

EAST AFR. PROT

32934

Recd
Page 29 JUL 12

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O. A. S. Sec
Bouring 254

1917

28 June

Last previous Paper.

B/30/30

NAIROBI ELECTRIC LIGHT CONCESSION

Submits views as to terms.

John Thompson
to Mr. Butler.

The draft agreement on which we are working
is no. 50868/15. The C.A.'s draft is no.
440102/16.

Cl. 3. Amount of water to be left in the
river.

19 cub. ft. per sec. = 19,000 cu. ft. = 118,750 gals.

(1 gal. = 10 lbs.) ∴ 19 cusecs = 7125 gals. per minute
= 427,500 gals. per hour = 10,260,000
gals. per day, or nearly 70 times

the amount suggested locally by
the Nairobi - itself three times
as much as the
the only claim put to him.

It is to be presumed that we shall
get in the draft the statement of
"actual & anticipated requirements
for which we asked" 11 months ago.

As regards the figures of flow
on topographical maps - for the

went
But J.J.

Next subsequent Paper.

See M.J.

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17/12

Submitt 3.50pm

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August 216

16 Aug. 7

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Your des² 27 June 364.

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Fully realize importance of question

temerosa

and trust that measures referred to

ungrappled

in my telegram of 20 July may relieve situation. ^{sitings} ^{terminations} Do not understand

Speddiger has system of advances will help

immature plantations ^{but as} ^{Bulbent} ^{archelars}

partial ^{material} ^{in case we get} ^{reached} ^{autonomy} ^{but of simple} ^{business} ^{pinbultack} ^{proclaple}

on ^{subcentral} ^{advances} ^{to} ^{£12,500} ^{reduction}

on ^{long} ^{stated} ^{cannot} ^{at present} ^{antigymna}

hiplock ^{estovers} ^{hold not any} ^{capitation} ^{of} ^{assistance}

from ^{prothepit} ^{substantial funds} ^{to} ^{them} ^{or} ^{else} ^{industries}

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14/7/17

similar representation come from other industries it might not be possible to raise the necessary money. He would like it to be clearly understood that he left official Members to vote as they liked, and whatever way the vote went the resolution would be forwarded to the Colonial Office for further consideration, and, further, should the resolution be thrown out, because Hon. Members could not conscientiously vote for it in view of the possibility of having to afford assistance to other industries equally affected by the shipping restrictions, he would adjourn Council for a week or ten days in order that another and wider resolution might be framed in its place.

question had arisen affecting the exportation of products from East Africa, that was the embargo on shipping, and when Hon. Members voted on the motion he would ask them to consider very seriously whether they were justified in voting for it as it stood, justifying itself merely because of the embargo on coffee importation into the United Kingdom. He thought a very strong case had been made out for the special treatment of the coffee industry. It was an industry which absorbed a very large proportion of the European population. It was not like other industries, such as sisal, which, as had been pointed out, would affect comparatively few. The industry which affected the greatest number must be of the greatest value to the country at large. When Government was considering the resolution, since Council last adjourned, he had ascertained from the Treasurer that the £50,000 suggested as the figure could possibly be found from balances. It would have been perfectly simple to have guaranteed that amount of savings on the expenditure for the year were it not for the fact that the local revenue was beginning to feel the pressure of war. Those same restrictions on shipping naturally affected the Customs revenue, the railway revenue, and, in addition, the large number of porters serving out of the country seriously affected the hut and poll tax revenue. He did not think therefore that they could safely ear-mark any great savings on the annual budget, although Government would do all it could to economise in expenditure. He would like it to be clearly understood that, although it might be possible to find the money necessary to finance coffee from their floating assets, should by any chance other industries come forward and appeal for similar aid, it would probably be impossible to do so. Although the resolution might be passed, and although the Colonial Office might agree to the advances being made, should similar

Hon. The Manager of the Uganda Railway that it was rather a big step to take to say that the Government was going to wet-nurse any industry which was in need of financial assistance, but he (the speaker) said that they must tackle the question as one body and one country. They were loyal to their own country and to be most loyal to their own country they must be loyal to East Africa. It was up to them to put the strongest possible case for saving the coffee industry before the Home Government. It was a question of sink or swim with the whole country. If there were no money in circulation, and no new money coming into the country, there could be no buying. The whole position hung together, and, while he would not in any way suggest that the question of financial assistance might apply to all industries, he did hope that Council would support the motion before them as it gave a strong case to put before the Home Government. They were spending about six millions a day to save the Empire from death. Were they not willing, he asked, to spend a few thousands to save East Africa from, practically, extinction? What was the use of saving the Empire from death by the Huns if it finally perished from starvation? That was how the position appeared to him.

THE RIGHT HON. LORD DELAMERE said that he wished to point out, in connection with the remarks he had made regarding the motion, that he had no intention of introducing other industries into the motion before Hon. Members at that moment.

THE PRESIDENT said that the position was that, since they had discussed the motion at the earlier stage of the session, another influence had been brought to bear. The motion was framed in the words "In view of the embargo on the importation of coffee into the United Kingdom." It appeared to him that, since the motion had been originally put, a far more serious
question

smaller individuals residing in various parts of the country, whereas sisal was generally in the hands of companies and syndicates.

THE HON. W. MacLELLAN WILSON said that there was an old adage "A faint heart never won a fair lady." He thought they might very well apply that to themselves. The President had very kindly allowed the discussion on the motion to go beyond the question of financial assistance to coffee only. Not only coffee but sisal and all the other industries and commerce were more or less inter-dependent, and he might say it was a fact that the coffee industry, which he happened to know most about, held a large place in the economic life of the country. They should really look on the whole question as it affected the country and the welfare of the country. The people who were running the coffee industry spent a large amount of money in purchasing ration foods from European and native sources and goods from European stores. Goods bought by coffee planters paid their 10 per cent. Customs duty and paid railway fares coming up from the Coast. The wages to natives paid by the coffee planters totalled a large amount, and a large proportion of those wages came direct to the Government under poll and hut tax. That had been going on for years, so that, while perhaps there had been no great direct revenue from the coffee industry heretofore, indirectly it had added a large amount towards making up the revenue. If that were going to stop now it would mean that the revenue of the country would suffer. It was the same with sisal. He himself thought that the ^{sisal} ~~industry~~ industry was better able to 'hang fire' as possibly a sisal plantation might not suffer so much from neglect for a period. If coffee were left for six months - he thought the Hon. the Director of Agriculture would agree with him in this - the coffee industry would perhaps be ruined. He agreed with the

Hon.

once accepted that they were going to help in financing any industry that was in financial difficulties. If they did, it was open for any industry to come to the Administration with a similar request. He felt that if they accepted that principle they would be not only pledging themselves to it for the future but would be also in a measure pledging the Imperial Government to a similar policy with regard to other parts of the Empire, and therefore, much as was the pleasure he had in drawing up the Report and putting it forward, he felt that he must express that his opinion had changed.

THE HON. P. H. CLARKE said that Hon. Members should look at the matter not only from an assistance point of view but from a business and commercial point of view. If they allowed those vital industries of the country to go to ruin, it was going to affect not only the industries themselves but the whole of the country and the revenue for many years to come. If the Government could see that by laying out a certain amount of capital that capital would be returned not only with good interest at the rate of the 8 per cent. suggested but also in future revenue of the country, he thought that it was worthy of the consideration of Council to do whatever they could for the support of those industries in the meantime.

COLONEL THE HON. J. AINSWORTH asked whether it was not a fact, in connection with the assistance which the coffee industry claimed, that there are aspects in connection with coffee that do not apply to sisal and other industries. For instance, if coffee should be neglected, would it not cause disease to spread because of plantations becoming overgrown, and so ruin the country as a coffee producing area, whereas ~~sisal~~ ^{sisal} might be considered on quite another footing. Further, the coffee industry, as a general rule, concerned numerous smaller

assistance, but, as he had just remarked, they had to consider the whole question in its widest aspect.

THE HON. F. W. MAJOR said that he looked at the question as a business transaction. If they were going to develop the country they should not hesitate to vote money for harbour works or railways or anything else which might help to develop industries. That being the case, he felt that it was important for them to consider very seriously whether it was not necessary for Government, in order to prevent development which had already taken place from being ruined from want of Government or other assistance, however it could be managed at the present time, and for that reason he personally would like to support the motion.

THE HON. THE MANAGER OF THE UGANDA RAILWAY said that in connection with the proposal he might say that personally it had his entire sympathy, and as he was on the Committee that helped to draw up the Report he was very pleased to be able to put forward the proposals contained in it. The latest information, he must say, had very materially altered his views concerning the advisability as a matter of principle and as a form of precedent if the Report were accepted. When the proposals were put forward, and the Report was drawn up, it was understood and accepted that coffee was the only industry that was affected, and that would have to be assisted, and in the circumstances it was felt that, exceptional though the proposed procedure would be, they might put it forward as an exceptional measure and ask for temporary financial aid to be given to improve this industry of the country. The latest information, by which other important industries had also an embargo placed upon them, rendered it necessary for one to consider the position of the Government if the principle were

once

of infinite importance not only to the Colonies themselves but also to the United Kingdom). He thought it was obvious from that, especially when they considered the resolutions of the Paris Conference of July 1915, and the large number of Commissions which were sitting all over the world with the object of ascertaining how production could be extended after the war, that one method of ensuring such extension was that every possible means should at any rate be considered with a view to conserving what they had got now. He therefore asked Council most earnestly to review the question and to give it the fullest possible consideration.

THE HON. ACTING CHIEF SECRETARY said that the position, according to their information, had very much altered. As far as they could make out the Controller of Shipping had instructed the shipping agents at Mombasa to take only hides, copra, and wattle bark, and to refuse all coffee. When Government received that information, a telegram was sent to the Colonial Office asking whether an exception could be made in the case of 1,500 tons of coffee which had previously been granted permission to export. The reply received was - "Your telegram of June 14th. Question of admission of East Africa and Uganda coffee into United Kingdom already under consideration but regret cannot make application for facilities for immediate shipment." That, of course, rendered the position in regard to coffee even worse than before. There was also the question of other industries, such as sisal and flax, the shipment of which had been stopped, and that made the question a very much wider one, and the financial responsibility of Government - if it were to be admitted as a principle that all industries affected by the embargo on shipping were to be assisted - would be very heavy, and therefore they had got to consider that very carefully. There was no doubt that the coffee industry, as had been pointed out, was in great need of assistance.

only hides, wattle bark, beans, and maize could be exported. If there was anyone under the impression that the planters of the country were in a state of great prosperity, and able to finance themselves, perhaps he, as one who had a good deal to do with various industries, might say that in his experience he knew of no single planter who was "out of the wood" as regards finance. Practically everyone had to borrow considerable sums in order to effect development, and, although he could not say that all were in difficulties, at all events the great majority were in a very serious position as a result of the restrictions. He did not say for one moment that East Africa should ask for shipping which, in the opinion of the Controller of Shipping, could not be spared, but he (the Hon. Member) did think that they were entitled to ask that the facts be laid before the Imperial authorities, so that they might know the effects of their action, and that those facts might be considered by the Controller of Shipping in arriving at his decisions. If, after considering the facts, he still maintained that those restrictions had to be imposed, then of course East Africa must accept the position. There was a further question. As the Right Hon. Member (Lord Delamere) had said, it was obviously the intention of the Empire to make the fullest possible use of its resources after the war. He ventured to suggest that, if it was impossible for the Government of East Africa itself to arrange some means of financing the minimum requirements of the position, then the matter was one which affected not only East Africa but the Empire at large, and perhaps he might be allowed to read an extract from a speech by the Prime Minister, Mr Lloyd George. (Read extract, which was to the effect that there were within the Empire infinite resources for the production of raw materials, foodstuffs, timber, and every ~~commodity~~ commodity useful to man. The development of those resources was a matter

for some considerable time, and it had been brought up first. It was an important industry, and the question should be dealt with at once. When all was said and done, the whole of the country practically lived on quite a few industries, and the coffee industry was one of the largest. It did not matter whether a man was living in Nairobi, or sheep farming, or whatever he was doing, the money coming in from the coffee industry was largely responsible for keeping him going. They all sold their produce to the people who were sufficiently well off to be able to buy it, and as far as the people of Nairobi were concerned they sold machinery and stores. In fact the whole country appeared to be dependent on four or five primary industries, and it was essential that money be found or borrowed to keep those industries going till the end of the war, so that when the end of the war came the industries might not be found to have gone back. There was another reason, for it was quite evident that the Imperial Government was going to try after the war to feed the United Kingdom with raw products from the Empire, and it was most important that those primary industries of East Africa should be in a position to start immediately the war was over. He was sure that Hon. Members would agree that if those industries were not now kept going it would be extremely difficult to carry out the intention of the Imperial Government. He would second in the strongest possible manner the motion brought forward by the Hon. Member (W. MacLellan Wilson).

THE HON. WILFRID C. HUNTER said that the motion regarding coffee should have stood by itself, but he had been informed that it would be essential to debate the wider issue in view of the additional restrictions which had been imposed by the Controller of Shipping. He understood the position was that the embargo had been extended to sisal, flax, &c., and that
only

THE HON. W. MacLELLAN WILSON, having asked for and obtained leave to insert the words "in the opinion of this Honourable Council it is desirable that" (these are printed in italics) proposed the following Motion, adjourned from the 21st of May :-

"In view of the embargo on the importation of Coffee into the United Kingdom, and the consequent hardship on the Coffee industry in this Protectorate, I beg to move that in the opinion of this Honourable Council it is desirable that a sum of money be allocated from public funds for the purpose of advancing a proportion of the value of the Coffee in the hands of the Coffee Growers to enable them to tide over the present crisis and to meet recurrent expenditure necessary for the upkeep of Coffee plantations."

He said that in view of the Report which the Special Committee had put forward it was probably unnecessary for him to say anything more on the Motion. He thought that the Report put the matter clearly before them - more clearly than he himself had been able to do at the previous sitting of the Council. He would strongly urge Honourable Members to give the question careful consideration.

THE RIGHT HON. LORD DELAMERE seconded. He said that he made a remark - he thought at the last meeting of Council - which he did not think he was justified in making. In seconding the motion on that occasion he thought he said that coffee was the only industry of the sort which would require any advances. He had not thought sufficiently of the subject, and he thought it quite possible that if the embargo was put on other things - on vital primary industries of the country - it might be necessary for the country to find means to carry them on. He did not think that coffee was the only trade that would require financing. Coffee had been under embargo for

export trade, in addition to the yield from the 8,000 acres at present in bearing, will most probably result in an increase of exports which in the next two years would exceed a quarter of a million sterling per annum.

9. The recommendations of the Committee are as follows:-

- (1) That advances on cured coffee be made to planters up to a maximum of £35 a ton but so that the average rate of advance shall not exceed £23 a ton.
- (2) That interest at the rate of 5% per annum shall be charged on all advances.
- (3) That advances be made only on cured coffee which is stored in premises under Government control.
- (4) That if possible storage be provided by Government free of charge but in the event of such free storage not being available a charge be made to cover outlay for rent, supervision, fire insurance and other necessary expenses.
- (5) That a committee be appointed to consider all applications for advances - having due regard to the financial circumstances of the respective applicants and to take such steps as may be necessary to insure that advances are made towards the maintenance only of coffee already planted and in no case for increasing the area of cultivation.

10. In order to give effect to these proposals the sum of £12,500 is required immediately for advances against the estimated quantity of coffee now in stock

vis, 500 tons. Further sums will be required at the end of every three months but it is considered even if the embargo is not removed for 12 months that a total sum of £50,000 will meet all advances.

11. The total crop to the end of March 1918 is estimated at 4,500 tons it is hoped that some of this will be disposed of from time to time in countries other than the United Kingdom. Further it is understood that in some special cases the planters will be able to obtain advances from the banks.

12. The Committee are unanimously of opinion that on an average basis of an advance of £25 a ton the Government will be well secured against any problematical loss, pre war prices being an average of £35 a ton in Nairobi, and the deterioration of coffee stored for a year or so being negligible.

13. The Committee is informed that the banks are prepared to arrange refunds of Government advances when any shipping is available for any consignments of coffee released from Government storage.

14. The Committee suggest that strong representations be made to the Colonial Office with a view to getting the embargo relaxed to the extent of allowing the import of British East Africa coffee into the United Kingdom of 1000 tons per quarter and that arrangements be made for granting shipping space to this extent.

15. The Committee trust that in view of the extreme importance of the Coffee industry to the Protectorate as a whole that these suggestions will be received with and granted favourable consideration and attach importance to the fact that the suggestion with regard to relaxing the embargo on import and granting shipping accommodation would relieve the immediate situation and modify to a large extent the necessity for application being made for financial assistance.

Nairobi.

19th June 1917.

Sd/- A. C. MACDONALD

financial assistance being given unless under exceptional circumstances. The Banks feel, that in view of the uncertainty of the position, owing to the lack of definite knowledge as to when the embargo on the shipment of coffee will be removed, and having regard to the extreme difficulty of obtaining ocean freights either at the present time or in the near future, and also the great difficulty of finance at the present time, that they cannot take any definite pledges to continue the financial arrangements that have prevailed in the past. The fact that permission has been given to export a total tonnage of 1500 tons from the ports of Mombasa and Kilindini has been recognised and given the greatest possible consideration by the Banks in arriving at the decision that is previously recorded.

4. The financial position of the Coffee Planters would not have been unfavourable provided shipment of their produce could have been arranged, but the embargo on the shipment of coffee threatens financial ruin to many, if not to most of the planters, with the certain result of the failure for many years of the coffee industry of the British East Africa Protectorate. Coffee planting is an industry that requires 3 to 4 years of capital expenditure, labour and recurring annual expenditure before any result can be looked for, and the result of the first years bearing can be accepted, as a general rule, to paying the working expenses of that year only. The dead years up to that time must be recouped by the produce of later years, and it is the necessity of continuing the cultivation and conserving the produce of future years, without any hope of obtaining the financial assistance that has been given in the past, that renders the situation so threatening to the life of the coffee industry and to the very existence of the Coffee Planters.

5. The Committee after full consideration of the position of this industry have come to the conclusion that in view of the embargo on the importation of coffee into the United Kingdom this branch of Agriculture in which a very large sum of money is involved will be jeopardized and in consequence that the ultimate loss to the revenue of the Protectorate will be attended with serious results unless financial assistance can be arranged.

6. At present 22,000 acres are planted out in coffee of which a proportion of over one third is in bearing, the remainder being immature and in different stages of growth.

7. There are many estates under cultivation of which only a small proportion of the cultivated area has reached the producing stage. These would under normal conditions be able to carry on without financial aid but under existing conditions this becomes impossible and in such cases it is essential in order to maintain such estates that financial aid shall be given. It is to be clearly understood however that any financial assistance so given shall not be employed in putting further acreage under coffee but only in the maintenance of existing cultivation.

8. As regards the area in bearing which is estimated at at least 8,000 acres the cultivation and checking of weeds, the pruning of the trees and in many instances the necessary spraying to combat insect pests and fungoid diseases to which coffee plantations are peculiarly susceptible entail a very heavy expenditure while with respect to the area under immature trees unless assistance is rendered to tide over present conditions it is feared that a large proportion of this ^{may} be abandoned. It is therefore necessary that monetary advances received for coffee ready for shipment must be employed to keep plantations in proper order and cultivation, otherwise the work of the past years will be useless and a complete loss. If, however, such land can possibly be maintained in a proper state of cultivation the probable

RE MOTION ON COFFEE ADVANCES.

ENCLOSURE

In Despatch No. 362 of 27.12.1917

The Special Committee, appointed to consider the motion by the Hon. W. McLellan Wilson with reference to advances from public funds to aid the Coffee Industry of British East Africa beg to submit the following report.

2. The Coffee Industry in British East Africa commenced to assume a position of importance in the year 1907. The cultivation has been enlarged yearly, and the acreage in March 1914, was approximated at 5,500 acres. At the end of the financial year 1914-15 the area was increased to about 10,000 acres, and at the end of the following year, March 1916, the acreage was approximated at 16,000 acres. At the present time the area under cultivation is approximated at 22,000 acres of which over 8000 acres is in bearing. During the year ending March 1916 the following areas were inspected and reported on by the Coffee Plant Instructor.

From 1 to 3 years planted out	7890 acres
" 3 to 6 " " "	1039 "
Over 6 " " "	<u>329 "</u>
Total	9258 acres

There were besides further areas under cultivation which the Inspector could not visit. The state of war prevailing in the country has prevented accurate information being compiled for the past financial year, but from the figures given herewith it can be recognised as an accepted fact that over 9258 acres are planted out at an age of at least 2 1/2 to 7 1/2 years, and the approximated figure of 8000 acres in bearing is a conservative estimate that understates rather than overstates the present day position.

3. The Coffee Planters up to the present time have been given what financial assistance they required by the Banks established in this country. The embargo placed upon the export of coffee has had the result of preventing any further

financial assistance not only for coffee planters but also for other producers. Should the larger proposal be impracticable, I trust that you will at least be able to approve of the proposals as regards coffee.

5. Safeguards against abuse of the system of advances suggested by the Committee of the Legislative Council in their Report are provided by the appointment of the Special Committee suggested in paragraph 9 (5), and the fact that, as regards coffee, the necessary advances could be found from Protectorate funds, such advances being justified by the comparatively large number of European planters and families, will perhaps justify the coffee industry being considered apart from other industries similarly affected by the restrictions on shipping.

I have the honour to be,

Sir,

Your humble, obedient servant,



ACTING GOVERNOR.

available on the subject of the position of the coffee industry to enable Members to record their votes with any confidence, and I appointed a Special Committee of the Council to go into the question and report at a later stage of the Session. This Committee, consisting of the Director of Agriculture as Chairman, the Treasurer, the Manager of the Railway, the Chief of Customs, Mr. MacLellan Wilson, Mr. Hoey, and Mr. Hunter, in due course presented their Report, on June 19th, after which the debate on Mr. MacLellan Wilson's Motion was resumed. The Motion had in the meantime, at my suggestion and with my consent, been modified by the insertion of the words "in the opinion of this Honourable Council, it is desirable that" between the words "that" and "a sum", so that it eventually appeared in the following form:-

"In view of the embargo on the importation of coffee into the United Kingdom and the consequent hardship on the coffee industry in this Protectorate, I beg to move that in the opinion of this Honourable Council it is desirable that a sum of money be allocated from public funds for the purpose of advancing a proportion of the value of the coffee in the hands of the coffee growers to enable them to tide over the present crisis and to meet recurrent expenditure necessary for the upkeep of coffee plantations".

I attach copies of the Special Committee's Report and of a report of the discussion which

took

no plan has yet come to light.

The position is so serious that we must devise another training which we can. There is no object in condemning A (who could save himself) to die because B can't save himself & we can't help him. - A is the C.A.P. who for the present, at any rate, is in funds; B is Ugaride.

I shall telegraph as in app. herewith

and keep on worrying the H. of Shipping. We are at any rate entitled to demand that they shall send ^{some} class in connection to their local repr. if they have not already done so.

W.H. 13.8.17

I approve.

I must discuss this question in its broad aspects with Mr. Preece & pay at some later date.

W.H.

13. viii. 17

I spoke to Mr. Preece & the Secretary. I promised to get into the matter & then to join them. W.H. 13.8.17

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of shipping, while not prohibiting
shipment, leave their local representatives
under the impression that coffee is
not to be shipped. We have pressed
them to make the position clear. (See
our letter of 2 August on ^{no} 50/37 (80).)

For the present we must rely on
shipment as the remedy (for 12
months or so) for the difficulty,
and the only thing we can do at
the moment is to remind the Ministry
of Shipping of our letter of August 2nd?

[If it is necessary to proceed with
the question of advances, we shall need
more info from Uganda, but this can
wait. The proportion of small
coffee planters is lower in Uganda.]

W.C.S. 13.8.17

J.R.

13/8/17

A difficult business. — Shows up/and a the
recurrent results (spreading disease) of neglecting
plantations. But how will advances or cured
crops help miniature plantations? There are
so many & so far from their neighbours, in so far as
their planters have not also miniature plantations.

I doubt if there is any prospect of Suppl.

... to the Colonies generally, at any rate