands were militarily valuable to Britain, in defending British shipping and closing Cape Horn to the German Navy, in the second half they probably became a liability. Since the U.S.A. had taken over Britain's military commitments in the South Atlantic the Falklands' sovereignty dispute became a political complication diverting British forces for their defence. Nevertheless, the Islands continued to be viewed as a useful base for the Royal Navy.

(B) THE ANGLO-ARGENTINE SOVEREIGNTY DISPUTE

The Argentine reaction to the British occupation of the Falklands in 1833 was restricted to diplomatic protests. In June the Argentine representative in London, Don Manuel Moreno, sent a memorandum reminding Palmerston of the 1771 Secret Agreement that the, ". . Islands should, at a subsequent period, be restored to His Catholic Majesty."[64] Palmerston replied that, ". . . no such Secret Understanding took place."[65]

Rosas, the Argentine dictator, assisted the British colonization of the Falklands. In 1841 the Admiral commanding the South American station ordered Captain Frankland of H.M.S. 'Perl' to recruit

gauchos and purchase stock in Buenos Aires and transport them to the Falklands. Rosas assured the British representative in Buenos Aires that he would supply horses if the shortage due to the war created difficulties. The British representative reported that horses, sheep and men were subsequently sent to the Falklands from Buenos Aires.[66] Rosas also offered in 1841 to renounce Argentine claims to the Falklands in exchange for the cancellation of the 1824 Baring Brothers loan.[67]

The sovereignty dispute revived in the 1880s following the consolidation of Argentine territory in Patagonia. In 1879 'La Nacion' illustrated the growing geopolitical interest in re-possessing the Islands. It said that,

"The integrity of Patagonia is defended with a zeal and patriotism, worthy of a question of such prominence for the Argentine people; whilst not the slightest heed is given to that other territory [the] . . . Malvinas."[68]

In 1881 Chile and Argentina agreed their boundary would be the "highest peaks" of the Andes and that the island of Tierra del Fuego would be divided.[69] It seems more than a coincidence that the Argentine Government should then have decided to take a new interest in the Falklands. In 1884 President Roca instructed Dr. Ortiz, his Foreign Secretary, to revive the sovereignty dispute which had been dormant since 1859.[70] Before issuing a formal protest Ortiz approached the British Ambassador suggesting arbitration. Ortiz stated that,

"The Argentine Government, having recently annexed the major part of Patagonia, now want to 'round off' their territory by taking the Falkland Islands."[71]

The British Ambassador conceded that the occupation of Patagonia was justified in the "interests of civilization" but rejected this pretext applying to the Falklands which from,

". . . being a nest of pirates and wreckers when nominally under Argentine jurisdiction, have by English occupation been converted into a peaceable and prosperous settlement."[72]

Ortiz was warned he would receive a "stern rebuff" if he pursued the issue and that a public dispute would undermine the confidence of British investors in Argentina.[73]

Nevertheless, Argentina prohibited direct travel to the Colony. The last links were in the 1880s. In 1883 Lieutenant Carlos Moyano, the governor of Santa Cruz, visited Stanley to purchase sheep and seek colonists to settle San Julian, Gallegos and Santa Cruz.[74] In 1892 the Argentine Government rejected an application by Messrs. Linck and Company for a fishing concession in the South Atlantic, with a fishing base in the Falklands and a twice yearly steamer service between Buenos Aires and Stanley, because it would have involved recognizing the status quo.[75] The Colony maintained independent external communications through alternative routes, such as via Montevideo.[76]

An ineffectual attempt was also made to involve the U.S.A.. In 1884 the Argentine Ambassador in Washington challenged the U.S.'s neutrality in the sovereignty dispute and claimed compensation for the destruction of the Argentine settlement in 1831. The Americans replied that the issue was suspended until Argentina resolved its differences with Britain. The Monroe Doctrine was perceived by the U.S. Government as irrelevant because the dispute predated 1823. Dominguez then proposed the U.S.A. act as arbiter in settling the dispute. President Grover Cleveland stated in his 1885 annual message that Argentina's "long dormant" claim was "wholly groundless" and that in 1831 the Falklands were in a "derelict condition" dominated by a "piratical colony."[77]

The issue was next revived in September 1927 when the Argentine Government suspended all postal and telegraph communications with the Falklands and notified the International Postal Union that although the Colony was under de facto British occupation it belonged to Argentina de jure.[78] This new challenge was discussed in Cabinet and a strongly worded protest note was sent in reply. In July 1928 Argentina resumed communications but reaffirmed that the action did, ". . . not lessen in the slightest degree the previously expressed rights of Argentine sovereignty."[79]

The Falkland Government made light of the sovereignty dispute. In November 1927 Governor Hodson described the postal restrictions as "ridiculous and childish" and suggested retaliation by refusing whaling licences to Argentine companies.[80] In June 1927 Hodson had proposed the operation of a monthly or fortnightly steamer service between Stanley and Port Desire in Patagonia to reduce the Colony's isolation. There were, supposedly, mutual benefits. The Falklands could become a holiday resort for Argentines in exchange for fresh fruit and grain. Hobson believed the "powerful support of the Ambassador" would ensure the Argentine authorities would not interfere.[81] The British Ambassador rejected the scheme because it, ". . . would merely lead to re-opening of the question of ownership of the Falkland Isles."[82]

During the 1930s the sovereignty dispute became more pronounced. Argentina was offended by the 1933 Falkland centenary issue of stamps commemorating the British annexation.[83] Argentina issued stamps depicting the Falklands as Argentine territory on maps. In April 1939 a semi-official book entitled 'Nuestras Malvinas' was published

which expressed an extreme nationalist interpretation of the sovereignty dispute and proposed the confiscation of British property. Argentine nationalists combined the Falklands' dispute with grievances about British economic domination. In August 1939 demonstrations were held at which Union Jacks were burnt.[84] The British Government's policy was to uphold British rights and not to antagonize the, ". . . smouldering embers of Argentine resentment," [85]

The dispute did not affect Anglo-Argentine relations during the war due to the mutual benefits of trade. The Argentine Government continued to assert its claim in international forums but reassured Britain that it would not exploit the situation. In October 1939 the British Embassy in Buenos Aires reported that the Argentine President,

> ". . . agreed quite amicably, to differ upon it; and that from both the British and Argentine standpoint, our de facto possession of the Islands at the present juncture cannot be said to be disadvantageous."[86]

Nevertheless, evidence has emerged that in 1942 (while the Axis were apparently triumphant) the government instructed the elite military academy in Buenos Aires to assess the feasibility of invading the Falklands.[87]

German propagandists sought to inflame the Argentine sense of grievance over the Falklands' issue and to foster anti-British sentiments. The newspaper 'Crisol' led an abusive campaign which embarrassed the Argentine Government. In October 1939 the ultra-nationalist organization 'Alianza de la Juventud Nacionalista' (formed in 1937) held a demonstration at which Dr. Ramon Doll declared that it was a favourable moment for a positive claim to the Falklands. Nationalist elements in the Army also approached the Government to press

for the expulsion from Argentina of the 'Buenos Aires Herald' proprietor for an allegedly anti-Argentine line on the Falklands.[88]

The research of Dr. Peter Beck has discovered a closed Foreign Office file for 1940 entitled, ". . . offer by H.M.G. to reunite Falkland Islands with Argentina and acceptance of lease."[89] Subsequent work in Washington's State Department archives showed that the Mayor of Buenos Aires had instigated the proposal, by suggesting a lease-back solution of 100 years at a nominal rent, to Lord Willingdon, the head of a British Economic Mission in December 1940.[90]

In 1941 an Argentine military service delegation to the U.S.A. stated that Argentina was willing to cooperate in a South Atlantic defence scheme on the condition that the Americans use their influence to persuade Britain to cede the Falklands.[91] The Argentines were evidently interested in the U.S. Government's association with Brazil to defend Dutch Guiana and the planned association with Venezuela to defend Curacao and Aruba.[92] The Foreign Office considered the proposal a form of "blackmail tactics" and noted that the Admiralty and Colonial Office would be "violently opposed" to any concessions.[93] The British Ambassador to Argentina admitted that "great kudos" would be gained by making concessions but that, "No Government hint whatever has been given."[94] In June 1940 Winston Churchill had contemplated ceding Gibraltar to Spain. However, he concluded that,

> "The Spanish know that if we lose they will get it anyhow, and they would be great fools to believe that if we win we shall mark our admiration for their conduct by giving it to them."[95]

Although Argentina consistently maintained its claim to the Falklands after 1833, the issue was only pursued with vigour in the late 1930s. The intermittent nature of the dispute was partly explained by

political developments, such as in the 1880s. The next subsection will examine the dispute in the context of Anglo-Argentine economic relations prior to 1945 to see how they could have influenced its course.

(C) ANGLO-ARGENTINE ECONOMIC RELATIONS

The Falklands were annexed during a period of British disillusionment with the prospects for Anglo-Argentine trade due to civil war and hostile military dictatorships from the 1830s to the 1850s. The British role in the Latin American wars of independence was guided by the aim of ending Spanish America's mercantilist policies which denied markets for Britain's manufactured goods.[96] Latin America was perceived as a new Eldorado with enormous potential. The British Foreign Secretary George Canning made free trade treaties, such as the 1825 Anglo-Argentine Treaty of Friendship, Commerce and Navigation, a precondition before recognizing each new state.[97] The commercial necessity for stability led Britain to mediate in the Argentine/Brazilian war over the Banda Oriental. The creation of Uruguay in 1828 as a 'buffer state' arguably represented, ". . . the triumph and quintessence of British informal empire."[98]

Internal disorder explains Argentina's muted response to the British occupation of the Falklands. Conflict arose between the ranchers of the interior led by Juan Manuel de Rosas and the Europile merchant elites of Buenos Aires and Montevideo who supported British commercial expansion. Rosas and his rancher, gaucho and Catholic supporters ruled Argentina between 1829 and 1852. In 1840 he drove the merchants into exile.[99] British and French blockades between 1838 and 1846 contributed to the devastation of British trade. The British share

of Argentine foreign commerce dropped from its paramount position to a quarter by the 1840s. The number of British ships disembarking cargo at Buenos Aires fell from 128 in 1821 to 44 in 1831.[100] The Argentine default on a £1 million loan from the merchant banking house Baring Brothers, and restrictions imposed on non-Roman Catholic British subjects, also contributed to the deterioration in relations.[101]

Stability in Argentina, after Rosas fell in 1852, enabled economic development and the consolidation of the national territory. British investment rose from £2,606,000 in 1857 to £23,060,000 in 1874.[102] The construction of railways into the interior attracted European immigration and General Roca's subjugation of the Indians from 1879 to 1884 opened the Pampas to agricultural settlement.[103]

Argentina's revival of the sovereignty dispute coincided with a massive influx of British capital in the 1880s. This might explain the Argentine Government's reluctance to pursue the issue which would have affected the confidence of investors. British investment rose from £20 million in 1880 to £160 million in 1890. By 1913 60 percent of British capital was in railways.[104] The remainder was invested in agricultural and pastoral production, land speculation and urban building. The growth in trade made Argentina virtually an informal part of the British empire. Britain's share of Argentine imports rose from 28 percent in 1880 to 41 percent in 1889 (composed mainly of coal and railway materials). Britain's share of Argentina's exports rose from 9.2 percent in 1880 to 20.3 percent in 1887.[105] A British community of about 30,000 also developed with interests in trade, the railways and ranching.[106]

Ironically, Britain played a major role in the colonization of Patagonia which contributed to the Argentine revival of the Falklands' dispute. In 1868 the South American Missionary Society founded Ushuaia, in the Beagle Channel, which was not formally occupied by the Argentine authorities as an administrative centre until 1884.[107] In 1863 the Welsh Emigration Society was granted land and subsidies to settle northern Patagonia. The Chubut river valley was subsequently settled in 1865.[108] The Argentine critics of the scheme were reported to fear that,

> ". . . wherever a body, however small, of the Anglo-Saxon race had established itself, they had always finally succeeded in possessing themselves of the whole country. . . . in this particular instance the colonists would be supported in their ambitious views by the neighbourhood of our establishment at the Falkland Islands."[109]

Falkland and British settlers also played a prominent role in the establishment of sheep ranches in Patagonia and the Ultima Esperanza territory of Chile. In 1877 Duble Almeida, the governor of Magallanes (encompassing Punta Arenas), even paid a diplomatic visit to the Falklands in order to recruit settlers for the Straits.[110]

A third phase in Anglo-Argentine economic relations, characterized by a growing trade inbalance, occurred during the inter-war years. In 1936 Britain still imported 99 percent of Argentina's chilled beef and British investments totalled £422 million.[111] However, the U.S.A. usurped a large share of Argentina's imports. The table below illustrates Britain's trade deficit with Argentina:

ARGENTINE TRADE WITH BRITAIN AND THE U.S.A.

(AS A PERCENTAGE OF THE TOTAL)[112]

	IMPORTS	
	BRITAIN	U.S.A.
1913	31.0	14.7
1927	19.4	25.4
1939	22.2	16.4

	EXPORTS	
	BRITAIN	U.S.A.
1913	24.9	4.7
1927	28.2	8.3
1939	35.9	12.0

As a result, the Argentine Government made Britain trade concessions to discourage the use of alternative meat suppliers. The resolution of the 1927 sovereignty crisis might have been influenced by these economic factors.[113] A proposal at the 1932 Imperial Economic Conference to reduce tariffs on Commonwealth exports, such as Australian beef, probably contributed to the terms of the 1933 bilateral Roca-Runciman agreement.[114] In exchange for a fixed level of Argentine beef imports Britain was promised privileges, reduced tariffs on 350 British goods and almost all Anglo-Argentine trade to be transported by British shipping. The treaty incited Argentine resentment of foreign exploitation and played a significant role in the emergence of Argentine nationalism.[115]

The final phase in Anglo-Argentine relations was during the Second World War. Britain needed to maintain meat supplies but was concerned about Argentine links with the Axis. Between July 1940 and September 1944 Argentine foreign policy was composed of isolationism, opposition to American pressures and the retention of links with the

Axis.[116] The Argentine Government lost its economic incentive to curb a worsening of the Falklands' dispute. In October 1939 an agreement enabled Britain to accumulate the payments towards Argentine meat exports for the duration of the war in a sterling blocked account at the Bank of England.[117] The British blockade of Europe spurred Argentine industrialization and strengthened American economic hegenomy (despite an arms embargo to break Argentine links with the Axis). The June 1943 military coup, which stemmed from financial difficulties and corruption, resulted in a nationalistic military government committed to opposing communism, economic self-sufficency and armed neutrality. By 1945 military spending accounted for 43 percent of government expenditure.[118] The preconditions for an intensification of the sovereignty dispute after 1945 were established.

(D) THE ANTARCTIC DIMENSION TO THE FALKLANDS' SOVEREIGNTY DISPUTE

The Falklands' sovereignty dispute was exacerbated during the Second World War by Argentine and Chilean incursions into the British Antarctic sector. This extension of the conflict originated from a British attempt to annex the entire Antarctic continent.

Although Britain had pioneered Antarctic exploration it did not define the limits of its territorial claims until the rise of a whaling industry in the early twentieth century. The Norwegian Captain C. A. Larsen commenced commercial whaling from South Georgia in 1904. He had formed the 'Compania Argentina de Pesca' in Buenos Aires and was granted a licence to build a shore station at Grytviken by the British Government. In July 1908 Letters Patent were issued proclaiming the Falkland Government's authority over the Dependencies of South Georgia,

the South Orkney, South Shetland and South Sandwich Islands and the Graham Land coast of Antarctica. In March 1917 new Letters Patent clarified the British claim as extending to the south pole between 20°W. and 80°W. longitude.[119]

In 1906 the Falkland Government took steps to introduce an administration in the Dependencies which enabled Britain to claim effective occupation. Whaling regulations to conserve stocks raised whale oil royalties and fees for land stations.[120] In November 1909 a Stipendiary Magistrate based in South Georgia was appointed who also acted as Dependency Shipping Master and Postmaster.[121] The colonial administration was complemented by British scientific research. In 1923 the 'Discovery Committee' was appointed, following an inter-departmental inquiry, to provide accurate charts of the Dependencies and to investigate the ecology and life-cycle of the various species of whales.[122] A 1924 Falkland Government Ordinance established the 'Dependencies Research and Development Fund' to direct revenues derived from whaling into research which benefited the industry.[123] The Discovery Committee pioneered investigations in Antarctic waters until the Second World War. A base with laboratories at Grytviken from 1925 to 1931 enabled zoologists to study whales.[124] Captain Robert F. Scott's steam-assisted sailing ship 'Discovery' was also refitted and carried out oceanographic surveys of the Dependencies' seas.[125]

In 1919 the Secretary of State for Colonies, Viscount Milner, and his Under-Secretary of State, Leopold S. Amery, reassessed Britain's ad hoc Antarctic policy. Amery concluded that the Colonial Office lacked a clearly defined policy. In June he recommended that,

". . . we ought quietly to assert our claim to the whole continent."[126] Amery believed that all land was potentially valuable. He was, therefore, interested in the "immense potential value" of Antarctica's fisheries and mineral resources.[127] The estimated value of Antarctic whale oil alone between 1910 and 1920 was at least £15,000,000.[128]

In January 1920, without Cabinet or Treasury approval, Britain adopted a policy of extending imperial control over the entire continent "without undue ostentation".[129] The Foreign Office advised caution to avoid international opposition. The Admiralty reported that Britain had only 15 indisputable claims to Antarctic territory outside the Falkland Islands Dependencies based on discovery and 10 disputable claims. In 1921 Amery consulted Australian and New Zealand representatives which resulted in an agreement that each should occupy a sector.[130] The 1926 Imperial Conference ratified that,

"The whole of the Antarctic should ultimately be included within the British Empire . . . a definite and consistent policy should be followed of extending and asserting British control with the object of ultimately making it complete."[131]

Amery's grand vision was first challenged by France and Norway. In 1923 an Order in Council annexed the Ross Dependency under New Zealand administration. In 1924 France claimed Adelie Land without defining its limits.[132] In 1927 a Norwegian Government sponsored expedition rediscovered and claimed Bouvet Island in the South Atlantic.[133] The Norwegian action was motivated partly by a desire to develop a whaling base independent of Britain's monopolistic restrictions.[134] Britain's claim to Bouvet was only based on a visit in 1825. The Foreign Office concluded that seeking arbitration could jeopardize further British annexations in Antarctica. It warned that,

"An adverse decision by an international tribunal might seriously prejudice the claims of His Majesty's Government to territory in the Antarctic, as many of these rest on nothing more than prior discovery, which has not always been followed even by a landing."[135]

An inter-departmental conference on 16 July 1928, attended by representatives of the Foreign, Colonial and Dominion Offices and the Admiralty, was held to reassess British policy. It made three recommendations. First, Britain should agree to recognize Norwegian sovereignty over Bouvet on condition that Norway supported Britain's pretensions beyond the Falkland Islands Dependencies. Secondly, an expedition should be sent to take formal possession of territory prior to annexing an Australian segment between the British and New Zealand Dependencies. Finally, the British Government should pre-empt Commander Byrd's American aerial expedition to an unexplored region by offering assistance while reminding the U.S. Government of Britain's "rights and interests."[136]

The decision to seek territorial compromises helped validate British claims by gaining Norwegian and French recognition. In November 1928 the Norwegian Government was informed that Britain withdrew any claim to Bouvet. In reply a Norwegian Minister stated his government's readiness to cooperate in whaling questions and willingness to refrain from occupying territories specifically mentioned at the 1926 Imperial Conference.[137] Britain assisted the 1929/1931 combined British/Australian/New Zealand expedition, led by Sir Douglas Mawson, to the Antarctic coast near Enderby and Queen Mary Lands by lending the 'Discovery'. Mawson was instructed by the Australian Prime Minister to, ". . . plant the British flag wherever you may find it practicable to do so."[138] In 1933 an Order in Council annexed the entire sector west of

the Ross Dependency to longitude 45° E. with the exception of Adelie Land (which was defined by a French Decree in April 1938) as Australian territory.[139]

Argentina's interest in the Falkland Islands Dependencies was ambiguous until the 1920s. It paralleled the relative inactivity in the Falklands' dispute. The Argentine Government maintained a meteorological observatory on Laurie Island in the South Orkney Islands from 1904 when the Scottish Antarctic Expedition transferred administrative control. The Argentines hoisted their flag and issued stamps.[140] The British Government did not respond because the Colonial Office and Admiralty did not, ". . . attach any importance to the islands."[141] In 1913 the British even proposed ceding the South Orkneys in exchange for a new legation house site in Buenos Aires.[142] The Argentine decision to erect a wireless station on Laurie Island in 1925, without permission from the Governor of the Falklands, corresponded to the rise in tension over the Falklands' dispute. Argentina informed the International Telegraphic Bureau at Berne that South Georgia, the South Orkneys and various "non-delimited polar territories" were Argentine de jure and de facto.[143] In June 1937 the Argentine Ambassador in London extended Argentine claims to all the Falkland Islands Dependencies.[144] The Argentine challenge was complicated by over-lapping Chilean territorial claims.[145]

The uneasy Antarctic status quo was shattered in the 1938/1939 southern summer by a German Antarctic expedition. Norway pre-empted a German claim by annexing Dronning Maud Land between longitudes 20° W. and 45° E..[146] The Americans intensified their activities in response by creating a U.S. Antarctic Service to survey the continent's

resources. Latin American Governments were informed that permanent and semi-permanent bases would be established.[147]

These moves provoked Argentina and Chile to consolidate their claims. In July 1939 the Argentines announced that they intended to participate in the International Polar Congress at Bergen planned for September 1940. In August the 'Buenos Aires Herald' described the U.S. Byrd Expedition as, ". . . a political challenge to all nations claiming territory in the Antarctic region."[148] In September 1940 the Argentine Foreign Office proposed an international conference of interested nations to, ". . . determine a juridico-political status of that region accepted by all these states."[149] In November 1940 the Chilean President issued a decree claiming territories between longitudes 53°W. and 90° W. which encompassed the South Shetlands and Graham Land. In early 1942 an Argentine Naval Transport (carrying Chilean representatives) explored the Falkland Islands Dependencies depositing bronze tablets inscribed with Argentina's claim to a sector between longitudes 25° W. and 68°34' W.. A second Argentine expedition in 1943 visited Marguerite Bay and Deception Island.[150]

The extended closure of official records prevents an authoritative assessment of the formulation of British policy. However, the protection of the whaling revenues and the relative strength of Britain's claims were probably important. In January 1943 H.M.S. 'Carnarvon Castle' obliterated Argentine traces on Deception Island and left a Union Jack flying. The Argentine tablets were returned to Buenos Aires.[151] On 28 January 1943 the British War Cabinet decided that,

". . . all possible steps should be taken to strengthen our title to the Antarctic Dependencies of the Falkland Islands, against which the Argentines were encroaching."[152]

In May an inter-departmental study decided to establish parties of men in Antarctica to reinforce Britain's title with effective occupation. Lieutenant Commander James Marr was appointed to lead this secret Admiralty mission named 'Operation Tabarin'.[153] In February 1944 small parties were established on Deception Island (Base B) and Port Lockroy on Wiencke Island (Base A), followed in February 1945 by Hope Bay (Base D). To justify effective occupation the semblance of an administration was created. The leader of each base was sworn before the Governor of the Falklands as a stipendiary magistrate charged with responsibilty for local control. Post and telegraph offices were established which issued overprinted Falkland stamps. Scientific research was also initiated with weather reports, the collection of geological specimens and topographical surveys.[154]

A number of points emerge from this study of the Falklands' dispute in 1945. The economy of the Falklands was neglected by the British Government and had stagnated since the 1890s. The Islanders were remarkably uninterested in politics and did not have elected representatives in the bureaucratic Falkland Government. The Colony's extrinsic value to Britain was based primarily on its strategic usefulness in time of war. The decline in Anglo-Argentine trade and Britain's economic - paramountcy was paralleled by a revival and intensification of the sovereignty dispute. After 1908 a new complication was added to the dispute by the British Government's determination to acquire Antarctica. Chapters three and four will examine these themes in the period up the mid-1960s.

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CHAPTER THREE: COLONIAL DEVELOPMENT AND THE SHAM OF PROGRESS, 1945 TO 1965

The Falklands are an interesting case study of the problems faced by many larger colonies in the initiation of development. The most important inhibitions were the tiny population which offered only a limited internal market, the distance from external markets, dependence on a single export crop, and unexploitable or unknown natural resources. The Falklands benefited from the post-war enthusiasm and financial commitment for rapid colonial development. Nevertheless, the Colony's population fell from 2,239 in 1946 to 1,957 in 1972, while the economy remained totally dependent on the price of wool.[1] This stagnant situation undoubtedly influenced the successful Argentine campaign at the United Nations in 1965 and the British decision to negotiate sovereignty. The restraints on economic growth will be identified by an examination of how development aid was directed, Falkland politics, migration and the Falkland Government/Falkland Islands Company (F.I.C.) relationship.

(A) THE PROBLEMS IN DIRECTING DEVELOPMENT AID

At the end of the Second World War Britain extended the 1940 Colonial Development Act because of shortages of food and raw materials, the need to increase dollar-earning production to pay war debts and the necessity for political and economic progress in the colonies. The 1945 Colonial Development and Welfare (C. D. and W.) Act made available £120 million to be spent over ten years. A specific allocation was made to each colony based on population size and the degree of need.[2] Colonial

Governors submitted ten-year development plans to the Colonial Economic Development Council (C.E.D.C) which was inaugurated in October 1946 to advise the Secretary of State. Its membership included doctors, academics, and individuals with experience of British commerce and industry. The C.E.D.C. was initially concerned with identifying the fundamental needs of each territory and how to meet them, but after 1948 was instructed to favour projects giving quick returns to meet British shortages.[3]

Britain's economic crisis in August 1947 forced the Government to suspend the dollar convertibility of sterling after one month of its operation. In 1949 sterling was devalued from $4.03 to $2.80 as a result of continued balance of payments difficulties, despite Marshall Aid assistance.[4] In August 1947 the Secretary of State wrote to all the Colonies stating that Britain faced, ". . . an economic crisis as serious as any in her long history."[5] He asserted that meeting the world shortages offered an,

> ". . . unprecedented opportunity for the Colonies to develop their production and their trade on the lines which, as with all soundly organized trade, will bring mutual advantage to both parties to it."[6]

In 1948 the Overseas Resources Development Act established two Corporations, the Colonial Development Corporation (C.D.C.) and the Overseas Food Corporation (which was wound up in 1954 following the failure of the Tanganyika Groundnuts Scheme). The C.D.C's purpose was to bridge the gap between the development activities of governments and the commercial operations of private enterprise for the benefit of colonial peoples.[7]

Sir Geoffrey Miles Clifford, Governor from 1946 to 1954, was responsible for guiding post-war development in the Falklands. Clifford had no experience of settler colonies having served for sixteen years between 1921 and 1937 in Nigeria followed by several short appointments in Gibraltar and Cyprus.[8] Clifford's development proposals were prepared within a framework of limited funds, the need to introduce modern social services (because the Colony had changed little since the nineteenth century), and the requirement to balance benefits between the scattered economically productive half of the population and Stanley's residents.

The Falkland Government had four sources of capital for development - the C.D. and W. Act allocation of £150,000, the Colony's reserves, taxation and assistance from the C.D.C. for suitable projects. Clifford appealed for the £150,000 allocation to be raised in line with Saint Helena, which was granted £200,000. The Colonial Office replied that Saint Helena had twice the population, a revenue of £14 per head and an allocation of £40 per head compared to the more prosperous Falklands which had £40 per head revenue and an allocation of £60 per head.[9] Clifford also attempted to raise finance by reducing the Colony's reserves from £210,000 in January 1949 to £100,000 by 1956. The Colonial Office intervened and imposed a £60,000 ceiling on the reserve's share of the development plan since it feared the Falkland Government would become bankrupt if wool prices fell.[10] Clifford was forced to trim his objectives by abandoning four plans. These included a road across East Falkland from Stanley to a suitable site for a ferry to West Falkland, a weaving project to produce woollens and high quality tweed, a fishing scheme and an Agricultural Institute to improve farming

techniques.[11] The revised 1950 plan proposed an expenditure of about £265,000 between 1950 and 1956. The C.D. and W. Act would contribute £160,000 and the Colony £105,586. This was to be divided between Basic Services (£110,736), Social Services (£98,350) and Productive Services (£56,500).[12]

The most outstanding achievement of Clifford's governorship was perhaps the improvement of social services. The public works were concentrated in Stanley. They included a new Town Hall, electric power station, hospital extension, a broadcasting transmitter and studio. New services included local teacher training courses, Queen's Nurses being posted on East and West Falkland and a travelling cinema for the Camp.[13] Clifford justified this concentration on social amenities by claiming that they were a prerequisite for economic growth. He commented that,

". . . my proposals seemed to be more concerned with Welfare than Development; for that I offer no apology nor is it always easy to distinguish one from the other."[14]

Clifford's second objective was to expand the Colony's internal and external communications. He had mixed results. In 1948 the isolation of Camp settlements was reduced by the introduction of an internal air service using two land Austers. These were replaced in 1949 by float aircraft and a hangar was built in Stanley.[15] This was complemented by the distribution of 40 radio-telephone sets which enabled the rapid transmission of medical, meteorological, administrative and business messages. The ship m.v. 'Philomel' was purchased for inter-island communications, Stanley's jetties were repaired and coastal lights were installed around the islands to aid navigation. The roads of Stanley were reconditioned using concrete and tarmac.[16] The Falkland Government also offered subsidies and road-

making plant on loan to farm managers for the construction and improvement of,

". . . simple inter-island station tracks . . . it would be folly to contemplate anything more ambitious."[17]

The Colonial Office still considered the Falklands' infrastructure inadequate to support economic growth. The conflicting demands on resources of welfare and communications was seen as a vicious circle. It recognized that,

"The provision for communications, though high for the revenue of the island and the numbers of the population, cannot bring about the necessary mobility: so a large part of the even higher expenditure on educational and medical facilities will be . . . uneconomic. On the other hand, to wait till population doubles or trebles itself and adequate communications can be afforded would in part defeat the aims of the C.D. and W. Act. A certain element of uneconomic investment in schools and hospitals must be tolerated for the present."[18]

Clifford also considered the Colony's external communications based on a monthly steamship run by the F.I.C. to Montevideo to be inadequate. In April 1952 Aquila Airways made an experimental flight from Southampton to Stanley using a Hudson flying boat via Madeira, Cape Verde Islands, Brazil and Montevideo. The trip was not repeated.[19] Clifford wanted to establish a fortnightly air service to Montevideo, with a further link to Punta Arenas, which would also have had the political benefit of securing effective Uruguayan and Chilean recognition of Britain's ownership of the Falklands.[20] About 1951/1952 Clifford proposed purchasing 2 'Catalinas' complete with spares from British South American Airways at Montevideo. Clifford blamed the failure of the scheme on the "Bumbledom" of the Secretary of State who feared an accident would cause him embarrassment in Parliament.[21] However, official records show the Colonial Office was

very "wary" about the initial capital outlay of £30,000 to £40,000 and the need to subsidize the service.[22]

Investigating the natural resources of the Falklands was another aspect of Clifford's development plan. The Colony had still not been adequately mapped or surveyed. Clifford complained to the Director of Colonial Surveys that the only available map was an updated 1884 Admiralty chart. Clifford wanted,

> "An accurate topographical survey [which] is a pre-requisite to the introduction of a Land Tax . . . all I want for this is a topographical survey showing physical features, farm boundaries (there are only about 30 of them) and fences and indicating whether the land is stony or marshy - anything else is 'good land'".[23]

The urgency for a survey was recognized but had to be postponed due to a shortage of surveyors.[24] Clifford also had the Falklands re-examined by Dr. Adie, the Falkland Islands Dependencies Survey geologist, in search of oil and exploitable minerals. Adie stated categorically that,

> ". . . there is no likelihood of oil being found here and that it would be a waste of money to look."[25]

This opinion was shared by an American geophysicist working at Punta Arenas.[26]

The final objective of Clifford's development plan was to diversify the economy. This was an unmitigated disaster due to mismanagement. The Ajax Bay Freezer plant parallels the Tanganyika Groundnut Scheme as an outstanding failure. The aim was to utilize the annual surplus of 40,000 sheep carcasses which could not be consumed locally. The C.D.C. agreed to fund the estimated cost of £242,000 because the project would diversify the economy, encourage pasture improvement and stock breeding, and increase meat supplies to Britain.[27] Work began on the freezer plant in 1949 despite opposition from

Islanders who were not consulted. The antagonism probably reflected a belief that the undertaking was too ambitious and had not taken local problems into account. The freezer plant was not completed until 1953 when nearly £500,000 had been invested. By 1956, when it was closed, only 30,000 sheep had been processed.[28] Clifford's successor described the freezer as a "shocking business" and was horrified at the "elementary mistakes" such as the roof too low to hang carcasses, machinery installed upside-down and no defrosting arrangements.[29]

The C.D.C. also attempted to revive the Falklands' sealing industry. In 1949 it sponsored the formation of the South Atlantic Sealing Company. A station was established in 1950 at Albermarle on West Falkland with the aim of utilizing sea lion oil, pelts, meat and bone oil. The enterprise was abandoned in 1952, after 3,045 sea lions had been killed, because of faulty equipment and a shortage of seals.[30]

The C.D.C. had a number of disasters, including the loss of £450,000 on the Gambia Poultry Project. There were two major reasons. First, British food shortages and a lack of foreign exchange pressurized the C.D.C.'s directors, ". . . to think big, take risks and show results."[31] Secondly, the C.D.C. initially recruited poor managers who made unsuitable commitments and carried out inadequate supervision. Although the C.D.C. was reorganized by Lord Reith after 1950 it took time to abandon expensive obligations.[32]

Clifford's other proposals to diversify the economy were not implemented. The British American Kelp Company (B.A.K.C.) showed interest in establishing a processing plant after its representative, Mr. Merton, had concluded that the Falklands possessed a valuable source of the raw material. However, B.A.K.C. decided to postpone investment

because of Britain's economic difficulties.[33] Clifford also wanted to establish a local fishing industry. He proposed a British Master Fisherman and two locally recruited assistants be appointed to supply fish for three years using the m.v. 'Philomel'. Clifford remarked that,

"Here we are living on an island, complaining of the monotony of and deficiencies in our diet and yet it is with the utmost difficulty that one can get just one fish meal a month. Is it not ridiculous?"[34]

Local apathy and financial economies prevented any progress.[35] Nevertheless, brown trout eggs were successfully introduced to Falkland rivers in 1947 which encouraged local angling.[36] Finally, Clifford advocated weaving as a cottage industry by bringing out a Scottish professional weaver to teach the craft. The Government would install a spinning mill, import looms and make weaving a handicraft subject for girls in the school syllabus.[37] Local opinion rejected the scheme, although an order to produce knitted garments for the Falkland Islands Dependencies Survey was later agreed.[38]

The departure of Clifford in 1954 heralded the end of the post-war development initiative as the Colony's ten-year plan was his inspiration. The Falklands received a further £50,000 from the 1955 C.D. and W. Act for the period 1956-1960. This sum was spent on improving Stanley's roads and the purchase and installation of a water filtration plant for which the Colony also contributed £40,000.[39] In 1956 the Colony was photographed from the air by Hunting Aerosurveys for a topographical survey under a C.D. and W. contract. This was followed by a ground survey in 1957 by the Directorate of Overseas Surveys assisted by helicopters from H.M.S. 'Protector'.[40]

Inadequate communications continued to inhibit development. The Falkland Government attempted to develop a camp track network to

assist travel. In 1955 it purchased water buffalo tractors and started draining and constructing tracks between Fox Bay and Chartres on West Falkland, and San Carlos and Darwin on East Falkland.[41] In 1960 the roads scheme received a boost of £51,470 from C.D. and W. funds.[42] However, it was abandoned in 1963. The O'Reilly Report concluded that the tracks were,

> ". . . so costly both to construct and maintain, that I do not believe that it could be justified in the circumstances of the Colony."[43]

The disillusionment felt about the deterioration of the recently constructed tracks (which were impassable half the year) led Mr. G. C. R. Bonner, a Legistative Councillor, to recommend that, ". . . winter travelling should be actually discouraged and even prohibited."[44]

During the 1950s farm managers played a minor role in development. Some experimented with pasture improvement. The Pole Evans at Port Howard ploughed and planted 420 of their 140,000 acres with, ". . . English grasses and gorse hedges to make something like English meadows."[45] In contrast, Governor Raynor Arthur described Douglas Station as owned by the epitome of exploitative absentee landlords,

> ". . . much neglected by the owners (some old ladies who live in England, and must get £25,000 a year out of it but won't spend money on fences etc)."[46]

The Government did not assist with pasture improvement until 1964 when, in response to a recommendation by the Wannop Report, a qualified Grasslands Officer was appointed. He arrived in February 1965 on a three-year contract and experimented with plots around the Islands.[47]

The rapid economic changes which occurred under Clifford's governorship had consequences for Falkland society. The next subsection

will examine constitutional reform and the evolution of Falkland politics.

(B) THE POLITICS OF LOCAL DEVELOPMENT

Clifford is possibly unique as a Governor who was accused by a colonial population of being a spendthrift. Islanders considered the Falklands' economy could not finance further expenditure on development. Clifford, however, was authorized to increase taxation in response to the British economic crisis. In July 1948 the Colonial Office sent a memorandum to 34 Colonies requesting that taxation should be increased to counter the problem of inflation.[48] Clifford lifted the maximum rate of income tax in the pound from 2s. 6d. in 1947 to 3s. 6d. in 1948. Import and export duties were also raised. Between 1947 and 1948 the duty on wine per gallon in bulk was increased from 5s. to 6s. 6d., spirits per gallon from 26s. to 52s. and tobacco per Ib from 5s. to 6s. The excise on wool per 25 Ibs rose from 1s. to 1s. 3d.. These measures, combined with boom wool prices, increased government revenue from income and company tax from £11,913 in 1946 to £244,002 in 1952/1953.[49] The greater tax burden was paralleled by high inflation. Between 1947 and 1952/1953 the price of coffee rose from 3s. per Ib to 6s. 11d. per Ib, flour from 3d. per Ib to 5½d., and mutton from 3d. per Ib to 4½d.. It is difficult to assess whether wages kept up with the cost of living. For example, the monthly rate for shepherds rose from £9 12s. 6d. in 1946 to £12 10s. 0d. on West Falkland, and to £12 on East Falkland, (plus a cost of living bonus) in 1952/1953.[50]

As in other colonies economic disorders occurred, but to a lesser extent. The agitation stemmed from a widespread belief in the

Colony that Clifford's development plan would bankrupt the Government. It was thought the Colony could not afford to contribute to the plan from its own funds because the Government's budget had a deficit of £21,000 in 1946 and £15,000 in 1947.[51] Clifford hinted at his own autocratic style when reporting there was opposition to the fishing and freezer plant schemes,

> "[in] . . . which the towns people are disinterested and on which they are certainly not competent to offer an opinion."[52]

On 6 May 1948 a public meeting was organized by A. L. Hardy (Chairman of Stanley Town Council), K. V. Lellman (Town Clerk), R. H. Hannaford (F.I.C. Carpenter Foreman), W. H. Sedgwick (Undertaker) and F. Jones (F.I.C. Shipping Clerk) attended by 501 people.[53] As a result, a petition was sent to the Secretary of State signed, ". . . by more than 1,200 Falkland Islanders (pop.2,300)."[54] The petition demanded Clifford's removal from office and the appointment of a Royal Commission to investigate seven complaints. First, the administration was too expensive for the size of the population. Secondly, the development proposals were a, ". . . squandering of public funds on ill-advised schemes."[55] Thirdly, native born civil servants were discriminated against. Fourthly, inflation had increased since 1939 by approximately 100 percent while wages had risen by only 15 percent. Fifthly, Clifford's higher tax rates were too severe. Sixthly, health care was inadequate. Finally, the Government was too dictatorial. The petitioners demanded the introduction of democracy,

> "It is significant that after 115 years the Colony is still without representative Government and it is evident that under the present Administration elected representation on the Executive Council is a necessary preliminary to self administration."[56]

Clifford reported to the Colonial Office denouncing this "self-appointed and self-important Committee" and asserted that he had the full support of the Legislative Council.[57] K. Luxton, the representative for West Falkland, claimed that there was no discontent and that the Islanders, ". . . just signed blind which is their habit."[58] Clifford rejected the petitioners' complaints and statistics as false and stated that a Royal Commission would not diagnose anything that was not already known - inadequate internal and external communications, dependence on a single industry, under-population, an unsatisfactory educational system and the absence of social security.[59] The Colonial Office remained loyal to Clifford and sympathized that he had, ". . . a thankless job to do governing this lonely, bad-weathered and bad-tempered Colony."[60] The Secretary of State replied to the petitioners stating his confidence in the Governor and rejected the request for a Royal Commission into government expenditure, which had to be considerable because of the Colony's "inherent and peculiar problems."[61]

The dispute continued into 1950 by which time the issues had degenerated into personal abuse. For example, the leaders of the petitioners were considered troublemakers and traitors by the Falkland Government. Jones was described as an "anti-British crank" for his criticisms and admiration of Argentina.[62] The petitioners attacked Mrs. Clifford because, ". . . her behaviour has disgusted and embarrassed all sections of the community."[63] They also turned the accusation of treason around on the Government,

> "It is distressing for loyal subjects to hear spoken openly, what was once whispered by the few, in public places 'Would we not be better off under the Argentines?'"[64]

It is surprising that the petitioners' demanded representative government since the Secretary of State had granted it in 1942 (see Chapter One). The problem was that the reforms had not yet been implemented. Grievances which did not exist before can be created or fed when political concessions are made, as illustrated in the Soviet Union today. In March 1949 a new Falkland constitution was inaugurated with elected representation on the Legislative Council.[65] The Legislative Council formerly consisted of the Governor, three official and five nominated members who were appointed for five years.[66] It was henceforward composed of the Governor, three ex-officio, three nominated official, two nominated unofficial and four elected members.[67] This constitutional reform was preceded by other changes and an extensive debate.

Clifford decided to replace the autocratic government in stages. He appointed two non-officials to the Executive Council (which was previously composed of the Governor and three official members) and established an elected Stanley Town Council of nine members (including three appointed by the Governor).[68] Since a majority of the Islanders (1,252) lived in Stanley, municipal government offered, ". . . an opportunity for participation in the day-to-day business of government."[69] The Legislative Council only met once or twice a year.

The Town Council was established in December 1948 by a Governor's Ordinance. It was responible for the rates, maintaining the roads, street lights, the water supply, managing the Town Hall, licencing, the cemetery, sanitary regulations and by-laws.[70] Clifford had wanted to use Stanley Town Council as an electoral college for the two elected seats on the Legislative Council which represented Stanley,

as he thought elections to two councils in such a small community would be excessive. Although there was not a precedent in other colonies the idea would have enabled elections to the Legislative Council every two years, instead of every four years for the other elected seats. However, the Colonial Office opposed this constitutional innovation because Stanley residents would be denied a direct vote for their representatives on the Legislative Council - the Stanley members would have been selected by the Municipal Councillors. There were also stricter qualifications for candidates standing for the Legislative, as opposed to the Municipal, Council.[71]

On 13 August 1948 Clifford discussed the Falklands' constitution with the Secretary of State and Colonial Office officials in London. Clifford's proposals to use the Town Council as an electoral college and the inclusion of a £100 per annum income qualification would have inhibited political development. Since there was now parity between the officials and the nominated and elected members on the Legislative Council the Governor was given the power to appoint members "in the event of a boycott."[72] Finally, the Governor was given the power to legislate separately for the Dependencies. The primary reason was concern that the Legislative Council, now more independent, might oppose British support for the U.S. 1948 internationalization proposal for Antarctica. The minutes recorded that,

> "It would be undesirable to allow his Legislative Council to have any say in the matter of the discussions now proceeding with the Americans."[73]

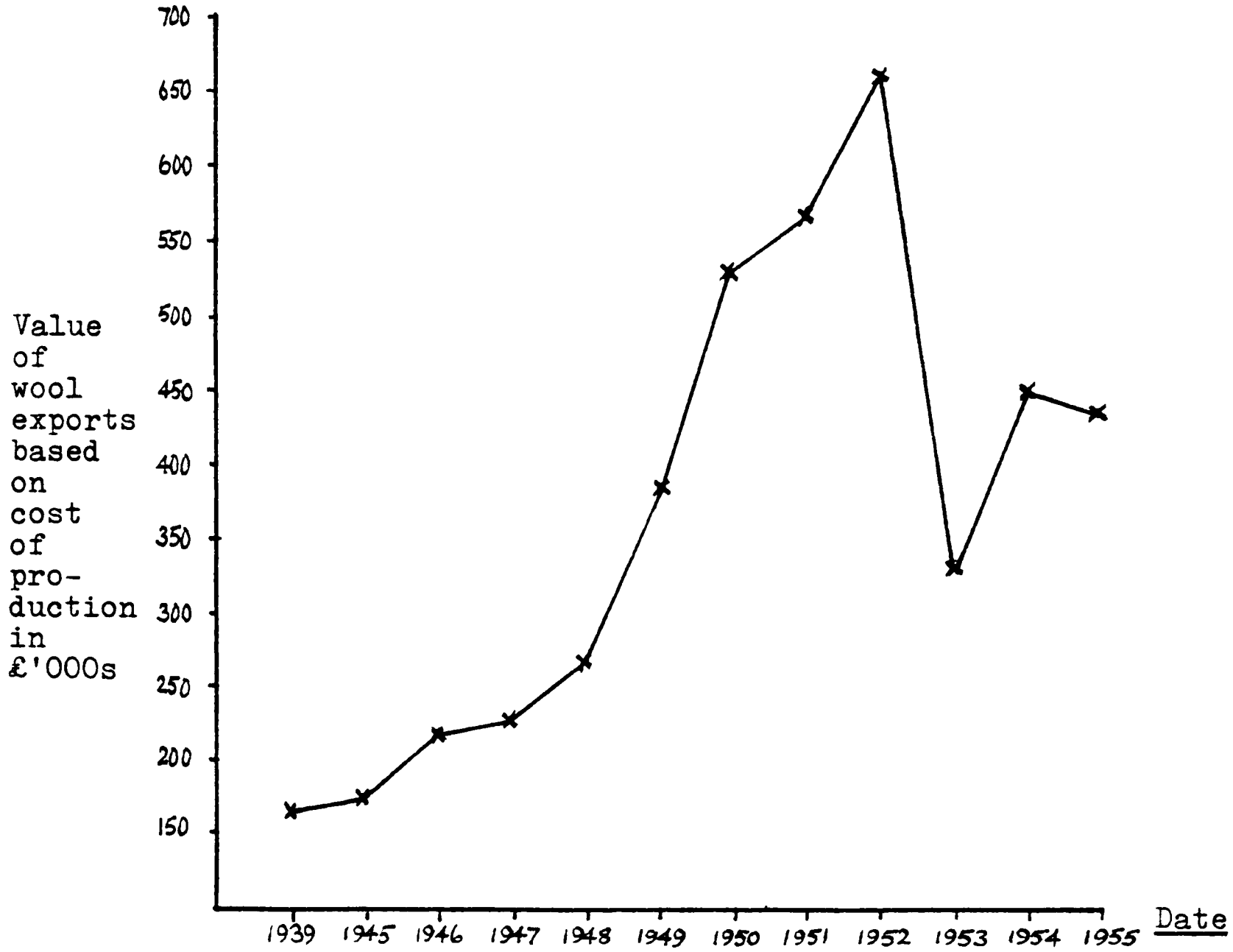
There were further constitutional reforms before 1965. Universal suffrage was also introduced in 1949 with the first elections to the Legislative Council in 1951. In 1954 the non-official seats on

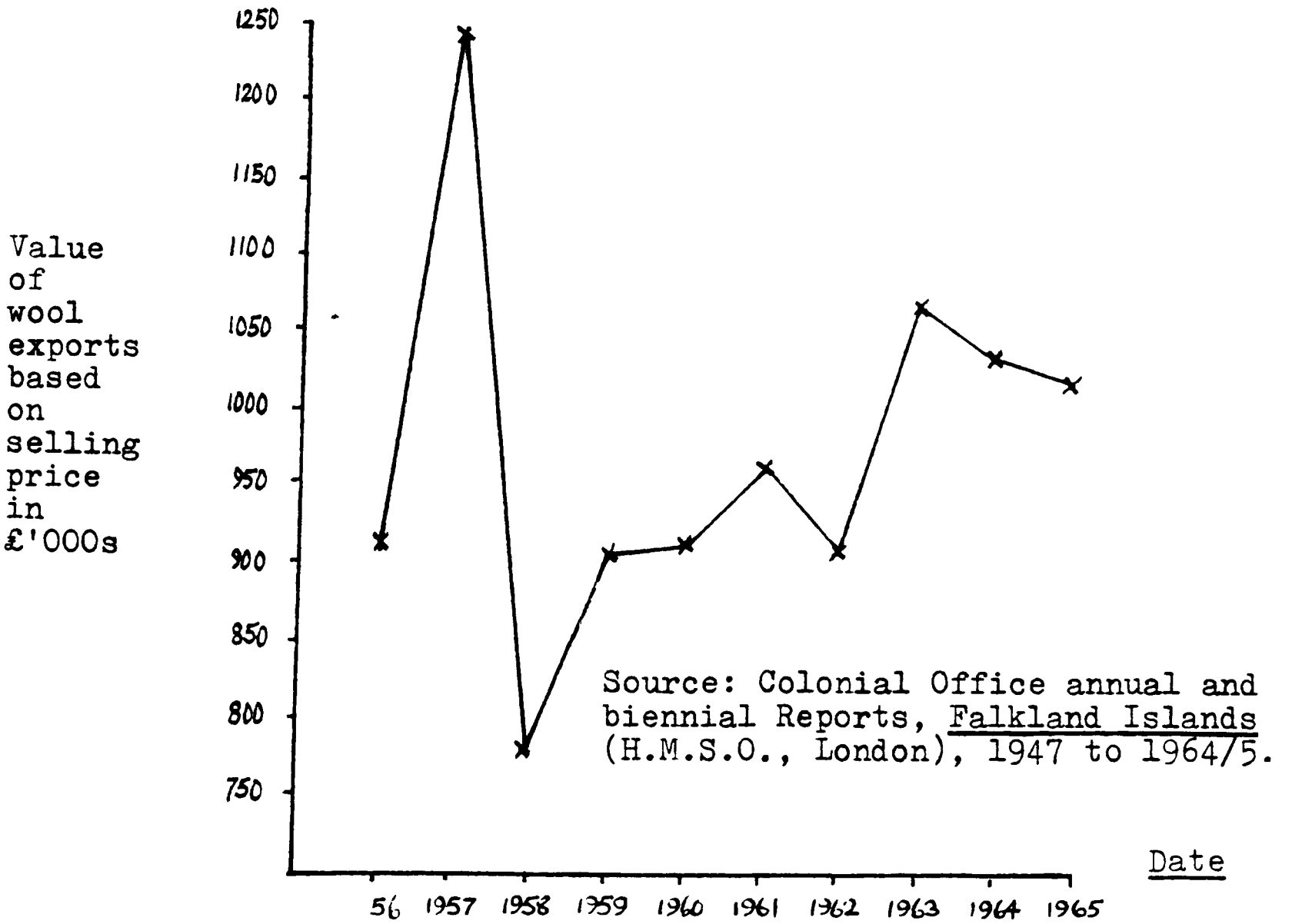
the Executive Council were increased to three, and in 1957 to five.[74] The attainment of representative government entitled the Falklands to membership of the Commonwealth Parliamentary Association (C.P.A.) which was important during the later sovereignty crisis as it established links and exchange visits with British Parliamentarians.[75] The Falklands became a subsidiary branch (that is to the main or British branch) of the C.P.A. in 1952.[76]

The close of the period was dominated by a growing disquiet about the future viability of the Colony. Governor Arrowsmith saw major problems facing the Falklands in 1960. First, prosperity in Britain encouraged emigration and discouraged immigration due to the lower wages and rugged lifestyle. The pastures upon which the economy depended needed improvement. However, the central issue was finance and the Government's annual budget deficit of approximately £50,000 due to low wool prices. The Colony's reserves had to be used to meet the imbalance. There were no funds for development and economies were impossible because the existing social and educational services were maintained at a minimum.[77] The graphs on page 94 illustrate the instability of Falkland wool prices.

Norman K. Cameron, the manager and part-owner of Port San Carlos since 1930, wrote a memorandum in 1960 which appealed to the Colonial Office to reverse the stagnation and save the Colony from total collapse. The memorandum reflects a characteristic colonial debate that profits were drained abroad. However, it is difficult to assess how representative the sentiments were of Islander opinion. Cameron repeated Arrowsmith's concern that the rising cost of the administration had undermined the economic stability of the Colony. Emigration was

GRAPHIC ILLUSTRATION OF THE FLUCTUATING VALUE OF FALKLAND WOOL EXPORTS, 1945-1965





Source: Colonial Office annual and biennial Reports, Falkland Islands (H.M.S.O., London), 1947 to 1964/5.

blamed on a greater awareness of the isolation of the Falklands and the opportunities of Australasia, ". . . it is not across Africa only that the winds of change are blowing."[78] He stressed a sense of grievance at the transfer of dividends to absentee landlords and the expenditure on Antarctic bases,

> ". . . millions of pounds have been collected from these undeveloped islands to subsidize the taxpayer at home . . . [as opposed to] the hundreds of thousands of pounds contributed annually to the wastes of Antarctica."[79]

Cameron compared the prosperous British farming industry, with its subsidies and proximity to markets, to the underdeveloped Falklands. He complained that,

> "When one reflects on the condition of the Falkland Islands today we can see that it is not one in which the Mother country can take great pride after more than a hundred years of sovereignty. Rather a shabby, ill-nourished offspring for such an opulent parent. Hardly one to be held up to other countries as an example of enlightened Colonialism . . . Our loyalty there has been no need to buy, Government House has not been burnt down, so neglect and the tax gatherer have been our portion."[80]

Cameron concluded by appealing for a reappraisal of Falkland development before the economy foundered,

> "The sands are running out, the problems are urgent and admit of no delay . . . The situation calls for large, imaginative and radical thinking by the Colonial Office, the Falkland Islands Government and the farmers. On their decisions will depend not merely the survival of the sheep farms but whether in fact . . . the colony is to remain British."[81]

The introduction of representative government in 1949 was an important turning-point in the development of Falkland politics and probably contributed to a growing sense of identity amongst Islanders. However, the Colony's economic stagnation resulted in despondency about the future. The Islanders' future appeared uncertain as the population declined. The next subsection will consider the issue of migration.

(C) MIGRATION

Clifford was faced with a labour shortage in the Colony's sheep farming industry due to the emigration of Falklanders to Britain and Australasia in pursuit of higher wages and greater opportunities.[82] The farms had a minimum shortage of eighty men, while the Government required forty to embark on its Major Works Programme.[83] In 1938 Henniker-Heaton had argued that it was essential to give Islanders an incentive to remain. The question of subdivision and the creation of smallholdings was revived in 1946 by Dr. J. G. Gibbs, head of the Colony's Agricultural Department. He stated in a report that,

> "I would commend for the consideration of the sheep farmers the suggestion that they provide a good section on their farms which might be leased by those who have rendered them good services, so that the local boy can at least aspire to possess and develop for a period a part of his native land."[84]

Clifford's failure to review the land tenure system was probably for fear of reviving the opposition that had defeated Henniker-Heaton, and the need for co-operation from the landowners to implement his other plans.

In 1964 the Falkland Government sold the only Crown Land which could be used for closer settlement without the need to expropriate private land. Subdivision would, therefore, become more difficult to introduce in the future. The F.I.C. had used the 28,000 acre Albermarle Reserve for breeding ewes on an informal lease from the Government after it had purchased the neighbouring Port Stephens farm in 1948. In March 1964 the F.I.C. offered to buy the freehold because it claimed that Port Stephens was not economically viable without Albermarle's superior pastures. The Government decided to auction the land and received offers from individual Islanders.[85] After much debate

the Government decided to sell to the highest bidder which resulted in the F.I.C. buying Albermarle for £21,600.[86] The local applicants were rejected because they would have had to borrow further capital to build shearing sheds and houses. The legacy of resentment which remained in the Colony was exacerbated by the Government's rejection of an offer by the F.I.C. to exchange Bleaker Island for Albermarle. The Agricultural Department lacked a qualified member of staff to manage a farm. The sale was interpreted by many Islanders as,

> ". . . the end of the last opportunity for putting land ownership on a wider basis, and giving a chance to the small man."[87]

Clifford's response to the labour shortage was to seek a small stream of immigrants that would meet the immediate needs of the sheep ranches. Scottish settlers were favoured as in the nineteenth century. In March 1947 the Colonial Office approached the Under-Secretary of State at the Scottish Office about assisting some of the 2,000 unemployed on Lewis and Harris to emigrate to the Falklands.[88] The Colonial Office recognized that there was a need to introduce fresh blood into the Colony in the interests of development.[89] Clifford proposed a, ". . . steady trickle of about 20-30 men a year over the next 5 years."[90]

The scheme failed for two reasons. First, the emigrants were presented with limited prospects. The men were to be recruited on 5-year contracts with unattractive salaries and no opportunity to purchase land once they were established.[91] It was difficult to publicize the low cost of living with free accommodation, meat, peat and land to grow vegetables. Secondly, the official unemployment figures

for Lewis and Harris disguised a prosperous black market economy which discouraged emigration.[92]

Clifford next decided to follow the example of the White Dominions by seeking selected West and East German refugees from rural areas. The farmers complained that traditional British contract labour was now expensive and poor quality. Clifford recommended keeping German numbers low to avoid trade union opposition. He commented that,

> "I am myself opposed to any mass immigration but I am hopeful that in this way the Colony may be able to obtain, and absorb, a small but steady flow of immigrants over the next ten years which will help to meet present difficulties as well as to satisfy long-term requirements."[93]

The Colonial Office was concerned about the creation of a German minority, linked to the Germans in Argentina, which would prejudice the Colony's "loyalty and ties with the U.K."[94] Nevertheless, the proposal was approved after an inter-departmental meeting in January 1954.[95] Clifford subsequently recruited a German labour gang which was housed in Nissen Huts in Stanley. They proved invaluable in working on the Stanley roads and the water filtration projects.[96]

The farmers preferred to recruit Chilean labour as it was cheap and reliable. This led to a dispute between the Governor and the non-official members of the Executive Council who represented the sheep farming industry. Raynor Arthur feared the long-term consequences and described his experience of the Portuguese in Bermuda to the Colonial Office. The alien minority will usually have a higher birth rate than the local population and will form a distinct political group. The Roman Catholic Chileans, like the Portuguese, will demand their own schools and official recognition for their language. The next stage would be demands that the British stranglehold on landownership be

broken by expropriation and redistribution. This would lead to interference by Chile.[97]

The Governor adopted a strict immigration policy. An Advisory Committee composed of representatives from the Sheep Owners' Association and the trade union was formed to advise the Governor on labour from South America. The members were Islanders with a stake in preserving the British character of the Colony. Immigration was restricted to unmarried men. If they married or brought families out they would be "ruthlessly pushed out."[98] The Colonial Office fully supported this approach and suggested the precedent of the contract system in North Borneo used to regulate Chinese labour.[99]

The Falkland Government's approach to immigration during the period was expedient in that it only sought to meet immediate needs. Since there was not a long-term vision of the Falklands based on intensive development supporting a much greater population the question of large-scale immigration was not addressed. This study of Falkland development would not be complete without consideration of the Falkland Government/F.I.C. relationship.

(D) THE COLONIAL GOVERNMENT/FALKLAND ISLANDS COMPANY RELATIONSHIP

There was little co-operation between the Falkland Government and the F.I.C. to initiate development. Clifford wanted the F.I.C.'s Royal Charter annulled because it implied official approval of an effective monopoly. The F.I.C. was incorporated under the 1902 Companies Act which protected its landholdings if the 1851 Charter were cancelled.[100] Clifford quoted a report he had written in July 1947 about many Islanders' perception of the F.I.C.. He said that,

". . . the Company represents the absentee landlord in excelsis; is grasping and niggardly and always gets the better of any negotiations in which it engages; the Colony and its interests are falling more and more into its clutches . . . looks upon His Majesty's loyal subjects here as so many hewers of wood and drawers of water to minister to its needs."[101]

Clifford believed the F.I.C. no worse than companies in a similar position and had shown considerable enterprise. However, the F.I.C.'s control of inter-island and external transportation gave it the power to strangle any new promising venture unless alternative transport existed.[102]

Revoking the Royal Charter would have been just a punitive act. It shows Clifford's failure to grasp the importance of the land tenure system in encouraging local initiative towards development. The Colonial Office considered the dominant role of the F.I.C. in the context of parallel situations elsewhere in the Empire. In some cases the Colonial Government gently persuaded a firm not to exploit its power. In others, such as West Africa, the Government helped to stimulate competition by setting up development corporations and co-operatives. Alternatively, the monopolistic concern could be taken over by the Government. The Secretary of State did consider the relationship between private and public enterprise in the colonies, which reflected a corresponding reappraisal in Britain. The nationalization of monopolistic companies was not recommended.[103] The Colonial Office rejected Clifford's proposals to revoke the Charter and to fix a maximum rate for the Government mail service to Montevideo (a £7,000 a year subsidy paid to the F.I.C.) because it would only provoke antagonism. The Colonial Office argued that the F.I.C. could refuse to act as mail

carriers which would force the Government to operate its own steamship service at a much greater cost.[104]

A wish to reduce the isolation of the Falklands, which was exacerbated by the Argentine ban on communications imposed in the 1880s, led a Director of the F.I.C. to advocate a negotiated resolution of the sovereignty dispute. In January 1956 L. W. Young, the F.I.C.'s Chairman, and Anthony Hurd, a Conservative M.P. and F.I.C. Director, visited the Falklands. Hurd used his position to seek further Government assistance with Falkland development. In December 1955 he met the Secretary of State for Colonies, and in February 1957 the Foreign Secretary.[105] Hurd raised various issues. For example, he questioned the effectiveness of the Colony's Agricultural Officer, who was a veterinary surgeon appointed when the Ajax Bay Freezer required a meat inspector and had no knowledge of grass improvement.[106]

Hurd's major proposal was the construction of an airport outside Stanley and to seek direct communications with Argentina. Hurd believed that the sovereignty dispute was about prestige and that the overthrow of Peron created an opportunity to establish a direct air service with Patagonia.[107] Governor Raynor Arthur had already rejected the idea of an air service to Montevideo in July 1954. The annual demand was only 200-travellers. The manager of the British Overseas Airways Corporation (B.O.A.C.) at Montevideo estimated that an airport would cost £2,000,000 and one aircraft £100,000. The operation of flying boats to Montevideo would require a £20,000 a year subsidy out of the Falkland Government's total revenue of about £250,000.[108] The Colonial Office pointed out that B.O.A.C. had suspended its South

American services for the past two years and would not be interested. An airport was also thought to weaken the Colony's defence,

> "The proposition has, however, been ruled out on strategic grounds because it would be difficult to defend such a strip without maintaining a considerable force on the Islands, and such a facility would be an open invitation to any ill-disposed neighbour."[109]

In 1957 Hurd suggested a leaseback solution to the sovereignty dispute. Improved communications were required for the Colony's development and an expansion of the Company's activities. If an air link with Uruguay were not economic then the Argentine ban on contacts would have to be lifted. Hurd reminded the Foreign Secretary of the restrictions on Falklanders visiting Argentina. He then said that,

> "If relations with Argentina were normal the Falkland Islands Company would probably re-route their monthly steamship service to Argentina. In addition, they would welcome an extension of the (Argentine) Patagonian air service to the Falkland Islands (it was not an economic proposition for the Company to run an air service to Montevideo).[110]

This was an extraordinary proposal considering the F.I.C., a decade later, played a central role in organizing the Falkland Lobby to prevent an Argentine take-over. At a meeting with a Foreign Office official Hurd suggested leaseback would preserve the Colony's British identity (and British commercial interests) while conceding sovereignty to Argentina. He asked for consideration of an "outright solution" whereby,

> ". . . the Argentine claim to sovereignty could be recognized by us in return for an Argentine undertaking to accept the permanence and legality of our administration of the Islands."[111]

The Foreign Secretary rejected leaseback because it would create a precarious precedent for other disputed territories and was too sensitive to raise with a provisional Government. British sovereignty

was not negotiable. However, the Foreign Secretary thought the British ambassador could make inquiries about improving relations with Argentina. An official noted that,

> "I am aware how sensitive the Argentines are about this dispute and I cannot at present see any possibility of a settlement. Nevertheless, I am inclined to agree with Mr. Hurd that there might be some possibility of settling some of these practical problems by less formal contacts than would be implied in negotiation."[112]

The Colonial Office considered that the only advantage of links with Argentine Patagonian ports was a shorter sea crossing since they lacked the amenities of Montevideo.[113] The issue was not pursued after the British ambassador made informal contacts with the Argentine Minister for Foreign Affairs. Argentine public opinion was blamed for the Minister's refusal to relax the ban on air and sea links with the Falklands. Laferrere was "very inflexible" and expressed "traditionally uncompromising views."[114]

The F.I.C. made a number of new investments in the Falklands during the the 1950s. In 1959 an experimental mink farm was established to utilize surplus sheep. The ultimate aim was to farm 4,500 mink. However, problems arose. The mink had to adapt their breeding cycles to the southern hemisphere. It was also discovered that only 50 percent of their diet could consist of mutton. The venture was abandoned in 1965 because the importation of cereals was uneconomic.[115] In 1956 the F.I.C. committed £10,000 to improving pastures and farming techniques. The programme was intended to show what could, or could not, be achieved with poor quality, acidic land.[116] The Company recruited a veterinary adviser to investigate sheep losses, particularly in lambs. Experiments were made with afforestation to create shelter belts.[117] 6,000 acres were oversown with Yorkshire Fog using sod-seeders, adapted for camp

conditions, to improve the nutritional value of the pastures and experiments were made with clover and other grasses.[118] Unfortunately, the Yorkshire Fog failed to compete with the native white grass and was inhibited by drying winds, waterlogged soil and low soil temperatures. The F.I.C. concluded that it was, ". . . clear that further large-scale sod-seeding operations are not justified at present."[119]

In 1961 Mr. Wannop, the Director of the Hill Farming Research Organization, visited the Falklands and recommended a policy of closer fencing to control grazing and assist grassland improvement. The Falkland Government supported the recommendation by introducing a taxation allowance. The F.I.C. erected 41.25 miles of new fencing to subdivide ewe camps between 1962 and 1964.[120] Efforts were also made to stem the emigration of the "loyal and hardworking" Islanders by increasing F.I.C. salaries.[121] It became an advantage to be of Falkland descent and Islanders who joined the F.I.C. as shepherds rose to responsible positions as farm managers.[122]

In 1961 the F.I.C. adopted an important new strategy of diversifying its interests in Britain. The static state of the Colony's economy was reflected in the fairly constant level of profits made by the F.I.C., apart from fluctuations in the price of wool. For example, the rise in profits after tax from £103,428 in 1956 to £258,222 in 1957 was almost entirely due to higher wool prices and a reduction in taxation.[123] The Company concluded that concentrating investments in the Falklands was unjustified while Britain offered higher returns and the opportunity to reduce dependence on wool.[124] The Directors, therefore, decided to invest profits from Falkland operations in Britain. It would appear that the decision was not influenced by the

sovereignty dispute. In September 1948 the Company's Directors had stated they were satisfied with a categorical assurance from the Secretary of State that, ". . . no change in the status or sovereignty of the Colony is contemplated by His Majesty's Government."[125] Nevertheless, the dispute with Argentina cannot be discounted as a cause for the F.I.C.'s reappraisal.

The diversification in Britain was through the purchase of companies involved in ship stores, warehousing and catering. The first, in 1962, were J. G. Boyes (shipping) Ltd. and H. W. Goodwin (general ship chandlers) Ltd.. Further take-overs made the F.I.C. by the early 1970s, ". . . probably the largest independent ship stores merchants in the country."[126] Subsidiaries included Southern Ships Stores Ltd., Crooks (fishmongers) Ltd., J. G. Boyes (vending) Ltd., J. G. Boyes (warehousing) Ltd. and C. R. Harper and Co. (poultry and game merchants) Ltd..[127] The British interests of the F.I.C. became more lucrative than its traditional activities in the Colony. In 1972 the Falkland interests of the F.I.C. (sheep farming, retailing and shipping) produced an annual turnover of £1,158,196 with a pre-tax profit of £178,705. In 1972 the F.I.C.'s British enterprises had an annual turnover of £5,604,917 producing a pre-tax profit of £408,650.[128]

Four major factors contributed to the limited development of the Falklands between 1945 and 1965 (apart from the natural inhibitions of distance from markets and the absence of exploitable natural resources). First, the need to improve social services and the infrastructure diverted funds. Secondly, the C.D.C. mismanaged expensive projects to diversify the economy, discouraging further investment. Thirdly, the failure to subdivide the ranches perpetuated

the problem of limited opportunities for Islanders, resulting in emigration and the importation of contract labour. Fourthly, the diversification of the F.I.C.'s British interests in pursuit of increased profits and escaping dependence on the price of wool exacerbated the drain of capital from the Falklands.

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111. Ibid, Hankey to Evans (Buenos Aires), 12 Feb. 1957.
112. Ibid.
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114. Harvey to Hurd, 21 May 1957, FO371/126165.
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117. Ibid, 1956.
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CHAPTER FOUR: THE FALKLANDS IN THE CONTEXT OF THE DECOLONIZATION OF SMALL COLONIES, ANGLO-ARGENTINE RELATIONS AND ANTARCTICA, 1945 TO 1965

It is necessary to set the Falklands in a broad context so that the internal developments can be comprehended. Chapter three will, therefore, be paralleled in this chapter by an examination of the international and regional context of the Falklands' question between 1945 and 1965. Three aspects will be considered. First, the future of the Falklands in relation to other small colonies. Secondly, the role of the Falklands in Anglo-Argentine relations. Thirdly, the importance of the Falklands for British Antarctic interests.

(A) THE FAILURE TO CREATE A PANACEA STATUS FOR THE SMALLER COLONIES, 1945 TO 1969

By the late 1960s the advancing tide of decolonization made the political status of the Falklands, and other small colonies which were incapable of sustaining independence in the foreseeable future, appear anachronistic to the majority of states in the United Nations and an embarrassment to the British Government. Why was the British Government reluctant to introduce constitutional reforms which could have averted this criticism? This question will be addressed by a study of three initiatives, which were applicable to the Falklands, to substitute colonial rule with an alternative form of administration. The Government's lack of urgency towards addressing the issue was explained by a belief that Britain's international role would remain comparatively little altered. This was reflected in the apparent

refusal to make a systematic reappraisal of British defence policy until the mid-1960s.

It would appear that the British Government was not under pressure from military considerations to contemplate the political implications of withdrawing from the Falklands and other colonial outposts until the 1960s. Britain's traditional imperial role as a major world power was maintained after the withdrawal from the Indian sub-continent in 1947. It was believed that the remaining colonial commitments in the South Atlantic, Africa and elsewhere would continue for generations rather than decades. The east of Suez defence strategy was also upheld to protect Britain's significant economic interests in the Indian Ocean region.[1] The rising cost to sustain superpower pretensions overstretched resources. In 1956 defence absorbed 10 percent of Britain's gross national product. Duncan Sandys, the Secretary of State for Defence, sought to reduce costs - but not commitments - in the wake of the Suez crisis by a redeployment of forces. Sandys' approach was to strengthen Britain's nuclear deterrent with ballistic missiles, end conscription by 1962 and reduce overseas garrisons by creating a mobile force based in Britain.[2] Military bases were also developed in Aden, Kenya and Singapore to retain British influence.[3]

The 1951 Rees Report was the first Government initiative which offered a new political status for the Falklands. In March 1949 Arthur Creech Jones, the Secretary of State for Colonies, proposed to Cabinet a study of the constitutional status of colonies incapable of achieving responsible Government. The investigation was to cover the Falklands and 22 other dependencies including Saint Helena, the

Seychelles and the Western Pacific High Commission Islands. The Secretary of State stressed the importance of confidentiality,

"Any hint which might reach the Colonies that such an enquiry was proceeding could only raise speculation and lead to political agitation."[4]

In October 1949 the 'Committee of Enquiry into the Constitutional Development in the Smaller Colonial Territories' was inaugurated. Sir Frederick Rees, the Principal of University College, Cardiff, was appointed Chairman. The Colonial Office was represented by a Deputy Under-Secretary of State and a legal adviser. Other members included the Deputy Chairman of the Local Government Boundary Commission, Miss Margery Perham, Professor Vincent Harlow and Conservative and Labour M.P.s with colonial experience.[5]

The Rees Report was submitted to the Secretary of State in August 1951. Its chief recommendation was to transform the Falklands and other small colonies into a new category of 'Island States' and 'City States' which would be granted internal autonomy. Municipal government would replace the trend towards the Westminster model, and representation in London would be through a central consultative 'Council of Island and City States' associated with the Privy Council. The State Council in each territory would be elected and carry out executive functions similar to a local authority. The Commonwealth Relations Office and the Colonial Office would be divided into three departments under a Minister for Commonwealth Affairs. The stress on 'Commonwealth' emphasized the end of colonial status.[6]

The Rees Report failed to offer a viable solution for the future of the Falklands because opinion in the Colonial and Commonwealth Relations Offices was unfavourable. The Report was not circulated in

Cabinet. The most pertinent criticism was that a single solution was unsuitable for colonies composed of diverse cultures, races and economies. For example, the problems of the Falklands had little in common with British Somaliland. A 'Council of Island and City States' might have proved unworkable because holding meetings with representatives of remote territories would be expensive and inconvenient. Many of the remaining criticisms were not applicable to the Falklands because they were concerned with non-British populations. There was opposition to informing certain territories that their ultimate goal was less than independence. The term 'City State' was disliked because it was reminiscent of the Greek city states founded on slavery.[7]

The second Government initiative with implications for the Falklands was the proposed integration of Malta into the United Kingdom. In September 1953 Cabinet agreed to transfer responsibility for Maltese affairs to the Home Secretary, following the analogy of the Channel Islands and the Isle of Man.[8] Oliver Lyttelton, the Secretary of State for Colonies, saw Malta possessing unique problems. Seeing them as a European people with an ancient civilization, Lyttleton understood the Maltese resentment at their inclusion in the same constitutional category as the African colonies. Malta lacked natural resources and was dependent on British military expenditure and aid. Between 1945 and 1953 British assistance (exclusive of war rehabilitation) totalled £5,620,800. Finally, the danger of an economic crisis and the collapse of government would have been increased if greater autonomy were granted.[9]

The Falklands lacked Malta's urgency for constitutional reform. Lyttleton also believed that only Gibraltar and Cyprus were suitable for integration because he considered proximity to Britain was an important factor.[10] However, there was support in Cabinet that the arrangement might be a precedent for other small territories such as Mauritius.[11] It is ironic that the Falklands presented even stronger reasons in favour of integration with Britain. The population was almost entirely of British extraction and maintained close social links with the motherland. The Islands could not achieve independence due to an apparent lack of exploitable resources. The economy was also closely tied to Britain and supported a fairly high standard of living without requiring financial assistance. In April 1954 Lyttleton stated that he and the Labour Opposition in the House of Commons were opposed to Maltese Parliamentary representation because Malta could not support the British standard of social services.[12]

Support for full Maltese integration increased with the election of Dom Mintoff's Labour Party to power in the Colony in February 1955 and the appointment of Alan Lennox-Boyd as the new Secretary of State.[13] In January 1956 the Maltese Round Table Conference, under the chairmanship of the Lord Chancellor, made six broad recommendations. First, the British Government should have responsibility for Maltese foreign relations, defence and ultimately direct taxation. Secondly, Malta should be granted internal autonomy. Thirdly, the position and rights of the Church of Malta should be protected. Fourthly, communications between Valletta and London should be improved. Fifthly, there should not be fewer than three elected Maltese representatives in the House of Commons. Sixthly, the Maltese

standard of living should be raised through investment to reach parity with Britain. On 25 March the Government announced its approval for integration and proposed spending £25 million over five years on development and £1 million within a year on improving social services.[14]

It would appear that the problems which caused the downfall of Maltese integration were not applicable to the Falklands. There was opposition to Maltese integration in Britain and Malta. The Cabinet concluded that the Round Table Conference recommendations could only be carried in Parliament using Labour votes to outweigh Conservative dissent.[15] It was also dissatisfied with the degree of Maltese enthusiasm following a referendum in February 1956. The Government added a reservation that a clearer vote of confidence was necessary before representation in Parliament would be granted.[16] An impasse arose about the amount of British aid. Mintoff wanted to rapidly standardize wages and social services which would have required an annual grant of £20 to £30 million.[17] The Cabinet responded by postponing the issue for five years.[18] Finally, the 1956 Suez crisis diminished the Mediterranean's strategic importance to Britain which resulted in a significant reduction in military expenditure on Malta. A Colonial Office Minister stated that,

> "Strategically, Malta was no longer essential as a naval base, and the implications of this fact could be made plain to the Maltese Government if they eventually declared a policy of independence of the United Kingdom."[19]

In April 1958 the negotiations on integration were finally abandoned.[20] Malta gradually moved to independence, which was achieved in 1964.

The Conservative back-benchers in Parliament who opposed Maltese integration would probably not have had as many reservations

about the Falklands because the cultural and racial differences were much smaller. The Islanders would also have expressed greater enthusiasm for the proposal than the Maltese. Finally, the tiny population of the Falklands, which maintained a relatively high standard of living, would not have required substantial investment to reach equality with Britain in wages and social services. Nevertheless, the Government was extremely reluctant to reconsider integration for other small colonies. The question was raised twice in the late 1960s. First, the Gibraltar Legislative Council was controlled between 1969 and 1972 by the 'Integration With Britain Party'. The British Government refused to support the programme.[21] Secondly, in December 1967 the Seychelles Democratic Party, which favoured integration, won four of the eight seats on the Governing Council of the Seychelles. In September 1969 Lord Shepherd, a Foreign and Commonwealth Office Minister, declared during a visit that the Government was not prepared to reassess the status of the dependencies with the metropolitan country, although independence would be granted if that was wished.[22]

By the mid-1960s the future of the Falklands had become an obvious dilemma. In May 1965 Anthony Greenwood, the Secretary of State for Colonies, sent a minute to Harold Wilson on decolonization. He warned against, ". . . having to produce ad hoc solutions in the most unfavourable circumstances."[23] The Falklands were one of 31 remaining dependencies with a total population of 10 million inhabitants. Over half the colonial population lived in Hong Kong and the Southern Arabian Federation. Nineteen colonies had less than 100,000 inhabitants and six (including the Falklands) had less than 10,000 inhabitants. In July 1965 Anthony Greenwood held a conference in Oxford attended by

Ministers, Governors, officials, and relevant outside experts to consider the future of the colonial empire.[24] The table on page 119 illustrates the relative stage of political and economic development reached by each dependency. Many of the colonies in each category were not static and made rapid progress to independence. For example, in 1965 the Seychelles were a grant in aid colony in a weaker position than the Falklands. Britain invested (over a five year period) £8 million on agriculture, education, low cost housing, hotels and an international airport. A tourist industry developed which enabled the Seychelles to become an independent state in June 1976.[25]

The Oxford Conference recommended that 'free association' was the most suitable status for colonies incapable of achieving independence. In 1960 the United Nations General Assembly had passed resolution 1541 (xv) which called for the immediate end of colonialism. It accepted 'free association' as a form of decolonization on condition that the territory achieved self-government and that there was clear evidence the population approved the relationship and retained the right to modify or change the status. The U.N. later approved the 1962 New Zealand/Western Samoa agreement as a precedent. The Colonial Office considered free association was not a practical proposition for the Falklands because the population was too small.[26] However, the West Indian experiment with free association showed that the vital precondition was internal political and economic stability which existed in the Falklands.

The introduction of associate status in the Leeward and Windward Islands after the collapse of the West Indies Federation illustrated how political progress could later have been made in the

THE BRITISH COLONIAL EMPIRE IN JULY 1965

CATEGORIES OF POLITICAL AND ECONOMIC DEVELOPMENT	TERRITORIES WITH SOVEREIGNTY DISPUTED BY A NEIGHBOURING STATE	TERRITORIES WITHOUT A FORESEEABLE EXTERNAL THREAT
A. PROSPECT OF INDIVIDUAL INDEPENDENCE WITHIN A FEW YEARS	1. British Guiana 2. British Honduras 3. The Federation of South Arabia	1. The High Commission Territories 2. Mauritius
B. INDEPENDENCE CONSIDERED TO DEPEND UPON A REGIONAL SOLUTION		1. British Virgin Islands 2. The Cayman Islands 3. The Little Eight - otherwise Barbados belongs in Category A 4. Turks and Caicos Islands
C. TERRITORIES NOT RECEIVING BUDGETRY AID, BUT EARLY INDEPENDENCE CONSIDERED UNLIKELY	1. The Falkland Islands and Dependencies 2. Gibraltar 3. Hong Kong	1. The Bahamas 2. Bermuda 3. Fiji
D. GRANT IN AID TERRITORIES WITH NO PROSPECT OF EARLY INDEPENDENCE		1. British Solomon Islands 2. Gilbert and Ellice Islands 3. Pitcairn 4. St. Helena and Dependencies 5. The Seychelles
E. TERRITORIES SUBJECT TO JOINT ADMINISTRATION OR INTERNATIONAL CONTROL	British Antarctic Territory	New Hebrides (Anglo-French condominium)

Source: D.J. Morgan, The Official History of Colonial Development (London, 1980) v, 223-224

Falklands. In these colonies (as in the Falklands) the British Administrator had the power to overrule elected Ministers on matters of defence, international relations, the maintenance of law and order, the judiciary and public service under the existing constitutions. The Secretary of State could also veto legislation. In 1967 The West Indies Act granted associate statehood to Antigua, Saint Lucia, Saint Kitts/Nevis/Anguilla, Grenada, Dominica and Saint Vincent.[27] Each state achieved full internal self-government (including finance) while Britain retained responsibility for defence and external relations. Co-operation was essential. The state could terminate the association and opt for total independence provided at least two thirds of the electorate in a referendum voted in favour. Britain could unilaterally terminate the association by giving six months notice. The associated state would continue to share a common citizenship with the U.K. and Colonies.[28] This arrangement was also suitable for the Falklands because it would have preserved the Colony's separate identity while not diminishing the Islanders' close ties with Britain.

Associate statehood ceased to be attainable for the Falklands as a result of the Anguillan crisis which revealed its weaknesses. The 6,000 Anguillans, who feared domination by Saint Kitts, rebelled in 1967. The Government in Basseterre responded by declaring a state of emergency and cût all communications with Anguilla. In July the Anguillans formed an interim government and announced their intention to secede from Saint Kitts. The transfer of internal affairs restricted the British Government's manoeuvrability. It was unable to intervene militarily because the rebellion was an internal matter. The 1967 West Indies Act prevented Britain from passing legislation to

change the status of Anguilla without the consent of the Legislature of the associated state in Basseterre. The U.N. interpreted the issue as a colonial problem. In March 1968 the British Government refused clearance for a mission from the 'Committee of 24' (which was established in 1961 to consider how to implement decolonization) because it was not competent to examine the affairs of an Associated State.[29]

The British Government may have become disenchanted with seeking an alternative to colonial status for the Falklands because of the difficulties encountered in reaching an Anguillan settlement. In 1969 an Order in Council was passed, with the consent of the state government, which enabled a British Commissioner to be installed in Anguilla supported by paratroops and Metropolitan Police.[30] In 1980 Anguilla severed its links with the associated state and was reinstated as a British dependency.[31] The Conservative and Labour parties concluded that associate statehood had failed and would not be offered to other colonies. The options for constitutional change in the Falklands reverted to,

> ". . . the traditional one of either remaining in Colonial relationship, possibly with internal self-government, or opting for full independence."[32]

It is obviously difficult to examine the relationship between the Falklands and the Government's attempts to decolonize other small dependencies after 1945. However, it would appear the failure of three Government initiatives to revise the constitutional status of small colonies resulted in each colony being perceived as isolated and having unique problems. In the case of the Falklands the sovereignty dispute with Argentina was seen as the chief obstacle to progress. This

is an appropriate stage to consider how Argentina, during the period, aggravated the sovereignty dispute.

(B) THE FALKLANDS' SOVEREIGNTY DISPUTE, 1945 TO 1965

Juan Peron, who was elected President of Argentina in February 1946, used the Falklands' dispute to consolidate his regime since there was "no internal disagreement" about the justice of the claim.[33] It appears that the British Government did not judge Peron's strategy as a serious threat. In 1949 the Foreign Office informed the Prime Minister, before he dined with the Argentine Ambassador, that the issue of sovereignty was only raised sporadically and was not "active at the present."[34]

Argentina's first new post-war tactic was naval demonstrations which were mainly held in Antarctic waters. The Royal Navy's vast superiority over the Argentine Navy made the danger of a full-scale invasion remote. In 1954 Argentina only possessed four battleships - the most powerful of which was built in 1908. Britain had eighteen aircraft carriers.[35] However, Britain did not maintain a permanent naval presence near the Islands and was unable to respond rapidly to Argentine activities. Argentine incidents were intended to gain propaganda. In January 1948 Argentina held naval manoeuvres close to the Falklands after Britain had announced that five battleships would be scrapped. The Admiralty despatched H.M.S. 'Sheffield' to "show the flag."[36]

A second Argentine action was to exploit new international forums for publicity. In September 1947 Argentina raised the Falklands' issue during the preparation of the 'Inter-American Treaty of Reciprocal

Assistance' in Rio de Janeriro. As a result the area covered by the defence pact was widened to include the Colony and the Argentine and Chilean Antarctic claims stretching to the South Pole. The U.S.A. added a proviso to the Treaty which stated that existing European colonies would not be affected.[37] The U.N. General Assembly and Trusteeship Committee offered useful platforms to challenge British sovereignty and assert Argentina's "inalienable right over the Islas Malvinas."[38] Argentine representatives also co-ordinated their activities with Guatemala and Venezuela (which claimed British Honduras and the Essequibo region of British Guiana respectively).[39]

A third Argentine ploy was to take advantage of changes in the International Law of the Sea. In September 1945 President Truman established a precedent by annexing the subsoil and seabed of the continental shelf around the U.S.A. to a depth of 100 fathoms. The claim reflected the discovery of oil off the Californian coast and interest in the oil and gas resources of the Gulf of Mexico.[40] In October 1946 the Argentine Government annexed the continental shelf which surrounded the Falklands without defining its limits.[41] Argentina's additional claim to the fisheries above the continental shelf, although imitated by other Latin American states, was not widely accepted by the international community.[42]

The British Government initially refused to accept the annexation of a continental shelf by proclamation. In January 1949 the Law Officers of the Crown even questioned whether the International Court would recognize the right to sovereignty of the seabed in the Persian Gulf once drilling had established effective occupation.[43] In February 1948 Britain protested at the Chilean annexation of a

continental shelf which extended for 200 nautical miles from the coast without regard to the depth of the sea.[44] However, the need to regulate drilling for oil off Jamaica and the Bahamas led to Orders in Council in 1948 which incorporated the continental shelf within each colony's territorial limit. Similar Orders were also applied to British Honduras in 1950 and North Borneo, Sarawak and British Guiana in 1954.[45]

In 1946 the Colonial Office was concerned with how to respond to the Argentine action and reserving the region's natural resources for British exploitation. Carter commented that,

> ". . . there is the danger that by continually ignoring these Argentine pin-pricks we may weaken our legal position and there is also the possibility that should one day we discover oil deposits in the Colony we may want to secure sovereignty over the continental shelf surrounding the Colony."[46]

There were a few voices of dissension. Bennett thought the affair "pretty silly" and felt that, ". . . no practical harm would result if we took no notice of these South American antics."[47] Nevertheless, in December 1950 an Order in Council annexed the Falklands' continental shelf to a depth of 100 fathoms with a defined boundary on the west coast opposite Argentina.[48] A convention agreed at the 1958 Conference on the Law of the Sea in Geneva defined a continental shelf as stretching to a depth of 200 metres with sovereignty divided along a "line of equidistance" between adjacent states.[49]

Peron's fourth step was to pressurize Argentina's neighbours to cut their links with the Falklands. Latin American solidarity on the Falklands was weakened by Peron's interference in Chilean, Uruguayan and Brazilian affairs, rather than British counter measures to cultivate support. The Beagle Channel territorial dispute with Chile was aggravated by Argentine subversive activities. In June 1956 a report by

the Chamber of Deputies of the Chilean Parliament asserted that an organization had been established, ". . . for spreading the influence of Peronismo in Chile by means of Argentine and Chilean agents."[50] Uruguay had close historic ties with Britain and was suspicious of Peron's proposal to revive the Viceroyalty of the River Plate as a "Gran Argentina" under his leadership.[51] Argentina and Brazil competed for supremacy in Latin America. Argentina resented Brazil's warm relationship with the U.S.A. and its 'Manifest Destiny' to expand towards the Pacific at the expense of Spanish-speaking America.[52]

It seems that Latin American diplomatic support for Argentina's claim to the Falklands was only a formality of regional unity. In practice Chile, Uruguay and Brazil restrained Argentine pretensions and assisted Britain's de facto control of the Islands. Argentina's attempt to isolate the Falklands by imposing restrictions on travel was bypassed through links with Montevideo and Punta Arenas. Chile and Uruguay both maintained consuls in Port Stanley. In 1949 the Chilean consulship fell vacant. The Foreign Office advised the Colonial Office to find a suitable Islander candidate who could be recommended to the Chilean Government. It explained that the Chilean Government would,

> ". . . by accepting an exequatur . . . to some extent, officially recognize our sovereignty over the Falkland Islands."[53]

In January 1950 Governor Clifford proposed visiting Punta Arenas in May to examine a meat refrigeration plant. Vergara, the Chilean Foreign Minister, informed the British Ambassador in Santiago he had "no objection to a private visit" on the routine call by the 'Fitzroy' and said that the "Chileans would be charmed."[54] He added that Argentina was passing through a "phase of pathological sensitiveness."[55]

Peron occasionally used the Falklands as an excuse to strain relations with Argentina's neighbours in a blatant attempt to divert attention from internal difficulties. In October 1952 Argentina protested to Uruguay about an Anglo-Uruguayan Air Navigation Agreement signed in 1947 (which authorized direct flights between Montevideo and Port Stanley), the existence of an Uruguayan consul to the Falklands, and Uruguay's ambiguous stance on the sovereignty dispute.[56] The complaints were manufactured at a time of economic troubles and repression in Argentina while groups of exiles were feared to be plotting Peron's overthrow. Relations soured and Argentina cut all links across the River Plate. The Uruguayan Government agreed with the Foreign Office view that,

> "In using the Falkland Islands as the basis for their protest they appear to have decided to brave the risk of ridicule inherent in raking up the terms of an agreement five years old; and in complaining about a consular appointment far older still."[57]

Brazil treated Argentina with distrust. In August 1956 the new Argentine regime suggested the formation of a South Atlantic Treaty Organization to Brazil and Uruguay. The British Foreign Office was uncertain whether it was just rhetoric or a response to the Soviet plan to establish an Antarctic base close to the Drake Passage.[58] Nevertheless, the Brazilians gave Britain an assurance that,

> ". . . they are determined to confine discussion to S. Atlantic Defence within the framework of the Inter-American Defence Board - they are not prepared to consider the Falkland Islands or F.I.D.S.".[59]

Anglo-Argentine relations improved after Peron was toppled by a military coup in September 1955. The Royal Navy resumed visits by ships to Argentine ports other than Buenos Aires (to avoid publicity). The guardship H.M.S. 'Protector' continued to defend the Falklands. The

Admiralty also ensured that a frigate was posted south of the equator during the southern winter when H.M.S. 'Protector' returned to Britain. The frigate was required to pay frequent visits to the Falklands and "should at no time be more than 14 days away."[60] In March 1957 the Argentine Government's claim was re-asserted by the establishment of "The National Territory of Tierra del Fuego, the Antarctic and the islands of the South Atlantic" with an administrative capital at Ushuaia.[61]

Peron's campaign to intensify the sovereignty dispute did not seem to achieve any obvious concessions from Britain. However, it had some influence on world opinion and the British Government's perception of the Falklands. This study would not be complete without considering the Falklands' dispute in the context of Anglo-Argentine trade relations.

(C) ANGLO-ARGENTINE TRADE RELATIONS

The British Government did not appear to have made a systematic reappraisal of the Falklands' strategic value before the mid-1960s. In 1956 the British Ambassador to Buenos Aires said that,

> "Argentina's claim to sovereignty over the Falkland Islands and the Antarctic is the most important single political factor and irritant in Anglo-Argentine relations."[62]

The Ambassador believed that the Islands remained vital to the Royal Navy for the protection of merchant shipping. He claimed that,

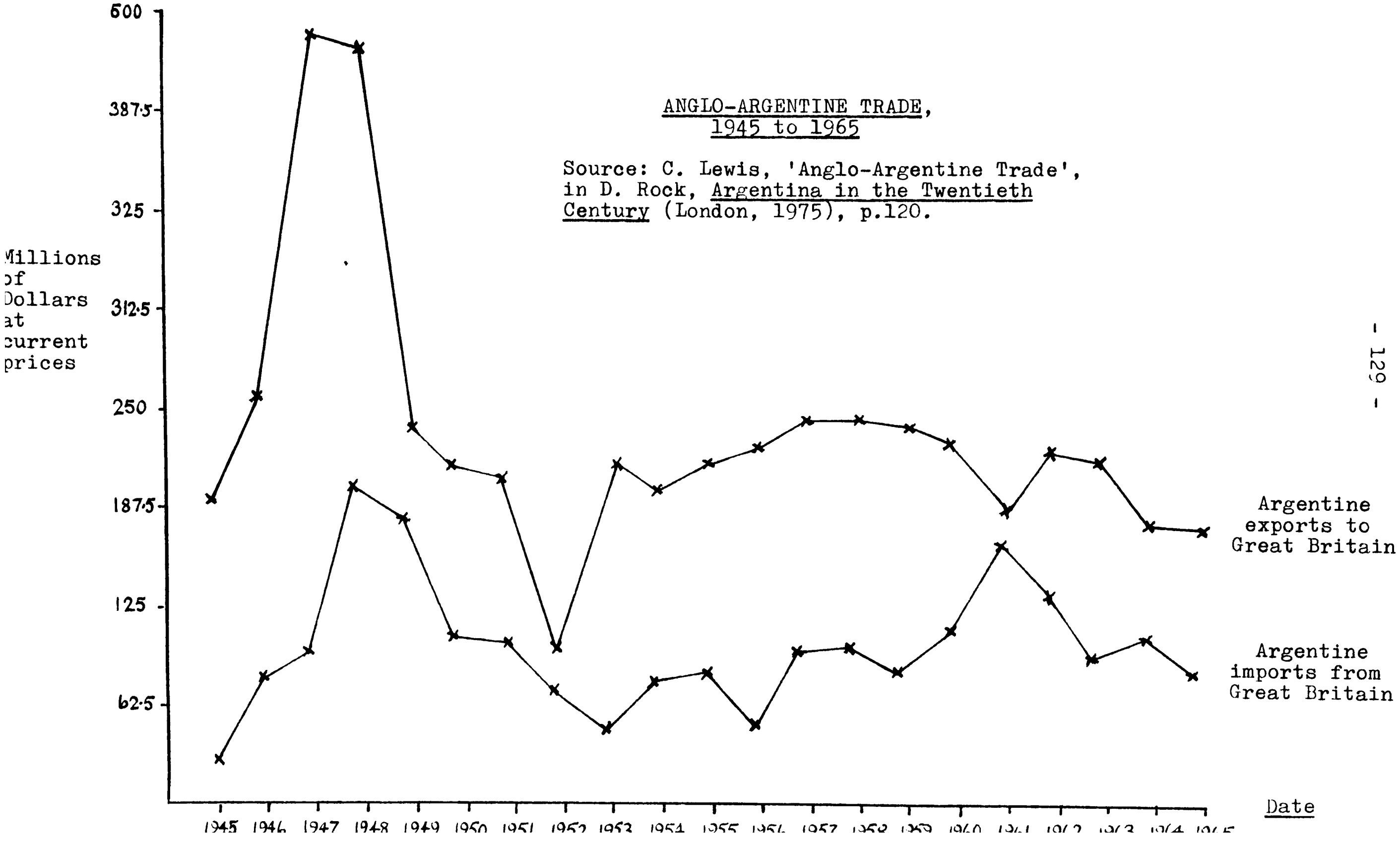
> "Even were there no other reason for retaining the Falkland Islands, our trade with the River Plate area makes their retention essential as a base in time of war."[63]

This is indicatative of Britain's unaltered imperial role as a major power concerned with defending its global interests. There was a

continued decline in Anglo-Argentine commerce during the period from 1945 to 1965. The aim of this subsection is to explain why it occurred.

The diagram on page 129 illustrates the consistent British trade deficit with Argentina before 1965. There was also a gradual decline in real terms. In 1947 the total value of Argentine exports to Britain was £130,570,199, while Britain exported £34,980,377 to Argentina.[64] In 1965 Argentine exports to Britain were valued at £71,463,954 (over 80 percent consisted of food and live animals). British exports to Argentina were worth £27,498,194 (just under 75 percent was composed of machinery, transport equipment and manufactured goods).[65] The British share of Argentine imports fell from an average of 22 percent between 1935 and 1939 to 7.4 percent in 1954, while the British share of Argentine exports fell from 33.1 percent to 18.1 percent.[66] By the mid-1960s the U.S.A., West Germany and Italy had contributed a larger proportion of Argentina's imports than Britain. In 1965 Italy and Holland were the leading markets for Argentine exports. Britain's pre-war role as Argentina's major commercial partner had been "irretrievably lost."[67]

The Argentine Government's nationalization of the British owned railways in 1947 was an important factor in the decline of trade. Argentina gained control of 30,000 kilometres of railway. Half the rolling stock was manufactured before 1914 and much was in disrepair. The purchase price of £150 million slightly exceeded the value of the blocked sterling balances (accumulated during the war in exchange for meat supplies). The ownership of the railways, as a symbol of foreign domination, was an aspiration of Argentine nationalists. The sale, therefore, strengthened Peron's popularity. The Americans had also been



ANGLO-ARGENTINE TRADE,
1945 to 1965

Source: C. Lewis, 'Anglo-Argentine Trade', in D. Rock, Argentina in the Twentieth Century (London, 1975), p.120.

anxious that the blocked stirling balances should not be used to fund British exports which would have reversed their post-war inroads into the Argentine market.[68]

The British owned railway companies had had a tendency to purchase British exports. The companies spent approximately £70 million on stores and equipment between 1924 and 1934 - a period of railway renewal and expansion - which almost entirely consisted of orders placed in Britain.[69] Before 1940 Britain supplied from 65 to 75 percent of Argentina's coal imports. Coal represented about one-tenth of Britain's total trade with Argentina. The railway companies accounted for over a half of the total coal imported from Britain. The trade was terminated by the Second World War and the nationalization of the railways. In 1946 and the first half of 1947 the U.S.A. and South Africa supplied 95 percent of Argentina's coal requirements.[70]

The industrialization of Argentina also contributed to the decline in Anglo-Argentine trade. It was stimulated by war-time shortages, exchange difficulties and government support. Import substitution was reflected in a nearly 70 percent fall in the importation of consumer goods, and a rise by about 28 percent in the importation of capital goods, between 1930/1934 and 1950/1954.[71] The preoccupation with Argentine industrial expansion devastated the traditional export of meat to Britain. The rise in Argentine domestic real incomes increased local demand for meat which reduced the exportable surplus. The quantity of cattle slaughtered remained fairly constant at 2 million tons between 1949 and 1955, apart from a drop to 1.7 million tons in 1953. The fall in meat exports was exacerbated by a drought and Government policies which made investment in agriculture

less attractive. In July 1948 Argentina signed an agreement to supply Britain with 300,000 tons of meat in the first year, which would rise to 400,000 tons over the next four years. However, Argentina's total meat exports fell from 684,000 tons in 1948 to 294,000 tons in 1952. In July 1950 meat exports to Britain were suspended. Shipments resumed in August 1951 at a reduced annual rate of 200,000 tons.[72]

A number of minor factors contributed to the fall in commerce. The deterioration of Argentine transport impaired the ability to export. By the mid-1950s 30 percent of Argentina's locomotives were out of service undergoing repairs instead of the normal level of 10 percent. British factors included the balance of payments crisis, the need to re-establish basic industry in Britain and the concentration on markets in Europe and the Commonwealth. European and Japanese rivals were firmly entrenched in the Argentine market by the early 1960s when British interest in Latin America revived.[73]

The decrease in Anglo-Argentine trade was structural and irreversible. It seems that the Falklands were not a factor. Even a resolution of the dispute could not have restored the complementary economic relationship. An authoritative study concluded that,

> "Whether Britain alone could have exerted more effort to maintain the old relationship is debatable. The answer is probably in the negative."[74]

Peron's intensification of the sovereignty dispute would seem to have been a symptom rather than a cause of the fall in trade. The third element to consider in this review of the Falklands' question is the Antarctic dimension.

(D) THE ANTARCTIC DIMENSION, 1945 TO 1962

There are four points which relate Antarctica to the Falklands. First, the Argentine expansion into the Falkland Islands Dependencies represented an extension of the Falklands' dispute. It was treated by Argentina as the soft underbelly of the British position in the South West Atlantic. Secondly, the decision by the Government to establish permanent bases in the Dependencies reinforced Britain's presence in the region. Thirdly, there is the issue of why Britain supported a compromise on the status of Antarctica and decided to separate the Falklands from most of its Dependencies. Finally, there were consequences for the Falklands in how Britain secured its position in Antarctica.

Peron's strategy of "saturating" the Dependencies was intended to undermine effective occupation by Britain.[75] There was clearly a mutual desire to avoid armed conflict. Argentine naval demonstrations resulted in shadow boxing with the Royal Navy. In February 1948 two Argentine cruisers and six destroyers held manoeuvres off Deception Island in the South Shetland Islands.[76] Nevertheless, subsequent encounters with British vessels remained cordial.[77] The most serious incident occurred in February 1952 at Hope Bay (in Graham Land) when Argentine personnel used machine-gun fire to deter the re-establishment of a British base.[78] Clifford considered that the action "presumably constitutes [an] act of war" and sailed to Hope Bay on board H.M.S. 'Burghead Bay' to prevent further Argentine interference.[79] The first Argentine bases were established on Gamma Island (in the Palmer Archipelago) in March 1947 and Deception Island in January 1948.[80] By 1956 Argentina possessed eight bases supplemented by refuges and

navigation lights. Chile built four bases, including one on Deception Island.[81] The March 1948 Donoso-La Rosa declaration formalized Argentina's co-operation with Chile to protect their territorial claims between longitudes 25° W. and 90° W.. The historic rivalry between Argentina and Chile prevented an agreement to partition their overlapping claims.[82]

The British position was consolidated in response to Argentine and Chilean encroachments. In July 1945 Operation Tabarin was reorganized as the civilian Falkland Islands Dependencies Survey (F.I.D.S.).[83] Funding was transferred from the Admiralty to the Colonial and Middle Eastern Services Vote and the Dependencies (each contributed £55,000 in 1946/1947).[84] The map on page 134 illustrates how additional bases to the original stations on Deception Island, Port Lockroy and Hope Bay were scattered across the Dependencies by 1947.[85] On 25 September 1947 the Cabinet reappraised its 1943 decision to establish a permanent presence in Antarctica. Although the minutes of the meeting remain closed the conclusions can be deduced from Colonial Office records.[86] The main recommendation appears to have been that,

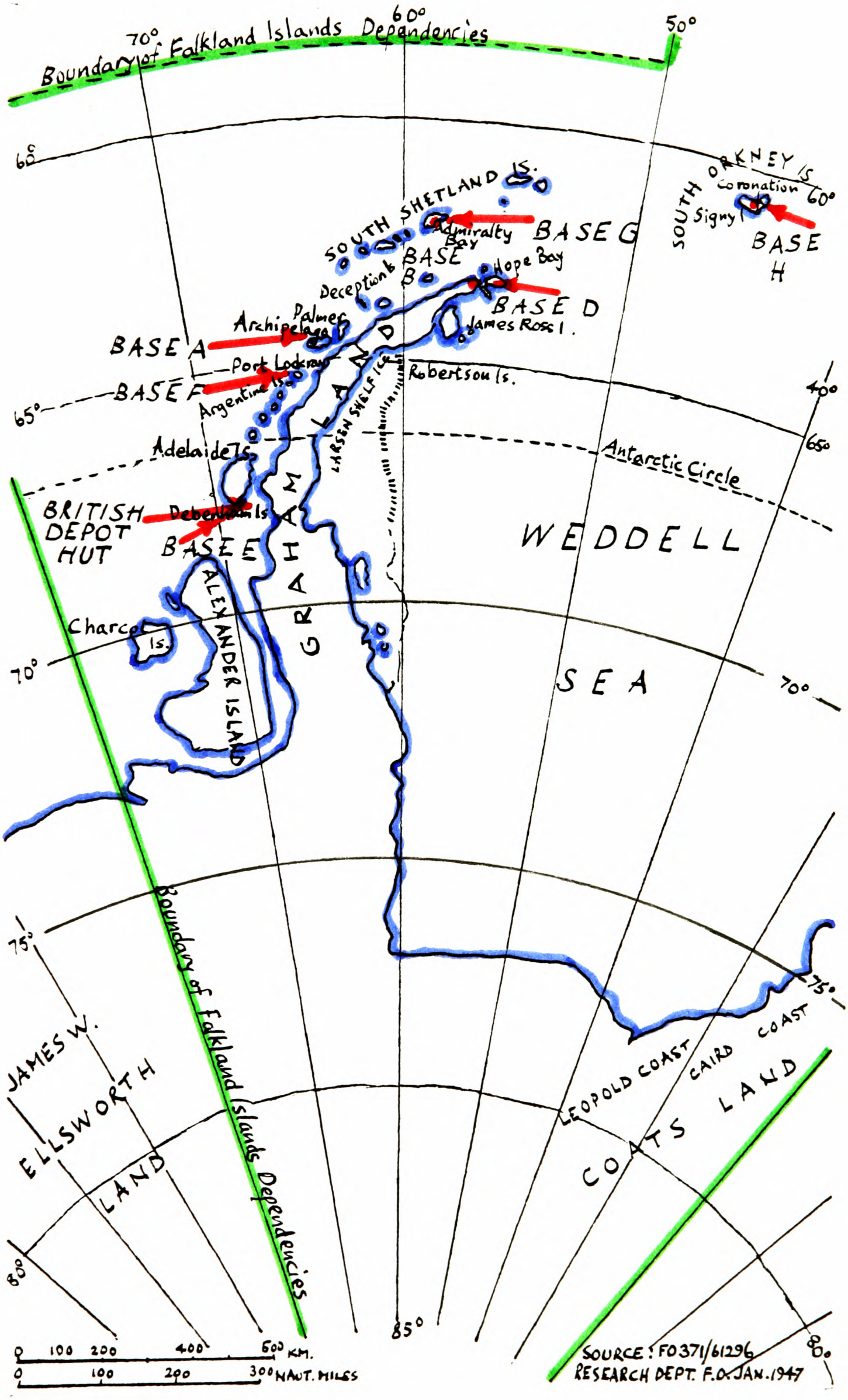
> "Her Majesty's Government should continue to maintain their title to the Falkland Islands Dependencies, and approved the continuation of the war-time policy of maintaining posts in the Dependencies."[87]

It is ironic that while Britain faced a serious financial crisis, and was in the process of withdrawing huge forces from the Indian sub-continent, it should decide to divert limited, scarce resources to Antarctica.

The Government was concerned to avoid a military confrontation. In January 1949 Britain, Argentina and Chile issued the

BASES OF THE FALKLAND ISLANDS DEPENDENCIES SURVEY 1947

Base A: Port Lockroy
D: Hope Bay
E: Debenham Island
F: Argentine Islands
G: Admiralty Bay
H: Signy Island



first of an annual Tripartite Declaration which stated that they did not forsee any need to send warships south of latitude 60° S., apart from routine movements.[88] Nevertheless, the British were not averse to the use of force. In February 1953 they deported two Argentines and dismantled a hut on Deception Island which was erected close to an occupied British base.[89]

The British Government was keen to resolve the issue of sovereignty in the Falkland Islands Dependencies. Nevertheless, it remained interested in upholding Britain's title. In December 1947, April 1951 and February 1953 Britain invited Argentina and Chile to accept the jurisdiction of the International Court of Justice in The Hague. In December 1954 Argentina and Chile also rejected an invitation to refer the dispute to an independent ad hoc arbitral tribunal.[90] In December 1947 Clifford suggested granting Argentina and Chile Antarctic territory on long leases which would enable scientific collaboration.[91] On 8 January and 21 June 1948 the Cabinet issued directives which recommended negotiations with Argentina and Chile to partition the Dependencies. This policy was revised on 22 July 1948 when the Cabinet endorsed an American proposal to create an eight power administration for Antarctica. On 9 August 1948 the U.S. Government issued a formal invitation to the seven claimant countries (Britain, Argentina, Chile, France, Norway, Australiá and New Zealand) to form an international regime.[92] At the height of the Cold War the U.S.A. was concerned about friction between its allies and wanted to obstruct any Soviet attempt to become a territorial claimant.[93]

The possibility of territorial compromise raised the question of which areas should be retained. Clifford saw the issue from a Falkland perspective. He recommended the incorporation of,

> "South Georgia and the excepted units, whichever they may be, as an integral part of the Falkland Islands administration; I want the whaling revenues for the latter for it would solve most of the Colony's material problems."[94]

In 1949 the revenue of the Falkland Islands Dependencies Government was £218,917. The revenue of the Falkland Government was £169,811.[95] Clifford also believed that Deception Island was important as a,

> ". . . strategic centre for the entire area; it has an excellent harbour with watering facilities."[96]

Government departments disagreed about whether to disperse or concentrate resources. The conflict of perspectives was illustrated by the 1955/1958 Commonwealth Trans-Antarctic Expedition, led by Vivian Fuchs, which crossed the continent from Stonington Island in the Falkland Islands Dependencies to the coast of the Ross Dependency. The Foreign Office wanted to consolidate specific areas prior to a territorial compromise. It considered that the expedition would,

". . . do little to buttress our worsening juridical position in Antarctica."[97] The Colonial Office was interested in exploration and the economic potential of the Dependencies. It argued that the project would cause,

> ". . . such an upsurge of interest and enthusiasm that H.M. Government will find themselves, whether they like it or not, pursuing . . . a forward and expansive policy in the British sector."[98]

The expedition gained Cabinet approval on 29 July 1954.[99]

The 1957/1958 International Geophysical Year (I.G.Y.) acted as a stimulus for the internationalization of Antarctica. The July 1955 Paris Conference agreed that Antarctic claims should be temporarily

suspended. In September 1957 the Scientific Committee on Antarctic Research (S.C.A.R.) was formed, with representatives from each country active in Antarctica, to co-ordinate operations.[100] Twelve countries (the seven claimant states, Belgium, South Africa, Japan, the Soviet Union and the U.S.A.) then collaborated in a research programme which involved over 5,000 scientists in 55 bases.[101] In February 1958 Prime Minister Harold Macmillan consulted his Australian and New Zealand counterparts and agreed that the principles of any settlement should include free trade in scientific research and a prohibition on military activities. In May the U.S. Government invited the other eleven states involved in the Antarctic I.G.Y. to negotiate a treaty.[102] Sixty preparatory sessions were then held to agree a framework for the October 1959 Washington Conference. The British representative arranged private talks with Argentina and Chile to overcome their stalemate. The Soviets were the chief obstacle due to their suspicion of American motives.[103]

The Antarctic Treaty was signed in December 1959, five months before the U-2 spy plane incident precipitated the end of American/Soviet detente.[104] The Treaty, which came into force in June 1961, had five main conditions. First, new actions could not be used to assert or support sovereignty claims. Secondly, the Treaty did not have a terminal date. Any consultative member could call a review conference after thirty years (1991), with changes requiring majority support. Thirdly, Antarctica was restricted to peaceful purposes. Military activities and the disposal of nuclear waste were forbidden. Fourthly, scientific programmes should be announced and information exchanged. Finally, observers were to have a right to inspect the stations, ships and equipment of other countries.[105]

The Falklands were not directly affected by the Treaty because Britain's level of participation in Antarctic affairs remained constant. In 1962 the British Government issued Statutory Instruments which separated the Falkland Islands Dependencies south of latitude 60° S. to conform with the Treaty's suspension of territorial claims. A High Commissioner, who was also the Governor of the Falklands, was appointed to administer the British Antarctic Territory (B.A.T.). The F.I.D.S. was renamed the British Antarctic Survey (B.A.S.). South Georgia and the South Sandwich Islands remained Falkland Dependencies.[106] The function of the B.A.S., which was administered by the Natural Environment Research Council from 1967, was restricted to scientific research.[107] However, it can be seen as a kind of political instrument for the British Government to maintain both a physical presence and a local administration in the B.A.T..[108]

There were a number of differences which explain why an agreement was reached on Antarctica and not the Falklands. First, the sovereignty of the Falklands was complicated by a settler population, whereas Antarctica was uninhabited. Secondly, Antarctica was not considered an economic asset. The Falklands and South Georgia supported profitable sheep farming and whaling enterprises and had the potential for further development. Thirdly, Antarctica had little strategic value. In 1948 the Commánder-in-Chief of the America and West Indies station commented that,

> "I can discover no strategic interest in the whole area other than a possible 'hide-out' for commerce raiders, and then probably only during six weeks of the year."[109]

His single reservation was that,

"I would listen to no arguments whatever and hold on to the Falkland Islands and South Georgia at all cost, even to the extent of war."[110]

A fourth difference was that Britain's title to the Falklands was relatively stronger compared with the Dependencies. In March 1947 the Law Officers of the Crown concluded that Britain had only acquired a sustainable claim to the sovereignty of South Georgia, the South Shetlands, Signy Island and the actual areas of settlement in the Grahamland.[111] Finally, Britain was under pressure to reach a compromise because the U.S.A. did not recognize Antarctic territorial claims and had reserved its own position. Finn Ronne's semi-official 1946/1948 expedition to Marguerite Bay led to friction with the British. A dispute arising from the British use of an American toilet close to a F.I.D.S. base symbolized the sensitivity of the sovereignty issue in Anglo-American relations.[112]

A certain pattern becomes clear from this study of the Falklands' question in the international context. By 1965 the Islands were isolated as a British outpost in both a political and geographical sense. The colonial status of the Falklands was recognized as an anachronism by the British Government and world opinion. The Argentine Government's intensification of the sovereignty dispute appears to have been a pragmatic exploitation of anti-colonial sentiments which also reflected weaker Anglo-Argentine ties. Finally, the conflict in Antarctica, which was (temporarily) resolved by the 1959 Antarctic Treaty, diverted attention from the Falklands. A reappraisal of Britain's role in international affairs was an inevitable consequence of the retreat from empire. When it occurred, how did the Government perceive the value of the Falklands?

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CHAPTER FIVE: THE 1968 SOVEREIGNTY CRISIS AND THE BIRTH OF THE FALKLAND LOBBY

In January 1966 Michael Stewart, the Foreign Secretary, reiterated that the Government did "not consider" British sovereignty over the Falklands was "negotiable."[1] This policy was revised by July 1966 when a senior Foreign Office diplomat and an Argentine embassy official began confidential talks. The British initially proposed a 'sovereignty freeze' for a minimum of 30 years to allow for the normalization of relations between the Colony and Argentina. At the end of the period the Islanders would be free to choose British or Argentine rule. In March 1967, during George Brown's tenure as Foreign Secretary (August 1966 to March 1968), the Government stated for the first time that it was prepared to cede sovereignty provided the wishes of the Islanders were respected.[2] In September 1967 Brown and the Argentine Foreign Minister, Nicanor Costa Méndez, held talks in New York.[3] A 'Memorandum of Understanding' was agreed in August 1968. It said that the Falklands would be transferred once an agreement was reached on how the promised Argentine "safeguards and guarantees" would be able to secure the Islanders' interests.[4] The publication of the Memorandum was to be accompanied by a unilateral British statement that the handover should only take place if it were acceptable to the Islanders.[5]

This chapter will consider why the Government's policy towards the Falklands changed in 1966. It will then examine the Falkland Lobby's formation and campaign which forced the Government to abandon the Memorandum in December 1968.

(A) BACKGROUND TO THE SECRET ANGLO-ARGENTINE SOVEREIGNTY TALKS

The evidence so far suggests that the primary factor in the Government's decision to explore the possibility of reaching a modus vivendi with Argentina was pressure from the United Nations. Argentina won a diplomatic triumph in combining its claim to the Falklands with the cause of anti-colonialism. In December 1965 the U.N. General Assembly passed resolution 2065 (xx) which invited the British and Argentine Governments to "proceed without delay" in finding a, "peaceful solution to the problem," bearing in mind resolution 1514 (xv) of December 1960 and the "interests" of the Falklanders.[6] There were 94 votes to none in favour with only 14 abstentions (including not a single black African state).[7] The General Assembly repeated the request for the "elimination" of "this colonial situation" in 1966 and 1967.[8]

The debate which preceded the resolution concentrated on the conflicting principles of territorial integrity and self-determination. The Argentine representative emphasized events in the 1830s but promised to, "bear well in mind the welfare and the material interests," of the Islanders.[9] On 3 August 1964 the Colony's Legislative Council sent a statement to the U.N.. It declared that,

> "We wish to retain and strengthen our link with the United Kingdom and to state in the strongest possible terms that any constitutional association with a foreign power would be completely repugnant to us."[10]

Lord Caradon, a Foreign Office Minister, said that, "The interests of these inhabitants are paramount."[11]

During the 1960s Argentina complemented the effectiveness of U.N. entreaties by a campaign to publicize its claim. In 1966 the Argentine Government declared a 'Malvinas Day' and established the

'Instituto y Museo Nacional de las Islas Malvinas y Adjacencias' under the Ministry of Foreign Affairs, "to stimulate the national conscience," for the return of the Falklands.[12] The actions of some private individuals were disowned by the Government. In September 1964 an Argentine pilot landed his Cessna aeroplane in the Falklands to, "ratify Argentine sovereignty in the archipelago."[13] In September 1966 twenty nationalists of the New Argentina Movement hijacked an airliner and forced it to land on Stanley racecourse. President Ongania denounced 'Operation Condor', as the incident was called, as an "act of piracy."[14] A visit by Prince Philip to Buenos Aires during Argentina's 150th anniversary celebrations was marred by shots fired at the British Embassy and by anti-British demonstrations.[15]

A second major factor in the Government's decision to contemplate transferring the Falklands was an exports drive to improve trade with Latin America. An economic crisis in 1966 forced the Wilson Government to impose strict deflationary measures to avoid a devaluation of sterling. An exports drive would improve Britain's balance of payments. In 1966 Britain sold 24.5 percent of its exports in the less developed countries. The European Economic Community came second with 19.2 percent.[16] Latin America was relatively unimportant to British trade. In 1967 the value of British exports to Argentina, Latin America and the whole world were roughly in the proportions 1 / 6 / 200 (£24,859,046 / £157,060,113 / £5,028,759,823) respectively. The value of British imports from Argentina, Latin America and the whole world were roughly in the proportions 23 / 60 / 1300 (£72,136,388 / £292,332,690 / £6,434,118,245). Argentina exported more to Britain than

any other South American state and was second only to Mexico in imports.[17]

In January 1966 Michael Stewart became the first British Foreign Secretary to visit Latin America. Since Argentina was the most important trading partner the removal of obstacles to better relations, such as the Falklands' dispute, was important.[18] An official Argentine communiqué was released after Michael Stewart met President Illia. It stated that the talks recommended by the U.N.,

> ". . . should be pursued without delay through diplomatic channels . . . with the purpose of finding a peaceful solution to the problem and to prevent this question affecting the excellent relations existing between Argentina and the United Kingdom."[19]

Some British commercial interests appealed for a resolution of the dispute. In March 1966 Sir George Bolton, chairman of the Bank of London and South America, addressed a meeting of the English Speaking Union at which he described the Falklands' dispute as a "running sore" and called for the establishment of an Anglo-Argentine condominium in the Islands.[20] In July the Colony's Executive Council protested to the Secretary of State for Colonies. The Governor believed that the speech was the,

> ". . . first occasion that we had heard a member of a British organization . . . advocating the desirability of Britain relinquishing her claim in favour of Argentina."[21]

The Government remained sensitive to the views of the 20,000 strong Anglo-Argentine community. In 1967 the Commonwealth Parliamentary Association (C.P.A.) visit to the Falklands was, "ordered by the Government to go to Buenos Aires and stay with the ambassador," so that the Parliamentarians understood the commercial importance and perspective of the British expatriates.[22]

A third major factor in the Government's decision to consider transferring the Falklands was the reappraisal of Britain's defence policy to bring commitments into line with capability. The Wilson Government reluctantly disavowed Britain's role as a world power between February 1966 and January 1968. In November 1964 the Cabinet provisionally decided to reduce the defence budget planned for 1969/1970 from £2,400 million to £2,000 million at constant prices.[23] The February 1966 review announced the end of maintaining an aircraft carrier east of Suez since the landing, or withdrawal, of troops, "against sophisticated opposition outside the range of land-based air cover," was considered unrealistic without allied support.[24] The July 1966 economic crisis placed withdrawal from east of Suez on, "the official agenda."[25] The 1967 White Paper included further retrenchments, such as the withdrawal of the Commander-in-Chief South Atlantic and the frigate based at Simonstown.[26] In April 1967 the Government decided in principle to reduce forces in the Far East to about half during 1970/1971, and to withdraw them altogether by the mid-1970s.[27]

In November 1967 the worsening economic position, with the devaluation of sterling, led to the final decision. In December Harold Wilson announced a further stringent review to divert resources to exports. In January 1968 he declared that British forces would be withdrawn from the Far East and Persian Gulf by the end of 1971 with no special capability for operations in this area.[28] The value of the Falklands as a base to protect British global interests ceased. The White Paper clarified that,

"Britain's defence forces, apart from those needed to meet certain residual obligations to dependent territories . . . should by the end of 1971 be concentrated in Europe."[29]

The Falklands were now perceived as a liability.

Britain's diminished defence capability increased the military threat from Argentina. In March 1965 the Joint Intelligence Committee considered that the danger of an assault was unlikely. Nevertheless, the Argentine Government's attitude might rapidly change if an unofficial raiding party established a presence in the Falklands. A Royal Marine detachment was stationed outside Stanley. It was increased to platoon strength with an S.R.N. 6 hovercraft after the September 1966 hijacking. In November 1966 the Secretaries of State at the Foreign and Colonial Offices warned the Defence and Overseas Policy Committee that Argentina could easily occupy the Islands by force.[30] It was revealed over twenty years later that the Argentine Navy had sent a submarine to the Falklands in October 1966 on a secret mission to reconnoitre beaches for a full scale invasion.[31]

A minor factor which influenced the Government's decision was the economy of the Islands. It seemed that the Falklands would become a grant in aid colony at a time of British economic austerity. The average price of Falkland wool sold fell from 43.17 pence per lb. in 1966 to 40.83p per lb. in 1967.[32] The Falkland Government's total revenue in 1966/1967 was £414,695 compared to a total expenditure of £511,094 - a deficit of £96,399.[33] The increasing use of artificial fibres by the textile industry, instead of wool, made the future of the Colony questionable without subsidies.[34] The whaling industry based on South Georgia ended in December 1965 when the Japanese companies which leased Grytviken and Leith Harbour ceased their operations.[35] An

economic survey of the Falklands concluded in October 1967 that the economy was precarious. It added that,

"It is not too much to say that it is the whole future of the Colony that is now at stake."[36]

It is debatable whether the Government would have overruled the Falklanders' claim to self-determination. The Government's selective application of the principle in the cases of Gibraltar and Diago Garcia show a pragmatic assessment of each territory's value compared to the benefits of disregarding the inhabitants' wishes. Gibraltar paralleled the Falklands as a disputed territory with a European population. They were dissimilar in that Gibraltar was an important military base. In October 1964 the U.N. 'Committee of 24' adopted a "Consensus" inviting Britain and Spain to reach a "negotiated solution" which decolonized Gibraltar while bearing in mind the interests of the Gibraltarians.[37] The Spanish applied further pressure by imposing restrictions on communications with Gibraltar and demanded in February 1965 that the Colony's Legislative and Executive Councils be dissolved. The British Government pursued an unequivocal policy. A referendum on the Gibraltarians' wishes was followed in May 1969 by an Order in Council which added the right of self-determination to Gibraltar's constitution.[38] In stark contrast the wishes of the 1,800 Ilois inhabitants of Diago Garcia were ignored. In April 1965 the Secretary of State offered Mauritius independence on the condition that the Chagos Archipelago (including Diago Garcia) remained British. In December 1966 Diago Garcia was leased to the U.S.A. and the Ilois were systematically deported to Mauritius without compensation.[39] British public opinion would probably not have tolerated the forced repatriation

of the Falklanders. Ted Rowlands, a Foreign Office Minister in the mid-1970s, recollected a decade later that repatriation was an option only to be considered as a last resort.[40]

At the same time that the Government's policy towards the Falklands changed there arose a new pressure group which represented the wishes of the Islanders. The Falkland Lobby was to become an important restraint on the Government which was contemplating a transfer of the Islands' sovereignty to Argentina.

(B) BIRTH OF THE FALKLAND LOBBY

The development of representative government in the Colony played an important role in legitimizing the Lobby's campaign. A new constitution was introduced by an Order in Council in September 1964 which gave both the Executive and Legislative Councils clear unofficial majorities. The Executive Council was composed of the Governor, two ex-officio members (the Colonial Secretary and Colonial Treasurer), two unofficial appointed members and two elected members (chosen by the unofficial members of the Legislative Council). The Legislative Council consisted of the Governor, two ex-officio members, four elected members and two nominated independent members.[41]

As the sovereignty talks progressed the Colony's Executive Council was sworn to an oath of secrecy and shown early drafts of the Memorandum.[42] It has been suggested that Sir Cosmo Haskard, the Governor of the Falklands, "went native" in his support for the Islanders.[43] In September 1966 Haskard travelled to London for consultations. He met the Secretary of State for Colonies on four occasions, a Foreign Office Minister, the British Ambassadors to

Montevideo and Buenos Aires and prominent members of the Colony's sheep farming industry. Haskard reminded the Government that the Islanders', ". . . robustly pro-British sentiments came from the heart."[44] In March 1967 the United Kingdom Branch of the C.P.A. sent a delegation, composed of the Labour M.P. Clifford Kenyon and the Conservative M.P. Cyril Osborne, to the Falklands so that Parliament would be better informed.[45]

The Islanders were apprehensive that the secret talks would result in a fait accompli. On 27 February 1968 the unofficial members of the Executive Council - Arthur G. Barton, Dick Goss, Sydney Miller and G. C. R. Bonner - wrote to every M.P. and the national press. They were assisted by the official members of the Executive Council.[46] The letter began,

"ARE YOU AWARE THAT -

Negotiations are now proceeding between the British and Argentine Governments which may result at any moment in the handing-over of the Falkland Islands to The Argentine."

"TAKE NOTE THAT -

The Inhabitants of the Islands have never yet been consulted regarding their future - they do NOT want to become Argentines - they are as British as you are, mostly of English and Scottish ancestry, even to the 6th generation - five out of six were born in the Islands - many elderly people have never been elsewhere - there is no racial problem - no unemployment - no poverty, AND WE ARE NOT IN DEBT."[47]

The manifesto finished with an appeal for help.

The Falkland Lobby was launched by Arthur Barton who visited Britain to publicize the Islanders' cause. Barton was a former Colonial Manager and Local Director of the F.I.C. who had settled in the Falklands in 1920 and married into one of the oldest pioneering families.[48] Frank Mitchell, the Company Secretary of the F.I.C. in London, arranged interviews with the media and parliamentarians.[49] Barton later commented on a B.B.C. World Service programme that,

". . . the response has been absolutely staggering . . . wonderful support. It has really brought this matter out into the open."[50]

A Parliamentary debate began on the Government's policy towards the Falklands at 6.44 a.m. on 26 March. The night before Barton had addressed a meeting of the U.K. Branch of the C.P.A.. The most prominent speakers in the debate were the Conservative back-benchers John Biggs-Davison, Michael Clark Hutchison and Bernard Braine and the Labour M.P. Clifford Kenyon.[51] It seems that the emergent lobby was motivated by a combination of imperial nostalgia, a sense of obligation to people who wished to remain British, and resentment against the United Nations for appearing to ignore the wishes of peoples in the interests of decolonization - as in Dutch New Guinea, for example. Dr. Clive Christie succinctly concluded that, "'Honour' rather than national interest was at the root of the Falklands Lobby's position."[52]

The Foreign Secretary gave three reasons to justify the sovereignty talks. The Government was fulfilling a U.N. resolution. It wanted to improve communications between the Islands and the mainland. Finally, Argentina had commercial importance. He stressed that the Islanders' interests (but not necessarily their wishes) would be respected, ". . . our duty [is] also - again in their interests - to get a satisfactory agreement."[53] On 27 March Lord Chalfont, a Foreign Office Minister, reiterated this ambiguous policy,

". . . we regard the wishes of the Islanders as being of great importance . . . in all this we shall regard their interests as paramount."[54]

The Falkland Lobby was formalized on 25 March by the formation in London of the Falkland Islands Emergency Committee. It was instigated by Bill Hunter Christie, a barrister at Lincoln's Inn.

Christie was the Third Secretary at the British Embassy in Buenos Aires between 1946 and 1948. He developed an interest in the Falklands and subsequently wrote an authoritative history of Antarctica. He said in 1987 that his dedication to the Falkland cause could be explained by a reference made by Lord Shackleton a decade earlier. It was thought that the Falklands could be the moral making of Britain in both a physical sense (through economic development which would revive a pioneer instinct) and the reversal of Britain's decline by upholding principles. Christie was warned by Captain R. R. S. Pennefather, an Admiralty official who had frequently visited the Falklands during the Second World War, that George Brown had proposed to sell the Islands to Argentina. Christie approached Patrick Ainslie, the Chairman of the F.I.C., and suggested calling a meeting of interested individuals.[55]

On 25 March a meeting was held at the F.I.C.'s London office to consider the manifesto sent by the unofficial members of the Executive Council. It was attended by the Directors of the F.I.C., Barton, Mitchell, Christie, Professor Metford of Bristol University, Dr. Robin of the Scott Polar Research Institute, Falkland landowners and farm managers, and the Labour M.P. Clifford Kenyon and the Conservative M.P. John Smith. A committee was formed composed of Sir John D. Barlow, Bt., (a Director of the F.I.C. and former M.P.), Barton, Christie, Kenyon, Smith and Norman Cameron. Christie persuaded the meeting that the Committee should not be partisan (despite overwhelming Tory support) and should have Labour and Liberal representation. Mitchell was appointed Secretary and Sir John Barlow Chairman.[56] In an interview twenty years later, Mitchell denied the suggestion that the F.I.C. promised to finance the committee since the only expenses were postage

and stationery while he carried out 95 percent of the administrative work in a personal capacity.[57] Christie considered that there was, ". . . a clear majority on the Committee of people like myself with no axe to grind."[58] The meeting decided to invite the naturalist Peter Scott to join the Committee (which he later did), seek publicity in the press, send a cable suggesting the Islanders organize a petition and invite a representative of the Falkland Islands Association to attend the next meeting.[59]

The Falkland Islands Association shared the same name as an organization formed by the Falkland Lobby in 1977 but was an entirely separate group. It broadly supported the aims of the short-lived National Progressive Party (N.P.P.), the first political party in the Colony. The N.P.P. was founded in 1964 with the radical objectives of greater democracy in local government, the introduction of secondary industries and the subdivision of absentee owned sheep stations.[60] It appears to have been considered a threat to stability in the Colony. Adrian Monk, a Legislative Councillor in the 1960s, criticized the party for advocating, "Falkland Islands affairs for Falkland Islands born."[61] The Association claimed that the N.P.P., with a membership of 200, was suppressed by the Falkland Government, the Sheep Owners' Association (the landowners) and the Falkland Islands Labour Federation (the trade union). For example, the Association asserted that Dick Goss, the General Secretary of the Labour Federation, believed there was no room for politics in the Falklands and had advised his members not to join.[62] Haskard recollected that the N.P.P. consisted of, "one somewhat disgruntled employee," of the Government.[63]

The Association, with branches in Manchester and Edinburgh, had nearly 150 members - most were Islanders who had emigrated in search of greater opportunities. It was formed in 1961 from a similar exile group organized after the Second World War. The Association's aims were to provide a forum for individuals interested in the Colony and to,

> ". . . support, and initiate, such measures as would result in the maintenance and development of the British settlement on the Falklands."[64]

The Association believed that the Colony would cease to be viable in twenty years when the population was predicted to fall below 1,500. The solution anticipated the 1976 Shackleton Report recommendations. A Falkland Development Corporation should be established funded by the British Government to guide development. There was a potential for fishing, the export of mutton and for a small woollen textile industry. The absentee owned land should be consficated or purchased. It was stressed that,

> "Land must be available in economic units (5,000 to 10,000 acres) together with long-term loans to establish independent farmers and co-operatives."[65]

The Association joined the campaign to keep the Falklands British. Members lobbied their M.P.s and press releases were issued. However, the Association exploited the "golden opportunity" offered by the sovereignty crisis to publicize its programme for social and economic change.[66] The Fálkland Islands Emergency Committee, as a "non-political and non-commercial" organization, considered these were "extraneous matters" which would be, "harmful to the cause."[67] Christie, therefore, wrote to the Association appealing for a united front. He warned that,

". . . a row between the Company and your Association would disillusion and discourage me and other disinterested persons, aid our opponents in the Government . . . and encourage Argentina."[68]

Nevertheless, Christie hinted that he sympathized with the Association's vision,

"I think some changes are overdue. If we manage to keep the Islands British I think changes will have to come. But for me this is a 'future policy' matter."[69]

The Falkland Islands Emergency Committee's main activity was publicity and raising public awareness. Letters were sent to every settlement in the camp informing the Islanders of developments.[70] 'Keep the Falkland Islands British' car stickers were distributed.[71] Sympathizers in Parliament united to form the 'United Kingdom/Falkland Islands All Party Group of the C.P.A.'.[72] An offer from the British Honduras Emergency Committee to amalgamate was rejected because it would have complicated the issue.[73] In April Sir John Barlow sought an assurance on the Falklands from the Secretary of State for Defence. Denis Healey replied that the Antarctic Ice Patrol Ship H.M.S. 'Endurance' and the Royal Marine detachment on the Falklands would be adequate to meet any foreseeable contingency.[74]

The Committee also contemplated the future of the Falklands. In June, Norman Cameron prepared a memorandum on the economic decline of the Colony. It described the Islands as an "immaterial economic asset" which could become "an ecónomic burden." to Britain.[75] Cameron believed that the Islanders' opposition to a transfer of sovereignty would probably change because links with the mainland were vital for development. The Committee should support a settlement of the dispute with Argentina. He argued that,

"Should we fail to settle the dispute during the next four months then a deadlock will have been reached which may finally be broken only by force. And time will not be on our side."[76]

Professor Metford assessed the alternatives to ceding sovereignty. They included a condominium, common citizenship (Spanish taught in schools, free movement and an Argentine naval base similar to Guantanamo) and an Act of 'Desagravio' (to retain the status quo but Britain apologies for insulting the Argentine state in 1833). The Committee decided that it, "had no power to consider or propose any solution to the present impasse," but agreed to send suggestions to the Executive Council.[77]

The Colony's Legislative Council met twice in 1968. In May it passed a motion proposed by Dick Goss, elected member for Stanley, which re-stated that,

". . . the desire of the Falkland Islanders [is] to remain British, under the British Crown and ever closely linked to the homeland of the United Kingdom."[78]

The preceding debate expounded the Islanders' right to self-determination and their loyalty and assistance to Britain in the past. For example, the Falklands donated a war contribution of £71,656 which bought ten Spitfires. Robin Pitaluga, elected member for East Falkland, expressed support for the Emergency Committee, but added a reservation about its accountability. He advised that,

". . . they must never take on too much without consulting the Councils of these Islands."[79]

In October the six unofficial members of the Legislative Council voted against a Bill adjusting Income Tax as a protest against the secret talks. It was described as,

". . . a demonstration of our total dissatisfaction with the British Government's behaviour over the future of our islands and the way we are kept in an atmosphere of doubt and uncertainty, which is deplorable."[80]

The secret talks to reach a 'Memorandum of Understanding' on sovereignty was interpreted by the Islanders as an attempt to manoeuvre them into a position which made rejection of any final agreement difficult or impossible. The campaign by the Emergency Committee to defend the Islanders' wishes presented the Government with a major obstacle and ammunition for the Government's opponents. Virginia Gamba has examined how the Argentine Government saw the Falkland Lobby as a hinderance to progress and argues that 1968 was a crucial milestone in the dispute.[81]

(C) CULMINATION OF THE CRISIS

The final phase of the 1968 sovereignty crisis occurred between George Brown's resignation on 16 March and the Cabinet decision on 11 December to abandon the 'Memorandum of Understanding'. The Government had little alternative due to pressure from the Falkland Lobby and Argentina's refusal to accept the Memorandum being linked to any statement which made it subject to Islanders' wishes.[82]

The Falklands relate to the wider issue of the Labour Party's foreign policy and whether Britain should maintain the stance of a great power or play a greater role in Europe through membership of the European Economic Community. Harold Wilson had wanted to uphold Britain's east of Suez defence responsibilities which made the retention of outposts such as the Falklands necessary. Richard Crossman was critical of this posture and called for an end to colonial commitments and the concentration of British foreign policy on European integration. He said that,

"In my view the vast majority of the electorate will be perfectly content to accept the end of our imperial pretensions and to

cut back the mumbo-jumbo and Humbug and will welcome the kind of realistic foreign policy I want."[83]

It appears from Barbara Castle's diaries that the Cabinet did not discuss the Falklands until the impasse in the negotiations with Argentina had been reached. The meeting on 24 September discussed the dilemma between the "howl of anger in Parliament" if the Memorandum was registered at the U.N. without a statement confirming the paramountcy of the Islanders' wishes, and the danger of armed conflict with Argentina which would require an "enormous increase" in defence expenditure.[84] On 5 December the Cabinet concluded that the issue was effectively closed because the Argentine Foreign Minister would not sign the Memorandum if Britain insisted on a unilateral declaration. The affair was then blamed on Foreign Office officials going "beyond their remit" and "the George Brown legacy."[85] Michael Stewart's last attempt to retrieve an agreement was rejected by the Cabinet on 11 December. Castle recorded that,

"One by one we all turned on him and he was soon assuring us defensively that he had left Costa-Mendes in no doubt that we would not transfer the Falkland Islands without the agreement of the islanders."[86]

Barbara Castle gave the impression that the Government lacked a coherent policy towards the the Falklands due to insufficient Cabinet consultation. In July the Secretary of State for Commonwealth Affairs hinted that a Minister would visit the Falklands to assess the situation.[87] On 17 October the Falkland Islands Emergency Committee met Lord Chalfont, a Foreign Office Minister, to seek an assurance that the Islanders would not be compelled.[88] On 18 November the Government announced that Lord Chalfont would visit the Falklands between the 23 and 28 November and would travel aboard H.M.S. 'Endurance'.[89]

The mission received considerable publicity since five journalists accompanied Lord Chalfont. Their opinions of the dispute were divided. Michael Field, of the 'Daily Telegraph', was sympathetic to the Islanders and stressed in his reports the Kelpers' suspicions and desire to remain British with headings such as "Falkland Patriots Turn Out" and "Don't Sell us for bully beef, say Islanders."[90] Richard Gott, 'The Guardian' correspondent, sympathized with Chalfont and emphasized the Islanders' need to come to terms with Argentina. Gott concentrated on reporting Chalfont's speeches. For example, Chalfont warned that,

> "I am not offering any answers, but when you say, 'Keep the Falklands British', make absolutely certain that you know in your own minds what this means. It means something different to what it meant in 1900."[91]

Gott categorized the Islanders' opinions with those of other intransigent, reactionary settler communities. He reported that,

> "'Would the British Government be prepared to give us a large loan?' asked one prosperous farmer's wife with the white settler mentality that prevails here. 'You're continually granting them to African States.'"[92]

Chalfont's inquiry received an unequivocal reply. On 25 November Chalfont met the Sheep Owners' Association whose chairman, Arthur Barton, expressed the fears of the Islander,

> "He fears the secrecy of the 'talks' and the uncertainty of his future. Thanks to this, our economy is already in a critical state and if 40 or 50 more families quit, the Falklands may well go under, which might be the objective of H.M. Government."[93]

Another member, J. T. Clement said that, "CANNOT WE JUST SAY 'FALKLAND ISLANDS - YES: ISLAS MALVINAS NO.'"[94] Earlier in the year Tim Blake had postulated the possibility of following Rhodesia's U.D.I. while others believed Britain would not abandon them. Sydney Miller, the manager of Roy Cove, thought that,

"Once the British people really know us, our 100 percent British origins and our determination to stay British, no British Government would dare consider selling us down the river."[95]

Chalfont's assurances were considered unsatifactory by many Islanders who appealed for continued support from the Falkland Islands Emergency Committee. For example, Dorothy Barton wrote to Lady Hurd that,

"We feel that H.M.G. has plans to change those wishes over the next five years (or less) and that all sorts of pressures will be brought to bear on us. For instance it will become increasingly difficult - if not impossible - to get doctors, nurses, farm labourers and other essential people to carry on [in] the place . . . You know all about our lack of roads, overseas communications, farms having to erect and maintain their own telephones etc.. We also gather that Lord C. expects (and hopes?) that wool prices will remain low [and] that we will be unable to balance our budget. At a Public Meeting last night he made it clear that we can expect no monetary help from Britain in our hour of need . . . We think it is a Sell Out as the Daily Express said some time ago. What Can We do About It."[96]

Three factors are likely to have influenced the Government's decision to abandon the Memorandum. First, the press was rife with rumours. For example, in June the 'Daily Express' suggested that an Argentine Consul-General was to be appointed to the Falklands.[97] The newspapers became increasingly critical of Government policy after Lord Chalfont returned. 'The Guardian' editorial stated that, "The option of Argentine sovereignty should never have been opened. It should now be closed."[98] The 'Daily Telegraph' announced, "BRITAIN READY TO SURRENDER FALKLANDS," and claimed that Chalfont had left the Islanders in a, "depressed and nervous state."[99] It also drew parallels with Gibraltar and British Honduras and wondered whether the financial difficulties would result in the Government handing back the Orkneys and Shetlands to Norway![100] 'The Sunday Times' editorial considered that Chalfont's mission was an "unconcealed example of diplomatic ambiguity" and

concluded that "Argentina must see London as an astonishingly soft touch."[101]

Secondly, criticism in Parliament of the Government's policy mounted because the Conservative Shadow Cabinet adopted the cause of the Falkland Lobby. Professor Finer claimed that the policies of political parties are often "framed in opposition" when they "have no civil servants to advise them."[102] On 28 November the '1922 Committee' sponsored a motion which was signed by more than one hundred Conservative M.P.s. It called on the Prime Minister,

> ". . . once and for all to make clear that the Falkland Islanders are British, will remain British, and need not fear any transfer against their will to an alien land."[103]

On 29 November Edward Heath wrote to Lord Chelmer, Chairman of the Political Committee of the Carlton Club, stating that, ". . . my colleagues and I will whole-heartedly defend the cause of the Falkland Islands."[104] On 3 December Tory back-bench M.P.s replied to Fred Mulley's justification for the sovereignty talks with cries of, "Resign."[105] The Falkland Islands Emergency Committee supplied Michael Clark Hutchinson and others with material for Parliamentary questions and prepared a circular on non-party lines.[106] On 9 December Christie wrote to Jim Prior with notes on the Falklands, in case that, ". . . this is a front Bench matter."[106(b)] On 12 December Sir Alec Douglas-Home, the Foreign Affairs Spokesman, pledged that a Conservative Government inheriting negotiations with Argentina would, ". . . strike the question of sovereignty from the agenda."[107]

For Edward Heath, the Falklands' issue was probably a small battle in a war to discredit the Labour Party and win the next general election. He was more interested in the vision of a "greater Britain in

a greater Europe" than residual imperial commitments or a sense of 'kith and kin'.[108] In March 1966 Labour achieved a crushing victory over the Conservatives winning 363 seats to 253. Heath was compared to Hugh Gaitskell as a 'born loser'. The Conservative Party was a broad coalition which faced the problem of fragmentation. The Rhodesian crisis split the Tories between the pro-Ian Smith Monday Club on the right and the anti-Smith, anti-racists on the left. When the Government decided on oil sanctions Heath and the Shadow Cabinet urged abstention. Nevertheless, Julian Amery and 50 M.P.s voted against oil sanctions while 31 Tories voted in favour. In April 1968 Enoch Powell threatened to tear the Party apart following his Birmingham speech on the consequences of uncontrolled Asian immigration. Powell retained considerable public support and the backing of many in the '1922 Committee' after Heath sacked him.[109] The Falklands' crisis presented Heath with an opportunity to unite the Party, divide Labour and recapture the public's belief in the Conservative Party's role of defending British values. Heath stated before the Royal Commonwealth Society that,

> "The Government gives the impression it is sorry the islanders wish to remain British. But this is a matter for pride, not for shame."[110]

This attack added to the pressure from Labour back-bench M.P.s, such as Clifford Kenyon, who opposed the Government's line on the Falklands.

A third factor in the Government's decision to abandon the Memorandum was the publicity given a proposal for Falkland economic development. On 3 December Ralph Merton, the managing director of the Scottish company Alginate Industries, announced at a press conference plans to harvest and process seaweed. Alginates, chemicals extracted

from dried seaweed, have numerous applications from textiles and medical dressings to food and motor tyres. Company officials estimated that the Colony's seabeds could be worth £100 million a year when processed.[111] The Government welcomed the statement with scepticism. In July 1968 Governor Haskard had understood from Merton that, ". . . even the possibility of a scheme was so remote."[112] Merton confessed that,

> ". . . the announcement was being made at this time in a bid to bring pressure on the Government not to cede the islands."[113]

Merton later joined the Falkland Islands Emergency Committee.[114]

The Government created a dilemma by initiating sovereignty negotiations with Argentina while promising the Islanders that the Falklands would not be transferred against their wishes. It was under international pressure from the U.N. not then to abandon the sovereignty talks. Since the Islanders' wishes were seen as the primary obstacle to resolving the dispute the second Government initiative was intended to gain the support of the Islanders and the approval of the Falkland Lobby.

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CHAPTER SIX: ANGLO-ARGENTINE CO-OPERATION, DISENCHANTMENT AND THE EXPANSION OF THE FALKLAND LOBBY, 1969 TO 1975

In 1969 the emphasis of the Anglo-Argentine talks shifted from sovereignty to economic co-operation. It reflected a mutual wish to continue the dialogue and re-establish links. In April, experts from the Board of Trade visited the Falklands to prepare a feasibility study on the construction of an airfield near Port Stanley. They proposed a 3,600 feet main runway, with a subsidiary cross runway at Cape Pembroke, which would cost an estimated £300,000.[1] The British Government was anxious not to antagonize Argentina by initiating major unilateral development in the Falklands. This was illustrated by a meeting of the Defence and Overseas Policy Committee on 24 October. Michael Stewart, the Foreign Secretary, feared that Argentina would invade the Falklands if approval was given to an American entrepreneur who wanted to drill for oil off the Islands. The meeting agreed to postpone a decision until after the next General Election.[2] On 21 November the British and Argentine Permanent Representatives to the United Nations informed the Secretary-General that talks would be held in 1970 to establish free communications and movement between the mainland and the Colony.[3]

This chapter will address three questions. First, what was the British Government's objective in persuading Argentina to lift its eighty year old ban on links with the Islands? Secondly, why did Anglo-Argentine relations sour (which inspired a revival of the Falkland Lobby)? Finally, why was the Falkland Lobby's preoccupation with the sovereignty dispute broadened to encompass economic development in the Colony?

(A) THE SECOND ANGLO-ARGENTINE INITIATIVE TOWARDS THE FALKLANDS

During the early 1970s a new political climate reinforced the Conservative Party's decision to drop sovereignty from the agenda of the talks with Argentina. It was created by a Soviet threat to the West's vital trade routes with Asia which passed through the South Atlantic. For example, over half of Britain's oil supplies came round the Cape of Good Hope. The number of Soviet naval and auxiliary vessels in the Indian Ocean doubled in 1972, and again in 1973, complemented by the acquisition of bases in the Yemen, Aden, Somalia and Iraq, and supply facilities in India, Bangladesh and Mauritius.[4] The Conservative Government, elected in June 1970, expressed largely rhetorical concern about the east of Suez defence commitments and the need to slow down the withdrawal of forces.[5] However, the Government sought to prevent the Falklands becoming a base for the Soviet build-up. In December 1970 Russian trawlers established trading links with the Colony, but a Soviet request to lease the whaling stations on South Georgia was refused.[6]

The Government's justification for continuing the talks was that the Islanders required the re-establishment of links with Argentina to reduce their isolation. However, it seems strange that the issue should have been considered crucial at this point after about eighty years. The Government down-graded the importance of the dispute. A Foreign Office junior minister was made responsible for conducting the dialogue. He was assisted by David Scott, the Under-Secretary in charge of dependent territories. The Conservative Government fulfilled its pledge to remove sovereignty from the agenda of the Anglo-Argentine talks and to ensure that representatives of the Islanders participated. The discussions on communications were held under a 'sovereignty

umbrella' which did not prejudice either side's claim. The Government appeared to lack a policy apart from respecting the Islanders' wishes. The predominant view at the Foreign Office was that a transfer of sovereignty was inevitable because it was assumed that the Falklanders could be assimulated by the essentially European mainland population. This belief gave British policy a degree of continuity under both Labour and Conservative Governments. Scott was said to have told Juan Beltramino, an Argentine diplomat, that he believed the Islanders would be under the Argentine flag within 25 years. Scott said that his principle was, ". . . rape of the Falklands, no; seduction by all means."[7] He aimed to reduce the Colony's dependence on Britain and establish new ties with Argentina. In 1970 the value of British imports to the Falklands was £514,504 compared to Argentina which supplied only £17,697. The entire Falkland wool clip was exported to Britain.[8]

In July 1970 the Anglo-Argentine negotiations were resumed in London. The British delegation included the Colony's Colonial Secretary and two elected members of the Executive Council. As a result, relations between the Islands and Argentina gradually improved. In September two "well disposed Argentine journalists" visited the Falklands.[9] In November a delegation led by Leslie Gleadell, the acting Colony's Colonial Secretary, visited Argentina to hold discussions with merchants, port authorities and officials about recommencing trade. The Colony required diesel fuel, fencing and food stuffs.[10] Some Argentine nationalists objected to the rapprochement. A federal judge in Bahia Blanca even attempted to have Gleadell arrested.[11]

The impetus to establish communications with Argentina was accelerated by the F.I.C.'s decision to withdraw the R.M.S. 'Darwin'

which had become obsolete and an, "increasing financial burden."[12] The 'Darwin' had operated the Colony's principal external link since 1957. It carried mail, passengers, fuel supplies and fresh food on monthly round trips to Montevideo. The other annual external services were less regular. The F.I.C. chartered M.V. 'A.E.S.' made three sailings to Britain transporting wool and cargo. The Falkland Government's small cargo vessel made two voyages to South America. Finally, British Antarctic Survey (B.A.S.) ships visited Stanley, Montevideo and Punta Arenas.[13] In July 1970 the F.I.C. met Falkland Government representatives in London. It submitted proposals for future external communications which included the withdrawal of the 'Darwin', the construction of an airfield at Stanley and an air passenger service to South America. In December 1970 the F.I.C. made a public announcement that the 'Darwin' would be withdrawn at the end of 1971.[14] This was not a single cause for the new situation but was an interlocking event.

In January 1971 the Overseas Development Administration commissioned the management consultant firm Peat, Marwick, Mitchell and Co. to produce a transportation study of the most economic and efficient service for the Falklands. The Argentine Government presented proposals for a direct air link with subsidized fares during the team's visit to the Islands.[15] The firm's report, submitted in June, recommended an air link with Argentine Patagónia supplemented by a maritime service making 12 trips to Puerto Deseado and five return voyages to Europe each year. The total maximum cost of the schemes was £267,000. The financial argument in favour of communications through Argentina was overwhelming, as Lord Hurd had pointed out in 1956. The total ordinary revenue of the

Falkland Government in 1970/1971 was £489,000, while the present service via Montevideo cost £364,000 annually.[16]

Public opinion in the Colony accepted that a "new situation" had arisen as a result of the withdrawal of the 'Darwin' and the publication in April 1971 of the report on the last round of Anglo-Argentine talks the previous June.[17] In June, Scott visited the Falklands to reassure the Islanders prior to the next round of talks in Buenos Aires that month. He announced that the British Government wanted to raise their standard of living and was prepared to consider financing an airport outside Stanley.[18] The Islanders accepted that concessions to Argentina were necessary if greater isolation were to be averted. A British journalist reported that a "silent majority" of the 40 Falklanders who passed through Montevideo privately hoped the talks in Buenos Aires would succeed.[19]

At Buenos Aires in July 1971 a Communications Agreement was settled by Argentine officials and a British delegation led by Scott (which included Islanders). It was implemented in August and included six conditions to promote improved relations. First, a special consultative committee of officials should be established in Buenos Aires. Secondly, the Argentine Government should provide a travel document (the 'white card') to guarantee freedom of movement within Argentina for Falkland residents. It was reciprocated for Argentine citizens visiting the Islands. Thirdly, Islanders visiting Argentina should be exempt from military service and taxes. Fourthly, postage stamps on mail passing between Argentina and the Falklands in either direction should be cancelled with a mark which referred to the Joint Declaration. Fifthly, the Argentine Government should provide

scholarships for Islander children to attend schools in Argentina. Sixthly, the British Government should arrange a regular shipping service for passengers, cargo and mail between the Islands and Argentina. The Argentine Government should supply a weekly air service to the Colony. The agreement was made without prejudice to claims of sovereignty by either state.[20]

In August 1971 a team of British and Argentine servicemen and officials led by Lieutenant Colonel Wheatley, R.E., visited the Falklands to consider the construction of an airfield. They recommended a 1,250 metre runway costing £1,031,000, which could be used by Focker 27 and HS 748 (Andover) aircraft without a full load. In November Bendel, Palmer and Tritton, a firm of consulting engineers, was commissioned to produce a feasibility study for an airfield to operate regular flights to Commodoro Rivadavia, Punta Arenas and (in emergency conditions) Montevideo. Their report concluded that it would cost £1,784,000. An F27 with a full pay load would require a 1,525 metre length runway.[21]

The initial stage of the Communications Agreement was implemented without incident. Trade was revived. In 1973, 20,000 sheep were exported to Puerto Deseado.[22] Two Argentines were appointed to teach Spanish in the Islands and children took up scholarships at mainland schools.[23] In January 1972 an Argentine Albatros flying boat commenced a temporary service from Commodoro Rivadavia to Stanley. In May the Argentine authorities built a temporary airstrip which was operational from November. It has been suggested that the British Treasury was responsible for the failure to establish a maritime link with Argentina.[24] This was refuted by David Hall, who dealt with the

Falklands at the West Indian and Atlantic Department of the Foreign Office.[25] He believed that a subsidy was allocated but was not granted because the F.I.C. refused to co-operate. On 12 July 1971 the Foreign Office released a press statement which said that the F.I.C. would continue to operate the Colony's external shipping service.[25(b)]

The Falkland Islands Emergency Committee stood down in 1971/1972 following an assurance of satisfaction with the Communications Agreement from the Colony's Legislative Council. Bill Hunter Christie commented that, "We thought our job was done."[26] Arthur Barton privately believed that the integration of the Falklands into Argentina was inevitable.[27] Nevertheless, the Legislative Council safeguarded the Islanders' wishes by strengthening its ties with the Commonwealth Parliamentary Association. In November 1971 a delegation from the U.K. Branch, composed of the Labour M.P. Bernard Conlan and the Conservative M.P. Richard Luce, visited the Falklands. Governor Toby Lewis remarked that,

". . . there are now additional Members at Westminster who can represent the Islands' interests with greater authority."[28]

In 1975 the Colony advanced to the status of an auxilary branch of the C.P.A..[29]

In September 1974 a second agreement granted Yaciementos Petroliferos (Y.P.F), the Argentine State Oil Company, a monopoly to supply the Falklands with certain petroleum products at mainland prices. Bulk storage tanks would be installed in Stanley. When the 1973 Petroleum Products Bill was debated in the Legislative Council, the Chief Secretary argued that Y.P.F. required a monopoly to guarantee a demand for its products. He also claimed that the price of petrol,

which had more than doubled in the past two years, would fall by nearly a third. Adrian Monk, elected member for East Falkland, offered the only opposition and abstained in the vote. He stressed that,

"What I do not like about it all is that the monopoly has been granted to the country which wants us."[30]

The British Government clearly hoped that the Islanders would accept closer ties with Argentina if they were shown the benefits of co-operation. By 1974 the Argentine Government had gained effective control of entry to the Falklands and a monopoly in the supply of petroleum products. The primary weakness with the arrangement was that it assumed Argentina would remain patient prior to the change in the Islanders' loyalties.

(B) RELATIONS SOUR AND THE REVIVAL OF THE FALKLAND LOBBY

The 'hearts and minds' initiative of Scott and Beltramino failed because of Argentine internal disorders which culminated in the re-election of the 78-year old Juan Peron as President in October 1973. The Government of General Ongania, which took power after a military coup in 1966, had suppressed political opposition, imposed a wage freeze and encouraged foreign investment. Economic and political grievances led to an uprising in Cordoba. In 1970 Ongania was toppled. In 1971 President Lanusse began talks with the Peronists to restore order.[31] They paralleled the negotiations conducted by the Argentine Ministry of Foreign Affairs to prepare the Communications Agreement. Nevertheless, acts of terrorism by the left wing Peronist Montoneros and other groups increased while the economy deteriorated. Once in power Peron succeeded in restoring control of the trade unions. He mobilized nationalist

support by the use of rhetoric against multinational companies. Terrorism by both Government forces and proscribed organizations revived as a result of Peron's denunciation of the Montoneros in May 1974. The country was then plunged into crisis by the death of Peron from heart failure in July.[32]

The return of a Peronist Government brought an end to the Anglo-Argentine rapprochement. At the U.N. in October 1973 Senor Vignes, the Argentine Foreign Minister, described the colonial status of the Falklands as an, "intolerable anachronism."[33] The Falklands' dispute was used as a test of nationalist credentials. In November 1974 the Radical Party, the main opposition group in the Argentine Congress, called on the Government to exploit its stranglehold on the Colony's external communications and fuel supplies. A boycott was proposed until Britain transferred sovereignty. In December the newspaper 'Cronica' claimed to have recruited 15,000 volunteers to invade the Falklands.[34] The Government described the campaign as "seditious" and closed the newspaper.[35] In January 1975 the Argentine Government imposed immigration controls on air travel to the Falklands in breach of the Communications Agreement. A declaration that the holder was an Argentine citizen of the Malvinas was added to the 'white card'.[36] In February the Ministry of Social Welfare instructed Argentine cruise ships not to show a courtesy Red Ensign when they entered Stanley harbour.[37]

The British Government was also under international pressure to appease Argentine demands. In December 1973 the U.N. General Assembly passed resolution 3160 (XXVIII) which called for an acceleration of the talks to resolve the sovereignty dispute. In

January 1974 the Defence Committee of the Government decided to explore the possibility of a condominium. In March 1974 a General Election intervened. A Labour government was returned under Harold Wilson with James Callaghan as Foreign and Commonwealth Secretary. The Legislative Council consented to discussions with Argentina about a condominium provided that Islanders did not participate. In August 1974 the Argentine Government was informed that the idea would not be pursued due to Islander opposition.[38] James Callaghan wrote of the impasse, "Leave this poisoned chalice alone."[39] In April 1975 the British Ambassador delivered a warning to Vignes that an attack on the Falklands would be met with a military response.[40]

The Colony's fortunes had been closely bound to the F.I.C. since the 1850s. In 1962 the F.I.C. became a public limited company with shares freely traded on the London Stock Market. The F.I.C. attracted take-over bids because the accumulation of a British investment portfolio (as part of the drive to diversify away from sheep farming) was not reflected in its share value. In June 1972 the Dundee, Perth and London Shipping Company, a subsidiary of Slater Walker Securities, bought the F.I.C. for £3.5 million. It would appear that the F.I.C. was a victim of 'asset stripping' (based on the assumption that many companies were worth more when split up). In 1973 the F.I.C. was resold to Charringtons Industrial Holdings, although the parent company retained £500,000 in cash and an investment portfolio with a market value of £489,607. In 1977 Charringtons was acquired by the Coalite Group. The change of ownership had important implications for the Colony. In 1968 70 to 80 Shareholders lived in the Islands and 800 in Britain. The F.I.C. Shareholders and Directors gradually ceased to

be people who were resident in the Falklands or had historical links with the Colony. The new owners considered investment exclusively on the grounds of profitability, and in a much wider context than just the confines of the Falklands. By 1981 the sales of the F.I.C. represented only 2 percent of Coalite's total business. As a result, the process of decapitalization in the Falklands was accelerated because the F.I.C. was less inhibited towards investment abroad.[41]

There was an unsuccessful attempt by some Islanders to take advantage of the changes. On 6 June the Dundee, Perth and London Shipping Company announced that if the F.I.C. were resold it would, in the first instance, be offered to the Colony's Sheep Owners' Association (S.O.A.). At a meeting in Stanley on 8 June the S.O.A. (which represented landowners in the Falklands) expressed interest in purchasing the F.I.C.'s local interests. In July Robin Pitaluga, the owner-occupier of San Salvador, proposed the formation of a company, with capital raised in the Falklands, to acquire the F.I.C.. Pitaluga argued that it offered a,

> ". . . golden . . . opportunity for the sheep farming industry of these islands to take-over and entirely control its own destiny."[42]

In July 1972 the Falkland Islands Emergency Committee was reorganized. Sir John Barlow's Chairmanship was confirmed after his resignation as an F.I.C. Director. Frank Mitchell temporarily stepped down as Secretary because of his continued involvement with the Company. It was thought that a conflict of interest might exist.[43] The members agreed that the Committee should be enlarged and placed on a "permanent footing" in response to the, ". . . disturbing news from the Islands of Argentine activities."[44] Christie and Mitchell became Joint Honorary

Secretaries. It is important to note that the Committee's links with Parliament were strengthened. Letters were written to each of the larger political parties inviting them to appoint a member to serve on the Committee. M.P.s from the Conservative, Labour, Liberal and Scottish Nationalist Parties subsequently joined. The 'C.P.A. Falkland Islands All Party Group' was also represented. The success of the Falkland Lobby was based on this solid Parliamentary support. In April 1973 the Committee adopted the following objective,

> "To assist the people of the Falkland Islands to decide their own future for themselves without being subjected to pressure direct or indirect from any quarter.[45]

In April 1974 the Foreign Office invited the Committee to become more active in influencing world opinion as a result of Britain's isolation on the Falklands. This invitation (recorded in the minutes) seems to have been given informally. In response a campaign fund was opened in the Falklands and the Joint Secretaries led a delegation to meet the High Commissioners of Australia, New Zealand and Canada.[46] The wool merchants Jacomb Hoare and Company provided an accommodation address and telephone at the London Wool Exchange.[47] On 10 July a reception was held at Lincoln's Inn attended by 50 M.P.s of all parties, 10 Members of the House of Lords, 20 representatives of the press and media, 10 Commonwealth representatives, 10 civil servants (including former Governors of the Falklands), and about 30 Islanders and Committee members. The presence of the Earl Mountbatten of Burma as special guest reflected the British Government's approval of the campaign. It was stated that the purpose of the gathering was,

> ". . . the rallying of support for the Islanders and of providing visiting Islanders with the opportunity of meeting people friendly to their cause."[48]

The reunion became an annual event. In February 1975 a supporters' association called 'Friends of the Falkland Islands' was established to keep sympathizers informed of developments.[49]

In May 1974 the Committee agreed in principle that a sister Committee should be formed in the Colony.[50] In July, following the death of Arthur Barton, Christie proposed to the Legislative Councillors that they form a committee under the leadership of Adrian Monk. All major sections and interests in the community would be represented with members in every major settlement. Christie suggested that it would act as, ". . . a two-way link with us in London."[51] He also proposed that the renamed United Kingdom Falkland Islands Committee (U.K.F.I.C.) should fulfil,

> ". . . some of the functions of a Falkland Islands High Commission in London - something which the Colony cannot afford or justify if only because of its size."[52]

The U.K.F.I.C. wanted to retain its independence as a group of supporters rather than to become subservient to the Islanders. This created an anomaly. The U.K.F.I.C. sought to perform the functions of an embassy but was not accountable to either the Legislative Council or the sister committee.

Monk declined to act as the local chairman because he was not born a Kelper and thought it inappropriate for a Legislative Councillor to lead a pressure group.[53] In October 1974 a ten member Falkland Islands Committee (Local Branch) was formed at a public meeting in Stanley with Jack Abbott (an expatriate of independent means who had married an Islander) as Chairman and Sydney Miller (a former Executive Councillor and farmer) as Secretary.[54] The purpose of the Committee was to liaise with the U.K.F.I.C.. It was agreed that the members should be

elected regularly at public meetings and be residents of the Colony. Legislative and Executive Councillors were not allowed to stand.[55] Groups were also formed in the camp.[56] The London Committee was formally renamed the U.K.F.I.C. in February 1975 and Arthur Barton's widow was invited to serve as a member resident in the Colony.[57]

The U.K.F.I.C. believed that Government policy towards the Falklands was guided as well as implemented by the Foreign Office. It was suspicious that officials based their actions,

> ". . . on the premise that the existing political situation is temporary whereas decisions should be made on the basis of a permanent link with Britain."[58]

The Colony's internal affairs were the responsibility of the Gibraltar and South Atlantic Department until May 1972 when it was transferred to the West Indian and Atlantic Department. In 1975, as a result of Anglo-Argentine co-operation, it was decided that all responsibility for the Falklands should be transferred to the Latin American Department. The desk which dealt with Argentine affairs also covered the Islands.[59] Christie thought that the U.K.F.I.C. and the Foreign Office should collaborate since they shared an identical objective. Nevertheless, in 1975 Robin Edmonds, the Superintending Under-Secretary of the Latin American department, rejected a proposal that the U.K.F.I.C. act as an advisory body to the Foreign Office.[60] A distrust developed. Edmonds recollected in 1986 that the atmosphere at a meeting with the U.K.F.I.C., ". . . reminded me of a very difficult morning in the Soviet Foreign Ministry."[61]

The Falkland Lobby was anxious to uphold the Islanders' position. A priority was defence. In 1975 the Government announced that defence expenditure would be reduced over ten years from 5.8

percent of G.N.P. in 1974 to 4.5 percent. The preoccupation with cutbacks accelerated the withdrawal from non-N.A.T.O. commitments. For example, the two frigates permanently deployed in the West Indies were withdrawn and the Simonstown Agreement with the South African Government was terminated. The Falklands and other dependent territories were perceived as an "extra burden."[62] The 1974 Defence Review announced that H.M.S. 'Endurance', the symbol of Britain's commitment to the Falklands and vital for re-supplying the Royal Marine detachment, would be taken out of service.[63] Roy Mason, the Secretary of State for Defence, agreed to one further deployment after the R.R.S. 'Shackleton' incident in February 1976. Appeals by the Foreign Secretary ensured that the ice-breaker was retained on an annual basis until 1978 when Fred Mulley agreed to two further deployments in 1979/1980 and 1980/1981.[64]

The F.I.C. was concerned about the implementation of the September 1974 Y.P.F. Agreement. The Argentines constructed a fuel depot to the east of Stanley and proposed installing a pipeline along the F.I.C.'s East Jetty. In February 1975 the F.I.C. refused to authorize the installation unless British safety standards were observed.[65] An independent study condemned the use of East Jetty for an oil pipline because of the fire hazard and recommended a purpose-built jetty costing £150,000. Frank Mitchell was angry about this expense to meet the Agreement. The Colony only required 150 tons of petrol per annum which the F.I.C. offered to import from Chile at, ". . . only a fraction of the capital outlay now proposed by H.M.G.."[66] As a result, Y.P.F. was forced to import petroleum in drums pending the completion of the new oil jetty.[67]

The 1971 Immigration Act imposed entry restrictions to the United Kingdom from January 1973 on an estimated 350 Islanders because they did not have parents or grandparents born in Britain.[68] For example, John Summers, who served on the B.A.S. ship 'John Biscoe', could only join his family in Britain by marrying a British resident.[69] In September 1974 the U.K.F.I.C. formed a sub-committee to assist Islanders in Britain.[70] Its function was to provide,

". . . Islanders those services in relation to cases of hardship which would normally be available through a High Commission."[71]

The Welfare Committee assisted Jane Cameron to protest to the Foreign Office about a requirement that Islanders sign "receipts" for travel cards which admitted they were Argentine citizens.[72] Enquiries were made to obtain places for Falkland children at boarding schools in Britain instead of Argentina. The Committee also lobbied the Home Office for a revision of the immigration legislation.[73]

The historian Mary Cawkell, who worked in the Falklands during the 1950s and remained committed to the Islanders' cause, claimed that the decision to abolish Stanley Town Council in 1974 illustrated, ". . . the drive to incline the islanders towards Argentina."[74] However, the Legislative Council minutes show that local government was not abolished for political reasons. There was no opposition to the decision and the Council itself considered the duties would be more efficiently performed by government departments. The Chief Secretary said that,

"There simply is not enough work, simply are not enough people, simply are not enough problems for three councils to deal with, in fact Stanley was in danger of becoming . . . tied up with red tape."[75]

The reorganization of the Falkland Lobby was paralleled by a new interest in the economic resources of the Colony. The U.K.F.I.C. realized that the Islanders' political position was deteriorating as they became more dependent on Argentina. Support for economic development offered an opportunity to strengthen the independence of the Falklands and give weight to the argument that the Islanders had a right to self-determination.

(C) FALKLAND DEVELOPMENT AND THE FALKLAND LOBBY

The British Government was committed to bolster the Islanders' political and economic position despite uncertainty about a transfer of sovereignty. Increased representation for Islanders in the Falkland Government offered an opportunity to improve the case for self-determination in an international context. In 1975 a Select Committee on the Constitution was appointed, composed of four elected Legislative Councillors and chaired by the Chief Secretary.[76] In November 1977 a new constitution was introduced which raised the number of elected Legislative Councillors from four to six and reduced the voting age from 21 to 18.[77] These reforms reflected the Islanders' greater interest in politics. Nevertheless, it appears unlikely that they were a significant factor in the rise of Falkland nationalism in 1980.

The Falkland Government was preoccupied with the Colony's shaky economy. The Ministry of Overseas Development sponsored visits by a steady stream of advisers. For example, in 1971 there were experts on broadcasting, agriculture and water supplies. The Falklands also adopted the Overseas Aid Scheme. This subsidized the salaries of skilled people, such as doctors and dentists, which the Government could

not afford to attract.[78] In 1973 the Falkland Government prepared a five-year development plan. It proposed a fencing subsidy for farmers, grassland replanting experiments, tourist facilities and preliminary work on Stanley's school hostel. The British Government was to contribute £300,000 in aid - £100,000 in 1973 and £50,000 in subsequent years.[79]

The possibility of diversifying the economy was raised by private enterprise. In 1974 initial trials by the Taiya fishing Company of Tokyo, in association with British United Trawlers Limited, concluded that some varieties of Falkland fish were marketable in the northern hemisphere.[80] It was estimated that the sustainable yield of alginates from seaweed in the Falklands exceeded the then current world supply.[81] In 1970 Alginate Industries Limited (A.I.L.) established a small pilot plant in the Colony for the production of dried, milled kelp seaweed.[82] In 1977 an updated feasibility study proposed an investment of £13 million on a factory to produce 3,170 tons of sodium alginate a year with a turnover of about £6½ million.[83] However, the project was abandoned because of economic difficulties and political uncertainty about the future of the Falklands.[84]

The 1973 oil crisis was a turning-point in that it focused attention on the Colony's resources. The fears about fuel shortages in the early 1970s enabled the Falkland Lobby to see the potential of the Colony and made it harder for the Foreign Office to dismiss the importance of the Falklands. In 1921 British Petroleum discovered oil and natural gas at Commodoro Rivadavia, only 500 miles from the Falklands. By 1975 the Falkland Government had received at least 49 speculative applications for onshore and offshore prospecting and

drilling licences. Several companies carried out survey flights while two parties of geologists, disguised as bird watchers, worked ashore. Deposits of money made by the applicants were returned on the advice of the Foreign Office.[85] In 1975 the U.S. Government Geological Survey Bulletin reported that the Argentine continental shelf held an estimated 200 billion barrels of oil. The proven Saudi Arabian reserves, in comparison, were only 119 billion barrels.[86] The Foreign Office appointed a team of Birmingham University geologists who were working in Antarctica to carry out a study of the region around Falklands. In 1975 a technical report was submitted following a geophysical survey by the R.R.S. 'Shackleton' and H.M.S. 'Endurance'. Professor Donald Griffiths, a member of the team, concluded that the Malvinas Basin had prospects in the short-term because the water depths and weather conditions were not significantly worse than in the North Sea. However, extensive research was required before firm conclusions could be drawn.[87]

Islanders and the U.K.F.I.C. co-operated to draw attention to the Colony's oil potential. In October 1974 W. R. Luxton, a nominated independent member of the Legislative Council, wrote to Christie requesting "ammunition" about applications from oil companies, "to liven up the situation."[88] In December, Luxton proposed a motion in the Legislative Council which called for immediate action to invite applications for oil prospecting licences. The Colonial Secretary was opposed until further investigations had clarified what resources existed.[89] The U.K.F.I.C. publicized in the press a claim that Burdwood Bank, south of the Falklands, had richer oil deposits than the North Sea.[90] The threat of Argentine military action against the Falklands undoubtedly explained the British Government's wariness. In December

1975 a delegate at the U.N. General Assembly announced that Britain would not undertake any unilateral exploitation of the mineral resources in the South West Atlantic.[91]

Christie, who was a legal specialist on the oil industry, considered that the terms offered by a consortium led by Ashland Oil Canada Ltd. were more advantageous to the Government than those agreed in the North Sea (although he opposed granting a monopoly).[92] In November 1974 Ashland applied to the Foreign Office for an exclusive right to explore for petroleum and natural gas within the Colony's territorial waters. The proposal was based on a 'Production-Sharing' contract whereby the consortium provided all finance, personnel and hardware and would assist the Government to market its share of any petroleum or natural gas developed. Forty percent of the revenue from crude sales would cover the contractor's costs, while the remainder was to be divided, 36 percent to the Government and 24 percent to the contractor. Within three years of signing the contract about $1.1 million would be invested in seismic and geological surveys before production commenced.[93]

The priority of the U.K.F.I.C was the extension of Stanley's airport runway to reduce dependence on Argentina. It unanimously agreed that, ". . . the most important objective is . . . a runway . . . which can take international flights."[94] In May 1974 the Overseas Development Ministry signed a £4.2 million contract with Johnston Construction Ltd. to build a 1,250 metre runway and essential facilities. Air travel from the airport was restricted to Argentina because no aircraft in use by an international airline could operate on a commercial basis from a runway of less than 2,000 metres. In May 1975 the U.K.F.I.C. lobbied the

British Government to extend the airstrip under construction to 2,140 metres. It was argued that the additional cost was marginal because £1 million of the total figure had been incurred in transporting the labour and equipment to the Falklands.[35] The limited demand for the airport was a fundamental problem in seeking to justify further investment, unless tourism and a fishing industry developed. In April 1975 British Caledonian Airways concluded that from the information available an air service to Britain via Montevideo, Sao Paulo or Ascension Island would be unprofitable because the maximum annual traffic was estimated to be only 960 (600 from the Government and B.A.S., 180 school children, 120 construction workers and 60 Royal Marines).[36]

The speculation about Falkland oil reserves inspired members of the U.K.F.I.C. to reassess the sovereignty dispute. In November 1974 David Ainslie, a London solicitor with close family ties to the F.I.C. (he was descended from the Lafones), believed that the Government had a negative view of the Colony as a liability. It was based on the assumption that the future would resemble the present. Britain was required to both guarantee security and provide administrative, educational, medical and technical services. He claimed that the Colony had been stagnant for a century and was on the verge of collapse. Ainslie suggested that intensive economic development was required to clarify and strengthen the unique British identity of the community in the Islands. The bulk of the Islanders' energy and food requirements could be provided by the development of oil resources, agriculture and fishing. A self-sufficient population of 10,000, which was able to justify and supply vital services, would win international support for the right to self-determination. Ainslie concluded that,

"If in the long-term Britain cannot continue to guarantee the existence of the Falkland Islands as an essentially British community, on the basis of the existing population with its present economic prospects, then an entirely new future must be sought with a new economic basis."[97]

Much of the drive behind the Falkland Lobby came from the enthusiasm and commitment of Bill Hunter Christie. After a visit to the Falklands in January 1975 Christie also expressed his belief that radical change was essential. Sheep farming only provided a comparatively high standard of living for a static population. As in the Scottish Highlands and Islands, young people emigrated in search of greater opportunities. Christie argued that the Falklands had a huge potential for development and drew parallels with other North Atlantic island communities. He said that,

"Judging by Orkney, Shetland, Faeroe, Man and the Channel Islands as well as the Canary Islands and the Azores, a population of 10,000 to 30,000 can provide a largely self-sufficient and balanced community. While growth to 10,000 (as far as possible by natural increase) ought, in my opinion, to be planned for, I consider that the Islands are in fact capable of supporting a much larger population, were immigration to be encouraged."[98]

In 1988 Christie claimed that the potential of the Falklands was similar to Tasmania which supported nearly 450,000 people.[99]

Christie recommended a comprehensive economic review of the Falklands and the establishment of a development agency. Efficient educational and medical services and improved communications were vital prerequisites for change. He argued that the runway should be extended to receive inter-continental aircraft and an all-weather road built from Stanley to Darwin/Goose Green linked to the West Falklands by an 'on demand' ferry. New industries such as fishing, specialist tourism and the exportation of meat would diversify the economy. Agriculture was central to Christie's vision. Owner-occupied farms of at least 1,000

acres should be created with British Government assistance. Stanley could then be supplied with meat, dairy produce and a variety of crops. Afforestation would raise soil temperatures and act as a focal point from which nitrogen fixing bacteria could colonize neighbouring pastures. Christie credited the Islands with phenomenal prospects which could (through capital investment in agriculture), ". . . make a really significant contribution to world food resources in the next 20 years."[100]

He enthused that,

> "The land, particularly Lafonia, is potentially capable of producing beef yields of a quality as good as or superior to the best Argentine beef."[101]

The core of Christie's argument was that the Falklands were useful to Britain. He stressed that,

> "With or without oil, the Islands are an asset of great potential value to Britain and indeed it may be to Europe as well."[102]

The reports by Ainslie and Christie received a mixed response. David Smith and Co. Ltd., Bradford Wool Merchants partly owned by the F,I.C., opposed the issue of subdividing the land being revived. It considered that a rapid increase in population depended on the development of oil, alginates and fishing. The Company agreed that in,

> ". . . a world of diminishing natural resources . . . it could be an act of economic short-sightedness to surrender the Falklands."[103]

Lady Hurd, the widow of an F.I.C. Director, described Christie's report as a, "STARRY eyed dream of the future."[104] She rejected the assertion that a dairy industry was possible throughout the Islands because of the lack of shelter and the need to import expensive fertilizers to grow

hay. A favourable comparison of Lafonia with the Pampas was, "misleading in the extreme."[105] Lady Hurd welcomed ambitious plans. However, the slow growth of plants and high costs of production and distribution would prevent the Falklands, ". . . ever becoming a LARDER for the British Isles."[106]

It is interesting to notice that the Government sought to transfer the Islanders' dependence on Britain for essential services and supplies to Argentina during the period from 1969 to 1975. The intention was to persuade the Islanders that a transfer of sovereignty was both in their interests and inevitable. Both Conservative and Labour Governments feared that abandoning the negotiations on the Falklands would provoke an Argentine military reaction. Anglo-Argentine relations soured because of a violent internal crisis in Argentina. The Falkland talks had raised Argentine nationalist expectations which were mirrored in demands for the immediate transfer of sovereignty. The Communications and Fuel Agreements were a part of a process which undermined the Islanders' ability to remain British. In response, the Falkland Lobby expanded its activities and reappraised the future of the Colony.

The 1973 oil crisis was a turning-point in the Falklands' dispute in that it focused attention on the economic resources of the South West Atlantic. The preparation of the 1976 Shackleton Report resulted in the third phase of the attempt to resolve the sovereignty dispute.

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CHAPTER SEVEN: THE 1976 SHACKLETON REPORT - ECONOMIC AND POLITICAL RAMIFICATIONS, THE ARGENTINE RESPONSE AND THE ANTARCTIC DIMENSION

By the mid-1970s the Falklands' dispute had reached an impasse due to inflexibilty on both sides. Attention in the dispute then shifted from the issue of sovereignty and improving relations between the Islands and the mainland to the economic resources of the South West Atlantic. The 1976 Shackleton Report symbolised this turning-point. It was the first comprehensive socio-economic survey of the Islands which considered how to direct development aid, the Falkland Government/F.I.C. relationship and Falkland politics. It is difficult to assess the expectations of the interested groups with regard to the survey. The Foreign Office perhaps wanted the Report to support the argument that integration with Argentina was inevitable, while the Falkland Lobby and the Islanders hoped it would show the potential for development independent of Argentina. This chapter will examine three aspects in the transformation of the sovereignty dispute. First, the origins and recommendations of the Shackleton Report. Secondly, the implications for Anglo-Argentine relations and Falkland development. Thirdly, the way in which political and economic changes in Antarctica influenced the future of the Falklands.

(A) ORIGINS AND AIMS

In May 1975 there were two simultaneous proposals to the British Government for an economic survey of the Falklands. Governor Neville French claimed that the Colony's Executive Council took the initiative to reverse the deterioration of the economy. The price of

wool and the revenues of the Falkland Government fluctuated in the late 1960s and early 1970s. As a result of the recession the average price of the Falkland wool clip per kilo fell from 111p. in 1973/1974 to 53p. in 1974/1975. The budget surplus of the Falkland Government was reduced from £116,000 in 1973/1974 to £68,000 in 1974/1975.[1] In May 1975 Governor French travelled to Rio de Janeiro with four Executive Councillors - Willie Bowles, Sydney Miller, Adrian Monk and Dick Goss - for a meeting with David Ennals, a Foreign and Commonwealth Office Minister. Ennals was in Rio to attend a meeting of heads of British diplomatic missions. The Falkland delegation took a shopping list of requirements. The first was for the reinforcement or replacement of H.M.S. 'Endurance' by a 'grey' warship. It was rejected because of the cost. The request for a comprehensive economic survey was accepted.[2]

Bob Storey, a member of Shackleton's team, said twelve years later that his conclusions were influenced by the ideas of Adrian Monk on the need to transform Falkland society.[3] A speech by Monk in June 1975 showed that some Islanders understood that the Colony's social and economic problems were related. He said that,

> ". . . I am certain that a very large reason also for the decline in population is the lack of opportunity for individuals to branch out on their own, form their own small businesses; lack of opportunity to invest; lack of opportunity to maybe get loans to start businesses . . . The Camp is entirely filled with employees, while the conditions maybe adequate financially, not everybody wants to be an employee, and there is complete lack of security of tenure. I think that it is very important that the whole economic infrastructure . . . [should] be examined, to see if we don't have to upset, maybe, the existing land tenure system, alter things that have stood us well up to now but are obviously failing us."[4]

The U.K.F.I.C. was also instumental in the decision to conduct an economic survey. On 8 May 1975 it attended an informal seminar with David Ennals at the Foreign Office to enable an exchange of

views. The U.K.F.I.C's representatives included Bill Hunter Christie, Frank Mitchell, Sir John Barlow and Jack Abbott (from the Local Branch in Stanley). Professor Donald Griffiths, a geologist from Birmingham University, and Dr. Peter Calvert, a Politics Lecturer at Southampton University, contributed their specialist knowledge of the region. Commercial interests were represented by the Chairman of the F.I.C., the Chief Manager of Lloyds Bank International's Latin American Section, the Managing Director of the Baring Bank, and a consultant for the Argentine National Bank. Twelve Members of Parliament attended including John Biggs-Davison, James Johnson, Nigel Fisher and Tam Dalyell. Finally, there were officials from the Foreign Office, Ministry of Defence and Department of Energy.[5] The agenda covered oil exploration, alginates, fisheries, welfare, the constitution and restrictions on foreigners owning land.[6] There was no attempt to reach conclusions or recommendations, although ideas discussed were passed on to Governor French.[7]

It is interesting to note that Lord Shackleton denied that the survey team's conclusions were influenced by the U.K.F.I.C..[8] Nevertheless, the recommendations of the Report are astonishingly similar to those in Christie's April 1975 paper. Shackleton admitted to his knowledge of it at the time. He wrote to Christie that,

"I have refreshed my memory on some of the very interesting reports you have yourself made to the Committee."[9]

The U.K.F.I.C. met Shackleton's team in December 1975 to elaborate on its ideas.[10] Christie was concerned to maintain the independence of the Shackleton team and even cancelled a visit to the Falklands which would have coincided with their mission. He emphasized that,

". . . the Committee should also stand on the sidelines and not even appear to be attempting to influence the outcome."[11]

A letter from Sir John Barlow to David Ennals after the seminar clearly shows that a number of the Report's 'unexpected' conclusions were common knowledge. He pointed out that the Falklands would be absorbed by Argentina unless independent air communications were established by an extension of the airport runway. Barlow emphasized that in 1974 the Falklands had contributed £2.2 million net to the British balance of payments and the British Treasury had benefited from Tax on profits from Falkland sheep farming paid to British residents. He said that,

"The Islands have more than paid their way and played their part over many years. The Islanders have produced the Wool. Britain has had the benefit.[12]

It appears that the economic survey was sanctioned by the British Government in response to the increase in Argentine hostility. In April 1975 the British Embassy in Buenos Aires reported the need for a diplomatic initiative after the Argentine Government warned that the only option open was a resort to force.[13] James Callaghan, the Foreign Secretary, recollected that after 1973 the Falklands were, ". . . seen through the eyes of the O.P.E.C. problem."[14] In May 1975 he sent the Prime Minister a seventeen page memorandum which proposed an inquiry to engage the Argentine Government with the aim of co-operation in exploiting the Colony's oil and krill resources. The recession precluded large-scale British investment to revitalise the Falklands. The Government wanted to persuade Parliament and the Islanders through an "informed approach" that collaboration with Argentina was the answer.[15] In July talks were held to involve Argentina in the survey. However, they were abandoned because Vignes, the Argentine Foreign

Minister, made unacceptable demands that economic development should be linked to a leaseback settlement combined with an Argentine occupation of South Georgia and the South Sandwich Islands.[16]

The Government proceeded with a unilateral survey. In October 1975 the Labour Peer Lord Shackleton, the Deputy Chairman of the Rio Tinto Zinc Corporation and son of the renowned Antarctic explorer, was appointed Chairman and the Economist Intelligence Unit was commissioned to recruit an independent team of experts. The decision to appoint an independent study was probably intended to counter any criticism that its findings would be influenced by the Government. The inquiry was to begin in December, spend three to four weeks in the Falklands and report in February.[17] Shackleton's peculiar qualifications included having led a mission to South Arabia in 1967 and a father associated with the Falklands. The team was composed of experts on oil economics, fisheries and sheep husbandry assisted by two secretaries and a representative from the Foreign Office.[18]

As the team gathered Shackleton made an important contribution by travelling to the Shetland Islands to consider a parallel situation. He concluded that the survey required a social dimension and recruited Bob Storey, a Social Research and Development Officer for the Highlands and Islands Development Board.[19] Both the Shetlands and the Faroes have similar climates and resources to the Falklands and presented Shackleton with guidelines in how to develop an isolated archipelago and the need for Government support to encourage local initiative.

The population of the Faroes increased from 13,000 to 35,000 between 1860 and 1960 based on a fish-processing industry and the

formation of self-sufficient villages.[20] The Faroes today support 46,000 people, half of whom live in crofter villages. The main occupation is fishing supplemented by light industry, handicrafts, sheep farming and agriculture.[21] There is a strong sense of identity and considerable autonomy has been granted by Denmark. In contrast the Shetlands experienced decline until about ten years before the impact of oil. The population fell from 31,000 in 1860 to 18,000 in 1960 as a result of the croft clearances, deaths in war and at sea, and the high cost of exporting agricultural produce.[22] The decline was finally reversed in 1965 by the establishment of the Highlands and Islands Development Board. By 1970 the Board had invested £800,000 in grants on 111 projects and created 425 jobs.[23] The Shetlands developed four expanding industries - agriculture, fishing, fish-processing and knitwear. The 1971 census recorded the first rise in a century.[24]

The survey's terms of reference were jointly agreed by the Foreign Office and the Executive Council of the Falklands. The broad aim was to arrest the economic deterioration and depopulation. The team was directed to assess the potential of the Falklands and Dependencies and prepare a development strategy. Shackleton assumed the Colony's political status would remain unchanged because there was no reference to the sovereignty dispute.[25]

In Britain the team consulted official records and the accounts of the Falkland sheep farming companies. In January 1976 they were secretly flown to a Brazilian military air base and transported by sea to the Islands via Montevideo. An emotional visit was also made to Ernest Shackleton's grave in South Georgia. Shackleton recalled that, "Between us we spoke to every Falkland Islander."[26] Storey's research

included the use of questionaires to acquire information about the age structure, occupations and pastimes. Shackleton took an active role as Chairman. Storey recollected that Shackleton had a, "strategically very strong influence," showing a, "close interest in just about everything."[27] The Report's conclusions and recommendations were prepared by the relevant specialist. For example, chapter 5 on 'social aspects' was written by Storey. Shackleton read the draft chapters and brought the team together to verify the outcome by consensus. He helped to solve problems and contributed suggestions. For example, he proposed a diagram of the re-structured Falkland Government and the appointment of a development officer.[28]

(B) CONCLUSIONS AND PROPOSALS

The Shackleton Report was presented to the Foreign Secretary in May and published in July 1976. It was a poor instrument for publicity. The two volumes were presented in a discursive and verbose style covering over 450 pages. Nevertheless, the Report received considerable press coverage. Journalists emphasized two points. First, the Falklands possessed valuable resources which could benefit Britain. Michael Frenchman entitled his article, "Falkland's massive fish harvest: will Britain get a share?"[29] The 'Financial Times' Editorial described the Colony's fish and oil as an asset for the European Community.[30] Secondly, Falkland development required Argentine co-operation. 'The Times' Editorial was both critical of the cost of implementing the recommendations and Shackleton's failure to stress the need for Argentine involvement. Shackleton rejected at a news

conference the idea that development was doomed without Argentine collaboration but thought it would be "foolish" not to seek it.[31]

The Shackleton Report presented three important innovations in the debates about the sovereignty dispute and Falkland development. First, it advocated Argentine involvement in exploiting the offshore oil, fish and krill resources of the Falklands and Dependencies. Shackleton said that,

> "The sovereignty issue overhangs our Report, as it does the Falklands, and the absence of a settlement could well inhibit the full development of the Islands."[32]

There were four potential offshore areas for discovering oil - the Malvinas Basin, the Burwood Bank, the Falkland Plateau and the San Jorge Basin.[33] The lack of facilities in the Falklands meant that any development would probably be based in Comodoro Rivadavia. Nevertheless, the Islands could be used as an advanced supply base and oil terminal which would employ 300 to 500 people.[34] The development of a deep-water fishery was also constrained by the limited facilities and the absence of a surplus labour force. A tentative assessment of the marine resources concluded that on the continental shelf there were commercially exploitable stocks of hake, croaker, blue whiting and Falkland herring. South of the Antarctic Convergence enormous quantities of krill, a valuable source of protein, existed. A pilot fishing scheme was recommended. The team commented that large scale fisheries development,

> ". . . would undoubtedly confirm the long-term economic future of the Islands and raise overall standards of living."[35]

The recommendations which dealt with internal development sought to strengthen the Colony's economy in 'splendid isolation' from

Argentina. The key recommendation was the extension of the 1,250 metre airport runway by a further 900 metres. The team recognized the need to bypass Argentina's stranglehold on external travel, establishing regular air services with Montevideo and Punta Arenas. The team warned that,

"However, without the extension, there is a strong doubt whether tourism, fisheries and other diversifying industrial potential would be realised to any significant degree."[36]

The Report proposed various projects to diversify the economy. A study of the ecology and economic potential of kelp would help to guide future negotiations on licence agreements.[37] The tourist market should be examined and tourist promoters appointed. In 1975 6,611 tourists visited the Falklands - mostly Argentines aboard cruise ships. The attractions of the Islands included the wildlife, a unique British community, and sporting and outdoor activities. The Falklands also had potential as a base for exploring South Georgia and Antarctica. Private enterprise was required to invest at least £2 million on a hotel in Stanley and chalets at wildlife sites. A suitable vessel could be chartered to provide ship-based tours. The team set a target of 6,000 tourists a year by the end of the 5 to 10 year development period which would create about 100 jobs.[38] Smaller schemes included a craft and knitwear industry, a meat collection and freezing operation, commercial horticulture and a dairy farm.[39] The relatively high diesel fuel prices also justified a feasibility study on the installation of medium sized wind power generators to supply electricity in the camp.[40]

The Report's second innovation was to conclude that local initiative towards development and Falkland politics was inhibited more by dependency than either isolation or the sovereignty dispute. The

society was heavily dependent on the absentee landowners for employment, housing and provisions. Storey argued that this led to a,

> ". . . lack of confidence and enterprise at the individual and community level, and a degree of acceptance of their situation which verges on apathy."[41]

The attitude of many farm managers was both benevolent and paternalistic. Dependence also contributed to the stifling of a Falkland sense of identity. Camp workers were forced to leave the settlements on retirement which deprived the community of their experience. Young Islanders were unable to become independent farmers. Low educational standards and the absence of Falkland themes and topics in the curriculum left Islanders at a disadvantage and with a sense of inferiority when dealing with British recruited people. Despondency caused inertia towards politics. The Legislative Council was dominated by farm owners and managers. Falkland society also lacked cohesion because of the divisions between native-born kelpers and British expatriates, managers and workers, and Stanley and the camp.[42] In 1983 Graham Bound, the Editor of the Colony's independent newspaper, claimed that greater discontent was caused by the class situation than the sovereignty dispute.[43]

The objectives of the survey were interpreted by the team to include reducing social and economic dependence and to allow a wide cross-section of the Islanders to influence the scale and rate of economic and social development.[44] A number of recommendations were made for mainly social reasons. The most important was wider ownership of the land. The majority of shareholders on 27 farms (accounting for 95 percent of the acreage) were not resident in the Islands.[45] The team

believed that the danger of reduced profitability and tax revenues were outweighed by the benefits of subdivision. The Report said that,

> ". . . with the energy and initiative stimulated by having ones' own business, the potential economic disadvantages would be counteracted."[46]

Small farm operations would enable a more intensive use of the land with dairying, meat production, horticulture and tourism near Stanley. The Islanders would also be encouraged towards investment in the Falklands. The Report proposed that the new farms have a minimum capacity for 1,500 to 2,000 sheep. The Falkland Government was required to provide advice and finance on favourable terms.[47]

The construction of a road network could not be justified on economic grounds. The 60 miles of road needed to link Stanley and Darwin/Goose Green would cost about £1 million. However, it would improve the quality of life, reduce dependence within settlements and increase social contact. In the long-term camp inhabitants would be stimulated to greater enterprise.[48] The team also recommended the creation of community councils. It was argued that the Islanders required,

> ". . . a community sounding board, a training ground for future councillors, and . . . a forum other than Legco for the consideration of purely local, and often minor matters."[49]

Finally, the Report opposed the development of offshore oil and gas because it would undermine the fragile society which was based on, "a remote agricultural way of life."[50]

The Shackleton Report's third unexpected conclusion was that private investments and property income had historically flowed from the Falklands to Britain. It amounted to over £5 million (in current prices) over the past twenty years.[51] The general policy of the

absentee landowners was to keep investment in the Falklands as low as possible (without putting farm operations in jeopardy) and to channel any undistributed profits into British investments which offered higher returns. The Colony contributed more than twice as much to the British Exchequer in taxes on transferred funds than it received in aid (in current prices) prior to 1973. The British Exchequer was paid an estimated £1,898,000 in taxes between 1951 and 1973, while British aid during this period amounted to £929,900. In 1974 these figures were reversed due to the construction of Stanley airport.[52]

The Report was critical of the F.I.C.'s dominant role in the economy. The Company owned 46 percent of the land acreage, produced half of the Colony's wool output, employed about one-third of the total workforce, managed the external sea freight and coastal shipping, dominated retail distribution, conducted the sale of most of the wool clip and contributed a substantial share of the Government's revenue in company taxes. The team recommended that the Falkland Government should encourage competition and consider acquiring a position of influence, if not control, over the F.I.C.. Possibilities included Government representation on the Board of the Company, through a nominee Director, to safeguard the public interest.[53]

The Falkland Government, it suggested, should assume a more dynamic role. Agricultural and Development Departments should be established. The most important new post was that of Chief Executive (which would replace the Chief Secretary) to be responsible for the development programme and conducting high level negotiations. The Chief Executive would be a member of the Executive and Legislative Councils. Other new posts included a Development Officer, an Agricultural Officer

(to administer the acquisition of farms for subdivision), a Political Adviser to assist the Governor and a permanent social worker.[54] The work of the Grasslands Trials Unit (started in 1975) should be extended with investigations on vegetation and livestock. Rural science should be added to the school syllabus with grants for higher education abroad.[55]

The recommendations of the Shackleton Report were to be funded by a combination of direct British grants, soft loans (76.6 percent grant element), aid from the Commonwealth Development Corporation and the European Economic Community, and investment by private enterprise. The Falkland Government would pay £241,000 spread over a five year period. The total cost to the British Government for implementing all the recommendations was £12.9 million over five years, of which £7.5 million (towards the development of the fisheries) could be deferred. An offshore fisheries scheme would cost £1-1.5 million, followed by a further £6 million for the second stage of development. Therefore, the British Government's contribution to the funding of all the other recommendations was £5.4 million. The most expensive projects were the airport runway extension (£3.5 million) and the road network (£1 million).[56]

(C) ARGENTINA'S HOSTILE RESPONSE

A domestic economic and political crisis overshadowed the formulation of Argentina's response to the Shackleton Report. In July 1974 Isabel, Peron's inept wife, succeeded as President. The oil crisis caused inflation to rise from 24.2 percent in 1974 to 183 percent in 1975. In May 1975 the trade unions called a general strike when the

Government attempted to impose a wage freeze. Isabel's leading Ministers then resigned which enabled the General Confederation of Labour, a grouping of trade unions, to take control. In September 1974 the Montoneros resumed their terrorist campaign. Army and police personnel were assassinated and prominent financiers abducted for huge ransoms. The secret 'Triple A' organization reacted by murdering left-wing sympthizers at the rate of fifty a week by 1975. The military also ruthlessly retaliated.[57]

The Argentine Government's retort to the Shackleton Report can be divided into four phases. First, relations rapidly deteriorated from January 1976. On 2 January Arauz Castex, the Argentine Foreign Minister, protested to James Callaghan, then Foreign Secretary, at the "unfriendly and unthoughtful" coincidence that Shackleton had arrived in the Falklands on the anniversary of the "illegal occupation" in 1833.[58] On 13 January the Argentine Ambassador in London was withdrawn and the British Ambassador in Buenos Aires was requested to leave.[59] The Argentine Government did not escalate the confrontation. Argentine military engineers continued their work on a temporary airstrip at Cape Pembroke.[60] Nevertheless, the Islanders were affected by Argentina's economic difficulties. In March the return air fare to the mainland almost doubled in price to £202.[61]

On 4 February 1976 an Argentine destroyer attempted to arrest the unarmed British survey vessel R.R.S. 'Shackleton' in international waters south of the Falklands. The captain of the 'Shackleton' ignored both shots fired across his bow and an order that he sail for Ushuaia and proceeded to Stanley.[62] British intelligence subsequently revealed that the interception was planned six weeks

earlier without the Argentine Government's approval. It was authorised by Admiral Massera, the Commander-in-Chief of the Argentine Navy. The Joint Intelligence Committee considered that the operation was part of a policy of "continued pin pricks" and not a preliminary to an invasion.[63]

On 11 February Ted Rowlands, a Foreign and Commonwealth Office Minister, held talks with the Argentine Foreign Minister in New York. He was instructed to ascertain Argentina's views on future sovereignty discussions and restate that the Islands would be defended. On 19 February the Chiefs of Staff informed the Government that it would not be practicable to establish and supply a garrison capable of repulsing a determined Argentine attack.[64] Ted Rowlands commented eleven years later that the Government had, ". . . no clear goal . . . [we] had to feel our way."[65]

The second stage in Argentina's response to the Shackleton Report followed a military coup on 23 March 1976. The Argentine Government was in financial and political difficulties. General Jorge Videla, the Junta's leader, instituted a 'Process of National reorganization'. All forms of opposition to the regime - encompassing liberals, communists and trade unionists - were liquidated. In 1977 Amnesty International published a report on a mission to Argentina the previous November which accused the military of committing atrocities (by 1982 the 'dirty war' is estimated to have resulted in 20,000 arrests, 11,000 murders and 2 million people fleeing the country).[66] It subsequently became clear that the repression of the unions complemented a Government economic programme which sought foreign loans, ended welfare subsidies, restricted wage increases and allowed food prices to rise.[67]

The Shackleton survey was described as a provocative act by the new regime which gained international support by accusing Britain of intransigence on sovereignty. In August 1976 the Fifth Heads of State Conference of the Non-Aligned Countries "firmly supported" Argentina's claim to the Falklands.[68] In December 1976 the U.N. General Assembly passed resolution 31/49 (xxxi) by 102 votes to 1 (Britain), with 32 abstentions. The Argentine Government was thanked for its efforts to decolonize the Islands. In a veiled reference to the Shackleton Report, the resolution called on both countries to,

". . . refrain from taking decisions that would imply introducing unilateral modifications in the situation."[69]

Argentina also succeeded in establishing a presence on Southern Thule in the South Sandwich Islands. The operation was formulated by Captain Juan Lombardo, the Director General of Policy at the Defence Ministry, and approved by the Junta.[70] On 20 December 1976 H.M.S. 'Endurance' discovered the base. On 14 January 1977 the Argentine Ministry of Foreign Affairs claimed that the military personnel on Southern Thule were carrying out scientific research. A formal British protest was presented on 19 January. On 27 January British intelligence reported that Argentina planned to capture the B.A.S. party on South Georgia if personnel on Southern Thule were ejected. A contingency plan also existed to invade the Falklands. It appears that the British Government did not take any further action.[71]

The third phase in Argentina's response to the Shackleton Report occurred as a result of an initiative by Anthony Crosland, the Foreign Secretary. He hoped to break the stalemate with Argentina by reviving talks on common economic interests. The Islanders were given

an assurance that they would be consulted at every stage. On 2 February 1977 Anthony Crosland announced in the House of Commons that,

> ". . . the time has come to consider both with the Islanders and the Argentine Government whether a climate exists for discussing the broad issues which bear on the future of the Falkland Islands, and the possibilities of co-operation between Britain and Argentina in the region of the South West Atlantic."[72]

Later in February Ted Rowlands, a Foreign and Commonwealth Office Minister, visited the Falklands and Argentina to prepare the terms of reference for the new discussions. The Colony's Councils agreed to negotiations under a 'sovereignty umbrella' on both political differences and economic co-operation.[73] Nevertheless, many Islanders remained anxious about the future. The Falkland Islands Committee (Local Branch) presented the Minister with a statement. It said that,

> "We wish to have co-operation with Argentina only in the form of a normal relationship between any two countries (Keep the Falkland Islands British).[74]

The independent and relatively objective 'Falkland Islands Times' commented that the Committee, ". . . probably represent almost 100% of the Islands' population."[75]

Prior to the first round of talks in July 1977 Dr. David Owen, Anthony Crosland's successor as Foreign Secretary, presented a paper to the Defence Committee of the Cabinet which argued that the status quo was untenable without a huge military commitment. The Government's strategy was that Britain should retain sovereignty of the Falklands as long as possible to allow time for the education of public opinion in Britain and the Islands. The negotiations would be continued, with concessions made in the Dependencies if necessary, although it was recognized that only a leaseback arrangement would satisfy Argentina.[76]

The final stage in Argentina's response to the Shackleton Report was the failure of the initiative begun by Anthony Crosland and a return to the uneasy status quo. Argentina was preoccupied by a confrontation with Chile over the Beagle Channel Islands of Nueva, Picton and Lennox. In January 1978 Argentina formally rejected the award of the Islands to Chile by an impartial panel from the International Court of Justice. In December the war hysteria which swept both countries was only defused by the Pope's intervention.[77] The Argentine Government adopted an aggressive approach towards the parallel Falklands' dispute. In September and October 1977 the Argentine navy arrested seven Soviet and two Bulgarian fishing vessels in Falkland waters and fired on one of the Bulgarian ships wounding a sailor.[78] The Argentine decision to cut the Colony's oil supplies and air service was also seen as, "muscle flexing."[79]

On 21 November 1977 the British Government decided to establish a military presence near the Falklands while the next round of talks were held in December.[80] David Owen recollected that the intention was to, "buttress our negotiating position."[81] Two frigates and a nuclear submarine were secretly deployed east of the Falklands. The rules of engagement involved the interception of Argentine warships within fifty miles of the Islands and to open fire if they appeared hostile. It is believed that the task force was not revealed to the Argentine Government.[82]

The New York talks on 13 - 15 December resulted in an agreement that two working groups should be created which would prepare reports on sovereignty and economic co-operation. Further meetings in February and December 1978, held in Lima and Geneva respectively, led to

a draft agreement on scientific collaboration in the Dependencies. The scheme was abandoned because the Colony's Councillors opposed additional Argentine activities in the Dependencies.[83] Nevertheless, Argentina decided to restore full diplomatic relations with Britain as a gesture of goodwill prior to the New York talks in March 1979.[84]

The Falklands' dispute did not appear to be a significant factor in Anglo-Argentine trade during the 1970s. The value of British exports to Argentina rose from £51.4 million in 1972 to £172.8 million in 1980, while the value of Argentine exports to Britain rose from £76.5 million to £114.3 million during the same period. Argentina's share of British exports fell from 0.5 percent to 0.3 percent between 1972 and 1980, while Argentina's share of Britain's imports fell from 0.7 percent to 0.2 percent during the same period.[85] It is estimated that Argentina's expenditure on arms purchases between 1976 and 1982 might have totalled 14.3 billion U.S. dollars.[86] Britain supplied various items of equipment such as 2 Lynx ASW helicopters and 120 Blowpipe surface-to-air missiles.[87] In 1982 Alan Tabbush was Chairman of the British chapter of the Argentine/British Joint Committee for Trade and Investment, which met at Canning House in London. He recalled that British business considered the Falklands' dispute a potential threat to trade. In practice it was not affected. For example, British consulting engineers worked on major hydroelectric projects and the Bank of London and South America opened new branches. However, if the dispute had been resolved new business opportunities might have arisen in oil exploration, petrochemicals and fisheries.[88]

The British Government's sensitivity about the Argentine military threat to the Falklands in the late 1970s was paralleled by the

continued economic stagnation of the Colony. This is a suitable point to consider how the Shackleton Report was received by the British Government and the Islanders.

(D) LIMITED IMPLEMENTATION AND FALKLAND POLITICS

On 2 February 1977 Anthony Crosland announced that the Government acknowledged the potential for development in the Falklands and would examine the cost-effectiveness of extending the airport runway. However, it would not fund the major capital projects recommended by the Shackleton Report because of the recession. He said that,

"There are more urgent claims from much poorer communities. And the right political circumstances do not exist."[89]

A subsequent desk study concluded that there was no economic justification for an extension of the airfield to accommodate short/medium haul jets and partially loaded long haul jets.[90] It seems that the Government's stress on co-operation with Argentina as a precondition for development reflected surprise at the outcome of the Shackleton Report. Ted Rowlands recollected that the recommendations were not expected. Shackleton was thought to have "lost his heart" to the Islanders.[91]

A controversy arose after Sir Ian Gilmour, the Lord Privy Seal, announced on 25 May 1979 in the House of Commons that the majority of the Shackleton Report's recommendations had been implemented. The Foreign Office published a list of the ninety proposals and the action taken. Lord Shackleton and the Falkland Lobby claimed that the public was "given the wrong impression" because the Government did not

distinguish between major and minor points.[92] On 18 December 1980 Nicholas Ridley, a Minister at the Foreign and Commonwealth Office, clarified that,

> ". . . a very large number of the recommendations have been implemented - 49 out of 90. Of the remainder, 14 have been rejected, 20 are in train and 7 are undecided. I concede that the bulk of the recommendations in terms of money have not been implemented because we come immediately to the question of the runway."[93]

The Government's procrastination towards development led to disillusionment and concern in the Falklands. On 21 November 1977 the Legislative Council passed a motion which strongly urged the Government to assist with the urgent implementation of the Shackleton Report. Tim Miller, elected member for the Camp Division, deplored the limited progress. He said that,

> "We must not be deterred from initiating and developing such ventures as coastal and off-shore fishing and similar activities merely because this would be against the appeasement policy of the British Government towards Argentina."[94]

After Southern Thule was occupied the Legislative Council passed a motion that urged the Government not to cede the sovereignty of the Dependencies to Argentina. D. S. Evans, elected member for West Falkland, feared that,

> "We could eventually find ourselves ringed by Argentinian possessions. If that were to occur then our chances of survival would be nil."[95]

The Shackleton Report affected the political character of the Falklands by strengthening the Islanders' sense of identity and grievance about past neglect. The position of the Falklanders, where their loyalty was in conflict with the central government, was similar to that of the Ulster Orangemen and the French Algerians. The Islanders saw the Falklands as an extension of Britain and could not understand

why the Government continued to negotiate about sovereignty with Argentina. The Ulster slogan 'No Surrender' was paralleled by 'Keep the Falklands British'. In February 1977 the Falkland Islands Committee (Local Branch) articulated this belief in being a part of the British national body politic in a message to Ted Rowlands. It said that,

> "The South American way of life is as foreign to us as the oriental one is to you. Our cultures, laws, politics, language etc., are entirely different. If we wanted the South American way of life we would go there and live."[96]

The British Government perceived the Falklands as a colonial remnant or real estate distinct from the United Kingdom and was primarily concerned with appearing to safeguard the Islanders' wishes rather than the retention of the territory.

The Shackleton Report gave the Islanders a vision for economic and political progress which would enable greater independence from both Britain and Argentina. The F.I.C.'s dominant role in the Islands was seen by many as a hindrance to change. Subdivision and the creation of owner-occupied farms were advocated as essential to restore local enterprise and the Islanders' self-respect. For example, Margaret Davidson, a market-gardener from West Point Island, demanded,

> "Give the people here land and these islands will prosper. That I know instinctively to be true. And Mr. Mitchell and his company deign to say that they will offer land 'EXPERIMENTALLY IF NECESSARY' God help us! Give the people land then they will lose their desperation and clinging on to Britain with fanatical sovereignty cries. Let them make this country their own united, prosperous, rural community - then Argentina and her distasteful, repressive society would not dare to touch us."[97]

The Falkland Government took a number of steps to implement the recommendations of the Shackleton Report. The establishment of community councils was considered impracticable because of the small population and lack of interest.[98] The Government initiated subdivision

by purchasing Green Patch farm from the F.I.C. for £170,000.[99] It was rumoured that Green Patch was in a "rundown condition" and the F.I.C. had been unable to attract labour there.[100] A Selection Committee chaired by Adrian Monk chose purchasers for the six newly created farm units from applicants in the Falklands and abroad.[101] Each unit consisted of about 10,000 acres (the entire farm was 72,000 acres) and supported roughly 3,000 sheep. The scheme was heavily subsidized to enable Islanders to take out mortgages. J. Clement, a retired farmer, said that,

> ". . . to get the thing going the farmers had very good terms from the Government; they got 90 percent loans over 25 years with the option of ownership at the end for very little extra expenditure, and in most of the sections the houses were worth far more than they paid for the whole land. Some of the blocks went for £14,000 or thereabouts upwards, depending on the type of the land and viability."[102]

Green Patch was followed by Roy Cove on West Falkland which was bought for £190,000 from Bertrand and Felton Ltd.. It was also divided into six sections and over sixty applications were received from Islanders, Britons, Australians and New Zealanders.[103] The section-holders were due to take over their farms on 2 April 1982.[104]

The Falkland Government bureaucracy was expanded to improve agriculture, the infrastructure, education and welfare. By 1982 an agricultural officer, a development officer, a road engineer, a district nurse and additional staff at the Grasslands Trials Unit had been appointed. A road was begun between Stanley and Darwin/Goose Green. Secondary education was centralized in Stanley with the construction of a new boarding house. An increase in personal taxation enabled the introduction of income relief and a compulsory health insurance scheme. The appointment of a permanent social worker was rejected. There was

very little progress towards diversifying the economy. A small knitwear co-operative was established and experts on tanning hides and skins, cheese making, shell fish exploitation and fish farming visited the Colony.[105] In December 1977 Julian Fitter, who had operated a tourist cruise ship in the Galapagos Islands, was invited by the Falkland Government to study the tourist potential of the Falklands.[106] The main proposal of his report in May 1978 was that a 32 passenger tourist vessel be used to cruise around the Islands.[107] The Falkland Government invested £25,000 towards the cost of acquiring a vessel of 500 tons to carry both passengers and freight. Fitter gained promises of a further £75,000 from the Sheep Owners' Association and other private interests but was unable to proceed because the British Government refused to fund the remaining £200,000 required.[108] This limited implementation of the Shackleton Report showed that the British Government did not ignore the Colony or want it to collapse. However, it saw Argentine co-operation as essential before further investment would be considered.

It remains important to consider the Falklands in the context of parallel developments in Antarctica during the 1970s. The Falklands had historic links with Antarctica. The new airport at Port Stanley had implications for the Islands as a British gateway to the continent. The strategic value of the Falklands as a staging post would increase if it became possible to conduct large-scale economic development in Antarctica on a commercial basis. The next subsection will examine how the perceived usefulness of Antarctica changed and the extent of British activities in the region.

(E) DEVELOPMENTS IN ANTARCTICA

The 1976 Shackleton Report reflected a new interest in Falkland economic development. During the 1970s there was a parallel reappraisal of Antarctica's potential value. Whereas development in the Falklands was inhibited by the sovereignty dispute it was prohibited in Antarctica by the 1959 Antarctic Treaty. The Treaty can be reviewed by a conference called in or after 1991 at the request of the Consultative Parties. A revision of the Treaty, such as approval to exploit the continent's resources, would require the unanimous agreement of the Consultative Parties.[109] Privileged access to official sources would be needed for adequate comment on the sensitive issue of the connection between the Falklands and Antarctica in the lead up to 1991. However, it is clear that any large-scale economic development in Antarctica would increase the strategic importance of the Falklands.

By the mid-1970s a number of resources were considered exploitable. Tourism was initiated by Argentine cruise ships in 1958. Since 1966 the U.S. firms Lindbald Travel and Society Expeditions have dominated the market. Tourist flights over Antarctica were begun in 1956 by Chilean National Airlines. Quantas and Air New Zealand established regular services from 1977. The flights ceased in November 1979 when a DC10 crashed on Mount Erebus killing 257 people. The accident revealed the dangers of operating without air traffic control to guide the route and altitude. It also showed the difficulties and expense of mounting rescue operations. The threat to the environment from pollution generated by tourists remains negligible as the limited accommodation on the bases restricts tourist numbers to under 1,000 each season.[110]

The Antarctic Convergence, an area between latitudes 45° S. and 60° S. where the Antarctic surface waters sink beneath the less dense and warmer sub-Antarctic surface waters, possesses a distinct ecosystem. In the 1960s the exploitation of the living marine resources of the Southern Ocean was revived by the Russians and Japanese who pioneered a southern fishing industry.[111] Twelve commercially exploitable species of fish were discovered such as the Antarctic cod and herring. The sustainable yield was exceeded until the late 1970s when the catch fluctuated between 115,000 and 268,000 tons.[112] The shrimp-like krill proved the most valuable resource. It has a dry weight protein content of 50 to 60 percent. A theoretical excess of krill, estimated at between 100 and 150 million metric tons, was believed to have arisen as a result of the fall in the number of baleen whales. The U.N. Food and Agriculture Organization estimated that the total harvest of krill in the 1978/1979 season was 386,000 metric tons, of which 326,000 tons was caught by the Russians. The Russians experimented using krill as a feed supplement for animals and for human consumption.[113]

The mineral wealth of Antarctica also attracted interest. Commercial exploitation was prohibited by the ice pack which covered 98 percent of the continent. Nevertheless, initial surveys discovered evidence of poor quality coal, large deposits of iron and trace elements of chromium, nickel, cobalt and platinum. The 1970s was a period of intensive geological and geophysical research. For example, in 1976 Edward Zeller of Kansas University conducted an "uranium resource evaluation" using an airborne gamma-ray spectrometer in ice free regions.[114] Speculation about the potential was rife. A 1974 U.S.

Geological Survey Report referred to an estimated 45 billion barrels of oil and 115 trillion cubic feet of natural gas in Antarctica.[115]

A number of other proposals were suggested to exploit Antarctica. It could be used as a deep freeze for emergency food storage, an airfield site for linking the southern continents and as a burial ground for nuclear waste (forbidden by the 1959 Antarctic Treaty). In 1977 a Saudi prince sponsored the 'First International Conference on Icebergs' at Ames, Iowa attended by 110 scientists and engineers. As a result the 'Iceberg Transport International' was formed to convey tabular icebergs to draught striken regions of the world at half the cost of desalination. The project was abandoned because of logistical problems. It was thought that geo-thermal power might be exploited since there were more than a dozen active volcanoes. In 1981 the U.S. National Science Foundation made a grant to Arizona University for an investigation of wind power at McMurdo station.[116]

New conservation measures were introduced to supplement the 1959 Antarctic Treaty. In 1972 the Consultative Parties concluded a Sealing Convention to prevent a revival of the industry. Fifteen Specially protected Areas were designated and the Ross and fur seals were scheduled for protection.[117] During the 1970s concern about over-fishing led to intensive studies of Antarctica's marine resources. In 1976 the 'Biological Investigations of Marine Antarctic Systems and Stocks' (B.I.O.M.A.S.S.) programme was begun, sponsored by various organizations such as S.C.A.R. and the U.N. Food and Agriculture Organization. The objective of the ten-year study (1977-1986) was to gain a deeper understanding of the Antarctic marine ecosystem which would form the basis for the future management of its resources.[118]

A 'Convention on the Conservation of Antarctic Marine Living Resources' was adopted at Canberra in May 1980 to administer the Antarctic marine ecosystem. It was signed by the Consultative Parties (but also in a sense applied to non-Treaty states on their accession to the E.E.C.) and came into force in March 1982. A commission, with a secretariat in Tasmania, was established composed of the states active in research and fishing. Whereas the Consultative Parties had rejected a bureaucracy to maintain the 1959 Antarctic Treaty, a permanent commission was essential to the work of the fishing convention. The Hobart headquarters consisted of a conference centre, museum, library and scientific laboratories. The commission met annually.[119]

There were also moves towards the establishment of an Antarctic minerals regime. The primary obstacle to an agreement was that the control of resources raised the sensitive issue of the suspended sovereignty claims. In 1977 a group called the 'Environmental Impact Assessment of Mineral Resource Exploration and Exploitation in Antarctica' (E.A.M.R.E.A.) was formed by S.C.A.R. experts to study the possibility and environmental consequences of mineral exploitation. The Consultative Parties agreed to respect a voluntary moratorium on exploitation until a permanent international agreement was reached. For example, in July 1978 the U.S. Government refused a request from Gulf Oil to carry out seismic studies in Antarctica. Nevertheless, fears continued that some research programmes were a disguise for mineral prospecting.[120]

Many more countries developed an interest in the future of continent. The number of signatories to the Antarctic Treaty increased from the original 12 to 38 by May 1988.[121] The new signatories were not

entitled to participate in decision-making at Consultative Meetings (with the twelve founder members) until they had made a significant contribution to scientific research in Antarctica and were approved by the other members. For example, Poland gained Consultative Party status in July 1977 after establishing a permanent base in the South Shetland Islands complemented by work on krill.[122] Consultative Party status was also conferred by May 1988 on West Germany, Brazil, India, the People's Republic of China, Uruguay, Italy and East Germany.[123]

The original signatory states (apart from Norway and Belgium) sought to maintain and increase their presence in Antarctica. The political aim was to strengthen their negotiating position prior to any revision of the Treaty. The U.S.A. and Soviet Union continued their work throughout the continent. The activities of Argentina and Chile were concentrated in the territories where they claimed sovereignty. The Presidents of both countries visited the continent. Argentina established family groups on Antarctic bases. Weddings were conducted and the first baby was born at Esperanza base in January 1978. The first Chilean 'family settlement' was created in 1984.[124]

Consecutive British Governments believed that it was important to maintain a British presence in Antarctica. The British Antarctic Survey's budget in 1982 of £5.7 million net (including £600,000 from postage stamps and other activities) had remained constant in real terms since 1967. The B.A.S., with headquarters in Cambridge, operated six Antarctic bases, two ships, two aircraft and employed about 300 staff. Half the budget was spent on transport costs. Before 1982 the B.A.S. appears to have been a relatively efficient organization. For example, British scientific productivity per person in Antarctica

was much greater than in the case of Argentina or Chile, which were preoccupied with political objectives. In the four years prior to 1982 Britain produced an average of 151 scientific papers, Argentina 18 and Chile only 14. Nevertheless, the average summer population for all stations averaged 250 for Argentina, 200 for Chile and only 90 for Britain.[125]

The proximity of the Falklands had been a major factor in defining the British Antarctic sector and retained political significance. In December 1982 Dr. R. M. Laws, the Director of the B.A.S., said that, ". . . if the Falklands changed hands the politics of the Antarctic would change."[126] However, before 1982 the Falklands were not considered an important supply base. The B.A.S. posted one member of staff in Stanley where they maintained fuel tanks and used the port's facilities. South Georgia had logistic value as the only place close to the Antarctic where ships could come alongside a jetty. It was also useful in both biological and atmospheric research programmes.[127] If the airport runway at Stanley had been extended, as recommended by the Shackleton Report, the Falklands would have acquired greater strategic value to the B.A.S.. It was not thought possible to build an airport on South Georgia.[128]

A number of interesting points emerge from this study. First, both the Falkland Lobby and the Islanders were very influential in initiating the Shackleton Report, which has not been acknowledged before. Secondly, the pattern of British Government diplomacy on the Falklands appeared to consist of responses to Argentine pressure, rather than intiatives. The Government's apparent surprise at the outcome of the Shackleton Report illustrates that it lacked a vision for the future

of the Falklands other than an eventual transfer of sovereignty to Argentina. The Islands were not considered an exception in the withdrawal from empire. Thirdly, the Shackleton Report contributed to the stirring of a Falkland nationalism. The Report strengthened the Islanders' grievance at past neglect and gave them a guide to progress. Finally, the future of Britain's position in the Falklands should not be separated from the trend towards change in Antarctica. The abandonment of Britain's presence in the continent was not on the political agenda. However, there seems to be a contradiction between the withdrawal from the Falklands and the growing value of Antarctica.

The Shackleton Report vindicated many of the arguments raised in the Falkland Lobby that Falkland economic development was possible and vital if the Islanders' wishes were to be safeguarded. The Government's refusal to fund the major recommendations led to a new campaign. The next chapter will also consider how the Lobby crushed the Government's 1980 proposal for a sovereignty leaseback settlement with Argentina.

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1965/66	45	£45,000
1966/67	38	£12,000 (Deficit)
1967/68	40	£55,000
1968/69	42	£58.000 (Deficit)
1969/70	37	£68,000 (Deficit)
1970/71	32	£22,000
1971/72	55	£11,000
1972/73	73	£59,000 (Deficit)
1973/74	111	£116,000
1974/75	53	£68,000

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CHAPTER EIGHT: BRITISH POLITICS AND THE FALKLANDS' QUESTION - REORGANIZATION OF THE FALKLAND LOBBY AND NICHOLAS RIDLEY'S SOVEREIGNTY LEASEBACK INITIATIVE, 1976 TO 1982

After the publication of the Shackleton Report in July 1976 the Falkland Lobby decided that a public relations campaign on behalf of the Islanders was imperative. In August Anne Cameron, the widow of Norman Cameron of Port San Carlos, said in a letter to Bill Hunter Christie that,

> ". . . it seems to be of crucial importance that public opinion both in Britain and abroad should be on our side . . . perhaps the time has come to get a really good professional organization to do our P.R. work. You and Mitch have done a most wonderful job, but there are limits when it is a voluntary organization."[1]

This chapter will examine the formation, activities and limitations of the 'Falkland Islands Research and Development Association' (F.I.R.A.D.A.). It will then consider the failure of the 1980 leaseback initiative in the context of the Falkland Lobby and Falkland politics.

(A) THE CREATION OF F.I.R.A.D.A.

The U.K.F.I.C. was composed of individuals with diverse interests in the Falklands. It was, therefore, inevitable that individual members were critical of some of the Shackleton Report's recommendations. Miles Clifford, the former Governor of the Colony, thought that the Foreign Office post of Political Adviser to the Governor was unnecessary.[2] Major Ronnie Spafford, the Research Co-ordinator for the Falkland Islands Philatelic Study Group, attacked the proposal that a firm of stamp dealers should act as the Colony's marketing agents instead of the Crown Agents. Spafford claimed that

instead of increasing revenues the use of "vast quantities of meaningless commemoratives and other worthless gimmicks" would reduce standards and alienate collectors.[3] Falkland stamps had acquired a high reputation which dealers rated amongst the ten most popular.[4]

The F.I.C.'s criticisms of the Shackleton Report had far-reaching consequences. The F.I.C. prepared a detailed reply to the accusation that it had contributed to the Colony's stagnation. The Company questioned the use of statistics which supported the conclusion that capital was transferred out of the Islands. It rejected the need for Government representation on the F.I.C. Board to protect the public interest because each Director already assumed a, "deep sense of trusteeship."[5] Horror was expressed at the additional Government staff as the costs would, arguably, outweigh the benefits. The F.I.C. recognized the social advantages of owner-occupied and tenant farms. However, it was concerned that the loss of economies of scale would reduce profitability and tax revenue while the burden on the Government to provide medical and social services would increase. The Company would only co-operate if it was,

". . . satisfied that the disadvantages to the Colony and its people as a whole will not outweigh the advantages."[6]

Bill Hunter Christie, and other members of the U.K.F.I.C., considered that the F.I.C.'s response was an "extremely ill-judged attack."[7] Christie believed that Britain's political case for the retention of the Falklands depended upon about 700 Islanders who lived and worked in the camp. They would emigrate if denied the opportunity to own homes or obtain a stake in the land. The implementation of the Shackleton Report was crucial. Christie said that,

"If the Government does not resolve in principle to implement the broad lines of Lord Shackleton's recommendations and does not decide to extend the airfield, I consider that sovereignty will pass to Argentina within 5 years."[9]

A crisis arose about the U.K.F.I.C.'s reliance on the F.I.C. and voluntary work. The F.I.C.'s initial opposition to subdivision was a divisive issue. A Memorandum produced in October 1976 commented that,

". . . it is likely to become increasingly difficult for the Committee to do its job effectively and impartially without some degree of criticism of the attitudes of the Company. Our conclusion is that the Committee must if necessary be prepared to become independent and self financing."[9]

Christie also found his commitment an intolerable burden. He said that,

"The Falkland Islands have had 1-2 days a week of my time for something like 3 years, unpaid, and I do not want paying. The average annual expenditure has been £600 p.a. and I have, had I claimed expenses, put in about the same, out of pocket, myself. I make or receive 5 to 30 telephone calls a day about the Islands, write 10-30 letters a week . . . I do not mind any of this but I am sick of doing all my own photocopying (and paying for it) addressing envelopes and, most of all, failing to reply to letters offering help, asking questions or seeking information."[10]

The Colony's Sheep Owners' Association acted before the U.K.F.I.C. in approaching a professional lobbyist organization to mount a publicity campaign.[11] In September 1976 Sallingbury Ltd., Parliamentary and Public Relations consultants, proposed a "medium-key" lobbying exercise in support of the U.K.F.I.C. to ensure that the Shackleton Report was not ignored.[12] Sallingbury asked for a retainer fee of £5,040 a year to cover the costs of staff involvement, postage, duplication, telephone calls and travel. Leif Barton, a granddaughter of Arthur Barton, was a member of staff. The campaign would involve the development of existing Parliamentary support into an ongoing lobby with clearly defined objectives, contact work with Government officials and

industrialists, and informative articles and actions in the media to raise public awareness. The priority issue was sovereignty.[13]

The members of the U.K.F.I.C. worked to establish a consensus on the Shackleton Report's recommendations. For example, on 13 October 1976 the Committee unanimously agreed that the elected members of the Colony's Legislative Council should be advised to retain the Crown Agents as the Stamp Marketing Agents for the Falklands.[14] The links between the U.K.F.I.C. and the F.I.C. were broken. Frank Mitchell, the Managing Director of the F.I.C. and a leading campaigner in a personal capacity, was persuaded to resign the post of Joint Honorary Secretary of the U.K.F.I.C. because the Company was in conflict with the Committee's broad acceptance of the Shackleton Report.[15] A press release announced that,

"The Committee considers that commercial development is now inextricably linked with the political future of the Colony and that therefore its officials should be seen to the outside world as free from commercial interests."[16]

The F.I.C.'s response to the Shackleton Report was then suppressed. Christie said that,

"Following massive combined pressure from Charrington's main Board [the parent company], Alginates, Lord Shackleton and others there will be no circulation of it and I hope it will be explained away."[17]

The reorganisation of the Falkland Lobby became an imperative because Mitchell's resignation had deprived the U.K.F.I.C. of administrative and secretarial facilities. An Executive Committee of the U.K.F.I.C. was formed composed of members based in London such as Christie, John Broadbent-Jones, Lionel Daillie and David Ainslie. On 22 October 1976 the Executive Committee and the Falkland Islands Action

Group (represented by Elizabeth Barton, Elena Jordan and Mike Summers) held a meeting.[18] The objective was,

"To do everything possible to ensure that the Government and the economic management of the islands provided an attractive future for the islanders and encouraged a planned increase in population."[19]

The Action Group had been formed by young Islanders in Britain, after the 1976 Lincoln's Inn reception, to publicize the cause of the Falklands through interviews on the radio and in the press.[20] As a temporary measure the Action Group offered to assist Christie with the secretarial work of the U.K.F.I.C..[21]

Broadbent-Jones suggested that a secretariat could be established by forming a Company Limited by Guarantee to which all commercial, political and other interests concerned with the future of the Falklands could subscribe. It would be independent because no single subscriber could have a controlling vote. 'The Falkland Islands Development Organization Ltd.' was proposed as a title for the company. The Development Organization was thought more suitable to brief Sallingbury than the Sheep Owners' Association which was dominated by the F.I.C.. At a subsequent meeting on 11 November alternative titles for the registered name were suggested, such as the 'Falkland Islands Association' and 'Falkland Islands Office', because it was thought that the word 'company' might have a detrimental effect on winning the support of Islanders for the idea.[22] Lord Shackleton declined an approach about becoming chairman of the new company. He also expressed concern that the Falkland cause would be damaged if the "very ambitious" scheme failed as a result of insufficient commercial support.[23]

The U.K.F.I.C. Executive Committee explained the suggested changes in a report. The proposed 'FALKLAND ISLANDS NATIONAL

DEVELOPMENT LIMITED' was to act as an umbrella organization which all the existing groups, interests and individuals could support. It would provide a secretariat and offices for the U.I.F.I.C., Friends of the Falkland Islands, the Falkland Islands Parliamentary Group, the Falkland Islands Action Group and the Falkland Islands Committee (Local Branch). The Council of Management would have an elected majority composed of not more than 26 members including 2 from the Falkland Government, 1 each from the Sheep Owners' Association and General Employees Union, 6 elected by corporate subscribing members, 4 elected by members resident in the Falklands, and 12 elected by the general body of members. The function of the U.K.F.I.C. would be narrowed to concentrate on parliamentary and political issues. The Falkland Islands Office would deal with the implementation of the Shackleton Report. The total proposed budget was £20,000 per annum to cover the cost of a full time secretary (£3,000), rent and rates (£5,000), general running expenses (£7,000) and publicity (£5,000). Commercial interests would give financial support and use the Office as,

> ". . . a clearing house for information and a means of joint political/economic action in the same way as they would a High Commission, Trade office or a Chamber of Commerce."[24]

On 7 December 1976 the report was presented to the full U.K.F.I.C. for consideration. Its advocates argued that the Falkland Lobby had reached the "institutionalization" stage of evolution as a result of the need to publicize the Shackleton Report. However, there was opposition to the scheme.[25] A telegram from the Local Branch in Stanley was read out which expressed "puzzlement and disquiet" about Mitchell's resignation and the changes.[26] Major Spafford was strongly opposed because the new organization could be interpreted as an attempt

to usurp the proper functions of the Falkland Govrnment. It was claimed that dependence on commercial donors might prejudice the independence of the Board. The question was also raised as to what extent the U.K.F.I.C. would become involved in, "the actual running of the Falklands."[27] It was agreed that the pressure group as a whole should restrict its activities to an advisory role and not interpose between the Falkland people and their elected Legislative Councillors. The U.K.F.I.C. also had no right or mandate to proceed with the project without the approval of the Local Branch in Stanley and the Legislative Council. It was decided to continue after a vote by the members present resulted in 12 to 1 in favour. Frank Mitchell was then invited to rejoin the U.K.F.I.C..[28]

On 3 March 1977 F.I.R.A.D.A. was incorporated as a non-profit making business. Its objectives were to represent the interests of the Falklands and to promote the economic, social and cultural development of the Islands for the benefit of the inhabitants.[29] The Association had four functions. First, to provide the U.K.F.I.C. and affiliated groups with an office and salaried staff in London. Secondly, to incorporate a members' organization to which sympathizers in Britain and the people of the Falklands could subscribe. Thirdly, to provide Islanders visiting Britain and anyone interested in the Falklands with an information centre. Fourthly, to stimulate the commercial implemention of the Shackleton Report's recommendations in accordance with the wishes of the Islanders.[30]

(B) THE ACTIVITIES AND PROBLEMS OF F.I.R.A.D.A.

The first three functions of F.I.R.A.D.A. were fulfilled in January 1977 when 'The Falkland Islands Office' was opened in Regency Street, London. It was later moved to the premises of a firm of solicitors in Greycoat Place in Westminster which was close to Parliament and the offices of Sallingbury Ltd. in Victoria Street. Conference facilities were retained in Regency Street. Leif Barton was appointed the first General Secretary (until September 1978 when she returned to the Falklands to take up the post of Assistant Development Officer).[31] In April 1978 Air Commodore Brian Frow was appointed to the salaried post of Director General of F.I.R.A.D.A., and in August to the unpaid position of Honorary Secretary of the U.K.F.I.C..[32] Frow had earlier served as a Defence Attache in Moscow, a member of the Joint Intelligence Staff at the Cabinet Office and Commander Royal Air Force, Hong Kong.[33] Frow cost F.I.R.A.D.A. a further £5,000 a year in addition to the expense of sending him to visit the Islands.[34]

The attempt by F.I.R.A.D.A. to stimulate the implementation of the Shackleton Report was unsuccessful. In May 1977 the U.K.F.I.C. sent the Government the 'Second Permanent Airfield Memorandum' which argued that an extended runway was vital for development and would benefit both Britain and the Falklands. An alginate industry and a South Atlantic fishing industry required fast airfreight and passenger services direct with the northern hemisphere. The Memorandum also highlighted the potential of an international airport for oil development and as a refuelling point for regular flights between Australia and North America across Antarctica. Passenger traffic from southern South America to Western Europe could be attracted by a feeder

service to the mainland and a regular charter service between Britain and the Falklands.[35]

F.I.R.A.D.A. supported the approach to oil development advocated in a Fabian pamphlet written by Dr. Colin Phipps, a Labour M.P., in July 1977.[36] Phipps, a petroleum geologist, visited the Falklands in November 1975 with Sir John Gilmour M.P. under the auspices of the Commonwealth Parliamentary Association. He concluded that there was insufficient information to assess the likelihood of commercially exploitable oil deposits around the Falklands. However, if a minimum of 50,000 barrels a day were produced the revenue of the Falkland Government could increase twenty times to £45 million a year. The population would increase three fold within three years (many would be poor Chilean immigrants) to provide supply services. Phipps rejected unilateral development and proposed that the British and Argentine Governments negotiate an agreement. Britain would respect the Islanders' wishes. The state oil companies Y.P.F. and the British National Oil Company (B.N.O.C.) could then co-operate in a joint venture to explore the whole continental shelf without having to draw a median line or decide on sovereignty. British technology developed in the North Sea and Argentine mainland facilities could be utilized to mutual benefit. Phipps thought that,

> "If such an agreement could be reached it might then be acceptable to Argentina for the Falklanders to retain their status as a British colony, or become independent under a joint safeguard from Britain and Argentina."[37]

The Falkland Lobby, therefore, accepted the need to involve Argentina in oil development. F.I.R.A.D.A. suspected the Foreign Office would "give away the Falklands" in exchange for British companies being

granted Argentine licences to develop the South Atlantic oil fields.[38] The Argentine Government aimed to be self-sufficient in oil by 1985 and required substantial investment by multinational companies.[39] In August 1978 rumours appeared in the press that a joint venture had been agreed in principle between B.N.O.C. and Y.P.F. as part of a package to transfer the sovereignty of the Falklands to Argentina.[40] In September the Foreign Office denied an arrangement had been reached to drill for oil off the Falklands although B.N.O.C. representatives had visited Argentina.[41]

F.I.R.A.D.A. took a close interest in ideas to diversify the Colony's economy and conservation. In June 1979 the Association organized a seminar at Fitzwilliam College, Cambridge for Falkland farm managers and owners entitled, 'The Diversification and Improvement of Agriculture in the Falkland Islands'.[42] It was repeated in July 1980 on the subject of 'Development of the Falkland Islands' with talks on tourism, philately, transport and communications, archaelogy and biological husbandry.[43] The Shackleton Report had recommended the establishment of a Scientific Research Agency to monitor the environment.[44] In 1977 the Falkland Islands Office proposed the establishment of an international scientific centre for the study of the Islands which was approved by the Colony's Legislative Council. In 1978 Sir Peter Scott, assisted by the World Wildlife Fund, and a group of Islanders agreed to form 'The Falkland Islands Foundation for the Conservation of Wildlife, Wrecks and Places of Historical Interest'.[45] It was registered as an educational charity with Sir Peter Scott as Chairman. The Board of Trustees included Bill Hunter Christie, John Broadbent-Jones, Brian Frow and Frank Mitchell.[46]

The decline in population threatened to cause a breakdown in essential services. The Falkland Islands Office responded by encouraging emigration to the Falklands. The possibility of teenage orphans from Britain being sent to learn a trade was rejected because of a shortage of suitable candidates. In December 1981 Air Commodore Frow announced in the press that,

> "We need people prepared to rough it a little bit . . . The type of persons we want are mechanics, plumbers, odd job men, and shepherds. They will probably be single people as there are not enough houses to cope with a big influx of population."[47]

The Foreign Office received about 800 expressions of interest from would-be British immigrants before the 1982 invasion.[48] The use of unemployed Saint Helenans was also considered.[49]

In February 1979 F.I.R.A.D.A. gave Sallingbury a directive to emphasize more the future prospects of the Falklands, rather than sovereignty, to attract commercial interest.[50] The June 1979 edition of 'The Falkland Islands News' described the Islands as "Britain's new North Sea" because the development of deep-sea fisheries, alginates and oil would be of direct benefit to the British economy.[51] F.I.R.A.D.A. had earlier mounted a relatively successful publicity campaign to raise public awareness about the plight of the Islanders in that it drew the attention of Parliament and the public to the issue. A Public Relations sub-committee, chaired by Major Spafford, was formed to lay down general policy guidelines and brief Sallingbury.[52] In August 1977 a 'Falkland Islands Week' was held which included the presentation of a petition to 10 Downing Street. National newspapers produced photographs of Sukie Cameron, a daughter of Norman Cameron, modelling a 'Keep the Falkland Islands British' T-shirt.[53] On 8 December a ceremony was held at the

Cenotaph to celebrate Falkland Islands Battle Day.[54] It became an annual event. The Falkland Islands Office sold T-shirts with slogans, Falkland ties and greetings cards.[55] By 1979 the Office had written over 2,000 letters, distributed some 6,000 pamphlets and leaflets, issued several hundred press releases and maintained close links with the media.[56]

The Falkland Lobby's influence in British politics was based on a large body of support in Parliament. In 1979 an Early Day Motion which called on the Government to implement the Shackleton Report was signed by 118 M.P.s in the House of Commons. C.P.A. delegations, such as the M.P.s David Lambie and Ian Gow in 1978, were regularly sent to the Falklands.[57] The U.K.F.I.C. appointed John Dodwell, a member of the F.I.R.A.D.A. Board of Management, as its Honorary Parliament Consultant to brief Sallingbury.[58] In January 1978 Dodwell visited the Falklands sponsored by F.I.R.A.D.A. so that he could express the Islanders' wishes with greater authority.[59] The absense of a rival pressure group which advocated a resolution of the sovereignty dispute gave the Falkland Lobby an opportunity to inculcate its ideas about the future of the Falklands in the minds of M.P.s. The Lobby's monopoly on the issue of the Falklands during this period shaped the response of Parliament to both the 1980 leaseback proposal and the 1982 invasion.

The Falkland Lobby was assisted by the political and economic difficulties in Argentina. The Argentine Government's abuse of human rights weakened the argument that it would respect the rights of the Islanders if sovereignty were transferred. In 1977 the National Executive Committee of the Labour Party called on the Labour Government,

". . . to ensure that under no circumstances will the inhabitants of the Falkland Islands be handed over to any Argentine regime which violates human and civil rights."[60]

In April 1977 the U.K.F.I.C. held a seminar with the British Section of Amnesty International to consider whether they could co-operate in Parliamentary matters, specific issues in the Press and in relation to Anglo-Argentine trade. However, Dr. Silbert of Amnesty International said that Amnesty's campaign would be weakened if the two issues were muddled.[61]

F.I.R.A.D.A. faced two major internal problems. The first was insufficient funds. In 1979 the Falkland Islands Office cost about £25,000 while the total income was £22,090 (£2,408 from individual members and donations and £19,682 from corporate subscriptions). The most important subscribers were the F.I.C., Alginate Industries, the Sheep Owners' Association and Jacomb, Hoare and Co..[62] The estimates for the year beginning April 1980 showed a £9,000 deficit as a result of defaults by Alginate Industries (£5,000) and the Bradford wool merchants David Smith and Co. (£3,000).[63] F.I.R.A.D.A. responded to the shortfall with cutbacks and a fund raising campaign. In July 1980 Sir John Barlow, Air Commodore Frow, Frank Mitchell and Bill Hunter Christie sent an open letter to all Islanders. It explained that,

"This financial year, the Office is short of £10,000, largely because Alginate Industries and David Smith have been unable to contribute. Already, we have been forced to give up the services of Sallingbury who acted as public relations and parliamentary consultants. Unless we can guarantee this money, the Office will be forced to close, and this may occur by October 1980. £10 per head of the adult population and corporate subscriptions from all farms would meet this deficit."[64]

Additional funds were forthcoming. In August 1980 the Colony's General Employee's Union donated a subscription while a Fun Fair organised by the Falkland Islands Committee (Local Branch) raised £1,000.[65]

F.I.R.A.D.A.'s second problem was that it lacked credibility in the Falklands. The Falkland Islands Committee (Local Branch) was "not over enthusiastic" when the idea was proposed and reported that it, "received a very lukewarm reception in the Falklands generally and in some quarters strong opposition."[66] The Colony's Legislative Council nominated a member to provide direct liason with the U.K.F.I.C..[67] However, the Falkland Government refused to contribute towards the costs of the Falkland Islands Office because it was associated with the self-appointed U.K.F.I.C..[68] Legislative Councillors were critical of F.I.R.A.D.A.'s lack of accountability. Tim Miller, elected member for the Camp Division, commented that, ". . . sometimes they do sometimes they don't, reflect the views of this end."[69] Adrian Monk, elected member for East Falkland, denounced F.I.R.A.D.A. for usurping the authority of the Legislative Council. He stated that, ". . . we want government here, not government by commercial hacks in London."[70] Monk was also concerned that interference by the Falkland Islands Office at C.P.A. conferences would alienate the representatives of African, Asian, Pacific and Caribbean states. He warned that,

> "I cannot imagine anything worse than for these sort of Delegates to be Lobbyed by a Commercial Organization headed by an Ex Colonel 'Blimp' type . . . don't 'rock the boat'."[71]

F.I.R.A.D.A. failed to become a chamber of commerce for the Falklands. Nevertheless, the Falkland Lobby played a very important role in drawing attention to the resources of the South West Atlantic.

The next section will examine its most ambitious project which was to build a British South Atlantic fishing industry based in the Falklands.

(C) THE LATE 1970s SOUTH ATLANTIC FISHERY PROPOSAL

The Falkland Lobby instigated the 'South Atlantic Fisheries Committee' (S.A.F.C.) with the aim to save Britain's deep-sea fishing industry. The basic objective was,

". . . to see a fleet of thirty British trawlers based in Port Stanley all the year round, the crews being changed regularly by air and regular freight service bringing the catch back to England."[72]

Christie claimed the purpose of the S.A.F.C. was to prove that the Falklands were an asset to Britain. He said that,

"Right from the beginning we have to make it clear that this was not a 'save the Falkland Islands' exercise. Either it is a commercial proposition for the British industry to expand into the South Atlantic or it is not."[73]

Economic development and the Islanders' case for self-determination were seen as complementary in that if Britain's stake in the region increased the British Government would be more willing to retain the sovereignty of the Falklands. To understand why the ideas of the S.A.F.C. were thought a viable proposition in the mid-1970s it is necessary to consider the state of the British fishing industry.

The loss of traditional fishing grounds caused the demise of Britain's distant-water fishing fleet. The Icelandic Government's concern to conserve fish stocks resulted in the assertion of restrictions. It imposed a 50 mile fishing limit in 1972 which was extended to 200 miles in October 1975. In January 1977 the British Government established a 200 mile fishing zone around the United Kingdom after it failed to break the Icelanders' resolve during the 'Cod Wars'

and was faced by similar claims by other states.[74] As a result the number of distant-water boats declined from 168 in 1972 to 50 in 1980. These losses devastated certain ports such as Grimsby and Fleetwood. The number of vessels designed for fishing far-away grounds fell from 95 to 35 in Hull during this period alone.[75]

These changes in the northern hemisphere were paralleled in the 1970s by a new interest in the potential of the South Atlantic. In 1967 Argentina established a 12 mile exclusive fishing zone and licenced fishing by foreign states within 200 miles of its coast.[76] The total Argentine fish catch rose from 211,000 tonnes in 1972 to about 420,000 tonnes in 1978. Co-operation and exploitation agreements were signed with West Germany, Japan, Spain and the Soviet Union. The United Nations Food and Agricultural Organization investigated the value of krill and other resources in the Southern Ocean.[77] Research vessels from Poland, Spain and Japan also conducted surveys within 200 miles of the Falklands and South Georgia.[78]

A study by Sallingbury in June 1977 concluded that there was British commercial interest in the South Atlantic. The British Fishing Federation said that it was prepared to supply both skilled men and equipment provided the political situation was resolved and appropriate shore facilities were available. The Managing Director of Findus Ltd. was also willing to purchase supplies of suitable fish. Sallingbury thought that development would have "far-reaching benefits" for the British shipbuilding industry, the diversification of the Colony's economy and the world supply of protein.[79]

On 28 July 1977 a meeting was held at the House of Commons attended by representatives of the fishing industry, the F.I.C. and the

Foreign Office. It was sponsored by James Johnson, the Labour M.P. for Kingston-upon-Hull West (a constituency seriously affected by the decline in the distant-water fishing fleet) and chaired by Bill Hunter Christie. As a result the S.A.F.C. was formed composed of representatives from British United Trawlers, Christian Salvesens Ltd., the Confederation of Fried Fish Caterers' Associations, the National Farmers' Union, the National Fish Fryers' Federation, the White Fish Authority, Alginate Industries Ltd. and the F.I.C..[80] The Falkland Islands Office provided a secretariat and members were invited to join F.I.R.A.D.A..[81] At a subsequent meeting Bill Hunter Christie was elected Chairman and James Johnson President. The objective of the S.A.F.C. was to produce plans for a commercial fishery survey of the seas around all the British South Atlantic territories.[82] Christie believed that the Falklands had the greatest potential because only 7 percent of the world's seabed consisted of continental shelf of which only 10 percent contained the cold water convergence conditions that produced the kinds of fish favoured by Europeans.[83]

Shackleton's survey team and the S.A.F.C. had conflicting views on how the development of a fishing industry would affect the British character of the Falklands. The Shackleton Report said that it would confirm the Colony's economic future and,

". . . irreversibily change the size and constitution of the population many of whom would not originate from the U.K.."[84]

The S.A.F.C. believed that the development of the fishery should be a British concern which would consolidate the British composition of the Islands' population. Christie said that,

". . . we have absolutely no reason to think that there is any need to import people from Portugal or anywhere else other than Britain. The industry is labour intensive and much of it is highly

suitable for women. We see no reason why families should not come from Britain to do what is highly paid work in a field where many are unemployed today."[85]

In April 1978 the S.A.F.C. sent a memorandum to John Silkin, the Secretary of State for Agriculture, Fisheries and Food. Copies were also sent to the Prime Minister, the Overseas Development Administration and Ted Rowlands[86], Minister of State at the Foreign Office.[87] It claimed that the region could produce a sustainable annual yield of about 2 million tons of southern blue whiting. A British fishing industry could depend, ". . . on fish meal and fish oil for its bread and butter and high value white fish for its jam."[88] The memorandum proposed that the Government fund a twelve-month White Fish Authority commercial survey of the South West Atlantic fishery. It was intended to be "primarily a United Kingdom development project" and would cost £1.6 million.[89]

The S.A.F.C. gained support in Parliament and the press. The Trade and Industry Sub-Committee of the influential all-Party House of Commons Expenditure Committee also published a report on the fishing industry in April. It recommended that,

"H.M.G. and the industry should make an all-out effort to explore and exploit the possibilities of far-distant waters such as the South Atlantic."[90]

The press described the Falklands as the potential saviour of the redundant distant-water fishing fleet. For example, it was announced on the front page of 'Fishing News' that,

"M.P.s WIPE TWO MAIN PORTS OFF THE MAP. There is little hope of Fleetwood and Grimsby carrying on as major deep-sea ports. The alternative for Fleetwood is to send her trawlers to fish the South Atlantic off the Falklands."[91]

The 'Financial Times' emphasized the S.A.F.C.'s claim that fishing South Atlantic waters could save Britain £61 million a year in fishmeal imports as well as providing high quality fish for human consumption.[92]

The Foreign Office commissioned the White Fish Authority to produce a 'desk study' based on existing information about the South Atlantic. It was completed in December 1979 and released to the S.A.F.C. in April 1980.[93] The study concluded that there were two principal species of fish found within 200 miles of the Falklands. Patagonian hake was fished intensively by Argentine, German, Japanese and Spanish vessels and was thought to have reached the maximum sustainable yield. The unexploited blue whiting stocks could produce an estimated yield of 800,000 to 1 million tonnes a year. There was an urgent need for conservation measures. The White Fish Authority identified a number of problems with the S.A.F.C.'s proposals. The fillet freezer trawlers, which were required for the exploratory voyage, had nearly all been sold or converted to whole fish freezing. The development of the fisheries would be constrained by Port Stanley's limited facilities. Finally, the declaration of a 200 mile fishing zone would be unprofitable to police.[94]

The Falkland Lobby and the Islanders continued to campaign for the implementation of the S.A.F.C.'s proposals. In December 1978 the Falkland Islands Office issued a press statement which claimed that,

> "The Falkland Islands and their seas could be Britain's new North Sea. There is more than twice the world's annual fish catch in those waters, which are now being harvested by Comecon countries and Japan, but not Britain. Yet today British fishing ports are closing down."[95]

In June 1979 the Colony's Legislative Council passed a motion which urged the British Government to declare a 200 mile economic zone around

the Falklands, South Georgia and the South Sandwich Islands.[96] In May 1980 James Johnson sponsored an Early Day Motion in the House of Commons and 350 M.P.s were sent letters to gain support.[97]

It would appear that the S.A.F.C. failed to gain any influence over Government policy because of the rise of a rival pressure group which represented a different part of the British fishing industry. In June 1980 Alick Buchanan-Smith, the Minister of State for Agriculture, Fisheries and Food announced that the Government would not fund a survey of the South West Atlantic because future commercial viability was uncertain. He then argued that Government aid for the fishing industry, ". . . must be confined to activity in the U.K. and its surrounding waters."[98] This reflected the shift in political influence away from the distant-water sector of the British fishing industry to the nearer-water interests as a result of the widespread introduction of 200 mile national fishing zones. The sharp decline in distant-water vessels was largely counterbalanced by an increase in small and medium sized vessels which concentrated on grounds within Britain's 200 mile fishing limit. Britain's total national catch remained in excess of one million tonnes (live weight) throughout the 1970s until 1978, 1979 and 1980 when it fell by 20 percent to 902,100 tonnes.[99]

In 1980 the central interest in the Falklands' dispute moved away from economic development and returned to the issue of sovereignty. The Conservative Government, elected in May 1979, decided that the pressures for a resolution of the dispute required a new response. The consequences revealed both the strength and nature of the Falkland Lobby.

(D) THE 1980 LEASEBACK INITIATIVE, THE FALKLAND LOBBY AND FALKLAND POLITICS

There were several new factors within Britain which made a settlement of the Falklands' dispute seem attractive to the Government. First, the progress made in parallel intractable colonial disputes created an impetus for change. In April 1980 Lord Carrington, the new Secretary of State at the Foreign and Commonwealth Office, achieved a diplomatic triumph in guiding Zimbabwe to independence.[100] The Lisbon Agreement on Gibraltar was also signed in April by Lord Carrington and Marcelino Oreja, the Spanish Foreign Minister. It provided for the re-establishment of direct communications, the suspension of Spanish restrictions and committed the two parties to future negotiations directed at overcoming their differences over Gibraltar.[101] In September 1981 Belize was granted independence. A British garrison remained to counter the continued threat from Guatemala.[102]

Secondly, British commercial interests in Argentina remained considerable and a resolution of the sovereignty dispute was thought important to the growth of trade. In 1981 16.8 percent of Argentina's foreign debt was estimated to consist of the sterling and foreign currency claims by British banks.[103] The value of British exports to Argentina rose from £114.5 million in 1978 to £172.8 million in 1980.[104] British exports to Latin America as a whole rose from £950 million in 1978 to £1,021 million in 1979. The Government was preoccupied with the economic recession in Britain and promoted an exports drive as a counter measure. There were twelve ministerial visits to Latin America between May and December 1980 in addition to trips by non-governmental personalities such as Lord Limerick, Chairman of the British Overseas

Trade Board.[105] In August 1980 Cecil Parkinson, Minister of State for Trade, announced to the British Chamber of Commerce in Buenos Aires that,

> "With the third largest G.N.P. in Latin America and the second highest per capita G.N.P. Argentina already has a potential which suggests to me that we have held back for too long in taking up the threads of our traditional ties."[106]

The Government's main motive for a reappraisal of the sovereignty dispute was to reduce the threat of Argentine military action against the Falklands. Nicholas Ridley, a more ardent supporter of the Prime Minister than Lord Carrington, was appointed Minister of State at the Foreign Office with responsibilty for the Americas.[107] In June 1979 he held exploratory talks with the Argentine Deputy Foreign Minister followed by a visit to the Falklands in July. The Colony's Councillors expressed a preference for a lengthy 'freeze' of the dispute. On 12 October, after a meeting with the Argentine Foreign Minister in New York, Lord Carrington circulated a memorandum to the Prime Minister and other members of the Defence and Overseas Policy Committee. It warned that continuing talks without making concessions on sovereignty carried a serious threat of invasion. The Prime Minister decided that discussion of the Falklands should be postponed until after the Rhodesian issue had been settled. In April 1980 Nicholas Ridley and an Islander Councillor held a further exploratory meeting in New York with an Argentine delegation.[108]

In July 1980 the Defence Committee reviewed policy towards the Falklands and agreed that an attempt should be made to reach a solution of the dispute on the basis of a leaseback arrangement. Nicholas Ridley assessed the level of support for leaseback on a second

visit to the Falklands from 22 to 29 November.[109] He presented the Islanders with three options - a condominium/joint administration, a freeze of the dispute for about 25 years and a leaseback scheme. The Minister stressed the problems of instability with the first two options and the benefits of the third. Leaseback would involve a transfer of titular sovereignty to Argentina in exchange for a lease on the Islands and a 200 mile maritime zone which would last at least one generation. If Argentina accepted the suggestion the British administration in the Falklands would be maintained and the external inhibitions on economic development would be removed.[110] The opinion of the Islanders appeared to be divided on leaseback, with a substantial minority opposed and the majority undecided.[111]

On 2 December 1980 Nicholas Ridley was verbally savaged in the House of Commons when he reported the outcome of the visit to the Islands. The Minister's assurances, that any solution should preserve the British administration and way of life in the Colony and had to be endorsed by the Islanders and Parliament, were ignored. Peter Shore, the Opposition Labour Party Spokesman, and the M.P.s of the Falkland Lobby demanded paramountcy for the Islanders' wishes and anticipated their rejection of leaseback. Julian Amery described the proposal as "profoundly disturbing" while the Liberal M.P. Russell Johnston criticized the,

> ". . . shameful schemes for getting rid of these islands which have been festering in the Foreign Office for years."[112]

On 4 December the Cabinet concluded that the issue was highly emotive for Parliamentary and public opinion in Britain. It also thought that

the opposition of the Islanders had been exaggerated by the, "attitude of their champions at Westminster."[113]

It is ironic that the supporters of the Falkland cause in Parliament, who had stifled the leaseback initiative, neither reflected the views of the U.K.F.I.C. nor of the Islanders. The Reverend Peter Millam, a member of the U.K.F.I.C., believed that the action of the M.P.s was a,

> ". . . united response which had not been orchestrated but because of previous lobbying resonated accordingly."[114]

It is possible that in part the spontaneous hostility of many Tory back-benchers was directed at the Foreign Office rather than the Government. Nicholas Ridley and Lord Carrington would seem to have been treated as scapegoats. There was a suspicion of the Foreign Office in the Conservative Party which had perhaps been heightened by the outcome of the Rhodesian settlement. In 1987 Julian Amery M.P. said that the Rhodesian settlement was a diplomatic triumph which lacked strategy. John Biggs-Davison M.P., a member of the U.K.F.I.C., agreed that the refusal to recognize Bishop Muzorewa's multi-racial government was a "betrayal."[115]

The U.K.F.I.C. was divided on the merits of leaseback which it discussed with Nicholas Ridley at a meeting on 3 December 1980.[116] At a meeting on 17 December a number of U.K.F.I.C. members expressed support for the approach. Ralph Merton, who had represented Alginate Industries Ltd., said that a leaseback agreement was the best way to encourage commercial investment. Frank Mitchell agreed. He warned that,

> ". . . the Islands might not survive as an economically viable entity for more than possibly 3 years."[117]

A vote on the wisdom of issuing an immediate statement in favour of leaseback was only defeated by 6 votes to 5. The members of the U.K.F.I.C. then unanimously decided to adopt a neutral stance and press for further information about the attitude of the Argentine Government. It concluded that,

> ". . . the people of the Falkland Islands should demand more time (possibly six months or more) for the matter to be discussed, and probably necessitates a formal referendum under United Nations auspices, once the issues have been properly studied and all the various options examined."[118]

On 13 May 1981 the U.K.F.I.C. passed a motion which said that,

> "The role of the Committee must . . . be restricted to assisting Islanders to reach a decision, by carrying out an objective analysis of the various options, their implications and the pros and cons of adopting each one."[119]

It prepared several papers for distribution in the Falklands which explained the benefits and drawbacks of a variety of options about the future of the Colony. The Committee did not even commit itself on the question of whether the issues of sovereignty and economic development were linked.[120]

The Islanders were initially divided on leaseback. The Falkland Islands Committee (Local Branch) claimed that Nicholas Ridley applied pressure during his visit. For example, he was reported to have threatened that,

> ". . . there was no way they [Britain] could defend us in a long-term complex, only short-term. Before departure he said on two occasions that if we did not accept one of his proposals then we would be invaded within a year."[121]

A number of Islanders were fiercely opposed to any concessions on sovereignty. Tony Alazia, a 17-year old seventh generation Falklander from Port Stephens, said that,

"I in no way am willing to accept any of these suggestions. I dislike all of them . . . We are either British or Falkland Islands Republic."[122]

In 1983 Patrick Watts, the Manager of the Falkland Islands Broadcasting Service, estimated that 50 percent of Islanders favoured leaseback from the many debates held on the radio. He claimed that,

"There were households in Stanley split down the middle . . . Representatives of the Sheepowners' Association told me that they thought it was the answer, representatives of the Employees' Union told me they thought it was the answer. One person who sat before me came back and told me that 97 percent of the people of West Falkland would like to talk about it, not that they supported it."[123]

Derek Evans, the elected Legislative Councillor for the West Falklands, claimed that almost 100 percent of his constituents were in favour of the sovereignty talks continuing but few liked any of the proposals. The Westers were concerned about the Colony's economic stagnation and wanted firm proposals on the settlement of the dispute with Argentina before making a final decision. If a leaseback arrangement were then accepted they would demand the right of abode in Britain. Evans claimed that,

"People most in favour of lease-back tended to be managers, probably because they are more acutely aware of the farms' financial positions."[124]

Islander opinion then hardened against leaseback. Patrick Watts believed that the turning-point occurred on New Year's Eve when Adrian Monk gave a Churchillian speech over the radio. Watts thought that it,

". . . certainly changed the minds of a lot of people in the Falklands without doubt, and a lot of people will not now admit that they considered leaseback as a possibility."[125]

Monk argued that the representatives of British based companies lacked the Kelpers' stake in the Islands and were primarily interested in short-term profits. He then announced that,

> "I THINK THE WHOLE CAMPAIGN STINKS . . . Don't be misled. Don't be worried about the consequences of saying 'We are British'. Our country will remain British."[126]

On 6 January 1981 the Colony's Joint Councils passed a motion which stated that they did not like any of the ideas put forward by Nicholas Ridley but agreed that talks should be held with Argentina. The aim should be to freeze the dispute over sovereignty for a specified period of time.[127] Tim Miller said after the debate,

> "We haven't ruled anything out . . . in the future by agreeing to talk about a sovereignty freeze for a period of time . . . Obviously the freeze should be for as long as we can get . . . I would be inclined to go for 50 years."[128]

During the course of 1981 the possibility of a leaseback arrangement receded while Argentine impatience for a settlement increased. On 29 January 1981 the Defence and Overseas Policy Committee, chaired by the Prime Minister, endorsed Lord Carrington's recommendation that the aim should be to keep the talks going and to let the Islanders come to see the need to explore a solution based on leaseback. In February Argentina rejected the idea of freezing the dispute. On 30 June Nicholas Ridley chaired a major review of policy which was attended by senior officials, the British Ambassador in Buenos Aires and the Governor of the Falklands. The main conclusion reached at the meeting was that the immediate aim should be to play for time with Argentina while papers were prepared on a public education campaign and civil and military contingency plans. On 7 September Lord Carrington rejected a more public and active campaign to educate Islander and

British public opinion because his colleagues would not have agreed to it. On 14 September Lord Carrington sent a minute to the Prime Minister and other members of the Defence Committee which expressed his conviction that leaseback still provided the most likely basis for an agreed solution of the dispute. He met Dr. Camilion, the Argentine Foreign Minister, in New York later that month.[129] On 2 October Sir Anthony Williams, the British Ambassador in Buenos Aires, protested that, ". . . as he understood it, the decision was to have no strategy at all beyond a general Micawberism."[130]

The leaseback initiative revealed that the Falkland Lobby was a fairly loose confederation of three groups which did not always work in unison but was united by the same objective. The sympathetic M.P.s in the House of Commons denounced leaseback before either the Islanders or the U.K.F.I.C. had had sufficient time to consider it. A large proportion of both Islanders and members of the U.K.F.I.C. initially thought that the option should be pursued with Argentina. However, the U.K.F.I.C. failed to keep in step with opinion in the Falklands when attitudes hardened against leaseback. The opposition of Islanders to any negotiations on sovereignty became a major issue in the October 1981 elections to the Colony's Legislative Council. The new Council agreed that sovereignty should not be on the agenda of future talks.[131] In November Velma Malcolm, the Secretary of the Falkland Islands Committee (Local Branch), advised the U.K.F.I.C. to reappraise its ambiguous position. She said,

> ". . . I must emphasise here and now that THIS COMMITTEE does not support LEASE-BACK in any form whatsoever . . . for the London Committee to try and exert any influence on us in this direction is against the principles of being our mouth-piece and is time wasting . .

. It is also causing difficulties locally and losing the Committee credence because this information is known locally."[132]

It would appear that the Islanders' intransigence against any concessions to Argentina mirrored their new sense of national identity which the Shackleton Report had fostered. For example, in March 1981 an article entitled, "ARGY'S GET KNOTTED," in the Colony's monthly independent newspaper said that,

> "The only way the Falkland Islands will be handed over to the Argentine pirates is by the islanders themselves, and this could be achieved by the preaching of the lease-back fiends and Argentine sympathisers. The true islander, the Green Patch and eventually Roy Cove farmers, will want to hang on tooth and nail to their claim and must be angry at the way that the Governor and cohorts were preaching lease-back, making all that the F.I. Committee and what they stand for look silly."[133]

It is interesting to note that in response to the Government's refusal to implement the Shackleton Report the policy of the Falkland Lobby shifted away from the issue of sovereignty to development. Many U.K.F.I.C. members believed that without immediate action the economy of the Falklands would collapse, resulting in an inevitable transfer of sovereignty. The Falklands had to become an asset to Britain. The purpose of F.I.R.A.D.A. was both to guide economic development and act as an umbrella organization to represent the Islanders' interests in Britain. The first objective was not fulfilled, although the Falkland Lobby is not widely credited with having laid the foundations for the Colony's post-1982 prosperity based on a South Atlantic fishing industry. Nevertheless, the loose federation created around F.I.R.A.D.A., with solid Parliamentary support, proved a formidable pressure group when the issue of sovereignty came to the fore. An important element in the Falkland Lobby's success was that it lacked an effective rival. The course of

events would have been very different if competition had existed, as illustrated by the failure of the S.A.F.C..

By the end of 1981 an impasse had clearly been reached in the sovereignty negotiations. The Falkland Lobby and the British Government had both failed either to reverse the economic decline of the Colony or make progress towards a settlement of the dispute with Argentina. This is a suitable point to consider the Argentine invasion of the Falklands in 1982.

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CHAPTER NINE: THE 1982 CONFLICT

The Argentine invasion of the Falklands in April 1982 transformed the sovereignty dispute from a marginal issue in world affairs to an overriding concern. The British military victory in the subsequent conflict resulted in greater intransigence on both sides and made the search for a peaceful settlement more difficult. The aim of this chapter is to address two specific questions which have not been adequately covered by the numerous books written in the wake of the conflict. First, why did the sovereignty dispute become critical in 1982? Secondly, why did diplomacy fail to avert war? These questions will be approached by a study of what led the Argentine Junta to resort to force, the politics of the conflict in Britain, and the diplomatic initiatives prior to the liberation of Port Stanley in June.

It is very difficult to assess the reliabilty of source material on the 1982 conflict without access to official records. The standard text on the British perspective was written by Max Hastings and Simon Jenkins. The Argentine angle is covered by Oscar Cardoso, Richardo Kirchsbaum and Eduardo van der Kooy. Although their works rely on interviews with politicians, officials and servicemen they have not been challenged and may be considered authoritative. The role of the Argentine armed forces was examined by the military historian Martin Middlebrook.[1] These works are complemented by Virginia Gamba's research on how Britain and Argentina perceived each other throughout the conflict. This chapter will be based on both contemporary material and secondary sources.

(A) IMMEDIATE CAUSES

It seems that the need to divert attention from internal political and economic difficulties was an important factor in the decision of the Argentine Junta to invade the Falklands. Jose Martinez de Hoz was appointed Economy Minister after the 1976 military coup. He adopted a monetarist policy to counter galloping inflation and the balance of payments deficit by seeking to reduce consumption and attract foreign investment. However, the influx of foreign investment contributed to an over-valued peso which increased Argentina's trade deficit. Numerous firms were forced into bankruptcy by cheaper foreign imports. Any steep devaluation of the peso to control the deficit would have eliminated the high returns earned by foreign investors and encouraged a flight of capital abroad, as occurred in February 1981. Argentina's foreign debt rose from 14 percent to 42 percent of the gross domestic product between December 1979 and March 1981. The continued deterioration of the economy brought the future of the regime into question. Throughout 1981 the value of the peso depreciated by over 600 percent, the gross domestic product fell by 11.4 percent, manufacturing output by 22.9 percent, and real wages by 19.2 percent.[2]

The Franks Report concluded that British intelligence could not have predicted the Argentine attack because the decision to invade was a response to developments in South Georgia and the violent demonstrations in Buenos Aires on the night of 30/31 March.[3] This interpretation is refuted by recent evidence which indicates that the decision was taken when General Galtieri succeeded General Viola as President of Argentina on 22 December 1981. Admiral Anaya, the Commander of the Argentine Navy, viewed the occupation of the Falklands

as a personal quest. On 9 December Anaya promised Galtieri the support of the Navy in a coup against Viola in exchange for a commitment to invade the Falklands in 1982. In July 1981 Anaya had approved the occupation of South Georgia by a naval party disguised as scientists during March 1982. The pact with Galtieri enabled Anaya to pursue a more ambitious scheme. On 15 December he instructed Rear-Admiral Juan Lombardo, the Commander of Naval Operations, to prepare a secret invasion plan. On 23 December Lombardo proposed a surprise attack with no bloodshed to minimize the international reaction. On 1 January 1982 Galtieri, Anaya and Lombardo toasted the plan which was presented to the full Junta twelve days later for approval.[4] The invasion date was fixed for Argentina's national day, 25 May. It was envisaged that a military contingent of not more than 700 men would be sufficient to deter an attempt to recover the Islands until Britain agreed to negotiate a final settlement.[5]

A second factor was that the Argentine Junta misconceived the international reaction to an invasion of the Falklands. It had assumed that the action would be considered a blow against colonialism as occurred when India occupied Goa in 1961. The Junta believed that it could act with impunity against the Falklands because relations with the United States, the dominant power in the region, had improved. General Galtieri admired the U.S.A. and thought the two countries had a common interest in the eradication of communism. In August 1981 he visited the U.S.A. as Commander-in-Chief of the Army to initate closer ties. Galtieri supported resistance to the left-wing insurgency in Central America and granted El Salvador 15 million U.S. dollars in credit. In return President Reagan attempted to cancel the 1978 'Humphrey-Kennedy'

amendment which had suspended American military assistance to Argentina because of, "the grave and systematic violations of human rights."[6] It is believed that a visit to Argentina by Thomas Enders, the U.S. Assistant Secretary of State for Latin American Affairs, from 6 to 8 March 1982 was intended to gain support for an inter-American force to be established in Nicaragua. American sources indicated that Enders was not given the impression that Argentina was about to resort to force. However, Argentine sources claim that Enders was warned the Junta would not tolerate British delaying tactics.[7]

A third major factor which contributed to the conflict was a combination of apparent British signals of weakness. British commitments in the South West Atlantic were to be reduced as a result of the recession and the Conservative Government's cutbacks in public expenditure. It conveyed the impression to Argentina that the British Government wanted to withdraw from the region. The Colony's economy was shaky and the major recommendations of the Shackleton Report had been rejected. The British Antarctic Survey threatened to close the only permanent British presence on South Georgia at King Edward's Point due to insufficient funds.[8] The cuts in the defence budget also undermined the capability of the British intelligence services to predict an Argentine invasion. The Franks Report revealed that prior to the invasion there was no coverage of military movements within Argentina or satellite photography on the disposition of Argentine forces. Additional resources had not been allocated to monitor Argentine intentions and policies towards the Falklands despite a recommendation in October 1981 by the Joint Intelligence Committee after a general

review of intelligence requirements in Central and South America and the Caribbean.[9]

The 1981 Statement on the Defence Estimates had significant repercussions for the Falklands. John Nott, the Secretary of State for Defence, conducted a comprehensive reappraisal of British defence policy to match resources to commitments. The Conservative Government was committed to increase defence spending at a target rate of 3 percent per annum through generous pay rises to the armed services and ambitious procurement plans such as the Trident nuclear deterrent. John Nott decided to reduce capabilities by concentrating resources within Europe on land and air forces. The Royal Navy was to take 57 percent of the planned cuts in expenditure. The surface fleet, which was crucial for the defence of the Falklands, faced a drastic contraction. The number of destroyers and frigates were to be reduced from about 60 to 42.[10] The aircraft carrier H.M.S. 'Invincible' would be sold to Australia. The amphibious landing ships H.M.S. 'Fearless' and H.M.S. 'Intrepid' were to be scrapped.[11]

The decision to withdraw H.M.S. 'Endurance', the symbol of Britain's presence in the South Atlantic, at the end of its 1981/1982 deployment aroused strong opposition. On 5 June 1981 Lord Carrington wrote to John Nott with a request for the retention of the ship because Argentina might misinterpret the action. On 30 June the Colony's combined Councils sent a message to Lord Carrington which expressed their,

". . . extreme concern that Britain appears to be abandoning its defence of British interests in the South Atlantic and Antarctic."[12]

On 3 July Brian Frow of the Falkland Islands Office protested to John Nott. He stressed that,

> ". . . this decision heightens the Islanders' fears about their future, coinciding as it does, with the Government proposals for a 'lease-back' solution to the sovereignty issue, and the passage of the British Nationality Bill in Parliament."[13]

The question led to the foundation of the South West Atlantic Group (S.W.A.G.) by informed people such as Lord Shackleton, Sir Peter Scott and Sir Vivian Fuchs. Its purpose was to act as an informal and independent forum for the discussion of ideas.[14] In July the British Embassy in Buenos Aires reported that Argentine newspapers claimed the protection of the Falklands was being withdrawn. An Early Day Motion in the House of Commons was signed by over 150 M.P.s and a debate in the House of Lords had also centred on the issue. On 3 February 1982 John Nott declined to reverse the decision in a reply to a further letter from Lord Carrington.[15]

A fourth factor which contributed to the invasion of the Falklands was Argentine impatience with the progress achieved during the Anglo-Argentine talks held in New York on 26 and 27 February 1982. Virginia Gamba argues that the Junta increased diplomatic pressure in an attempt to counteract the influence of the Falkland Lobby on the British Foreign Office, the latter having been perceived to be in favour of reaching a settlement of the dispute.[16] The Argentine Ministry of Foreign Affairs had proposed the establishment of a permanent negotiating commission which would meet in the first weeks of each month. The commission would have a duration of one year and could be abandoned by either side at any time. It seems that the Argentine Government was disappointed with the conciliatory approach adopted by

its delegation led by Enrique Ros, the Deputy Minister for Foreign Affairs. The talks had concluded with agreement on an informal working paper setting out the purpose of the permanent negotiating commission. A joint communiqué was released which stated that the meeting took place in a "cordial and positive spirit."[17]

It would appear that Nicanor Costa Méndez, the Argentine Foreign Minister, considered that the talks were too amicable.[18] As a result the Ministry of Foreign Affairs issued a unilateral statement which, contrary to what was agreed in New York, revealed the details of the discussions. It warned that if Britain rejected the new system,

> "Argentina reserves [the right] to terminate the working of this mechanism and to choose freely the procedure which best accords with her interests."[19]

The communiqué generated considerable interest in the Argentine press. 'La Prensa' suggested that a first step might be to cut off services to the Falklands. The 'Buenos Aires Herald' interpreted the statement as a "veiled threat."[20]

Pressure to exploit the natural resources of the South West Atlantic was a minor factor in the decision to invade the Falklands. In 1980 the ninth session of the Third Law of the Sea Conference at Caracas recognized that states could claim jurisdiction over 200 mile Exclusive Economic Zones (E.E.Z.). The declaration of an E.E.Z. entitled the state to claim 'sovereign rights' to explore, exploit, conserve and manage the zone's natural resources. By 1980 Britain had already imposed 200 mile jurisdictional limits around Tristan da Cunha, Ascension Island and Bermuda which created a precedent for the Falklands.[21] Argentina was interested in the oil deposits of the continental shelf. In November 1980 Y.P.F., the state oil company,

advertised for risk contracts to drill for oil on the Magallanes Este Block which was beyond the median line between the Falklands and Argentina.[22] In February 1981 the discovery of commercial quantities of oil ten miles east of the Strait of Magellan was announced. It was expected to produce at least 1,250 barrels a day.[23] The Foreign Office responded to these developments by publishing a statement by Lord Carrington presented to Parliament on 15 December 1980. It warned that,

> "In the absence of an agreed boundary, neither party, in Her Majesty's Government's view would be entitled to exercise continental shelf rights beyond the median line between the Falkland Islands and Argentina. We have protested to the Argentines about the Y.P.F. tender which does indeed go beyond the median line."[24]

The minor contribution of geopolitical and historical factors to the invasion of the Falklands should not be overlooked. The Argentine military believed that the Falklands played a key role in their geopolitical theories about the Southern Cone of Latin America. In 1916 Admiral Segundo Storni had stressed the need to regain the Falklands for the defence of the approaches to the Strait of Magellan. In 1978 Admiral Fernando Milia edited the influential book 'La Atlantartida: Un Espacio Geopolitico' which described the South Atlantic Basin as an Argentine "mare nostrum" and as the "Argentine New Great Frontier."[25] The Argentine military thought that the Chilean occupation of Nueva, Picton and Nennox at the eastern entrance of the Beagle Channel threatened to create a wedge between Tierra del Fuego and Argentine Antarctica which would affect their claim to the Falklands. Chile's possession of the Islands was seen as a violation of the bi-oceanic principle of, "Chile in the Pacific and Argentina in the Atlantic."[26] Control of the Falklands would have improved Argentina's bargaining position prior to any revision of the Antarctic Treaty in

1991. January 1983 had symbolic significance as the 150th anniversary of the British occupation of the Falklands. On 3 February 1982 the British Ambassador in Buenos Aires reported that he did not think Argentine patience with the negotiations would extend beyond this date.[27]

The invasion of the Falklands on 2 April 1982 was a result of a rapid escalation of the dispute. It is clear that Argentina misjudged both Britain's response and world opinion. The next subsection will examine the course of events and the initial politics of the conflict which guided the British Government's decision to prepare for a recovery of the Islands by force as part of a strategy to apply pressure on Argentina to withdraw.

(B) BRITAIN'S RESPONSE TO THE INVASION

There were two central elements which explain why the sovereignty dispute became critical. First, Argentina engineered an artificial crisis on South Georgia to deflect attention from the Falklands. It seems that Rear-Admiral Lombardo's operation to establish a military detachment on South Georgia was superimposed upon a commercial venture.[28] Constantino Davidoff, an Argentine scrap metal merchant, had signed a contract in 1979 with the shipping firm Christian Salvesen to dismantle the whaling stations leased from the Crown on the Island. On 9 March Davidoff had notified the British Embassy in Buenos Aires that he would remain on South Georgia for about four months. On 11 March Davidoff sailed with 41 workmen aboard an Argentine naval support vessel. On 20 March Rex Hunt, the Governor of the Falklands, informed the Foreign Office that the British Antarctic Survey had

observed military personnel at Leith Harbour who had raised the Argentine flag. Shots were heard and the Argentines had failed to report to the British Base Commander at Grytviken. The Argentine Government denied that it was aware of the visit. The Foreign Office and Defence Ministers then agreed that H.M.S. 'Endurance' should be despatched with Royal Marines to evict the Argentines.[29]

On 22 March Admiral Anaya instructed Lombardo to adapt the invasion plan for the Falklands to the new circumstances. Lombardo reported that the fleet would be ready to sail on 28 March and the attack would involve the use of amphibious craft to land troops from warships.[30] The Argentine Charge d'Affaires told the Foreign Office on 22 March that Davidoff and his men were not agents of the Argentine Government and had left Leith Harbour the previous day. However, the Base Commander at Grytviken reported that some Argentines remained at Leith. The situation was exacerbated by events in the Falklands. On the nights of 20/21 and 22/23 March Islanders entered the L.A.D.E. (Argentine Air Force airline) office in Stanley. A Union Jack was draped over the Argentine flag and, "tit for tat, you buggers," and "U.K. OK," was written in toothpaste on the windows.[31] On 23 March Ministerial approval was granted for the removal of the Argentines at Leith after further evidence showed that the Argentine Navy was guiding the operations on South Georgia. On 25 March Lord Carrington informed the Cabinet that Argentine warships had been despatched to prevent H.M.S. 'Endurance' carrying out this order. Dr. Costa Mendez, the Argentine Foreign Minister, stated that Argentina would have appeared to be responding to threats if the men were evacuated. The Foreign Office advised the British Ambassador in Washington that,

". . . in the final analysis we cannot acquiesce in this infringement of British sovereignty and are bound to take action to restore the status quo."[32]

The second element which explains why the crisis became critical was that the British Government failed to warn the Junta that the Falklands would be recovered by force if they were invaded by Argentina. The threat of an impending invasion became apparent to the British Government on 27 March. The British Ambassador in Buenos Aires concluded that Dr. Costa Mendez had deceived Britain after he released a public statement which promised the men on South Georgia all necessary protection. The British Naval Attache in Buenos Aires reported that press articles referred to intensive naval activity at Puerto Belgrano, the sailing of a number of ships, and the embarkation of marines. On 29 March the Prime Minister and Lord Carrington decided to approve a Ministry of Defence contingency plan which included the secret despatch of a nuclear-powered submarine (which would reach the Falklands by 13 April) and the preparation of a second submarine. A Royal Fleet Auxillary supply ship was sent to replenish H.M.S. 'Endurance'. A fleet of destroyers and frigates on exercise off Gibraltar was also ordered to prepare to sail for the South Atlantic. The Argentine press claimed that five Argentine warships had been sent towards South Georgia and all naval leave had been cancelled. The British Ambassador in Buenos Aires expressed concern that the Argentine Government would gain popularity by the adoption of a "jingoistic stance."[33]

It is strange that President Ronald Reagan rather than Margaret Thatcher, the Prime Minister, should have delivered to President Galtieri the British ultimatum that an attack on the Falklands would be considered justification for a declaration of war.[34] The

British Government probably thought that a direct approach would be a provocative action. However, this might have encouraged the Junta to believe that the Royal Navy would not attempt to recover the Islands. The British Government appeared uncertain as to whether it would fight for the Falklands. On 30 March Lord Carrington instructed the British Ambassador in Buenos Aires to present Dr. Costa Mendez with a proposal that a senior Foreign Office official should visit Argentina as his personal emissary with the aim of defusing the confrontation on South Georgia. The same day Richard Luce, a Foreign Office Minister, announced in the House of Commons that the Islands would be defended and that the Islanders' wishes were paramount.[35] In the early hours of 2 April President Reagan telephoned Galtieri. He suggested that Vice-President George Bush should mediate and warned that American/Argentine relations would suffer. However, Galtieri failed to grasp "the real significance of the call."[36] It is clear that Britain had not prepared a deterrent strategy to avoid a crisis with Argentina because Argentina was not seen as a potential adversary.[37]

British forces on the Falklands and South Georgia resisted despite the inevitability of defeat. On 1 April Rex Hunt held a meeting with the two Royal Marine officers to prepare the defence of key installations. There were less than 70 Marines on the Falklands and only 23 of the 120 strong Falkland Islands Defence Force reported for duty.[38] At dawn on 2 April Argentine 'Buzo Tactico' marine commandos landed and fought a four hour battle. Hunt surrendered after the Argentines had suffered "at least fifteen fatal casualties" and a landing craft was damaged.[39] On South Georgia Lieutenant Keith Mills and his 23 man detachment were attacked the next day. Before they

submitted four Argentines were killed, a Puma troop carrying helicopter was damaged and a corvette was hit with three anti-tank rockets and more than 1,200 rounds of small-arms fire. Hunt and the Marines were then unceremoniously deported to Uruguay.[40]

The British Government's decision on 31 March in principle to recapture the Falklands was a major turning-point in the crisis. In the evening a meeting was held at the House of Commons attended by the Prime Minister, John Nott, Richard Luce, Sir Henry Leach (the First Sea Lord) and senior officials. The Foreign Office representatives advised against any action which might provoke Argentina. The Ministry of Defence officials questioned the feasibility of military operations at such a distance. Leach then appealed to Margaret Thatcher. He asked,

> "What the hell is the point of having a navy if when you have a requirement like this you are not prepared to do anything with it?"[41]

Leach recalled in 1987 that the despatch of a task force was in tune with national sentiment. He thought that, "If we had not done so . . . we would never have been the same country again."[42] It should also be remembered that in the context of the 1981 Defence Review the recapture of the Falklands would have demonstrated the value of a surface fleet capable of operations outside the N.A.T.O. area.[43]

On the evening of 2 April the Cabinet decided to send a task force. There appeared to be a consensus that a negotiated settlement would be concluded before the fleet reached the Islands. William Whitelaw, the Home Secretary, later commented that the only alternative would have been the fall of the Government.[44] On 3 April the news of the invasion was debated in the first Saturday sitting of the House of Commons since the 1956 Suez Crisis. The Government was fiercely

criticized and Tory back-benchers called for the resignation of Ministers. It should be noted that the Falkland Lobby's earlier activities had helped to condition the minds of M.P.s on the Falklands' dispute and contributed to the sense of outrage. 'The Observer' described a speech by Edward du Cann, the Chairman of the '1922 Committee', as, "like a jewelled dagger in Mrs. Thatcher's back."[45] Sir Nigel Fisher, a member of the U.K.F.I.C., added that,

> "Ministers have much to answer for today to the House, to the country and to the loyal people of the Falkland Islands."[46]

The Prime Minister declared that her objective was to return the Falklands to British administration. Nevertheless, the sustained pressure from back-benchers and the press led to the resignations of Lord Carrington and his junior ministers Humphrey Atkins and Richard Luce.[47]

The Government also froze Argentine assets on London and suspended export credits and imports. For example, the National Westminster Bank was forced to withdraw from a syndicated loan of 200 million U.S. dollars to Segba, the Argentine electrical company.[48] However, many traders backdated contracts. The Bank of England maintained links because of fears that the embargo would jeopardize the City's reputation as a safe offshore financial centre. It discreetly allowed Roberto Alemann, the Argentine Economy Minister, to open an escrow account in New York into which interest due to British banks could be paid. The Soviet Union and Iran purchased Argentina's surplus meat and grain. Alemann claimed after the conflict that,

> "At no moment during the conflict did the embargo or other economic and financial sanctions modify in any way the decision of the Argentine authorities to defend the sovereignty of the islands."[49]

There was broad support in Britain for the approach taken by the Government. In early April an opinion poll by Gallop found a strong majority (86 percent to 9 percent against) for cutting off all trade with Argentina, a clear majority for attacking Argentine ships and landing British troops on the Islands (61 percent to 32 percent), and a significant minority (24 percent to 68 percent) prepared to attack the Argentine mainland. It would seem that many people agreed with opinion in the Cabinet that the despatch of the task force was a bluff which would result in a negotiated settlement with Argentina. A cross-section of the population canvassed by MORI showed that 45 percent favoured an administration of the Islands by the United Nations and only 42 percent against.[50] It is perhaps also revealing that one opinion poll found that 60 percent of its sample thought the Falklands were off the west coast of Scotland.[51]

The British press expressed broad support for the despatch of the task force with many of the tabloid papers adopting the style of sensationalist warmongers. The 'Observer', 'Financial Times' and 'Sunday Times' appeared to express reservations about a counter-invasion.[52] However, on the morning that 'Invincible' and 'Hermes' left Portsmouth 'The Times' carried a leader entitled, "WE ARE ALL FALKLANDERS NOW."[53] On 5 April 'The Guardian' said that, "The fleet sails now in restitution. . . . The cause this time is a just one."[54] The political commentators on the 'Daily Mail' announced that,

> "The plain fact is that the Foreign Office is rotten to the core, rotten with appeasement, rotten with real scorn for British interests ('narrow nationalism' they call them), rotten with duplicity."[55]

The delicate relationship between the media and the Ministry of Defence during the 1982 Conflict has been examined by Valarie Adams.[56]

The Falkland Lobby provided the task force planning team at the Ministry of Defence with intelligence throughout the conflict, using its comprehensive network of Islanders and experts in Britain.[57] On 2 April the Foreign Office approached the Falkland Islands Office for a list of radio hams in the Islands so that it could confirm that the invasion had taken place.[58] The Office also provided the rudiments of a 'Government in Exile'. Rex Hunt and Dick Barker, the Chief Secretary, were given a room at the Foreign Office. However, John Cheek, a Legislative Councillor, and Bill Luxton, an Executive Councillor deported by Argentina, used the Falkland Islands Office. Islanders around the world offered support and travelled to London. They included Alastair Cameron from Cologne, Patrick Berntsen from New Zealand and David Summers from Bermuda. Ian White, the Colony's chief pilot, contributed his topographical and technical knowledge. The volunteers supported the Government by giving radio, television and press interviews.[59]

The Left in British politics was divided on the decision to send a task force. A general divide developed in the Parliamentary Labour Party between a right-wing and centre that supported, or accepted, a policy of force, and a left-wing that did not. The view of the majority of Party members was based on both principles and pragmatism. First, there was an international duty to resist aggression. Secondly, there was a duty to resist violations of the principle of self-determination, particularly when it was being violated by a brutal military dictatorship. Thirdly, many concluded that

Labour's popularity depended on an ability to reflect the public mood which demanded firm action. An embattled minority were opposed for mainly pragmatic reasons. Jack Ashley believed that strains would be imposed on the N.A.T.O. alliance. The logistic difficulties led Frank Allaun to doubt whether the Task Force would succeed. Tony Benn and Andrew Faulds argued that British economic interests would suffer as a result of an attempt to sustain, ". . . an imperial outpost in the stormy wastes of the South Atlantic."[60] E. P. Thompson thought that a transfer of sovereignty was an historical inevitability because the Falklands were too isolated. He said that,

> "Falklanders who wish to remain inviolate and British citizens . . . are on a hiding to nowhere. They are too few. They are too far away. This is regrettable. But even paramountcy must have lines of supply."[61]

The Labour Party lacked a coherent policy towards the Falklands. In 1977 the National Executive Committee of the Labour Party had urged the protection of the Islanders' human rights. The case for self-determination had not been addressed. The issue of the Falklands was subsequently considered by a number of unaffiliated 'Left intellectuals'. It is interesting to note that both Tom Nairn and Anthony Barnett agreed that the option of self-determination was legitimate if a viable community existed in the Islands. Anthony Barnett said that,

> ". . . if the Falklands could have emerged as a viable, English-speaking nation-state - then whatever Argentina's claims and feelings, the independence of the Falklands as a South American country would have been legitimate."[62]

This again illustrates that the opposition to the Falklands' conflict was for practical reasons rather than a rejection of the principles at stake or the basis of Britain's claim. Barnett argued that the 1982

crisis should be examined in the context of domestic British politics. The question of 'sovereignty' was mainly concerned with national humiliation and the myth of British great power status. The British response to the invasion of the Falklands was a form of 'Churchillism' which he defined as an alliance of traditional and progressive political forces from May 1945 which sought to protect the myth of Britain's power. In reality Britain had become increasingly dependent on economic and political alliances with the United States and other countries.[63]

The British Government was also assisted by world opinion which labelled Argentina the aggressor. On 3 April the U.N. Security Council passed resolution 502 (1982) which described the invasion as a breach of the peace and demanded an immediate cessation of hostilities and the withdrawal of all Argentine forces. Britain had gained the required two-thirds majority because the Soviet Union and China abstained while historic ties and the dangers of a precedent swayed Jordon, Togo, Zaire, Uganda and Guyana.[64] Argentina was further isolated in the international arena as a result of both support for the principles of Britain's case and expediency. On 9 April the European Commission imposed economic sanctions on Argentina which included a ban on imports and an embargo on arms sales.[65] Australia, New Zealand and Canada also broke off diplomatic relations and imposed trade sanctions.[66] On 12 April the Organization of American States passed an innocuous resolution which appealed for a peaceful settlement. The English-speaking Caribbean nations had refused to support a resolution that did not condemn Argentina's use of force.[67]

Argentina only gained limited support from its neighbours. Brazil refused to condone the invasion and captured Argentina's corned

beef trade with Britain. Chile gave clandestine assistance to Britain. Chilean forces were put on full alert. Reinforcements were sent to the Andean border with Argentina and the bulk of the surface fleet was concentrated in the south. R.A.F. aircraft were allowed to use Punta Arenas air base disguised with Chilean markings. Punta Arenas was also believed to have been a point of departure for S.A.S. special forces engaged in espionage activities.[68] After the conflict Britain transferred a base on Adelaide Island in the British Antarctic Territory to Chile in what appeared to be an act of compensation for its help.[69] The U.S.A. gave Britain invaluable support. It made available Wideawake airfield on Ascension Island which had been built by the U.S. Government and operated by Pan American Airways.[70] The Americans also ensured that the task force had adequate military hardware, such as Sidewinder air-to-air missiles for the Harriers, and intelligence on signals traffic from Argentina.[71]

Argentina had not expected or prepared for a war over the Falklands. The Junta appeared to believe that as a consequence of the 1956 Suez debacle the British Government would not get involved in a large-scale military adventure overseas. It would also seem that both the Government and public opinion in Britain believed that the Argentine Junta would yield under the pressure of international isolation and the approaching task force. ' Why did diplomacy fail to reach a peaceful settlement of the crisis?

(C) A DIPLOMATIC FAILURE AND THE POLITICS OF WAR

There were three attempts at mediation to avert a war over the Falklands. On 7 April President Reagan directed General Alexander

Haig to intervene.[72] The intention was to emulate the success of Henry Kissenger's shuttle diplomacy towards the end of the 1973 Yom Kippur war. The interests of the State Department were divided by the crisis. Lawrence Eagleburger, the Assistant Secretary for European Affairs, was concerned about N.A.T.O. solidarity and favoured Britain. Thomas Enders, Assistant Secretary of State for Inter-American Affairs, feared that American influence in the hemisphere would be damaged if the U.S. openly supported the task force.[73] This view was supported by Jeane Kirkpatrick, the influential American ambassador to the United Nations, who was primarily concerned about the threat of communist and Soviet influence in Latin America.[74]

General Haig's peace proposals should be seen in the context of increasing British military resolve. Margaret Thatcher may have recalled the Suez crisis when she decided not to hinder the remorseless advance of the task force because constant talks could undermine British resolve. On 12 April Britain imposed a 200 mile maritime exclusion zone around the Falklands. On 17 April General Haig presented the Junta with his five-point plan. It involved a joint withdrawal, a three-flag administration until December, restored communications with Patagonia, talks in the new year on a long-term settlement, and consultations with the Islanders about their views.[75] On 25 April the Argentine garrison on South Georgia surrendered. On 27 April General Haig sent his final package for a five-year settlement to both London and Buenos Aires. It involved a phased joint withdrawal, American/British supervision of the Islands with Argentine participation in the "traditional local administration" and a longer-term negotiating framework which took into account the wishes of the inhabitants.[76] On 30 April Britain imposed a

Total Exclusion Zone and President Reagan ordered the suspension of all military exports to Argentina and new Export/Import Bank credits and guarantees. He also promised a positive response to requests from Britain for military supplies.[77]

It is difficult to assess why a compromise failed. The manoeuvrability of the Argentine Junta was restricted by the hysterical nationalism which the invasion had unleashed. The Junta's perception of the conflict was also distorted. For example, Admiral Anaya thought that Argentina could inflict unacceptable losses on the task forces. On 19 April Haig defined Argentina's minimum terms as a shared Anglo-Argentine administration under U.S. supervision and the resolution of the sovereignty dispute by the end of the year. The British Cabinet had been shaken by the estimated casualties to recapture the Falklands. A week after the task force sailed the Chiefs of Staff reported that a 50 percent Harrier attrition rate was expected. The Prime Minister was willing to consider internationalization but stressed the importance of the Islanders' wishes. On 22 April Francis Pym, the Foreign Secretary, said that other flags could fly beside the Union Jack during an interim period. However, he opposed a fixed deadline to any talks or a creeping transfer of sovereignty. The Junta rejected General Haig's final package because it fell short of Argentine demands on both the provisional administration and the recognition of sovereignty.[78]

The peace initiative of President Belaunde Terry of Peru was an American attempt to revive General Haig's final package. It began on the evening of 1 May when General Haig and President Belaunde Terry jointly prepared a '7-point plan' on the telephone.[79] It was hoped that the new approach would reduce the Junta's suspicion about the intentions

of the U.S.A.. Peru openly supported Argentina and sent ten Mirage fighter planes on 22 May.[80] The plan consisted of an immediate cease-fire and mutual withdrawal of forces. Third parties would then temporarily govern the Islands. Both governments had to recognize the existence of the sovereignty dispute and the need to take the viewpoints and interests of the Islanders into account. A deadline for a final solution was fixed for 30 April 1983. The agreement would be guaranteed by a contact group composed of Brazil, Peru, West Germany and the U.S.A..[81]

The Peruvian proposals were overshadowed by further military action as the task force reached the Falklands. The most controversial was the sinking of the Argentine cruiser 'General Belgrano' just before 8.00 pm (B.S.T.) on 2 May by torpedoes from the nuclear-powered submarine H.M.S. 'Conqueror'. 368 of the warship's crew of 1,138 lost their lives. At dawn on 1 May a British Vulcan bomber from Ascension Island attacked Stanley airport, followed by a simulated amphibious landing off Port Stanley and Harrier air raids on Darwin/Goose Green airstrip.[82] On 4 May the destroyer H.M.S. 'Sheffield' was sunk by an Argentine Exocet missile with the loss of twenty sailors and a Sea Harrier was shot down.[83]

Professor Lawrence Freedman and Virginia Gamba concluded from their research that a conflict of perspectives and poor communications contributed to the escalation of fighting. On 1 May the Junta believed that a British landing had successfully been repelled for the loss of two Harriers and damage inflicted on a British destroyer. Stanley airport remained operational. The British thought that without suffering any casualties they had probed Argentine defences and

destroyed Stanley airstrip. The Argentines had planned a pincer movement around the exclusion zone to strike the task force east of the Falklands, with an attack from the north by the aircraft carrier '25 de Mayo' and support vessels and an approach from the south by the 'Belgrano' and two frigates. At 1.45 am (local time) on 2 May Admiral Allara, the Argentine commander, ordered a withdrawal of the carrier force after a British Sea Harrier was sighted. The 'Belgrano' received the order at 2.30 am and changed course back to Argentina at 5.00. H.M.S. 'Conqueror' noted the change of course but was unable to inform London, which had already authorized an attack on the 'Belgrano', because of constraints on communications.[84]

The House of Commons Foreign Affairs Committee concluded that on the morning of 2 May Francis Pym was given an outline of the Peruvian plan by General Haig in Washington. Pym said the proposals were worth pursuing but did not offer an immediate breakthrough. Francis Pym recollected that,

> "There was not any event, not any discussion during the course of 2 May which was of such a kind as to say that this entirely changed or even looked remotely at any stage likely to change the scene."[85]

The War Cabinet (which included the Prime Minister, the Home Secretary, the Foreign Secretary and the Defence Secretary) was not informed of the details of the Peruvian plan before it was decided to authorize the sinking of the 'Belgrano'.[86]

As a consequence of these events the British Government made its most significant concessions on sovereignty. On 4 May the full Cabinet discussed the detrimental effects of the sinking of the 'Belgrano' and decided to intensify the search for a peaceful

settlement. On 5 May it assessed the military situation as a result of the loss of H.M.S. 'Sheffield' and the devastating effect of the Exocets. The Peruvian plan was accepted despite opposition by Lord Hailsham (the Lord Chancellor) and Michael Heseltine (the Environment Secretary). However, concern was expressed about the involvement of a third-party interim administration and the vague reference to self-determination in the future.[87] The same day Francis Pym announced in the House of Commons that,

> "Her Majesty's Government have an open mind about what might be the ultimate solution. The United Nations trusteeship concept is most certainly one of the possibilities and may eventually prove to be a highly suitable one. Whether it will match the needs of the situation later, I do not know, but I would not exclude anything."[88]

British public opinion was shaken by the news of the losses. A M.O.R.I. poll showed that 81 percent (14 percent against) of its panel approved of the bombing of Stanley airport. Nevertheless, only 46 percent thought that the sinking of the 'Belgrano' was justified (with a sizeable 44 percent against).[89] The press reflected this concern. On 6 May the 'Daily Mirror' daclared that, "The killing has got to stop," which was echoed by 'The Guardian'.[90] In mid-April an Ad Hoc Falkland Islands Peace Committee was formed with the support of C.N.D. to unite nineteen organizations opposed to the war. The peace movement stressed the principle that international disputes must be resolved by peaceful means through the United Nations. On 28 April Tony Benn and Judith Hart put forward a motion to the Labour Party's National Executive Committee which included the proposal that Islanders wishing to leave the Falklands should be helped to re-settle elsewhere with generous compensation. Frank Hooley, Tony Benn and Alfred Dubbs all suggested in the House of Commons that the right of the Islanders to remain British

citizens should be separated from the question of British territorial sovereignty over the Islands.[91]

A slight shift in international support away from Britain may also have contributed to the Government's decision to compromise. General Haig warned that the sinking of the 'Belgrano' had alienated Latin America and threatened the West's position on the continent. The Irish Government argued that E.E.C. sanctions against Argentina should be discontinued. West Germany, Denmark and Italy expressed concern. On 17 May a meeting of E.E.C. Foreign Ministers in Luxemburg agreed that their sanctions should be renewed weekly on a voluntary basis. Italy and Ireland opted out.[92]

It appears that Argentine intransigence resulted in the failure of the Peruvian peace plan. A Gallup Poll before the sinking of the 'Belgrano' discovered that 90 percent of those consulted in the Federal Capital described themselves as in favour of the war and 82 percent discounted any possibility of negotiation with Britain.[93] On 2 May President Galtieri announced that,

> "We would rather die on our feet than live on our knees . . . the news of the cruiser 'General Belgrano' has thrown aside all study [of the peace proposals] and all reasoning to support it."[94]

The Junta rejected the Peruvian peace plan on 6 May when two Harriers crashed in fog. It believed that Argentina was winning the war and hoped to gain more favourable peace terms through the U.N..[95]

The third peace initiative was made by Javier Perez de Cuellar, the U.N. Secretary-General. The Americans thought that it sabotaged the Peruvian plan. A State Department spokesman described Perez de Cuellar's ideas as "amateurish" and the U.N. intervention as "characteristically destructive."[96] On 2 May Perez de Cuellar presented

Francis Pym and the Permanent Argentine Representative to the U.N. preliminary proposals for talks. The plan was composed of five points. First, the withdrawal of the Argentine garrison and the redeployment of the British forces away from the area. Secondly, the initiation of negotiations to seek a diplomatic settlement by an agreed target date. Thirdly, the ending of blockades, exclusion zones and hostilities. Fourthly, the termination of all economic sanctions. Fifthly, the creation of an interim administration in the Falklands.[37]

The British Government defined its minimum terms at a meeting of ministers on 16 May. The next day an interim agreement was presented to Perez de Cuellar. Britain's main concessions dealt with the interim administration. The appointment of a U.N. Administrator for the Falklands was accepted on condition that he consulted the Colony's Legislative and Executive Councils. One representative of the Argentine population on the Islands (some 30 people out of 1,800) would be added to each of the Councils and up to three Argentine observers could be present on the Islands during the interim period. Britain was also willing to seek a peaceful settlement of the dispute by a target date of 31 December 1982, although no outcome could be either excluded or predetermined. The interim agreement would not cover South Georgia and the South Sandwich Islands which had been considered with the Falklands in past negotiations on sovereignty.[38]

On 18 May the Argentine Junta presented the U.N. Secretary-General with counter-proposals which amounted to a rejection of the British compromise. There were five key demands which were unacceptable to the British Government. First, Argentina wanted the administration of the Islands to be the exclusive responsibility of the U.N.. The

Islanders would be unable to express their aversion to a transfer of sovereignty through the revival of democratic institutions. Advisers from the population of the Islands could only be appointed in equal numbers from the resident Argentine community and from the population of British origin. Secondly, the Junta demanded free access for her nationals to the Islands with respect to residence, work and property. The intention was to change the demographic make-up of Falkland society in the interim period. Thirdly, Argentina refused to accept that the sovereignty negotiations would not be prejudged. Fourthly, British and Argentine forces would be withdrawn to their normal bases and areas of operation. Fifthly, South Georgia and the South Sandwich Islands had to be included by the interim agreement.[99]

On 20 May Margaret Thatcher announced to the House of Commons that the Government had decided to withdraw all its earlier proposals and concessions and was committed to a military solution. She said that,

> "Argentina began the crisis. Argentina has rejected proposal after proposal . . . I believe that if we had a dozen more negotiations the tactics would be the same. From the course of these negotiations and Argentina's persistent refusal to accept resolution 502 we are bound to conclude that its objective is procrastination and continuing occupation, leading eventually to sovereignty."[100]

On 21 May British forces established a beach-head at San Carlos with the loss of H.M.S. 'Ardent' and the shooting down of 16 Argentine aircraft. On 24 May H.M.S. 'Antelope' was sunk, followed the next day by H.M.S. 'Coventry' and the 'Atlantic Conveyor'.[101] On 26 May the U.N. Security Council passed resolution 505 which urged Britain and Argentina to co-operate with the Secretary-General in seeking to end the hostilities. Anthony Parsons, the British Ambassador to the U.N., succeeded in

fending off calls for a cease-fire. Nevertheless, General Haig appealed to Britain for restraint while Pope John Paul denounced the use of warfare to resolve international disputes.[102]

The British Government sought to achieve a military victory before it was isolated by international pressure for a cease-fire. On 27 May 3 Para and 45 Commando broke out of San Carlos to advance on Teal Inlet while the S.A.S. landed in strength on Mount Kent and 2 Para advanced south. The next day the 600 men of 2 Para defeated and captured 1,400 Argentines at Goose Green leaving 250 dead for a loss of 17 men.[103] Spain and Panama sponsored a resolution in the U.N. Security Council which called for an immediate cease-fire and the implementation of resolutions 502 and 505. It was vetoed on 4 June by Britain and the U.S.A..[104] On 8 June Britain suffered a temporary setback when the 'Sir Galahad' and 'Sir Tristram' were bombed at Fitzroy with the loss of fifty men. On 14 June the entire Argentine garrison of 11,000 men in the Islands surrendered after the battle for Stanley. All except 600 prisoners were repatriated to Argentina. The final military action was the expulsion of the Argentine military personnel from South Thule in the South Sandwich Islands on 20 June. The remaining prisoners were returned in July when the British Government was satisfied that active hostilities had ceased.[105]

It is clear that the 1982 Falklands' Conflict reversed the assumption after the 1956 Suez Crisis that the British public would not support a distant colonial war again. Margaret Thatcher read public opinion better than Anthony Eden who had let talks precede fighting. On 30 October 1956 Anthony Eden had encountered considerable opposition in the House of Commons when he announced that Egypt had been presented

with an ultimatum and that Anglo-French forces would intervene to occupy the Suez canal zone. The Labour Front Bench attacked the resort to force and after an acrimonious debate there was a division with 218 votes against the Government.[106] Britain and France were isolated at the U.N. and had to use their vetoes in the Security Council against an American resolution ordering Israel to withdraw and Britain and France to refrain from the threat of force. A resolution adopted by a large majority of the U.N. General Assembly on 2 November called for an immediate cease-fire and the withdrawal of the attacking forces. The British and French Governments were compelled to comply by American economic pressure.[107] A poll by the British Institute of Public Opinion on 10/11 November 1956 revealed that only 53 percent of the respondents agreed with the way Anthony Eden had handled the Middle East situation.[108]

It would seem that the main factor behind the invasion of the Falklands in 1982 was the Argentine Junta's misconception about how Britain would respond. The intransigence of the Junta was also a major factor in the failure to reach a peaceful settlement. The British Government was committed to the principle that aggression should not be rewarded. Its willingness to compromise showed concern that severe losses would not be tolerated in Britain. The acceptance of the Peruvian peace plan, which was ambiguous about the right of the Islanders to self-determination, was timed when the fighting intensified. Margaret Thatcher succeeded in keeping in step with public opinion. It should be remembered that the British military losses were relatively light. Support for the campaign would have probably

evaporated if an aircraft carrier had been sunk with hundreds of casualties.

The 1982 Falklands' Conflict led to a major reappraisal of Government policy towards the Falklands. The remaining chapters will consider the developments both within the Falklands and in the sovereignty dispute up to the end of 1989.

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CHAPTER TEN: COMMITMENT AND THE FALKLANDS' BOOM, 1982 TO 1989

The intensive economic development which occurred in the Falklands between 1982 and 1989 was not a unique phenomena. There are parallels with the large-scale investment in Africa after 1945 which was partly influenced by international criticism and the need to show that the colonies were benefiting from the association. The Kariba hydroelectric project on the Zambezi and the Tanganyika groundnut scheme illustrate the drive for industrialization and the expansion and diversification of agricultural production.[1] The wish of the Falklanders to retain their British identity has similarities with the one million European settlers in Algeria who campaigned to maintain their links with metropolitan France. After the outbreak of the Algerian nationalist uprising in November 1954 the French Government embarked on a policy of massive investment in schools, houses, hospitals and the provision of greater economic opportunities for Algerian Arabs in an attempt to reverse past neglect.[2] However, there are also important differences which make the Falklands a unique case. First, the population of the Falklands is almost entirely of British extraction and united on the issue of sovereignty. Secondly, Britain fought a costly but successful war to retain possession of the Islands.

The purpose of this chapter is to examine the British Government's policy towards the Falklands. Did the Government have a coherent post-1982 policy towards economic development in the Falklands, such as to maximize population or revenue, or was it based on pragmatic short-term expediency?

(A) THE BRITISH GOVERNMENT'S RESOLVE TO RETAIN SOVEREIGNTY, THE FALKLAND LOBBY AND FALKLAND POLITICS

The commitment of the British Government to the Falklands was unequivocal from 1982 to 1989. Regular ministerial visits, which included Margaret Thatcher in January 1983, reassured the Islanders that a transfer of sovereignty was inconceivable against their wishes.[3] £31 million of British aid was allocated over a six-year period to fund the implementation of a revised Shackleton Report development programme, in addition to £15 million towards civilian rehabilitation in the Falklands. On 8 December 1982 Francis Pym, the Foreign Secretary, announced to the House of Commons that the Government would do,

". . . all that we can to enable the Islanders to look forward to a sound economic future and a worthwhile life."[4]

On 22 July 1982 the British Government established a 150 nautical mile 'Falkland Islands Protection Zone' (F.I.P.Z.) in response to the Argentine Government's refusal to declare a formal cessation of hostilities or renounce the future use of force. Argentine civil aircraft and shipping were requested not to enter the protection zone without the prior agreement of the British Government. Argentine warships and military aircraft were deemed hostile. In the financial year 1983/1984 about £200 million (which excluded expenditure on the infrastructure) was spent on the maintenance of a British garrison in the Falklands to deter further Argentine military action.[5] It included the cost of a significant force based on South Georgia. The South Sandwich Islands were not occupied.[6] Edward Fursdon, a defence correspondent, has written an authoritative account of how British

military forces re-established the Colony and deterred further Argentine military action in the aftermath of the conflict.[7]

The ability to airlift reinforcements to the Falklands if tension increased was established by the construction of permanent military facilities. In 1987 capital expenditure included an estimated £319 million (at September 1986 prices) on an airfield and navigational aids at Mount Pleasant, £132 million on a military complex, £14 million on port facilities at Mare Harbour (East Cove), and £49 million on the provision of facilties on Ascension Island. It enabled a reduction in the size and annual running costs of the garrison. By 1988/1989 the Ministry of Defence expected the total annual cost to operate the garrison would stabilize at under £100 million. The major expense would be on fuel for shipping and aircraft.[8]

Mount Pleasant Airport (M.P.A.) had a number of functions. First, it concentrated the garrison 30 miles from Stanley which minimized the social and economic impact of the military presence on the Islanders.[9] Secondly, the construction of M.P.A. represented a permanent symbol of Britain's commitment to the Falklands. Thirdly, the future of M.P.A. as a civil airport was stressed at the official opening in May 1985 by Prince Andrew. The provision of adequate external communications was a vital prerequisite for economic development. M.P.A. gave the Islands a runway of 8,500 feet capable of handling the largest aircraft in existence. Regular 19 hour twice weekly flights to R.A.F. Brize Norton in Oxfordshire were established.[10] Finally, the cost of the garrison was reduced. The use of long range wide-bodied jets saved £500,000 per week on fuel and transport.[11] In July 1987 the army garrison was reduced from 600 to 200.[12] A military exercise code-

named 'Fire Focus' was held in March 1988 to demonstrate that the Islands could be reinforced with a battalion group and Phantom fighters.[13]

The activities of the Falkland Lobby were scaled down as a consequence of the political changes which followed the 1982 Conflict. In November 1982 the paid post of Director-General of F.I.R.A.D.A. was terminated.[14] In January 1983 Sir Rex Hunt, the Civil Commissioner for the Falklands (a title adopted in June 1982), said that the U.K.F.I.C. should continue as a political body on behalf of the Islanders.[15] In March 1984 F.I.R.A.D.A. ceased trading and its activities were transferred to the 'Falkland Islands Association', which was formed as an unincorporated supporters' organization. The office in Westminster was retained. The objectives of the Falkland Islands Association were to promote the development of the Islands for the benefit of the inhabitants, study and research the history and future of the Colony and publish a newsletter.[16] The Colony's Legislative Council marked its approval of the changes in the Lobby with a donation of £5,000 for the political work of the U.K.F.I.C..[17] On 25 January 1988 a joint meeting of the Falkland Islands Association and the U.K.F.I.C. unanimously resolved that they should amalgamate and become one organization if their members approved.[18]

On 10 June 1982 the U.K.F.I.C. was instrumental in the launch of the Falklands' Appeal, a non-charitable discretionary trust under the patronage of Lord Shackleton, which raised £622,759.[19] It financed numerous projects to assist Islanders, such as the transportation of fresh livestock to the Falklands in January 1983.[20] The Falkland Islands Association concentrated on publicity to counter

the public's perception enhanced by the Conflict that the Colony was cold, barren and useless. In July 1982 a glossy booklet was sent to all M.P.s and interested Peers, Members of the European Parliament, foreign ambassadors in London, the United Nations, the entire U.S. Congress, the media and commercial organizations.[21] It claimed the Falklands had good prospects for development without dependence on Argentina. The brochure said that,

> ". . . they can be independently viable and capable of development into an even more prosperous community, provided that they are given their rights of freedom and self-determination and that their security is guaranteed."[22]

By 1989 the Falkland Lobby had largely restricted its activities to concentrate on winning public support for the Islanders' cause. In the financial year 1986/1987 £5,823 of the Association's total expenditure of £18,697 was devoted to the publication of newsletters which stressed the positive aspects of development in the Falklands.[23] Numerous talks were held around the country about the Islands such as a Falklands' Roadshow in 1988. The image and credibility of the Falkland Islands Association was also improved by the appointment of Sir Rex Hunt as President in December 1986 and an Islander, Mike Summers, as Chairman in December 1987.[24]

After the Conflict the Falkland Islands Government took over many of the Falkland Lobby's activities. In July 1982 the Colony's Joint Councils decided to establish a Falkland Islands Government Office (F.I.G.O.) in London. In August F.I.R.A.D.A. ceased to use the name 'The Falkland Islands Office'. In September the work carried out by F.I.R.A.D.A. on development and immigration was transferred to Adrian Monk, who was appointed to the post of Falkland Islands Government

Representative in London.[25] F.I.G.O. later performed many of the duties carried out by the Foreign and Commonwealth Office and the Overseas Development Administration on behalf of the Islanders. The terms of reference of the Falkland Government Representative included the promotion of the Islands in the media and Parliament. F.I.G.O. was situated in Tufton Street at the heart of Westminster.[26] Broad Street Associates, a public relations company, was commissioned to provide direct contact with M.P.s and Peers.[27] In 1988 representatives of F.I.G.O. attended the conferences of both the Conservative and Labour Parties held at Blackpool and Brighton.[28]

It seems paradoxical that constitutional development in the Falklands has both granted the Colony greater autonomy and strengthened the British identity of the Islanders. In 1982 the British Nationality (Falkland Islands) Amendment Act was passed which enabled all Falkland Islanders to acquire full British citizenship.[29] Prior to the 1982 invasion a Select Committee of the Legislative Council was appointed to examine the constitution of the Falklands. In August 1983 its recommendations were forwarded to the Foreign Office. On 20 June 1984 Lady Young, a Minister of State at the Foreign Office, announced that the British Government, ". . . wanted the Islanders to move towards increasing internal self-government."[30]

In October 1985 a new constitution came into force in the Falklands. The number of elected Legislative Councillors was increased from six to eight and the number of Executive Councillors drawn from the elected members of the Legislative Council was increased from two to three. The Falkland Government lost the right to nominate Executive Councillors and the two official members in both Councils (the Chief

Executive and the Financial Secretary) were no longer allowed to vote. The constitution contained a chapter on the protection of individual human rights which stated that all peoples should be entitled to freely determine their political status. South Georgia and the South Sandwich Islands ceased to be dependencies of the Falklands and were given a separate constitution. Certain links were maintained between the Falklands and its former dependencies. The Governor of the Falklands was also appointed the Commissioner for South Georgia and the South Sandwich Islands. In this capacity he consults the Colony's Executive Council on those matters relating to the territory which might affect the Falklands.[31] A Foreign Office Under Secretary of State claimed that the separation was because the territories were not permanently settled.[32] Convenience was often the reason for linking dependent territories together. There are parallels with the administration of the Chagos Archipelago from Mauritius and the Cocos (Keeling) Islands from Singapore, which were subsequently separated. However, it should be remembered that Argentina's weaker claim to South Georgia and the South Sandwich Islands was partly based on the assumption that they formed a single political entity with the Falklands.

The idea of community councils to give Islanders a fuller participation in the running of local affairs was revived by the 1982 Shackleton Report.[33] As a result the former F.I.C. settlement of Fox Bay East on West Falkland was re-established as Fox Bay Village in 1984 when the farm was subdivided. The Falkland Government budgeted £184,520 in 1985/1986 on facilities at Fox Bay such as new houses and a jetty. An informal village council was formed which the Government proposed to

consult on local issues. A part-time Government Agent was appointed to be responsible for the communication of information between the village and Stanley. Interest was also expressed in the Legislative Council for the re-establisment of Stanley Town Council.[34]

The British Government's decision to fund the main recommendations of the 1982 Shackleton Report reflected a recognition that the huge Falkland defence commitment was politically untenable unless the economic decline of the Colony was reversed. The policy of the Government towards the long-term future of the Falklands will be considered by an examination of the initial direction of economic development between 1982 and 1986.

(B) THE 1982 SHACKLETON REPORT AND THE FALKLAND ISLANDS DEVELOPMENT CORPORATION

It would seem unlikely that the Prime Minister had a clear long-term vision for the Falklands when she asked Lord Shackleton to update the 1976 economic survey at the end of May 1982. The terms of reference involved a revision of the social and economic aspects of the first report in the light of the changed circumstances arising from the Argentine occupation and the changed world economic environment since 1976. It was to encompass South Georgia and the South Sandwich Islands. Shackleton's team, which included five out of six of the original members, assumed the physical state of the Colony would be restored. Houses should have been repaired, water and power supplies made functional and mines cleared from the camp. The study had to be completed within a limited time. It was presented to the Prime Minister in August and published in September after less than two months work

which did not involve a visit to the Islands.[35] The revised report was presented in a concise form (137 pages) with the recommendations explained at the beginning.

The Shackleton team argued that urgent action was required to avert a collapse of the Colony's shaky economy. The population of the Islands fell by 3 percent between 1974 and 1980, and the Gross Domestic Product of the Islands had declined by about 25 percent.[36] The 1982 Shackleton Report development programme depended on two recommendations. The first was the purchase of all the absentee owned ranches and the establishment of owner-occupied farms in respect of which, it was argued, the farmers would have a greater incentive to plough back profits in the Islands. A gradualist approach was rejected because it might be seen as discriminatory and would discourage investment in the farms which were not immediately chosen for subdivision. The second proposal was that the Falkland Government should play a leading role in development. The main catalyst would be a Falkland Islands Development Agency, on similar lines to the Highlands and Islands Development Board, based in the Colony under the administrative and financial umbrella of the Overseas Development Administration.[37]

It was estimated that an expenditure of about £30.6 million to £35.6 million over a five-year period was required to implement the development programme. A number of projects were suggested to diversify the economy. These included a total of £6.4 million on the improvement of agriculture and the development of coastal fisheries, tourism and a knitwear industry. The infrastructure would be strengthened by investment in an internal road system (£5 million), the construction of

a deep-water jetty (£3 million) and the installation of wind turbines to generate electricity (£500,000). A civil external air service should be established, which might involve flights to Punta Arenas in Chile with an operating subsidy of £1.1 million over five years.[38]

It is possible that the Shackleton Report's conclusion that South Georgia had strategic and economic importance influenced the subsequent decision by the British Government to break the constitutional link between the Falklands and its former dependencies. Lord Shackleton commented that,

> ". . . South Georgia may in the long run be of greater importance to the future development of the potential wealth of the South West Atlantic and the Antarctic than the Falkland Islands."[39]

The Report proposed that consideration should be given to the establishment of an airstrip in South Georgia. The Falklands would still have a role as a staging post and forward base for the exploration and development of resources around South Georgia.[40]

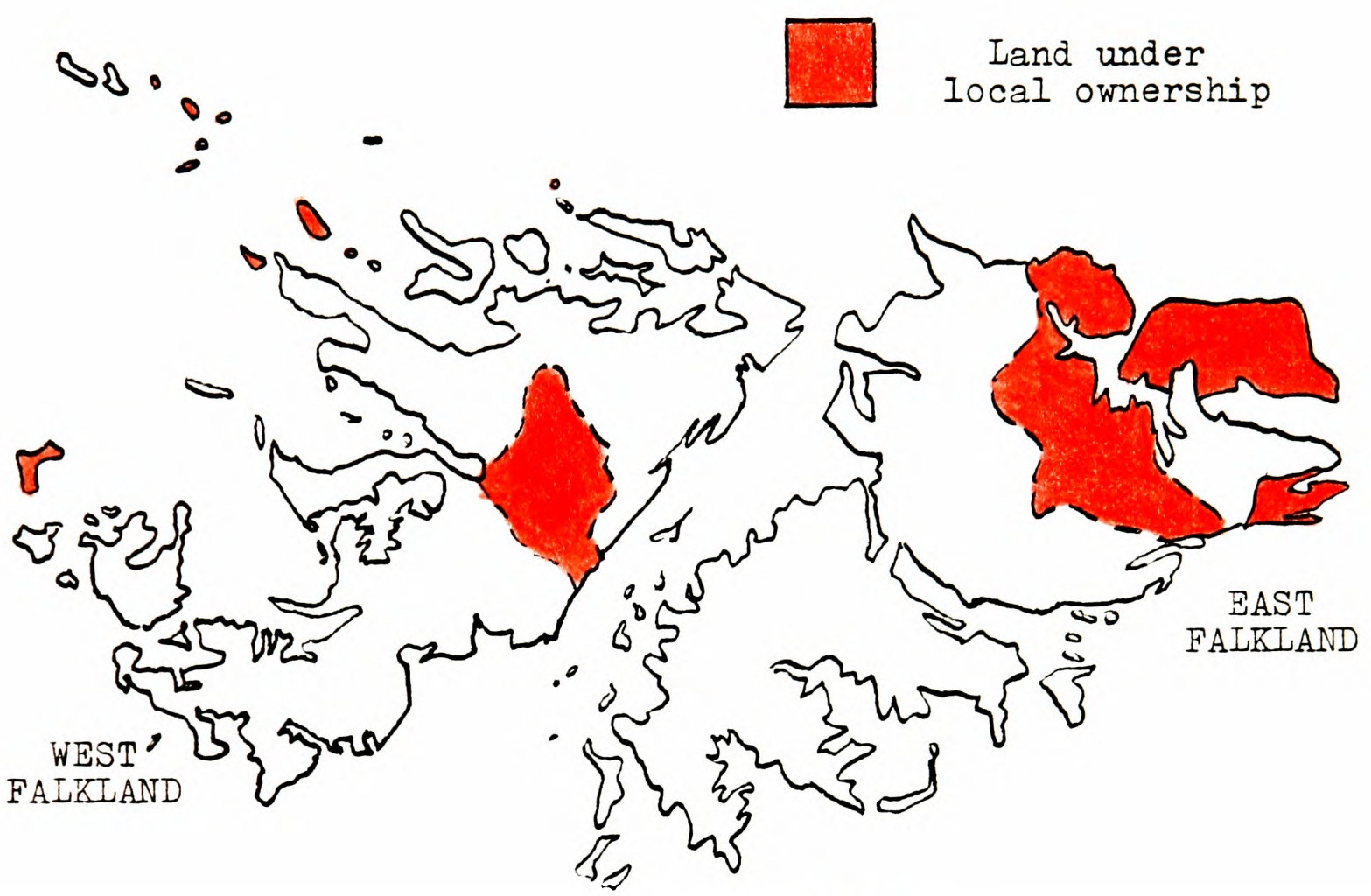
In April 1988 a Bill for the creation of the Falkland Islands Development Board (F.I.D.C.) was passed by the Colony's Legislative Council. The first meeting of the F.I.D.C. Executive Board was held in July 1984 after a sum of £4.6 million (out of the six-year £31 million development grant) had been provisionally allocated.[41] The membership of the Corporation included the Civil Commissioner (who acted as Chairman), representatives of the British Government and the Colony's farming industry, two individuals with experience of trade or industry, and an elected member of the Executive Council elected by that Council.[42] The F.I.D.C. was given an extremely wide objective which was, ". . . to encourage and assist in the economic development of the Falkland Islands."[43] The Corporation set itself four goals which

reflected both the ideas of Bill Hunter Christie and the political need to show that the Falklands could become more of a viable economic entity. The first was to increase the range of employment opportunities by encouraging the diversification of the economy. Secondly, to increase population levels through selective immigration. Thirdly, to increase the long-term capacity of the Falklands to develop with the eventual aim of self-sufficiency. Fourthly, to improve community facilities.[44]

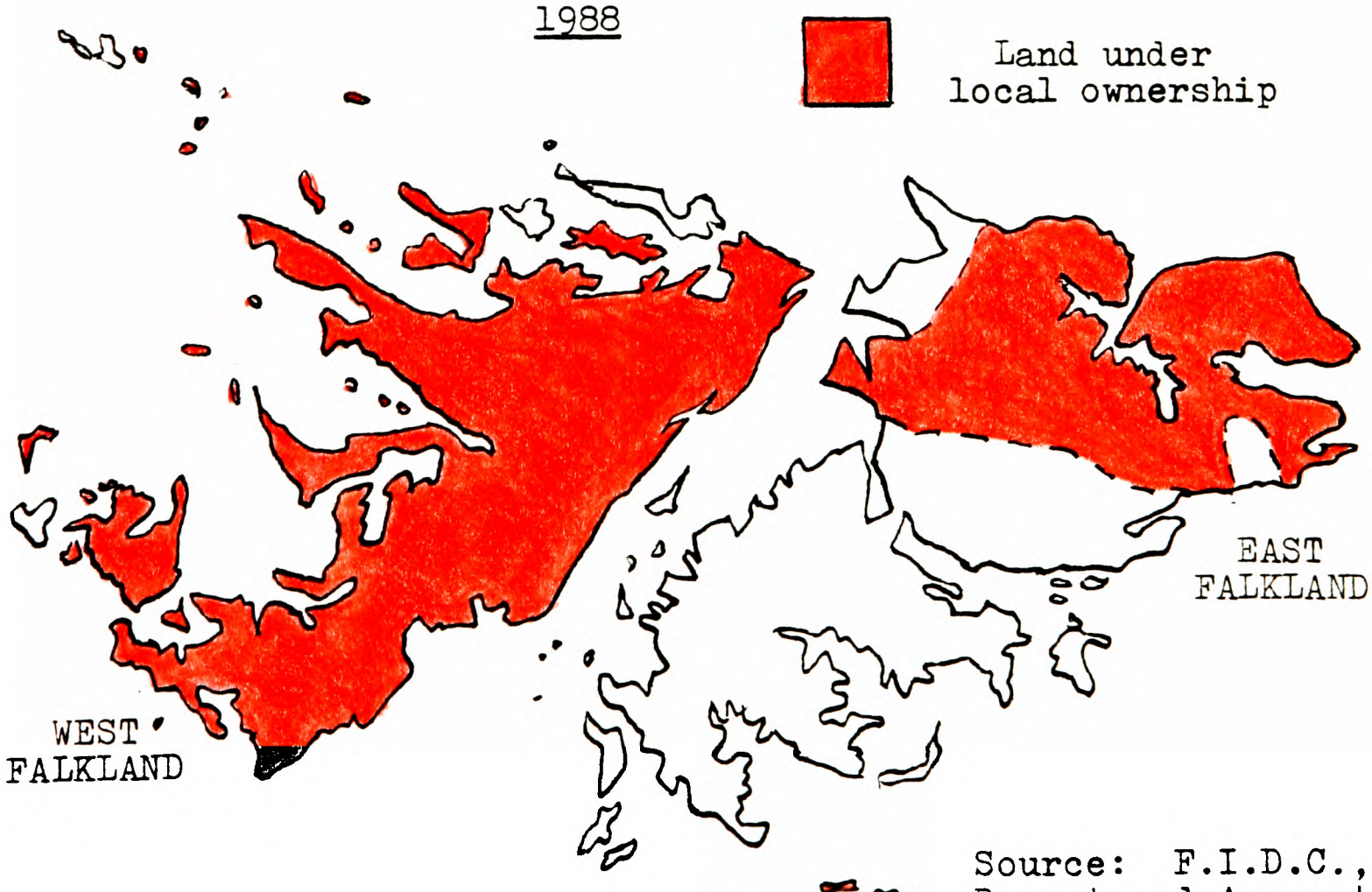
The British Government did not appear to interfere with the F.I.D.C.'s development programme based on the 1982 Shackleton Report. It preferred a gradual approach to the transfer of land in the Colony because it claimed that Islander opinion was divided on the issue.[45] The Government may also have been influenced by ideological qualms. Radical state intervention in the economy of the Falklands would have been inconsistent with extolling the virtues of free enterprise. Nevertheless, the Falkland Government decided to purchase one farm a year. The F.I.D.C. created 38 subdivisions by the purchase of Roy Cove (1984), Packes Port Howard, Fox Bay East and Dunnose Head (1985), Fox Bay West (1986), Hill Cove (1987), and Douglas Station (1988). In 1984 assistance was given to small farmers to purchase subdivisions at San Carlos, and in 1987 Port Howard was bought and converted into a co-operative. In 1988 the F.I.C. sold Port Stephens which was subdivided into five sections. Port San Carlos was to be bought in 1989.[46] The map on page 313 illustrates the extent of the land reform in 1988. The proportion of land under local ownership increased from 24 percent before 1980 to 73 percent in 1989.[47] The debate will continue, about the benefits of land reform and the danger that the sheep farming

LAND REFORM

Pre-1980



1988



Source: F.I.D.C., Report and Accounts, 1988, p.6.

industry and Government revenues would be jeopardized, until long-term trends can be assessed. The results from the 1980/1985 subdivisions showed increased stocking rates of up to 23 percent while wool production rose by as much as 27 percent.[48]

The F.I.C.'s continued major role in the economy and its approach to the transfer of landownership generated criticism. In the wake of the 1982 Conflict the F.I.C. sold one hundred separate fifty-acre plots for £1,000 each at Fitzroy. Ted Needham, the joint Chairman of the F.I.C. and its parent company Coalite, suggested that they could be transformed into smallholdings which would raise the population and diversify the economy, such as by producing vegetables for export.[49] Critics of the scheme pointed out that the plots lacked a house, water and drainage and were composed of poor quality land. The price of £20 an acre was exorbitant compared to similar land in the Islands valued at 50p. to £2 per acre.[50] Lord Shackleton called the project a "rip off."[51] The sensitivity of many Islanders about the influence of the F.I.C. in the Colony was expressed in June 1989 when three Legislative Councillors resigned after a vote to exclude company owned sheep farms from a £500,000 programme of soil improvement grants was reversed.[52]

In 1984 the F.I.D.C. produced an Agricultural Diversification Plan which aimed to establish how local production might replace food imports (such as cheese, eggs and pork) and assess how agricultural exports other than wool could be encouraged.[53] The Grasslands Trials Unit was relaunched with twelve staff and a £2.6 million grant.[54] An Agricultural Grant Scheme was introduced to assist smaller farms with the provision of buildings, fencing and the replacement of worn-out machinery.[55] A new dairy was established five

miles from Stanley. A hydroponic market garden outside Stanley was constructed at a cost of about £500,000.[56] The intention was to produce 20 tons of cucumbers, 25 tons of tomatoes and 30,000 lettuces a season with potatoes and other root crops grown in 20 acres of soil around the greenhouses.[57] The financial viability of the garden improved in 1989 when a long-term contract was agreed to supply the military with lettuces and tomatoes.[58]

There were attempts to develop an industrial sector in the Falklands. The F.I.D.C. assisted in the establishment of 'The Falkland Mill' at Fox Bay Village which was officially opened by Prince Andrew in May 1985. It aimed to produce about 10,000 kilos of spun wool a year and knitted garments for export.[59] The F.I.D.C. also sponsored a number of fishery surveys. The Institute of Aquaculture at the University of Stirling conducted research on how to produce salmon feed based on resources available in the Falklands. In 1986 a pilot salmon farm was set up at Fox Bay Village.[60] There were setbacks. For example, a £750,000 crab research project funded by the F.I.D.C. concluded that crab stocks could not sustain commercial exploitation.[61]

The development of tourism was considered important because it provided employment in the camp, established recreation facilities for Islanders and the military, and helped to improve the perception of the Falklands abroad.[62] In 1985 the F.I.D.C. formed 'Falkland Islands Tourism' as a wholly owned subsidiary company with a full-time manager. An initial target of 1,000 tourists per year was proposed. A travel agent based in York was appointed to promote the Falklands as a holiday destination and a number of tour operators organized trips.[63] Tourist lodges were built at Port Howard, Pebble Island, Chartres, Salvador and

on the Sea Lion Islands and hotel facilities in Stanley were improved.[64] The use of a Chinook helicopter to construct the lodge on the Sea Lion Islands, which lacked a jetty, illustrates how military resources were utilized to overcome transport difficulties.[65] There were 120 staying visitors (as opposed to cruise visitors) in 1987/1988 which was expected to reach 500-600 by the early 1990s.[66]

The F.I.D.C. improved community services and encouraged the creation of an independent business advisory service sector. An Enterprise Grant Scheme was introduced to assist anyone in the Falklands who wanted to start up a new business with a flat sum grant of £2,000.[67] In 1986 a General Training Scheme was introduced to enable Islanders to develop their skills with assistance towards the costs of a suitable course, air fares and accommodation. New ventures included a bakery, a bus service and a building contracting and plant hire business.[68] Independent professional firms were attracted to the Falklands by the F.I.D.C. which guaranteed that they would be used. In 1988 the Islands were served by accountants, insurance brokers, solicitors, architects and civil engineers.[69]

The Shackleton Report allocated £8 million for the improvement of the infrastructure which was considered a vital prerequisite for development.[70] A number of major projects were implemented or proposed in the five years after the 1982 Conflict. The cost of rehabilitation included £7.2 million on 52 Brewster houses in Stanley and £6.9 million on the repair of roads. A further estimated £6.4 million was spent on a combined civilian/military hospital after a fire in April 1984 destroyed the King Edward Memorial Hospital in Stanley.[71] In 1987 the Falkland Government planned to spend £16 million

on an electricity generator, water supplies, a jetty for importing fuel, internal communications, camp tracks, and towards the maintenance of the road between Stanley and M.P.A..[72]

The British Government did not seem interested in the need to maximize the population of the Falklands, despite the fact that it would have helped to bolster the case for the right of the Islanders to claim self-determination. The 1982 Shackleton Report estimated that if all its development proposals reached commercial viability, the population of the Islands would rise by 350-500.[73] In 1983 Sir Rex Hunt believed that the Falklands could have 2,300 residents within three to five years.[74] Nevertheless, progress was slow. A census held in November 1986 revealed that the population had increased by 5.8 percent from 1980 to 1,919. The growth was uneven as the population of Stanley had risen by 18 percent to 1,239 while the number of camp inhabitants fell by 15 percent to 648.[75] A shortage of housing restricted immigration. In February 1987 the Falkland Government introduced assisted passages with the aim of attracting about 15 British families a year. However, many Islanders resented a clause which promised immigrants a degree of priority in the allocation of Government rented houses. Eighty Islanders signed a petition which declared that,

> "We're fed up with being last priority. The housing situation is very grave. Get your priorites right. March on Government House."[76]

In 1988 disputes also arose as a result of the poor standard of accommodation for the 130 Saint Helenan migrant workers.[77]

The Falklands experienced considerable economic growth between 1980 and 1986. The real growth in G.N.P. per capita averaged 10.1 per cent per year.[78] The next subsection will examine the British

Government's policy towards the exploitation and management of the South West Atlantic fishery and the consequences for the economy of the Falklands.

(C) THE 1987 FISHERIES' REVOLUTION

Before the 1982 Conflict Argentina deterred fishing around the Falklands by patrolling within 150 miles of the coast. The Falkland Islands Protection Zone (F.I.P.Z.) imposed by the British Government resulted in a fishing bonanza because it did not apply any restrictions on foreign trawlers.[79] The principal species caught were the Southern Blue Whiting, Patagonian Hake, Common Squid (Loligo) and the Short-finned Squid (Illex). The number of trawlers and factory ships in Falkland waters increased from 250 in 1984 to over 600 in 1986.[80] The 1982 Shackleton Report recommended that the British Government should declare a 200 mile fisheries limit around the Falklands, South Georgia and the South Sandwich Islands and fund an exploratory fishing project at a cost of £20 million.[81] It should be noted that South Georgia was included within the area of the 'Convention on the Conservation of Antarctic Marine Living Resources', which is concerned with safeguarding the environment and protecting the ecosystem of the seas surrounding Antarctica (see page 225).[82]

The British Government favoured a multilateral approach to the management of the South West Atlantic fishery which would not prejudice sovereignty. It was concerned to normalize relations with Argentina and avoid unilateral action which could be interpreted as provocative. In March 1985 the U.N. Food and Agriculture Organization (F.A.O.) Secretariat took informal soundings about the establishment of

an ad hoc group of experts to review the fishery. Sir Geoffrey Howe, the Foreign Secretary, announced that the British Government had decided to explore ways to establish a multilateral based conservation and management zone. In November the F.A.O. announced that Argentina was prepared to support an international study. The British Government negotiated voluntary agreements with the Far Eastern fishing nations to restrict the catch of squid from February 1986.[83]

The British Government came under mounting pressure to revise its policy towards the fishery. First, concern that over-fishing would damage the eco-system of the seas around the Falklands resulted in the formation of a loose coalition to demand the imposition of a 200 mile fishing zone. It was composed of the United Kingdom Falkland Islands Committee, the U.K./Falkland Islands Parliamentary Group, British and Polish deep-sea fishing interests, the South West Atlantic Group, conservationists and many Islanders.[84] J. Marr and Sons, a Hull based deep-sea fishing company, claimed that the cost to police the zone would be £3 million while a revenue of £10 million could be raised by a licence fee of 5 percent based on the value of the catch.[85] On 12 November 1985 a delegation from the U.K.F.I.C. met the Foreign Secretary to discuss the issue. In January 1986 the French underwater film director, Jacques Cousteau claimed on a visit to Stanley that,

> "These scavengers are destroying the fauna massively, as they would not do in their own countries."[86]

The Falkland Islands Foundation drew attention to the tens of thousands of dead rockhopper penguins washed ashore which all showed signs of starvation.[87] The Colony's Legislative Council passed a motion on 10 December 1985 which urged the British Government to impose a fishing

zone.[88] Dr. Kenneth Patterson, the Senior Fisheries Observer of the Falkland Government, warned that the Illex squid were heavily over-fished. The catch shrank from 110,000 in 1985 to 80-90,000 in 1986 despite an increase in Japanese vessels catching squid in the area from 22 to 56.[89]

The uncooperative stance of Argentina also contributed to the British Government's decision to abandon a multilateral approach to the management of the fishery. The Argentine Government's so-called 'Neptune Plan' involved a network of bilateral agreements. On 28 July 1986 Argentina and the Soviet Union signed a bilateral fisheries agreement which encompassed the Argentine Exclusive Economic Zone and the waters around the Falklands, South Georgia and the South Sandwich Islands. A similar agreement was signed with Bulgaria the following day. Polish, Spanish, Japanese and Taiwanese vessels were harassed by aggressive Argentine patrolling of the fisheries outside the F.I.P.Z.. On 28 May an Argentine coastguard vessel attacked and sank a Taiwanese ship more than 200 nautical miles from the Argentine coast and within 200 nautical miles of the Falklands. One Taiwanese fisherman died and three others were injured.[90] The Argentine Foreign Ministry blamed the incident on the F.I.P.Z. enforced by Britain which excluded Argentine ships.[91] A contrary view of these events is provided Dr. Peter Willetts who argues that Argentina did not pursue an aggressive policy. He believes that the establishment of a multilateral regime was possible.[92]

On 29 October 1986 Sir Geoffrey Howe announced in the House of Commons that a 'Falkland Islands Interim Conservation and Management Zone' (F.I.C.Z.) would be established and become effective from February 1987. It extended for a radius of 150 miles around the Falklands,

equidistant with the F.I.P.Z., apart from a small quadrant in the south west. The Foreign Secretary also declared that the Falklands were entitled under international law to a fisheries limit of 200 miles, subject to its delimitation with Argentina. The reasons given for the decision were concern about the impact of the rapid increase in fishing on fish stocks, the failure to establish multilateral conservation arrangements and Argentine actions which undermined the multilateral initiative. The Falkland Government was responsible for the cost and revenues of the F.I.C.Z.. The civilian enforcement of the zone was carried out by a Dornier 228 aircraft and two unarmed protection vessels. Experienced protection fishery officers were also seconded from the Ministry of Agriculture, Fisheries and Food.[93]

The establishment of the F.I.C.Z. received widespread condemnation. Denis Healey, the Shadow Foreign Secretary, claimed that the action had embedded the British Government, ". . . still deeper in the quagmire of the Falklands commitment."[94] George Foulkes, the Labour Party Front Bench specialist on the Falklands, asserted that the purpose of the F.I.C.Z. was to raise,

> ". . . as much money as possible to try to offset some of the gigantic costs of the Fortress Falklands policy."[95]

The Argentine Government urged foreign trawlers fishing in the South Atlantic to ignore the zone. President Alfonsin warned that it would cause,

> ". . . very serious tensions with yet unforeseen consequences that could affect even the interests of third countries."[96]

In November 1986 the General Assembly of the Organization of American States unanimously approved a resolution which reprimanded Britain for, ". . . the new element of tension and potential conflict."[97]

Nevertheless, the F.I.C.Z. was a resounding success. In an attempt to exclude foreign governments from negotiations about the zone, which would have raised the sensitive issue of sovereignty, the 243 fishing licences were issued to 215 individual vessels rather than to companies or countries. The ships which were awarded licences to fish in the first season between February and June 1987 came from Japan, Poland, Spain, Taiwan, Korea, Italy, Britain, France, Chile and Greece.[98] The Soviet Union even bought trans-shipping licences from the Falkland Government for the use of Berkeley Sound, despite Moscow's implicit acceptance of Argentine sovereignty over the Falklands.[99] The support of many countries for Argentina in international forums appeared to evaporate in practice when self-interest was involved.

The income of the Falkland Government almost quadrupled within three years as a result of revenues from fishing and trans-shipping licence fees and harbour dues paid by the foreign fishing fleets. The total current revenue of the Falkland Government increased from £7,649,000 in 1985/1986 (including £1,646,000 Overseas Development Administration Technical Assistance), to £21,060,000 in 1986/1987 (including £1,414,000 O.D.A. Technical Assistance), and to an estimated £28,958,000 in 1987/1988 (including £1,818,000 O.D.A. Technical Assistance). The cost to administer and patrol the fishing zone in the financial year 1987/1988 was about £6.6 million.[100] In the 1986 F.I.D.C. Report, Gordon Jewkes, the Governor of the Falklands, said that,

> "The Falkland Islands, probably for the first time in its history, has a source of income which should provide a sizeable surplus of income over expenditure for investment in development."[101]

The Falkland Government sought to ensure that the new prosperity benefited the entire population of the Colony and did not result in gross inequalities and social strains. Gross National Product per capita rose in real terms from about £6,000 in 1985/1986 to £15,700 in 1986/1987.[102] There was a danger that the fragile Islander community based on agriculture would collapse under the pressures of inflation, with the Kelpers excluded from the wealth. For example, the higher wages of Stanley would attract farm workers, who often earned less than £4,000 a year, off the land.[103] The first £1 million from the fishing licences was set aside to top up the Colony's pension fund.[104] In 1987 the Overseas Development Administration announced that there would be no further aid programmes to the Islands once the £31 million already committed was exhausted.[105] The goals of the F.I.D.C. were revised to ensure that the Colony's traditional way of life was protected and Islanders benefited from development. The new aims included the improvement of farm incomes and the quality of life in the camp to stem the depopulation and helping to reduce social and environmental tensions.[106] Education was considered a priority. The Appropriation Bill for 1987/1988 approved by the Legislative Council included an expenditure of £5 million out of a total of £28 million on a new senior school.[107]

The Falkland Government pursued an ambitious project to revive the plans of the South Atlantic Fisheries Committee for the creation of a British deep-sea fishing industry based in the Falklands. It would have both enabled Islanders to participate in the profitable fishing bonanza and transformed the Falklands into a valuable British economic asset. Stanley Fisheries Limited (S.F.L.) was formed as a

subsidiary of the F.I.D.C. to administer the scheme. Its primary aim was to involve Falkland companies and people in the commercial development of the fishery. The other objectives included the acquisition of fishing and business expertise and strengthening British links. S.F.L. entered into joint venture arrangements with 14 companies or associations which represented British, Spanish, New Zealand, Taiwanese and local Falkland interests. They were encouraged to participate by being granted a preference in the allocation of Illex squid fishing licences. New companies registered in the Falklands were formed with 51 percent of the equity held by S.F.L. and 49 percent by the fishing company. The new companies were funded by a joint venture premium equal to the licence fee.[108]

The expansion of S.F.L. directly benefited Britain. The majority of the joint venture partners were British fishing companies which in turn chartered vessels from Japan, Korea and Taiwan so that they could learn the specialized technique of squid fishing. The F.I.D.C. commented that,

> "By linking with British companies in this way the Falkland Islands are able to make an invaluable contribution to the British economy by helping to revitalise its fishing industry and directly providing jobs for British fishermen."[109]

In September 1987 S.F.L. representatives visited the Far East and Europe to learn about the foreign fishing companies, the processing of Falklands' fish and the markets. The joint venture companies purchased six fishing vessels, at an average cost of £2 million each, as the basis of a fleet to be based in the Falklands. The majority of the ships were refurbished in British shipyards (at Hull and Tyneside) and were manned by British crews.[110] For example, the freezer trawler 'Lord

Shackleton', owned by an S.F.L. joint venture with Witte Boyd Holdings Ltd. of Hull, was crewed by 48 Hull based fishermen. It was refitted in Hull and created 142 new jobs in an area of 15 percent unemployment.[111] J. Marr and Sons (Shipping) Ltd. of Hull, a deep-sea fishing company which provided the Falkland Government with its fishery patrol vessels, recruited young Islanders and sponsored them on courses at the National Sea Training College at Gravesend.[112]

The Falkland Government and the joint venture companies also developed onshore facilities to attract further trade and investment to the Falklands. In 1987 Stanley Services, an S.F.L./Hogg Robinson Group joint venture company, was formed and awarded a contract by the Falkland Government to supply the Colony and the fishing fleets with fuel.[113] The Falkland Government bought the Falklands Intermediate Port and Storage System (F.I.P.A.S.S.), a floating dock complex in Stanley Harbour, from the Ministry of Defence for £2.6 million.[114] However, an economic study rejected a plan to dredge Stanley Harbour and make F.I.P.A.S.S. a centre for the commercial development of the fisheries. The purchase of local houses would have caused massive inflation in the property market. The joint venture companies decided to invest in the Housing Corporation Ltd., a holding company, which organized a contract to build 26 new houses in Stanley. The houses were due to be completed and fully furnished by June 1988. The joint venture companies would own the freehold. In October 1987 S.W.B. Hotels Ltd., a wholly owned subsidiary of the S.F.L./Witte Boyd Holdings Ltd. joint venture company, bought and renovated the Upland Goose Hotel to provide more accommodation in Stanley.[115]

In mid-1988 the Falkland Government decided to abolish the joint venture premium system and S.F.L. was gradually wound down and placed under the direct control of the Falkland Government.[116] The weaknesses of the former strategy were later revealed as a result of the Seamount fiasco. In September 1988 Seamount Ltd., an S.F.L./Seaboard Offshore Ltd. of Aberdeen joint venture company, collapsed with heavy debts. It had purchased two stern trawlers, the 'Mount Kent' and 'Mount Challenger', and converted them in South Shields at a cost of £7 million. Most of the finance for the project came from a Midland Bank loan of £4.8 million which was guaranteed by the Export Credit Guarantee Department of the British Government. In March 1988 the 'Mount Kent' reached the Falklands but had to be diverted to Punta Arenas for extensive repairs. The British Department of Transport refused to pass the 'Mount Challenger' as seaworthy because of alleged stability problems. The revised cost of the project was estimated at more than £9 million after the Midland Bank loan was increased to £5.542 million. In September the Falkland Government ordered £2.15 million to be taken from the Colony's budget and used towards paying off the debts. The company was wound up and it was proposed that the two trawlers should be sold.[117] The Falkland Government then instituted a formal inquiry into the scandal. The journalist Hugh O'Shaughnessy of 'The Observer' estimated that it involved the loss of nearly £30 million, almost equivalent to the total annual income of the Falkland Government.[118] However, this figure was later disputed.[119]

The economic decline of the Falklands was reversed between 1982 and 1989. The new prosperity was reflected in a rapid growth in the Gross National Product, the diversification of the economy and a

gradual rise in the population. Nevertheless, the British Government did not appear to formulate or pursue a long-term plan for the future of the Falklands, such as to maximize the population or derive a revenue from the fisheries to subsidize the huge expenditure on defence. The policy of the British Government was clearly short-term in that it seemed the sole purpose was to uphold the Islanders' right to self-determination. There was no attempt to offer any other political or economic justification. The Falkland Government recognized that the commitment of the British Government would only be sustained in the future if the Colony became an economic asset. This belief guided its decision to rebuild Britain's deep-sea fishing industry based in the Falklands.

The British Government's policy towards the Falklands after the 1982 Conflict was a reaction to the continued hostility of Argentina. This is a suitable point to examine the relationship between the Falklands and Britain during the period from 1982 to 1989.

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CHAPTER ELEVEN: BRITAIN'S RELATIONSHIP WITH THE FALKLAND ISLANDS, 1982 TO 1989

The British Government's policy towards the Falklands from 1982 to 1989 was based on upholding the principle that the Islanders had a right to self-determination. In December 1984 the Prime Minister accused, "those who tended to pontificate about the future of the Falklands," of denying the Islanders' right to self-determination and ignoring the impact of the 1982 war.[1] In March 1985 Sir Geoffrey Howe, the Foreign Secretary, stressed the, "indivisibility of the link," between negotiations on sovereignty and the transfer of title as the key reason for avoiding such discussions.[2] The aim of this chapter is to examine the ideas that were suggested during the period to resolve the sovereignty dispute and the developments, both at international level and within the Falklands, which had implications for the future of Britain's relationship with the Colony.

(A) PROPOSALS TO RESOLVE THE SOVEREIGNTY DISPUTE AND THE EXTERNAL FACTORS FOR CHANGE

Several possible solutions to the sovereignty dispute with Argentina were raised between 1982 and 1989 as an alternative strategy for the British Government. The influential Conservative back-bencher Julian Amery, and other individuals concerned about the strategic value of the Falklands for the defence of South Atlantic sea-lanes, advocated a South Atlantic Treaty Organization. It would encourage Britain and Argentina to co-operate in the interests of common regional security.[3] In January 1983 an Islander suggested to the House of Commons Foreign

Affairs Committee that the Falklands could become a N.A.T.O./E.E.C. trusteeship.[4] However, most Islanders were likely to regard such a scheme as the first step towards Britain's withdrawal. The benefits of a N.A.T.O. base would have been outweighed by a hostile Argentina. Latin America would also view the presence as superpower domination of the region. Finally, the cost to maintain a base would be enormous.[5]

Discussions had been held since 1957 on the formation of a South Atlantic Treaty Organization, but little progress was made due to differences and problems; for example, Argentine/Brazilian rivalry and possible South African participation.[6] Nevertheless, there remained an interest in lower levels of regional co-operation. A resolution was adopted by the U.N. in October 1986 which favoured the South Atlantic becoming 'a zone of peace and co-operation'. The proposal involved a prohibition on the use of nuclear weopons and the end of military presences by states from other regions. It was supported by Argentina, Brazil and Britain.[7]

A second suggestion was that the Falklands could become a United Nations trusteeship. A multinational defence force would help to deter against future hostilities and the U.N. would fund the economic development of the Islands. The U.N. or a third state could administer the Islands instead of either Britain or Argentina.[8] In November 1986 President Raul Alfonsin of Argentina declared that he was willing to accept a U.N. trusteeship of the Falklands for as long as necessary to reassure the Islanders that their rights would be respected.[9] Nevertheless, the prospect of a final settlement remained elusive. The option was only acceptable during a transitional period while Argentine titular sovereignty was fruitfully being discussed.[10] The Islanders

would have had little confidence in the willingness of the U.N. to defend them. The duty of the U.N. was to prepare trusteeship territories for eventual independence. A good example was Nauru, with a population 6,048, which was administered by Australia until 1968.''

A third idea involved internationalization by the extension of the principles which governed the 1959 Antarctic Treaty to include the Falklands. The most important provisions proposed were the suspension of sovereignty claims, demilitarization and the shared management of resources. It presented major problems. The Antarctic Treaty did not offer any guidelines on the administration of a resident population and remained open to new entrants. The Islanders would have regarded demilitarization as exposing them to future Argentine aggression. The suspension of sovereignty claims would also not have satisfied Argentine aspirations.[12]

The leaseback option continued to attract interest and support. The 1984 Peking Agreement on Hong Kong, which was formally ratified in May 1985, was seen as a precedent for the Falklands. The Joint Declaration provided for the restoration of Chinese sovereignty over all Hong Kong territories in July 1997 with the establishment of an agreed framework for the future of the Colony after the lease expired. Hong Kong would become a Special Administrative Region. Its way of life and economic system would remain unchanged for fifty years. The guarantees of autonomy covered constitutional arrangements, the law and judicial system, the fiscal, monetary and economic system, transport, culture and education, external relations and defence, security and public order, and immigration. A Sino-British Liason Group would

supervise the implementation of the agreement from 1997 to 2000 in a consultative capacity.[13]

There were obvious differences between Hong Kong and the Falklands which made the application of a similar arrangement doubtful. The Islanders had categorically rejected leaseback in 1981. The wishes of the people of Hong Kong had never been treated as a paramount consideration. The outcome of the Hong Kong process should be seen as a result of China's strong bargaining position. The British Government had little alternative other than to negotiate guarantees for the Colony. The Prime Minister said that,

> "I haven't given it [Hong Kong] away . . . if we hadn't negotiated, it would have gone away in 1997."[14]

Argentina was only prepared to consider an abbreviated leaseback to coincide with the end of the century. At a press conference in September 1984 President Alfonsin said that,

> "We could accept a Hong Kong type solution measured in months, not in years, or we could accept that the Islands are returned to us in five years, three years, but not in 29 years. We would like this return to take place during the lifespan of our generation."[15]

There was also the possibility that Argentina might have reneged on a leaseback agreement. In 1989 the transfer of Hong Kong was overshadowed by developments in China.

There were also advocates for shared sovereignty with joint administration, based on the Anglo-French condominium of the New Hebrides, between 1982 and 1989. For example, in March 1989 Martin Dent, a British Lecturer in Politics, proposed that the main institution of shared sovereignty would be the Council of Co-Domini with equal representation from Britain and Argentina. It would seek to work on the basis of consensus and include an independent Governor; he would be

primarily concerned with the administration of the Islands. The Governor and the Council would have the power to ignore the views of the Islanders if they were against the interests of co-sovereignty. Britain would be required to compensate the Islanders for the change of status.[16] Dent's plan would need Britain to abandon the principle of the Islanders' right to self-determination. Disagreements about key issues such as immigration, development and defence would probably have made it unworkable. In February 1984 John Dodwell and Robert Elgood, both members of the Falkland Islands Association, suggested to the House of Commons Foreign Affairs Committee that Britain and Argentina should share the sovereignty of the Falklands and grant a high degree of de facto autonomy to the Islanders.[17]

The United Kingdom Falkland Islands Committee did not attempt to influence the Islanders in decisions affecting their future. However, before the 1982 Conflict it had favoured a solution of the Falklands' dispute based on a variant of the constitutional position of Andorra. The nominal sovereignty of Andorra was shared between the President of France and the Spanish Bishop of Urgel. In practice a Legislative Council elected by the people of Andorra passed laws which were automatically approved by the two 'Co-Princes'.[18] There was evidence that past Argentine Governments had considered this option before the 1982 Conflict. Manuel de Anchorena, the Argentine Ambassador to Britain during the 1973 to 1976 Peronist Administration, recalled that at one stage the talks had moved towards a condominium or shared sovereignty.[19] The option was not pursued due to the formidable problems it would have created. The Falklands, unlike Andorra, had a strategic and economic value. It was doubtful whether Argentina would

respect the autonomy or demilitarized status of the Islands. The future role of the British Government was also ambiguous.

A sixth proposal raised entailed the transfer of sovereignty over the Falklands to Argentina with a treaty of guarantee. Argentina would have been responsible for defence, foreign affairs and other central functions while the Islanders could enjoy considerable self-government and dual (or even sole British) nationality. The Argentine Government and Argentine politicians had often stated their readiness to respect the Islanders' life style. For example, in February 1986 Federico Storani, Chairman of the Foreign Affairs Committee of the Argentine Chamber of Deputies, said on visit to London that,

> "We are prepared totally to respect an autonomous government for the islanders' way of life, religion, language, educational system and police and would respect their private property."[20]

In August 1984 the Latin American Affairs Committee of the Liberal Party Foreign Affairs Panel proposed that the constitutional status of the Aland Islands in the Baltic Sea could offer a precedent for the Falklands.[21] In 1921 the Council of the League of Nations had settled in favour of Finnish sovereignty despite the overwhelming support of the Swedish-speaking Islanders for political union with Sweden. The Finnish Government granted the Aland Islands autonomy to protect the Swedish cultural identity of the Islanders and restrict the ownership of land to residents. The League of Nations supervised the Finnish guarantees and the demilitarized status of the Islands. Subsequent concessions included a requirement that all civil servants be fluent in the Swedish language, the right of the local Diet to levy additional taxes, a flag and the right to issue postage stamps. Helsinki retained control of foreign relations, defence, the

administration of justice and of state finance.[22] The usefulness of this precedent for a resolution of the Falklands' dispute would seem questionable due to their different circumstances. The Aland Islanders wanted a transfer of sovereignty while the Falklanders wished to maintain their status. The Falklanders were highly suspicious of Argentine intentions. It would also be very difficult to guarantee the autonomy of the Falklands within a politically unstable Argentina.

The attempt to devise a viable formula for the settlement of the sovereignty dispute between 1982 and 1989 clearly failed. However, during this period there was a gradual change in the combination of forces which had shaped the British Government's policy towards the Falklands in the aftermath of the 1982 Conflict. First, there was a shift in British public opinion towards support for a negotiated compromise on sovereignty with Argentina. A Gallup Poll in February 1986, composed of a national quota sample of 913 voters, revealed that 70 percent wanted a resumption of diplomatic relations with Argentina. The public appeared to divide along party lines when presented with a range of options for the future of the Falklands. A small majority (51 percent) of Conservative voters thought the Islands should be British on a permanent basis, with U.N. administration as a second choice. A small majority of Labour and Alliance voters favoured some sort of change. Labour supporters were evenly divided between transferring the sovereignty of the Islands to Argentina, joint British/Argentine control and a U.N. administration. Alliance supporters tended to prefer the U.N. option.[23]

The diminished support for the retention of the Islands was reflected by the formation of a pressure group to rival the Falkland

Lobby. In November 1983 the South Atlantic Council was formed to promote a peaceful settlement of the sovereignty dispute over the Falklands. It was composed of politicians from all parties, academics, peers, churchmen and businessmen. Several leading companies, which had suffered as a result of the strained relations with Argentina, expressed interest in being represented.[24] The objectives of the South Atlantic Council included promoting discussions about the options for a stable solution and the encouragement of fruitful negotiations between the British Government, the Islanders and the Argentine Government.[25]

In June 1984 the Conservative M.P. Cyril Townsend, the Labour M.P. George Foulkes and the S.D.P. peer Lord Kennet visited Argentina under the auspices of the Council in response to an invitation from the Argentine Senate Commission for Inter-Parliamentary Relations.[26] In February 1986 the South Atlantic Council sponsored a visit to London by four prominent Argentine Congressman (two each from the Radical Party and the Peronist Party) to hold unofficial talks with British M.P.s and other interested groups. In 1985 Dr. Alaine Low, the Co-ordinator of the Council, also visited the Falklands for a month and spoke to 145 Islanders.[27] Finally, the South Atlantic Council criticized unilateral actions by the British Government which it considered were counter-productive to the movement towards a rapprochement with Argentina. For example, the establishment of a 150 mile Falkland Islands Conservation Zone was denounced as a retrograde step which would result in clashes.[28]

The main opposition political parties in Britain also revised the policies they had adopted towards the Falklands during the 1982 Conflict. In September and October 1985 President Alfonsin of

Argentina held talks with Neil Kinnock, the Labour Party leader, and David Steel, the Liberal Party leader. Neil Kinnock agreed to a joint communique with President Alfonsin which proposed negotiations on the future of the Falklands and the need to give the Islanders effective guarantees that their life-style, administrative system and economic organization would be respected.[29] In May 1986 George Foulkes, the Labour Party Spokesman on Foreign Affairs, proposed a public campaign to emphasize the cost of the Government's commitment to defend the Falklands and its effect on British-Latin American relations. He suggested various ideas to form the basis for a resolution of the sovereignty dispute and claimed that links with Argentina were an economic necessity for the Islanders.[30] On 28 May the Colony's Legislative Council rejected the plan as totally unacceptable.[31]

The new policy of the Labour Party was that negotiations should rapidly be opened, preferably under the aegis of the U.N., in order to reach an overall and long-term solution to the sovereignty dispute. The approach seemed to be based on a belief that Britain would withdraw from the Falklands in the long-term because it was considered an unsustainable commitment. There were parallels with the party's policy towards Ulster with explicit support for a United Ireland as the ultimate goal. It would appear that the decision to seek a negotiated resolution of the Falklands' dispute represented an attempt to reconcile different factions in the party on a divisive issue. However, the strategy was incoherent and would have unbalanced any negotiations between Britain and Argentina. A commitment to decolonization would have prejudged the outcome by strengthening the Argentine case at the expense of the political rights and wishes of the Falklands' community,

which had been the basis of Britain's position in the past. The dramatic change in Britain's perspective of the Falklands after the 1982 War showed that a policy based on a perceived inevitability could be seriously misleading. The potential for economic development in the Falklands and the future of South Georgia ceased to be of much relevance to Labour Party.[32]

In 1989 the main political parties in Britain were divided on the issue of the Falklands. The Conservative Government's commitment to uphold the right of the Islanders to self-determination was rejected by the Labour Party. The 'Final report of Labour's Policy Review for the 1990s' stated that the present stalemate could not be sustained indefinitely. It committed a Labour government to open talks with a democratic Argentine government without preconditions and without prejudging the outcome. A solution did not require the consent of the Islanders. The Labour Party would only seek guarantees which protected the Islanders' interests, customs, lifestyle and democratic rights.[33] A Policy Green Paper by the Social and Liberal Democrats Party in 1989 recognized with regret that for the foreseeable future expenditure on the defence of the Falklands must remain a commitment. It did not elaborate on the position of the Islanders but called on the British Government to seek "realistic negotiations" at the earliest possible moment and not "shirk the problem of sovereignty."[34]

The broad objectives of British defence policy did not alter between 1982 and 1989. In the financial year 1987/1988 the defence budget was £18,782 million, of which Falkland costs accounted for £257 million. The contribution to N.A.T.O. absorbed, directly or indirectly, more than 95 percent of the total expenditure. Nevertheless, Britain

maintained a capability to operate outside the N.A.T.O. area. The aims were to uphold residual obligations to thirteen dependent territories, protect British citizens abroad and help regional stability outside Europe. The military presence in the Falklands was paralleled by garrisons in Belize, Hong Kong and Brunei. 4,000 personnel were stationed in the Sovereign Base Areas of Cyprus. A number of operations illustrated that the British Government was prepared to intervene outside the N.A.T.O. area (other than in the South West Atlantic). The Royal Navy assisted the evacuation of British citizens from the Lebanon in 1984 and Aden in 1986.[35] In November 1986 British forces conducted manoeuvres in support of Oman on the southern approaches to the Persian Gulf and oil tankers were escorted through the Iran/Iraq war zone.[36]

Nevertheless, the expense of maintaining Britain's over-extended strategical posture was brought into question during the period. Weapons' prices rose by 6 to 10 percent faster than inflation while every new weapon system was three to five times costlier than that which it was intended to replace.[37] In February 1987 David Greenwood, a British defence economist, estimated that existing military commitments would cost £25 billion by 1990/1991, nearly £5 billion more than the Ministry of Defence was projected to receive. It was predicted that Britain would either be forced to cut allocations to all of the armed services, which would place each of them in a less than effective state, or to cut some of the nation's defence commitments. Even the cancellation of Trident, an objective of the Labour Party, would have only produced a saving of £1 billion per year for four or five years. General Sir Frank Kitson, a former Commander-in-Chief of U.K. Land Forces, claimed that,

> ". . . it is absolutely necessary to make a major reassessment of tri-service defence commitments within the next few years . . . equipment costs will continue to escalate so that either the country will have to pay more proportionately for defence than it does now, or it will have to adjust its commitments."[39]

The defence of the Falklands and other colonial territories was seen as an expendable commitment. The decision in January 1989 to withdraw up to 1,000 servicemen from Gibraltar, which formed the bulk of the garrison, was perhaps the beginning of such a shift in British defence policy.[39]

A third factor which changed the nature of the sovereignty dispute between 1982 and 1989 was the policy of the Argentine Government after the 1982 Conflict. The discredited military regime embarked on a substantial re-equipment programme for the armed forces. For example, the Argentine Navy received nine Super Etendard strike aircraft and 20 air-to-surface Exocet missiles.[40] An election in October 1983 resulted in the Radical Party gaining power with Raul Alfonsin as President. The new Government announced that it would not declare a formal end to the hostilities until Britain agreed to open negotiations which would lead to an acknowledgement of Argentine sovereignty over the Falklands, South Georgia and the South Sandwich Islands.[41] In July 1984 British and Argentine representatives held talks in Berne under Swiss chairmanship. The aim was to discuss the restoration of normal commercial, financial and official relations, the development of scientific, cultural and sporting contacts, and a visit by Argentine next-of-kin to the Islands. However, the negotiations collapsed because Argentina insisted that practical issues must be linked to the question of sovereignty.[42] The tense relations increased the danger of armed clashes. There were reports that Argentina had collaborated with Egypt since early 1984 to

produce the 'Condor 2' missile with a range of over 500 miles.[43] In August 1984 'The Sunday Times' claimed it had evidence that the missile radar of an Argentine naval vessel "locked on" to two R.A.F. Phantoms flying inside the Falkland Islands Protection Zone (F.I.P.Z.).[44]

The situation changed as a result of an election in May 1989 which brought the Peronist Party to power with Carlos Menem as President. During the election campaign Carlos Menem had pledged to expropriate Crown property in Patagonia and pursue the sovereignty claim to the point of "bloodshed if necessary."[45] However, in July he proposed a dialogue with Britain under a 'sovereignty umbrella'. President Menem declared that the sovereignty of the Falklands was,

". . . a matter we will never give up and, I think, neither will the United Kingdom. Meanwhile we can have a civilized dialogue."[46]

In August 1989 Argentina lifted its trade restrictions on British exports as a sign of goodwill.[47] The British Government had lifted its ban on Argentine exports in July 1985. In 1986 the value of Argentine exports to Britain was £28.6 million while the value of British exports to Argentina was £10.1 million.[48]

In October 1989, a meeting of British and Argentine representatives held in Madrid resulted in a comprehensive package of agreements to normalize relations. It consisted of five main points. First, a formal declaration that all hostilities had ceased. The British Government agreed to align the limits of the F.I.P.Z. with the Falkland Islands Conservation Zone (F.I.C.Z.), and to dispense with the requirement of prior agreement for Argentine merchant shipping to enter the Protection Zone. Secondly, the re-opening of diplomatic relations at consular level. Thirdly, the establishment of working groups to

explore confidence building measures and fishing around the Falklands. Fourthly, the resumption of normal trade relations. Fifthly, the resumption of air and sea links. The two sides also agreed to explore ways of boosting links between the mainland and the Falklands.[49] In December 1989 Britain and Argentina resumed consular relations and were reported to have reached an agreement about exchanging data on fish stock movements in the South Atlantic around the Falklands.[50]

It would seem that President Menem's peace initiative was as a result of Argentine economic difficulties and the economic boom which the Falklands had experienced since the declaration of the F.I.C.Z.. In June 1989 the monthly inflation rate had reached 114.5 percent - an increase of 1,472 percent over the past year. The Argentine foreign debt totalled 60 billion U.S. dollars.[51] Domingo Cavello, the Argentine Foreign Minister, highlighted the economic benefits of the October 1989 Madrid agreement, such as the lifting of British vetoes on Argentine access to the European Economic Community. The rapid economic development of the Falklands appeared to show that Argentina's attempt to isolate the Colony had failed. Opinion polls also showed that a clear majority of the Argentine public was in favour of the talks with Britain, which helped to strengthen President Menem's position.[52] It should be remembered that Argentine democracy remained insecure due to the threat of military intervention. For example, a revolt by Lieutenant-Colonel Aldo Rico in January 1988 to seek absolution for the junior officers on human rights charges was supported by about 300 rebels.[53] Argentine public opinion remained as inflexible as ever on the issue of sovereignty, which was reinforced by the use of indoctrination in schools and other forms of propaganda.[54]

A fourth important factor which affected the sovereignty dispute between 1982 and 1989 was a shift in international opinion against Britain's stance. On 6 November 1982 a resolution which requested the British and Argentine Governments to resume negotiations on sovereignty was supported by 90 members of the U.N. General Assembly, with 12 against and 52 abstentions. The U.S.A. voted in favour on condition that the question of sovereignty was not prejudged.[55] Argentina's standing was improved by the settlement of the Chilean frontier dispute and a rapprochement with Brazil.[56] There was greater warmth towards the Argentine Government after its return to democracy. This was complemented by a widespread acceptance amongst the U.N. delegations that the Islanders were a temporary population and should be denied the right to self-determination.[57]

Annual debates were held in the Fourth Committee of the U.N. General Assembly between elected Councillors from the Falklands and Islanders who had settled in Argentina. The petitioners from the Colony defended their right to self-determination and their wish to develop independently from Argentina.[58] Their Argentine counterparts argued that the resumption of talks on sovereignty was in the interests of the Islanders.[59] On 25 November 1986 the U.N. General Assembly passed a resolution which called on the British and Argentine Governments to initiate negotiations and resolve all aspects of the future of the Falklands. It was endorsed by 116 votes to 4 (Britain, Oman, Belize and Sri Lanka), with 34 abstentions. The support of the Netherlands, France and Italy for the Argentine motion illustrated that sympathy for Britain had further diminished.[60]

The success of the F.I.C.Z. showed that on a practical level many countries were prepared to co-operate with Britain. Brazil, Chile and Uruguay also helped to reduce the isolation of the Falklands on an irregular basis. In emergencies they granted permission to aircraft and shipping which served the Falklands to use their facilities. For example, in June 1986, an R.A.F. Tristar carrying 200 troops and a party of M.P.s and peers was allowed to land and refuel at a Brazilian military airfield when Mount Pleasant Airport was closed by snow.[61] In May 1987 an R.A.F. transport aircraft even flew a seriously ill baby to the British hospital in Montevideo.[62] In 1988 a ferry registered in the Bahamas was acquired by a consortium of international fishing companies to provide an unscheduled passenger service to South American ports such as Montevideo, Punta Arenas and Rio Grande in Brazil. Its purpose was to supply the Falklands with fruit and timber and re-establish Latin American links.[63] In January 1989 the service was interrupted by Uruguayan dockers. Their unions declared a boycott of all ships serving the Falklands after officials from the Confederacion General del Trabajo, the biggest labour organization in Argentina, had threated to blacklist Uruguayan ships.[64]

There were also indications that an environmental factor had emerged with regard to the future of the Falklands. The revenues from the F.I.C.Z. depend on an effective strategy to conserve and manage all the fish and squid stocks of the South West Atlantic. The valuable illex squid remain under threat from overfishing because the highest catch has been taken on the high seas beyond 200 nautical miles from the Falklands and the Argentine mainland. The need for a multilateral fishing regime to protect the region's renewable resources will

encourage the Islanders, Argentina and Britain to co-operate on practical issues which could then have implications for the future.[65]

There were two important developments in Antarctica during the period, which had implications for the Falklands. First, after the 1982 Conflict the British presence in the continent was reinforced. H.M,S. 'Endurance', the visible symbol of Britain's commitment to the area, was reprieved and the funds of the British Antarctic Survey (B.A.S.) were increased by 60 percent.[66] The fruits of this additional support were revealed by the achievements of B.A.S. scientists who discovered the alarming depletion of the ozone layer above Antarctica.[67] Secondly, in June 1988 a draft Antarctic minerals convention was completed after six years of negotiations by the Consultative Party members of the 1959 Antarctic Treaty. The agreement prohibited exploration and development until all the members of a 20-nation commission had agreed and stringent control requirements had been met. Approval would not be granted until the applicants had progressed through three levels of assessment. Any member state had the power to apply a veto.[68] However, a deadlock was reached when the Australian and French Governments announced that they would not ratify the convention before the deadline in November 1989. Bob Hawke, the Australian Prime Minister, expressed his support for the Greenpeace campaign against any form of mineral exploitation and proposed an Environmental Protection Convention to create an, "Antarctic Wilderness Park."[69]

The Antarctic dimension of the Falklands' dispute should not be overlooked but it is very difficult to judge the significance of the new British commitment after the 1982 Conflict. The importance of the Falklands as a gateway to Antarctica was enhanced by the construction of

Mount Pleasant Airport because it gave Britain greater access to the region. The British Government's support for the minerals convention indicated its interest in the large-scale exploitation of Antarctic resources. It was also, perhaps, a rationale for defending the Falklands. The Labour Party, which favoured the decolonization of the Falklands through negotiations with Argentina, was in that sense free to oppose the minerals regime and back the conservationists' call for a ban on all forms of Antarctic development.[70]

Finally, the decision by the Argentine Government to move the capital of Argentina from Buenos Aires to the twin cities of Viedma and Carmen de Patagones was relevant to the future of the Falklands. The plan was to raise the population of the new capital from 55,000 to 320,000 by 1990 at an estimated cost of between £1.3 billion and £8 billion. The new site was 600 miles south of Buenos Aires.[71] It represented an initial step in Argentina's development of Patagonia which was twice the size of France but only contained 4 percent of the total population of about 30 million.[72] The process would perhaps focus attention on the Falklands' dispute, but this was a remote prospect.

The international forces which had dictated the nature of the Anglo-Argentine sovereignty dispute clearly changed between 1982 and 1989. The final subsection will examine how developments within the Falklands during this period could also have altered the situation.

(B) FALKLAND ECONOMIC AND POLITICAL DEVELOPMENT AS A FACTOR FOR CHANGE

The Falkland Government's decision to reappraise the direction and aims of economic development in the Colony, after the establishment of the F.I.C.Z., raised a crucial question. Could a

viable, self-sufficient community be created in the Falklands without the economic co-operation of Argentina? The debate was very important to how the Islanders perceived their future relationship with both Britain and Argentina. The formulation of a blueprint for greater Falkland economic and political independence is also of interest because it supports the arguments of the Falkland Lobby put forward in the early 1970s and shows the potential significance of events within the Islands as a dynamic factor for change in the sovereignty dispute as a whole.

It seems extraordinary that little consideration was given to the preparation of alternative development strategies after the publication of the 1982 Shackleton Report. A public debate about the long-term prospects of the Colony with a hostile neighbour may have been thought inappropriate in the aftermath of the 1982 Conflict. However, a study by Robert Miller, an independent economic and financial adviser, in 1986 was an exception. Miller argued that the Shackleton approach was a chimera because government agencies operate without market incentives and were unlikely to identify successful new ventures. They would tend to perpetuate rather than reduce dependence on government subsidies. He also claimed that owner-occupier farmers would not be more inclined to reinvest in the Islands than the absentee landowners. Miller proposed that the fisheries' revenues should be used to create a tax haven in the Falklands by the abolition of taxes for individuals and companies. The policy would require the Legislative Council to provide banking and secrecy laws and insurance and company legislation. The F.I.D.C. would be abolished and private enterprise abroad encouraged to invest in the Islands.[73] Miller said that,

"Such a scheme may sound radical; but it would . . . be merely an extension of the policies adopted in Britain - and in the form

of enterprise zones, freeports and low tax regimes in other successful small island economies."[74]

The F.I.D.C. commissioned Peter Prynn, a Director of the consultancy firm, Environmental Resources Limited (E.R.L.), to identify a range of development strategies with their long-term economic and social implications. The options were defined through direct consultations with Islanders. Public meetings were complemented by discussions with representatives of the Falkland Government, businesses in Stanley and camp residents. E.R.L. published its interim findings in November 1987. The methodology which was used to forecast economic change was based on the assumption, derived from historical investments in the Falklands and planned investments in the fisheries sector, that in round terms every £100,000 invested generated at least one full-time job.[75]

The Interim Report presented three alternative scenarios. The first involved the maximum development of the fisheries sector. The joint venture system would be continued, supplemented by investment in shore-based projects such as the dredging of Stanley Harbour, fish processing plants, a ship repair yard and dry dock. The forecast for the total population of the Falklands by 1997 was 3,500. The second option consisted of concentrating investment on the diversification of the economy. The fisheries would be maintained as an enclave/offshore activity. The joint venture system to create a Falkland fishing industry would be abandoned and the fishing licence charges adjusted upwards. The priority would become the infrastructure and the development of new industries. The population was expected to total 3,300 by 1997. The third scenario involved the fishing licence fees

being raised to replace the joint venture premium. The emphasis would be on welfare, the infrastructure and the investment of about £10 million per year in international markets. The population was predicted to reach 2,700 by 1997 as a result of this cautious approach.[76]

E.R.L. expressed reservations about all three options. The first model was a risky strategy in that the fishery could decline. There was also the danger that the relatively unskilled Islanders might not have been able to take sufficient advantage of the opportunities. The second model could result in the emergence of high cost, low viability industries which would be dependent on subsidies. The third model might also reinforce some of the dependent characteristics of the Colony's community. E.R.L. proposed a combination of the second and third scenarios. The fishing licence rates would be increased with the abandonment of the joint venture system. The Falkland Government's strategy would then be to invest in the infrastructure, a house building programme of 40 units a year, the diversification of the economy and the accumulation of a financial reserve.[77]

The Falkland Government decided to stimulate an unprecedented debate in the Colony about how to utilize the revenues from the fisheries. It is ironic that the wishes of the Islanders, which were a crucial issue in the sovereignty dispute, should now have become a decisive factor in the future course of Falkland economic development. In December 1987 the F.I.D.C. distributed more than 250 copies of the Interim Report in the Falklands. In January and March 1988, Prynn attended public meetings held at Stanley Town Hall. The Colony's radio broadcasting service organized a phone-in debate and Islanders were encouraged to inform Prynn of their views by letter. A

number of points emerged. The Islanders wanted better education and training to ensure that they could take advantage of the opportunities offered. There was support for the idea of a financial reserve in case the fishing wealth proved ephemeral. The Islanders were also determined to maintain the viability of the camp because of its very strong symbolic significance in terms of their communal identity.[78] The consultations were assisted by further research into Falkland society during January 1988 by Richard Storey, a former member of Lord Shackleton's economic survey team.[79]

In August 1988, E.R.L. published the 'Falkland Islands Development Strategy Final Report' (known as the Prynn Report). The ten-year programme was intended to meet three broad objectives which would create a more self-reliant and independent community in the Falklands. The aims were to create a healthy and diversified economy, to maintain the Falkland identity and social values and to build an economically secure future. The Falkland Government would budget for an annual expenditure of about £8 million on development and the infrastructure, and the transfer of £7 million to reserves. The work of the F.I.D.C. would be continued with grants to agriculture and the stimulation of the industrial and service sectors. Tourism would be supported at a level of £250,000 per year to raise the number of staying visitors (as opposed to tourists from cruise ships) to the initial target of 1,000. The development of a Falkland fishing fleet would be held back until the viability of the present six trawlers was established. The highest priority was to be given to education with the construction of a £7.1 million senior school which would also serve as a community centre. Major physical infrastructure projects included camp

roads and a ferry service to link East and West Falkland. By the financial year 1996/1997, the Falklands were predicted to have a total population of 2,965 (an increase of 48.3 percent from the 1986 figure) and a Gross National Product of £54.6 million (at an average growth rate of 3 percent per annum in real terms over the decade).[80]

The most controversial issue raised by the Prynn Report was immigration. It was reflected by a clash of perspectives between the Islanders and the Falkland Lobby. In 1988, a public meeting in Stanley expressed overwhelming agreement that immigration should be restricted to 40 people a year (which would include children). The Falkland Islands Association wrote to a number of people in Stanley and the camp. It drew the conclusion that the majority of those who replied would accept greater immigration but were concerned about the lack of housing and that the Islanders could become a minority in their own homeland.[81]

A number of the United Kingdom Falkland Islands Committee (U.K.F.I.C.) members believed that the Prynn Report should have included an economic policy designed to assist the Falklands to remain British. Prynn had specifically excluded the extent to which the size of population and its degree of economic viability bore on wider political issues. In July 1988 Robert Elgood, a member of the U.K.F.I.C., warned in a letter to the Colony's independent newspaper that,

> "Islanders should face the hard fact that only with what appears to them to be a massive population increase can the Falklands hope to win support from enough U.N. Member States to safeguard their sovereignty . . . Sooner or later a U.K. Government will be elected that, for whatever reason, will wish to cut its support for the Islands."[82]

On 25 January 1988, at a joint meeting of the Falkland Islands Association Executive Committee and an Ad Hoc Committee of the U.K.F.I.C., Bill Hunter Christie said that,

> ". . . in his view if any of the three options in the Prynn Report are followed, the Islands' independence will be lost. A population of 10,000 or 20,000 is viable, but a population of 2,000-3,000 is not a long-term political option."[83]

The situation in the Falklands would have been transformed between 1986 and 1989 if Britain had taken further unilateral action to intensify economic development and the British stake in the region. The Prynn Report recommended that serious thought should be given to the extension of the 150 mile F.I.C.Z. to 200 miles as it would be an important contribution to fishery management and conservation. However, there would have been little increase in net revenues.[84] The Falkland Lobby argued that a 200 mile zone around South Georgia could be of direct benefit to the British deep-sea fishing fleet based in the Falklands. In May 1988 the 'Falkland Islands Newsletter' commented that,

> "If the maximum sustainable yield of South Georgia is only 100,000 tonnes a year of fin fish and possibly 100,000 tonnes a year of 'flying squid', it would produce outstanding commercial opportunities for our vessels compared with our annual North East Arctic Cod Quota of only 7,500 tonnes."[85]

The other great hope for the Falklands was oil. However, international oil companies were not interested in offshore exploratory drilling around the Falklands until a stable political climate existed in the region. The 1982 Shackleton Report claimed that prospecting was justified because it would have enabled the British Government to assess the potential value of hydrocarbon resources.[86] In October 1984 the British Government granted Firstland Oil and Gas plc. a four year oil

exploration and drilling licence for Douglas Station on East Falkland which covered 220 square miles. In January 1985 Dante Caputo, the Argentine Foreign Minister, warned that Argentina would not,

". . . recognize any concession made by an occupying power in national territory."[87] In July 1985, representatives of Firstland Oil held discussions with the Falkland Government, the Foreign Office and the Department of Energy about a possible offshore licence area.[88] In November, Firstland Oil bought Douglas Station.[89] Nevertheless, when the onshore prospecting licence expired in 1988 Firstland Oil decided to sell Douglas Station to the Falkland Government for subdivision.[90] It would seem that initial investigations had shown that oil was not present in sufficient quantities to justify additional investment.

The development of Falkland politics should also not be overlooked as a factor for change in the sovereignty dispute between 1982 and 1989. Many in Britain during this period believed that the Islanders would have to come to terms with the inevitability of a negotiated settlement with Argentina. For example, in October 1984 the House of Commons Foreign Affairs Committee concluded that,

> "In the long run a solution acceptable to the Falklands' immediate neighbours is essential to the Islanders themselves: neither independence nor incorporation in the United Kingdom could conceivably achieve that object."[91]

In March 1986, Marplan Ltd. was commissioned by the Falkland Islands Association to send a postal questionnaire to each of the 1,033 electors in the Colony, which asked what kind of sovereignty they wanted for the Falklands. The results were verified by the Electoral Reform Society. The response rate was 89 percent with 920 replies received. 94.5 percent of Islanders wanted British sovereignty, 1 percent favoured

leaseback, 0.3 percent a trusteeship under the United Nations, 0.3 percent Argentine sovereignty, 1.6 percent independence, 1.2 percent another solution, while 1.1 percent favoured a combination of the options.[92]

Islanders continued to view the Falklands as an extension, rather than a possession, of Britain. In February 1983 Sydney Miller, a former Legislative and Executive Councillor, suggested the Falklands should become a dependent state of the British Crown, "somewhat similar to the Isle of Man."[93] Graham Bound, the Editor of the Colony's independent newspaper in 1983, commented that,

"I do not see that we are determining foreign policy . . . here is a part of Britain which is coveted by a foreign power and the Government must determine what its foreign policy towards Argentina must be."[94]

The idea of independence gained support as a result of the prosperity created by the F.I.C.Z.. In August 1987 Tony Blake, a Legislative and Executive Councillor, suggested to the General Assembly of the United Nations that the Falklands could be granted,

". . . increased autonomy within the British sphere of influence."[95] Brook Hardcastle, the F.I.C. General Manager in the Islands, and Robin Pitaluga, who owned Salvador Farm on East Falkland, subsequently took the initiative to form a political party. Their intention was to bring some cohesion of policies and ideas into local politics. A full-time party machine would also enable greater access to elected Councillors. The objectives of the 'Desire the Right Party' (D.R.P.) included,

"To keep the sovereignty of the Islands within the British sphere of influence.
To seek an acceptable form of independence under the protection of the British flag.
To ensure the security of the Falkland Islanders' birthright."[96]

The party was formed in December 1987. Its committee met approximately every three weeks and a newsletter was sent to all members each month. By September 1988 the membership of the D.R.P. had reached 159. 89 were resident in Stanley and 70 in the camp.[97] Nevertheless, there were set-backs. The three D.R.P. candidates who stood in the October 1989 General Election to the Colony's Legislative Council were not elected and one lost his deposit. The style and delivery of the candidates largely explained the way people voted rather differences in their approach to the major issues.[98]

It is evident that the sovereignty dispute did not remain static between 1982 and 1989. The forces which had defined it changed and created a new situation. First, a substantial body of public opinion in Britain shifted away from support for the commitment to the Falklands. Secondly, the predicted trend in British defence policy would appear to be away from responsibilities outside Europe, such as the Falklands, because of the unsustainable costs. Thirdly, pressures within Argentina enabled a rapprochement with Britain and the restoration of diplomatic relations. Fourthly, international opinion moved away from sympathy for Britain's refusal to negotiate the decolonization of the Falklands with Argentina. Fifthly, new interest in the economic development of Antarctica could increase the strategic value of the Falklands to Britain. Finally, the proposed large-scale economic development of the Falklands could result in a self-sufficient, viable British community which would then gain recognition from the international community as an independent state. The future of the Falklands cannot be forecasted with accuracy because the consequences of various developments are dependent on unpredictable variables.

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CONCLUSIONS

The future of the Falklands presents an intractable problem. The sovereignty is based on a clash of principles. Argentina claims that the Islands form an integral part of its national territory which has been under foreign occupation since 1833 as a result of British aggression. Britain rejects the Argentine interpretation of earlier events and asserts that the right of the Islanders to self-determination should be the paramount consideration in the decolonization of the Falklands. However, the course of the dispute since 1945 has been guided by pragmatism. In an international context a negotiated settlement with Argentina, which included guarantees for the Islanders' way of life, seemed a logical step in the withdrawal from Empire. The Falklands had a precarious economy, could not sustain independence and were isolated by their geographical position. Port Stanley is only 517 nautical miles from Comodoro Rivadavia but 6,778 nautical miles from Portsmouth. When the internal situation in the Falklands is examined a transfer of sovereignty would appear unthinkable. The roughly 2,000 Islanders are almost exclusively British in their culture and racial extraction. The Islands are about two-thirds the size of Wales with enormous potential for economic development which could be of direct benefit to Britain. Why did the British Government fail to resolve the problem of the Falklands after 1945?

The formulation of Government policy towards the Colony was undertaken in response to changes in the nature of the sovereignty dispute. The perceived value of the Islands altered in the mid-1960s. It led to a revision of the Government's position, that sovereignty was not negotiable, and led to an active search for a resolution of the

dispute with Argentina. There were four initiatives intended to achieve this goal - the 'Memorandum of Understanding' in 1968, an attempt to establish close links between the Islands and the mainland in the early 1970s, the endeavour to persuade the Islanders and Argentina that collaboration in the development of the region's resources would be mutually beneficial, and the 1980 sovereignty leaseback proposal. The Argentine invasion of the Islands and the subsequent war transformed the situation. In the case of Hong Kong the relative strength of China's position in military and legal terms made a negotiated settlement of that Colony's future inevitable. A similar sense of urgency did not apply to Gibraltar. In contrast, the future of the Falklands seemed to be in the balance since it was Britain's determination to retain sovereignty, rather than its capability, that was in question. The Government was unable to devise a coherent and consistent policy because when it began to address the dilemma, the circumstances were rearranged and required a new strategy.

The thesis has revealed six themes or factors which rearranged the circumstances of the Falklands problem and resulted in the reappraisal of Government policy. The first was shifts in the strategic value of the Colony. The Islands were annexed in 1833 to give Britain a secure port on a major trade route around Cape Horn and a base for the Royal Navy in time of war. Port Stanley retained a military significance after the decline in merchant shipping from the 1870s. It was shown by the plans for a fortified coaling base at the turn of the century and naval action in both world wars. The Falklands acquired an Antarctic dimension in 1908 and 1917 with the establishment of the Falkland Islands Dependencies. The attempt by Argentina and Chile to

occupy the Dependencies in pursuit of their territorial claims during the 1940s and 1950s deflected attention from the Falklands until the 1959 Antarctic Treaty.

The reassessment of British defence policy in the mid-1960s, with the withdrawal from global commitments and the concentration of resources within N.A.T.O., contributed to the perception of the Falklands as a liability which no longer served British interests. It is strange that the importance of the Falklands as a potential gateway to Antarctica was not raised during the 1970s when the commercial exploitation of the continent's resources was reconsidered. However, the 1982 Conflict transformed the strategic situation. The British presence in the region was expanded on a massive scale with the establishment of a sizeable garrison in the Falklands and South Georgia, the construction of an international airport and the allocation of additional funds for the British Antarctic Survey.

A second theme was the economic consequences of the British Government's approach to the colonization of the Islands in the nineteenth century. The preoccupation with the development of Port Stanley resulted in the settlement of the hinterland by private enterprise. The land was divided into vast ranches which were leased and sold to the Falkland Islands Company (F.I.C.) and a handful of settlers. In the short-term, the Falklands prospered and were granted Crown Colony status in 1892. However, in the long-term under-development was perpetuated until the 1980s. The form of landownership and reliance on a monoculture economy inhibited further development. Sheep farming required the minimum of investment on an infrastructure which was essential for diversification into new industries. The

population remained static at about 2,000 because sheep farming could not support greater numbers. The landowners, who tended not to be resident in the Islands by the twentieth century, opposed closer settlement of the land since it would have involved the breakup of their estates and the loss of profitable investments. In the mid-1960s the British Government concluded that the Colony was stagnant and had poor economic prospects without Argentine co-operation. The F.I.C. encouraged this perception during the 1960s by investing its profits from Falkland operations in Britain. The decision to withdraw the R.M.S. 'Darwin' further strengthened the argument that the Colony would collapse without Argentine assistance.

A third factor which shaped and redefined the dispute was Falkland politics. The peculiar approach to the colonization of the Islands created an almost exclusively British community which was heavily dependent on the absentee landowners for employment, housing and supplies. Important decisions were thought to be taken in Britain. Ambitious Islanders emigrated because there was no opportunity to purchase land. The Islanders developed a sense of inferiority due to their poor education which did not encourage a Falkland sense of identity. British expatriates with better qualifications gained the senior positions in the Islands. The introduction of constitutional reforms largely resulted from external rather than internal pressures. Nevertheless, the existence of a limited form of representative government in 1968, with two elected members in the Executive Council and four elected members on the Legislative Council, gave the Falkland Lobby a legitimate mandate to begin its campaign when the unofficial members of the Executive Council appealed for help. The people of Hong

Kong were handicapped by the lack of democratic institutions which have given Falklanders and Gibraltarians an effective voice.

The 1976 Shackleton Report was a major catalyst in Falkland politics in that it created a sense of grievance at past British neglect and presented a strategy to strengthen the independence of the Islanders. A key recommendation was the subdivision of the land into owner-occupied farms. The Islanders' earlier apparent indifference to politics and the economic system of the Colony began to alter since the report provided both reasons for the past decay and an attractive remedy. The emergence of Falkland nationalism was decisive in the failure of Nicholas Ridley's leaseback proposal in 1980 when the Islanders asserted their new confidence by rejecting any concessions to Argentina. By 1989, the proportion of land under local ownership rose to 73 percent as a result of an intensive programme of subdivision. A large group of Islanders acquired an economic stake in the Colony which will shape their attitudes towards the future. The 1985 constitution granted the Falklands almost full internal self-government with eight elected Legislative Councillors and three Executive Councillors chosen by the elected members of the Legislative Council. The fishing boom encouraged the nationalist trend with the formation of the 'Desire the Right Party' in 1987 on a platform of greater independence for the Islands.

A fourth theme of the thesis was that external economic forces have changed the character of the sovereignty dispute. Anglo-Argentine trade seemed to be linked to the Falklands' question. The Argentine Government could not afford to pursue its claim in an aggressive manner because Britain was both a major source of investment

from the 1880s and a vital market for meat exports. The complementary Anglo-Argentine trade relationship began to breakdown in the 1920s when the U.S.A. usurped Britain's former dominant share of the Argentine import market. The 1933 Roca-Runciman agreement gave Britain various trade concessions in exchange for maintaining the level of Argentine meat imports. However, it exacerbated a fear of foreign domination, which was reflected in the rise of Argentine nationalism and demands for the restitution of the Falklands. The Second World War accelerated the decline in Anglo-Argentine trade due to the industrialization of Argentina and the nationalization of the British-owned railways in 1947. Economic considerations became less of a restraint on President Juan Peron after 1946 in his nationalistic campaign to regain the Falklands. A British exports drive to Latin America in January 1966 may have influenced the Government's decision to negotiate the sovereignty of the Falklands with Argentina because it appeared an obstacle to closer relations.

The 1973 oil crisis and the widespread declaration of 200 mile Exclusive Economic Zones caused a shift in interest from the extrinsic to the intrinsic value of the Falklands. The international oil companies and the distant-water fishing companies of the Far East and Eastern Europe drew attention to the economic resources of the South West Atlantic. The 1976 Shackleton Report represented both a recognition by the British Government that the stagnation of the Colony could be reversed and an attempt to end the impasse in the sovereignty dispute. The intention was that Britain and Argentina should co-operate in the joint development of the region, which would benefit both countries and the Islanders. A fear in Argentina that the economic

survey was a prelude to unilateral action by Britain and the consolidation of its position in the Falklands may have contributed to the 1982 invasion. Lord Shackleton was ambiguous on the crucial question of the need for Argentine collaboration. The main recommendation of the report was the extension of the Port Stanley Airport runway to give the Colony an external air service independent of Argentina. After the 1982 Conflict, the fishing bonanza created by foreign trawlers around the Islands and the declaration of the 150 mile F.I.C.Z. gave the Falkland Government a sizable financial surplus. The rapid economic development and the ten-year strategy proposed by the August 1988 Prynn Report indicated that the general direction of change in the Colony was towards a much larger and more self-sufficient British community.

Argentine expectations and internal political pressures were a fifth factor which defined the nature of the dispute. The Falklands were not a significant element in Anglo-Argentine relations until the 1880s, when Argentina consolidated its control of Patagonia. It appeared to inspire a view that the South West Atlantic formed the state's natural sphere of influence. The British presence in the Falklands was seen as an affront to Argentine territorial integrity. Peron exploited the nationalist fervour and the Falklands issue after the Second World War to strengthen his control over the country. The Argentine Government gained broad support at the United Nations for the argument that its claim to the Falklands was synonymous with the cause of anti-colonialism. The U.N. General Assembly resolution 2065 (xx) of December 1965 signified a shift in international opinion and the isolation of Britain. The decision by the British Government to

negotiate a settlement of the dispute further raised Argentine expectations.

Upheavals within Argentina during the 1970s were decisive in the failure of the 1971 Communications Agreement and the proposals for collaboration to develop the region. The year 1983 had historic significance as the 150th anniversary of the British occupation of the Islands and was considered a deadline for the resolution of the dispute. The invasion of the Falklands in 1982 was a consequence of the military coup in 1976, internal political and economic difficulties, the establishment of a military Junta headed by General Galtieri in December 1981, and a misjudgement of both the international reaction and a series of apparent British signals of weakness. It is ironic that Argentine intervention should have caused a drastic reappraisal of the British Government's policy which in turn saved the Falklands from an almost inevitable economic collapse and the transfer of sovereignty. In 1989 President Menem decided to end the state of hostilities and restore diplomatic and commercial relations with Britain.

The significance of the Falkland Lobby to the course of events was a sixth theme of the thesis. The campaign by the Emergency Committee and its Parliamentary supporters in 1968 led to the crucial assurance from the British Government that the sovereignty of the Falklands would not be transferred against the Islanders' wishes. The ideas of Bill Hunter Christie and other members revived the debate about the form of landownership in the Islands and created a vision of how economic development could create a sizable, self-sufficient British community comparable to the Faroes. In May 1975, the U.K.F.I.C. played an instrumental role with the Islanders in the British Government's

decision to commission an economic survey of the Colony. The activities of F.I.R.A.D.A. and the Falkland Islands Office in London developed a perception in the minds of many M.P.s that the Falklands were a valuable economic asset to Britain. The failure of Nicholas Ridley's 1980 leaseback initiative was a result of opposition in Parliament and its subsequent rejection by the Islanders. The divisions in the U.K.F.I.C. on this issue revealed the diverse interests and views within the Falkland Lobby. The S.A.F.C. laid the foundations for the Colony's economic prosperity based on fishing and showed how the circumstances could have differed if a rival pressure group had existed. The human and financial cost of the 1982 Conflict strengthened the case of the Falkland Lobby that Britain should retain the sovereignty of the Islands.

This thesis has revealed that the sovereignty dispute can only adequately be understood by an examination of the relationship between the various factors which defined it. The British Government was faced with volatile and unpredictable forces which inhibited the formation of a consistent policy to resolve the dispute because they continually altered the nature of the problem. The detailed study of the links between the diverse aspects of the Falklands' dilemma makes the changes in the dispute comprehensible. The changes in British Government policy between 1966 and 1982 were responses to new situations as they arose. The problem of decolonizing the Falklands was exacerbated by the Government's approach which was to treat it as a low priority. Sir Michael Palliser, permanent Under-secretary of the Foreign Office and head of the Diplomatic Service from 1975 until 1982, supports this view. He commented that,

"I think the poor Foreign Office has always had to accept a relatively low level of hope and expectation; because it has never been very easy to persuade ministers and Cabinets to pay much attention, either to Argentina, or the Falklands."[1]

A further complication was the volatile nature of Islander opinion which was apparently influenced by the rapidly shifting prospects of the Colony. Before 1968 landownership appears to have been the main issue in the Falklands rather than the sovereignty dispute. However, the withdrawal of the R.M.S. 'Darwin' in 1971 convinced many Islanders and their supporters in Britain that integration with Argentina was an inevitable development. The 1973 oil crisis focused attention on the potential resources of the Colony and encouraged resistance to an agreement with Argentina. By the late 1970s the Falkland Lobby was able to argue plausibly that the Colony had a viable future independent from Argentina. The Lobby did not create the economic circumstances, such as the oil crisis and the 1976 Shackleton Report. If they had been negative the Lobby would have had less ground on which to base its campaign. These rapid shifts in the Falklands' economic future were an important factor in the Government's failure to convince the Islanders that integration was inevitable and a major contribution to the Lobby's success in rallying support in Parliament.

What seemed to emerge at the end of the 1970s, and was reinforced in the 1980s, was a strongly felt sense of Falkland identity. The trend was mentioned on pages 186 and 262. It combined a local patriotism, which went back a long way, with a British culture and reliance on British protection. This remains the fundamental dilemma which any future attempt to resolve the dispute will have to address.

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Sir Rex M. Hunt, C.M.G. (8 Aug. 1987),
The Reverend P.J. Millam (9 March 1988),
Mr. T.J.D. (Tim) Miller, (23 Nov. 1988),
Mr. F.G. (Frank) Mitchell (21 July 1987),
Mr. A.B. (Adrian) Monk, O.B.E. (19/20 September 1987),
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