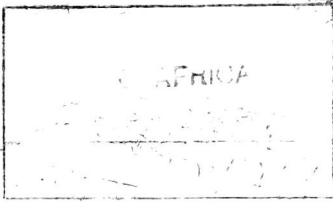


786



C O
12729
RE
RE

STANDARD BANK OF S.A.

CURRENCY

1921

1st Feb.

at previous Paper.

States that Banks were unable to come to any agreement with the Confed. of Associated Producers and consequently they submit their recommendations as stated leaving the Associated Producers to make their representations to the Govt direct.

12710

copy of letter to be

Mr. Tasker to

(also 12404 & 13173)

*Mr. Ingham has told the Banks
are opposed, if the decision reached
in principle, but it is not yet
possible to say anything definite*

*to them. Meanwhile I think
we should send these letters.*

Yrs. faithfully

(Sd) 30.3.21

at subsequent Paper

12804

TELEGRAMS
AFRICURUM, CANNON, LONDON

OF.

ALL LETTERS TO BE ADDRESSED
TO THE MANAGERS
AND REPLY THEREIN TO BE MADE PAYABLE TO
THE STANDARD BANK OF SOUTH AFRICA LTD

COPIED

787

TELEPHONE
LONDON WALL 5420 (5 LINES)



WEST END BRANCH,
17 NORTHBURNE LANE AVENUE
LONDON, W.C.2

THE STANDARD BANK OF SOUTH AFRICA, LIMITED.

WITH WHICH IS INCORPORATED THE AFRICAN BANKING CORPORATION LIMITED.

CO
12729
REC'D
REC'D

Clements Lane Lombard Street

London 15th March, 1922

The Under Secretary of State,
Colonial Office,
London, S.W.

Sir,

EAST AFRICAN CURRENCY.

I have the honour to refer to Mr. Bottomley's letter dated 24th February, addressed to Mr. Lowndes, and beg to say that, in deference to the wishes expressed therein, a Representative of this Bank attended the Meeting held by the Associated Producers of East Africa and Uganda on the 25th ultimo for the purpose of discussing the East African Currency question.

The Meeting did not make much progress, but a Sub-Committee was formed to go more fully into the matter. The Banks were not represented on this Sub-Committee, but the latter invited the Banks to confer with them at a Meeting held on the 8th instant. After a long discussion it was found that the Banks were not in agreement on some /material

The Under Secretary of State - 2 - 15th March, 1921.

material points with the proposals which the Associated Producers desire to place before you, and the Banks feel that they cannot serve any useful purpose by discussing the matter further with the Associated Producers at this stage.

In the circumstances, and as it is in the interests of the Territories concerned that the question should be settled without delay, we think it may help the Government to come to some definite conclusion if we take this opportunity of again expressing our views, and leave the Associated Producers to make their representations to the Government in a separate memorandum, if they so desire.

We have already informed the Government that we are strongly opposed to any further change in the standard of value of the currency in East Africa, but that we realise that steps must be taken to save the Government from the loss incurred through the illicit importation of Indian Rupees, which the Government is now obliged to redeem at 2/-.

We suggest:-

- (1) That the Government take steps to demonetise the Indian Rupee, and thereafter to redeem the Rupee at 2/- within a certain period to be fixed by proclamation.
- (2) That the embargo which now exists on the import and export of the Indian Rupee be removed as soon as the time fixed for the redemption of the Rupee has expired.

The date to be fixed for the demonetisation and
/redemption

The Under Secretary of State - 3 - 15th March, 1921.

redemption of the Indian Rupee will, of course, be dependent on there being a sufficient supply of East African Currency to meet the requirements of the community.

We note from the telegram, dated 19th February, which you received from the Governor of Kenya - a copy of which has been given to us by the Committee of the Associated Producers - that the Nairobi Committee appointed to consider this question recommends that a period of one month be allowed for the redemption of the Indian Rupee, but the Government may find it necessary to shorten the period to minimise the loss which would be entailed by the continuance of the illicit importation of both Indian Notes and Coin.

We note further that the Nairobi Committee recommends that the Shilling of the value of 1/20th part of £1- be introduced as the coin of general use instead of the Florin, and that Cents should be adopted as 1/100th part of ^s1/- as soon as the existing Cents have been demonetised.

We are not able to express any definite opinion on this point, as we cannot say whether the introduction of the Shilling in this sense would reduce the cost of administration and production in Kenya and Uganda. If any coin of a less value than ^s2/- sterling is introduced as the coin of general use, we feel that it is absolutely essential for the preservation of the honour and credit of the
/territories

The Under Secretary of State - 4 - 15th March, 1921.

territories concerned, and of the administration, that all accounts and contracts now running on a Rupee or Florin basis shall continue to be valued on the basis of 2/- (i.e. Any obligation which is now expressed in Rupees or Florins shall, after the date of the proclamation announcing the change, be assumed to be an obligation valued at 2/- sterling).

We understand that this view is held by a large majority of the members of the Legislative Council, and by a large majority of the residents in East Africa.

We take this opportunity of saying that the development of trade in Tanganyika Territory is very much handicapped by the delay in the settlement of the Currency question in that territory. It is hoped that the Government may find it possible to take steps to relieve the situation at an early date.

I have the honour to be, Sir,
Your obedient servant,

[Handwritten Signature]
Manager.

P.S.

We are sending a copy of this letter to the Associated Producers of East Africa and Uganda, for their information.

[Handwritten Signature]
Manager.

12724
12804 / 21
13183

791

S. Africa.

DRAFT.

The manager,
Standard Bank of S. Africa, Ltd.

The General manager
National Bank of India, Ltd.

The manager,
National Bank of S. Africa, Ltd.

MINUTE.

Mr. Jeffries, 30/3/21

Mr. Parkinson H. J. W.

Mr. Walker 3/4/21

Mr. Grindle.

Sir H. Lambert.

Sir H. Rees.

Sir G. Fiddes.

Col. Amery.

Mr. Churchill.

for comm

April
2 March 1921

I am directed to

ack. the receipt of

your letter of the

15th

14th

16th

of March, regarding

currency in S. Africa

Recie

and to inform you that
it is hoped to send
you a further communication
on the subject shortly.

(Signed) H. J. READ.

E. AFRICA

CO
13206

REC
18 MAR 21

13206

ASSOCIATED
PUBLISHERS OF
E.A. & N.E.A.

CURRENCY

1921

17TH MARCH

Last previous Paper.

M9/13183

As impossible for London Conference to report by to-day
state where to proposals in Scheme "B" enclosed but
willing to meet views of other interests by accepting
"C" also enclosed. View however with apprehension proposed
for redemption of all accumulated rupees in E.A. at price
of 2/-. Points out necessity of affording protection to
producing interests.

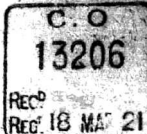
See in Gov/13088/24
Kenya.

Disposed of by Gov/13088/24
Annex 2 dated 21 May 1921

Next subsequent Paper.

M9/13568

ASSOCIATED PRODUCERS
of
EAST AFRICA & UGANDA.



Secretary
JOWERS.

78, CARLTON HOUSE,

REGENT STREET,
(Near Waterloo Place),

Telephone No.
GERRARD 8328

LONDON, S.W. 17th March 1921

The Under-Secretary of State for the Colonies,
Downing Street, S.W.

Sir,

Since it has proved impossible for the Conference called in pursuance of the suggestion contained in Sir H.T. Read's letter No. 7003/1921 dated 16th February, to report by to-day, the date on which we were given to understand that the Colonial Office desired to be in possession of the views of all parties interested in the matter of East African Currency, my Association desire to place on record that they adhere to the proposals contained in the scheme marked 'B', a copy of which is enclosed, and which has already been unofficially conveyed to you in my letter of March 11th to Mr. Bottomley. They believe this scheme to provide the simplest and at the same time the most effectual remedy for the present financial difficulties of Kenya and Uganda.

2. With a view, however, to keeping their proposals in harmony with the views of the representatives of other interests concerned, and to meeting as far as possible the objections of the Banks, they are willing to accept the proposals of the sub-committee appointed by the Conference, of which I enclose a copy marked 'C', and which was conveyed to Mr. Bottomley in my letter of the 3rd March. They believe that these proposals, which are in conformity with those made by the Colonial Office to the Governors of Kenya and Uganda in their cypher telegram of Jan. 19th, would go far to relieve the disabilities under which production is now suffering in the two countries.

3. My Association view, however, with the keenest apprehension, the proposal contained in the report of the Nairobi sub-committee and supported by the Banks, to force upon the East African Currency Board the redemption at the price of 2/- of all the

...the Indian rupee in East Africa, of which it is
...at least 25,700,000 have been brought into the
...since 1916, when their value is below 1/4d. The
...of such a load upon the Colony (for the Currency
...and the Colonies are, for this purpose, identical)
...is already incapable of producing at a profit, and the
...Administration of which is practically insolvent, would, in
...opinion, be, from a financial point of view, absolutely
...and incapable of execution in practise. Such
...would, moreover, render it impossible, for a long
...time to come, for the Currency Board to accumulate a reserve
...sufficient to maintain the stability of whatever currency may
...be issued in East Africa.

6. In conclusion my Association desire to impress upon you
the absolute necessity of affording protection to the producing
interests in Kenya and Uganda if they are not to be overwhelmed
in disaster. It will not be questioned that the prosperity of
the producing community is the factor most essential to the
vitality of the State, and though other interests must be duly
considered no course should be pursued which may lead to the
ruin of the producing class.

I am,

Sir,

your obedient servant,

David Love
Secretary.