

East Africa Post.

51478

Recd. 24 DEC 14

51478

Treasury

Financial Situation 512

1914

Dec. 23rd

Gives Treasury view as to incidence of military expenditure and arrangements for advances to be made in consequence

Last previous Paper.

No. 50882

S.

the Secretary

Eqn 25/12/14

The Hon. Sir J. Fiddes

On the general question the only point seems to me to be whether we should not guard ourselves against having to pay extraordinary charges on our local forces (K.A.F. & other) when they come to be used for offensive purposes.

Subject to this, we can agree to our part of the proposals for allocation.

On the immediate question of providing funds for E.A.P. to carry on with, it is clear that we cannot settle what is the Treasury's main point - the liability of Indian revenues to contribute, & also that we cannot definitely settle the

To Gov. Selam 4 Jan ✓
To Treasury 4 Jan ✓
To Gov. Selam 10 Jan ✓
copy Selam 9 13 Jan to Treasury 22 Jan (3250) ✓

Next subsequent Paper.

1370 S

main allocation of the Protectorate, and these
are between (a) Local funds & (b) P. & C.

I am afraid that, even had the new letter
had come in, it must have another
attempt on the latter point ^{as before} before
writing to the Press & was approved on 5/8/82.

? Del. to the Gov. asking if he cannot
certify that ^{expenditure} expenditure on local funds
exceeds so much to date & will exceed
so much to 31 March with corresponding
figures for Sept. on Indian funds from
India from Prot. E. funds. Say that
the figures given should be the highest
creatable without definite allocation
of all payments. And let Press
have copy of 5/8/82 & our let. in their
paper. Point out the impossibility of
precise allocation at present & say
that it ~~is~~ ^{is} essential to come to some
arrangement for putting E.A.P. in
funds before the accounts can be
finally scrutinized some month
hence.

*including the
£50,000

Say that when the Gov. has answered
our let. we shall be in a better position
to judge the facts so far as they concern
the Protectorate, but that, as it seems
clear that ~~for~~ more than £225,000
has already been spent, ~~that~~ it is
hardly just that the provision of funds
should be delayed for the exact a decision
as to the exact liability of Imperial &
Indian funds for part of the expenditure.

main allocation of the Protectorate, as provided
in Schedule (a) Local funds & (b) Funds (P.C.)

I am afraid that, even had this new letter
has come in, we must have another
attempt on this letter point ^{as well as} ~~as well as~~
with the Press & was approved on 50882

? Del. to the Gov. asking if he cannot
certify that ^{estimated} expenditure on local funds
amounts to date & will exceed
so much to 31 March with corresponding
figures for Sept. on Indian funds from
India from Prot. E funds. Say that
the figures given should be the highest
available without definite allocation

*including the
£50,000

of all payments. And let Press
have copy of 50882 & an let. in this
paper point out the impossibility of
precise allocation at present & say
that it ~~is~~ ^{is} essential to come to some
arrangement for putting S.P. in
funds before the accounts can be
finally scrutinized some months
hence.

Say that when the Gov. has answered
our let. we shall be in a better position
to judge the facts so far as they concern
the Protectorate, but that, as it seems
clear that ~~for~~ more than £225,000
has already been spent, ~~that~~ it is
hardly just that the provision of funds
should be delayed for the exact a decision
as to the exact liability of Imperial &
S. India funds for part of the expenditure

Write also as proposed in minutes on
50882; & on the general question agree
to necessary proposals subject to what
may be decided on the point of the use
of local funds for offensive purposes

W.S. 28/12/14

H. J. R.

28/12/14

513

at once

U 28.12.14

The President Mr. S. Fuller

11. See minutes attached. On Tuesday
Mr. Crookland of W.O. sent someone over to
discuss the matter in order to avoid the
necessity for a formal conference. I explained
our position & subsequently, after consulting
Mr. S. Fuller, telephoned to Mr. Crookland
(a) that we should not object to the
amount being muddled up provided
(b) that the S.O. be given every opportunity
of criticising & proposing any arrangement
proposed & be made for advancing the
cause &
(c) that we were allowed the first 20% in
funds upon an equitable basis - i.e. that any
money we borrow at 5% will be refunded
to us at 5% if found to be a charge on
Imperial or Indian revenues. I made it

clear that the Treasury must come into
the & ask Mr. Gosland to communicate
with Mr. Selwyn.

The Treasury to day is all dependant to
give way on the point that ^(I think) allocation
should precede borrowing. It points out
that S.O. are finding money from which
to be repaying the same, & that the
extraordinary expenditure on the troops from
India. If doing ordinary & Indian
extraordinary can be assured, what is the
difficulty, he asks, in determining the
balance sheet of the total military expenditure,
viz. the expenditure on the local forces.

Mr. H. is going to speak to Mr. C. On
my part I agreed that we should remain
the Gov. Gov. till. of 4 Jan? or the
paper - & I sent it off accordingly.

If nothing in the way of an approximate
allocation of the Post Office military
expenditure is possible now, we might
perhaps be able to arrange the converse
of our proposal to the Treasury - i.e.
S.O.P. to be repaid the amount of its
total military expenditure (excluding
ordinary
the S.O.P. expenditure on India) from
the beginning of the year, & the to be
relieved of all this expenditure in
future, & to agree to making such part
of the total as may be finally decided
to be a charge on it with interest at
bank rate. I don't like this because

267
presumably

then that the Treasury must come into
this & ask the Govt to communicate
with the Kellogg.

The Kellogg's to day is left dependant to
give way on the point that ^(approximate) allocation
should precede borrowing. He points out
that I.O. are finding money from which
to be used in paying the usual ^{reimburse}
retroceding expenditure on the troops from
India. If India ordinary & India
extraordinary can be assessed, what is the
difficulty, he asks, in determining the
balance vis. of the total military expenditure,
i.e. the expenditure on the home forces.

W. H. is going to speak to Mr C. On
my part I agreed that he should receive
the Govt Govt. of 4 Jan. & the
paper - & I submit diff. accordingly.

If nothing in the way of an approximate
allocation of the Prov'd military
expenditure is possible now, we might
perhaps be able to arrange the converse
of one proposed to the Treasury - i.e.

S.A.P. to be repaid the amount of its
total military expenditure (excluding
ordinary the S.A.P. expenditure or estimated) from
the beginning of the term, & this to be
relieved of all this expenditure in
future, & to agree to making such part
of the total as may be finally decided
to be a charge on it with interest at
bank rate. I don't like this because

by India
presumably

long before the E.A. should come to determine
the Treasury should be able to finance us
at a lower rate of interest

W.H. 13/15

H. J. R.

13/15

511

~~Mr. J. Fisher~~ Mr. J. Fisher

With ref to Genl Westlake's let of 15 Dec
(filed in 60/50880 sub) x Gov/50880/2500
W.O.

Mr. (Colonel) Finance Branch, Bangalore
op & said that his attention had just
been called to the matter by the General
Staff in connection with an urgent
reminder from the General - viz. as to
his suggestion that all the accounts
should be mixed up & sorted out later
if necessary
possible.

545

Mr. (Colonel) proposed a conference
of representatives of the four a/c's
concerned - W.O. J.O. Treasury & CO

I said that of the Treasury who are
mainly concerned (because the distinction
between Indian ordinary & extraordinary
expenditure will be very difficult),
apart to the Conference I had no doubt
that the authorities here would be
willing to appoint a representative

Personally I think that as the accounts
are necessarily mixed already they
may as well be thrown into one as
proposed, but we should have to
reserve the question of that division
in proportion "means for discussion
etc

with the Government, such matters as
 No. of { European } { Indian } { African } } nations
 { Indian } { African } }
 { African } { Indian } }
 { Indian } { African } }

should be capable of fairly exact determination.

Mr. Croland will write me up, after
 consulting Manning, to ascertain what
 I thought here about a conference

Oct. 9. 15

H. J. R.

11/1/15

If there is to be a Conference, Mr
 Bittoumby can represent us

also see Mr. 11. 7. 15

and the Government such matters as

| | | | | |
|--------|---|---|---|----------------|
| No. of | { European } { Indian } { African } | } first column } issues to that } column of | { European } { Indian } { African } | } railway } |
| | | | | |

should be capable of fairly exact determination.

Mr. Crossland will be ring me up, after consulting Treasury, to ascertain what I thought here about a conference.

Oct. 9. 15

H. J. R.

11/1/15

If there is to be a Congie, Mr. Bottomley can represent us.

Alfred P. 11. 1. 15

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

27727
14

23^d
December, 1914.

543

Sir,

029/1914
290/S.

I have laid before the Lords Commissioners of His Majesty's Treasury Mr. Read's letters of the 3rd and 10th instant relative to the financial position of the East Africa Protectorate, with special reference to military expenditure.

In reply I am to state that in the special circumstances of the East Africa Protectorate They are of opinion that the ultimate incidence of ^{these} ~~the above~~ charges should be as follows :

Indian Expeditionary Forces B and C

- Normal charges Indian Revenues.
- do. Extraordinary charges .. Imperial Exchequer.
- Kings African Rifles, Volunteers and other local defence charges Protectorate funds.

My Lords propose that the advances already made be adjusted to conform with the above incidence, including the advance of £50,000 made in September last to the Account of the Crown Agents, the Imperial Exchequer's share being charged to Army Funds.

With regard to the further sums required by the Protectorate for defence purposes, as set forth in Mr. Read's letter of the 10th instant (48290/S) My Lords are not certain from the Governor's despatch of November 12th whether the sum of £400,000 required up to the 31st March next

The Under Secretary of State,
Colonial Office.

next includes provision for the Indian Forces and they observe that Mr. Harcourt made telegraphic enquiry on this point on November 24th. Under the present arrangements for temporary advances for Forces B and C by the Indian Government and for their repayment by the War Office it does not appear to be necessary for the Protectorate to advance any sums for this purpose or that the question of interest on Protectorate advances for them should arise.

Before taking further steps in the matter Mr. Loras would be glad to learn whether the £75,000 is required solely for the local forces and ordinary Protectorate expenses.

I am,

Sir,

Your obedient Servant,

J. H. Bradbury

51478 S.

sent 2.30 pm
Epu 5/12

January 4. You tel.

Dec. 20 military 513

Expenditure O can

you do certify that

Extraordinary expenditure

in local forces

- Exceeds so much to

date and will exceed

so much to 31st March

with corresponding

figures for expenditure
(including the £50,000 already
reimbursed)

in forces from India

from Protectorate

figures O figures

Given should be

DRAFT Tel. cypher.

Governor Nairobi

MINUTE.

Mr. Egerton 3/1/15

Mr. B. Stanley 4.1.15

Mr. Read 4

Mr.

Sir G. Fiddes.

Sir H. Just.

Sir J. Anderson.

Lord Emmott.

Mr. Harcourt.

the highest ascertainable
without definite
allocation of all
payments.

Harold

the highest ascertainable
with out definite
allocation of all
payments.

Account

Copy

4 Jan. 1915

Sir,
 I am etc to acknowledge
 of your letter of
 23rd Decemr. (No
 22747/14) as to the
 financial position of
 the I.A.P. with special
 reference to the
 military expenditure
 concerned

2) am to Enclose
 for the information
 of the L.C. of the Treas.
 Copies of telegraphic
 corresp. with the Gov.
 of the I.A.P. as to
 this military expenditure,
 (over)

DRAFT

The Secretary,
Treasury

MINUTE

- Mr. Eglin 2/1/15
- Mr. Bottomley 4/1/15
- Mr. Road 4
- Mr.
- Sir G. Piddes.
- Sir H. Just.
- Sir J. Anderson.
- Lord Islington.
- Mr. Harcourt.

~~1915~~ Feb. 12 1915
 (already sent to Mr. ... on 6/24/15)

For. Tel. 20 Dec
 50 892

To For. Tel.
 herewith

from which it will be
observed that it is
found impossible to
allocate the military
expenditure to different
heads at present.

Upon receipt of the
Gov's reply to the
letter of January,
the Lt. will be in a
better position to
judge the facts so
far as they concern
the Protectorate, but
as it is essential
to come to some
arrangement for putting
the Protectorate in funds
before the accounts can

be finally scrutinized
some months hence &
as it seems clear
that more than £225,000
has already been spent,
he feels that it would
be hardly be best that
the provision of funds
shd. be delayed for a
decision as to the exact
- liability of Imperial &
Indian funds for part
of the expenditure. 550
He still considers that
the only way of placing
the R.A. in funds is
by a comprehensive
loan in respect of the
total military expenditure
of the Post, estimated at
£400,000 up to March

31st, the principal and interest being apportioned when the liability of Protectorate, Imperial Indian revenues to the various charges can be determined.

3 As regards the general question of the ultimate incidence of these charges, Mr H. agrees

to the proposal of their Lordships ^{is of opinion} ~~but he considers that~~ ^{subject to} if at a later date the local forces ~~what may be decided~~ of the Protectorate are employed in on the point of the ~~the offensive operations against~~ use of local forces ^{in the} G. S. A. ~~the first charge is incurred~~ for offensive purposes. ~~may require further consideration.~~

[For comment. The decision which I referred to in the decision taken here as to the apportionment of the charges is subject to the decision of the Council.]

22

179

31st, the principal and
interest being apportioned
when the liability of
Protectorate, Imperial
Indian revenues to
the various charges
can be determined.

3. As regards the general
question of the ultimate
incidence of these
charges, Mr H. agrees

to the proposals of their

Lordships ^{is of opinion} but he ^{is of opinion} ~~is of opinion~~ ^{is of opinion}
~~is of opinion~~ ^{is of opinion} ~~is of opinion~~ ^{is of opinion}

of at a later date the local forces

what may be decided

of the Protectorate are employed in

on the point of the

the offensive operations against

use of local forces

G. S. A. ^{is of opinion} the ^{is of opinion} ~~is of opinion~~ ^{is of opinion}

for offensive purposes.

They require further consideration.

[For comment. The decision
to which I referred was
the decision taken here
as to the suggestion
para. 1 of my minute
Capt.]

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PARAPHRASE

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

(Sent 12.30 p.m. 4th January, 1915.)

551

January 4th.

Your telegram December 20th Military
expenditure. Can you not certify that extraordinary
expenditure on local forces exceeds so much to date
and will exceed so much to 31st March with corres-
ponding figures for expenditure (including the
250,000 already reimbursed) on forces from India from
Protectorate funds. Figures given should be the
highest ascertainable without definite allocation
of all payments.

HARCOURT.

Just S.M.P.
5/4/78 See.

Sent 5.30 PM
Per S.M.P.

January 13

552

Cypher Tel

my ltr of Jan 7/47

DRAFT.

Govt. Nairobi

military expenditure decisions
for reply. Figures need
only be rough approximation

MINUTE.

but at present arrange-
ments for providing funds
for Protectorate are at a
standstill till it is known
what it has cost and is
looking for new services and
what part is recoverable.

Mr. Roxburgh 13/1/5

Mr. Reed 13

Mr.

Mr.

X Sir G. Fiddes. 13

Sir H. Just.

X Sir J. Anderson. 13/1/5

Lord Islington.

Mr. Harcourt.

for comr

Further minute

to be made

to be made - I to
be made to Frank Baker
re petty

13/1