

EAST AFR. PROT

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REL- 14

THEY SIR E.

LAND BANKS

526

1920

9th APRIL

previous Paper.

596

Considers the system of Co-operative Societies with unlimited liability unsuitable to E.A.P. Proposals put forward are based on system now in force in Australia "RAIFFEISEN" may prove useful in native areas

to Mr. H. H. ...

I am afraid that this has got hung up - & that I failed, while Sir E. Northey was still here, to notice that he had not returned the printed envelopes to Gov/17 239/14 containing which we must recover from him.

I wrote to Mr. Dyer on 28/4 asking whether

- (a) The W. A. Currency Board is still able to lend money &
- (b) whether, as appeared from his letter of 12 April, the co-operative society plan was a necessary condition of the loan.

Pl. see Sir W. ... reply attached.

We certainly can not expect the

W. A. Board to back up its funds in

gent Paper.

22/24

E.A. definitely, but the E.A. Board,
when it has passed, will naturally
do so - the matter is intended to
be referred to the Council of E.A.

But the loan to the E.A.P. Govt
must have some security, & it should
be secured on the general resources
without affecting our position with
regard to borrowing for other purposes.
In some way the ^{Board} must have, when
the Bank or whatever body is set up,
the security of the farms for which the
advances are made.

? Send out to go. Copy of the loan for which
I have written him, emphasizing the
limits of (a) loan to the Govt & (b)
security for these loans, & ask him to
submit a draft scheme for the
embodiment of his scheme. Say that by
the time legislation is passed the
E.A. Lending Board may be in a
position to lend money but that for
the present nothing more than
£200,000 should be anticipated;
and in fact, & ask for the
return of the documents.

3/9/20
at once.
H. J. D.
5/11/20

R/D

Challender Secretary of State
A.P. Land Bank

21993
REC
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MAY 20

29 April 1920

3596

Sir
With reference to your letter No 13574/1920
of the 23rd inst., I have the honor to inform you
that I had previously read and considered the
system of co-operative societies with unlimited
liability described in The Colonial Office Journal for
July 1911

2. This system depends for its success on two
main factors, viz. The members must know each
other intimately, and the association must be
strictly local. The system is found useful where
small culture is practised.

3. These conditions do not exist among the white
settlers in British East Africa, for where and the
formation of a Land Bank is proposed the interest
acquaintance which is essential cannot be obtained
when the houses of settlers are scattered over
hundreds of miles of wild country. In scheme
refers to mixed dove settlement. The smallest
hold in East African settlement is about 100 acres
and the average farm is probably about 2000 acres
in extent. This is not what is meant by small
culture, and therefore the principle of strictly local
associations.

4. I am therefore of the opinion that this system is
not applicable to the problem of forming a Land
Bank in the settled areas of British East Africa.
The proposals put forward in my letter of March
13th were based on the regulations governing
Land Banks in Australia, where conditions were
nearly similar to the settled areas in East Africa.
"Raiffisen" may eventually prove useful in
native areas if the natives can be induced
to cooperate, but I do not consider that the
principle of unlimited liability could be applied
to the European areas.

3596

I have the honor to be
Sir,
Yours obedient servant
Edward Northey
Governor of the East Africa Protectorate.

MILLBANK, WESTMINSTER
SPINNEYHALL GARDENS,
LONDON, S.W.

2nd July 1920.

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Dear Bottemley,

Your note of the 28th June to Ezechieel in reference to Northey's Land Bank Scheme in the East Africa Protectorate.

In view of the recent heavy calls on the West African Currency Board, it would be very inconvenient for them to lend up to £200,000 at present, but, as the scheme will require legislative action and it will take some time to work out the details and set up the necessary machinery, this is not material; assuming that no unforeseen circumstances arise, I expect the Board would be able to provide the money early next year.

The offer is not conditional upon the co-operative suggestion, but an essential condition is that the money should be lent to the Protectorate Government and not direct to societies or settlers. The loan should be taken over by the East African Currency Board when its financial position makes this possible.

Yours sincerely,

W. H. Murray

Bottemley, Esq., O.B.E.

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Clarendon 30802/21

DRAFT.

30 July 1920

Gov. Northey Kenya
~~hat~~
No. 1074

Sir,

MINUTE.

I have the honour to

inform, for convenience of reference,
a copy of the corres. which
passed with you while you
were in leave regarding the
proposed establishment of a
land bank in the East.

2. I shall be glad if you will
now submit a draft order
embodying your scheme, but
I must be clearly understood
that the money which the
Gov. of Kenya...

Mr. Praeger 23 July
Mr. Parkinson 24.7.20

Mr. Butt...

Mr. Grindle.
Sir H. Lambert.

Sir H. Read.

Sir G. Fiddes.

Col. Amery.

Lord Milner.

13 March 1920
23 April

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ordered to advance will ^{inasmuch} be a loan
to the Govt for itself ^{cannot be lent direct by the Govt} to any society.

Settlers, & that ~~in some way~~
Board's security for the loan must be
some way be ~~based on~~ the farms for
which the advances are made, or
a security based on the general revenues
The Govt would interfere with the
Govt's faculty of borrowing for other
purposes.

3. It ^{is} ~~may be~~ ^{that} provided by the time that
legislation is passed, the Eastern Currency
Board will be in a position to lend money
for increasing the note of the Bank but
to present only the ^{sum of} £200,000 which
is offered by the W.A. Currency Board
should be calculated on.

+ I shall be glad if you will return in
due course the prints relative to the