

1925

Acrida

E. AFRICA
W. AFRICA

C. O.
17153
REC'D
APR 15 1925

FROM

DATE

WILSON, R.R., M.P.

14th April 1925.

RE CIRCULATION ---

Mr. *H. J. Handley*
Mr. *Bottomley*
Mr.
Inst. U.S. of S.

EMPIRE GROWN COTTON.

Observes as to necessity for speeding up the supply and establishing an Empire Cotton Futures Contract on the Liverpool market. Encloses report of meeting of Committee on Industry and Trade, held on 8th April.

Perms U.S. of S.

Copy U.S. of S.

Secretary of State.

Previous Paper

MINUTES

W/12110/25 (WA) (Finance Lead. act)
W/15022/25 (Finance Director)

*To G. H. Wilson (inst. reply) 21 April 1925.
Re: (S. G.) at Paris 26*

In James Currie will be back from his holiday after this week & I suggest that we should ask him to come over & discuss whether anything is possible towards stimulating production for export in Nigeria.

I am confident that there is little room for a sudden effort elsewhere unless perhaps in T.T.

Subsequent Paper

W/22087/hig/25

We may at the same time have something to tell us about the

Future Contract

Wed. 17.4.25

Mr. Bottomley

..) agree

A.J. 20/4/25

Mr. Galt

I find that Sir James Currie
will not be back in England till
Monday. Could we see him
why he went to Mr. Wilson?

Wed. 20.4.25

Mr. A. J. Harding

If you agree to the note attached
it will give the material for a
reply to Mr. Wilson.

Wed. 20.4.25

Mr. Strachey

I agree

A.J. 25/5/25

B.S/S
clma

Mr. Galt

Times 27 Aug 1925

EMPIRE COTTON.

NEW "PIT" FOR LIVERPOOL EXCHANGE.

A small but significant addition is being made to the Liverpool Cotton Exchange, arising out of a new form of Liverpool contract designed mainly to encourage the growth and sale of Empire cotton. Trading under this contract will open on September 1, and it is to prepare for this new feature that a new "pit" is to be constructed in the south-east corner of the room. A new quotation board to record market transactions is now being fitted up.

So far the Exchange has not provided traders in Empire-grown cotton and other "outside" crops with a method of hedging their positions in the futures market except in American cotton, which frequently was not an adequate "hedge." Recently the directors of the Liverpool Cotton Association adopted "The Empire and Miscellaneous Cotton Delivery Contract" against which all grades of cotton not lower than the grade and value of Strict Low Middling American Cotton may be tendered, the contract only exempting certain grades of Egyptian cotton tenderable on the present Egyptian "future" contracts. Thus growers and importers of Empire cotton are given a "hedge" in the futures market and this, it is hoped, will stimulate the cultivation of cotton in our Colonies.

Mr Bottomley

According to the above,

the new Cotton Contract has gone through

A. J. Harding

Mr Harding

27/8/25

Yes. The business was mentioned - without details - at the last Committee meeting. I am not sure that your "note" will be received - I think it will.

It remains to be seen how the change will work - questions may not be so easy to manage as in the American futures market, but it should help to counter the "outside" parties.

Manchester has 2/ Party used 18 4. 25
24/9/25

who says that he has
seen statements in the
papers that there are
going to be voluntary districts
in East Africa and as
have had a good deal
do with Anglo Indians,
he asks my advice as to
whether there would be
any openings for them
there -

There are a good many
different kinds of

Anglo Indians in India,
but they have been
brought up at the
same schools as English
boys in India, they

624
take kindly
to voluntary work, and many
of them did voluntary
work in East Africa during
the war.

Political changes in
which have affected the

a good deal, and many
people think it would
be wise of them to
get to some other part
of the Empire.

The question is, where are
they to go? Australia
seems to present two
difficulties.

1. Australians seem very
rigid on a 'white
Australia' and I am

not sure how they would
regard Anglo Indians in
that connection. 625

The openings in Australia
seem almost entirely
for farming for which
Anglo Indians have not
so far shown much
aptitude.

On the other hand I
should imagine that in
parts of the Empire
which come directly
under the Colonial
Office there would be

less rigid insistence
on the word 'white'
and Anglo Indians have
shown considerable
aptitude for railway
work.

I do not myself know
anything about railway
developments in East
Africa, but as, if there
were, it seems a promising
opening for Anglo Indian

I am writing to ask
if you could very
kindly give me any
information on the
subject.

626

Yours faithfully
Edward Youngblood

W. B. Atkinson

to J. H. ...
627
action ...

W. B.
7/5
all
7/5

6th May, 1923.

Dear Wilson,

I am now able to let you have a fuller reply to your letter of the 14th of April about the speeding up of Empire Cotton, particularly in Northern Nigeria, and the necessity for the establishment of an Empire Cotton Futures Contract on the Liverpool Market.

On the first point, it seems to me that the extension of the cotton area in Nigeria is a matter of future railway construction, and that has already been under consideration with the local government. It seems not yet to have been ascertained whether the present low yield is due to the low number of bolls to tree, or to the small yield of seed cotton per boll, or (less important at present) to the low ginning percentage from the seed cotton. I believe that the Empire Cotton Growing Corporation were to have sent

W. B. ATKINSON, Esq., F.R.S.

out

out an expert in plant production before now but for a 1st moment disappointment, and they have hopes of getting another man very shortly. The good expert staff which is now available in the Agricultural Department has not been there long enough yet for the effects of their work to be felt.

In the matter of competitive crops, we can of course not expect that cotton will be grown if other crops give more profitable results; in many places a rotation of cotton and ground nuts would be excellent for preserving the fertility of the soil, that of course necessarily means that on y half the agricultural ^{land} effort would be devoted to the production of cotton, and further the necessary food supplies have to be grown in addition in order to feed not only the farmers and their families but the inhabitants of the towns and the workers on the tin mines.

On the question of an "Empire Contract", I understand there is no question of Liverpool
stupidity/

stupidity or obstruction, but that it is a very difficult question and that Manchester realises the difficulty quite as much as Liverpool. Both are trying to find a solution of a very technical problem which must be left to the experts. Nigeria cotton is so similar to Middling American that the ordinary "futures" contract is a perfectly safe cover for Nigeria - much safer than for any varieties of cotton from America itself or for other outside cotton (e.g. Uganda) of long staple, the price of which depends entirely on ^{the} relation of Egyptian to Middling American.

Yours sincerely,

W. Stanley Jones

Sir J. Currie called on the 30th and saw Mr Harding and me.

1. On the question of an "Empire Contract" he said, and Mr R.H. Jackson confirmed later, that
 - (a) there was no question of Liverpool stupidity or obstruction. It was a very difficult question, and Manchester realised the difficulty quite as much as Liverpool. Both were trying to find a solution and a very technical matter must be left to the experts.
 - (b) Nigeria cotton was so ^{similar} close to Middling American that the ordinary "futures" contract was a perfectly safe cover for Nigeria. —
 Much safer than for many varieties of cotton from America itself, or for other outside cotton (e.g. Uganda) of long staple, the price of which depends entirely on the relation of Egyptian to Middling American.

2. On the question of Nigeria's cotton production:-

- (a) Extension of area. This is a matter of future railway construction, already under consideration with the local Government.
- (b) Yield. We seem not to know whether the present low yield is due to low number of bolls to tree, small yield of seed cotton per boll or (less important at present) low ginning per-centage from the seed cotton. The Corporation would have sent out an expert in plant production already but for a last-moment disappointment, and they have good hopes of getting another man very shortly. In the meantime it seems useless to take the matter up with the Director of Agriculture. It should be noted that while a good expert staff

is now available it has not been there long enough for the effects of its work to be felt.

(c) Competitive crops. It is not to be expected that a man will grow cotton if it pays him better to grow ground nuts, or if his land is better adapted to that crop. In many places a cotton - ground nut rotation would be excellent for preserving the fertility of the soil, but it necessarily means that only half the agriculturist's effort can be devoted to the production of cotton.

W.C.S. 30.4.25

And of course the necessary food supplies have to be grown in addition in order to feed not only the farmers ~~ag~~ & their families but the inhabitants of the towns, & the workers on the tin mines

A. J. H. 5/25

is now available it has not been there long enough for the effects of its work to be felt.

(c) Competitive crops. It is not to be expected that a man will grow cotton if it pays him better to grow ground nuts, or if his land is better adapted to that crop. In many places a cotton - ground nut rotation would be excellent for preserving the fertility of the soil, but it necessarily means that only half the agriculturist's effort can be devoted to the production of cotton.

was. 30. 4. 25

And of course the necessary food supplies have to be grown in addition in order to feed not only the farmers ~~agricultrists~~ & their families but the inhabitants of the towns, & the workers on the tin mines

A. J. H. 3/25

17153

REC
REL 15 APR 25

"Wood End",

PYRFORD.

Nr. WOKING.

14th April, 1925.

The Hon. F. Ormsby-Gore, M.P.,
Under-Secretary of State for the Colonies,
COLONIAL OFFICE
Downing Street, S.W.1.

Dear Ormsby Gore,

No doubt you have seen the report of the proceedings on the 8th inst. of the Committee on Industry and Trade which was appointed by the Labour Government, when evidence was heard, submitted on behalf of the Federation of Master Cotton Spinners' Associations. The report in the London papers did not deal with two points of particular interest to me and upon which, as you know, I have made certain representations recently to your Department. These concern speeding up the supply of Empire Grown Cotton, particularly in Northern Nigeria, and the necessity for the establishment of an Empire Cotton Futures Contract on the Liverpool Market.

In case you have not seen it I enclose a cutting from the "Liverpool Daily Post", which will let you see that the Federation of Master Cotton Spinners' Associations think as I do, that the increase of the supply of Empire grown cotton can be substantially advanced and that the selfish

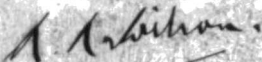
(2)

14th April, 1925.

The Hon. W. Ormsby-Gore, M.P.

action of the Liverpool Cotton Association in refusing the Futures Contract for Empire cotton is another spoke in the wheel of progress.

Yours sincerely,

A handwritten signature in cursive script, appearing to read "A. Wilson", with a horizontal line underneath it.

RATES AND TAXES CLOG TRADE.

LANCASHIRE'S NEED OF EMPIRE COTTON.

SPINNERS COMPLAIN OF HIGH SHIPPING CHARGES.

The Committee on Industry and Trade appointed by the Labour Government met yesterday, Sir Arthur Balfour presiding, and heard evidence submitted on behalf of the Federation of Master Cotton Spinners' Associations. The witnesses called attention to the importance of adequate supplies of raw cotton, and thought that steps should be taken to secure that ultimately the control of supplies of cotton to meet Lancashire needs should be vested in British hands.

For this purpose, it was stated, the work of the British Cotton Association and the Empire Cotton-Growing Corporation should be speeded up, and adequate funds should be provided. It was urged that the increase of supplies of Empire-grown cotton could be substantially advanced by increased Government facilities for transport in those Colonies and Dependencies which have already shown that cotton can be advantageously produced.

Heavy Charges for Injured Workpeople.

It was stated that the spinner receives in actual earnings approximately 60 per cent. above pre-war days, but that the actual increased charge on industry for wages is not far short of 100 per cent. on pre-war wages. Attention was called to the heavy amounts paid for local rates, the percentage of increase over 1914 on an average 100,000-spindle mill being equal to 53 per cent. in Bolton and 115 per cent. in Oldham.

The witnesses thought that the charge on industry for workmen's compensation had become serious, and that a fall should be called in the charges levied for providing benefits for injured workpeople. The efficiency of transport by rail, it was considered, was now about equal to pre-war conditions, and the efficiency of transport by road much greater than before the war. Attention was called to the handicap caused by the higher shipping charges from British ports to destinations abroad than those charged from Continental ports.

Longer Working Hours Abroad.

The witnesses explained that the working hours are limited at present by local agreement to forty-eight per week, but if this were maintained while foreign competitors were working longer hours they feared that a large portion of the trade would leave Lancashire. They expressed the opinion that the decline in our trade with certain markets was due partly to our competitors having an advantage in the matter of longer working hours.

The witnesses stated that owing to the prolonged short-time working many persons had gone into other occupations, and the supply of young labour had been seriously diminished. In their opinion, more machinery would be run to-day if there was a satisfactory supply of young operatives. In conclusion, the witnesses called attention to the handicap imposed on industry in this country as compared with foreign competitors, owing to the heavier taxation levied, and they thought that with reduced taxation and increased effective working hours in this country our commercial supremacy, so far as cotton goods are concerned, could not be seriously challenged.

Liverpool Futures Contract.

Evidence was also given on behalf of the Manchester Cotton Association. After giving statistics of the falling off of trade the Association expressed the view that a lowering of costs was absolutely essential, and that the lightening of the present heavy taxation should have a salutary effect. Further, the question of the effect of combinations upon industry should be examined, especially when such a remedy could be used to dictate prices, and they felt that the blame for the present depression was not to be laid upon the cotton growers, but on the Association suggested that certain Empire cottons should be made tenderable against the Liverpool futures contract, as this would give them a proper status, and to that extent would expedite the development of those cottons.

JC/EP.

OUR REF.

EMPIRE COTTON GROWING CORPORATION.

INCORPORATED BY ROYAL CHARTER.

INCORPORATED
 VICTORIA 1911.
 TELEGRAPHIC ADDRESS:
 "EMCOTTON, PARL., LONDON."
 CABLES:
 "EMCOTTON, LONDON."

*Millbank House,**2, Wood Street,**Millbank,**London, S.W. 1.*

21st May 1925.

12.15.

Dear Ormsby-Gore,

I have no desire to inflict inferior speeches on you, but you might care to run over what I said at the Annual Dinner of the Manchester Cotton Association. I have marked the passages that will interest you. You are giving me a few minutes on Tuesday and we can talk over the matter then.

I feel certain that if it is considered desirable I can mobilise all Lancashire ^{with} in support of your transport proposals and of the addendum to them.

Yours very sincerely,

*Jamieson*12.15.

Mr. Chairman and Gentlemen,

I am grateful to you for the honour you have done me in coupling my name with the Toast of Overseas Cotton Production, a subject which, however imperfectly handled, must always be of interest to any Lancashire audience, and of particular interest to those whom I have the honour of addressing to-night. I am particularly disappointed that my friend and trusty ally, Mr. Himbury, is unable to be present. He has borne the burden and the heat of the day in this crusade, and has a knowledge of many aspects of the situation, and of many cotton growing countries, with which I cannot claim to compete.

Speaking before an expert audience, I am not going to weary you by any retrospect of the history of this movement, or by any attempt to demonstrate its extreme urgency.

The gravity of the crisis through which the Lancashire Textile Industry, employers and workmen, is passing, is known to every man in this room. And you are equally familiar with the causes, the diminished purchasing power of the world, and the enhanced cost of the raw material, and the increasing local consumption in the United States, who practically dominate the situation so far as the supply of raw cotton is concerned. To escape from such domination, there is only one course possible, and that is to increase the available world's supply. To increase the Empire sources of supply is the reason why the great Corporation, whose senior Executive officer I am, has been called into being, and that is why the Textile Industry has taxed itself in furtherance of its objects.

We have now been functioning for nearly four years, officially for nearly two, and most naturally, like all things mortal, and certainly like all things English, we are occasionally asked -

(a) What are we doing?

(b) Why don't we get on with it faster?

Progress is being made, there is no doubt about that: let me give you the exact figures -

I don't want to weary you with them - but in 1918 the Empire growths, excluding Indian, expressed in numbers of bales came to 78,000 and last year, 1924, they came to 248,000 while the estimate for the current year, excluding Indian, is put at the figure of 350,000. If that is not progress, words have no meaning. The total Lancashire consumption last year was just under 2½ million bales, of which about 280,000 came from India, so that the growing importance of Empire production as a factor in the world's supply can readily be estimated. And we are only at the beginning; South Africa, North Africa, West Africa and East Africa, can all contribute an ever increasing quota, to their benefit and your benefit. In well nigh every African territory, to say nothing of Iraq and Australia, the British Cotton Growing Association and ourselves are now busy, in no sense overlapping one another, but each performing a well defined task.

We are naturally in close contact with the great Departments of State - the Board of Trade, the Colonial Office, the Foreign Office - and we meet with nothing but support and encouragement from them. And all, thank God, quite irrespective of the politics which dominate them at the moment. Lancashire interests, in the wide and decent sense, have never been better represented on the Nile than they were by Mr. Ramsay MacDonald, and to turn to the Board of Trade, with whom we have the majority of our official dealings, I have now had to do with Mr. Baldwin, Mr. Sidney Webb, and Sir Philip Cunliffe-Lister, and from each of these Ministers we have received constant encouragement and support. The same thing applies to the Union of South Africa, General Herzog and General Smuts, I understand, have their differences - they have

in no sense affected their attitude towards our work.

But I cannot shut my eyes to the existing situation, to its extreme urgency and to the need of as rapid development as is compatible with the needs of the native population, for whom we are trustees. If you want more cotton you have to do two things. You have to develop communications - railways, ports and auxiliary motor traction - and you have to see that a trained technical staff is available for the agricultural service of these great Dependencies and Crown Colonies.

Important proposals dealing with each of these problems are at present before the country. As you are aware, Mr. J. H. Thomas, when Secretary of State for the Colonies, appointed a non-party Commission, composed of Members of Parliament, to visit East Africa and report on certain weighty matters. The Commission have reported, and additional weight is added to their unanimous recommendations by the fact that the Chairman, Mr. Ormsby-Gore, is now Under Secretary of State for the Colonies. They make many weighty suggestions, but the one I particularly invite your attention to this evening is that they recommend the issue of a loan of ten million pounds for East African communications, under Imperial guarantee.

I earnestly hope that you will all read the report, and that when the proper time arrives, you will render their transport proposals your unflinching support.

I have only one criticism to make on this recommendation, I would like as an addendum to it, to see that a proportion of it, say 7½% was earmarked for research, native education and medical and sanitary services.

I want to improve native transport and the native at one and the same time, and not to see the former outstrip the latter.

I also desire to direct your attention to the needs of the Imperial College at Trinidad, the only place in the Empire where cadets for the tropical agricultural services can be adequately trained. The College wants £100,000 for buildings, land and apparatus, and an augmentation of income by about £5000 per annum.

If it is good business to spend ten millions in providing one part of Africa with adequate railways, it is likewise good business to spend 1/100 part of that sum in training a staff to produce the products which these railways are to carry. There is much else about which I could talk to you, but I am anxious that your attention should be concentrated on two practical matters of immediate urgency.

I truly believe that if all the interest concerned work at this vital problem in the spirit which has characterized the last four years, this problem of the supply of raw material, on which the interest not only of a great industry but of so many humble homes depend, is capable of solution, and that at no very distant date.

I am proud to be an instrument in this work, and I thank you for the patience with which you have listened to me.

I also desire to direct your attention to the fact that the Imperial College at Trinidad, the only place in the West Indies where students for the tropical agricultural sciences can be adequately trained. The College wants 1000 students, land and apparatus, and an augmentation of about 18000 per annum.

If it is good business to spend ten millions in one part of Africa with adequate railways, it is good business to spend 1000 parts of that sum in that part of Africa to produce the products which these railways will carry. There is much else about which I could say, but I am anxious that your attention should be concentrated on the practical matters of immediate urgency.

I truly believe that it will be the interest concerned both at this vital problem in the spirit which has characterized the last four years. This problem of the supply of raw material, on which the interest not only of a given country, but of so many human beings, is capable of solution, and that at no very distant date.

I am proud to be an instrument in the work which you are doing for the welfare of the world, and I have the honor to be, Sir, your obedient servant.

REGISTERED NO.

39422

NOTICE TO BINDER

PLEASE LEAVE SPACE HERE FOR INSERTION OF 6 SHEETS

From *Walsley C.A. Kenya*Date *27.9.25*Subject *Lat. House One - Two Lines**(Paper not available at time of binding)*