

1925

KENYA

15  
41894  
15 SEP 25  
SIC

DATE

20th August 1925.

CHIEF RAILWAY ORDER IN COUNCIL

FIGURE

therefore nothing should  
 be going ahead  
 with regard to the letter  
 point of B, I should have  
 thought that an O.W.C. was  
 a violation, but the holder of  
 £5,000,000 loan stock is, as  
 he says, protected by clause  
 19. And the loan remains  
 secured as before.

Copy of C. to J. & S.  
 Remittance to J. & S. - 13 NOV 1925

Subsequent Paper

9/15159

I do not think that the objection  
to the old clause 22 have ever  
been adequately explained to the  
Council, but it doesn't matter.

Mr. Fuller  
doesn't  
say it

The Order is worse than  
the previous B. & M. in Council  
draft for the above as to our  
members, who are passing on  
the question of defects - we  
have not been able to do it  
previously. I do not think we  
should risk a change of having  
you behind their backs.

Wrote Monday  
21.9.25.

There is a det.  
Coming in - see in  
Custod. of Council - become  
effective with to order under  
300 business - T. & W. note  
draft for approval

H.B.  
2/9

we should telegraph for the  
draft of the local order. In the  
meantime the Boston City might  
write as prepared by H.B. since

See Mr. Callaghan's letter of  
12 Oct. attached.

Now draft Treasury note  
by the Dept. of the Treasury  
to the effect that the  
Treasury is authorized to  
issue the note in the amount  
of \$19,000,000 at an early date  
subject to the approval of the  
Board of Directors of the  
Federal Reserve Bank of New York  
at an early date.

[If the Treasury can all be raised  
with \$19 it must be \$20,000,000  
added, but I am not sure  
whether we have had to buy the  
\$5,500,000 just to bring it  
before Congress.]

Well 13.10.15

Truce

TREASURY CHAMBERS

WHITEHALL

14th October 1925

Dear Sir,

1925  
 In reply to yours of 6th 25th I think you must have had by now an answer to your letter of 20th August on Uganda Railway finance. But the draft Order in Council which you enclosed seems sufficiently important to be submitted separately to Treasury in view of the heavy financial interest of His Majesty's Government in the Railway.

This is not to say that we have any objection of principle to the line you are adopting for the management of the Railway system, and I think that we should be generally content but should like to refer the draft to our Finance Department on any financial points that should be safeguarded. Thus, we are not altogether satisfied that our original advances are sufficiently secured by

/ paragraph

W. C. Bottomley, Esq., C.M.G.  
 Colonial Office.

paragraph 19, <sup>as</sup> but those advances were not "raised  
or borrowed . . . . by the Government of Kenya, etc.,  
etc." It occurs to us that the wording might  
preferably read "advances <sup>of</sup> His Majesty's Government  
or raised or borrowed, etc., etc."

Although nothing is said about the ownership  
of the Railway System, the Home Government has been  
the largest lender, and I hope you will agree that  
the Treasury should have an opportunity of official  
consideration.

Yours sincerely,

*A. C. C. C.*

Question of referring to Treasury the draft  
Order in Council.

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213

17320/25  
216.

In their letter of 16th April, the Treasury raised the question of arrangements for securing the payments due on loans, and we replied in our letter of 30th April to the effect that if in any year the railway were unable to provide the full amount, which was unlikely the question would be on the same footing as that of any other annual deficit. We said that the question had arisen on the correspondence about the draft Order, but that no decision had been arrived at whether deficits in a year should be made good by the Kenya and Uganda Governments, or whether they should be charged forward to be covered by future increased revenue raised, if necessary, by increased rates.

17320/25  
217.

In their letter of 13th June the Treasury asked that they should be consulted before a decision was arrived at on this point, and mentioned that the recent loan of £3,500,000 was secured on the revenue and assets of Kenya, Uganda and the Uganda Railway jointly.

17320/25  
218.

In our letter of 20th August we said that the Secretary of State had decided this point in May, and had adopted the local view that provision should not be made in the draft Order in Council. We sent a copy of the General Manager's speech, showing that he was afraid of specific provision for deficits to be made good by Kenya and Uganda, because it would lead to such a demand for reduction of rates that he would be unable to provide for the proper maintenance and improvement of the line. He pointed out that the Ordinances relating to the

three and a half million loan definitely provided for the responsibility of the two Governments to whom the railway administration as regards loan charges.

No reply has been received from the Treasury, but it is not safe to assume that they will have nothing to say. I think the quickest way of settling the matter will be for me to write to Mr. Guthbertson as in my draft herewith.

*65 ad. 21.7.15*

AS.



GOVERNMENT HOUSE,  
NAIROBI,  
KENYA

August 20th, 1925.

KENYA.  
No. 1040.

41894  
15 SEP 25

Sir,

*Coal*  
*3796*

With reference to my telegram of August 18th and previous correspondence, I have the honour to submit twelve copies of the draft Railway Order in Council, as finally amended in accordance with your instructions, and as approved by resolution of the Legislative Council on August 17th.

Railway Order in Council

2. I also enclose an extract from the "Kenya Observer" of 18th August, 1925, containing the report of the Debate, and a typed copy of the General Manager's speech.

Extract "Kenya Observer"

G.M.'s speech

I have the honour to be,

Sir,

Your most obedient, humble servant,

*M. Penham*

ACTING GOVERNOR.

THE RIGHT HONOURABLE  
LIEUTENANT COLONEL L.C.M.S. AMERY, P.C., M.P.,  
SECRETARY OF STATE FOR THE COLONIES,  
DOWNING STREET,  
LONDON, S.W.



Enclosures of

relative (b) it was unduly... the... an official who... dear. That position did not... instance under instructions... regulations on the... Director of Agriculture... Veterinary officer was in the... not only was it desirable in... here on the bench the... of a Departmental head of office... to appoint them might appear... of the subject of the enquiry. He... that in the case under discussion... member for Plateau North had... enquiry, he (the speaker) had... a departmental enquiry about... subsequently learned that it was... full body. In that matter, Govern... had now offered to accept the... nominees to that enquiry, as... an unofficial majority Government... convinced that the enquiry would... be assisted by the... the Director of Agriculture... Chief Veterinary Officer... that Government was... but they could not... from taking in later circumstances... that might then appear... Captain O'Keefe (Plateau North) and... Mr. O'Keefe presents the general... in the district was that the Department... delayed and opposed the enquiry... was forced upon them.

The Director of Agriculture (Mr. Noh) alluding to the reference to the enquiry into localities on the Plateau, said that immediately he was aware of the... affairs he gave instructions for... before that was completed, the matter was... raised in the Council and a letter... demanded which superseded the depart... mental enquiry but had ordered Heads of Departments, though they had a duty of seeing their staffs got fair pay never... those advised the... enquiry, but Government should not be... from desirable action in any... as they would be by the... involved in the motion. Regarding the responsibility of the... Head of a Department, he said... members opposite... in business, in... cases where an employee's conduct was... criticised, the enquiry was conducted by the... Manager or Managing Director or by the... authorities.

After further discussion on amendment proposed by the Attorney General (Mr. Gray) reading: "That in the opinion of this Honourable Council when enquiries into the conduct of any Department are appointed by Government or a motion in Council, any... whose conduct is directly... impugned by the motion, shall not be appointed to the Committee," was accepted by the mover, speaker and the Government, and carried.

In accepting Mr. O'Keefe's... the introduction of the motion had been justified by the... of the Acting Colonial Secretary; they had secured... of Departmental enquiries, and... that had been taken in the... under review promptly, might have avoided much of the friction that followed.

RAILWAY CONTROL

The Acting Colonial Secretary moved: "That the Honourable Council approve the Order in Council on Railway Control as now amended."

He said the former Draft Order in Council had been sent Home after amendment by the Select Committee, and approval by Council, in Sir Robert Coryndon's despatch of January 15, to which the Secretary of State had replied on May 30. The reply dealt with minor points, on which some of the Council's views had been accepted and the Secretary of State gave strong reasons for disagreeing with the recommendations on the three major points, the Relief Clause, the status of High Commissioner of Transport in relation to local laws and the Notice of termination clause. On receipt of this Despatch H. E. the Acting Governor had summoned the General Manager, Uganda Railway, the Attorney General and the Acting Colonial Secretary who with him considered points which it might again be necessary to refer to the Secretary of State. Some points were accordingly referred on July 28. The Uganda Government had meanwhile indicated its approval of the Secretary of State's point of view, but on receiving a wire from H. E. the Acting Governor, the Uganda Government had on July 24 asked for a further meeting of the Select Committee to take place on July 31. The speaker hoped honourable members would realize that the Government had done all that was possible to meet them in the matter under the conditions of urgency that prevailed.

The correspondence with the Secretary of State had been published... and two further telegrams had passed between the Acting Governor and the Secretary of State as follows:

LEGISLATION TO THE COLONIAL OFFICE

Received 11th August 1955

On 28th July the Joint Committee... and accept all... your despatch in... of clause 22 with follow... Legal Advisers of... Uganda attach great... of old 4/2, to be... Their point out that in... powers given to Com... arises whether... to pass any Or... services which in... High Commissioner... powers of Control... Clause 25 even... does not clear... becomes... placed beyond... High Commissioner... conformity with local... other provisions...

The following additions proposed by the Committee, begina: "Nothing in this Order shall limit the right of the Legislative Council of Kenya or Uganda to petition His Majesty through the Secretary of State for the termination of this Order or any provisions of this Order."

Uganda representatives accepted this but regarded it unnecessary. It now remains to consider this clause open to... as stated in paras 2 and 3 of your despatch of May 30th No. 495 I suggest the following:

If His Majesty after a period of four years from the date hereof is pleased to direct that the Order shall cease to have effect it shall from and after a date to be fixed by an Order of the Secretary of State cease to have effect. Which would I believe be accepted by unofficial members here. Kenya officials members asked that Order should contain some reference to possible termination and a clause be inserted on the lines of those suggested above. Their desire is to obtain an indication embodied in the Order in Council that it may be revised or withdrawn on the representation of the Legislative Council or after. It has been given a sufficiently long trial. Point of view of Uganda Government is that it is prepared to leave question of termination and mode of procedure to you provided it is clearly understood that there is no differentiation in treatment between Kenya and Uganda.

Request your earliest consideration and decision.

GVERNOR

CABLEGRAM FROM THE COLONIAL OFFICE

Received 12th August 11th August. Reference your telegram of 8th August No. 355—Railway Order in Council.

Clause 4 (ii) in view of your representation I will not further oppose retention of this Clause as proposed but following should be inserted after "with provisions of this Order" on the lines of 3.

"And, in so far as is not inconsistent with aforesaid provisions, in accordance with provisions."

Clause 25 must be retained, it is not superfluous as 4 (ii) only deals with powers of High Commissioner.

Old Clause 21. I am willing to accept first alternative Clause suggested in your telegram subject to its inclusion at the end of Order as part of usual common form Clause as follows.

His Majesty his heirs and successors in Council may from time to time revoke alter add to or amend this Order, and nothing in this Order shall limit the (quotation ends) etc, etc, as in your telegram."

(Continued on page 4 A)

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**THE WORLD OF SPORT**

(Continued from page 4)

**TENNIS:**

**TOLLEY TAKES TO TENNIS.**

Cyril Tolley, who has been one of the foremost British amateur golfers since the War, has become a convert to lawn tennis, and for the next two years he intends to devote himself to play on the courts, in the hope that he may be good enough to compete at Wimbledon and help to restore British prestige. At the present time he is practising every day under a professional coach, and, though he realises that he has a hard task in taking up the game so late in his athletic life, he is full of ambition to succeed. His great difficulty will be to acquire the necessary speed. In recent years he has put on so much weight that he is now over four stone, and whether he can reduce his weight sufficiently is doubtful. Tolley has always been fond of lawn tennis. He played it as a boy, and he was a promising player before he ever went to the links at his home at Eastbourne on the Sussex coast. An officer in the Tank Corps during the War, he was taken prisoner, and whilst interned in Germany, he started afresh to play lawn tennis.

Whilst in residence at Oxford, too, he played a little, and during this time he took part in one or two tournaments. But it is as a golfer that he has gained distinction. He won the amateur championship when it first revived at Muirfield in 1920, beating Robert Gardner, the American, in most dramatic circumstances, putting down a putt for a two at the thirty-seventh hole. Last year also he defeated all the crack professionals, including Walter Hagen, the American, in the French open championship. He does not intend to give up golf entirely. Indeed, he has stated that he will keep in practice for the match with America next year should he be required. He made up his mind to take up lawn tennis seriously whilst in Scotland a time ago. A well-known player, with whom he had a game at Gleneagles, convinced him that he had good prospects on the courts, and he felt that he would like to assist in combating the challenge of visiting players. That he will play lawn tennis with the same punch as golf there is no doubt, but, as I have said, he may find the game too fast for him.

**BOXING AND BOXERS**

As fully anticipated (writes Eugene Court) Tommy Milligan has returned from his holiday on the Continent, all intent upon getting into harness again at the earliest opportunity. But he will be well advised in making sure that the hand he damaged in his fight for the European middle-weight championship with Bruno Zaccanti, is completely sound before he resumes operations. The young Scot has arrived at a stage in his career when one false move may mar further progress. There will be much for him to do this next season.

Bill, it is good to hear that he will, at the right moment meet Johnny Brown, also of Hamilton; Roland Todd; and the coloured Len Johnson of Manchester. If Milligan holds to the form which took him to the top of the middle-weight division, I would not fear for his chances against either Brown or Todd. The former, however, must be rated as a considerable proposition, though my feeling is that Todd has small hopes of rejoining the ranks of champions.

The biggest danger to Milligan, in my opinion, is Johnson. When last in London he fought wonderfully well, in such a way, in fact, as to suggest that he is the best of the bunch. But granted that Milligan is ready and prepared to tackle Johnson, I doubt whether a fight between the two would be put on under the auspices of the N B O because of the Manager's colour. White and Black at Covent Garden would, I take it be barred. However, we shall see.

It may be that some promoter will endeavour to arrange such a match. In the meantime it is good to know that Milligan intends to get as much work as possible. If he has a busy and entirely successful season, then I should say that a trip to America, in quest of the world's title, will follow immediately, and as a matter of course, if Britain is to have a world champion, all the odds are that Scotland will provide the man.

She has the ball in Milligan and Clark without a doubt. I am assuming that the former will show himself to be better next time out than when we saw him against Franklin Hall, as to Clark, I am all keenness for him to prove that his show against Kid Broke was quite wrong. Young Barber of Brighton, who was a member of the last British Olympic team and who I understand, is of Tom Sykes' stock, has high hopes of getting a chance to try feather-weight belt. For, as he says, he has a victory over Book to his credit. Good lad.

Barber has I think got him down to Clark's over 20 rounds, or even over a shorter distance.

It is all to the good of the game, however, that there are two such accomplished little fellows as Barber and Broke in the field, bolder Billy Clark. I expect the Scot will hold to the ball, but I would not be at all surprised if many other titles changed hands. Harry Corbett, among the lighter men will surely have to be reckoned with.

**A GOOD SEASON.**

Everything points to our having the best and most interesting season at headquarters that we have had for years. It only Phil Scott will make good, and some other heavy-weight of promise would come along, we would surely enjoy a boom season. I see Joe Fox, whose last contest here, if I remember rightly, was at Holland Park against Eugene Court, a fight he would have won had he not developed carelessness at a moment when he clearly was getting the better of the Frenchman's back home, and is intended to take the ring at Brighton, on August 5th against Johnny Curley, who has been very disappointing since he took the feather-weight belt from George Jackson.

Fox in point of experience is a veteran, and has fought in many countries, but he is not an old man by any means. He has been in the game for something like 16 years, and was brought out at Wonderland, though he is claimed by Leeds. A better or more successful money-match fighter has seldom been than Joe Fox. I believe the book would give to Curley. He won the Lonsdale boxing belt outright, and has yet to be beaten by a Britisher for the feather-weight championship. Fox is well named. In a fighting sense he is as foxey as they make them. It is not at all unlikely that he will again get the cat among the pigeons.

**JOE DEMPTSEY'S NEXT.**

Although Harry Wills, the negro, is, or was a few days ago, in Paris, Tex. Richard has taken it for granted that he will have no difficulty in getting the coloured heavy-weight to fight Dempsey, whenever he comes to name the day. Dempsey, for his part has declared himself ready and willing to meet Wills. But as I have previously stated, such a match cannot be staged before September twelve months. Meanwhile, a cable from New York told me the other day, Dempsey has committed himself to fight Gene Tunney in a couple of months time, and he is to be paid \$100,000. If the contest comes off next September, and Dempsey beats Tunney decisively, then I can see Wills having very small chance of lifting the heavy-weight crown. If Tunney is not within measurable distance of Dempsey, then Wills is still far from being on an equality with the champion.

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THE GENERAL MANAGER :

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Your Excellency, I have been rather astonished at the number of objections against these proposals raised this morning, and still more astonished at the somewhat incomplete information which some Honourable Members seem to possess as to what these proposals really are and mean. I am not referring at the moment to the objections of the Honourable Member for Plateau North. It is quite evident all objections are based on principles. It does not like the principle of the proposals but is not testing against it. Some of the Members who have not yet might have been a little better informed if they had read the Order a little more carefully. Perhaps your Excellency, in view of the remarks of some of the Members, the best thing for me to do would be to just this morning in the position as I found it in connection with these matters when I took over the control in January, 1923. I took over the management of the 1st January, 1923. I found in existence a Report by Colonel Hammond reflecting very seriously on the management of the Railway. I found that there was very strong feeling in Uganda against the manner in which the Railway had been controlled by the Government of Kenya, more especially in connection with the financial arrangements. It was quite true the old system had been changed in April, 1921, but the feeling was still there and the people in Uganda still felt unsafe. I found the Railway position was most unsound. I have been much criticised lately, especially in Uganda, because there seemed to be an impression that Railway profits were not being used to the extent they might be for betterment and renewals expenditure. I realised immediately after I came to this country that there was going to be an enormous development and that the Railway was unfit to cope with it because of past policy. I set to work to change

change the organisation and to reduce expenditure and retrench. I had to do it, and in many respects the task was most unpleasant. I set to work to explore the financial position with the object of finding money to improve and to better conditions generally, to renew what should be renewed, and to extend facilities. But I also came to the conclusion that the system of control was fundamentally wrong and I submitted proposals for a better form of control. I submitted these proposals on the 23rd January, 1923, or exactly three weeks after I took over the management of the Railway - they are still under discussion in August, 1925! Much requires to be done before they can come into complete operation. Some supplementary legislation is necessary, and regulations are necessary. I regret it should have taken so long to get the Order through. Perhaps it would be well if I traverse very briefly what I said at the time I recommended the new system of control, because in all the time I have been here nothing has happened to change my mind in the slightest respect in connection with these proposals.

In a report on the 23rd January, 1923 - and I may say I sent in my report in response to a request from the late Sir Robert Coryndon, who asked that I should examine the position immediately - I suggested that a very important thing which seemed to be overlooked in discussions in Kenya was that the Uganda Railway and Lake steamers serve not only the Colony of Kenya but also the Protectorate of Uganda, and, to some extent also (through the Lake Services) the Mandated Territory of Tanganyika. So far as Kenya and Uganda are concerned, I pointed out that port facilities and efficient rail and lake steamer transport are vital to development, and that it is essential that the control of those services be placed

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placed on a sound footing. I emphasised that any form of control which subordinates port and railway development and management to the interests of either Kenya or Uganda would be harmful to both countries. I said that in some respects the position here to-day is similar to that which existed after the Boer War in the Transvaal and Orange Free State, where for some years there were two separate Crown Colonies with one Railway Administration common to both. The problem here being somewhat similar I suggested that it should be dealt with accordingly. I would ask the Honourable Mr. Shams-ud-Din to take special notice of this. In the Transvaal and Orange Free State during the early Colonial period the Railway Administration in both territories was vested in one local authority, viz. a High Commissioner, who was also the Governor of the Transvaal, but who controlled the Railway Administration independent of Transvaal and Free State Government Departments, but with the assistance of an International Council and a Committee of that Council representing both Transvaal and Free State interests. I suggested it as a fundamental principle that the Railway and Marine services in Kenya and Uganda be vested in one local authority, and that authority I recommended should be a High Commissioner. I urged that the High Commissioner must be given extensive powers in the matter of transport control. I said: "The Railway is expected to pay its way, or, in other words, the inhabitants in these territories are expected to pay enough in rates and fares to keep the Railway solvent, but, notwithstanding local financial responsibility, reference to the Colonial Office is required to an extent which cannot but have a paralysing effect on any business concern." That a Railway is a business undertaking - and a very difficult business undertaking at that - is beyond question. A



Railway can be administered only by the adoption of business principles. Any attempt to treat a Railway like a Civil Service Department and to control administration and management from a long distance must inevitably result in inefficient, uneconomical, and generally unbusinesslike methods of working. I reported that I found the difference between the powers exercised in the Transvaal and the Free State during Crown Colony rule, and the powers exercised locally in the administration of the railway in the Transvaal. I further said that the powers exercised in the Transvaal should be respected here, with out regard to local conditions and subject only to Imperial or other foreign rights of individual officers transferred here being respected. I advised that both administration and management should be assisted, advised, and checked by a suitable Board on which the users of the Railway in both territories should be represented. Further, I stated that while local control is essential it is wise not to overlook the need for guarding against the intrusion of political influences upon questions of Railway policy and development. Such influences have had serious consequences in other countries, and can be counteracted more effectively by the existence of a partially representative Railway Board so constituted as to be, as far as practicable, politically independent. I cannot understand, Sir, why our Asiatic Members of this Council.....

Mr. Shams-ud-Deen : British Indian Members !

The General Manager : ..... British Indian Members can possibly take exception to a principle which is designed partly to remove the Railway from political influences in both Kenya and Uganda. I should think that would be welcomed by them. I am very sorry indeed that the Secretary of State has decided to delete the clause dealing with the policy to guide the railway in the matter of administration and management. I am very sorry indeed. The original clause I suggested was that the Railway should be administered on business principles, due regard being had to the agricultural and industrial development in Kenya and Uganda by means of cheap transport. In other words, business principles were laid down as the guiding factor. It was really a Charter suggested in connection with Railway Administration and management. It has been advanced that such a policy clause should not find its way into a law. A similar principle has found its way into law in other countries. The argument has been advanced here that those concerned with the administration of the Railway could be trusted to see the same principle is adhered to. The same principle exists in other Colonies. It was laid down elsewhere in respect of Government Railways only because it was found to be absolutely necessary to establish it firmly. It is in existence to-day in South Africa, has been recommended for Australia, and I believe for Indian railways. Most Government Railways will, in my opinion, arrive at the same sound policy.

In regard to Kenya and Uganda, I have in mind what happened with railway revenue prior to 1921, and I sincerely trust the policy, the expression of which has now been excluded from the Order-in-Council, will be laid down in the supplementary legislation necessary.

In regard to ownership - and particularly

land matters - I do not know whether the clause I submitted, and which I think I am at liberty to say the Honourable Commissioner of Lands has agreed to, has been accepted yet; but my intention is to try and arrange for the supplementary legislation necessary in both Kenya and Uganda to include clauses dealing with the vexed question of Railway land. As I drafted it, all land and other property assets in Kenya would be vested - and in trust this can be arranged - in the name of the Government of Kenya, and in Uganda, in the name of the Government of Uganda. The position to-day is ridiculous. I had recently to buy a house in a certain centre. I am always having it impressed upon me that we must have more staff on lake ports and elsewhere, but, of course, they must have houses to live in. I was so hard put to it for accommodation in a certain centre that when I found I could buy a house on reasonable terms, I bought it. Having bought that house, I was told I could not get it transferred. One suggestion was that the house should be transferred to myself personally. The whole matter of the registration of land and property should be put on a sound footing. All immovable assets in Kenya should remain vested in the Government of Kenya, and those in Uganda in the Government of Uganda. Then, if there is ever a separation, the position would be in order.

I have never quite understood what the Honourable Member for Plateau North really proposes should happen in connection with the Control of this Railway. He states that Kenya is handing over an asset, a very valuable asset. Kenya is certainly handing over the control and the working of this section of the Railway; but what method of control, what method of management, does the Honourable Member really want? He seems to forget that a large portion of this Railway exists in Uganda and not

in Kenya, and it is quite absurd to think that the Government of Kenya is to-day actually controlling the Railway in Uganda. The Government of Kenya cannot do it and is not attempting to do it. Who is doing it? I say no Government is controlling the Railway as a whole, and the General Manager is left to struggle as best he can with difficulties that arise. What is the General Manager's position as between these two territories? The Government of Kenya has no control in Uganda. You must have a High-Commissioner who is recognised by both Governments. It is clear to me that there are only two alternatives for the future. You have either got to introduce a system something like this and have one control, or you will soon be forced to separate the management in the two territories with separate Governments. I say do not separate. I believe separation would create such trouble that there would soon be almost a feud in connection with transport work between the two Colonies. I believe also that the Post Office system, with a division of revenue and expenditure, is unsuitable for Railway purposes, and I decline absolutely to fall into line with one suggestion made by a British Indian Member that the betterment fund should be carefully divided up so that Kenya gets what it is entitled to and Uganda gets what it is entitled to. I resolutely decline to adopt that policy. It is one railway service and one lake service, and the betterment and renewals fund moneys will be spent fairly where required. I have argued in Uganda that it is, for example, as much for the benefit of Uganda as of Kenya that the main line is being relaid, and they accept that as the case.

The question of loans has been dealt with by the Honourable Attorney General. That question should present no difficulty. Similar systems have been in operation elsewhere

elsewhere and no difficulties have been experienced. I regret that it has not been found constitutionally possible to accept the notice clause, but I agree entirely with the Right Honourable Member in his point that the wording agreed to at least implies that the Order is not unchangeable and that it may possibly be necessary to consider termination at some future date. I cannot help thinking that is the correct point of view.

In regard to the remarks of the Honourable Member for Mombasa, it seems to me that the Honourable Member has got the matter of control of the port in his pocket, very much like some King Charles's head which will pop out on every possible occasion. I think I have been fair in what I have said in regard to the control of the port and the wharfage work. I have always drawn a line between control and working. I have always contended for my view that the control in this country must be vested in some Government department, but I have also said that if it is considered necessary, and found possible, to have a Port Trust, I would be the first to work loyally with that Port Trust; but I have implored the Government and everybody else concerned not to impose on the country and the railway a Port Trust unless that Trust is made financially responsible. It would be monstrous for the Railway to have to pay the loss when the control is in other hands. In regard to the landing and shipping work, I would like to state publicly that I have reported that the Railway would agree to do the work only if the country wants the Railway to do it; if it is the Government policy for the Railway to do it; if the General Manager be given full powers to select his own staff at such rates of pay as he deems necessary, to discharge them if inefficient, to take action in connection with claims, and generally to do everything required

required in a businesslike way. I have also said that the Railway is not out to do the work. I feel I have quite enough to do, but the Railway is prepared to do the work if the country wants it to and if all concerned will give it the necessary business powers and a fair chance. I have suggested that the matter should be the subject of an enquiry. I have also said that if the Wharfage Companies honestly think they can do the work more efficiently than the Railway they should prove to the public, by their charges and otherwise, that that is the principle really guiding them, and they should agree to control and regulation, because under present conditions there is no control, there is no licensing or any other form of regulating charges, etc. There must, of course, be central control, but, from a working point of view, whether that is in the hands of a Port Trust or the Railway does not matter, providing the controlling authority carries the financial responsibility. The Honourable Member for Mombasa has made a most astonishing statement. He said Kenya is parting with one of its most important assets in the Railway, and he objects strongly. In the past he said this asset has contributed nothing to the Government. He also said something about requiring from the railway a substantial dividend to the Government which might be set off against other liabilities. He must surely be aware (I am telling him now, in any case) that the Uganda Railway actually paid into Kenya Government revenue before 1921 no less than two million pounds, and that is exactly what is the case of the trouble to-day. If that £2,000,000 had been spent on betterments and renewals it would not only be a totally different railway, but the General Manager would have a much easier time. I sincerely trust that the argument raised recently at the Coast, that the

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the proper thing to do is to allow the Wharfage Companies to retain their profits and to require the Railway to make good the loss out of betterment funds, will not carry much weight.

With regard to certain remarks made by the Honourable Mr. Smans-ud-Deen, let me state first of all that the decreases in Indian rates of pay made some time ago were made with the full approval of the Secretary of State. They were not made on my own authority, as he seems to think. What the Honourable Member does not know is that where there has been really good work on the part of Indian servants of the railway, I have made exceptions. When I say good work, I refer to work such as, for example, work done by the station master at Kampala and the pier clerk at Port Bell during the period of congestion. In such cases I have made special exceptions. I have no objection to paying for good work, but that is totally different from paying all and sundry high rates of pay. The Honourable Mr. Sham-ud-Deen also referred to a despatch from the Secretary of State contained in this Blue Book and he said that it is obvious that what we said about the position elsewhere was wrong, and that, therefore, in his opinion, the Order-in-Council should fall to the ground because the precedent had been wrongly quoted. The Secretary of State referred not to the whole Order, but only to the one policy clause. We informed the Secretary of State this policy clause was embodied in the South African Act. Some doubt was thrown on that, but it was clearly proved the clause was there. The Honourable Member has been out of touch with the matter lately, so I cannot blame him, but the fact is he has read the Secretary of State's remark on one clause as if it applied to the whole Order.

The only other point I would like to deal with is this. The Honourable Member for Plateau North referred



to a remark I made when this Order was last before this Honourable Council in regard to indirect control. The Governments will be better represented on the new Council than they are now. The provision here is for a High Commissioner, a strong High Commissioner, who acts as advised by a very comprehensive Railway Council fully representative of Governments and public - a much more comprehensive and representative body than the present Railway Council - which should be of more assistance to the Colonies and High Commissioner. Not that the present Council has not done its best, but it is a non-statutory, non-articulate, body at present. The position in Uganda would have been much better this year if this new Council had been in operation. The position in Uganda to-day is that most unfair criticisms are sometimes made against the Railway Department - not consciously unfair, because that is the last thing these people want to be. Quite a large proportion, if not practically all concerned, are out to assist, but they do not know. The Estimates are introduced here and not in Uganda, and in Uganda, therefore, they know nothing about the Estimates. In future Uganda will have on the Council two official and two unofficial members, and all minutes will go through a central High Commissioner, who will be able to keep in touch with the Governments of the respective Colonies. The Estimates will be introduced not only here, but also in Uganda, and will be subject to full criticisms in both Legislative Councils. I believe myself when this system is brought into full operation it will be a great improvement on the present system. At the same time I would be the last person to suggest that these proposals are perfect. They will be subject to evolution, and are a tremendous advance on what exists to-day, and they will, I feel, serve as an excellent foundation for the future.

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*[Extensive handwritten notes and scribbles in various directions, including phrases like 'mode important', 'Egypt', 'aim consisted', 'be elected from', 'OFFICE', 'RECORD', 'PUBLIC', 'and conferring', 'to them that a', 'into annuam not beya', 'net Augh ad festa sei cythia', 'cure tsem ven ad maximo wallinoy veln', 'omer wr', 'ualified opti', '1900, but abe', 'ulation which finis', 'ink,', 'speri.', 'ess into']*