

1911

EAST AFR. PROT.
UGANDA

18617

REC'D
JUN 7 1911Exchange of Currency notes for gold
Supply of Silver in Uganda.

Leads with other's file of cover containing report of
Currency Commission. Thanks position & duties of C.C.
The notes be reconsidered on lines indicated. Print out
that Mr. Leggett's letter. Which was written with misapprehension
& states facts. Cannot recommend introduction of English or
Indian currency, & submit other remarks for meeting present officials.

after speaking to Mr. Fiddes I am
arranging a meeting on this question
for 3.30 p.m. on Monday, the 19th of June.
Besides Mr. Fiddes, Mr. Read & myself
Mr. Collins of this office & Mr. Bourne
& Mr. Major are being asked to come.

HAB

June 8

Waltham, La. (L. L. L.)

Rich. L. L.

Knightsbridge

8th June 1911

Dear Mr. Butler,

I have had
 your communication for
 me to attend a
 meeting at the
 on the R. & P. Currency
 question. I have regret

The 19th June at

3.30 hrs

Summerville

Summerville

Chelston
Woodland Hill Road
St Leonards-on-Sea

26 May 1911

Dear Mr Butler

As the Currency
Correspondence has
not been sent home

I send you my copy
in case you would like
to see it. I don't think

I can all much to
that I have already
written.

Yours sincerely
Mrs. J.

gc

The Hermitage
Apost

June 4th 1911

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Sir,

With reference to your
despatch No. 16597 of the
31st ult, transmitting copies
of correspondence on the
subject of the exchange of
currency notes for gold in
the East Africa Protectorate
and the supply of silver
in Uganda, I have the
honour to enclose a file
of correspondence which I
was entrusted by the
Governor of East Africa
to bring home with me
for discussion in
England.

This file is an original
East Africa Secretariat
minutes paper and I should
be

Under Secretary of the
Colonial Office

London
A.W.

be much obliged if you would be so good as to cause it to be returned to me when it is no longer required for reference.

2. My views, as well as those of the other Currency Commissioners, on the question of the exchange of notes for gold and the maintenance of a silver reserve, are duly set forth in these papers.

4. It appears to me that the position and duties of the Currency Commissioners might be reconsidered with advantage. At present their duties and responsibilities would appear to be confined to certain transactions in connexion with the Currency Note Issue and are specified in the (Currency) Order in Council of 1905.

5. How that two Grants with collecting contracts

are

an company for business
 in the Protectorate I might
 be desirous to confer on
 the Currency Commissioner
 also the duty of dealing
 not only with the notes
 but also with any other
 issues affecting the
 currency of the B. Protectorate
 both as regards the standard
 and other current coin.

As I have stated in
 the enclosed file, in my
 opinion the present difficulty
 hinges on the question as to
 whether or not the Government
 is responsible for maintaining
 an adequate reserve of a
 standard coin (the rupee).

The Currency Note Issue does
 not affect the question as
 the same difficulty would
 exist if there were no
 Government Notes. What the
 Banks appear to want is to
 be allowed to obtain notes for
 gold or silver at their option
 and to be able to redeem the
 notes similarly at their
 option. Such a concession
 would

would obviously be impracticable. 364

7. With reference to Major Leggett's letter of March 8th to the Chairman of the B.C. Corp., a copy of which was enclosed in your despatch under reply. I would wish to draw attention to an apparent misunderstanding on the part of the gentleman. Major Leggett states that the Standard Bank have deposited about £50,000 in gold which they have exchanged with the Government for rupees. This is not the case. The Government has not, either through the Currency Board or by any other means, exchanged any coin with the Standard Bank. The specie reserve in the Currency Store room has been used solely for legitimate Currency work and neither bank has withdrawn from the Currency Board

more silver than it has
itself paid in.

8. The arrangement whereby currency notes are issued against money paid over in London is as follows. One half of the note guarantee fund is permitted to be invested. If a bank receives £2000 worth of notes we accept £1000 locally in specie and, on advice that a further £1000 has been paid over to the Crown agents, issue £2000 worth of notes. The £1000 paid to the Crown agents is immediately invested on behalf of the Currency Commissioners and the effect of the transaction is therefore the same as if the whole £2000 had been paid in locally and one half of it remitted to the Crown Agents for investment.

9. On the general currency question

question I considered that it
now too late to substitute
English for Indian Currency,
nor do I see a great advantage
would be gained by doing
so. There would appear to
be several alternative remedies 366
to the existing difficulties
such as an arrangement
with the Indian Government
for a rebate on the cost of
importing rupees, the minting
of a limited number of
East African rupees for local
circulation or the diversion of a
portion of the profit on the
note issue for the purpose of
subsidizing imports of rupees.
It seems that the Indian
Government undoubtedly makes
a considerable profit from
the redemption on the rupee
imports and East African
but I understand that in
the case of other Colonies where
the rupee is the standard
coin the Indian Government
has declined to consider the
creation of issuing any of the
profit

profit.

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I have the honor to be,
Sir,

Your obedient servant
C. Bowring