

EAST AFR. PROT  
UGANDA  
11237

C O  
1:237  
16 APR 10

Governor  
Arnold 153

1910

March

Previous Paper.

COINAGE

Transmits copies of correspondence as to the manner in which the profit on the new coinage should be divided between the two Protectorates. In view of the objection of Uganda to share loss on the demonetized copper piece considers E.A.P should be wholly responsible for the coinage to keep any profit or bear any loss but if it is decided that the profit should be shared with Uganda recommends Mr Bowring's proposals in his letter of 30th Decr as an equitable solution.

Mr Butler See also 4972

To understand this longer, it may be helpful to explain that these are the following classes of coins in East Africa

1. Bronze piece. Total value in circulation about N. 1410,000, of which 250,000 pieces worth were issued by the late Imperial British East Africa Company, the rest by the Govt.
2. Indian ~~Notes~~ 2-anna <sup>(Banker) silver</sup> pieces
3. Aluminium 1 cent, 1/2 cent pieces
4. The new 50 cent & 25 cent silver

Copy reasons May  
Copy to Govt. Uga 236 - 16 June 1910  
Memo 19774  
15/6/10  
15774

Subsequent Paper.

1910

Coin, with smaller coins 10 cent, 5 cent  
& 1/2 cent for (the last for Uganda only) in metal.

It is now proposed to demote (1)  
& (2). (3) have already been called in, as  
aluminium proved a failure.

The question is (1) <sup>whether</sup> East & Uganda  
are to share the profit on the new coins,  
and if so, in what proportion and (2) if  
the two Protectorates are to share the profits  
of the new coins, whether they should share  
the loss arising from the demotization of  
the old coins.

As to the latter question, there appears to  
be a certain amount of force in the argument  
that Uganda should bear part of the loss of  
on the bronze piece, issued by the Imperial  
Trust Africa Co, but I can see no reason  
in a strict <sup>reckoning</sup> ~~reckoning~~ why they should share  
the loss of on the piece, which the E.A.P. issues  
& in which they make a profit.

It seems to me however too complicated

A problem is divide equitably between the  
two individuals the profit on the new  
Comap - how are we to estimate how  
many coins are circulating in each part.  
And I would not the least by making  
the E.A.P. taking responsibility for the new  
issue, just as S. Nigeria is taking responsibility  
for all coins circulating in S. & N. Nigeria  
E.A.P. will then have all the profit on  
the new coins but will have to have all  
the cost in the demonetization of the old coins  
& will also be the ~~responsibility~~ <sup>all parties</sup> have to have the  
losses in connection with the demonetization of  
the present coins, when they become worn;  
Whitehead will have no responsibility  
but will have all coins, as she needs them,  
at their face value.

It is possible of course before very long  
that E.A.P. & Nigeria may be drawn into  
some form of closer union; & then of course

Whitehead actually  
is in Nigeria  
as a concession  
to the alleged  
interest of the  
which covers  
the in the  
of trade

this problem would solve itself. But whether  
sent apart from his possibility, it seems  
to me the better & simpler plan, as there  
is no comage for both Probitants, to  
make one Probitant responsible for the issue

MS 3/5

W. Read.

I agree with Mr. Battenbee.  
Put the proposal to the Treasury.  
Sending a copy of his despatch & its  
enclosures.

H. B.

May 3.

at once.

H. J. R.

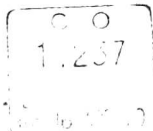
3/V

GOVERNMENT HOUSE,  
NAIROBI,  
BRITISH EAST AFRICA.

EAST AFRICA PROTECTORATE.

March 17th 1910.

No. 153  
(Incl. 2)



My Lord,

In accordance with the instructions contained in Your Lordship's predecessor's despatch No. 471 of the 25th of May 1906, I have been in communication with the Officer administering the Government of Uganda as to the manner in which the profit on the new coinage should be divided between the two Protectorates and I enclose for the sake of clearness copies of the correspondence which has passed.

2. The main point at issue is whether Uganda should bear any share of the loss incurred in demonetizing the copper pice, and Your Lordship will observe that Mr. Boyle is of opinion that the loss should be borne by this Protectorate alone.

7. Apart from the fact that the loss may be very considerable, I venture to think that this is a somewhat narrow view to take and that the matter should be rather considered from the standpoint of the past and present interests of the two Protectorates; and also having in mind the fact that these interests

THE RIGHT HONOURABLE

THE EARL OF CREVE, K.C.,

SECRETARY OF STATE FOR THE COLONIES,

DOWNING STREET,

LONDON, E.C.

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*meas*  
*15/6/6*  
AG. Governor, Uganda  
Jan. 5th 1910  
do. do.  
Feb. 28th 1910

GOVERNMENT HOUSE,  
NAIROBI,  
BRITISH EAST AFRICA.

EAST AFRICA PROTECTORATE.

March 17th 1910.

No. 153  
(Incl. 2)

C O  
1.237  
REC 16 APR 10

My Lord,

In accordance with the instructions contained in Your Lordship's predecessor's despatch No. 271 of the 25th of May 1906, I have been in communication with the Officer administering the Government of Uganda as to the manner in which the profit on the new coinage should be divided between the two Protectorates and I enclose for the sake of clearness copies of the correspondence which has passed.

2. The main point at issue is whether Uganda should bear any share of the loss incurred in demonetizing the copper pice, and Your Lordship will observe that Mr. Boyle is of opinion that the loss should be borne by this Protectorate alone.

3. Apart from the fact that the loss may be very considerable, I venture to think that this is a somewhat narrow view to take and that the matter should be rather considered from the standpoint of the past and present interests of the two Protectorates; and also having in mind the fact that these interests

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LONDON, S.W.

*Inclos*  
*15766/6*  
AF. Governor, Uganda  
Jan. 5th 1910  
do. do.  
Feb. 28th 1910

interests will in all probability ultimately be the same.

4. The bulk of these pice were issued by the Imperial British East Africa Company whose operations furthered the development of Uganda equally with that of East Africa, and whereas a loss will have to be faced on Rs.410,000 a profit has been credited on Rs.110,000 only.

5. In view of Uganda's objection to share the loss on these pice, I am now of opinion that it would be more satisfactory for this Protectorate to be wholly responsible for the coinage to keep any profit or bear any loss as was, I understand, done in the case of Southern and Northern Nigeria and an additional point in favour of this is that the fluctuations of trade between the two Protectorates make any adjustment of profit difficult, and an arrangement based on a state of affairs existing one day might be most inequitable a few days later.

6. If, however, Your Lordship is still of opinion that the profit on the new coinage should be shared with Uganda, I recommend the proposals put forward in Mr. Bowring's letter of the 30th of December last as affording an equitable solution of this question.

I have the honour to be  
Your Lordship's humble,  
obedient servant,

  
GOVERNOR.

INCLOSURE 111

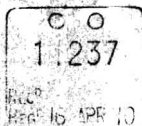
In Despatch No. 43 of 17.3.1910

235

GOVERNMENT HOUSE,

Nairobi,

January 5th 1910.



Sir,

I have the honour to invite Your Excellency's consideration of the question of the division of the profit on the new subsidiary coinage between the East Africa and Uganda Protectorates.

In the enclosed letter from the Treasurer Your Excellency will observe that there is a statement of the loss in connection with demonetization sustained by this Protectorate, which he considers should be a first charge against any profit. I agree with him in thinking that this would be only just and equitable.

He also asks that payment may be made for the various consignments of coins sent to Uganda at face value and I trust that it may be found possible to arrange for this to be done.

I have &c. &c.

Sd/- F. J. JACKSON.

In the absence of the Governor.

HIS EXCELLENCY

THE ACTING GOVERNOR,

ENTEBBE.



The Treasury,  
Nairobi, 30th December 1909.

Govt. No. 100/204.

Sir,

I have the honour to refer to Colonial Office Despatch No. 271 of 25th May 1906 on the subject of the new subsidiary coinage for the East Africa and Uganda Protectorates. In this despatch His Excellency was instructed to consult with the officer administering the Government of Uganda as to the manner in which the profit on the coinage should be divided between the two Protectorates.

2. If it were the case that a new issue of coins were being added to those already in circulation no special difficulties would present themselves. But there are in connection with our new subsidiary coinage a number of factors which bear directly on the profit derived therefrom and which should in my opinion be taken into account.

3. The chief matters to be considered are:-

- (1) The loss consequent on the demonetization of the two anna pieces and the copper piece.
- (2) The loss consequent on the issue and subsequent withdrawal of the aluminium one cent and half cent pieces.
- (3) The fact that the half cent pieces were coined specially at the request of the Uganda authorities and have never been issued by the Government of East Africa.

(4)

Secretary

to the Administration,

East Africa Protectorate,

Nairobi.

- (4) The fact that the coinage accounts of the various denominations of nickel and aluminium coins are not shown separately in the Crown Agents accounts.

4. I have the honour to make the following recommendations with regard to the profit on the new coins:-

(i) The loss on demonetizing the old coins and the aluminium cent and half cent pieces shall be the first charge against the profit on the new coins.

(ii) The nickel and aluminium coins shall be treated as one account regardless of the metal of which they were minted or of their denominations.

5. I am aware that it may be urged that, as Uganda shared none of the profit which accrued on the copper piece now in course of demonetization, they should share in the profit on the new coins regardless of the loss which will be incurred on demonetizing the old ones. In fact from a demi-official letter which I received from the Treasurer of the Uganda Protectorate I gather that he is putting forward that plea.

6. I submit, however, that such an arrangement would not be equitable and would press very heavily on the East Africa Protectorate for the following reasons:-

(1) The total nominal value of copper piece to be demonetized is Rs.410,000 of which Rs.250,000 was issued by the late Imperial British East Africa Company and from the issue of which the East Africa Protectorate derived no profit.

(2) Of the Rs.160,000 coined by the East Africa Protectorate profit has been credited on two consignments of Rs.110000 only.

(3) Therefore though a loss will have to be faced on  
Rs.

Rs. 110,000 (less value of coins lost or melted into ornaments &c.) profit has only been credited on a comparatively small amount viz: on Rs. 110,000.

- (4) The profit on this amount was £3090 and was credited to Revenue in the years 1897-98 and 1898-99. It does not stand in a suspense account against which the loss to be faced can be put.
- (5) The loss on demonetizing the copper will be proportionately considerably greater than the profit on the new subsidiary coins and no profit on the net transaction can be expected until the value of the new coins put into circulation considerably exceeds the value of the coins called in and demonetized.
7. From the subsidiary coinage accounts so far to hand it appears that Rs. 2,00,000 of silver coins cost, landed in Mombasa Rs. 133,982-69 a profit of about 33 per cent.
8. The nickel and aluminium coinage accounts show, however, only a profit of a little under 15 per cent viz: Rs. 67585-86 on a total value of Rs. 453,080. It is likely that the greater part of this profit will be swallowed up by the demonetization of the aluminium coins the nominal value of which was Rs. 98,580.
9. A consignment of demonetized copper pice sent to the Crown Agents for sale, with a nominal value of Rs. 23,008-25, realized Rs. 7,752-56 only a loss of Rs. 15,315-69 or over 66 per cent and this does not take into account packing and shipping charges.
10. The Comptroller and Auditor General has laid down that no profit on coinage is to be credited in the accounts until the whole consignment of coins in respect of which the profit accrues has been put into circulation.

I anticipate that before very long the first consignment of silver coins will all be issued but it may be some considerable time before the same can be said of the nickel coins.

12. I do not therefore think that the question of dividing any profit will come up in the near future and I suggest that the question of the division thereof be allowed to stand over for the present, but, that, the more important question of utilising any profit in the first instance as a set-off against the demonetizing of the old coins be taken up with the Uganda authorities with the least possible delay.

12. If it is agreed to the position will be that we shall have two suspense accounts in our books one showing the loss on the copper which would be partially balanced by the other account showing the profit on the new coins. The first would be cleared by transfer from the second until it became closed when the balance of the second account would be divided between the two Protectorates in a manner to be arranged later.

13. In the meantime I think it would be right for the Uganda Protectorate to pay the East Africa Protectorate full face value for all coins sent to Uganda. The East Africa Protectorate is charged with the cost of minting the coins in the first instance and has to maintain an adequate stock for issue. As soon as the coins are issued to the Uganda Protectorate they appear at their nominal value in the Uganda balances. I have accordingly the honour to suggest that this question also be arranged with Uganda as at present we have not been paid in full for remittances of subsidiary coins to that Protectorate.

I have &c. &c.

Ed/- C.C. Bowring

Treasurer.

In Despatch No. 153 of 17.3.1910

210

Uganda Protectorate  
No. 1955/08

Government House,  
Uganda,  
28th February 1910.

Sir,

I have the honour to acknowledge the receipt of Mr. Jackson's despatch No. M.P. 321/08 of January 4th last on the subject of the question of the division of the profit on the new subsidiary coinage between the two Protectorates, and to enclose a copy of a Memorandum furnished to me by the Treasurer of this Government.

2. I have carefully considered the whole matter and I am of opinion that the solution proposed by Mr. Smith is an equitable one. I trust therefore that your Excellency will agree to the proposals contained in the memorandum enclosed.

I have the honour to be,  
Your Excellency's most obedient,  
humble servant,

sd. Alexander Boyle  
Acting Governor.

His Excellency  
The Governor,  
East Africa Protectorate,  
Nairobi.

enclosure.

M E M O R A N D U M .

Re M.P.321/08 of 4th January 1910, from Governor East Africa Protectorate.



The two main points that affect this Protectorate in the above despatch are:-

- (1) Whether Uganda should pay any share of the loss incurred in demonetizing the copper pice.
- (2) Whether Uganda should pay the East Africa Protectorate full face value for all the new subsidiary coins sent to Uganda.

2. With regard to the first point I am of opinion that Uganda should bear no part of the loss on the demonetization of the copper coins. The Treasurer of East Africa states that if the loss is borne only by the East Africa Protectorate it will press very heavily on his Protectorate. This is no doubt the case but I think it is a contingency he can, and I claim, it is a just charge against his Protectorate. Further I do not think it is reasonable to ask that Uganda should contribute towards the loss. The large amount of pice coined by the East Africa Protectorate was, I understand, done with a view to a profit but the scheme did not prove a success as the country became overstocked with copper, and confusion arose by the excessive number of the coins put into circulation. This Protectorate was not consulted in any way in the matter of the minting of the pice. Further the Revenue of East Africa as Mr. Bowring explains was credited with an amount of £3,000 on the pice put into circulation.

The position at present therefore is that the minting of the copper pice by the East Africa Protectorate was a scheme of their own and their revenues have already benefitted to the extent of over £3,000 by the coins. I doubt if there had been a profit that an offer of the share of such profit would have been made. In fact in support of this I would point out that as regards Currency Notes we are in much the same position as we were in regard to the original issue of the copper and no proposal is made that we should share in any profit there may be on these notes.

3. The total amount of pice imported into this Protectorate from East Africa was Rs. 19,500 worth. Of this amount we have returned to Mombasa since their demonetization has been decided on Rs. 17,064 worth. The coins are to cease being legal tender on the 1st of June and we expect to return a further amount before that date but it will not be large. A considerable number of the coins brought to this Protectorate are said to have been retained by the natives in the Nile District and to be in use as ornaments.

1. As regards the other points connected with the general question I would propose -

(1) That this Protectorate bears its share of loss connected with the calling <sup>in</sup> of the two anna pieces. These are chiefly Indian coins and the loss I presume will be only that of packing and forwarding the coins to India. We have returned in all Rs. 507 worth to Mombasa.

(2) That this Protectorate bears the total loss

on the half cent pieces as they were minted solely for Uganda.

- (3) That the loss of demonetizing the aluminium coins be first charge against the profit on the new coins.
- (4) That the nickel and aluminium coins be treated as one account.
- (5) That the division of the profit on the new coins be based generally on the quantity in circulation in each Protectorate as far as can be ascertained when they have all been put into circulation and the time comes for the profit to be credited.
- (6) That provided East Africa Protectorate agreed to (5) that we pay full face value for all coins issued to us.

7. I think we should have an understanding of some kind as regards the division of the profit and I therefore make the proposals contained in (5) and (6) of the preceding paragraphs.

sd. G. D. SHITU

Treasurer.



for East  
11237 agenda

211

7 May 1900

Whi

With reference to previous

msd 15474

Comm. on the subject of  
the new subsidizing course  
for the East & agenda  
particulars. I am able to

transmit to you, for the  
concern of the Bd of the  
Treasury, the accompanying  
copy of a despatch from the

Govt of the East, relative  
to the direction of the  
business in which the  
Govt as the new course  
should be decided between  
the

DRAFT.

Secretary to the  
Treasury

MINUTE.

- Mr. ~~Butler~~ 6 f.s.
- Mr. Butler 6 f.s.
- Mr. Fiddes.
- Mr. Just.
- Mr. Cos.
- Sir C. Lucas.
- Sir F. Hopwood.
- Col. Seely.
- Lord Crewe.

East no 153. 17 March

for East  
11237 by order

7 May 1900

Sir

With reference to previous

Order 15474

Corr. on the subject of  
the new subsidiary compass  
for the East & by order  
Prohibitions. I am etc to  
transmit to you, for the  
concern of the Ad of the  
Treasury, the accompanying  
copy of a despatch from the  
Gov of the East, relating

to the question of the  
manner in which the  
prompt on the new compass  
should be decided between  
the

DRAFT.

Secretary to the  
Treasury

MINUTE.

- Mr. ~~W. B. S. S.~~
- Mr. Butler 6 f. 3.
- Mr. Fiddes.
- Mr. Just.
- Mr. Cox.
- Sir C. Lucas.
- Sir F. Hopwood.
- Col. Seely.
- Lord Urewe.

Lat no 153. 17 March

two Protectorates.

2. In view of the difficulty of the Government

dividing <sup>Essentially</sup> the profit

between the two Protectorates,

had been concerned in

the <sup>the</sup> ~~British~~ <sup>British</sup> opinion expressed in para. 5 of the despatch that it would be more

satisfactory to make the

E.A.P. wholly responsible

for the <sup>new</sup> ~~the~~ <sup>used in</sup> ~~the~~ <sup>later</sup> ~~the~~

Protectorates ~~of the former~~

is ~~addressed~~. ~~It is~~ ~~also~~

to the ~~same~~ <sup>has been in effect</sup> ~~for~~ ~~S. Nigeria~~

has been made responsible

for the <sup>new</sup> ~~the~~ <sup>used in</sup> ~~the~~ <sup>later</sup> ~~the~~

and N. Nigeria. ~~of the~~

proposal is approved, the  
 East will keep all profits  
 & has all losses incident  
 to the issue of the  
 new Company, while agents  
 will be allowed of all  
 responsibility in the matter  
 and will pay for all  
 Com's, as agreed, at  
 their face value.

I had time to  
 be glad to be informed  
 whether I L. consent  
 to this proposal

Yours

(Signed) G. V. FIDDER