



that B. C. G. Agency ~~is~~ would be  
better resented & - in default of any  
suggestion for getting an outside controller  
we must ask the Govt. if he can make  
any suggestion.

Both the Treasury and the B. G. T.  
attach importance to Nigeria being  
included in the Scheme.

- (1) The wider the scope of the scheme the  
less <sup>the</sup> risk of loss from accidental causes.
- (2) The shipping difficulty will be less  
acute for West than for East Africa,  
& the Govt. would perhaps get some  
of its money back within a reasonable  
time.
- (3) It would be a good answer to Nigerian  
protests if we could point out that  
the B. C. G. A. ~~is~~ being treated the  
same way in Nigeria. It was this  
argument which convinced Mr. Hutton

The suggestion made by the Treasury  
representative <sup>at the first meeting</sup> that the Govt. might arrange  
sales in this country & so save the  
Association's  $\frac{1}{2}$  per cent. for this particular  
work round Mr. Hutton to indignation at  
the second meeting. In the absence of a  
Treasury representative we are could  
be found to maintain that it would not  
be understand to use the Association's

brokers, and the business community, 536  
which it has built up for pure an  
cotton, without recognition to the  
Associates.

As regards Rhodesian cotton (very small  
in amount), it is ginned at Fort  
Jameson & baled in small bales for  
carriage to Port Herald, where it is  
re-baled at the B.C.F.A. ginner. I  
doubted in question whether, to save inland  
transport & economize storage room  
elsewhere, this cotton could ~~not~~ be kept  
at Fort Jameson, but Mr. Hutton doubted  
whether <sup>it could be kept in</sup> ~~the~~ half-pressed bales, without  
deterioration.

Subject to above. I will draft ~~the~~  
telegrams to the three Govts - it will  
be best for Mr. Fontaine to see the  
drafts. It will have to be made clear  
that it is optional for any ginner  
to come under the scheme but that if  
he doesn't he cannot expect any shipping  
facilities or, if an opportunity for  
shipping cotton arises, the Govt will  
take care to have the first call on the  
space.

In the case of Rhodesian there is the

further point that there is a crop  
which is probably fully bought up but  
of which little will have been purchased.

The scheme will need modification to  
meet this particular case - viz. the Govt  
must offer to buy the best cotton, as it  
would do the rest of it if the question  
of a fair price to the seller did not  
arise.

As regards finance, the Treasury, in  
order to avoid expense to Parliament,  
propose that the money should be found  
from the funds of the local Govts. This is  
a new form, as two, if not all three,  
of the Govts have no funds available  
& must be financed by the Treasury.  
In any case it is understood that  
the Imperial Govt alone, any loss  
and takes any profit.

15/15/17.

Mr Strachey & I have had a  
talk with Mr Bottomley.

So far as Nigeria is  
concerned it seems an unnecessary  
circumlocution to pass funds from  
the Treasury to the BCGA  
through the Cr Agents & Nigerian  
Govt. The Treasury need not Parliamentary

at first meeting,  
the Treasury  
represented,  
question of using  
the Cr Agents & agents  
the Govt was  
raised  
18/10/17

sanction for guarantees to Banks  
- but they surely don't need special  
Parliamentary sanction for buying  
cotton & employing the BCGA as  
their agents - any more than they  
do for buying sugar or wheat. 537

If however the Treasury  
insist on the Cr Agents & Col Govt  
being dragged in in the case  
of Nigeria, it should be made  
quite clear that H.M.S. pays  
for everything - and in particular  
for building sheds or  
whatever has to be put up  
to store the cotton in.

16/11/17/10/17

2/12

5ft iron - 1/2 ft  
to 5ft.  
at once  
4. J. R.  
17/5/17

The Treasury  
reserve  
upwards of  
the money  
for purchase  
is so far as  
is kind for  
from the  
2/12

Any further communication should be  
revised to—  
THE ASSISTANT SECRETARY,  
the address given opposite  
The following letter and number should  
quoted —

BOARD OF TRADE,  
COMMERCIAL DEPARTMENT  
GWYDYR HOUSE,  
WHITEHALL,  
LONDON, S.W. 1.

C. 14116.

Telegraphic Address  
COLASTA, LONDON  
Telephone No : 3840 Victoria.

50517  
REC'D  
REC'D 13 OCT 17

12th October, 1917.

Sir,

of T  
4425

With reference to the letter (C.13197) of the  
6th September addressed to you from this Department on the  
subject of the purchase of cotton in British Africa, and to  
your reply of the 8th September (44425/W.A.), I am directed  
by the Board of Trade to forward to you, for the information  
of Mr. Secretary Long, copy of a letter which they are  
sending to the Treasury enclosing a memorandum which has  
been prepared setting out briefly the proceedings and con-  
clusions arrived at at the conference held at this office  
on the 21st September, with representatives of your Depart-  
ment and the Treasury.

I am to ask you to be good enough to move Mr. Long,  
should he see no objection, to cause telegraphic inquiry  
to be made of the Governors of Nyasaland and Nigeria as to  
whether they would be prepared to undertake the purchase of  
cotton in their respective Colonies on the lines proposed,  
in the event of the Treasury being prepared to make the

Secretary of State,  
Colonial Office,  
Downing Street, S.W. 1.

necessary

necessary arrangements for the purpose.

The Board think it possible, after discussing the matter with Mr. Hutton of the British Cotton Growing Association, that the representatives of that Association, though not acting as actual purchasers of the cotton, may nevertheless in Nigeria and possibly also in Nyasaland be able to be of service to the local Governments in connexion with the purchase of the cotton. They would, however, be content to leave this question for the decision of the Governments concerned.

I am to add that the Board are disposed to suggest that it would be desirable that the small Northern Rhodesian crop should be handled if possible by the Government of Nyasaland. They understand that this crop is ginned at Fort Jameson close to the Nyasaland border, and that it is hardly large enough to justify the setting up of a separate organisation for its purchase.

I have the honour to be,

Sir,

Your obedient Servant,

H. Llewellyn Jones Smith

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I have the honour to be,

Sir,

Your obedient Servant,

*H. Leavelly Smith*

538<sup>f</sup>

C O  
50517  
REC<sup>d</sup>  
REG<sup>d</sup> 13 OCT 17

14116.

1.

12th October, 1917.

Sir,

With reference to the letter (C.13917) of the 6th September addressed to you from this Department on the subject of purchase of cotton in British Africa, I am directed by the Board of Trade to forward to you, for the information of the Lords Commissioners of His Majesty's Treasury, a copy of a memorandum which has been prepared setting out briefly the proceedings and conclusions arrived at at a conference held at this office on September 21st at which representatives of your Department and of the Colonial Office were present. In view of the urgency of the matter, I am to ask you to be good enough to cause the Board to be informed of Their Lordships' views at the earliest possible moment.

Their Lordships will observe that the modified scheme now proposed contemplates the elimination of the amounts which, under the former scheme, would have been payable to the middlemen in the Colonies of Uganda and Nyassaland from whom the cotton would have had to be purchased. In

Secretary,  
H.M. Treasury,  
S.W.1.

considering

considering the financial liabilities of His Majesty's Government it is also desirable to bear in mind (1) that the estimates previously furnished were based on the maximum possible crops in each Colony, and that such maxima are not likely to be attained, and (2) that they assumed that the whole crops would be dealt with under the scheme, whereas it is probable that some of the wealthier growers may prefer to hold their output for ultimate realisation at a profit rather than to dispose of it at once under the scheme.

I am to add that copies of this letter and the enclosed memorandum are being forwarded to the Colonial Office, together with a request that the Governors of Nyasaland and Nigeria may be asked whether they would be prepared to carry out the scheme on the lines proposed.

I have the honour to be

Sir,

Your obedient servant,

MEMORANDUM

PROPOSED PURCHASES OF BRITISH AFRICAN COTTON

530  
Dec  
REG: 13 OCT 17

A conference was held on the 21st September, 1917, at the Board of Trade with representatives of the Treasury and Colonial Office to consider a proposal that the British Cotton Growing Association should purchase on behalf of His Majesty's Government at fixed prices all cotton offered to them in Uganda, Nyassaland and Nigeria before 30th September 1918, and arrange for its shipment and disposal in the United Kingdom, the transaction to be financed by banks to whom a Government guarantee would be given in respect of interest and repayment of advances. At the conference a modified plan based on suggestions contained in a telegram dated 6th September from the Government of Uganda was discussed, and it was agreed that this plan (outlined below) had material advantages.

It is now proposed, instead of employing the British Cotton Growing Association to purchase cotton as agents of His Majesty's Government, to utilise the services of the Governors of Uganda, Nyassaland and Nigeria to purchase the various crops of cotton through the ginners, thus eliminating the middlemen and saving the latter's commission and working expenses, estimated at 1d. per lb. The suggested procedure is that the Governors should make arrangements with the ginners to buy any portion of the crops offered by the growers on commission of, say, 50 cents per 100 lbs. and that the ginners should be paid their full normal prices for ginning and baling and that the prices should be fixed for the seed cotton in accordance with the different qualities, taking into consideration the part of the country where the cotton is grown, as it would probably be necessary to buy at a lower price in districts remote from the railways or places of transportation. The cotton thus acquired would be stored and shipped on account of His Majesty's Government. The Board of Trade would be prepared to make

themselves

themselves responsible for the ultimate disposal of the cotton upon its arrival in this country. Two questions were left open: (1) whether the Treasury should advance the money necessary to finance this operation to the Crown Agents for the Colonies, or whether the Treasury should guarantee bankers in the Colonies the necessary sums which would then be advanced locally by the bankers to the Governors for the purchases in question; (2) whether the cotton should be insured while it is lying in Africa awaiting shipment.

The first point appears to be solely one for the consideration of the Treasury, who would if the scheme be adopted presumably carry out the entire arrangement in consultation with the Colonial Office for financing the purchasers in accordance with whichever alternative method is adopted. As regards the second point, it is believed that in normal pre-war times the rate of fire insurance was only  $\frac{1}{4}$  of 1 per cent., but it is stated that now the rate would be very much higher and that it might possibly be as high as 2 $\frac{1}{4}$  per cent. It was suggested that if anything like the higher rate would have to be paid it would be inadvisable to effect any fire insurance, more especially as it may be possible to scatter the cotton purchased in areas widely separated, and perhaps to limit any one pile to 500 bales.

With regard to Nigeria, it is proposed that as the British Cotton Growing Association have practically monopolized the buying, and own all the ginneries there, the purchase should be made through the Association, but only on the same terms as in the case of the ginneries of Uganda and Nyasaland.

themselves responsible for the ultimate disposal of the cotton upon its arrival in this country. Two questions were left open: (1) whether the Treasury should advance the money necessary to finance this operation to the Crown Agents for the Colonies, or whether the Treasury should ~~guarantee~~ guarantee bankers in the Colonies the necessary sums which would then be advanced locally by the bankers to the Governors for the purchases in question; (2) whether the cotton should be insured while it is lying in Africa awaiting shipment.

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to the fountain  
in accordance

Cancelled

As there is little prospect

CYPHER

of shipping space being available for cotton

DRAFT.

TELEGRAM

Governor ██████████ Lagos.

in future it is proposed to arrange for

(His Majesty's)

purchase for Government and storage pending

MINUTE.

possibility of shipment. Intention is to

- Wals 18/10/17
- Mr. A. J. Hardy 19/10
- Mr. Bottomley
- Mr. S. Strachey 19
- Mr. Grindle
- Mr. Lambert
- Mr. Road 19/5
- Sir G. Fiddes
- Mr. Hewson 2.5.20/10
- Sir A. Street-Maitland
- Mr. Long

use British Cotton Growing Association as

agents for the Government to buy crop from

growers at commission of say 8d per hundred

lbs Association receiving fair price for

ginning and baling to be fixed in consultation

with

with them.

Question of storage accommodation

will require careful consideration and you

should furnish Estimates of expenditure

required for construction of sheds

(1) on assumption that cotton

could be shipped after twelve months.

and (2) on assumption that <sup>two cuts</sup> ~~it must~~

~~will be involved.~~

~~be stored for two years at least.~~

LONG.

*go to the fountain  
for concurrence*

*Cancelled*

October.

*4532*

Your telegram of 6th September

**DRAFT.** CYPHER TELEGRAM

cotton. It is intended subject to final

Governor Entebbe

approval of the Treasury to introduce a

**MINUTE.**

scheme generally on the lines of your

Mr.

Mr. Eottomley *18/10/17*

telegram, I fear that it is impossible to

Mr. *Butler* 19

Mr. Grindle,

Mr. Lambert.

select a Cotton Controller from here and I

X Mr. Road. *19/5*

Sir G. Fiddes.

X *Hewins* *P.S. 20/10/17*  
*Shel. Macdonald.*

should be glad if you will consider whether

Mr. Long.

*for comment*

you cannot make local arrangements for the

5 dfts

appointment. What arrangements do you

contemplate for the provision of *storage*

accommodation

accommodation and what expenditure on

storage would be required

(1) on the assumption that cotton

could be shipped after 12 months

and (2) on the assumption that storage

would be required for two <sup>cropl.</sup> ~~seasons.~~

When arrangements are settled and

ready for communication to ginners they

should be told that they are not obliged

to take advantage of the scheme but that

*they cannot expect any*

if they do not ~~there is no prospect of~~

*Government assistance in*

their obtaining any shipping space and

that

that Government will have first call on

any space which may be available.

LONG.

E of T/50517/East Africa

West Africa

Northern Rhodesia

*To go to the Mountain  
for concurrence**Cancelled*

44666

Your telegram of 18th August

*Extreme improbability that*  
cotton in view of ~~grave uncertainty~~ <sup>possibility</sup> whetherDRAFT. CYPHER TELEGRAM

Governor Zomba Nyasaland

any shipments of cotton will be ~~available~~ <sup>possible</sup>*for an indefinite time to come*~~in future~~ it has been decided ~~that~~ subjectMINUTE.Mr. ~~Butler~~

Mr. Bottomley 18/10/17

Mr. Butler 19

Mr. Grindley

Mr. Lambert

Mr. Read 19/10

Sir G. Fiddes

Mr. Long

Mr. Long

*for cotton*

to final approval of Treasury to adopt a

scheme for purchase of storage by the

Government on the following lines.

(1) Arrangements would be made

5 dfts

that ginners should buy crop from <sup>native</sup> growers

on commission say 8d per hundred lbs.

(2) Fair price to be paid for ginning

and baling to be fixed in consultation

with ginners.

(3) Price for seed cotton to be fixed

according to quality and remoteness of

district.

Government would store and ship

when possible on its own account. Money

would be provided by Imperial Treasury and

you should furnish estimate of amount

likely to be required.

Ginners would be at liberty

to refuse to participate under this

scheme but in that event it should be

made clear to them that <sup>they cannot</sup> ~~no prospect of~~

*Manning* ~~expect any Govt. assistance in~~  
shipping space ~~can be held out~~ and that

Government would have first claim on any

space which might be available.

It is proposed if you see no

objection that British Cotton Growing

Association should act as agents for the

Government and carry out all stages of

the scheme on behalf of the Government.

*(handwritten)* [Question of storage has to be considered  
and

and sent in small bales to Port Herald

for rebaling by British Cotton Growing

Association as usual. It is considered

undesirable that cotton should be stored

at Fort Jameson in small lightly pressed

bales.

Crop now being marketed will

require special consideration. *In this* ~~It is suggested~~

*any difficulty in applying to it the  
planned arrangements for purchase  
that it should be bought by Government  
and storage prepared in case of  
future crop.*

~~and stored when it has been ginned. Some~~

~~arrangement might be applied~~

~~Telegraph your views on this point and~~

~~in case of~~

~~also on question as to modification of~~

TD

~~scheme necessary to meet the case of~~

plantation cotton both this year and

next.

*Telegraph your views, generally.*

LONG.