

1925

KENYA

C. O.
13825
25 Mar 25

DATE

G. DENHAM.

TEL

24th March 1925.

PTE & PERSONAL.

REGULATION 1-

MBARAKI.

Hopes to overcome objections of Executive Council and General Manager provided, he may reassure them as stated with regard to Port Control, Kilingiri Charges, and direct dealing with African Wharfage Co as to terms of Lease.

P.S. of S. a
to Stirling

*W.C. of S.
C. O. 13825
25 Mar 25*

Previous Paper

MINUTES

I am afraid that we are not much advanced, and I am sorry that Mr. Denham (no doubt with full reason) has had to hint that we may have the General Manager resigning over this matter. It would be most unfortunate and unnecessary if he did so, because he is not personally responsible either for the arrangements by which Major Grogan was induced to hold up all matters connected with the disposal of his estate (which for 24 years the position of the Government was discussed), or for the manipulation of charges, which has done so much to complicate the issue.

On the assurance which Mr. Denham asks for :-

(1) If it is agreed that we buy from Major Grogan without involving Lord Inchiquin, the assurance can be given that we buy from

Major

Subsequent Page

only 16503

Major Grogan expecting to be able to hold Lord Incheape to his waiver of the option to purchase, I do not see how we can ignore the rest of his letter of the 17th December (S9447/24), in which he made it clear that he expected to retain his lease of the wharf and not to be driven out by the Government.

(2) I wish that the Acting Governor had been more explicit about the adjustment of charges at Kilindini. If he means that the Government is to be left free to carry on a ^{rate} ~~price~~ war, undercutting the African Wharfrage Company until they are driven out of M'baraki, I do not think that the Secretary of State can agree to such a suicidal policy, as I am convinced (as before) that it would mean an all-round increase of ocean freights, which could only be detrimental to the Colony and Uganda. General freedom to alter charges at Kilindini must of course remain, but there should be no question of deliberate undercutting.

(3) It is not, I think, possible immediately to hand over the ~~correspondence~~ ^{negotiations} with the African Wharfrage Company to the local people. The correspondence between the Secretary of State and Lord Incheape is to be closed in some way, and the best we can do, after the purchase from Major Grogan has been arranged, is to write to Lord Incheape and suggest that the local Government and the local representatives of the African Wharfrage Company should confer and put up a scheme which could be referred to London for approval. Even if we had had no correspondence with Lord Incheape at all, it would I think have been impossible for the Secretary of State to dissociate himself entirely from the settlement.

As regards the last four lines of the telegram from the Acting Governor, they are faulty in form and obscure

obscure in meaning. I believe that they relate back to the adjustment of charges at Kilindini, and that the Acting Governor definitely contemplates action in that regard which would make the African Wharfrage Company, saddled with a rent of £12,000 a year, anxious to give up M'baraki altogether.

Before making any suggestions as to the reply to this telegram I think that, if it could be arranged we should have a further discussion as to our attitude.

I agree. We should point this out

Good 26.2.24

M 2 28/3/24

as soon as possible 28.3

I agree. This must be out

Telegram from the Officer Administering the Government
of Kenya to the Secretary of State for the Colonies.

Dated 24th March, 1925.

(Received Colonial Office 7.40 p.m. 24th March, 1925.)

24th March. Private and Personal.

Q. 11033
Your Private and Personal telegram of 19th
March. Hope I may be able to effect settlement
Mbaraki with concurrence of Executive Council and
General Manager, though high price to be paid in view of
continuance of Lease is bound to be strongly objected
to, if I am able to give Council and Railway assurance
(1) question of Port Control will be considered
separately and on its own merits (2) that Inchcape'(s)
retention of lease shall not prevent Government from
taking such steps as it may consider necessary to adjust
charge(s) at Kilindini and (3) that the Colony will be
allowed to deal with Inchcape or the African wharfrage
Company direct in regard to termination of the lease if
such can be effected. Earnestly hope that you may be
able to give me assurance to this effect. Fully
recognise value and importance of the shipping interests
but any step taken now which would appear to prejudice
the position as regards Port control in their favour
would be most inadvisable. I consider that it is
essential to secure if possible railway support in this
matter and to take no action which would seriously
prejudice the position of the General Manager the value
of whose services I am sure you fully appreciate.
It should be recognised that this Government has
throughout maintained that with the lease Mbaraki has a
definitely

definitely and considerably lower value and further if the Government is to be deprived of the use of considerable safeguarding of their interests against the lessee it is difficult to justify the purchase of this property.

Bottomley 31.3.25

hds

Consent

Sirachey 31/3

J. Shuckburgh

Diets

O. Brindle

H. Kinnear

Ormsby-Gore

Imery



Codes & Sent

*3 30 pm
1st April '25*

CPD

*at circa
1.4.25*

Confidential Code.

1st April

DRAFT. Telegram.

Private and Personal.

SECRET, 1925.

FOR,
Nairobi.

Sir

Your telegram of 24 March Private and

Personal Mbaraki ~~I fully recognise value of~~
~~services of General Manager~~ but I hope that he
may appreciate that circumstances may make it
inevitable for him to accept greater burden on
railway capital account than he had contemplated.
Position not notably dissimilar except as
regards purchase price to that existing at the
time of your telegram of 31 May 1924 when he was
prepared to bear £200,000 with Inchcape's lease
continuing.

*7 Substituted -
I appreciate of value
Mbaraki makes me
fully realise to meet*

26/3/24

As regards your proviso I hope that
it is fully realised that we are concerned not
merely with African wharfrage company but with

great

great combination which ~~can~~ ^{is in a position through} ~~it~~ ~~changes~~

~~either dictate terms or make good any loss~~

by its control of East African trade ^{to recoup itself for any losses inflicted by the policy of the Colonial Govt}

Proviso one is what I desire but it

^{we must consider our relations}

~~makes it impossible to clear matters up with~~

^{If question of port control cannot be taken up with him}

Inchcape, ~~and his views must be taken definitely~~

^{we must assume his position to be so}

~~as~~ ^{expressed in his letter of 17th}

59447

December enclosed in my despatch of 13 February

Proviso two should be glad of further

Explanation of adjustment at Kilindini ^{on} rate

cutting there with a view to competition with

Mbaraki must mean antagonising shipping lines

^{I had some at the suggestion}

Proviso three ^{surprises me} as Inchcape

has come into the discussion ^{and cannot be} ^{is very unlikely to be willing to}

^{hand it over to a subordinate}

~~kept out of it.~~ I could if he agreed consent

to local negotiations ^{however} ~~but only~~ subject to

confirmation in London.

^{Secretary of State}

^{most anxious to conclude negotiations with Grogan as soon as possible and attaches great importance to acquisition of the undeveloped ports.}

ORMSBY GORE