

1924

SRoa

KENYA
UGANDA

C O
13160
REC^d
FILE 18 MAR 24

TREASURY

Date
18th March 1924.

DESCRIPTION:

FINANCIAL POSITION.
KENYA AND UGANDA TRANSPORT DEVELOPMENT.

U.S. of S.

11/17/24

Concurs in arrangements proposed. Conveys approval to terms and conditions, as stated, with regard to Imperial Loan of £3,500,000. Asks that closer estimates of cost of services be forwarded when framed, and that annual accounts of expdres. and balances of principal and interest be furnished in due course.

U.S. of S.

U.S. of S.

Secretary of State

Previous Paper

MINUTES

8003
11191

Telegram and 4 drafts herewith which I think dispose of this letter. Please refer as soon as possible for action on the other foregoing letters.

JHC
4-4-24

These drafts are the result of discussion between Sir Colville & me. I have left the letter debated to Sir K. Lygon for your final approval.

The main points are in the draft telegram, the conflict between the words of a commitment of ordinary national law...

APR 4 1924

Handwritten notes:
copy (for signature) to be kept
copy verify above text, to be kept 211 com
copy all comm. papers to be kept 163 com
copy to be kept 211 com
copy to be kept 211 com
copy to be kept 211 com

Subsequent Paper

13505

JHC
4-4-24

importance (from the
employment point of
view) of placing orders
at once. We must

submit judgment till we
get the G. H. G. plans. X

(i) in the case of the
the incidence of the
and the money is not
will give to the
preliminary cost can
be applied to the two jobs

Good

The CA. has already been
to place the money at interest
- about 2 1/2 %

Good

X. I should like to see that
as it has not been decided
that Department of Commerce
cannot be written unilaterally
to the end and to be copied
to the end, that is to say

On behalf of the contact
Department of Commerce, London
133
I have in writing to the
telegram advised that the
rerouting of the main line to
such a service. To let it out
to contract would I think be
impossible - because of the
interference with traffic cost of
and wasteful because the
work can be done by a simple
expansion of the ordinary
organization of maintenance
gangs.

W. J. G.

H. J. G.

15/24

SUGGESTIONS FOR REPORT STAGE.

I propose to make some reference to various points which arose in the Debate in Committee on this Supplemental Estimate.

Five months ago Kenya contemplated expenditure on certain development services to be met by raising a public loan of £3,000,000. The discussions of what could be done to assist cotton development ^{and} by expediting orders for material, to relieve unemployment in this country led to the addition to the programme of services representing an expenditure of about five ~~and-a-half~~ million pounds, representing the cost of the cotton railways and the improvements to the main line and the harbour facilities which the increased traffic will necessitate. The cotton railways are estimated to cost £2,600,000, so that the vote will cover them and provide a contribution of £900,000 to the improvement of the main line and the port facilities. No part of the £3,500,000 is being asked for in connection with any other service.

The cotton railways in question are those intended for the development of the purely native areas in Western Kenya and the Eastern Province of Uganda. They have no relation whatever to any ~~other~~ European area.

The cotton cultivation which is contemplated is entirely cultivation by natives on native land for the benefit of the natives. The cultivation of cotton on European farms is not contemplated, and it is very doubtful whether it would be successful if tried.

It has been recognised in the Committee that there are good grounds for extending the communications

the soldier/settlement areas, and although, as I have said, this has no relation to the 23,500,000, I would like to point out that we have a general duty to the European settlers and that, in any case, as they hold the land, they may as well be assisted to make it productive. The fact that some persons may make a profit in disposing of the land when communications are improved is not really material if thereby the land is brought into production. The fact that so large a proportion of European land is still uncultivated is, to a great extent, due to the past lack of railways, which has tended towards the use of the land for grazing, in many cases, where it might otherwise have borne crops.

Certain references to the use of native labour on European farms have been due, I think, to the belief that cultivation of cotton by Europeans was in contemplation. That is not the case, but it seems certain that there will always be a number of natives who prefer to leave their services for work on European farms, and there is no reason why they should not do so if they wish, provided that the necessary steps are taken for their protection while so engaged.

The period of depression among European settlers seems now to be over, and news is continually coming in of evidences of fresh prosperity. Coupled with the fact that there is no sort of pressure on the native to work for a European, this is clear evidence that a voluntary labour supply exists.

On the general question of native interests, I promised in Committee to consider the question of appointing some form of Committee to examine what is needed and what has been done to carry out the principle of the white paper of July, 1923, that, while the interests of non-native communities must be safeguarded, those of the natives must, in case of conflict, be paramount.

I am expecting despatches from the Governor of Kenya which will assist me in this matter, and I do not wish to make any pledge until my information is more complete, particularly as regards the question of the inviolability of the native reserves, to which special attention has been drawn. It may prove that, in the first instance, it will be best for me to call for ^{special} reports by the officers ^{specialists} responsible in the two dependencies for the interests of the natives.

Reverting to the question of the new railways, I have made it clear that I have an open mind as to whether construction should be departmental or by contract. I think that it will avoid some delay in getting to work if departmental construction is possible, but, with so large a programme, it may be that the General Manager of the railway, and his staff, will find themselves unable to supervise the whole of the work. That question has already been put to the Governor, and I shall await his views, but this is a case in which expedition is of the highest importance, both from the point of view of placing orders, which mean work in this country, and of avoiding the risk of losing a cotton season by any delay.

Where

where ~~the~~ contract is adopted, I would repeat the assurance I have already given that competitive tenders will be invited in every case. I should also like it to be clear that it has already been laid down that all material ordered from outside East Africa must be obtained from British sources.

At the conclusion of the Debate in Committee the Honourable Member for *Jefferies* (Sir Frederick Wise) expressed the opinion that the loan would not be free of interest for five years, but that ~~the~~ amount should be increased so as to permit of the payment of five years' interest out of capital. That would very greatly increase the ultimate burden on East African finances, and it would be contrary to the view taken in regard to other schemes for assisting employment, that this country can fairly make a definite contribution towards the cost of the work. That consideration is of special moment in a scheme for producing additional supplies of cotton. It is not a matter in which forecasts can be reliable, but we can take it that Uganda's ultimate production of cotton may be 500,000 bales with these additional railways, and 200,000 bales without them. The difference, at a conservative estimate of the future price of cotton, represents an additional output of £5,000,000 worth of cotton each year, and an increase in the receipts of the native of at least £1,000,000. It is not pretended that railways alone will effect all the increase we hope for. Improved methods of agriculture, and, in particular, the appointment of additional supervising staff (which is being taken up in conjunction with the Empire Cotton Growing Corporation) are required.

My honourable friend, the Member for North Hackney, raised in Committee the question whether East African finances could bear the charges on the whole of the expenditure which is contemplated. Those charges will, of course, in the first instance, fall on the revenues of the railway, and I am confident that, with the assistance represented by the loan of three and a half million pounds, free of interest for five years, the receipts from the additional traffic will be sufficient to meet fully the capital charges which are involved. There should be no necessity ^{for} falling back on the other revenues of East Africa for these charges, ^{but} ~~and~~ it is obvious that the general prosperity which an adequate system of communication will secure must very greatly increase the financial capacity of the two dependencies. It will be our first care to ^{see} ~~assure~~ that that general prosperity is used for the benefit and advancement of the natives, but it will provide a security additional to the railway revenues themselves for the meeting of debt charges.

I have prepared the attached notes on ^{Monday} ~~Wednesday~~ points which arose in ~~Tuesday's~~ ^{Monday's} debate, and which the Secretary of State may wish to refer to when the debate is resumed.

I have prepared a separate and more elaborate note on the Usin Gishu Railway point which is certain to come up again. The extent to which that note is used will depend on the course of the further debate, and, particularly, on how far Mr. Hope Simpson comes out into the open.

The numbers in the attached notes refer to the passages marked in the annexed copy of the official report. One or two points need not be taken up by the Secretary of State, and I think they will be better avoided. They are the following:

(a) The old loan (Item 1): the use of the loan money for non-development purposes. They are continuously laid down in a local Ordinance appropriating the proceeds of the line. There will be a similar Ordinance covering that portion of the works now in contemplation which is not met by the £3,500,000 grant, but, in that case, the non-development expenditure out of the loan will be very small, and whatever it is will not affect the expenditure under this grant in any way.

(b) War Claims (Ormsby Gore 11): this should be strictly ignored as the Treasury have definitely

asked

asked us not to make public the arrangement for postponing the claims for ten years. In the case of Uganda where war contributions have appeared in the Protectorate Estimates some local explanation will be necessary. We cannot say yet what form it should take, but, at all events a public statement in Parliament here should be avoided.

(H) Abraham case (Harvey 14): this was dealt with ~~at the time~~ by the Secretary of State, and further reference seems unnecessary.

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(2) Abraham case (Harvey 14): this was dealt with at the time by the Secretary of State, and further reference seems unnecessary.

The GRANT OF £2,500,000

[Hansard 4.6.17, March 9.10, Hansard 13. Royal 20]

It has been explained in reply to a Parliamentary Question that the amount forms part of a large scheme involving the expenditure of £6,000,000, of which much is not concerned with cotton development. That part ^{and} is entirely a matter for a loan to be issued in the public market in the ordinary way later on.

£ 3,500,000

The items to which the grants will be devoted are:

Extension of Uasin-Gishu Railway	
Tussock-Tororo-Lusings	£1,600,000
Branch Tororo-Kumi	2750,000
Branch with North Kavirondo	£250,000
Total	£2,600,000

together with a portion of the cost of:

Re-laying and regrading the main line Mombasa - Nairobi	£1,800,000
Additional port facilities	£750,000
	£2,550,000

much of which expenditure can be definitely attributed to the great increase of traffic which is expected to result on the construction of the cotton lines.

The estimates are approximate only.

If the purely cotton services cost more or less than the amounts mentioned, the expenditure from the grant on the services which are partially attributed to cotton will be reduced or increased as the case may be, but, it is obvious that no part of the grant

will

The GRANT of £3,500,000

[Hansard 11/4/67, March 8/10, Hansard 13, Royal 2a]

It has been explained in reply to a Parliamentary Question that the amount forms part of a large scheme involving the expenditure of £8,000,000, of which much is not concerned with cotton development. That part ^{and} is entirely a matter for a loan to be issued in the public market in the ordinary way later on.

£3,500,000

The items to which the grants will be devoted are:

Extension of Uasin-Gishu Railway)	
Turbo-Tororo-Lusingsa /	£1,600,000
Branch Tororo-Kuni	£750,000
Branch with North Kavirondo	£250,000
Total	£2,600,000

together with a portion of the cost of:

Re-railing and regrading the main line Mombasa - Nairobi	£1,600,000
Additional port facilities	£750,000
	£2,350,000

much of which expenditure can be definitely attributed to the great increase of traffic which is expected to result on the construction of the cotton lines.

The estimates are approximate only.

If the purely cotton services cost more or less than the amounts mentioned, the expenditure from the grant on the services which are partially attributed to cotton will be reduced or increased as the case may be, but, it is obvious that no part of the grant

will

will be spent on services which are not directly or indirectly attributable to cotton development.

The three branches mentioned by the Honourable and Learned Member for Orkney are entirely separate from this grant.

I should deprecate the appointment of any body to supervise the details of the expenditure of the loan money, as it is essential that nothing should be allowed to delay the immediate execution of the work which the General Manager has already asked that he may get on with as quickly as possible. From what has already been said, it is clear that the interest of the General Manager and East Africa generally, particularly from the point of view of their total programme lies in the direction of the economical construction of the purely cotton railways, while the interest of the General Manager from the point of future working points to their being constructed efficiently and in the position which will attract most traffic. During the year in which he has been in East Africa, the General Manager has shown great powers of organisation and economical but efficient working, and the Committee cannot do better in a matter in which time is everything than leave on him the general responsibility for spending the money to the best advantage.

The accounts of the expenditure of the £3,500,000 will be kept separate from the rest of the capital expenditure, and, as will be observed from the

the note accompanying the supplementary estimate, they will be furnished to the Comptroller and Auditor General. This would appear to be a sufficient safeguard against the money being used for other purposes, but as time goes on it will be easy for any member to assure himself on the point by putting a question to the Secretary of State.

With regard to the suggestion of the Honourable Member for Orkney that the requirements of native traffic are insufficiently studied, I have no information on this point, but I will certainly bring it to the notice of the General Manager through the Governor of Kenya.

On his point as to the ^{question} of taxation in order to pay interest, I may assure the Committee that not even the desirability of promoting the native cultivation of cotton would have induced me (and I think the Honourable Member for Stafford will agree) to take on the heavy liabilities which the whole scheme involves if there had not been good reason to believe that the ^{cost} ^{of} ^{the} ^{railways} ^{will} ^{themselves} ^{pay} ^{for} ^{the} ^{debt} ^{charges} ^{out} ^{of} ^{their} ^{increased} ^{profits}. If there is any deficiency, I can readily undertake that the incidence of the additional taxation necessary to make good the balance will be ^{very} ^{carefully} ^{borne} ⁱⁿ ^{mind}. I cannot go farther than that, and the Committee will recognise that, if, as we hope, the programme now in prospect will mean such a large increase in cotton production in Uganda alone as is represented by the ^{value} ^{of} ^{the} ^{loan} ^{sum} ^{of} ^{£8,000,000} sterling in Lancashire each year, it cannot be taken for granted that the native growers would not be able to bear some part of the loan burden.

6
141

THE POSITION OF KENYA WITH REGARD TO
RAILWAY CONTROL.

Kenya 27
Kenya

At present the whole of the railway and steamer transport ^{system} administration of Kenya and Uganda, together with the motor transport to Lake Albert is separated in administration from the two Governments, and is under the General Manager, subject to the supervision of the High Commissioner for Transport, who is at present the Governor of Kenya, and the High Commissioner is assisted by an Inter-Colonial Advisory Council representing both Dependencies. This ensures that the interests of both are fully heard, and, where necessary, represented to the Secretary of State, while the General Manager is freed from any dependence on the sectional interests of either.

But while an administrative arrangement of this kind is not difficult to achieve, it is much more difficult to give legal effect to it: this matter is under consideration, but it will probably be necessary, as money has to be borrowed not merely as security of Transport Administration Revenues but also on those of the Dependencies themselves, that the legal obligation shall be a matter for the two Governments. In the case of the public loan which will be necessary to supplement the Imperial grant, the loan will have to be raised by Kenya, as Uganda, being a Protectorate, cannot issue a public security. In the case of the Imperial grant and of any other borrowings which in fact represent works constructed in Uganda, it will be necessary

necessary for Uganda to pass laws taking over responsibility for a certain amount of capital expenditure. But, at present, it is quite impossible to say what part of the expenditure now contemplated will actually be ascribable to Uganda, and, it has been convenient, therefore, to describe the vote as a loan grant-in-aid to Kenya only.

How far the Transport Administration can be extended to cover the railways in Tanganyika will be a matter for later consideration. At present it would seem that the General Manager will have enough to do to carry through the administration of the ~~Uganda~~ ^{Kenya-Uganda} system simultaneously with the supervision of the new railways, and it will be desirable not to place on his shoulders ^{the} additional responsibilities of the Tanganyika railways which it is suggested.

CONSTRUCTION BY CONTRACT OR DEPARTMENTALLY.

See Item 1; Gurnaby Core 12; Royce 21.

In a case where a large programme is to be put through as quickly as possible, the preliminary delays involved in inviting tenders for work which has to be carefully examined by the prospective contractor, and in the negotiation of the contract, ~~case~~ should be avoided if possible. Further, the arrangements for obtaining labour will require very careful handling, and it is possible that difficulties would arise with the contractor if his labour supply was diminished by the demands of other parts of the whole programme. It would, I think, make for expedition if the whole of the work could be undertaken departmentally, but, for the present, I have an open mind on this subject; and, I have, in fact, already asked for the views of the Governor of Kenya and the General Manager on this question, and, particularly, on whether if the whole programme is placed entirely in the hands of the Transport Administration itself, the strain on the supervising staff—added to the work of open lines of administration—will not be so great as actually to interfere with the expeditious completion of the scheme. The matter will be fully considered on the receipt of the Governor's reply.

LABOUR FOR RAILWAY CONSTRUCTION.

[Harvey 15.]

Very careful consideration will be given to the Honourable Member's points, and it will be considered how far the contractual obligations for the care of the native labourers cannot be strengthened so as to provide, whether construction is by contract or departmental, for the interests of the labourers to be protected in every possible way. The Honourable Member has mentioned the close control of the use of the power of obtaining compulsory labour which has been insisted upon by a previous Secretary of State. I have good hopes that it will not be necessary to have recourse to such powers—especially for the lines which immediately serve native areas, the inhabitants of which will be fully alive to their own interest in the works. I hope the Committee will not require me to bind myself in advance not to allow any recourse to compulsory labour, and will accept as sufficient my assurance that expedient will be avoided if it possibly can.

10
NON RAILWAY POINTS.

16
K 17

Honourable Members have raised various points arising out of the White Paper of July last. I consider that it is much too early to consider the appointment of a Commission or a single Commissioner to enquire into the extent to which effect has been given to the principle that native interests are paramount. I shall, in the first place, request the Governors of Kenya and Uganda to supply me year by year with a special report on this point by the Chief Native Commissioner of Kenya and the Assistant Secretary for Native Affairs, Uganda. I have ~~any~~ ^{conf. deval} additional evidence that those officers will be guided in their reports entirely by the interests of the natives for whom they are responsible, and that the Governors themselves, who are fully alive to the importance of the question, will not fail ⁱⁿ sending the reports to me, and to add any suggestions which will assist in securing the complete fulfilment of the principle. At the same time, when I stated publicly a few weeks ago that I intended as at present advised to maintain the principles laid down in the White Paper, I did not exclude from that assurance the principle that the interests of other communities must be safeguarded, and, I can assure my Honourable Friend the Member for ~~Holland~~ ^{London}, who, in ~~his~~ ^{his} debate took the line (not common in this House) of standing up for his countrymen, that both the feelings and the interests

22

NON RAILWAY POINTS.

6
Hand 17

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22

interests

TREASURY CHAMBERS.

Any reply to this letter should be addressed to—
THE SECRETARY,
TREASURY,
WHITEHALL, LONDON, S.W.1
and the following number quoted.

S. 22739

18 March, 1924.



Sir,

I have laid before the Lords Commissioners of His Majesty's Treasury Sir H.J. Read's letter of the 18th ultimo (3305/1924) and the accompanying memorandum summarising the correspondence which has passed between the late Secretary of State for the Colonies and the late Chancellor of the Exchequer regarding the assistance to be given to Kenya and Uganda in connection with the programme of transport development (particularly in regard to cotton) which is in contemplation, and I am to request you to convey to the Secretary of State for the Colonies Their Lordships' concurrence in the arrangements indicated.

My Lords have caused separate letters to be addressed to you confirming the arrangements with regard to the Uganda financial position and the position of the Uganda Railway in connection with the capital monies provided under the Uganda Railway Acts, 1896 and 1902.

The Under Secretary of State,
Colonial Office.

1902, and the repayment of war liability, both of Kenya and Uganda. A similar arrangement will hold with regard to the war liability of Nyasaland.

With regard to the Imperial Loan of £3,500,000 to Kenya for railway services in connection with cotton development for which a supplementary estimate has been presented to the House of Commons I am to convey Their Lordships' approval to the following terms and conditions:-

1. The loan is to be secured on the revenues and assets of Kenya, Uganda and the East African Transport Administration (Uganda Railway) jointly.
2. The loan is to be free of interest for five years and will then be repaid by thirty seven annuity payments at the rate of 6 per cent. of the amount lent, representing 5 per cent. interest and 1 per cent. in respect of sinking fund. The first annuity payment will be due at the end of the sixth year.
3. The loan of £3,500,000, with any interest on that sum prior to its being expended, is to be devoted to the railway

railway services in connection with cotton development, and no part of the interest will be diverted to other purposes.

Their Lordships desire to be furnished with closer estimates of the cost of the services as soon as framed and in due course with annual accounts of the expenditure and balances of principal and interest available.

I am,

Sir,

Your obedient Servant,

Edw. Barton

4/13160/ Kings
24 Uganda

Snd.
Coast 4.0 hrs
2nd April 24

3-

Je

[4247/24]

My telegram 27th February

~~£3,500,000~~
to be paid to

DRAFT. tely

Sir,
Nairobi

Comm Agents. Steps should

be taken ~~to ensure~~ ~~to~~ ~~press on~~
to ensure ~~of~~ new lines and
to ensure ~~of~~ new lines and

MINUTE.

4 APR 1924

- Mr. Callan 21.3.24
- Mr. Bottrill 1.4.24
- Mr.
- Sir C. Davis
- Sir O. Grindle
- Sir H. Road

prepare definite programme

of expenditure from ~~£3,500,000~~

millions. ~~details should~~
relaying main lines and
be forwarded to me as soon

as reasonably clear

when material will be
required. If full indications

as to dates of delivery are

1/24/24
2/4/24
copy to all agents

Mr J. Macintyre Smith
Sud. Am. 2/4
Mr. Chas. ...
Date of ...
(for ...)

24 drafts

given, every effort will be
made to secure adherence to
such dates as to avoid
congestion but at the same

time importance must be
attached to avoiding
from point of view of
the employment of placing
orders quickly. As
regards the incidents in my
case of a month or so
contract construction

(2097)

15/100

DRAFT.

4 April 1926

The Secretary
Tisbury

Dear Sir

I am able to acknowledge the

MINUTE

receipt of your letter of the

Mr. Calder 2/6/24
Mr. Bolton 2/4/24

15th of March No. S. 22769

copy
 364 } 14/10/26
 163 }
 10/10/26

and to request you to convey

Mr. 7th and Mrs. L. L. L. L.

for their assistance in the

assistance & as given to

Mr. and Mrs. L. L. L. L.

with transport

Mr. J. J. J. J.
Mr. K. K. K. K.
Mr. L. L. L. L.
Mr. M. M. M. M.
Mr. N. N. N. N.
Mr. O. O. O. O.
Mr. P. P. P. P.
Mr. Q. Q. Q. Q.
Mr. R. R. R. R.
Mr. S. S. S. S.
Mr. T. T. T. T.
Mr. U. U. U. U.
Mr. V. V. V. V.
Mr. W. W. W. W.
Mr. X. X. X. X.
Mr. Y. Y. Y. Y.
Mr. Z. Z. Z. Z.

Mr. Drafts

13160 / Stamp
24

Ind

~~22~~

21 April 1924

Sir,

DRAFT.

With reference to my
and
telegram of the X of April
regarding the \$3,500,000 loan

King
No. 361
Gov. Corydon

MINUTE.

- Mr. Callahan 11/4/24
- Mr. B. Stanley 4/24
- Mr.
- Mr. C. Davis
- Mr. G. Griggs
- Mr. H. Bond 1/25/24
- Mr. J. Masterson Smith
- Mr. Ford 4/4
- Mr. Thomas
- Mr. [unclear]

Copy to King

(Mr. H. Bond)
 (Mr. J. Masterson Smith)
 (Mr. Ford)
 (Mr. Thomas)

I have etc. to transmit to
you a copy of a memorandum
submitted to the Treasury and
a copy of the Treasury ^{letter}
dealing with the loan. A copy
of the reply to the Treasury
for letter to the Loan Agents
is also enclosed.

2. I shall be glad to
re-view as soon as possible a
definite programme of the

draft

expenditure from the ^{£3,500,000} 3½ million loan
and detailed estimate of the cost
of the various services. In this
connection I may observe that
the rolling stock required for the
railways ~~to be built~~ for
the ^{£3,500,000} 3½ million loan should be
charged to that loan and not to
the ^{£4,500,000} 4½ million loan which will be
issued later. In any case that
it is difficult to lay down definitely
what rolling stock is required for
a particular extension but some
rough basis of appointment should
be prepared by the General Manager.

3. As soon as the schedule of
services for the ^{£3,500,000} 3½ million loan has
been worked out, steps ^{which should be} should be
taken to pass a loan ordinance

revenue the loan on the revenue

Kenya and the Transport
Administration and providing
~~interest and~~
provision for a period
for annuity payments after five years
as laid down in the enclosed

memorandum. A similar
ordinance will be passed in
Uganda. It is ~~of course intended~~

that the sums required after five
years for the annuity payments
shall be found by the Transport
Administration. If at any time

the Transport Administration should
be unable to find the annual sum
required, the revenues of Kenya and
Uganda would be jointly and
severally liable for the ^(whole) amount
of the deficiency. In practice it

DRAFT.

MINUTE.

- Mr.
- Mr.
- Mr.
- Mr. C. Davis
- Mr. G. Grindall
- Mr. H. Hall
- Mr. J. MacIntosh Smith
- Mr. Ormsby-Gore
- Mr. J. D. Morrison

would obviously be desirable to
apportion the deficiency between
the two dependencies and I
shall be glad to receive in due
course your views as to the portion
that should be borne by Kenya should
such a contingency occur.

4. After the ^{£3,500,000} £4 million
loan advance has been passed,
steps should be taken to repaid the
existing ^{£3,000,000} £3 million loan advance
and replaced by ^{£4,500,000} £4.5 million
loan advance. Detailed schedules for
repayment from the ^{£4,500,000} £4.5 million loan
should be prepared for my consideration
as soon as possible. An advance
covering the ^{£4,500,000} £4.5 million loan on
Uganda services will also be considered in

that dependency. In the event
of the ^{£3,500,000} £3.5 million loan it is understood
that the G. for the greater part of
the interest required for the
^{£4,500,000} £4.5 million loan will be found
by the Transport Administration, but
in the event of a deficiency the
Governor of Kenya and Uganda
would be liable for the amount.

DRAFT.

MINUTE.

- Mr. A.
- Mr. B.
- Mr. C.
- Mr. C. Dene.
- Mr. G. Grindle.
- Mr. H. Reid.
- Mr. J. Maitland Smith.
- Mr. Gladys Gore.
- Miss G. Dore.

I shall be glad to receive in due
course your recommendations as
to the apportionment in the event
of such a deficiency. It seems
clear that in the case of the
^{£4,500,000} £4.5 million loan the Uganda liability
should be much smaller than that
of Kenya. It may be worth
consideration to exclude all the

7/1/1880

expenses provided in the budgeting
- £3,000,000
The large 2 million loan

the and complete liquidation of
stability in the balance remaining

with
I shall like to explain
that the £4,500,000 loan will have to
be raised in the City and that it is
most important that economy should
be practised in all branches of administration
so as to increase the security for the loan
I would like to be raised on the best
possible terms. It is also most desirable

that the greatest care should be taken
the expenditure of the £3,500,000 and
£4,500,000
this loans to ensure that the
maximum returns be obtained from
this large expenditure and that there
is no avoidable waste, over-spending
or corruption.

A copy of this despatch has been
sent to the Gov of Uganda.
(Signed) J. H. T.

Ind

✓

4 April 1880

DRAFT.

La
163
v Archer

MINUTE.

- Mr. Calder p. 24
- Mr. Dutton p. 14
- Mr. O. Duns
- Mr. G. Orde
- Mr. H. Ross
- Mr. J. H. T.
- Mr. J. H. T.
- (present)

I have the honor to transmit

to you for your information a

copy of a despatch and
enclosures to the Governor

of Kenya on the subject of
the loans of £3,500,000 and
£4,500,000 which are to be

raised on the resources of
Kenya, Uganda and the
Yoruba Administration.

I shall be glad

to receive in due season

observations you may wish to
 offer and in particular your
 suggestions as to the apportionment
 of the liability under the ^{£3,500,000} ~~£3,000,000~~ ^{£4,000,000} million
 and ~~£4,000,000~~ million loans in the event
 of a deficiency in the amount
 required from the Transport Administration.

Wm. J. H. THOMAS

4/13/60 ^{Kenya} ~~25 Uganda~~

Ind

~~29~~

4.11.1964

DRAFT.

4/6 CA.

MINUTE.

- Mr. Collier 31.3.24
- Mr. Nathan 1.10.24
- Mr. O. Davis
- Mr. G. Grant
- Mr. H. Reid
- Mr. J. H. Harrison Smith
- Mr. J. H. Smith
- Mr. J. H. Smith
- Mr. J. H. Smith

copy to be kept
 (13/60)

I am etc. to transmit
 to you and for your information
 a copy of letter for the
 Treasury regarding the
 special loan of ^{£3,500,000} ~~£3,000,000~~ million
 A copy of a telegram to
 Kenya regarding apportionment
 from the loan is also
 enclosed.

I am to inform
 you to open a separate
 account for this loan which
 shall be shown as the

4/6 draft.

£3,500,000

Kenya-Uganda ~~3 1/2 million~~ loan

account. The money may be

used to finance Kenya's warlike

and but for short periods in

such ways as may appear

most profitable; but, however the

money is used until it is

actually expended on railways

and harbor materials, the

appropriate rate of interest

must be credited to ^{the loan account} ~~the loan~~ ~~the loan~~

share and - full amount of any

amount of a further loan - for any

purpose ~~you shall forward to~~

the Kenya Govt. a detailed statement

of the loan account at the

31st of ^{March} ~~December~~ The Kenya Govt.

all the ~~has~~ - properly audited

balance sheet prepared and

submitted to ^{the Govt.} for communication

(signed) H. J. REID

£3,500,000

Kenya Uganda ~~3 1/2 million~~ loan

account. The money may be used to finance Kenya's work but for short periods in such ways as may appear most profitable; but, however the money is used until it is actually expended on railways and harbour materials, the

Appropriate rate of interest must be credited to ^{the loan account} ~~the~~ You should send a full statement of ~~the~~ ^{the} account of the Kenya - Uganda ~~loan~~ ^{loan} ~~for the 31st of December~~ ^{for the 31st of December} ~~and the~~ ^{and the} ~~balance~~ ^{balance} ~~of the~~ ^{of the} ~~account~~ ^{account} ~~and~~ ^{and} ~~you~~ ^{you} ~~shall~~ ^{shall} ~~forward~~ ^{forward} ~~the~~ ^{the} ~~Kenya~~ ^{Kenya} ~~Govt.~~ ^{Govt.} ~~a~~ ^a ~~detailed~~ ^{detailed} ~~statement~~ ^{statement} ~~of~~ ^{of} ~~the~~ ^{the} ~~loan~~ ^{loan} ~~account~~ ^{account} ~~at~~ ^{at} ~~the~~ ^{the} ~~31st~~ ^{31st} ~~of~~ ^{of} ~~December~~ ^{December} ~~1954~~ ¹⁹⁵⁴ ~~and~~ ^{and} ~~the~~ ^{the} ~~Kenya~~ ^{Kenya} ~~Govt.~~ ^{Govt.} ~~will~~ ^{will} ~~the~~ ^{the} ~~loan~~ ^{loan} ~~properly~~ ^{properly} ~~credited~~ ^{credited} ~~to~~ ^{to} ~~the~~ ^{the} ~~Kenya~~ ^{Kenya} ~~Govt.~~ ^{Govt.} ~~and~~ ^{and} ~~submitted~~ ^{submitted} ~~to~~ ^{to} ~~the~~ ^{the} ~~Kenya~~ ^{Kenya} ~~Govt.~~ ^{Govt.} ~~for~~ ^{for} ~~communication~~ ^{communication} ~~to~~ ^{to} ~~the~~ ^{the} ~~Kenya~~ ^{Kenya} ~~Govt.~~ ^{Govt.}

11

H. J. P.