

11. 1971 & 1972 A Sea Change in Government

§ a. Ministry of Overseas Development Team 1969-1971.

Concern about the continuing decline in the quality of farmland brought about a significant change in the UK Government's attitude to the Islands. The Overseas Development Administration was asked by the Ministry of Agriculture, Fisheries and Food to investigate methods of remedying the situation. A multi-disciplinary team, appointed by the Overseas Development Administration (under Tom Davies) arrived in the Islands in September 1969 and left in April 1970. The team consisted of two grassland specialists, two livestock specialists and a laboratory technician. The size of the team and their range of skills made it possible to conduct a wide range of experiments. The team's work was the beginning of the first sustained programme of scientific research in the colony's history. The team arrived in the Islands against a background of gloomy predictions about the general future of wool in world markets, and for the Islands sheep farming industry in particular.¹

John Eadie, from the Hill Farming Research Organisation also made three visits to the Islands. Eadie was an acknowledged authority in recent developments in hill farming, and he provided the academic and scientific expertise to monitor the progress of the ODA team. Eadie suggested that a particular style of a 2-pasture system should be tried in the Islands, and although the system was ultimately proved to be inappropriate in the Islands, much important knowledge was gained.

The principal recommendation of the ODA team was that more research needed to be undertaken - both from an agricultural and also economic viewpoint and its main emphasis was on increasing the number of lambs reared. They recommended that a Grasslands Trials Unit (GTU) be established. In 1971 the Ministry of Overseas Development sent two further scientists to the Islands, and they supported the view, expressed by the Davies team, that a Grasslands Trials Unit be established. They also recommended that an agricultural economist should visit the Islands with the purpose

¹ Davies, T H; Dickson, I A; McCrea, C T; Mead, H and Williams, W W; (1971) *The sheep and cattle industries of the Falkland Islands*; Overseas Development Administration; p3.

of carrying out a detailed examination of the costs of operating sheep stations and to advise on their efficient business management.

§ b. T. W. D. Theophilus 1972.

The Ministry of Overseas Development in December 1971 appointed Theophilus as a direct result of the renewed interest in the economics of Islands farming. He was charged to establish the costs and returns of the farming industry through detailed examination of a selection of representative farms in the Islands. Theophilus was an agricultural economist and he was particularly concerned with the efficient business management of the Islands sheep farming industry.

The report began by noting the difficulty in defining what a ‘representative farm’ was in the Islands because of the enormous variation in farm size (varying in size from 850 to 400,000 acres) and terrain and topography. The report is critical of the methods used to record production costs.² The report analyses the economics of wool production, and how to increase output while at the same time reducing costs. Diversification of the farming system, the renovation and re-seeding of the grassland, sub-division of the pastures, improving breeding stock, are among the subjects considered.

Theophilus set the problems of the Islands against an international background. He notes that although it is quite possible that many companies still show a profit and pay a dividend to their shareholders, the long-term prospect was far from good. Profit levels were dependent upon the future of wool, as a commodity, in world markets. He also noted that a report by the Economic Development Committee for the Wool Textile Industry (UK) commented that total wool consumption in 1975 would be 23% below that of 1968, and cross-bred wool consumption would probably be 26% lower. ‘When the implications of the report are studied more deeply, the situation facing growers and distribution of raw wool is serious.’³

² Theophilus, T W D; (1972) *The economics of wool production in the Falkland Islands*; Stanley: Falkland Islands Government & HMSO; p5.

³ *ibid.*; p7.

The report concluded that the output of wool from the Islands was static. The numbers of sheep had declined but there has been a slight increase in the average yield of wool per sheep.⁴ Theophilus commented that the performance figures achieved on the smaller islands was far superior to those of the mainland:

These better performances were mainly the consequence of a better standard of nutrition and also possibly a higher standard of husbandry due to the fact that the ewes could be kept on a smaller acreage of land thus easing the task of shepherding.⁵

Theophilus noted that over the past five decades a number of technical experts had visited the Islands, and that all had been critical of most aspects of sheep farming practices found in the Colony. He regretted that the comments and advice of Hugh Munro, about pasture improvement, had received scant attention:

The resources of the Islands have been continually drained away by sheep farming, and little or no investment has been made by the owners to try and replace the drain of reserves from the land.⁶

This comment may well be too sweeping and a little unfair to those who had been trying to improve matters, but Theophilus was only re-stating a commonly held conclusion. He examined the reasons, with a few notable exceptions, why little progress had been made during the proceeding 50 years in introducing practical measures for conserving or improving the fertility of the soil.⁷ Theophilus stated that an extractive policy in farming did not pay in the long run and the consequences could be drastic.

A large part of Theophilus' report was concerned with unproductive and uneconomic farming practices; he commented that labour productivity was very low compared with other forms of extensive farm in other parts of the world, such as Australia. In

⁴ *ibid.*; p11.

⁵ *ibid.*; p12.

⁶ *ibid.*; p14.

⁷ *ibid.*; p15.

the Islands the number of sheep per man is 1,600, whereas a figure of at least 3,000 per man employed should be the target to be aimed at.

As an economist Theophilus made an assessment of the agricultural imperative of the need to sub-divide the pasturage, and the difficulty of correcting past mistakes:

Bearing in mind the large areas involved and the extensive system of farming followed in the Falkland Islands, the benefits of sub-division by fencing to allow a policy of rotational grazing, will take a very long time to come to fruition if ever. The years of mismanagement of pasture cannot be rectified in a short period of time. The time element involved in getting results has no doubt dampened the enthusiasm of farmers to invest their capital in the sub-division of big enclosures.⁸

The Theophilus report is full of practical recommendations, many of which have subsequently been implemented - particularly those concerned with the productivity of labour and out-dated working practices. Nevertheless there is a degree of gloom running throughout the report; 'The prospect for increased prices for wool are bleak in the long run due to falling demand. The Islands contribution to the world supply of wool is relatively insignificant.'⁹ The methods the Theophilus Report recommended of combating the dual challenge of rising costs and falling returns are:

- i. Increase the level of output without proportionate increases in costs.
- ii. Diversification into producing other commodities.
- iii. Reducing costs while maintaining output or a combination of two or all three methods.

The history of farming in the Islands since the Theophilus report has been the history of the struggle to implement these principles.

⁸ *ibid.* p29.

⁹ *ibid.* p30.

