

1921

ICA

2641

Per 28 YA

HOUSE OF COMMONS

CURRENCY

- Mr.
- Mr.
- Mr.
- Mr. Grindale.
- Sir H. Lambert.
- Sir H. Eoad.
- Sir G. Fildes
- Col. Amery.
- Mr. Churchill.

Colonel Wedgwood, — To ask the Secretary of State for the Colonies, whether he has yet any statement to make on the

Secretary of State for the Colonies, whether he has any statement to make on the African currency question.

Previous Paper

M.J. 26128

IN RES

For oral

30 May/21

Sir

Mr. Fildes

Office has contacted
 Mr. Churchill writes
 regarding on the
 subject was to be put
 out (v. m. 20278) —
 after the reply enclosed.
 clearly that the
 info to press on Monday

A.C.H. 28/7/21

Put in

Subsequent Paper

M.J. 26128

Mr. 395 30/5/21

Mr. Churchill
 office will report within
 2 put in () 29/5/21

As I informed my hon. and gallant Friend on the 12th of April, I have been ^{since} ~~giving~~ personal consideration to the currency question in Kenya, Uganda and Tanganyika, and I am now in a position to make a statement on the question as a whole.

The present position is the result of the scheme embodied, as far as Kenya and Uganda are concerned, in the East Africa and Uganda Order-in-Council of the 26th of April, 1920. That scheme was prepared at a time when the Indian rupee had risen in exchange value to about 2s. 9d., and it was decided to substitute for the Indian currency a local currency ~~the~~ the florin at 2s. 9d. sterling, at which value the Indian rupee would be current until it could be replaced. Existing contracts expressed in rupees were to be interpreted in terms of the new florin.

Various representations have been received since the beginning of the year on behalf of the different interests in East Africa, some urging that a change should be made, particularly in view of the fall in the exchange value of the Indian rupee, and others urging that no alteration should be made.

After taking these various expressions of opinion

... April 1951 ...
... position to make a statement on the question ...

The present position is the result of the plan embodied in the Kenya and Uganda (Order-in-Council) of April 1, 1951. That scheme was prepared at a time when the Indian rupee had risen in exchange value to about 2s. 9d. per 100 shillings. It provided for the introduction of a local currency based on the pound at 2s. 6d. sterling, at which value the Indian rupee was current until it could be replaced. Various contracts expressed in rupees are to be interpreted in terms of the new florin.

... representations have been received since ...
... half of the difference ...
... fall in the exchange ...
... alter ...

27
30

As I informed my hon. & gallant
 friend on the 12th of April, I
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 sideration to the currency question in Kenya,
 Uganda, and Tanganyika, and
 I am now in a position to make
 a statement on the matter as it
 stands.

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 result of the scheme embodied, so
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 April, 1920. That scheme was
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 rupee had risen in exchange value
 to about $2 \frac{5}{9}$, and it was
 decided to substitute for the Indian
 currency a local currency based
 on the florin at 2/- sterling, at
 which value the Indian rupee
 would be ~~about~~ ^{about} $2 \frac{5}{9}$, and it would
 be replaced. Existing contracts expressed
 in rupees were to be interpreted
 in terms of the new currency.

British Representative

Kenya, Uganda, and Tanganyika

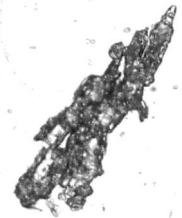
of the year on behalf of the different interests in East Africa, some urging that a change should be made, particularly in view of the fall in the ~~Indian~~ exchange value of the Indian rupee, and other ~~persons~~ for urging that no alteration should be made.

After taking these various expressions of opinion into consideration, I have decided to maintain the original scheme in its essential features, but with the modification that, as recommended by the ^{appointed} Currency Committee, in Kenya in Feb. 1921, the standard coin will be not a florin but a shilling, in order to prevent too abrupt fluctuations in local values, and that rupee contracts instead of being construed at the rate of one florin to one rupee, will be construed at the rate of two shillings to one rupee.

Pending the supply of the new shilling currency, ^{which will} ~~which will~~ be expedited as much as possible ~~the florin notes and coins were available, and the currency~~

~~notes (five rupees and up)~~
of the former currency, ~~steps~~
of the East Africa ~~steps~~
are being taken to recede the Indian rupee coin now current in Kenya and Uganda with the florin and other local currency now available, during a limited period, after which the Indian ~~coin~~ will be demonetised. Formal notices on this point will be published locally.

The extension of the new arrangements to the Tanganyika Territory will be effected as soon as possible.



Official Report
20th May 1921

CURRENCY EAST AFRICA.

30. Colonel WEDGWOOD asked the Secretary of State for the Colonies whether he has yet any statement to make on the East African currency question?

The SECRETARY OF STATE for the COLONIES (Mr. Churchill): As I informed my hon. and gallant Friend on the 12th April, I have considered to the best of my ability, and with the assistance of my advisers, the currency question in Kenya, Uganda and Tanganyika, and I am now in a position to make a statement on the question as a whole.

The present position is the result of the scheme embodied, as far as Kenya and Uganda are concerned, in the East Africa and Uganda Order in Council of the 26th April, 1920. That scheme was prepared at a time when the Indian rupee had risen in exchange value to about 2s. 9s., and it was decided to substitute for the Indian currency a local currency based on the florin at 2s. sterling at which value the Indian rupee would be current until it could be replaced. Existing contracts expressed in rupees were to be interpreted in terms of the new florin. Various representations have been received since the beginning of the year on behalf of the different interests in East Africa, some urging that a change should be made, particularly in view of the fall in the exchange value of the Indian rupee, and others urging that no alteration should be made.

After taking these various expressions of opinion into consideration, I have decided to maintain the original scheme in its essential features, but with the modification that as recommended by the Currency Committee appointed in Kenya in February, 1921, the standard coin will be not a florin, but a shilling, in order to prevent too abrupt fluctuations in local values, and that rupee contracts, instead of being expressed at the rate of one florin to one rupee, will be construed at the rate of two shillings to one rupee. Pending the supply of the new shilling currency which will be expected so much as possible steps are being taken to redeem the Indian currency now current in Kenya and Uganda with the

florin and other local currency now available, during a limited period, after which the Indian coin will be demonetised. Formal notices on this point will be published locally. The extension of the new arrangements to the Tanganyika Territory will be effected as soon as possible.

Colonel WEDGWOOD: May I ask whether the wages paid to natives in East Africa, which used to be so many rupees a month, are now twice as many shillings per month, or are they being reduced from rupees to shillings, without any increase in the number of shillings paid; and whether there is any actual increase in the wages paid to natives?

Mr. CHURCHILL: I think my hon. and gallant Friend has not fully comprehended the effect of the answer which I have just given. No doubt that is due to the fact that this is a very complicated matter, which he has just heard for the first time; but I hope that he will study it with attention, and then he will see what the bearing of it is between the various complicated questions.

Colonel WEDGWOOD: May I ask whether this change in the currency does not mean a change in the purchasing power of the wages of the East African natives, and that their earnings are thereby reduced?

Mr. CHURCHILL: No, Sir, it means that the purchasing power of those wages is maintained, and maintained at the difference between a 2s. florin and a 1s. 3d. rupee, which is the cause of much heart-burning on the part of the settlers.

Mr. ORMSBY-GORE: In order that we may study the right hon. Gentleman's reply as he suggests, may we understand whether the shilling is going to be divided into 12 pence or 100 cents; whether the original proposal was that the florin should be divided into 100 cents; and what is the subsidiary coin below 1s. that it is proposed to introduce in these territories?

Mr. CHURCHILL: The intention is to make the shilling the half florin.

Colonel WEDGWOOD: The question is, what will the coin be which is smaller than the shilling? Will it be the penny or the cent, and will it be 100 cents to the shilling or 100 cents to the florin?

Mr. CHURCHILL: I think I must ask for notice of the details of the currency question, but the decision to which I have come has been to retain the existing exchange value of the rupee at two shillings, as against saying that it should be dropped to the pre-War value, and to ease the situation of the local currency by creating a new shilling currency, and taking the shilling as a basic value.

Colonel Sir C. YATE: Does that mean that the Indian currency will be entirely eliminated in East Africa?

Mr. CHURCHILL: It is intended to assimilate the currency to the British type.

Mr. A. W. SAMUEL: Is there any reason why this shilling should not be the ordinary shilling we use in this country, so that it should be current here and in Cape Town.

380. Colonel Wedgwood, — To ask the Secretary of State for the Colonies, whether he has any statement to make on the East African currency question.

For oral reply

30th May 1921

As I informed my Honourable and gallant Friend on the 12th of April, I have ~~now~~ considered to the best of my ability and with the assistance of my advisers, the currency question in Kenya, Uganda and Tanganyika, and I am now in a position to make a statement on the question as a whole.

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...of the value of ... one rupee.

Pending the supply of the new shilling currency which will be expedited as much as possible, steps are being taken to redeem the Indian rupee coin now current in Kenya and Uganda with the florin and other local currency now available, during a limited period, after which the Indian coin will be demonetised. Formal notice at this point will be published locally.

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