

EAST AFR PROT  
31324

31324  
Recd  
JUL 15

Govt  
Wellfield  
Jul 29

1916  
2 July

Last previous Paper  
Govt  
30430  
Nigel

GERMAN EAST AFRICA  
EMERGENCY CURRENCY

States instructions issued on subject. Has communicated them to Nyasaland and considers for sake of uniformity they should be adopted in the southern area. A objection to extension to Mafia but is at present unaware of situation as island remains under military administration.

See to EAP  
See to Nyasa  
Copy to  
11 July 16  
12 July 16  
16 July 16  
16 July 16

Re *Bohannan to W. Davis*  
*W. Peat*

I take the following extract from the  
S. P. A. Handbook

"By an Order in Council dated April 23<sup>rd</sup>  
1904 a new coinage was introduced into  
the Protectorate. The German rufee ( $1/32$ <sup>rd</sup>  
approximately) was divided into 100  
heller instead of 64 pegas"

Re 1912-13 Consular Report on S. P. A. says  
1 German rufee (100 hellers =  $1/32$ <sup>rd</sup> approximately)

Re 1909-12 Consular report says the following  
about the S. P. A. currency

Re coin current in S. P. A. is the German  
Anfangs rufee which is from 2 1/2 to 3%  
less in value than the British Indian rufee  
2 1/2 rufee coins to the value of 1 1/2 rufee  
are in circulation. There are 100 hellers in the  
rufee. Copper coins are of the value of 1  
and 2 hellers and there is a nickel

Next subsequent Paper  
30439  
Munich

coin of the value of 1000 letters. The  
minting of the old (1874) 5. letter  
coin has been abolished. Bank notes  
of the face value of 5, 10 & 100 rufes  
are issued by the German East African  
Bank. The total value of the notes in  
circulation on March 31 1911 was 2 883 015  
rufes, an increase of 1 293 095 rufes  
over the previous year.

Taking now Sir H. Balfour's telegram

- (1) I think there can be no doubt  
that they have done right in  
refusing to recognize in any way  
German paper currency or local  
currency.
- (2) They are equally right in fixing  
the exchange value of the German  
rufe as the British pound &  
the subsidiary coins accordingly.  
The essential answer of this question  
set out in LTO 5878 / S.A.P.  
Gambia, the German rufe is a local  
and an important German coin  
and the way we treat  
it cannot affect the exchange value  
of German currency outside of German  
territory. In the East Africa, moreover  
in dealing with S. E. A. we shall also  
take care of the stock of German

4  
rupees, and if we are to avoid  
loss we sh<sup>d</sup> maintain their exchange  
value & keep them in circulation as  
long as possible. The Exchange value  
of the German rupee before the war (it  
was between  $1/3^d$  and  $1/4^d$ ) is not a  
trifle, in fact, nor is the British  
value of the German mark. As regard  
the British value, if all the German  
rupees were withdrawn from circulation  
& melted down, their value w<sup>d</sup> drop  
to the  $8^d$  or  $9^d$  worth of silver they contain  
and there can therefore be no question  
of re-issuing them in to British coins.

~~By re-issuing the same quantity of the German  
rupees in to British rupees, we are  
in fact re-issuing them~~

(3) But difficulties arise as to applying  
this decision to Mysore and Hyderabad  
has no British rupees but uses the  
Imperial silver coinage. If it were  
decided to fix the value of the  
German rupee in the Indian part  
of P. E. A. as the value of a British rupee  
i.e.  $1/4^d$ , we should be in the  
position of having two separate forms  
of currency circulating in P. E. A. at a  
time (1) German rupees (2) British rupees

until they are  
worn out.

104

(3) British Imperial Currency. It does not seem at all desirable to have British Imperial currency circulating in S. E. Africa with two other currencies for one thing. The basis of calculation is different and there is no real equivalence (e.g. a shilling = 2/3 of a penny).

Also a rupee is practically identical with a florin in appearance & the values will probably be incorporated in the existing two currencies.

One way of meeting the difficulty might be to arrange for a number of British imperials to be sent to Nyasaland for use as exchange in the Southern part of S. Africa only.

After discussion with you on the above lines, you asked me to put down 2/3 for coin as a basis. I submit accordingly a rough idea of what might be done in Nyasaland. We do not also keep in the Bank and the £100. is issued.

28/3/16  
It is 11 years since I raised the question of the proposed merger of the rupee & the florin currencies together. I got no reply, but

there is a chance of a practical demonstration now. On the whole however I think inclined to favour the continuation of the existing currencies.

The Minister of Finance assumes that our coins <sup>will</sup> go into S. E. A. & that the equivalence problem will not be a mere matter of account. I think this is certain.

W.C.S. 27/16

W.C.S. 27/16

J.S.H.  
5/7/16

A very important question underlies this: - Assuming that S. E. A. remains British, as it is, are we to push the frontiers of the rupee south to the borders of Nyasaland or to advance the frontiers of the £100. denomination coin (shillings etc.) north to the borders of the S. E. A.?

The rupee established its claim in S. E. A. & Nyasaland by a kind of fiat, arising out of the direct connection with the <sup>first</sup> occupation of the country. The latter's trade connexion was not primarily with India and there for long remained but we did not at any earlier date get rid of the rupee.

There is no objection in linking S. E. A. & the rupee together. It would be better

along the lines of its 2 railway systems: one  
from the interior to the sea, I wd therefore  
aim at including it in the shilling-currency system.  
For the moment I quite agree with what  
Genl. Smith has done in the matter. It wd be  
concerned to support the natives and by improving  
the value of the former region and eventually  
too to the Govt must be accepted as part of  
the cost of a new colony. In pursuance of  
this principle I wd like Sir G. Smith that  
in the Southern districts administered for  
his side he should fix the exchange at 3 shillings  
= 4 shillings, and convert his own in 5  
paper money in 30750. We can keep the  
former as the equivalent of shillings & pence  
to retain itself, as it certainly will in practice.

And we wd inform Sir W. Belfield &  
Genl. Smith of your view. P.S. 6/7  
[I may add that after the war the  
side is all probably to a serious redundancy  
of Mr. Silver in the bank for some value of the  
wd furnish an outlet.]

I agree

A.S.D.

Amal-7

See work  
Sols 31491 No 91

Paraphrase of  
Telegram.

From the Governor of the East Africa Protectorate  
to the Secretary of State for the Colonies.

(Received Colonial Office 4.30 p.m., 2nd July, 1915)

31324

REC'D  
23 JUL 1915

*502  
30/7/15  
7/15/15*

291. July 2nd. Your cypher to

Following instructions regarding enemy currency issued  
General Officer Commanding. No paper currency of any  
description will be recognised as legal tender nor will  
payments be made in currency of this kind. Following enemy  
coinage only recognised and may be paid or accepted  
at following rates; one silver rupee equals one rupee  
British, half silver rupee equals 50 British cents, quarter  
silver rupee equals 10 British cents, 10 heller equal 10  
British cents, 5 heller equal 5 British cents, 1 heller  
equals 1 British cent. No dealings in German Imperial  
coinage will be allowed. Enemy war currency (?) locally  
coined is not to be circulated or dealt with under any  
circumstances whatever.

I have communicated the above instructions to Nyasaland  
and consider that for the sake of uniformity they should be  
adopted in the southern area. I see no objection to extension  
to Mafia of these instructions but I am unaware of present  
situation in that island as it still remains under adminis-  
tration by the military.

BELFIELD.

\* So a cypher. But surely it is an  
error for "25 British cents"

July your telegram 28

(30730)

June. Understand that

DRAFT. Telegram  
Ceylon

Believed has telegraphed  
to you instructions issued  
by P.O.C. in Chief P. Africa  
to  
regarding currency  
in northern area.

Government of Ceylon

NOT

Exp 3/7/66

To Mr. Selvaraj 3.7.66  
The Director of P.O.C.

10 Road 577

Sri J. J. J. J.

Mr. Steel - Maitland

Mr. Brown Law

while I am in agreement  
with course adopted in  
northern area and course  
in desirability of uniformity  
of treatment of currency

in common. pl. see  
minute.

in northern & southern area

I foresee difficulties in

Also ?

1 Repeat this tel to  
Gov. East

the South owing to the  
and Rhodesia  
fact that Nyasaland & Lusaka

1 send copies of all  
corresp. to W.O.

imperial silver currency

equivalence rate  
of exchange value of

German ruppe was fixed

exchange value of Indian  
Ruppee and

(ie 1/4) with subsidiary

