

1925

E. AFRICA
W. AFRICA

C. O.
20166
4 MAY 25

FROM
COMMITTEE ON INDUSTRY
AND TRADE.

DATE
2nd May 1925.

FOR CIRCULATION -

COTTON GROWING.

Enclose copy of Committee's terms of refer-
ence and list of members. State as to evidence being
collected with view to further development of
cotton growing within the Empire, and ask to be
kept in view of Committee's views.

Recd 4 May 1925

Recd 11.8.25

Subsequent Paper

8024305

CONFIDENTIAL

COMMITTEE ON INDUSTRY AND TRADE.

Summary of Evidence by Hon. W. Ormsby Gore, M.P.

Among the British possessions overseas whose further development and expanding trade is of increasing importance to British manufacturers and commerce, there are few more important than the territories administered under the Colonial Office in Tropical Africa, both East and West. For the purpose of illustration I have selected the three contiguous territories, Kenya, Uganda and Tanganyika in East Africa, and the three principal colonies in West Africa, namely, Nigeria, Gold Coast and Sierra Leone. I annex tables of statistics showing the rapid growth of both imports and exports of these six territories during the last three years. The statistics in the case of the East African Colonies are for domestic exports only exclusive of the transit traffic through these territories from the Belgian Congo. In the case of the East Africa territories also the imports are commercial, import orders on Government account being omitted. The figures reveal a rate of expansion which I believe is unparalleled in any other part of the world.

The population of the East Africa territories under review is approximately 10,000,000, and in the West African approximately 22,000,000. Progress of trade with these territories is limited entirely by the increase of production in the territories. Increased production means increased purchasing power. Great Britain enjoys at present the great bulk of the trade and consequently any increase in the purchasing power of the territories automatically involves increased demand for British manufactured goods. The production of the territories is almost entirely agricultural, the only notable exceptions being manganese in the Gold Coast and tin in Nigeria. The chief products of the territories

are palm oil, palm kernels, groundnuts, cotton, sisal, cocoa, coffee, simsim, hides and skins, maize and copra. It would appear that all these articles are of special value to British manufacture.

3 The area at present developed is only a small proportion of the area that could be developed. The limiting factors are therefore not land as there is a vast quantity of fertile, well-watered land waiting development, and I would put the limiting factors in the following order:-

- (1) numbers of population
- (2) the capacity and efficiency of the population in production.
- (3) transport facilities
- (4) finance (both Government and private).

4 The population of Tropical Africa is singularly sparse the following being the density:-

Nigeria - 53 per square mile
Gold Coast - 50 per square mile (Colony)
Sierra Leone -- 35 per square mile
Uganda -- 33 per square mile
Tanganyika - 11 per square mile
Kenya - 11 per square mile

The most serious feature of the situation is that in East Africa at any rate it would appear that there is at present no natural increase in the numbers of the population, while in West Africa the rate of increase is small. This is in the main due to the high rate of infantile mortality and the incidence of disease.

5 Disease is not only affecting the numbers of the population but also in a very large degree the efficiency of the individual. The most important are malaria, sleeping sickness, hook worm, yaws, plague (all of which may be regarded as more particularly tropical diseases), and last but not least, venereal disease. The economic progress is accordingly bound up with the ever increasing extension of medical and sanitary services, and with the development of an educational campaign dealing with infantile mortality.

6 Production in these territories is chiefly directed to native production by the native on his own land, but

some industries notably sisal and coffee, are plantation industries involving European management, capital equipment and native labour. Whether we are dealing with the native as direct producer or as labour there is a tremendous lot to be done towards improving individual efficiency as a producer, quite apart from the care of their physical health to which I have alluded. The economic progress of the African depends very largely on the training and direction that may be given him as a producer by the European officers of the Agricultural and Educational Departments, by the Public Works Department, and last but not least, by Administrative Officers. The supply of officers for the Agricultural Departments whose importance cannot be over-estimated, is a serious problem and hitherto the Empire has been singularly deficient in the means of training a sufficient number of such officers in the science and art of tropical agriculture. The new Imperial College of Tropical Agriculture in Trinidad initiated very largely by Lord Milner, is designed to provide opportunities for the necessary training of agricultural officers not merely for the West Indies but for our Africa possessions as well.

Closely connected with the need for increased technical personnel for the health, and agricultural sciences, is the question of scientific research. We are terribly lacking both in the necessary institutes and in research personnel in our tropical possessions, and the amount of work to be done in plant breeding, selection of seeds, analysis of soils and in the investigation of the numerous plant and animal diseases which affect tropical production is very great. Each territory is endeavouring to do what little it can in accordance with their present financial capacities to deal with these problems, but a great deal more could be done in this question of research by greater co-ordination and concentration. This is why I attach such importance to the re-opening of the Amani Institute

of Economic Agricultural Research in Tanganyika Territory. Valuable work has been done and is being done by scientific men in England but what is wanted to supplement their efforts is scientific work in the tropics.

I turn to the question of transport. Tropical Africa is as yet very inadequately provided with internal transport without which economic production cannot take place or trade develop. Under tropical conditions road construction and road maintenance are matters of the greatest difficulty, and the extension is vital to the bringing into production of the vast areas of potentiality. The waste of labour going on in Africa today owing to the use of human carrier transport is terrible and makes it impossible of producing for export to feed the needs of the existing population, which are being reduced owing to the absence of railway communications. However, in all the territories railway construction is now going on. I take Nigeria, at the end of the War the railway mileage open was 1109 (in a country one third the size of British India) By the end of this year 1600 miles will be open. The total road mileage available for motor transport in Nigeria at present only 2,500. In the Gold Coast the total road mileage open for traffic 400 miles under construction. In Sierra Leone there are 500 miles open for traffic. In Tanganyika Territory (which is the largest of the territories) there are 1005 miles open for traffic and approximately 120 miles under construction. In Uganda there are approximately 900 miles open for traffic and over 400 under construction. While these figures show that progress is being made it is clear that we are only at the beginning.

As a result of my recent tour in East Africa I have submitted for the consideration of the Government the construction of a further 800 miles in Tanganyika Territory

and 800 miles in Uganda. These proposed new East African railways are almost entirely through areas where direct native production would be the method of development and where the principal crop which the railways would develop is cotton with groundnuts second.

I. Turning to finance, the three West Africa territories are in a position to raise their own loans on favourable terms on the London market which loans are in the main devoted to further railway and harbour construction. In East Africa, Kenya is the only territory having the status of a Colony and therefore the only territory enabled to raise loans on the terms of the Colonial Stock Acts. Uganda is a Protectorate and Tanganyika is a Mandated Territory and the scope of these territories is limited towards Uganda and Tanganyika.

needed railway construction and the Report of my Commission in Tanganyika. In these two territories the Imperial Government.

II. In Nigeria and the territories we have asserted that staff and organisation and the great thing is to ensure that such staff and organisation should not be dissipated at the conclusion of the existing new constructions but shall be continuously employed on a programme of railway development spread over a long period of years, designed to open up successively a series of new areas of production, and consequently a profitable commerce. I might add that orders for all material which has to be imported in connection with the construction and equipment of these new railways etc. are placed in Great Britain, which orders in themselves have a valuable reflex on the iron and steel and engineering

industries in this country. I therefore regard railways development in British possessions in Africa not only as the finest investment for the future expansion of British trade but also a means of alleviating to some extent our present unemployment difficulties in this country.

12 The local resources of the Africa dependencies are expanding rapidly and in particular the Governments of Nigeria, the Gold Coast, and Uganda have now substantial surplus balances portions of which are being used on works of capital development, but it is extremely difficult and it is necessarily a slow method if we are to rely on surplus of current revenue over current expenditure for the development of these territories.

13 As to private capital there is not any doubt that in the near future we shall have to face acute German and Japanese competition in East Africa, and that a great deal of good could be done to increase the efficiency and extent of British commercial enterprise in these territories. All our tropical possessions in Africa seem to have suffered from a lack of adequate attention by people in Great Britain. Even yet their potentialities are too little known and the part that they are destined to play in the industry and commerce of the future is only just beginning to dawn upon the public.

Figures in pounds sterling of the Imports and Exports during the last three years for the three chief British Territories in East and West Africa respectively.

Kenya and Uganda together.

| <u>Trade Imports only:-</u> | 1922 | 1923 | 1924 |
|-----------------------------|------------|------------|------------|
| | 2,871,240 | 4,257,843 | 6,178,547 |
| <u>Domestic Exports.</u> | 1922 | 1923 | 1924 |
| Kenya..... | 1,565,205 | 1,602,754 | 2,244,549 |
| Uganda.... | 1,215,793 | 2,393,678 | 3,892,396 |
| <u>Tanganyika</u> | 1922 | 1923 | 1924 |
| <u>Trade Imports.</u> | 1,238,000 | 1,475,096 | 1,901,563 |
| <u>Domestic Exports.</u> | 1,441,584 | 1,733,229 | 2,695,284 |
| <u>GOLD COAST.</u> | 1922 | 1923 | 1924 |
| <u>Trade Imports.</u> | 7,900,539 | 8,448,862 | 7,984,076 |
| <u>Exports.</u> | 8,335,400 | 8,959,212 | 9,790,719 |
| <u>SIERRA LEONE</u> | 1922 | 1923 | 1924 |
| <u>Total Imports.</u> | 1,511,918 | 1,949,981 | 1,727,447 |
| <u>Exports.</u> | 1,377,464 | 1,607,225 | 1,711,465 |
| <u>NIGERIA.</u> | 1922 | 1923 | 1924 |
| <u>Imports.</u> | 10,303,688 | 10,271,066 | 10,885,136 |
| <u>Exports.</u> | 8,936,302 | 10,885,136 | 15,004,874 |

In 1922 the exports of the three East African possessions amounted to £4,220,000, and in 1924 to £8,830,000, an increase of over 100%.

In 1922 the exports of the three West Africa possessions amounted to £18,650,000, and in 1924 to £26,500,000, an increase of over 45%.

- X Mr. Strachey 5
- X Mr. Ellis 4
- Mr. Bottomley 1
- X Mr. A.J. Harding 2
- X Mr. Green 3

See typed note below

Following my conversation with the Secretary of State I have already discussed the subject of the attached correspondence with Mr. Bottomley.

I shall require the assistance of the Department in drawing up my proof of evidence. I should like to bring attention to put before the Committee facts and figures as to the progress achieved during the last three years in the production of various territories, not only in the case of imports and exports - revenues, but also in the case of railways, roads and under construction, and also in the case of loans contemplated.

In these matters Mr. Bottomley is the only person in my country I have in mind who has the necessary connections with other departments which could co-ordinate the work as much the better.

(Initd) W.S.G.
4.5.25.

I am having Nigerian figures got out
A. J. Harding 16/5/25

Figures are being got out for T.P.
Myanmar - N. Robinson
J. May 18.5.25

4th May, 1925.

Dear Sir,

Handwritten note:
402
TUESDAY 26th
a.m.

I beg to acknowledge the receipt of your letter of the 28th inst.

in reference to the Committee on the Iron and Steel Industry.

Mr. [Name] has authorized me to inform you that I am ready

to discuss the matter now in [Location].

It will be the best course to

take to confine myself to the

subject of [Topic].

I am, Sir, very respectfully,

Yours faithfully,

[Signature]

[Name]

[Address]

Finance,

transport, [Topic] and [Topic].

It is only by developing the production of these

vast

THE SECRETARY,
THE COMMITTEE ON INDUSTRY AND TRADE.

407

4th March 1923.

Handwritten note:
TUESDAY 26th
A.M.
S.M.

Dear Sir,

I beg to acknowledge the receipt of
your letter of the 14th inst. in regard
to the Committee of Inquiry into the
situation of the iron and steel
industry in Great Britain.
It will be the main concern
of the Committee to study

... finance,
transport, etc., and to make
... research.
It is only by developing the production of these
vast

THE SECRETARY,
THE COMMITTEE ON INDUSTRY AND TRADE.

vast countries that their purchasing power can be maintained and so assist in the provision of new markets for British manufactured goods.

I could submit a brief memorandum on this subject, but I would prefer to discuss it with you. I have a copy of the report of the South African Commission on the subject of the maintenance of the purchasing power of the Rand, which contains a definite statement in favour of local but not general internationalization.

Should there be any other points on which the members of your Committee desire to hear my views I should be glad of reference thereon.

I am in the hands of your obedient servant. I should be glad to appear before the Committee or before a sub-committee if desired.

Yours faithfully,
L. D. G. G.

L. D. G. G.

C.O. 108
20166
4 MAY 25



COMMITTEE ON INDUSTRY AND TRADE

Secretary:
WALTER CARTER. Telephone:
Victoria 3840, Extn. 628

NEW PUBLIC OFFICES,

Assistant Secretaries:
A. R. FRASER. Extn. 648.
W. L. BUXTON.

GREAT GEORGE STREET,

LONDON, S.W.1

2nd May, 1925.

Sir,

I am desired by the Committee on Industry and Trade to say that among the subjects which they have been considering and on which they have been taking evidence, the position of the cotton industry has been receiving particular attention. They have been informed by all the witnesses connected with the industry of the great importance of not only of the supply of raw cotton, and for this purpose of stimulating the growing of cotton within the Empire. In this connection Mr. Currie, Director of the Empire Cotton Growing Corporation, who gave evidence on behalf of the Corporation last week, laid great stress on the need for the provision of transport in the various African cotton-growing areas and the need which, in his view, could only be met within a reasonable

The Hon. W.G.A. Ormsby-Gore, M.P.,
Colonial Office,
Downing Street,
S.W.1.

reasonable

COMMITTEE ON INDUSTRY AND TRADE.List of Members.

Sir Arthur Balfour, K.B.E. (Chairman).
 Mr. William Ashley, Ph.D.
 Mr. John Baker, M.P.
 Mr. Henry Bootman,
 Mr. J. T. Brownlie,
 Mr. W. A. Charter,
 Mr. C. T. Cramp,
 Sir Harry Goschen, K.B.E.
 Mr. M. M. Hamilton,
 Mr. F. H. Hargreaves,
 Sir Norman Hill, Bart.
 Sir John S. Hindley,
 Mr. David Llewellyn,
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 Sir W. Peter Rylands,
 Mr. Arthur S. S. S.,
 Sir Allan Smith, K.B.E.
 Sir Robert Llewellyn Smith, C.C.B.

Secretary:- Mr. Walter Carter of the Board of Trade.

Assistant Secretaries:- Mr. A. R. Fisher of the
 Department of Overseas Trade and Mr. W. L. Buxton, of the
 Ministry of Labour.

Address:- New Public Offices, Great George Street,
 London, S.W.1. (Telegrams: Carter, Industry, Parl., London).

Telephone number: Victoria 3840, Extension 628.

COMMITTEE ON INDUSTRY AND TRADE.

The Committee's terms of reference are:-

"To inquire into and report upon the conditions and prospects of British industry and commerce, with special reference to the export trade, and to make recommendations in regard thereto".

The scope of the terms of reference is regarded as being on the general lines set out in the three following paragraphs, which are intended as explanatory of the subjects on which investigation is specially desired and not as an exhaustive definition of the inquiry:-

"The first question to which the attention of the Committee should be directed is the present position of British overseas trade and the prospect of British participation in the markets of the world being such as to ensure sufficient and continuous employment and a satisfactory standard of living in this country. The examination of tendencies and developments in the markets of the world and also in the chief competing countries will be involved together with an enquiry into the growth of competition with British goods in these markets, the likelihood of its continuance, and its probable consequences.

The second question is the ability of British industry to meet competition under the conditions thus determined and to deal itself with changes in the nature of overseas demand. This involves an inquiry into British productive capacity and organisation, including the supply and efficiency of capital, labour and management, the present and future adequacy of raw materials and possible improvements in their utilisation, and the part played by the United Kingdom in new developments of industry, particularly those which are the outcome

of scientific research. Matters to which attention might be directed are the present extent of large scale production, its possibilities and limitations: the efficiency of plant and equipment: power supply and transport as factors in cost of production: marketing organisation at home and abroad: and the current methods of industrial and commercial finance. It will be necessary, in addition, to take account of the effect of State regulative action upon costs and output.

The third question is that of the relations between those engaged in production. This will involve inquiry into methods of industrial remuneration, the main causes of unrest and disputes, and the methods of avoidance or settlement of disputes, as, for example, co-partnership, co-operation, Wages Boards and voluntary arbitration, State regulation of wages, and compulsory arbitration and compulsory enforcement and extension of agreements".

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 knowledge of
 if a
 by

~~Mr. A. J. Harding~~

Mr. Green

Mr. Ellis

Mr. Strachey

Army out of the control of Mr. Harding

& Sir J. Currie as to the necessity for
increased extra collection & the

importance of additional transport

for Ontario. You have been asked to give

consideration to the British Empire

possibilities of the C.E. & C. Co. Ltd. by

stealing in the British Empire & to

assist the Government in the

national of providing transport

materials and food. I have

By the way, I should like to see you

later, but you will no doubt find it

add to you

Was 4 5 45

So far as the Colonial Office is concerned, the question of increased cotton production concerns, for practical purposes, Tropical Africa only. As regards East Africa the report of the East Africa Commission contains very full references to the cotton producing capacity of the Dependencies visited, and recommendations for increasing transport facilities, and for providing the funds required.

In the case of Uganda, which so far as past progress is concerned is the most promising field for future development, everything that is possible in the way of major transport is now in hand. The main line from Turbo to Mbulamuti is now being constructed, and no further extension can be built until it is completed. Then, and not before, (say in 1927, 28) will be possible to take up a further extension to the north-west of Uganda, and thereby still further increase the cotton growing capacity of the country. *For the moment the problem is that of getting the roads in better condition.*

24, the completion of the new railway

Uganda has already taken a leading place in road construction, and capital expenditure on the improvement or construction of new trunk roads is now in progress. It is possible that the experiments now being undertaken in the form of some system of wheel-less traction, or half track vehicles, will still further assist minor transport in Uganda, and we may hope that either by the use of vegetable alcohol, or by the development of the signs of petroleum which

have

have already been found in Uganda, that the cost of motor transport will be much reduced.

In the case of ~~Tanzania~~ ^{Malawi} also the Commission's report contains definite proposals for the development of cotton areas. Nyasaland for its size has a very high potentiality of much promise as regards cotton, but the transport difficulty is of great complication. The main problems concerned being in the case of the ~~proposed~~ ^{existing} companies; and, ~~owing to the~~ ^{owing to the} ~~fact~~ ^{fact} of the line and the Zambesi river, which it is not possible to bridge before ^{Songea} ~~Nyasaland~~ ^{have easy access to} ~~the~~ ^{the} ~~seaports~~, lie in foreign territory. It is not possible to make any recommendations for improving matters.

As indicated in the Report the key to the cotton industry depends on the potentialities of the coal industry in justifying the construction of the bridge.

As regards West Africa, Nigeria is the only field in which cotton ^{at} ~~growing~~ can be regarded as a ~~proven~~ ^{proved} success. Here much remains to be done (and only awaits the selection of a suitable adviser) to increase the yield of cotton per acre from present cultivation. As regards ^{railway} transport the Governor has recently been asked for his views as to future work when the extensions now in hand are completed. Here it is not anticipated that any difficulty as regards finance will arise.

Returning to East Africa, it must be borne in mind, so far as the Kenya-Uganda groups are concerned, that although great assistance was given by the

Parliamentary

E.C.G. Corpⁿ is sending out a transport unit of two auto track sleds to ascertain their utility for cotton transport in Nigerian conditions

Parliamentary loan of £3,500,000 last year, free of interest for five years, for the purpose of the construction of the railway already mentioned, and other services for the improvement of transport in connection with increased cotton cultivation, the ^{railway} system has to face the eventual charges on this loan, and that its capacity for future railway services is hampered by the heavy maintenance charges which will have to be met out of the ordinary revenue of the territories. It is also to be noted that the heavy interest charges which will have to be met out of the ordinary revenue of the territories in the years following the expiration of the five-year period will have a further effect in reducing the resources available for other purposes. It is therefore clear that the advantages of the loan are not sufficient to offset the disadvantages.

One disadvantage of a loan guaranteed for a period of years by the Imperial Government is that the Secretary of State and the Colonial Governments will be expected to use every endeavour to prevent the guarantee becoming operative, and it is probable that in this way the day-to-day requirements of the territories, particularly in the way of improvement of public health services, would suffer. On the other hand, while an amendment of the Colonial Stock Acts so as to give the loans of Protectorates and Mandated Territories

Territories the status of trustee territories, would be of great advantage in securing reasonable terms for a public loan, it is not desirable that such loans should be raised on terms which provide for the payment of interest during the first few years out of capital, although this course was adopted in the case of the Kenya Loan of £5,000,000 in 1921. The way in which the Colonial Government can best assist these Territories is adopted in the case of the Kenya-Uganda Loan of £1,000,000 last year, that is, a loan from the Home Treasury to the Dependency concerned, free of interest for five years, and then repayable on reasonable terms. But, as has been indicated, it would not be desirable that such an arrangement should be done for a loan of a similar duration only, and the restriction of this prospect is due to the desirability of a full development of new countries which have hitherto been hampered by want of money.

It may be added that three of the Dependencies of East Africa will in a comparatively few years have to face the liability in respect of the cost of military operations against German East Africa, and that Kenya in addition is liable after the same interval to be called upon to begin to repay the capital cost of the original Uganda railway. These impending claims represent in all perhaps £8,000,000, and any plans for the development of East Africa are necessarily hampered by the prospect of these liabilities.

W.C.S.
4.5.25

Mr. Ellis

Mr. Dunc has checked the 5 loan figures and the Gold Coast and Gambia on the attached statement which Mr. Mangle has been good enough to compile from official returns and the G. Coast Governor's address to the Council. The papers about the loans are with you and you may wish to add some to figures in regard to that aspect.

Smc
19.5.25

Mr. Mangle

Please add the values of the total of all exports & imports

Mij/-

Mr. Ellis

I have added the figures of the above to the statement.

hfm
2/5

Cyprus Coast

Principal Exports

| <u>Articles</u> | <u>1922</u> | <u>1923</u> | <u>1924</u> |
|-----------------|------------------------------|------------------------------|----------------------------|
| Corns | 159,000 tons | 197,000 tons | 217,000 tons |
| Wool | 11,279 tons | 135,603 tons | 1407 tons |
| Oil | 228,132 (org.T.) | 224,638 (org.T.) | 232,659 (org.T.) |
| Wine | 358,134 tons £8,335,400 | 358,775 tons £8,959,212 | 5019 & 12 £17,100 |
| Wool | 185,000 tons £7,951,539 | 249,633 tons £8,448,862 | 257,835 £7,984,074 |
| <u>Revenue</u> | <u>1921-22</u> £3,016,521 | <u>1922-23</u> £3,357,192 | <u>23-24</u> £3,742,000 |

Railways - 394 miles, and 120 miles
 Gallop... 157,000

Principal Imports

| <u>Articles</u> | <u>1922</u> | <u>1923</u> | <u>1924</u> |
|----------------------|-------------------|-------------------|-------------------|
| Wool | 49,020 tons | 11,505 tons | 61,117 tons |
| Wool Oil | 2,076 tons | 3,346 tons | 3,110 tons |
| <u>Total Exports</u> | <u>£1,377,464</u> | <u>£1,607,225</u> | <u>£1,571,485</u> |
| <u>Total Imports</u> | <u>£1,511,918</u> | <u>£1,949,981</u> | <u>£1,522,444</u> |

| <u>Revenue</u> | <u>1921</u> | <u>1922</u> | <u>1923</u> |
|----------------|--|-------------|--------------------|
| Railways | £639,315 | £786,540 | £845,319 |
| Towns | 355 miles open to Gallop... £1,950,000 | | Gallop... £867,319 |