

*revised*  
EAST AFR. PROT

21042

REG'D  
REG'D 4 MAY 16

Gov.  
Belfield 203

1916

5 April.

Last previous Paper

## NEW WAR LOAN

local subscriptions

Submits views as to procedure. Requests  
telegraphic reply.

General Dept.

W.E.D. 4/5/16

Note

Mr. Grindall.

See S. Fiddes.

I have only just succeeded in recovering the file. You will remember that our Circular of 10th January or 5/1/16 originated in a proposal made by the Govt. of Trinidad; but that before the Circular actually went off it had been decided to eliminate the W.S. Colonies on the ground that there were no local taxes as such in those Cols., & that arrangements for local contributions to the Imperial War Fund would spoil the market for such Colonies.

Since the Circular went off we have had three ministerial decisions on 12/3/16 to the effect that

subsequent Paper

MAY 7/16 Govt

to be doing  
also go to the  
war saving  
post office  
and so on  
so before  
the loan goes to the  
war loan of the  
Savings Bank, both of which are said to need that  
money badly, then get the difference in a loan  
of the small depositor's money to the Treasury  
Set no more for war purposes. The first should  
if it thinks the people likely to be working  
effect, announce to all S. S. deposits  
will be lent to V. & J. M. V. & others &  
appeal to depositors to deposit as much as they  
can for the purpose that makes such a case as  
St. Helena where there is no bank & no large employer.

I would suggest a further circular on these  
lines.

G. G. 22.5.16

I agree with you Grindell  
as to Savings Banks  
A strong effort to popularize  
this institution would have  
profound effects apart from  
the immediate good to be done

AFRICA PROTECTORATE.  
No. 204.

RECEIVED  
GOVERNMENT HOUSE,  
NAIROBI  
REG. 4 MAY 16  
BRITISH EAST AFRICA.

21042

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April 5th, 1916.

I have the honour to acknowledge the receipt of your Circular despatch dated the 10th instant regarding the arrangements to be made locally, in the event of the issue of a further Imperial War Loan contractions and to agents for investment.

2. If the new loan moves in small amounts, such subscriptions can be dealt with by the Post Office provided that the stock is represented by a negotiable document such as the Exchequer Bond. The amounts receivable by the Post Office would not be less than £5, and it would be necessary for the Imperial Treasury to entrust this Protectorate with a supply of these bonds for

THE RIGHT HONOURABLE

ANDREW BONAR LAW, M.P.A.

SECRETARY OF STATE FOR THE COLONIES,

BIRMINGHAM,

LONDON W.C. 1.

sale, and for them to reach us before  
subscriptions are accepted.

3. I do not consider that the  
Protectorate Government should undertake any  
responsibility for collecting income tax on  
~~behalf of~~ the Imperial Government, but payment  
of interest in exchange for coupons could be  
arranged at the local Post Offices in respect  
of contributions received by them. I think  
that, notwithstanding the views expressed in  
your Circular despatch, the interest should  
be paid locally if subscriptions of this  
nature are desired, as the majority of  
subscribers of small amounts would probably  
be Indian traders and clerks who are not in  
direct communication with London and would  
undoubtedly be discouraged from subscribing  
by any difficulties respecting the collection  
of interest.

4. It is possible that under these  
arrangements bonds to the value of £100,000  
could be disposed of. They should be supplied  
in quantities of say 6,000 of £5, 1,000 of  
£20 and 1,000 of £50.

5. I should be grateful for a  
telegraphic

Colonial War Bonds will be issued and sold by the Colonial Government, the local  
withdrawals of which will be limited to  
the amount of the issue. This will be done  
mainly through the local branches of the  
Bank of England and other branches of the  
existing colonial banking system. Local  
branches of the Bank of England will be  
able to draw on the London Gold  
Reserve and the Gold Reserve in  
which they participate. It would be  
that this method of enabling persons  
in the Colonies and Protectorates to  
participate in the War Loan.

Government will be more concerned  
all concerned than any one  
nation through the Colonial Government  
could be, in the financial aspect  
of the war, and it is  
therefore proposed to have  
a central authority to  
control all the  
colonial financial institutions.

The cost of carrying out this  
plan will be small.  
A tends to  
permanence for this purpose.

desirable therefore that you should  
inform your agents in the local banks  
that the Government will not make any  
special arrangements for placing war  
bonds on sale locally.

3. These remarks apply also to  
the issue of Exchequer bonds and other  
short term securities locally by  
Colonial Governments on behalf of His  
Majesty's Government.

4. As regards savings bonds, the  
best method of making these sums  
available for national pur-

poses is for Colonial Governments to invest  
available funds in  
Savings bank deposits in War Loan

in Exchequer Bonds and to remit to  
the Colonial Office for the purpose as fre-

quently as possible by the system of direct  
transfers of funds which is likely to  
be very effective.

5. Finally the simplest way of pro-  
viding for the War Loan in the  
Colonies is to have a  
central authority to  
control all the  
colonial financial institutions.

between the interest paid by His  
Majesty's Government and that paid to  
the depositor, while no more money is  
made available for carrying on the  
war. If it is at what suc. un  
appeal will have any effect, the Govern-  
ment can announce that all moneys  
deposited in the Savings Bank during the  
war will be lent to His Majesty's Govern-  
ment for war purposes, and can appeal to

the patriotism of the depositors to  
deposit as much as they earn for the pur-  
pose. A strong effort to popularize  
the savings banks on these lines would  
have beneficial effects on the com-  
munity apart from the money secured  
for the war.

5. I presume that there is little  
risk that depositors, when their  
attention has been directed to the subject,  
will withdraw their deposits in any great  
extent in order themselves to invest  
directly in war loan, and thus produce

a run on the Savings Bank involving the  
sale of depreciated securities at  
loss in this country at a loss.

*sk*  
Downing Street,

20 June, 1916.

DRAFT.

CROWN AGENTS

FOR THE COLONIES.

the letter

this Office

January last

MINUTE.

previous correspondence directed

Mr.

Mr. Macnaghten 16.6.16.

Mr.

Mr. Gracalle 17/6

Sir G. Fiddean

Sir H. Just.

Sir J. Anderson

Mr. P. C. Sand.

Mr. Bonar Law.

Mr. Secretary Bonar Law to you

that he has given further consideration

to the question of the arrangements which

should be made in connection with the

investments in Imperial War Loans by local

contributors in the Crown Colonies and

arrangements made in his Circular

on 10th January, we should

be liable by Colonial Governments, and

that the necessary steps in connection

with local subscriptions should be taken

in accordance with the above arrangement.

Please enclose, for your info.

event of heavy withdrawals from Colonies' Savings

Banks, and in view also of the fact that the increase  
in the subscriptions

resulting from the  
increased interest of the public in the  
Colonies has been considerable

In the difficulties which involve us  
decided that Colonial Governments should not take

action as proposed in his Excellency's despatch of the

10th January last (the draft which was agreed

to in your letter under ref. F. 2), and that the

necessary arrangements for calling local investors

to purchase Imperial War Bonds should be left to

the local Banks and business houses.

3. I am to enclose copy of a further

despatch embodying the decision which Mr. Bowes Law

has addressed to the Governors of the Colonies

and Protectorates concerned.

I am etc.

As the Bowes Law does not think  
that the decision which has been  
taken in this matter will tend  
to decrease the amount of money  
held by the Colonies and the  
Protectorates for Imperial purposes. He is rather disposed  
to have the effect of having the funds of

SEP.

George Brown

1916  
21042  
1916 E. Afr. Post.  
1916

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Official  
DRAFT

B. Guyana ✓  
Trinidad ✓  
Leeward ✓  
Windward Leeward Land. ✓  
Jamaica ✓  
Bahamas ✓  
B. Honduras ✓  
MINUTE 1

Mr. Skeat 52/3  
Mr. Doherty 26/3

Mr. ...

Mr. ...

Brabant.

Mr. Read.

Sir G. Fiddes.

Mr. Steel-Maitland.

Mr. Hornby Late.

27 Sept. '16  
With reference to the

Question of local participation in, & contributions  
to, Imperial war loans,

I enclose to enclose, for  
your information & guidance

of two circular Despatch

dated 20th June

at which I have been in

the audience

2. The audience