

ECONOMIC ADVICE TO THE RABI ISLAND COUNCIL

2nd May, 1969.

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During my visit from Australia to RABI from April 29th to May 3rd, the following topics were discussed with the RABI ISLAND COUNCIL:-

- (A) THE FUTURE OF RABI ISLAND.
- (B) VISIT TO UNITED NATIONS IN 1969.
- (C) VISIT TO WELLINGTON - TALKS BY PARTNER GOVERNMENTS.
- (D) POLICY ON UNLEASED LAND.

(A) THE FUTURE OF RABI ISLAND

The Banaban people at present have jobs and can buy imported food mainly because of the phosphate money. These royalties will cease in 7 or 8 years' time and there will not be enough money to creat jobs and buy this imported food. Unfortunately your income from copra will also start falling from about the same time (1975).

Therefore the Banaban people must keep trying to get as much of the phosphate money as you can in order to develop RABI, but God helps those who help themselves and the Banabans must to their best to develop RABI even if the British don't give you any more of the phosphate money.

You need much more money to develop RABI properly. More money to plant coconuts, more money to start a fishing industry, more money for roads, more money for education etc. Banabans need to have jobs producing

- (i) food for yourselves
- (ii) things that you can sell (copra, fish, handicrafts, etc.)
- (iii) services that people will buy (tourist resort.)

If you cannot employ enough people doing these things there will be no money, not enough food, and young Banabans will leave RABI forever.

The American tourist resort is a wonderful idea if it is carried out efficiently. If it is successful it could help RABI tremendously. However, the Americans are asking you to lease a lot of your land and I can see possible trouble unless their final proposals are far more specific and businesslike than their draft proposal.

I recommend that you discuss the final agreement with the Fiji Government, Mr. A.D. Patel and myself before you sign it. You should not sign the lumbering agreement unless the forestry expert from the Fiji Government agrees that the trees can be cut without permanent damage to the Island.

Meanwhile I recommend that you keep trying to get Professor Joy to visit Rabi for a longer stay than last time. Professor Joy last time only advised on the best way of spending £80,000 on development. This time he should be asked to estimate the total cost of developing RABI properly so that you Banabans will not suffer a severe fall in your standard of living when the phosphate royalties stop.

I will draft a letter to remind Mr. Moffat that we want Professor Joy to visit you. I will be happy to work with Professor Joy in preparing this report if you want me to do so, but the final report would need to be from Professor Joy to the British Government so that the British Government has confidence in the recommendations.

Meanwhile you can show the British that £80,000 was not nearly enough by using it up (on approved projects). I realise that you have decided not to ask for any more development grants, but I recommend that you should continue to ask for more royalty to develop your island and you should stress that you are prepared to set aside extra royalties into a "RABI DEVELOPMENT FUND" which will be used to develop the Island (the same as the Nauruans did).

At the November conferences Lord Shepherd said that the British wanted to help the Banabans develop RABI "to its fullest possible potential". It is important to test the sincerity of the British and find out how much they will help you before you threaten them again with action through the United Nations.

(B) VISIT TO UNITED NATIONS IN 1969

I was interested to learn that you planned another visit to the "Committee of 24" at the United Nations in 1969. The purpose of the visit is to report the results of your negotiations with the British.

If you decide to visit New York again I do not recommend that you ask DR. PARLIN to conduct your case because he will only refer it to DR. FAGLEY who is friendly with LORD CARADON the British Ambassador to the U.N., and Dr. Fagley is not sympathetic to your case. If you do decide to go before talking to the British again I think that your Manager should be accompanied by your Economic Adviser who was present at the London talks.

However, I recommend that you do not visit the U.N. before talking to the British in July, for the following reasons:

- (1) The British made it clear last November that they would not respond to threats.

- (2) Australia, Britain and the United States are tending to withdraw their support from the Committee of 24, and if you visited New York again you would perhaps embarrass the British but you would also annoy them and would probably get no more money for developing RABI. They might even cut off what little you have got.
- (3) Lord Shepherd said the British would help to develop RABI and you should test their sincerity by seeking their sympathy and understanding.
- (4) I believe that you will get more money eventually by identifying people like Joy, Greet, Cole, who will try to gain sympathetic treatment from within the British system rather than by threatening the British from without, that is by the Committee of 24.

All I am saying is that you should not repeat the same pattern that was unsuccessful in 1968. You need not decide to visit the U.N. now - you can wait and see whether the British are sincere and decide later whether it will help to go back to the Committee of 24.

This involves a delay of only a few months and if you have twice been refused by the British your case at the U.N. would be stronger anyway.

It is important for your people to realise that the Committee of 24 has no power whatsoever to make the British do anything. Nor do I feel that the Committee of 24 will help you to get independence on Ocean Island. In the case of Nauru it was the Trusteeship Council, not the Committee of 24, that helped them towards independence.

(C) TALKS WITH BRITISH GOVERNMENT

The British Government may invite the Banabans to act as advisers if they have talks with the Australian and New Zealand Governments.

In this case I recommend that you should tell the British that you would like to go to the talks, but that you want separate talks with the British (without the Gilbertese) before they talk with the Australian and New Zealand Governments.

The purpose, of course, is to give the British another chance to review the split between yourselves and the G.E.I.C. and to test whether they will make more money available for developing RABI as they hinted they would.

If these preliminary talks fail there is little point in the Banaban delegation talking to Australian or New Zealand Governments because:

- (i) They are already paying a full price for the phosphate and having nothing more to offer.
- (ii) They would not talk to you separately against British wishes.

You should tell your people that it is the British, and only the British who have the power to give you more of the phosphate money. This is why I suggest that you have another try to get their sympathy and understanding for your problems. Perhaps they will help you more if you are friendly than if you threaten them by going to the Committee of 24 (which would not force Britain to help you, but might make her angry enough to stop paying the £80,000.).

However, there is one other reason for going to the July talks and I discuss this in the next section.

(D) POLICY ON UNLEASED LAND

At present there is about 300,000 tons of phosphate on land where you have refused to sign leases. After deducting the cost of extraction this is still worth about \$1,500,000. This is the only remaining land where you still demonstrate to the British and to the world that more phosphate money should be coming to the Banabans.

Previously you had refused to sign these leases for the following reasons:

- (i) You wanted to be sure you would return to Ocean if you wanted to do so, and if so, you could use this land.
- (ii) Mr. Patel told you it would be easy for you to extract this phosphate for yourselves after the BPC had left the island.
- (iii) It was not worth sacrificing the above advantages if you were only going to get 15% of the money.

I now recommend that you talk to the British in July and that you offer to sign the leases if they will give you 85% of the proceeds (instead of 15%) and assure you that you can still return to Ocean if you want to. My reasons for recommending this are as follows:

(1) If you refuse to sign the leases, the British (GEIC) might resume the land and mine it without your consent, giving you only 15% of the net proceeds.

(2) They might even leave the phosphate in the ground and abandon it, but in my opinion Mr. Patel is wrong when he says you can extract it easily for yourselves. I believe that you would not be able to make any money out of it yourselves because -

- (a) You would have no access roads and could not transport it to the treatment plant.
- (b) You would have great trouble in handling the processes of drying, crushing, shipping and selling the phosphate, especially if the BPC took some of its equipment away with it.

I realise you have conflicting advice here between Mr. Patel and myself. I therefore suggest that you get a third opinion, not from BPC (who might not be objective) but from a senior production official of the Nauru Phosphate Corporation who should be able to tell you whether it is worth waiting to mine the phosphate after the BPC have left the island. Without access roads I think he will say it is impossible.

You must also remember that if Britain refuses your offer and then takes the phosphate by force and against your wishes, you have a very real complaint to the U.N. and in the eyes of any decent thinking people.

You need money for RABI, and you need a lot more than £80,000. However, this proposal would yield you more than a million dollars. If the British are sincere in helping you on RABI, this is a way of showing it because it will not cost the British Treasury a penny extra.

SUMMARY

If you think about all the above matters you will understand why I recommend that you do not decide about returning to the U.N. until after you have given the British another chance to show if they are sincere. You definitely have something to offer them by signing the remaining leases and it shows that you want to cooperate with them and are willing to be friendly. My own opinion is that you will get more this way than through threats. At least it is worth a try.