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10. Downing Street. Whitehull S.E.

EAST AFRICA PROTECTORATE ESTIMATES, 1912 - 1913.

As a result of a conversation between the Frame Minister, Mr. Harcourt, the Chancellor of the Exchequer, and Sir R. Chalmers, on March 4th, it was agreed, in view of the probable solvency of the Protectorate in the near future, that the Estimates of expenditure as presented by the Colonial Office in their letter of 18th January should be adopted in their entirety, the grant-in-aid to be fixed at £23,500; that the "half and Calf" principle should in the future be applied as regards Railway earnings to the <u>net</u> increase is the Uganda Railway revenue: that otherwise the departure from the "half and half" principle involved by this concession on the part of the Treasury should be considered as exceptional and as not derogating from the authority of the principle, which is to continue to be applicable in normal circumstances to mon-self-supporting Colonies and Protectorates; and that the case should not be quoted as a precedent in support of any future claims, which may be advanced by the Colonial Office. Mitialled & de Nume Now a Mand 1 4912

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(Intld) H.H.A.