

1932.

Kenya

No. 18027.

SUBJECT

CO 533/419

Agricultural Advances.

Credit Facilities for Agriculture

Previous

15/127/31.

Subsequent

3079/33.

1. Mr. Kuyper ——— Feb 18 ——— 20/1/32

Has received report of Agric. Advances Board for 1931 & will forward it with advice as early as possible by Air Mail. Meanwhile, in view of position disclosed in the report, requests Authority by telegram to make further advances for months January & February of £5000 for essential operations in approved cases.

Detailed comment on these figures must be deferred until we receive the full report - promised by air-mail. But the following comparison is significant :- (Col. A. shows the position on 31/1/32 as forecast in August; Col. B., the position as disclosed in this let<sup>r</sup>.)

para 2 of und. to 24) on 17/1/37

	<u>A</u>	<u>B</u>
(a) Amount advanced	£ 118 356	£ 119,160
(b) Administration expenses	3 527	3,614
(c) Amount received	33 671	26,462
(d) Interest received	?	2 217
(e) Balance of £100,000 remaining (i.e. £100,000 + c + d - (a+b))	<u>11,788</u>	<u>5,903.</u>

The decrease in item (c), and consequently in (e), shows that the position is definitely worse than that which justified the S. off. in sending this telegram of 3<sup>rd</sup> Nov.

25 on 17/1/37.

It further appears that two-thirds of the interest payments are in arrear; and that the final irrecoverable losses may be anywhere between £22,000 and £77,000.

(allowing £7,000 for admin<sup>g</sup> expenses)

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The telegram asks merely for authority to

advance a further £5000 before the end of February.  
Unless this (or part of it) represents advances to  
new applicants, the Government need not have  
sought authority. If it does include  
assistance to new cases, S.F.S. would not  
be justified in assenting.

Tel. no in draft?

B. Austin  
22.1.32

H. Allen

22/1

atance

To Gov Kenya. Tel No 17 Conf 1 and 231.52

Kenya — Conf. 24 — 6/1/32

No statement by the Central Agric.  
Advances Board in regard to No 2.  
Forwards copy of the Board's report  
for 1931 & submits recommendations  
in connection with the Report.

The Secretary of State's instructions were:  
(a) no advance to new applicants  
(b) but advance to existing settlers to be limited to cases  
where such advance is necessary to ensure ultimate  
recovery of advances already made.

The Board's proposals, for which approval  
was sought, comply strictly with both

these directions. The Board point out, however,  
the impossibility of guaranteeing that such further  
advances will repay result in repayment.

To withhold or limit approval would  
result only in a crop of bankruptcies  
and irreparable losses. Government, which  
has accepted risks which no bank  
would look at, is now faced with  
a situation where foreclosure - apart  
from the reaction consequences - would  
not realize sufficient to cover the amounts  
outstanding.

Tel. approval, but note that the  
quarterly reports may be furnished  
quarterly showing how far in what extent  
the forecasts in para. 12 of the report  
are being realized.

B. Austin  
20

18 of Incl. 1.

For ~~reference~~ <sup>reference</sup> I reproduce here the definite  
recommendations of the Board which are as follows:-  
"The Central Board are convinced that if the  
Government do not continue this scheme within the  
limits herein recommended, the loss will be in the  
neighbourhood of £70,000 whereas, if the scheme is  
continued the Government may eventually escape with  
a loss of less than £15,000 which, in the opinion of  
the Central Board, is a small premium to pay for

considerably



considerably improving the security of the Colony during so critical a period. The Central Board feel therefore that there is no alternative and definitely recommend that further advances to the extent of, say £42,000 and Administrative Expenses £2,250 be authorised during 1932 against the amount estimated to be recovered during 1932 of £49,000."

In the circumstances reported there seems no option but to go on in the hope of <sup>keeping</sup> reducing any loss <sup>at</sup> to a minimum.

Approval has already been given to the extent of £8,000 in respect of Jan. and Feb.

Y as proposed.

L. W. Allen

22/2/32

I agree with the preceding minutes, & concur in the proposals as do action.

*[Signature]*  
25/2/32

28/2/32

As proposed

*[Signature]*  
stance

29.2.32.

DESTROYED UNDER STATUTE

tel 45 conf - Samed

20/11/29  
2/3/32

5. Gov. Kenya 6. Conf 22/4/32  
Reports advances & repayments made, & Expenses incurred by the Central Agricultural Advances Board for the first quarter, 1932

This seems to show that there is £207 in hand in addition to the £5,905 balance as at 1<sup>st</sup> Jan 1932 making a total of £6,112 available for distribution.

? Publicly

M. S. P. M. S. M. S.  
26/5/32

(para 11, p 5 of end to 31)

They expected to "improve the position" during 1932 by £4647. In the first quarter they have improved it by £207. (= £8043 - (£7351 + 409))

*[Signature]*  
26.5.32

6 Gov. Kenya Tel. 113 Conf. 25th June, 1932

Reports that in accordance with instructions no advances to new applicants have been made, but to avert threatened collapse of the sisal industry recommends that some temporary assistance should be given. Is advised that if Agric. Advances scheme could be re-opened for applications by sisal growers the only money required would be limited to £10,000. Asks for telegraphic reply as to whether provision of £10,000 may be authorised.

~~...~~  
*[Signature]*  
26/6/32

I think he ought to be allowed to do this.  
He must try to save the industry, and it will  
help to get income tax through smoothly.

(Intld.) P. C-L.

I attach a note (7)

? incl. as in draft

J.P. Allen  
30/6

This means advocating in favour of  
the sisal growers the decision that no  
new applications should be considered.  
In the understanding in the draft that  
there will be no question of finding  
fresh money for industry but allowing  
existing available monies to involve  
themselves more widely - sisal has  
in fact already participated. In the  
other hand it was agreed to increase  
the Govt risk in respect of money it  
can ill spare.

? as proposed

J.P. Allen

30/6/32

I feel bound to represent that, if this  
is agreed to, it will be difficult to justify resistance  
to a similar demand from the sisal growers of  
Tanganyika, who export about three times as much as  
Kenya, and would be hit by any subsidy enabling Kenya  
growers to undersell them.

The attitude of the largest firm in  
Tanganyika is that any form of subsidy is undesirable,  
as it will merely enable the inefficient and under-  
capitalised firms, who are forced at present to sell  
at any price, to hang on longer and thus prolong  
depression. These smaller growers have ceased  
re-planting (which usually accounts for 20% current  
expenditure) for some time, have allowed buildings  
and machinery to deteriorate and debts to remain  
unpaid, are mortgaged beyond their value and are now  
beginning to break. The powerful firms, I gather,  
look to a shake out of the weak growers as necessary  
for any real improvements.

As I understand the Kenya proposal  
"advances.....according to circumstances of  
estates", it is intended primarily to assist the  
poorer growers. The general view in the case of  
Tanganyika is that the future of the industry lies  
with large, highly equipped enterprises which can  
command the best machinery and advice. If this is  
so, a subsidy to estates which do not conform to that  
type is hardly likely to achieve its object.

J.P. Allen

30.6.32

I would send the telegram, as drafted, in the circumstances here, it would be extremely difficult to refuse this request. It is a crop advance, not a subsidy. To my mind, the main justification is "Ottawa". The Govt. will not improbably lose its money; but the circumstances, as reported, are such that sanction seems to me justifiable.

The 2-7-32.

in S. Wilson

Re see note by G.S. recorded above.

I expect Mr. Jones's minutes. I think that you will probably wish to accept the Mr. Sel. as recommended by Sir Campbell - but in doing so the possible T.T. reaction must be borne in mind.

all  
1.7.32

J.H.G.  
1.7.32

The Govt has approved the telegram which should run as follows 2/7/32

Noted 1/8  
Tel to Kenya 10/36 - (cont) 2/7/32

Proceeds to see 6/8/32  
9  
Social

Gov. Kenya - 92 Conf - 18/7/32  
Vis. Statement giving the position of the Agric. Advance Scheme at end of June 1932. Explains that the provision for assistance to local industry proposed in No. 6 cannot be made at present within the terms of No. 5. Fortunately the local market has recently shown a slight improvement.

Time 15/8/32

As the price had risen last Saturday to £15-15-0 (p.a.g.), it is to be hoped that there will be no need for Government assistance.

They expected to receive £10,000 by the end of 1932; i.e. £4,695 more than the balance on 1/1/32. By the end of June the balance had been reduced to £2,928.

? P. P. P.

I send you a list of Cotton...  
as not in 10000 + 8

J.H.G.

12/8/32

W.C.B. 15.8.32 above

100 Kenya 108 Conf 26/11/32  
 Notes that the balance available within  
 the £100,000 authority for the Kenya Government  
 scheme had diminished by the middle of  
 August to £57,000. Reports the cases in which  
 the Board is being authorized to exceed  
 the £100,000 by £7,000 for the remainder of  
 the current year & quotes the 5/8/32 letter  
 to the Director. Notes views regarding the use  
 of interest payments for further advances.

I attend a minute - 10 a  
 and a note on interests - 10 b  
 H.P. Priestman  
 8/9/32  
 1011

It is difficult to avoid the conclusion  
 that Mr. Moore and Mr. Rushton have behaved badly  
 over this. (Sir J. Byrne himself was absent on  
 tour in the Coast Province from the 4th to the  
 31st August; he was probably inaccessible  
 and there is nothing to show that he was personally  
 consulted.)

A

Mr. Priestman's note recites the various  
 reasons on which it has been laid down by the  
 Secretary of State that the maximum figure of  
 £100,000 advanced from surplus balances is not  
 to be exceeded. On July 2nd this injunction was  
 re-affirmed in a telegram approving advances to  
 sisal growers "on understanding that total net  
 allocation from surplus balances at no time exceeds  
 £100,000". Yet on August 19th the Executive Council  
 affirmed that "the necessary authority to exceed  
 temporarily the sum of £100,000 should be given  
 to the Board" and Mr. Moore, writing on August 26th

says

(No. 5)  
 para 4 of 10

Despatch

(Nos. 6 & 8)

this is the  
 substance of the  
 thing  
 8/9/32

says "the Board is being authorized accordingly".  
 Nor can the Kenya Government plead urgency  
 as an excuse for disregarding instructions. It  
 must have been obvious to Mr. Rushton (as Chairman  
 of the Board) by the end of July that the question  
 of exceeding the £100,000 would have to be faced, and  
 there was plenty of time for an exchange of telegrams  
 with the Secretary of State (the sisal telegram of  
 25th June was answered within a week). Messrs.  
 Moore and Rushton appear to have preferred presenting  
 the Secretary of State with a fait accompli to running  
 the risk of an adverse decision, which would have been  
 highly unpalatable to the farming industry.

? The reply should refer to the various  
 occasions on which the injunction not to exceed  
 £100,000 has been affirmed and re-affirmed by the  
 Secretary of State, drawing special attention to the  
 telegram of the 2nd July; it should go on to inform  
 Sir J. Byrne that, on the facts as placed before him,  
 the Secretary of State cannot but regret that his  
 Government should have (<sup>been</sup> ~~seen fit to take~~) a course of  
 action contrary to the Secretary of State's expressed  
 wishes without that prior reference for which <sup>(adequate)</sup> ample  
 time appears to have been available. Add that, in  
 the circumstances, the Secretary of State will defer  
 extending his covering approval until it has been  
 shown at the end of the year that the amount still  
 outstanding on borrowings from surplus balances for  
 this scheme is not in excess of £100,000.

As regards the point raised in the 5th para.  
 of the despatch, it seems quite legitimate to charge  
 the overhead expenditure on the scheme against the  
 receipts



receipts by way of interest on advances.  
any excess of interest receipts however (it  
appears from the data available that there should be  
such an excess) should be paid into general  
revenue and not used for financing further  
advances. Subject to any view expressed by Sir  
John Campbell, see reply.

*W. P. ...*  
4/10

This is such a bad case that drastic  
criticism seems inevitable, such as I  
describe the idea of sending such a  
adv. as that proposed to Sir Byrne  
in the midst of his present difficulties.  
It seems clear that he has been let down  
by Allen

5/10/32

*W. P. ...*  
5/10/32

Left for course. The grounds  
on which the Treasurer asserted  
the fresh advances seem to be  
unsubstantiated (unfortunate), but  
I agree that the disregard of  
instructions requires action.

W.P. 5.10.32  
W.P.

1/10/32  
4/10/32  
This has to be  
returned to P. G. A.  
when available 12

To Gov. Conf. (10. Ansud) 12 OCT 1932

Governor Byrne 11/2/32 (Ansud) 26 Nov 32.  
Furnishes explanation regarding the exceeding of the  
limit of £100,000 of shortfalls on repayments. State will submit  
recommendations for continuance of the scheme in 1933, & considers  
that continuation to a modified extent must be contemplated.

This despatch falls naturally into 3 sections:-

(i) Paragraphs 1 to 7 contain the Kenya Govern-  
ment's retort to the Secretary of State's rebuke in  
Paragraph 3 of No. 11.

It is contended, in effect, that approval was  
given in the telegram of March the 2nd to the Board's  
recommendation "that further advances to the extent  
of, say, £42,000 and administrative expenses of £2250  
be authorised during 1932 against the amount  
estimated to be recovered during 1932 of £49,000";  
that, in conveying such approval, the Secretary of  
State was presumably aware that, owing to seasonal  
factors "some advances must precede the realization  
of the assets from which they can be repaid"; and  
that his acquiescence in a temporary excess over  
the £100,000 was therefore justifiably taken for  
granted.

This defence is ingenious, but transparent.

In May the Auditor queried the Government's  
proposed line of action and was only so far persuaded  
of its correctness that he thought it necessary to  
refer the issue home for the D.C.A.'s approval.

In July the Secretary of State telegraphed approval of certain additional advances "on the understanding that the total net allocation from surplus balances at no time exceeds £100,000".

As the following table shows, it must have been obvious to the Board throughout the year that fresh advances were exceeding actual recoveries:-

Date	Total Advances	Total Recoveries of capital
1932		
By 31 March	£7,351	£6,492
" 30 June	£16,682	£12,500
" 31 July	£19,953	£14,674
" 30 Sept.	£25,266	£15,146

and they must have been well aware that the prospects of making good the leeway were entirely contingent upon the locust menace and climatic conditions.

The prompt action which became necessary in August should have been anticipated by a reference to the Secretary of State, either in March when the Auditor raised his query, or on receipt of the Secretary of State's telegram of the 2nd of July.

The Secretary of State will not wish to add to the Kenya Government's embarrassment by prolonging the correspondence in any acrimonious spirit. On the other hand it would be unwise of discipline to leave Mr. Moore and Mr. Rushton under the impression that they had cleared themselves by a defence which might well be regarded as disingenuous.

(ii). Paragraph 6. Disposal of interest payments. In the original instructions to the Board

Board they were warned that "all expenses connected with this emergency measure are to be met from the £100,000 above referred to and, as it is desirable that as much of this sum as possible should be available for actual advances, the Board is enjoined to keep its expenses down to the lowest possible figure". At that date it was clearly not intended that interest payments could be used for meeting administrative expenses - much less for further advances. True, the £49,000 estimated in January, 1932, as the amount of recoveries to be effected in 1932 was stated to include interest collections, but no separate figures were given for interest. (See para. 12 of the Board's report). The despatch of the 26th of August (para. 5) was the first occasion on which this question was referred to the Secretary of State for a ruling, and I see no reason for modifying the ruling given.

(iii). Paragraph 9. Continuance of the scheme in 1933. The Governor promises a further report and this must clearly be awaited before any decision can be taken.

The general impression with which one is left after reviewing the whole of this correspondence is that Mr. Rushton, the Chairman of the Board, has throughout tended to override Mr. Moore, the Treasurer of the Colony. In the latter capacity his prime duty was to conserve the surplus balances of the Colonial Government, instead of allowing them to be dissipated in the interests of a very small (however important) section of the community. At the beginning of 1932, out of 2,000 European farmer-occupiers in Kenya only 55 were being assisted by the Board.

I submit a draft despatch for conson.

enclosed - 3

2106 on 28/1/31  
see Agricultural Census 1924 p. 6  
+ para 18 of end.  
E.S.

Enclosure 2/1/31  
E.S. on 15/5/30

*[Handwritten signature]*

The action of the Govt. savant somewhat  
I that I am from my roots to the till  
in the hope "being able to repay later  
"if the future comes home." In an <sup>event</sup> ~~event~~ )  
I am so adequate because for not  
consulting the Govt. savant in the  
case there has been a death.

L. V. Allen

9/12/32

12.6.32

The way is that the S/S ad have  
been consulted; there was enough  
time to consult him; but no  
reference was in fact made.

*[Signature]*  
10/12/32

The draft is moderate in tone &  
I have based it.

I think that, if the reference  
had been made, and made as fully  
as in this draft, he should have  
agreed

W. S. 12.12.32

15 To Gov. Conf (12 Annual)

16/5-  
14 DEC 1932

*[Signature]*

Wms



C.O.

10/11/32

13

Mr. Freeston 8/10

Mr. Allen 9/12

Mr. Campbell 9/12/32

Mr. Parkinson

Mr. Tomlinson

Sir C. Bottomley 12.12.32

Sir J. Shuckburgh

Parly. U.S. of S.

Parly. U.S. of S.

Secretary of State.

Amended by No 1 on 20/9/32

14 December, 1932

C.D.  
R 12DEC  
D 131

Sir,

DRAFT. comr:

V. mounts

KENYA

Confidential

Governor

14

in conditions of exceptional difficulty.

I have etc. to acknowledge receipt of your confidential despatch No. 142 of the 26th of November on the subject of the Agricultural Advances Scheme.

2. I desire to remove any impression which may exist that I am lacking in sympathy with the ends which the Scheme seeks to achieve, or in appreciation of the valuable and disinterested

work which the Board has performed, in <sup>assisting</sup> ~~enabling~~ a ~~narrow~~ section of the farming community to avoid disaster.

But the conservation of the surplus balances in the hands of your Govt.

is a <sup>measure of financial prudence</sup> ~~duty~~, the neglect of which which has been emphasised & threatens the present and future <sup>present prod of economic depression</sup> ~~welfare~~ of the whole population, and

an essential



it is with this consideration in mind that my predecessors and I have felt bound to resist any suggestion for allowing further inroads to be made upon those resources which, as you are well aware, have stood for some time at a perilously low level.

3. After a careful study of the explanation <sup>contained</sup> offered in your despatch under acknowledgment, I am still <sup>farther</sup> ~~at a loss~~ to reconcile the authority given to the Board in August "to exceed temporarily the limit of £100,000" with the categorical direction implied in my telegram of the 2nd of July that the total net allocation from surplus balances should at no time exceed £100,000. I am, however, <sup>accepting the view that</sup> ~~prepared to attribute~~ the action taken by your Government to a

genuine

11  
genuine misunderstanding, and you will probably agree that no purpose will be served by prolonging correspondence on this point.

4. As regards the disposal of interest payments, I would remind you that in para. 9 of the instructions issued for the guidance of the Board in 1930 they were <sup>would</sup> ~~informed~~ that "all expenses connected with this emergency measure are to be met from the £100,000". Permission to defray the overhead charges from the interest accruing on the <sup>advances</sup> £100,000 is therefore <sup>itself</sup> in the nature of a concession.

5. I have taken careful note of your observations regarding the continuance of the scheme into 1933, and I shall await ~~with interest~~ the further review and recommendations foreshadowed in the last para. of your despatch.

I have etc.

(Sd.) P. CUNLIFFE-LISTER

Enc. 10 No 8 1  
16/12/30 (Kager)

12<sup>12</sup>



GOVERNMENT HOUSE,  
NAIROBI,  
KENYA.

KENYA.

NO. 142  
By Mail

RECEIVED  
COL. OFFICE

26<sup>1</sup> November, 1932.

CONFIDENTIAL.

Sir,

No 11

I have the honour to refer to your Confidential despatch of the 12th October on the subject of the Agricultural Advances Scheme.

No 6

2. It is, I hope, scarcely necessary for me to assure you that your predecessor's instructions in this matter have been in no way disregarded. As recently as July last the observance of the limit of £100,000 precluded the assistance to the sisal industry suggested in my telegram No. 113 of the 25th June. From the inception of the scheme it has been fully understood by this Government that the funds available for its operation were limited to £100,000, and until recently circumstances permitted the Central Board to administer the scheme strictly within the terms of the authority contained in paragraph 2 of the instructions given to the board on the 4th June, 1930, a copy of which accompanied Kenya despatch No. 433 of the 30th June, 1930.

revised (13)

No 8

16164/30

3. The Board's Report for the year 1931 fore-casted recoveries and interest payments in 1932 amounting to £49,605, as against further expenditure of £42,700 on advances, and £2,250 on expenses of administration.

NO 4

Your telegram No. 45 of the 2nd March last approved the recommendation that further advances to

THE RIGHT HONOURABLE  
MAJOR SIR PHILIP CUNLIFFE-LISTER, P.C., G.C.B., M.C., M.P.,  
SECRETARY OF STATE FOR THE COLONIES,  
DOWNING STREET,  
LONDON, S.W.1.

the extent of £42,000 and administrative expenses, £2,250, be authorised during 1932 against the amount estimated to be recovered during 1932 of £49,000. It was not stated at the time whether advances would or would not in some cases be made in anticipation of recoveries, but it was to be expected that, whereas at certain periods of the year recoveries would exceed advances, at other times the amounts required for advances might exceed the amounts actually recovered. The advances necessary to carry farmers until their crops are sold fall to be made fairly uniformly throughout the year, whereas the realisation of crops is seasonal and in many cases could not have been effected at all, thereby destroying any chance of recovery, if such advances had not been given. The recoveries should ordinarily be greatest during the last four months of the year, and in this way some advances must precede the realisation of the assets from which they can be repaid. The estimate of £49,000 referred to included some £17,000 in respect of the sale of 1932 crops.

4. In May last the Auditor suggested that advances during 1932 could be made only out of actual recoveries and not in anticipation of recoveries. He was informed that, so far as this Government was concerned, it was never intended that such advances should be made only out of actual recoveries and that the acceptance of this interpretation would mean that the Board must cease to function immediately and the 49 farmers receiving assistance close down operations. The Auditor informed the Director of Colonial Audit that, subject to his approval, he proposed to accept this .....

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this .....

this view and that he did not consider that it could be shown to be contrary to the wishes expressed by you.

This was mentioned in Executive Council when the position was under consideration on the 19th August.

5. The authority given to the Board to exceed temporarily the limit of £100,000 was given in confirmation of the understanding that recoveries need not precede advances. It was occasioned by an unexpected shortfall in recoveries and is restricted to the present year. Prompt action was necessary since delay would have meant that authorized instalments of advances due in August and September would have ceased with consequential dislocation of farming arrangements and possible losses. In the period from 1st July to the 16th August receipts had fallen to such an extent that, had authority not been given temporarily to exceed the £100,000, the Board would have had to stop further advances immediately and the operations of farmers under the control of the Board would have been brought to a standstill. The closing down of advances because the limit had been temporarily exceeded would have resulted in crops, for the growing of which advances had been made, not being harvested and marketed, the inevitable bankruptcy of many of the farmers concerned, and a very serious loss to Government in respect of advances which would thereby become irrecoverable. The matter was reported to you immediately by Air Mail, and I learnt with regret, in view of the considerations explained above, that it should have been regarded as a course of action contrary to the expressed wishes of your predecessor and yourself.

6. The admittedly serious shortfall in repayments

is .....

is attributed to the following causes :-

- (a) Lack of knowledge of the extent and effect of locust damage to maize crops. The effect of damage could not be ascertained until the cobs had been shelled, some weeks after reaping.
- (b) Certain items of expenditure, e.g. bags, oil, etc. have been deducted from the proceeds of crops, thus adversely affecting the gross repayments from crop sales but resulting in a saving in advances.
- (c) Delayed ripening of crops on account of the prolonged cold, dull weather. Coffee crops which should have been available now will not be harvested until December - February. There has been loss in bulk due to the same cause.

7. I am now advised that for these reasons actual recoveries may not greatly exceed one half of the estimate (£42,708). At the 30th September, actual recoveries and interest payments effected this year amounted to £20,489 as against £25,266 advanced. The position at that date was as follows:-

Net balance at 31st Dec. 1931	£	95,033
1st Jan - 30th Sept. 1932		
Advanced	25,266	
Principal repaid	15,146	10,120
		£ 105,153
Interest paid	5,343	
Administration expenses	1,372	3,971
		£ 101,182

8. I note your instruction that any excess of interest payments over administrative expenses should be paid into general revenue and not used for financing further advances. The interest paid since the inception of the scheme up to the 30th September last amounts to £7,738, and administrative expenses over the same period

total .....

total £4,949, making an excess of £2,789. The effect of this instruction is to increase the Board's debt to the Government as at the 30th September from £101,182 to £103,971. The Board has never been informed that interest payments could not be used for advances, and the estimate of £49,000 in respect of recoveries contained in paragraph 22 of the Board's Report for 1931 is there shown to include interest on advances. This unforeseen debit may make it impossible for the Board to bring its liabilities within the allocation of £100,000 from surplus balances at the close of this year.

9. The question of importance at the present time is that of the continuance of the scheme in 1933. It was designed as a temporary measure, to assist approved producers unable to obtain credit elsewhere. The Board has nursed most of its debtors from a state of severe financial embarrassment to a stage where, but for renewed depredations by locusts and continued depression in world prices, they would now have arrived at the point of profitable farming. Nineteen farmers have repaid advances in full and are able to dispense with further assistance from the Board.

The Board is at present engaged upon a review of the cases where advances have been given with a view to endeavouring to transfer to merchant houses as many cases as possible so as to avoid the continuation of advances by Government; and, in regard to the remainder, with a view to combing out those cases in which it appears wisest in the interests of Government and of the farmers themselves to close down and cut such losses as will inevitably ensue. There will, however, be a number of cases where expectation of recovering .....

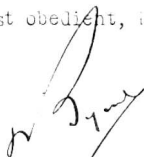


recovering the advances made is wholly reasonable and were a cessation of advances on December 31st would involve the sacrifice of the bulk of the advances made and the ruin of the persons concerned, who would otherwise have a good chance of re-establishing themselves. As soon as possible I will advise you of the results of the Board's review and of the recommendations which this Government has to place before you in the matter, but I have considered it essential now to make it clear to you that a continuation to a modified extent of the scheme in 1933 must be contemplated so as to safeguard the advances which have been made. The Board has been at the same time reminded that the authority given it to exceed temporarily the sum of £100,000 is strictly limited to the remainder of the current year.

I have the honour to be,

Sir,

Your most obedient, humble servant,



BRIGADIER GENERAL.  
GOVERNOR.

4 PC / 18  
14/18

G. O.

- Mr. Priestman 7/10
- Mr. [unclear] 7/10
- Mr. [unclear] 8/10
- Mr. Parkinson
- Mr. Tomlinson
- Sir C. [unclear] 8/10
- Sir J. [unclear]
- Peru 11/10
- Party, U.S. of S. 11.10.32

*Original*  
*Handwritten No 12*



12 October, 1932.

Secretary of State.

(No.10)

DRAFT. *Conson*

KENYA

CONFIDENTIAL

Gov.

(18 in 16164/30)

(16 in 17137/31)

I have, etc., to acknowledge receipt of ~~the~~ *Mr. Noor's* confidential despatch No.108 of the 26th August on the subject of the agricultural advances scheme.

2. I desire to invite your attention to my predecessor's telegram of the 9th December, 1930, Nos. 316 and 317, confidential, and the 21st May, 1931, in which the instruction that the limit of 21,000 should not be exceeded has been affirmed and re-affirmed and I would invite particular attention to my telegram

(No.8)

No.136 confidential of the 2nd July in which I identified myself with this policy.

3. On the facts as placed before me I cannot but regret that your Government should have taken a course of action

CONFIDENTIAL

contrary to <sup>his</sup> expressed wishes of  
my predecessor & myself  
without that prior reference ~~to me~~ for

which adequate time appears to  
have been available.

4. In the circumstances I  
shall defer extending my covering  
approval until it has been  
known at the end of the year  
that the amount still outstanding  
on borrowings from surplus  
balances for this scheme is not in  
excess of £100,000.

5. As regards the question  
raised in paragraph 5 of your  
letter under reply regarding the  
utilisation of interest payments  
for such advances, I am of  
opinion that it is reasonable to  
charge the overhead expenditure on  
the scheme against the receipts  
by way of interest on advances.  
Any excess of interest payments  
thereover should be paid into

general

19  
general revenue and should not be  
used for financing further advances.

I have, etc.,

(Sgd.) P. CUNLIFFE-LISTER

8 i 16/164/30

The instructions issued to the Agricultural Credits Board (under 8 i 16/164/30) did not mention the payment of int. of interest although section 6 lays down the rate to be charged section 4 instructed the Board to make no advances after the 31<sup>st</sup> Dec 1931.

(f) appendix I sub b  
16 i 16/164/30

The Chairman states that it is realised that during the period for which advances will have to be earned no interest will be forthcoming and that this will have to be added to the amount of the advances to be finally repaid.

18

The S. G. S. laid it down that specific obligations as to repayment of advances and payment of interest should be imposed in respect of all advances.

Para 12 of memo  
K 5 i 17/37/31

Under the Board's report as follows:-  
The prospects as regards recovery of interest are neither better or worse than those relating to the recovery of advances as the earning capacity of the monies which are being used for this purpose would probably not be more than 4% and as the rate charged by the Board is 8% the difference should go some way at least towards meeting the expenses of administration.

~~Para 12~~ memo  
3 i 16027/32

was before the working of the scheme up to 1931  
The Board's Report shows interest received in 1931 as a separate item (para 3). In estimating the balance available as at 31/12/1931 the interest received is however

8: 16/164/30

The instructions issued to the Agricultural Credits Board (under 8 in 16/164/30) did not mention the payment of int. of interest although section 6 lays down the rate to be charged. Section 4 instructed the Board to make no advances after the 31<sup>st</sup> Dec 1930.

(f) appendix I subok  
16 in 16/164/30

The Chairman states that it is realized that during the period for which applicants will have to be carried no interest will be forthcoming and that this will have to be added to the amount of the advances to be finally repaid.

18

The S. of S laid it down that specific obligations as to repayment of advances and payment of interest should be imposed in respect of all advances.

Para 12 of memo  
K.S. 17/137/31

Later the Board reported as follows:-  
The prospects as regards recovery of interest are neither better or worse than those relating to the recovery of advances as the earning capacity of the monies which are being used for this purpose would probably not be more than 4% and as the rate charged by the Board is 8% the difference should go some way at least towards meeting the expenses of administration.

~~Para 12~~ memo to  
30 16027/32

and for the working of the scheme up to 1931  
The Board's Report shows interest received in 1931 as a separate item (para 3). In estimating the balance available as at 31/12/1931 the interest received is however

55th of August the cost of administration  
(para 12) The estimate of revenue  
for 1932 does not show interest  
separately (para 12) and it is  
as against gross revenue in 1932  
including interest that expenditure  
is recommended for 1932 (para 22). This  
was approved at 4 L 18027/32.

JSP

3 in 16164/30.

In 1930 the original approval of the  
Secretary of State of temporary assistance being  
made to farmers from surplus funds to a limit of  
£100,000 was given on the understanding

- (1) that there would be no racial  
discrimination;
- (2) that (a) the rate of interest was such as  
not to interfere with bank advances  
where banks were willing to lend;  
(b) the period for advances to be  
until existing crops were sold,  
or where such extension was  
essential till the next crop was  
marketed;  
(c) the accounts to be closed as  
quickly as possible, all  
obligations to Govt. must then  
be immediately discharged;  
(d) the security to be the present (1930)  
crop and the next crop if  
advances were then still unpaid.

16 in do.

In commenting on the Ordinance passed  
to legalise these agricultural advances, the  
S. of S. stated that his approval of the scheme  
and of the use of £100,000 from surplus balances for  
the purpose was given on the understanding that  
the measure was a purely temporary one and that  
the money would not be diverted from surplus balances  
for any prolonged period, and that consequently  
he must not be regarded as committed in any way to  
a continuance of the scheme.

17 in do.

The Governor later proposed that the scheme should be extended to 1931.

As a temporary measure the S. of S. agreed with reluctance, subject to the following conditions:-

- (1) further advances to be limited to sums essential to safeguard those already made;
- (2) the £100,000 originally sanctioned not to be exceeded, and
- (3) specific obligations as to repayment of advances and payment of interest should be imposed in respect of all advances, in order to ensure acceptance of definite liability, etc.

Sir J. Byrne later proposed that the limit should be increased to £150,000 and the limitation of the scheme to those who had already received advances should be removed.

After consultation with the Treasury the S. of S. refused this request. Subsequently reports by the Agricultural Advances Board made it clear that the £100,000 was being treated as a revolving fund, fresh advances being made from repayments received up to the full maximum of £100,000.

The S. of S. therefore telegraphed to

25 in 1713/31

to the Governor that these reports gave serious grounds for apprehension. What was originally a temporary expedient to meet a specific crisis was developing into a permanent arrangement with inadequate safeguards, and amount ultimately recoverable for reparation to surplus balances would therefore progressively diminish. It was therefore stated that before forming definite conclusions, a further report would be awaited, but that in the meantime the Central Board should be instructed to authorise no advances to new applicants and to limit fresh advances to existing debtors to cases where the Board were fully satisfied that such advances were necessary to ensure the ultimate recovery of advances already made.

In an interim reply the Governor reported that the amounts advanced were £119,000 and that the balance remaining, after allowing for £26,000 recovered was £6,000.

He also requested authority to make further advances of £5,000 in January and February.

This was approved on condition that the advances complied with the terms of the telegram at 25 in 1713/31.

The comments of the Central Agricultural Advances Board on this approval were to the effect that they did not propose to make any advances unless they were fully satisfied that such advances were necessary to ensure the ultimate recovery of advances already made, but they emphasized

14/1027/32

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2

23

18 in do.

2 in 17137/31

18 in do.

5 in do.



emphasized that no guarantee could be given that such advances would definitely result in repayment.

They stated that if the scheme were not continued, the loss would be in the neighbourhood of £70,000, whereas if the scheme were continued the Government might eventually escape with a loss of possibly less than £15,000, which in their opinion was a small premium to pay for considerably improving the security of the Colony during so critical a period. They recommended therefore that further advances to the extent of say £42,000 and administrative expenses of £2,250 should be authorised during 1932 against the amount estimated to be recovered during 1932 of £49,000.

The Governor endorsed these recommendations which were approved by the S. of S.

Later the Governor recommended that the sisal industry should be assisted to the extent of £10,000. This was approved on condition that the limit of £100,000 was not exceeded. The Governor, however, reported that the balance available was only £2,900, but that the position of the sisal market had

had improved and that the arguments in favour of Government intervention no longer therefore equally applied.

*10<sup>th</sup> 18027/32*  
*Mr. Rice very shocked*  
[The present despatch reports] that the estimates of recoveries furnished by the Board have not come up to expectation, as there <sup>was</sup> a short fall of £14,000 for the first <sup>5 1/2</sup> months of this year, whereas expenditure for the first six months of the year proceeded on the full basis. It therefore became necessary either to stop all further advances or to exceed temporarily the sanctioned limit of £100,000. *He has given authority*

[The Governor is therefore authorising] the Board to exceed the limit by £7,000 in the hope that the balance outstanding at the end of the year will be less than £100,000.

It seems unfortunate that the Governor did not seek prior approval for this action as the limit approved by the S. of S. is specific and there does not appear to have been any great urgency.

It appears necessary to inform Treasury of the position and to obtain their agreement.

As regards the auditor's query concerning the utilisation of recoveries for further advances, this practice has been approved, *vide 4.* ? in the first instance consult Sir J. Campbell and, subject to his views, approach the Treasury on the question of the authorisation of the present excess, proposing to agree with reluctance and making the most of the locust <sup>due to them</sup> ~~revenue~~; also propose to make it definite that

that the £107,000 must not in any circumstance  
be exceeded; and to review the situation  
at the end of the year with a view to  
considering the limitation of further advances  
if this should prove practicable.

10/24

KENYA.

No. 108

CONFIDENTIAL.

BY AIR MAIL.



RECEIVED  
- 7 SEP 1932  
COL. OF R

GOVERNMENT HOUSE,  
NAIROBI,  
KENYA.

26<sup>th</sup> August, 1932.

Sir,

*109*

I have the honour to refer to Kenya Confidential despatch No. 92 of the 18th July, in which I informed you that the balance available for advances within the £100,000 authorised for the Agricultural Advances Scheme amounted at the 30th June last to £2,928. During the month of July a sum of £3,271 was advanced and a sum of £2,174 repaid. The balance available at the end of July was therefore reduced to £1,831, and this amount diminished by the middle of August to £519.

A situation was thus created in which it became necessary to consider whether the Central Agricultural Advances Board should be authorised temporarily to exceed the sanctioned provision of £100,000.

2. As explained in my despatch No. 24 of the 6th February the Board makes no advance unless it is fully satisfied that such advance is necessary to secure the ultimate recovery of advances already made. The amount estimated to be required for this purpose (including cost of administration) in 1932 was £44,958, of which £21,655 was spent during the first six months of the year. For this period the anticipated recoveries were £31,708,

whereas ---

THE RIGHT HONOURABLE

MAJOR SIR PHILIP CUNLIFFE-LISTER, P.C., G.B.E., M.C., M.P.  
SECRETARY OF STATE FOR THE COLONIES,  
DOWNING STREET,  
LONDON...S.W.1.

*Unwd. Conf. 12 OCT 1932*

*103*

KENYA.

NO. 108

CONFIDENTIAL.

BY AIR MAIL.



RECEIVED  
- 7 SEP 1932  
COL. O. R.

GOVERNMENT HOUSE,  
NAIROBI,  
KENYA.

26<sup>th</sup> August, 1932.

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*Unwind. Conf. 12 OCT 1932*

*101*

A situation was thus created in which it became necessary to consider whether the Central Agricultural Advances Board should be authorised temporarily to exceed the sanctioned provision of £100,000.

2. As explained in my despatch No. 24 of the 6th February the Board makes no advance unless it is fully satisfied that such advance is necessary to secure the ultimate recovery of advances already made. The amount estimated to be required for this purpose (including cost of administration) in 1932 was £44,958, of which £21,655 was spent during the first six months of the year. For this period the anticipated recoveries were £31,708,

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SECRETARY OF STATE FOR THE COLONIES,  
DOWNING STREET,  
LONDON...S.W.1.

whereas the repayments actually made up to the 31st July amounted to £17,770 only. This considerable shortfall is in respect of repayments from 1951 crops, and it is due to this shortfall in recoveries that the Board was recently faced with the alternatives of stopping all advances or seeking authority to exceed temporarily the sanctioned limit of £100,000.

3. During the first three months of the year repayments exceeded advances, but receipts have since fallen off and the local boards are now engaged in collecting information and estimates from the participants. Reference to the repayments made in 1951 shows that, whereas the amounts repaid in July and August were small, these increased during the last four months of the year. I am advised that, whereas no reliable estimate can be given of repayments to be made during the remainder of the year, pending the result of the enquiries now being made, which will determine the reasons for the shortfall in recoveries, the balance outstanding at the end of the year will be less than £100,000, even if actual recoveries fall short of the estimate (£49,605) by 25%, and that the amount by which the Board will require to exceed the limit of £100,000 will at no time be more than £7,000. The expenditure will, in fact, be less than the estimate (£44,958).

4. The matter was considered in Executive Council on the 19th August, when the Treasurer pointed out that the Board, of which he is Chairman, was unable to recommend the alternative course of stopping all advances, since this would mean that the operations of farmers now receiving assistance would come to a standstill, crops now growing would be lost and the loss to Government in respect of advances already made would be serious. Executive Council

advised that the necessary authority to exceed temporarily the sum of £100,000 should be given to the Board. The Board is being authorised accordingly, such authority being limited to a maximum excess of £7,000 for the remainder of the current year only, and I trust that in all the circumstances you will see no objection.

5. The question of the use of interest payments for further advances has been raised by the Auditor, who has expressed the view to the Director of Colonial Audit that interest earned on advances cannot be used for fresh advances, but should be paid into the Colony's revenue. The Auditor is not satisfied that it has been made so clear to you that interest is being set off against expenses that your failure to comment on the point can be regarded as approval of this procedure. The Board does not agree with this view and throughout its operations interest has been set off against expenses. The Board's view does not conflict, either in terms or intention, with the instructions given by the Government to the Board on its appointment, and I cannot agree that the Auditor's interpretation of the position is correct. The estimate of recoveries for 1932 includes payments on account of interest. The Auditor has been informed that it was not the Government's intention that payments on account of interest should not be used for advances.

I have the honour to be,

Sir,

Your most obedient, humble servant,

*John - W. H. M. G.*  
GOVERNOR'S DEPUTY.



GOVERNMENT HOUSE,  
NAIROBI,  
KENYA.

KENYA.

No. 92

CONFIDENTIAL.

RECEIVED  
13 AUG 1952  
COL. OFFICE

18 July, 1952.

Sir,

With reference to Kenya Confidential despatch No. 61 of the 23rd April last, I have the honour to furnish you with the following statement giving the position of the Agricultural Advances Scheme at the end of June :-

	£
Balance available as at 31st December, 1951.	4,967
Amount advanced 1st January to 30th June. ....	16,882
LESS amount recovered... ..	12,500
	4,182
	£ 785.
Interest recovered. ....	3,121
LESS Administration Expenses....	978
	2,143.
Balance available as at 1st July, 1952.	£ 2,928.

2. It will be observed that the balance shown as available at the 1st January, 1952 (£4,967) differs from the figure given in the Board's Report of the 15th January, (£5,905) and provides for late notifications received from up-country paying officers and included in the final Treasury adjustment at the end of the year.

3. In the circumstances it is clear that the provision of £7,500 for assistance to the sisal industry proposed in my telegram No. 113 of the 25th June cannot be made at present within the terms of your telegram No. 136 of the 2nd July, in which my proposals were approved on the understanding that the total net allocation from Surplus Balances would at no time

exceed ---

THE RIGHT HONOURABLE

MAJOR SIR PHILIP CUNLIFFE-LISTER, P.C., G.B.E., M.C., M.P.  
SECRETARY OF STATE FOR THE COLONIES,  
DOWNING STREET,  
LONDON...S.W.1.

No 5

Not  
No 8

to be  
exceed £100,000. Fortunately the sisal market has recently shown a slight improvement and, in the light of sales effected this month at £14:10: 0 per ton, the arguments in favour of Government intervention stated in my telegram of the 25th June no longer apply with equal insistence,

I have the honour to be,

Sir,

Your most obedient, humble servant,

*Jim - McKinnon*

GOVERNOR'S DEPUTY.



C. O.

C. D.
R. 2. U.I.
D 4

18027/32

8 29

Keung

Coded + Sent  
1.30 p.m.

31/32

June 1932

A

Mr. Freeson 20/6

Mr. Allen 30/6

Mr.

Mr. Tomlinson.

Sir C. Bottomley

Sir J. Shuckburgh.

Sir G. Grindle.

~~Perm. U.S. of S.~~

Parly. U.S. of S.

Secretary of State.

1/7/32

recd 1/7/32

6/6/32

132

10/36

conca  
M

Confidential. Your telegram No. 113 confidential. Proposal approved on understanding that total net allocation from surplus balances at no time exceeds £100,000.

DRAFT. TELEGRAM

NAIROBI

GOVERNOR

1. The following are the recent prices for East African Sisal, c. i. f., London:

		per ton.
30 Dec., 1931.....	£17. 10. 0.	" "
13 Jan., 1932.....	£15. 15. 0.	" "
3 Feb., 1932.....	£14. 0. 0.	" "
10 Feb., 1932.....	£15. 10. 0.	" "
23 Mar., 1932.....	£15. 0. 0.	" "
18 May, 1932.....	£14. 0. 0.	" "
15 June, 1932.....	£13. 0. 0.	" "
Today .....	£13. 5. 0.	" "

(Times T.S.)

(June August)

At the end of his telegram Sir Joseph Bryne suggests that advice should be obtained as to the prospect of <sup>future</sup> ~~current~~ prices; and the question has been discussed with Mr. Stockdale.

Quite apart from the possible consequences of Ottawa, it is very difficult to forecast the future movements of the sisal market. Mr. A. Wigglesworth (Chairman of the Imperial Institute <sup>Sub</sup> ~~Sub~~ Committee, and himself largely interested in Tanganyika sisal), has expressed the following views informally to Mr. Stockdale:-

He does not anticipate a further downward movement; prices may, in fact, slightly improve. The Mexican stocks now stand at 10,000 tons, 25,000 having been recently absorbed by a demand from the Southern States of America for sisal for cotton bags. Existing stocks are not heavy, and the demand has recently been good at the present level of prices. any attempt by sellers to raise the price has promptly checked the demand. In T.T. the industry is carried ~~on~~ by the banks, who have been advancing up to £8 per ton, and are so deeply committed that they are bound to continue their support. Mr. Wigglesworth had not heard of any recent reduction in the scale of advances to the Kenya growers but the suggestion caused him no surprise.

2. The total amount allocated from Kenya surplus balances to the Agricultural Advance Scheme (which

has

has hitherto been used almost entirely for the benefit of maize and coffee) was £100,000. (13) (15) (If this total, £5905 was free on the 1st January 1932; it was then anticipated that, by the end of 1932, the free amount would have been increased to £10,600. But by April 13th it had risen to only £6,112, and at the present moment can hardly exceed £7,000. The £10,000 required for the sisal producers is clearly needed immediately.

It is out of the question to increase the original allocation of £100,000. Such surplus balances as remain to Kenya are so securely tied up that not a penny is available. If the maximum of £10,000 is required in July, the only means of finding the necessary cash will be by utilising <sup>all</sup> ~~some~~ the free money in the scheme and making good the difference by advancing to sisal growers <sup>some of the</sup> money previously ear-marked for the benefit of the maize and coffee producers. It had been hoped to restore the £10,600 to surplus balances to the end of the year, even though the sisal growers need accommodation for 6 months only it is obvious that this hope must be deferred.

3. If financial assistance is forthcoming from Government to the sisal grower in Kenya, a natural consequence would be a demand for similar treatment from the Tanganyika producer; the Tanganyika Department will no doubt say whether, to what extent, this would prove a serious embarrassment.

*As a result of coffee in  
Uganda was refused  
as that the proposal  
Kenya proposal as  
had a all four*

*L. H. ...  
13/6*

(3)

has hitherto been used almost entirely for the benefit of maize and coffee) was £100,000. Of this total, £5905 was free on the 1st January 1932; it was then anticipated that, by the end of 1932, the free amount would have been increased to £10,600. But by April 13th it had risen to only £6,112, and at the present moment can hardly exceed £7,000. The £100,000 required for the sisal producers is clearly needed immediately.

It is out of the question to increase the original allocation of £100,000. Such surplus balances as remain to Kenya are so securely tied up that not a penny is available. If the maximum of £10,000 is required in July, the only means of finding the necessary cash will be by utilising ~~some~~<sup>all</sup> the free money in the scheme and making good the difference by advancing to sisal growers <sup>some of the</sup> money previously ear-marked for the benefit of the maize and coffee producers. It had been hoped to restore the £10,600 to surplus balances to the end of the year; even though the sisal growers need accommodation for 6 months only it is obvious that this hope must be deferred.

3. If financial assistance is forthcoming from Government to the sisal grower in Kenya, a natural consequence would be a demand for similar treatment from the Tanganyika producer; the Tanganyika Department will no doubt say whether, to what extent, this would prove a serious embarrassment.

*As regards coffee in Uganda was reported that the present Kenya proposal is not a all four*

*L. A. ... 13/6*

COPY FOR REGISTRATION

Telegram from Governor Kenya to the Secretary of State for the Colonies

Dated 25th June Received 5.51.p.m. 25th June 1932

*No 4*  
*No 25*  
*17/37/31*

No. 113 Confidential. Agricultural Advances. Reference correspondence terminating with your telegram of 2nd March No. 45. In accordance with instructions contained in your telegram of 3rd November No. 321 ~~advances~~ no advances to new applicants have been made. Serious position has now arisen which will I am advised force even best and most economical sisal estates to close down unless temporary assistance is forthcoming. I consider it important that threatened collapse of sisal industry should be averted (a) pending consideration of its case at Ottawa (b) in view of necessity for maintaining production (c) to avoid discharge of labour and consequent contraction of money in circulation. In this connection Treasurer's estimates (a) failure to produce 7,500 tons would cause contraction in currency circulation of £43,125 (b) railways would lose £11,300 in freights and port £5,000 and (c) credit of £65,000 which must be established abroad would be lost.

*Overal Del. 2/1/32*

Industry has struggled through adversity and made the most commendable effort to reduce costs. Average cash outgoing without interest charges depreciation and cost of development of plantations amounts to £5.15. per ton to which should added £1.10. for railrage 16/- for port charges £3 for shipping freights and 10/- for commission insurance etc. making total of £11.11. Production is at present being maintained chiefly on cash advances based on 70% of estimated value at stations and £12.5. European ports. Advances now reduced to from £4 to £5 per ton according to quality.

*and*

I am therefore prepared to recommend that ~~some~~ some temporary assistance should be given and I am advised that if scheme could be re-opened for applications by sisal growers only money required would be limited to maximum of £10,000.

1503

This estimate is based on advances of £1 per ton varying according to circumstances of estates for sisal exported during the next 6 months estimated not to exceed 9,000 tons of which not more than 7,500 tons would come under schedule. I appreciate that such proposals depart from principles generally accepted no differentiation should be made between industries for the purpose of scheme but Central Board organisation is clearly most suitable. Board estimated vide my despatch of 6th February No. 24 that a sum of approximately £11,000 might be possibly in hand by the end of this year but no guarantee can be given. Board would take all available security and grant only if reasonable security furnished and would recover as quickly as possible by taking share of proceeds of sales. Only other form of assistance which could give immediate relief would be railway freight reduction involving complications. Industry itself does not ask that assistance should extend beyond the end of this year and admits that if there is any further serious drop in prices in the meantime no assistance which the Government could give could save the industry. Were it not for serious results to the Colony of total collapse which I have stated above I should not have felt justified in forwarding this application. You will no doubt be in a better position than I to obtain advice as to price prospect.

Grateful for reply by telegram whether you are prepared to authorise provision of sum not exceeding £10,000 under Agricultural Advances Ordinance for this purpose.

No 3

This estimate is based on advances of £1 per ton varying according to circumstances of estates for sisal exported during the next 6 months estimated not to exceed 9,000 tons of which not more than 7,500 tons would come under schedule. I appreciate that such proposals depart from principles generally accepted no differentiation should be made between industries for the purpose of scheme but Central Board organisation is clearly most suitable. Board estimated vide my despatch of 6th February No. 24 that a sum of approximately £11,000 might be possibly in hand by the end of this year but no guarantee can be given. Board would take all available security and grant only if reasonable security furnished and would recover as quickly as possible by taking share of proceeds of sales. Only other form of assistance which could give immediate relief would be railway freight reduction involving complications. Industry itself does not ask that assistance should extend beyond the end of this year and admits that if there is any further serious drop in prices in the meantime no assistance which the Government could give could save the industry. Were it not for serious results to the Colony of total collapse which I have stated above I should not have felt justified in forwarding this application. You will no doubt be in a better position than I to obtain advice as to price prospect.

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# PUBLIC RECORD OFFICE

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TOTAL EXPOSURES →



