

EAST AFR. PROT

43835

REC'D
REG'D 9 NOV 14

43835

Treasury
(The Carson)

LOAN

483

1914

7th November

States official letter will be sent shortly.
Presumes if advance is wanted application will be
made officially giving strong reasons for the necessity
for the expenditure.

Last previous Paper.

MO
41446

Mr. G. Fildes

The official letter about the debt case
is now in (43814 - sent or separately
through W. Fenwickson) - 20/11/14

I have had to hold up the loan papers
till I could dispose of them all at once - as
they depend so much on each other, and I
have only been able to touch them at intervals.
In the meantime the fresh papers come
in with regard to the financial position
of the Protectorate, & the strong reasons which
I had proposed to advance have required
modification.

I now submit aft to Treasury for
consideration showing (1) how the £80,000 is
made up and (2) how little we can
possibly do with
as my aids (2) I have tried to make it

Next subsequent Paper.

Treas/4284

1914, W. 51,000 - 18, 15,000, 12/18, A. & B. V.

clear that Uganda & Nyasaland are
depending on their surplus balances

(a) to meet last year's deficit
& (b) to finance, pro tem, the special
military expenditure due to the war.

They cannot for any length of time do both,
and if (c) they are to find for balances
the money we hoped to get for loan purposes
this year they must very soon be on the
roads. We must take up substantially
the question of providing for the war
expenditure of these Protectorates which,
as they are under Treasury control, should
not I think be required to contribute;
and the best way will be to provide
Special Grants in Aid under the
Colonial Services Vote. As a first step
we could ask Govs to send home
an account for the past & a estimate
for the future of their special war
expenditure? We have already asked
for particulars from E.A.P.

As regards E.A.P., the Treasury will
probably reply that she should borrow
through C.A. till conditions are favourable
for a Loans Act advance. This may be the
soundest arrangement as any, but as for
Treas? have only contemplated E.A.P.
borrowing through C.A. for military
purposes.

I send on at the same time the draft etc.

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I send on at the same time the drafts &c.

On the other question of loan legislation, I
have desired to ask Gov. to let us know
by telegraph ^{exactly} how they stand with regard
to the question of immediate advances
under the Act.

As far as possible I have ablit up the
previous paper on the two points.

W. S. 5/24/14

489

A. J. R.

5/21/14

W. S. 5.12.14

17
R

7005
Treasury Chambers,
RES. Whitehall S.W. 490

7 November 1914.

Dear Madam,

East Africa Protectorate Loan Ordinance.

An official letter will reach you shortly on the subject.

If you want an advance -- and I learn that Bottomley estimated £80,000 as the sum required -- this financial year, I presume you ^{will} write officially. In view of our general policy as to Public expenditure in present circumstances it would be very difficult to justify finding money for expenditure on Public Works in Protectorates. Possibly you may be able to produce stronger grounds for su much expenditure at the present time than we have hitherto seen.

Yours truly,

G. B. Barstow

Have you seen the enclosed? please return it. I shall send it to his wife.

R

4005
Treasury Chambers,
REG. OFFICE, Whitehall, S.W.

490

7 November 1914.

Dear Madam,

East Africa Protectorate Loan Ordinance.

An official letter will reach you shortly on the subject.

If you want an advance - and I learn that Bottomley estimated £30,000 as the sum required - this financial year, I presume you ^{will} write officially. In view of our general policy as to Public expenditure in present circumstances it would be very difficult to justify finding money for expenditure on Public Works in Protectorates. Possibly you may be able to produce stronger grounds for su much expenditure at the present time than we have hitherto seen.

Yours truly,

Ld. Barstow

Have you seen the enclosed? please return it. I should send it to his wife.

near
47835/11
C D
R. 7 DEC
D.
Presmit
SAF.
lc

491

Downing Street,
7 ~~Dec~~ November, 1914.

msd 50615

DRAFT.

THE SECRETARY
TO THE TREASURY.
MINUTE.

Sir,

With reference to the

official and unofficial correspondence
(ending with your letter No. 17114/14
of the 9th of November) which has
passed on the subject of the provision
of advances under the East African
Protectorate, (Loans) Act, 1914,
I am directed by Mr. Secretary
Harcourt to request you to inform
the Lords Commissioners of the Treas-
ury that he has had under his consid-
eration the question of the amount
which should be advanced to the

Protectorates

- Mr. ~~Butterley~~ 5/12/14
- Mr. Read 5
- Mr.
- Mr.
- Mr. G. Fiddes. 5
- Sir H. Just.
- Mr. J. Anderson. *7/11*
- Lord Emmott. *Istinglop.*
- Mr. Harcourt.

(43914/14)
in the file
final

for letter
from Nyasa Co =
in bundle below (42891)

Protectorates in the present financial year.

2. As Their Lordships are aware, it was decided that, even if the Loans Bill could not be passed this year, a sum of £210,000 should be provided for the purposes of the loan services in the year 1914-15.

3. On this understanding, certain expenditure has been incurred, on the liability for it assumed, which makes it necessary for Mr. Harcourt to ask Their Lordships to agree to the issue of some part of the £210,000 before the end of the present financial year. The Loans Bill has been passed, and, in normal circumstances, there would presumably have been no difficulty in obtaining the full amount expected to be required; but,

apart

apart from the importance of restricting loans, for purposes other than the war, within narrow limits, there could now be no question of so large a sum as £210,000 being required in the present financial year.

print of Treasury/5190/14

3952
5863
9815

£7,000

Jan
40536

4. In connexion with the Nyasaland Estimates for the current year, Their Lordships agreed to the proposal to charge to the Loan certain items for road construction amounting in all to £9,815, omitted from those Estimates. According to Mr. Harcourt's latest information, the expenditure on these services during the current year may be expected to amount to £7,000 only, and he would propose to meet this charge from an advance under the Act.

5. Similarly, Their Lordships approved of the provision, inserted in the Uganda draft Estimates, of £5,160 for new roads and bridges being transferred to Loan expenditure. So far as Mr. Harcourt is aware this sum, or the greater part of it, will have been spent by the 31st of March next.

(Part of sum
1205/14)

£5,160

6. As regards the East Africa Protectorate, the necessity for additional rolling stock for the Uganda Railway has continued to be acute, and various orders have been placed with a view to relieving the position at the earliest possible date. These orders include

(See CA
46746/14 & f/p)

(1) 3 tank locomotives, at an estimated cost of £8,955.

(2) 84 goods wagons of various classes, estimated to cost £25,502, and

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12458/14)

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46746/14 r f 10)

- (1) 3 tank locomotives, at an estimated cost of £8,955.
- (2) 84 goods wagons of various classes, estimated to cost £25,502, and

- (3) Underframes and iron work for various passenger coaches and horse boxes, estimated to cost £5,888.

DRAFT.

These figures do not include freight or cost of completion in the Protectorate, which may be taken to increase the cost by at least 30%.

In addition to the above services, Mr. Harcourt regrets to find that, by the action of the General Manager of the Uganda Railway, the Government of the East Africa Protectorate has been committed to the immediate purchase of a brickfield and works at Mombasa at a price ~~of which~~ *may amount to £7,500,* about ~~£6,200,~~ exclusive of the valuation price of the stock. The purchase had been recommended by the Governor as a loan service, *before he* ~~but~~ *heard of* ~~the~~ *unauthorized* General Manager's ~~action was~~ *unauthorized.* According to the

advice

(see £/42891 + (p))

Nyasaland	7000	
	<u>5000</u>	12,000
Uganda		5,160
CPA	5,900	
	25,500	
	<u>5,580</u>	
	40,340	
+30%	<u>12,104</u>	
	52,444	59,444
	<u>7,500</u>	77,109

25,000.

ultimate economy. The principal item in the loan programme for Nyasaland is the extension northward to Lake Nyasa of the existing railway, and engineers, now employed in connexion with the extension southward to the Zambesi, will be available, about January next, for the survey of the northward route, and their employment on this work would dispense with the necessity for sending out a special party from this country. The cost cannot be estimated accurately, but would not be likely to exceed 25,000.

8. The services specified amount in all to £77,109¹⁰⁹, and I am to ask for their Lordships' approval to the raising of advances under the Loans Act up to a sum of £80,000 as soon as the necessary local legislation has been passed. If, however, they are not prepared to agree to the whole sum,

I am to request you to lay the following consideration before them.

9. In the draft Nyasaland Est. for 1915-16, which will shortly be submitted to T.C., it is assumed that, after meeting the estimated deficit for that year, a surplus balance of about £22,000 will remain in hand on the 31st of March 1916. Similarly, from a telegram which has just been received from the Gov. of Uganda, in view of the draft estimates, it appears that the Governor anticipates a surplus next March which will be sufficient to cover an estimated deficit of £50,000 for 1915-16. These figures must be regarded with some reserve, in view of the uncertainty as to the effect which the war will have on the revenues of the Protectorates, but where there is at all events a ^{fair} prospect that the Small Loan expenditure proposed for the current financial year could for the time be met from surplus balances, if it

(In view)

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(In view of)

(In view of)

DRAFT.

were not that in each Protectorate the balances have for the moment been the burden of special war this balance, ~~The effect of this~~ expenditure ~~until that expenditure~~ arrangement would, however, be to make can be provided for in some other it practically certain that the Protectorate, the finances of which must, whether the Protectorates will be in in any case, be severely affected a position to meet for balances any by the war, would require a grant in *Confidential* loan expenditure which may fall due aid to meet its deficit in 1915-16.

before an advance of substantial
10. ~~The Uganda Estimates for 1914~~
account can be arranged.
15 were similarly balanced by an

Imperial grant-in-aid of £10,000 and

by a sum of £27,547 to be taken 495

from the excess of assets over liabilities

on the 31st of March last, and as that

excess was ultimately found to amount

to £66,529, a sum of £38,982 will

still remain. As in the case of

Nyasaland, a setback in the progress

of the Protectorate owing to the

war is inevitable, and the application

of balances to meet loan services

would

from its balances of the charges for loan services during 1914-14, subject to subsequent repayment when a suitable opportunity occurred for issuing advances of the loan. As it is, this course is impossible.

46746

// The full amount involved will, however, not be required for some time as the Crown Agents for the Colonies have, at Mr. Harcourt's request, made arrangements for delivery to be postponed until June 1915 of all the rolling stock in question except the three engines, which were paid for in August and have no doubt already arrived in East Africa. If, therefore, an advance under the Act is possible in the summer of 1915, there will be no need to make earlier provision for these items.

12. In the circumstances, it may be assumed that the amount immediately

14. Mr. Harcourt will be glad to be furnished with Their Lordships' general views at an early date, as the question of the Nyasaland railway survey should be decided as soon as possible. But the delay which has occurred in settling the terms of the local Loan Ordinances makes it impossible for the issue of an advance to be made at once, and there will be an opportunity for consulting the Governors before the exact amount ^{required} need ~~be~~ ^{to meet existing commitments need} be determined.

~~I am, etc.,~~

15. As regards the year 1915-16, the advance amount of the advances which will be required there must depend on the arrangements which T.C. are prepared to propose for 1914-15, but, generally, Mr. Harcourt proposes that ^{the amount} ~~the~~ ^{of the loan} ~~the~~ ^{advance} shall be ~~reduced~~ ^{reduced} until the financial position is clearer.

(Signed) H. J. READ.

for the Secretary of State