

government, I would recommend that -

- (1) British Pacific Airways should be invited to state definitely the minimum land areas essential for their run-ways and aerodrome buildings;
  - (2) If possible an independent arbitrator should report on the reasonableness of the claim;
  - (3) Until this is done settlement on Hull Island should be proceeded with cautiously to avoid the possibility of having to dispossess the natives of their lands and return them to the Gilbert Islands, which would result in a serious loss of credit in government promises.
- (c) Should the air interests not be requiring their land on Hull it should be possible to settle from 800 - 1,000 natives immediately on the island, thus permitting a total immediate settlement of from 1,200 to 1,500 natives in the Phoenix Islands, which would greatly reduce the cost per head of settlement and future administration and at the same time be a real contribution towards solving the problem over-population in the Gilbert Islands.
- (d) In this connection it should be mentioned that there is an aerodrome and run-way site on the south-east of Hull Island virtually if not quite as good as the one in the centre of the planted area. This site, which the Surveyor, Mr. C. Harlen, told me he personally preferred, would not interfere in the slightest degree with the settlement of natives, and the full number mentioned above could be established immediately. It is respectfully submitted that even if the western site is slightly better than the south-eastern one
- the fact