

KENYA

38335

REC'D  
RE: 4 AUG 20

38335

114

BRITISH EMPIRE  
PRODUCERS ORGANISATION

CURRENCY

1920

30th July

Last previous Paper.

Further requests that coinage of shillings may be expedited so that they may be issued concurrently with the florins. Requests new note issues may be in terms of shillings rather than of florins

M/S/32361

~~Mr. Packard~~  
Mr. Bolton

Para. 2. ? Say that ~~the value of the~~ ~~value of the~~ ~~any change in the~~ ~~value~~ as the Indian rupee is definitely fixed at 10/- of a sovereign, there appears no reason to suppose that ~~the~~ its present low sterling value, which is presumably due to special conditions, is other than temporary, or that it will not eventually rise to a value of at least 2/- sterling.

11 Aug 20

Next subsequent Paper.

Para. 3. ? Point out that the ~~depression~~ referred to is caused not by the time factor in the preparation of

53389

apparatus, not to ~~the~~ that taken in  
the actual ~~manufacture~~ shipping of the  
notes & that it takes time as compared  
to strike of the same value in ~~minting~~  
and to ~~be~~ ~~planned~~ and that the S.G.S. is  
satisfied that the facilities available

will not admit of the necessary supply  
being forthcoming if <sup>at the right place</sup> flour was ~~available~~  
but that an endeavour is being made  
to manufacture ~~flour~~ concurrently  
with flour in so far as this can be  
done without hampering the production  
of the latter (see minutes of last  
currency board meeting of which copy is  
attached).

Para 4 ~~of the~~ Please see 23259 & 32361.

It is said that the resolution in question  
has already been taken into consideration,  
and that the whole question is closed.

Para 5 ~~of the~~ is, I think, sufficiently answered  
by above comments on the practical  
para 3.

Para 6. We could hardly at this stage  
abandon our arrangements for the  
issue of flour notes: and in any  
case the notes ought to be in terms  
of

of the standard coin

I express regret that the suggestion  
cannot be accepted.

C. J. J. 5.8.20

113  
filed 6.8.20

Off for caution.

[It would seem as if the suggested  
provisions have not been put  
to take them up. But we are still  
in the dark as to how far they affect  
any large body of local currency]

filed 6.8.20

above

*E. H. ...*  
*Recd 3/8/20*



**THE BRITISH EMPIRE PRODUCERS' ORGANISATION.**

**3, 5 & 7, Old Queen Street, Westminster, S. W. 1.**

Telephone: Victoria 8166      Telegrams: Profile, Via, London.

116

38335

REC'D  
REL 4 AUG 20

30th July, 1920

My Lord,

*6723*  
With reference to the letter from the Colonial Office dated June 8th (26723/1920) and my reply thereto of the 11th, I have the honour to inform you that the matter has been further carefully considered by the East Africa Sub-Committee of the Organisation, and I have been instructed to make the following comments upon it.

(2) The hypothesis upon which the remarks made in the 2nd paragraph of the letter of the 8th that the sterling value of the Indian rupee could never (except for temporary fluctuations of exchange) fall below the figure of 2/-, was unfortunately falsified by events as early as June 16th when the rate of sterling exchange with India was 1/9d (about 1/6d gold) and is still below the rate of 2/- at which it has been stabilised in East Africa. I am further to point out that in view of this fact, the hardship in respect to Indian goods has therefore not been removed, but rather increased.

(3) I am further directed to call attention to a remark in paragraph 4 of the letter in which it is stated that the delay in coining shillings would be prohibitive in view of the necessity of placing the new currency rapidly in circulation. I would beg to know whether there is not a technical error involved in this statement and whether the delay involved in minting shillings would not be a matter of hours or at the most of days.

(4) In regard to the fifth paragraph of the letter in question, I am to call your Lordship's attention to the fact that the convention of settlers therein referred

to, after agreeing to the establishment of a 2/- rupee, passed an emphatic resolution in the following terms:- "that in the opinion of the Convention the shilling for the present should be the highest silver subsidiary coin". This resolution, however, was not referred to in the letter of the 8th June and in view of the importance which the Colonial Office properly attaches to such resolutions, I am to express the hope that this matter, now that it has been called to your attention, will receive the most sympathetic consideration.

(5) In conclusion I am to ask on behalf of the Associated Producers of British East Africa, which represents the leading persons and bodies engaged in productive industry, that the facts which have been stated above will be enquired into before any further steps are taken, and that an effort be made to ensure that the greater part of the new currency shall be issued in shillings; also that the shillings shall be issued prior to, or at least concurrently with the first florins to be put into circulation.

(6) I am further to urge that the new note issue may be in terms of shillings and not of florins in order that the shilling may be recognised as the unit of coinage.

I am to ask your Lordship's personal consideration of this matter which, as is apparent from increasing evidence from East Africa, is vital to the progress of production and settlement, and consequently to the general welfare of that part of the Empire.

I have the honour to be, My Lord,  
Your obedient Servant,

*J. A. Morgan*

CHAIRMAN OF COUNCIL.

The Rt. Hon. Viscount Milner, G.C.B., G.C.M.G.,  
Secretary of State for Colonies,  
Colonial Office. S.W.

M/ 38335/20  
Kenya

11 Aug 1920

Gentlemen

I am v. s.

DRAFT.

British Empire Producers' Organisation

ack. the receipt of your  
letter of the 30th of  
July on the subject  
of currency in East  
Africa.

MINUTE.

- Mr. Jeffries 10.8.20
- Mr. Parkinson
- Mr. Bottomley 10.8.20
- Mr. Grindle.
- Sir H. Lambert.

- + Sir H. Read.
- Sir G. Fiddes.
- Col. Amery.
- Lord Milner.

for conso

2. With regard to  
the second para. of your  
letter, I am to say  
that, as the value of the  
intrinsic is definitely  
fixed at one half of  
a sovereign these appear  
to be no reason to

suppose



suppose that its present low  
 working value, which is presumably  
 due to special conditions,  
 other than temporary, is such  
 it will not eventually reach a  
 value of at least two shillings  
 sterling.

3. With regard to your <sup>enquiry whether</sup> suggestion  
 that the delay involved in  
 minting shillings in preference to  
 florins would <sup>not</sup> be a matter  
 of hours, or at the most of  
 days, I would explain that  
 the letter in question could not  
 be returned in the time taken by  
 the preparation of the necessary  
 apparatus for the manufacture

DRAFT.

(2)

MINUTE.

- Mr.
- Mr.
- Mr.
- Mr. Grange.
- Sir H. Lambart.
- Sir H. Read.
- Sir G. Fildes.
- Col. Amery.
- Lord Milner.

will require, but by the  
 required for the actual striking  
 off of the coin. To strike off  
 coin shillings to a certain value  
 occupies twice the time, given the  
 same facilities as to labour etc.,  
 as to strike off the same number  
 in florins. Lord Milner is  
 satisfied that the immediate  
 requirements of East Africa in  
 coin can only be met, with  
 the facilities available, if  
 primary coin is given to the  
 manufacture of florins. An  
 endeavour is being made

to send forward the  
 process of making  
 connection with flows in so  
 far as this can be done without  
 hampering the output of the latter.  
 The old business has already  
 had up to the point  
 regulation of the conversion of  
 Association in Kenya referred  
 to in the para. of your  
 letter, but in regard to that  
 only for the practical reason referred  
 to above it is impossible to  
 give effect to the ~~conversion~~  
 of the conversion.  
 I regret that  
 he is unable to accept the  
 suggestion that the new currency

note is not ~~to be~~ in the  
 of shillings, and not of florins

I am to present however that

DRAFT.

he has recently decided that

notes representing ten florins

MINUTE.

and upwards should be

- Mr.
- Mr.
- Mr.
- Mr. Grindle.
- Mr. H. Lambart.
- Mr. H. Read.
- Mr. G. S. Miles.
- Mr. B. B. B.
- Mr. M. M.

that the value expressed

in pounds ~~is~~ as well

as in florins

ulation of the local currency

Minutes of the 9th Meeting, 12th July, 1920.

Present Sir W.H. Mercer.

Mr. Bottomley.

Mr. Ezechiel, Secretary.

Mr. Jeffries, Assistant Secretary.

121

The minutes of the 8th Meeting were read and passed. In connexion with the purchase of German rupees in the Tanganyika Territory, Mr. Ezechiel reported that 9 lakhs of one-florin notes were being sent to Dar-es-Salaam instead of to Mombasa during that week.

The question of prohibiting the importation of Indian rupees into East Africa was then discussed, and it was agreed to recommend that the Governor of the East Africa Protectorate and the Administrator of the Tanganyika Territory should be instructed to prohibit once the importation of all rupees except those introduced for personal use by persons entering East Africa, the amount to be allowed in each case being left to the discretion of the local Customs Authorities.

Mr. Ezechiel furnished a statement of account to date, which showed a balance in hand of £6,000. He explained, however, that large liabilities were expected in the near future, for the purchase of Indian rupees and silver. It was understood that the Crown Agents were prepared to lend the Board money at 6 per cent.

Mr. Ezechiel also reported the progress made with regard to the manufacture of coin. He stated that Messrs. Adcock and Best were experimenting with a small quantity, and that if these were passed they could begin production in earnest. The Mint could increase its rate of production. The orders of the West African Currency Board



and hoped to produce 500,000 florin coins a fortnight, and possibly 1,000,000 a fortnight later. They could also proceed with 50 cent and 25 cent pieces without interfering with the supply of florins, and expected to produce 100,000 of each a month. Mr. Ezechiel reported that 250,000 florins were ready for inspection that day, and that the first shipment of florins (150,000) would be sent to Mombasa that week.

The Board had before them an indent from the East Africa Protectorate and a telegram from the Tanganyika Territory showing local requirements of nickel-bronze coins.

The draft rules for the Currency Officer and Agent at Dar-es-Salaam were discussed. It was understood that the Standard Bank of South Africa had agreed to act as Agent, and that they could provide storage facilities at Dar-es-Salaam. It was suggested that their remuneration should be in the form of a percentage on the value of coin handled, and a fixed stipend of £200 a year for work in connection with currency notes.

The Board considered the question of printing locally the signatures on all currency notes of a higher value than one florin; and they decided that it would not be practicable to do this in the case of five florin notes. It was agreed, therefore, that for the present the signatures should be printed on the five-florin notes in this country. It was understood that the first consignment of 250,000 five-florin notes would be ready by the middle of September, and that the order placed for 2,000,000 would be completed by the middle of November.

In view of the demonetisation of the sovereign in Zanzibar, and the consequent danger of sovereigns in large quantities being smuggled into the East Africa Protectorate

1922  
Protectorate, it was agreed to recommend that the new  
Order in Council should be proclaimed in the East Africa  
and Uganda Protectorates immediately. It was not  
considered necessary to issue a proclamation in Tanganyika  
for the present.

As regards the disposal of the Sovereigns held  
by the Currency Commissioners locally and the Government  
of the East Africa Protectorate, it was agreed that the  
Treasury should be asked whether they desired to  
purchase them; and that if not, or in suitable terms  
could not be arranged, the gold should be disposed of in  
America at the best price possible.