

EAST AFR. PROT

C.O.
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CONFERENCE

The joint Memorandum of the Chief Secretary and Treasurer, together with a Short Memo. by Mr. Bowdler on O.A.F. Form Memo. has been referred to Mr. Bowdler and a copy of reply expressing concurrence in its substance. Subject observations. Subject reference of letter of details to Treasurer dated 11th or 12th April.

Sir J. Anderson
with Mr. Strachey, Sir G. Jackson

The position, then, is - that the Treasury, the Colonial Office & the local Govt are at least all agreed on the general principles

① that the sovereign should be the standard coin of S.A.

② that an S. African people should be permitted in England for the 7th of S.A. & Uganda.

③ that this paper shall be unimpaired legal tender.

When I say 'agreed on' I do not mean that they all like these proposals; but they are willing to accept them & that is the main point. It comes to much the same in the end.

In favour 12th April 1913

1913

1913

the Oinl. of 1905, 1906, 1910 & 1911 (copies
herein) and making provision for
the new empire etc.

In the copy enclosed to Treasury 12/28/11
I have shown the points in which the
new Oinl. agrees with, or differs from
the existing Oinl.'s - and the
Gov. has acted as a means by the C.S.
measures which make various
provisions for improving the
preparation of the Treasury. I have
submitted the memorandum in the
margin to save unnecessary length of
minutes - both one or two points may
be mentioned here.

Para 1. The measure of reference to the
Foreign Jurisdiction Act cannot, I think,
have been intended. If needed in practice
Oinl. or otherwise, it - presumably
needed there also.

Para 2. I think § 1(2) of the Oinl.
might say: "The Currency Board shall
have a head office at Harbasa and
also, if it is desired, branch offices
at such places in [the] East Africa or Uganda
[Pro] as he may think fit, and may
employ..."

Para 3. See only 12/315/12. The Currency
Board on their side to carry out
the Currency Oinl. not to advise in
all

you have the
draft enclosed
J.H.

Signature
to be added to the
draft enclosed

W.C.
J.H.
draft enclosed

If we must have
the denominations
of the £ Sterling
the Treasury proposal
is according as much
as possible to be
of £ 1. But I think
it might be left
to the note only,
to avoid the practical
in the same. If we
are to have
the Treasury
board in
London with an
£ 10, 20, 50, 100
and 1,000 notes

It discusses the
matter with Mr
Calloway in the
first instance
J.H.

all or any matter of general policy, which
will be devised by the Govt (i.e. the Govt
& the S.P.). So present will be in relation
on this point Mr Butler went so far
as to suggest that the Commⁿ should
be called in the next Oinl. "Currency
Note Commission". I am not sure
that this is really necessary, provided
that we make it clear that we take
his view of their position. I will
refer later to the Currency Board
generally.

Para 7. The Treasury idea in Treasury
11/23/11 was clearly to familiarize
the community with the £ Sterling
as the money of account & to its
ultimate adoption as the unit of
exchange - as they suggested,
that the value of the notes should
appear on the faces of the notes
in £ as well as rupees. They
deliberately fixed the denominations
above £ 1 at £ 2, £ 5 and
multiples of £ 5. But for it
will be possible to familiarize the
community with the £ remains
to be seen, but if we are to work
definitely with this end in view I

I doubt the advisability of accepting the suggestions of the C.S. & Treasurer as to £1 1/3, £3 1/3, £6 2/3 - and multiples of £6 2/3. At the same time, they have doubtless had in mind local requirements & I feel it is rather difficult to reject their proposal finally without further discussion - possibly with Mr. Smallwood when he comes on leave.

Para 11. There is no obvious reason for returning to a fixed proportion of 2/3 instead of 1/2 as the coin portion of the Note Guarantee Fund. The Gov. apparently does not contemplate this - but we ought to ascertain. If it is decided to keep the fixed proportion of 1/2, either § 16 (4) in the D.P. Act must be altered or the proclamation under which it is now fixed at 1/2 reserved in the new D.P. Act.

Para 14. On p. 9 of the long D.P. Dis. in 25 Nov/12, Mr. G. Diddle definitely cut out words which had helped to explain the point was put into the D.P. to meet

He was not present to D. 14

Some attention - keeping down of law to vary the proportion by Proclamation. Good. S. J. P.

If the depreciation allowance under the S.P. will not be sufficient to meet the objection that there may be depreciation later for the present the G.D. F. ought to be accumulated? If it grows in course of time a new one could be passed. Leave the question it stands?

H. J. P.
U

See minute

U.S.

① Five thousand lbs.
② Not thousand lbs.
all
of the

the point raised here. Some of the interest in the widest portion of the Gold Standard Reserve Fund may be required to cover depreciation in investments. I suppose that the interest, if not needed for this purpose, wd be carried to the General Reserve of the P.G., but if we must put in anything it might be best to add to the words proposed in the memo. the words "or dealt with in such other way as he may deem advisable".

Para 15. I do not understand why the C.S. & Treasurer want to cut out this § 21 (6)

Para 17. I am not sure that provision as suggested in the memo. is "sufficient", but we could put the point to the Treasury for their comment.

Para 18. I am trying to discover the remedy for weight & fineness of the Indian paper - but I do not keep back the papers for this, and I understand that Mr. B. wishes them to come on as usual.

I doubt the advisability of accepting the suggestions of the C.S. & Treasurer as to $\pm 1\frac{1}{2}$, $\pm 5\frac{1}{2}$, $\pm 6\frac{2}{3}$ - with multiples of $\pm 2\frac{1}{2}$. At the same time, they have doubtless had in mind local requirements & I feel it is rather difficult to reject their proposal finally without further discussion - possibly with Mr. Smallwood when he comes on leave.

Para 11. There is no obvious reason for returning to a fixed proportion of $\frac{2}{3}$ instead of $\frac{1}{2}$ as the coin portion of the Note Guarantee Fund. The Gov. apparently does not contemplate this - but we ought to ascertain. If it is decided to keep the fixed proportion of $\frac{1}{2}$, under § 16(4) in the D.P. but must be altered or the proclamation under which it is now fixed at $\frac{1}{2}$ reversed in the new D.P.C.

Para 14. On p. 9 of the large D.P. Dis. in 25/2/12 Mr. G. Diddle definitely cut out words which had helped Mr. Smallwood's point was put into the D.P. to meet

He was not present to it.

Some attention - looking down of us to vary the proportion by Proclamation. (S.D.) S. J. P.

If the depreciation already exists the S. P. will not be satisfied with the substitution. But there may be depreciation later & for the present the G. D. F. might accumulate? If it grew in consequence of a rise in C. could be paid. Leave the drafts on it stand?

H. J. P. U

See minute

the point raised here. Some of the interest in the widest portion of the Gold Standard Reserve Fund may be required to cover depreciation in investments. I suppose that the interest, if not needed for this purpose, would be carried to the General Reserve of the P.G., but if we must put in anything it might be best to add to the words proposed in the memo. the words "or dealt with in such other way as he may deem advisable."

Para 16. I do not understand why the C.S. & Treasurer want to cut out this § 21(6)

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Para 18. I am trying to discover the remedy for weight & fineness of the Indian paper - but I do not keep back the papers for this, and I understand that Mr. Rea wishes them to come on at once.

① Five thousand lbs
② Two thousand lbs
all
of the

Para 20. I agree with the Treasurer's
reply to all five points raised
by the Monetary Chamber
of Commerce. As to the
last point, Sir J. Anderson
has clearly laid it down in
his marginal remarks on the
letter from the ~~British~~ National
Board of India in No. 1/26295/53
that there should be no minimum
for remittances. Both Banks
want a minimum: but
I see that the Gov. supports the
Treasurer.

Para 21. I should be inclined to give the
Currency Commission as the
Secretary allowances of 250
and 100 or 150 respectively,
but I do doubt the need for
a puikka fee @ 250-15-600
with no other duties - expected
to be by a native clerk.

Turning now to the Governor's dispatch:
Para 2. We have said that the E.A.
note should be marked by a fountain
from the Indian rupee, so as to
prevent confusion. I am trying
to get specimens of the whodunnit

native

Govt.

George ...
try get ...
H. J. R.

My recollection is
that the 1905 paper
shows show
- This info
- H. J. R.

I don't think that
"any being that
2'bar & they would
probably like
"E. Africa" less
than Uganda
I hope to think of
it soon
at H. J. R.

E.A. silver modelled currency note
Eg. such as a model. The matter
is not pressing & can be considered
at leisure. But as to the simple
description I rather prefer simply
"East Africa". I don't want to hint
at Uganda's feelings - & they are
sensitive about E.A. dominating
over Uganda. But if the E.A. rupee
is to be circulated to Zanzibar (see
below), it would be awkward to
have "E.A. Uganda" but not
"Zibar" on it, whereas "East
Africa" simply will cover the whole
lot.

Para 3. This is a convenient place
to raise the question of
the Currency Commission
generally. Their work is to deal
with the notes - & money notes -
locally, not to control the
currency policy. I submit (with
hesitation) that the real Currency
Board should be in this country,
the more so if we are to have 3 places
(Uganda, E.A.P., & Zibar) using
the E.A. rupee, although for this
purpose East Uganda may be
counted as one perhaps. The
British plan will be to enlarge
the W.A. Currency Board into a

See minute

H. J. R.

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letter from the South National
Board of India in M-1/2625/73
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for remittances. Both Boards
want a minimum: but
I see that the Gov. supports the
Treasury.

Para 21. I should be inclined to give the
Currency Commissioners & the
Secretary allowances of £250
& £100 or £150 respectively,
but I do doubt the need for
a public Sec. @ £250-15-600
with another duties appointed
to by a higher class.

Turning now to the Governor's dispatch:

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rupee should be marked by a signifier
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Notes

was

be right one too
they get out of it

H. J. R.

my recollection is
A. & U. Prot. 17
The 1940s figures
shows show
This info
H. J. R.

I don't think the
is any hurry about
2'bar & they would
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"E. Africa" less
than Uganda
I hope in thinking
of 2'bar that
H. J. R.

E.A. silver minted coinage in the
Gov. rect. as a model. The matter
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below), it would be awkward to
have "E.A. Uganda" but not
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lot.

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generally. Their work is to deal
with the notes - & one-way notes
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hesitation) that the Monetary
Board should be in this country,
the more so if we are to have 3 p's
(Uganda, E.A.P., & 2'bar) using
the E.A. rupee, although for this
purpose East Uganda may be
counted as one perhaps. The
obvious plan wd be to change
the W.A. Currency Board into a

See minute

Yes
H. J. R.

W. P. S. Special Currency Board.
This set of courses need working out, if the principle was accepted, needs it is presumably less necessary to revise the O.C. in respect of the Currency Commissioners - all I understood that the I.O.S. has power merely by minute to appoint a Currency Board, so as O.C. will be required for that: but apart from the fact that Uganda is still under Treasury control, the Treasury will have to be communicated with on the subject.

Para 4. This will have to be discussed with I.O. - Indeed, the Currency Board in this country will be responsible for arranging just this kind of thing. It must be borne in mind that the I.O. must be kept inf. of what we do in the matter of the E.A. paper.

Para 5. It was contemplated that the gold in the hands of the Currency Commissioners will be utilized for buying silver is coin the new paper.

Para

See minute 6/2/53

There is, however, good precedent quoted by the Treasurer.

Yes - but the Govt says the board will not have authority

See minute

Yes - some of it should come from the Bank of England.

Para 8. These referred above to points ③ ④ ⑤ mentioned in this paragraph. As to point ① I agree with the Treasurer's view - you cannot alter the present system all of a sudden, even if it were considered for other reasons really desirable to do so. Point ⑤ is likely to prove important: the whole 'currency question' in E.A. arose out of the difficulty experienced by a Bank in getting rufes from the Govt in exchange for their notes. If this difficulty continues, there will be endless complaints: but all the Govt undertakes to do under the O.C. is to give current coin for notes. But we shd. not vary the O.C. in this respect - perhaps as the Govt says, we shd. wait & see.

There are two points of importance still to be mentioned:

(1) Is the E.A. paper to be used

P.S. Special Currency Board
This sort of course need working out,
if the principle were accepted,
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Para

See next
leaf

There is,
never, good
precedent
quoted by the
Treasury.

Yes - but on the 1st
Sept, the Govt. will
advise otherwise

Yes - some of
shares come home
becom comm. to
Smallwood.

Para 8. These referred above to
points ② ③ ④ mentioned in
this paragraph. As to point
① I agree with Mr. Maconochie's
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the present system all of a
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difficulty experienced by a
Bank in getting surplus
from the Govt. in exchange
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all the Govt. can do
under the O.M.C. is to give
current coin for notes. But
we shd. not vary the O.M.C.
in this respect perhaps as
the Govt. says, we shd. wait
or see.

See next

There are two points of importance
still to be mentioned.

① Is the E.A. paper to be used

Zangbar? It seems to me quite clear that the...
feeling what the position of Z'bar is geographically & commercially.
Z'bar will have to have its own amending Currency legislation - but until we have got the S.A. O in C. through, I think that Z'bar can wait.

There will be great difficulties in getting an S.A. rupee minted. I believe that the Royal Mint & the Birmingham Mint are both choked up with orders, & it is hard to see how pressure can be brought to bear on them. The World Currency Board is already wearying them with its demands for coin.

It should be asked that when we write to the... we shall have to answer the

paper 2/1
H
J
2/1, Ho

The S.A. rupee
was one
of the things

but what are

the enquiries in their letter on 31/1
Para 12 of 12/12 - i.e. para 6 of
B.T. S. E. A. rupee (no allocation
of 1000. required - see o.c.g./29305/12)
& para 7 as to Indian rupees
in circ. (see o.c.g./29305/12
& G.S. 7711/13 for inf. on this point)
& repatriation of Indian rupees
(not borrowing in para 7 of his dir.
in o.c.g./29305/12 recommends
that no arrangements be made
for repatriation of Indian rupees
sh. will be unlimited legal
tender in S.A. - the cost of re-
patriation, he says, wd have to be
borne by S.A., or neighbouring
territories where the Indian rupee
is admitted to circulation and
be able to admit exchange. In
any such arrangement for
repatriation at S.A.'s expense.
On the other hand, in the dir.
was mentioned that Gov. contemplates
the return to India of Indian
rupees replaced by the new
rupees). We cd. send the

Transmit a copy to day/29305/12 -
but I do not believe that
W. B. Jennings' view as to repatriation
is that his patch is really
terrible.

all
5/1/14

Jan made some superficial

comments

Para: 10. I doubt whether the discrimination
matters. The position of the sovereign is ^{the} standard
even when the ^{discrimination} is ~~discriminated~~. It would be
effective as a standard if there were not a
single sovereign in S. Africa.

Para: 16. What they propose to omit is the second
line of 21(6)

Para: 12. I do not think it is a fatal objection
that while the Note Guarantee Fund can only
be applied for the purchase of silver the
Gold Reserve Fund can be applied to the
purchase of metal for non-silver subsidiary
coins. I would rather leave the O.C. as it
stands.

Para: 15. What they propose is to omit the
second para. of 21(6) - to the G.R.F.
paying back its debt to general revenue -
I suppose because their proposed addition
to 21(6) would make it superfluous. I should
prefer to let the draft stand as it is.

I think
I don't
Pres. & G. Fund
Census R. has better
all can
4/1/14
8/1/14
P. H. V.

Zangher. We had better put his Commission
Fund

for a coin better than a florin
seems better

S. C. H.
7/1/14

H. J. R.
8/1/14

Sir Chamberlain

I am sorry to have kept this so long, though it is not pressing - It has involved much reading-up of bank certificates.

I have made marginal notes on the minutes the "combined means" enclosed in the draft.

I foresee some practical difficulties in working the double system at the start, as we shall have one set of overvalued coins looking to London for their parity & another looking to India.

Only for the new Rs. wide drafts on London to give.

If any one requires a sterling draft - either for his sales or must first look at his papers - representing the India for the rest. It takes an experienced hand clerk about 1 hour to sort out £1000 worth in the way.

To scrape up £1000 for a London draft would involve handling (say) £5000 at least - so when work doubles they are £10,000 worth of notes.

Double the Rs. is £10,000 worth of notes. Let for specie redemption to India the working out will be heavy. If there were any counter of currency in the way of notes the it would be

12600/2

They will handle the Rs. when they come in.

1/2 - 1/2 can be done, always on a few values, for the on the...
with it be...
and by...
later is to...
the lead office...
spread?

No other...
instructions

has been detailed.

A remedy is to lay for the Board to push the new coin into circulation as quickly as possible - repatriating Indian papers of coming new papers to replace them.

But if this is done, we must not have Indian papers flowing back. But I fear that the offer of C* gives a direct bonus on the importation of Indian papers: for -

if a man wants to lay down money he can either (a) pay for them in London or (b) pay for them in India. But if (a) then he must pay face value + full cost of importing gold from London to Nanchi. But I imagine that the freight on it, London to Nanchi, must be greater than that on Rs 15, India to Nanchi.* + Hence it will always pay to

adopt (b) unless § 32 (2) is modified so as to provide that the maximum rates shall not be greater than sufficient to cover + freight insurance + for London to Nanchi.

In any case on 25/4/14 - per 1 - we are suggested the possibility of this, but we require it in a detail. The bank and branches, whereas I am afraid that it is

any pleasure. It is fairly estimated to 322
costly. A coin of the kind $\frac{1}{4}$ or $\frac{1}{2}$ a cheap &
produce as possible, and the Paper is much
dearer than the shilling [with silver at 27²
the gross profit - is a cost of the silver content of
on Rs 15 is about $\frac{5}{4}$, whereas the profit on
20% is nearly $\frac{11}{10}$: so that the Eq. B²
will work on a very small on other margin of
profit than the W. B²] But we are
tied to the paper, & there is no chance of
breaking away

[I believe that the 3rd schedule of the 1913
Ordinance the Treasury have left blank the
weight & fineness of the new paper. Obviously
these must correspond with the Indian coin]

Further the Treasury have stamped on the
Ordinance (some of these peculiar ideas as to
the function of gold. In this matter they are
60 years behind the best modern thought.
But while this will add to the cost of the
scheme there is nothing naturally pernicious
in it, and in a more enlightened future it
may be set right.

I may specially refer to two points of
detail, though they are noted in the minutes: -