

## Note on the United Kingdom's financial assistance to Southern and Northern Rhodesia (11 June 1964)

**Caption:** In a note dated 11 June 1964, Cabinet Secretary Sir Burke Trend informs British Prime Minister Alec Douglas-Home on the question of the financial assistance granted by the United Kingdom to Southern Rhodesia and Northern Rhodesia.

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CONFIDENTIAL

PRIME MINISTER

Financial Assistance to Southern and  
Northern Rhodesia

(D.O.(64) 53)

Southern Rhodesia has asked for £27 million for the relief of the Public Debt and for development in the next two years, plus up to £12 million in the next few years. Financially, they have no case for aid on this scale, given their present resources and levels of taxation; and it would also be politically embarrassing for us to give a subsidy of this order to the present Southern Rhodesian Government. On the other hand, we could not justify refusing aid altogether; and to do so would risk pushing Mr. Smith finally over the edge of a unilateral declaration of independence.

The Commonwealth Secretary therefore proposes a holding operation, by which we would restrict our aid to the £1.35 million already agreed for the multi-racial university, together with £4 million to pay for the short-term debt inherited from the Federation, coupled with a promise to discuss in the autumn what, if any, further help might be provided towards development.

Northern Rhodesia is in a worse financial position than Southern Rhodesia and has, in addition, to meet its share of the cost of compensation for British officials (i.e. members of Her Majesty's Overseas Civil Service). They are seeking £20 million in the next thirteen months to meet the cost of this, of public debt, development and defence. Here, again, the bid is not financially justifiable; and, in any case, generous treatment to Northern Rhodesia at this stage would be politically embarrassing vis-a-vis what is proposed in respect of Southern Rhodesia.

The Commonwealth Secretary therefore proposes a similar holding operation, i.e. a loan of £3 million to cover Northern Rhodesia's share of compensation (this is in line with what has been done with other

Colonies at this stage), a grant of £2.75 million to pay for the short-term debt inherited from the Federation and further discussions in the autumn about aid for development.

This keeps both countries in line for the present and avoids immediate political difficulty in respect of Southern Rhodesia, although both Governments may object to the postponement until the autumn of any discussion of the really substantial aid which they are seeking for development. In the autumn we shall still be confronted with the problem of deciding how much to give each country and with the risk of invidious comparisons being drawn, but the problem and the risk should be no greater than now and with luck, e.g. if Mr. Smith's Government falls, they may be less.

The Treasury position is still reserved and you will no doubt wish to ask the Chief Secretary to state his view at the outset of the discussion.

BURKE TREND

11th June, 1964