

1925

E. AFRICA

34722

533

House of  
Commons

DATE  
29th July, 1925

30 JUL 25

TRANSPORT DEVELOPMENT.  
COTTON GROWING.

U.S. of S.

*M. Stanley*

\*49. Colonel Day.—To ask the Prime Minister, whether the submissions made by the Committee on Industry and Trade, appointed to inquire into the conditions and prospects of British industry and commerce in so far as transport development and cotton growing in East Africa are concerned, have been considered; and whether it is proposed that such submissions should be carried into effect. [Wednesday 5th August.]

U.S. of S.

U.S. of S.

U.S. of S.

Previous Paper

*L.C. 24*  
*315*

MINUTES

ORAL REPLY

This relates to the memo recently published in Cmd 2462, regarding rapid building of railways in East Africa.

Kenya railways are going ahead all right, but Tanganyika is still held up by the Treasury, who have so far refused to allow any new construction work on the Tabora-Mwanza line. At present we are putting down old rails on German construction work done in 1913-4.

If asked to advise reply, I suppose it can only be said that the matter is still requiring consideration.

Subsequent Paper

*CP 36138*

30 7 25

*L. view of the Dept. concerned in which*

The submissions are worked, I should think  
that the reply might be more definite, and that  
it might be to the effect that the submissions are  
worth a consideration with the views of the public and  
that there may be a view to not in accordance  
with them.

C. Stanley  
30.2.25

And in this case Treasury concurrence  
where reply will be needed W. C. 30/7/25

It is really for the reasons  
as suggested that reply to the  
points submitted under the  
circumstances.

W. C. 31/7/25

But in that case the  
the reply is being  
based on the

W. C. 31

I have told Mr. [Name]  
[Name]

In view of proposed reply  
to Mr. Strachey I have told  
that is correct

W. C. 30/7/25

is Lieut. Colonel WATTS-MORGAN  
for Colonel GAN, asked the Prime  
Minister whether the submissions made  
by the Committee on Industry and  
Trade, appointed to inquire into the con-  
ditions and prospects of British industry  
and commerce in so far as transport  
development and cotton growing in East  
Africa are concerned, have been con-  
sidered, and whether it is proposed that  
such submissions should be carried into  
effect?

Official Report  
15 August

The PRIME MINISTER: As the hon.  
and gallant Member is aware, the sub-  
missions of the Committee on Industry  
and Trade are in general terms, and  
before they could be carried into effect,  
specific proposals must be framed with a  
view to consideration on their merits as  
practical contributions to the solution of  
the transport problem in East Africa.  
My right hon. Friend the Secretary of  
State for the Colonies has this matter  
now before him.

W. C. 31

W. C. 31

W. C. 31

6.8.25

Lieut. Colonel Sir JOSEPH NANCE  
May I ask whether, in considering this  
question, it will be appreciated that it is  
ultimately bound up with employment in  
Lancashire?

The PRIME MINISTER: Lancashire  
has not failed to notify me of that fact.

W. C. 31

W. C. 31

W. C. 31

5th August, 1925.

Dear Mr. Hankinson,

This is the Treasury proposed  
 reply to Colonel Bay's Question  
 No. 46 for to-day. I should be  
 glad to know whether you concur.

Yours sincerely,

*E. M. Watson*

*Agreed after  
 speaking to the  
 Treasury late 5/8*

Mr. C. Hankinson Esq., M.C.

Wednesday, 5th August, 1925.

x16. Colonel Day.

Suggested Reply.

As the Hon. and Gallant Member is aware, the submissions of the Committee on Industry and Trade are in general terms; and before they could be carried into effect, specific proposals must be framed with a view to consideration on their merits as practical contributions to the solution of the transport problem in East Africa. My Rt. Hon. Friend the Secretary of State for the Colonies has this matter now before him.

Have nothing to add to the discussion on  
the Strachey's minutes - 4 and that the  
Kanga - Uganda programme which  
had been laid before  
us for 2 1/2 years at  
least.

Yours

30.7.25

Mr Bottomley

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The Prime Minister has  
asked for advice on the  
question by Colonel Day (No 49  
for Wednesday 5th August)  
regarding the submissions made  
by the Ctee on Industry & Trade  
so far as transport devel.  
in cotton growing in E. Afr. are  
concerned.

L. C. H. H. H. H. H.

'25'

logical and scientific nature, and research may have to be taken on a substantial scale into such questions as the spread of the tsetse fly.

The Committee do not wish to appear to minimise the importance of the most careful examination of these problems, with a view to the best solution being reached. Their terms of reference, however, instruct them "to enquire into the prospects of British trade and commerce and to make recommendations in regard thereto"; and they feel that, having received a definite suggestion supported by the unanimous views of so important a section of British industry as the cotton trade, they are compelled to look at the problem from the point of view of its effect on trade and employment in this country. In the light of the evidence quoted above, there appears to be no reasonable doubt that British trade and employment would substantially benefit, not only from the immediate demand for the products of the iron and steel and engineering industries and the prospective increase of raw cotton supplies, but also, eventually, in many other ways, through the increased purchasing power of the population of the African territories affected. While feeling it their duty to call attention to the importance of the local problems which must arise in connection with the proposed development, the Committee do not feel competent as a Committee to express any views as to the best methods of dealing with these, as they have no means of investigating them.

It should also be made clear that, as the Committee are not in a position to review suggestions based on a study of the problem made on the spot, they are not necessarily recommending the spending of specific sums on the definite railway lines suggested in the Report of the East Africa Commission. It follows that they are expressing no opinion as to the immediate commercial prospects of these lines, although, even should the railways themselves fail to yield for some time a financial return, there are important compensating factors to be taken into account having regard to the objects for which the railways were constructed.

Subject to the considerations referred to in Paragraphs 6 and 7, the Committee submit in conclusion:

- (a) That British Industry, and in particular British export trade, would derive very considerable benefit from the development of the East African Colonies and Dependencies;
- (b) That for the encouragement of such development, the primary need is the encouragement of such development, the primary need is the provision of further transport, in particular railways; and
- (c) That in order to secure the building of railways with sufficient rapidity, some additional facilities for meeting the necessary expenditure should be evolved.

25th of June 1925.

Return to me CS

591



BOARD OF TRADE

# Memorandum

on

## Transport Development and Cotton Growing in East Africa

Submitted by the Committee on Industry and Trade  
to the Prime Minister on 2nd of July 1925.

*Presented to Parliament by  
Command of His Majesty.*

LONDON

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## COMMITTEE ON INDUSTRY AND TRADE

The Committee on Industry and Trade was appointed by the Prime Minister on 28th July, 1925, with the following Terms of Reference:

To enquire into the conditions and prospects of British Industry and Commerce, with special reference to the export trade, and to make recommendations in regard thereto.

The Committee is constituted as follows:

Sir ARTHUR BALFOUR, K.B.E. (*Chairman*),  
Sir WILLIAM ASHLEY, Ph.D.,  
Mr. JOHN BAKER, M.P.,  
Mr. HENRY BOGHEMAN,  
Mr. J. F. BROWNELL, C.B.E.,  
Mr. W. T. CHARTER,  
Mr. C. E. CRAMP,  
Sir HARRY GOSCHEN, K.B.E.,  
Mr. M. A. HARRISON,  
Mr. E. A. HAMBREAY,  
Sir NORMAN HALL, B.A.,  
Sir JOHN S. HINDLEY,  
Mr. DAVID LANSFORD,  
Sir W. CHABLE LEE, O.B.E.,  
Sir PETER RYLANDS,  
Mr. A. G. R. SHAW,  
Sir ALGERNON SMITH, K.B.E.,  
Sir HERBERT LEE-WELLS SMITH, G.C.B.,  
Mr. W. CARTER, *Secretary*,  
Mr. A. R. FRASER, *Assistant Secretaries*,  
Mr. W. L. BRYAN, *Assistant Secretaries*.

## LETTER OF TRANSMISSION

New Public Offices,  
Great George Street,  
Westminster, S.W. 1.

2nd of July 1925

THE PRIME MINISTER,

I forward herewith a Memorandum, which has been unanimously approved by my Committee, on the subject of the proposed hastening of transport developments in Africa, more particularly with a view to stimulating the production of cotton within the Empire.

You will see that we have had evidence on the matter from a considerable number of witnesses including Mr. Ormsby-Gore, who indicated that he thought it would be useful for the Committee to let the Government have forthwith the information and representations which have been submitted. So far as the question of the cotton supply is concerned, the evidence we have received covers all the interests principally concerned.

In forwarding the Memorandum to you on behalf of my Committee, I venture to express the hope that it may be of assistance to the Government in reaching a decision as to the policy to be followed.

Yours faithfully,

A. BALFOUR.

The Hon. Stanley Baldwin, M.P.,  
40 Downing Street,  
S.W. 1.



## COMMITTEE ON INDUSTRY AND TRADE

### Memorandum on Transport development and Cotton-growing in East Africa

1. The Committee on British Industry and Trade understand that certain questions with regard to financial assistance for the development of the East African Territories of the Empire, and the improvement of communications, with special reference to the stimulation of Empire Cotton Growing are now under consideration by H.M. Government.

As the Committee have received a large amount of important and representative evidence as to the urgent need of developing cotton growing within the Empire they think that it may be of assistance to H.M. Government, in considering the question now before them, to submit a short summary of this evidence without awaiting the general recommendations of the Committee for the improvement of British industry and trade.

2. The Shipping Merchants Committee of the Manchester Chamber of Commerce on 10th of December 1924, said: "We cannot over-emphasise the importance of getting increasing supplies of raw cotton from the British Empire in particular." They further observed: "The provision of supplies of cotton, alternative to the American supply is being retarded mainly by two causes:— The first is that it is useless to start to provide great cotton fields while transport and marketing facilities and ginning, etc., are still in their infancy. In many, even most, of the cotton fields which are being developed at present, progress is being checked by the lack of railways and other means of transport. . . . This applies especially to Uganda and other parts of Africa. . . . It is in these directions that Government help is urgently needed and on national grounds fully justified. . . . We have no hesitation in urging the Committee to recommend the Government to take early and very extensive measures to promote progress on a much more thorough scale than it has yet been practicable to contemplate. We believe that something more, big in comparison with what has already been done but small from a national budget point of view, would be justified as a measure against unemployment and a stimulus to national recovery. We are satisfied that it would have a certain and extensive result of a highly beneficial character on the Lancashire cotton export trade."

The Provincial Emergency Cotton Committee on 28th January, 1925, said that the fact could not be advertised too much that to grow enough suitable cotton within our Empire to make us independent of America was a matter of such importance to Lancashire that every encouragement should be given to it by the Government, and they trusted the time was now arriving when greater strides would be made. They were disappointed that greater progress had not been made, and they thought that India

appeared to be the country to look to. They suggested that the Government should subsidise any company which was going about cotton growing on the right lines.

The Cotton Spinners' and Manufacturers' Association, on 18th of March 1925, quoted statistics showing that while about 84 million bales of American cotton were available in 1913 after the American mills had secured their supplies, the average quantity in the years 1921—1924 had been reduced to approximately 5 million bales, and they submitted that it was an urgent necessity to encourage the activities of the Empire Cotton Growing Corporation. The Association stated in their evidence:—"The chief direction in which it would appear that the Committee on Industry and Trade could assist the efforts of the Corporation is in emphasising the need for further transport facilities in the various cotton growing Dependencies and Colonies. The provision of the necessary capital to build railways and arrangements whereby they could be financed during the first few years . . . are vital to the expansion of Empire Cotton Growing. . . . In summing up the reasons for the decline in British exports of cotton goods, the Association placed in the forefront the shortage of raw cotton and its high price, and said: "We cannot too strongly urge upon your Committee the necessity of advising the Government to do all in their power to encourage the growing of cotton within the Empire by extending as quickly and as fully as possible the transport facilities for cotton from the new cotton growing areas now being developed to the public." The witnesses representing the Association were asked whether Empire cotton was able to replace American cotton in quality, and they gave the reply that the Uganda cotton is better and that the American seed is being grown largely on the Sudan with great success.

The Federation of Master Cotton Spinners' Association, having pointed out in their evidence on 8th of April 1925, that perhaps the principal factor upon which the output of cotton yarn depended was the supply of raw material, submitted that the work of the Empire Cotton Growing Corporation and the British Cotton Growing Association should be speeded on with the utmost dispatch. The Federation said: "The increase of supplies by the development of the cotton growing countries of the Empire can be substantially advanced by increased Government facilities for transport in those Colonies and Dependencies which have already shown that cotton can be advantageously produced." The Federation further stated that every avenue of transport in the African Colonies had been filled up as fast as those transport arrangements had been made, and they expressed the view that no private firm could be able to arrange transport because of the laws of land tenure and that the railway service was in the interest of all growers it was natural for the Government to provide it.

The Manchester Cotton Association on 8th of April 1925, stated that the Association was keenly interested in the development of cotton growing within the Empire and the advantages that are to be obtained by the development of trade between the cotton-growing colonies and this country. The Association was strongly of opinion that it is in the interests of this country and the Empire that the

Government should give the fullest measure of support to this question of cotton growing, because the production of a greater quantity of cotton in countries other than America would tend to bring about greater stability in prices—a great asset to legitimate trading—and because those colonies which are becoming more and more interested in cotton growing are enriching themselves and thereby enabling the inhabitants to make greater purchases of clothing, which is of the utmost importance to India, Ceylon and this country alike.

The Liverpool Cotton Association has informed the Committee that the Association strongly supports any Government action which may be taken to encourage and support the growth of cotton within the Empire, and that any action to provide transport in East Africa for the conveyance of cotton to the ports would be carrying out one of the greatest necessities, as, without such transport, the costs on the cotton are so high that it is difficult to compete with other countries. The Association, further, said: "We feel that the future of the cotton trade in this country is largely dependent upon the growth of cotton within the Empire, and, therefore, we give our support in every way to any action which may be taken to encourage such growth."

In a statement submitted to the Committee dated 9th of February 1925, the United Textile Workers' Association said:—"To enable the trade to purchase its raw material under the most favourable conditions, it is essential that the American supply of cotton should be supplemented by developing the cotton fields within our own Empire. The British Cotton Growing Association and the Empire Cotton Growing Corporation are putting forth every effort to accomplish this, but they have been handicapped for want of funds. There is need for every effort to be put forth by the Government and by the Trade, not only in the actual growing of cotton, but in facilitating in every way the transport and marketing of the raw material as cheaply as possible."

3. From the evidence of these bodies it is impossible not to draw the conclusion that, so far as the cotton industry is concerned, there is complete unanimity as to the desirability of additional encouragement being given to Empire Cotton Growing, and as to the necessity for the provision of additional transport facilities for this purpose. The Committee accordingly invited the Director of the Empire Cotton Growing Corporation and the General Manager of the British Cotton Growing Association to give them the benefit of their expert evidence. On 28th of April 1925, these gentlemen explained the difficulties which had been met and the steps which had been taken by the two organisations. Having described the problem of the shortage of the American crop, they stated that the General Manager of the British Cotton Growing Association said: "We naturally turn to our great tropical and sub-tropical possessions, where large areas of land are available and lend themselves to the growing of cotton." The Association has already performed most valuable exploration and development work in connection with this question. Of late years the Empire Cotton Growing Cor-

poration has rendered invaluable help. . . . These witnesses indicated various specific areas in Africa which investigation had distinguished as being suitable for cotton growing; and they expressed the opinion that what has already been accomplished is sufficient guarantee that the Empire is capable of producing very large quantities of excellent cotton. Further, their evidence supported the view that, while certain other difficulties remained to be solved, the primary necessity is for the provision of further transport facilities in the African Colonies and Dependencies. Both these witnesses were strongly of opinion that for this purpose some more elastic methods of financing railway development than those possible at present must be found.

4. In view of the anticipation that, should an extended scheme of railway development be put into operation, orders for large quantities of material would be placed in Great Britain, reference may suitably be made to certain views expressed in evidence by witnesses representing the iron and steel and engineering industries.

The Agricultural Engineers' Association on 26th of November 1924, cited as two of the reasons for the unsatisfactory state of the agricultural engineering industry the reduction in the purchasing power of the world and the loss of various export markets; and they agreed in reply to a question, that East Africa was a safe area for development from the point of view of the agricultural engineering industry.

The Iron and Steel Trades Confederation, on 11th of February 1925, having pointed out the importance to the iron and steel industry of its export trade, stated that the volume of exports of iron and steel in 1923 were only 88 per cent. of the 1913 figures.

The National Federation of Iron and Steel Manufacturers on 24th of February 1925, in analysing the causes for the inability of the British iron and steel industry effectively to meet foreign competition at the present time either in its home or overseas markets, gave prominence to under-consumption especially in export markets. In reply to a suggestion that the only thing for the trade to do in regard to this question of under-consumption was to try to create demands in new markets, the Federation expressed the view that a potential demand existed and that endeavours should be made to under it effectively.

The British Engineers' Association, on 1st of April 1925, pointed out that the volume of exports of machinery in 1924 was only 73 per cent. of the 1913 figures and cited as one of the causes of this state of affairs the inadequate demand for engineering products at present prices. The Association expressed the opinion that this under-consumption in many of the markets of the world was due to the inadequacy of their active purchasing power.

The Locomotive Manufacturers' Association, on 17th of June 1925, stated that, while the average annual exports of rail locomotives during the years 1911 to 1918 amounted to 44,613 tons, the corresponding figure for 1924 was 23,563 tons, and the figure for the first five months of 1925 17,437 tons. The Association gave, as one of the main factors which had created this position, the

inadequacy of available markets to absorb the locomotives produced by the increased capacity of the world; and, when asked whether railway development in East Africa would be an important stimulant to the industry, expressed the opinion that everything was of importance which would in any way increase orders placed in the home market since, in their opinion, the locomotive industry was at the present time eating up its reserves.

In view of this evidence that these industries are suffering from lack of demand for their products from overseas it appears that the placing of orders with them for railway material for use in the Dependencies and Colonies would be of great advantage, both to those industries themselves and to national prosperity generally.

5. An invitation was accordingly sent to the Hon. W. G. A. Ormsby-Gore, M.P., Secretary of State for the Colonies, to give the Committee the benefit of his views on his return from his tour of the East African Colonies and Dependencies, as Chairman of the East Africa Commission. On 26th of May 1925, he explained the definite conclusions of the Commission that the further economic development of these East African territories is dependent on the early provision of increased transport facilities, that little or nothing can be done without liberal financial assistance from the Imperial Government; and, that an East Africa Loan Guarantee Bill authorising the issue of a loan for £10,000,000, guaranteed as to principal and interest by the Imperial Government, should be introduced, the money so obtained to be used for railway extensions (in particular the 800 miles of new railways in Tanganyika and 200 miles in Uganda described in the Commission's report), harbour developments and the provision of other transport facilities.

Mr. Ormsby-Gore pointed out that, if the surveys for the new routes which he suggests in Tanganyika are not commenced this autumn, or those in Uganda next year, the expert staffs may have to be disbanded, with the consequence that, should a decision in favour of railway development in those territories be postponed too long, difficulty, expense and delay will be experienced in re-assembling a constructional staff.

6. The Committee appreciate that there are a number of difficulties to be faced locally in connection with the development of the East African Colonies and Dependencies, which will no doubt require time and careful administration to overcome. It will, of course, be necessary to ensure that development is not carried on either more extensively or more rapidly than is consistent with the interests of the native population on the one hand and its capacity on the other. Effective safeguards to the satisfaction of the Imperial Government will no doubt be necessary in connection with the supply and conditions of labour, both for the construction and working of the proposed railways and for producing cotton or other crops. There are, also, serious difficulties in connection with land tenure. Further, it is probable that enquiry could be held with advantage into questions of climate and soil, and into questions of a