

1911

EAST AFR. PROT.

C O
27959



27959

Recd
Rgs 26 AUG 11

Treasury

Date

August

Previous Paper

EXCHANGE OF CURRENCY NOTES

Considers it essential to retain the sovereign as the standard of value and that steps should be taken to encourage its circulation. At the same time a limit of legal tender for rupees (£2 or 30 rupees) should be imposed. Proposes also that a special rupee should be coined at the Royal Mint for circn in B.E.A. If views are concurred in it will cause draft O. in C. to be prepared.

Mr. Read

This is a big proposal, and will require careful consideration. Mr. Bowring is coming to see me on Thursday next, the 31st of August, at 3.30, and I would suggest that you and I should talk this over with him in the first instance.

27aB

Aug. 26

Mr. Read

Yes

at once

D. V. R.

28/8

Mr. Read

sequent Paper

Mr Bowring & Mr Smallwood, the newly appointed Treasurer of the I.A.P. It was evident that the proposals made in his letter bring us up against important questions connected with the commercial transactions of the Protectorate and with the position of the two Banks, one of which, as a sterling Bank, would probably welcome a limit of the legal tender of the rupee, while the other, a rupee Bank, & at present the one which enjoys all the Govt. business, would detest it.

In the circumstances, you agree that it is best to reassemble the small Committee which has already discussed this question (see $\frac{50.3}{81.7} + \frac{B}{81.7}$). Mr F. will no doubt take a hand when he returns from leave. It has also been suggested that Mr Abrahams of the India Office should be asked to join us, because questions as to the rupee are involved & he is very experienced in currency problems of this kind. If this is agreed to, I presume that the P.O. should be

I understand he gave out what all the members of the committee were to do. S. S. K.

asked formally to let him serve. It would be a good thing to have the papers printed. A vast amount of copying will be saved, and if a change in the currency of the pie of the importance of what suggested is to take place, the history discusses an office paper. Mr Parkinson is ready to undertake some secretarial duties involved by the assembling of a Committee.

W.B.

Sept 1.

Sir J. Anderson

Proceed as proposed? The Treasury scheme seems to be sound theoretically, but from what Mr. B. I. R. has heard yesterday, it is doubtful whether it will work in practice i.e. the S.P. & the whole question requires careful consideration.

atwell
 11/4/9

1059

C O
27959
REC'D
RTS 26 AUG 11

384

In the reply to this Letter the following
Number should be quoted.

TREASURY CHAMBERS.

13368
11.

26 August 1911

976

18/6/11

Sir,

I have laid before the Lords Commissioners of His Majesty's Treasury Mr. Fiddes's letter of the 8th ultimo (18763/1911), having reference to the difficulties which have arisen in connection with the Note Issue in the East Africa Protectorate.

In reply, I am to request you to inform Mr. Secretary Harcourt that, having regard to the fact that the tendency of the trade of British East Africa is in an increasing degree towards sterling-using countries rather than British India, My Lords consider it essential to retain the sovereign as the effective standard of value; and They would deprecate any proposals which would involve the discontinuance of the free issue of notes against British gold.

My Lords are of opinion that steps should rather be taken to encourage the circulation of the sovereign (or of notes covered by gold) and at the same time economise the use of rupees by the imposition of a limit of legal tender upon the latter coin, and They suggest that this limit should be the same as that for silver coin in the United Kingdom - viz. £2 or 30 rupees.

This will not, however, in itself be enough to secure an adequate supply of rupees to meet the growing trade of the Protectorate, since so long as the importation

of

The Under Secretary of State,
Colonial Office.

currency 9016-20

of rupees from India is more costly than the importation of Sovereigns from the Cape and elsewhere, the former coin will not be brought in in the ordinary course of trade.

Further My Lords see no reason why the profit on the issue of what will henceforward be a subsidiary coin of the Protectorate should accrue to the Government of India rather than to the Protectorate Government.

They therefore propose that a special rupee should be coined at the Royal Mint for circulation in British East Africa concurrently with the rupee of British India. Such rupees can be purchased for the currency reserve either with gold shipped from Mombasa or with gold to be received in London in exchange for notes to be issued in the Protectorate according to an arrangement similar to that in force in the Straits Settlements.

If Mr. Harcourt concurs in these views, My Lords will cause a draft Order in Council to be prepared for consideration making the necessary amendments in the existing law relating to currency and the Note Issue.

I am, Sir,

Sir,

Your obedient Servant,



999

Treasury. E.A.P.
27959

16

386



6 Sept 1911

DRAFT.

the U.S. of S.
India office

Sir,

I am directed by

MINUTE.

- Mr. Barker Sept. 5
- Mr. Read 5
- Mr. Fiddes.
- Mr. Just
- Mr. Cox.
- Sir C. Lucas.
- Col. Seely.
- Mr. Harcourt.

Ansod 20379

Mr Secretary Harcourt

to request you to

inform the S. of S.

for India in Council

that it is proposed

to assemble shortly

a small informal

Committee to discuss

certain questions

which

When this has gone, the papers (as marked) should be printed up to date. I have already sent copies of most of them to the P.D.

901-20

which have arisen
as to the currency of
the E. A. P.

2. It has been
suggested that the
experience of Mr.

Samuel Abraham, C.B.,
Financial Secretary
of the India Office,

would be of great
assistance to the
Committee, and I

am to enquire
whether Lord Crewe
would be so good

as to permit him
to serve as a
member of the

Committee. It is not

anticipated that
the labours of the
Committee will be
prolonged, or that
they will involve
an undue call
upon Mr. Abraham's
time.

I am, ^{to}
yours,

||