

E. AFRICA
W. AFRICA

C.O.
38985

Rec:
Rec: 7 4 7

38985

BOARD OF TRADE

1917
5th AUGUST

PURCHASE OF COTTON

Trans copy letter to Treasury re proposed scheme

Last previous Paper

M. 9.
37609
regr

If Treasury approve asks if prices proposed by B.C.S. A. are regarded as fixed at level to satisfy native growers. Also enquires as to apt of Assen as sole agents.

Mr. Butler

Mr. G. Fildes

After discussion with you, I submit draft telegrams to Uganda and Nyasaland on the question of ~~the~~ You will notice that both telegrams ask for recommendations as to the price to the ginners at various points of the territory on the assumption that the ginned cotton will be stored at the ginnery. This is in accordance with a remark made by Mr. Hutton ^{at} ~~the~~ ^{deputation to the President of} ~~the~~ ^{a few weeks ago} ~~Board of Trade~~ that he assumed that storage in the ginnery would be accepted ^{impossible for water} the best arrangement. It is obviously ^{better than} ~~the~~ ^{resting} large warehouses especially for the purpose.

I have also put in words asking whether the prices should depend on quality. This point was raised in conversation with Mr. Hutton in July, and I understood him to think that some system of grading would be inevitable.

In the case of Uganda we know what companies we shall have to consult if the Board of Trade proposal is accepted by the Treasury. In the case of Nyasaland,

To Sec. Nyasaland 1st 14 August 17
To Sec. Uganda 1st 14 August 17
Regr. Com. 16 Aug 17
Regr. Com. 16 Aug 17
To Sec. Nyasaland 1st 14 August 17
To Sec. Uganda 1st 14 August 17

Next subsequent Paper

37609
regr

however we have no information as to what parties other than the British Cotton Growing Association are concerned, *And the Nyasa Tel. asks for info on the point.*

The Board of Trade letter does not call for detailed comment, but it will be observed that, although paragraph 3 of their letter to us appears to indicate the appointment of the Association as monopolists in cotton buying, the proposal in the letter to the Treasury is simply that put forward by the Association, namely, that the Association should only buy on behalf of the Government any cotton which is offered to them, i.e. cotton which cannot be shipped. There should be no objection to an arrangement of this sort from the Association's trade competitors either in Uganda or Nyasaland.

Paragraph 3 of the letter to the Treasury states that 3/4 of the Nyasaland cotton crop has usually been purchased by the Association. This is a hopeless exaggeration and the figure clearly relates to the native crop only. Of the native crop the Association bought over 90% in 1914, about 7/8th in 1915 but only a little more than a half in 1916. If however we include the cotton grown on European estates the figures are very different. In 1914 the Association bought

From natives	1,812,429 lbs.	} seed cotton
From planters	283,523 lbs.	
	<hr/>	
	2,095,952,	

representing about 698,650 lbs of lint cotton. The exports amounted to 2,401,000 lbs. in 1913-14 and 2,643,500 lbs. in 1914-15. I.e., the Association's share of the whole Nyasaland crop was about 23% only.

It is now necessary to consider whether we should write to the Treasury in support of the Board of Trade proposal. The proposal is made not *deliberately*

*See also
report on
Association
petition
to the Board*

on the ground of Lancashire's immediate requirements but as a part of the general scheme for encouraging the production of cotton in the Empire. quite apart from the immediate question of keeping the industries of our Protectorates alive during the present crisis, we are interested in the future development of the Protectorates, and I think it would be a pity, and likely to prejudice the chances of the Treasury accepting the Board of Trade scheme, if it had no backing from this Office. We should therefore write to the Treasury and say that the Board of Trade have sent us a copy of their letter of the 3rd August and that the Secretary of State trusts that Their Lordships will be prepared to give favourable consideration to the proposal that a Government guarantee should be made for the payment of interest and repayment of capital in the case of money advanced by the Banks to finance the arrangements for buying cotton and storing it pending facilities for shipment.

Point out that in Uganda the industry is essentially a native one, which has grown up entirely through Govt. encouragement, and that its collapse would mean great difficulties for the Protectorate both from the point of view of both administration and finance.

Say that, although in Uganda a considerable part of the industry is in the hands of European settlers, still the same considerations

on the ground of Lincath's immediate requirements but as part of the general scheme for encouraging the production of cotton in the Protectorates. With respect to the latter question of keeping the industries of our Protectorates alive during the present crisis, we are interested in the future development of the Protectorates, and I think it would be a pity, and likely to prejudice the chances of the Treasury accepting the Board of Trade scheme, if it had no backing from this Office. We should therefore write to the Treasury and say that the Board of Trade have sent us a copy of their letter of the 3rd August and that the Secretary of State trusts that Their Lordships will be prepared to give favourable consideration to the proposal that a Government guarantee should be made for the payment of interest and repayment of capital in the case of money advanced by the Banks to finance the arrangements for buying cotton and storing it pending facilities for shipment.

Point out that in Uganda the industry is essentially a native one, that has grown up entirely through Govt. encouragement, and that its collapse would mean great difficulties for the Protectorate Govt. from the point of view of both administration and finance.

Say that, although in Nyasaland a considerable part of the industry is in the hands of European estate holders, the same considerations as in Uganda apply to the preservation of the native industry.

[Mr. Shackley will no doubt add as to Nigeria, both from the standpoint of the Treasury and as regards the desirability of telegraphing to the Gov: General].

And ? send to the Board of Trade a copy of our letter to the Treasury and also copies of our telegrams to the Governors of Uganda and Nyasaland, saying that these telegrams have been sent after semi-official consultation with the Board of Trade and that, pending replies from the Governors, it is not possible for Mr. Long to answer the enquiry in paragraph 2 of their letter of the 3rd August as to whether prices proposed by the British Cotton Growing Association can be accepted as determining a suitable rate of remuneration to native growers.

And add that we presume that the statement in their letter to the Treasury as to the extent of the Association's purchases in Nyasaland is intended

to relate to the cotton grown there

3rd August, 1917.

511

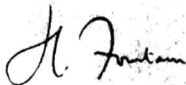
Dear Mr. Butler,

We are writing to you officially to-day about the possible purchase of Cotton in Africa, and enclosing copy of a letter which is being sent to the Treasury by the President's directions. I had hoped that he would be prepared to pave the way by communicating direct with the Chancellor of the Exchequer but he wishes the matter to be broached officially first, so that we are a long way off anything like an actual Government decision to purchase.

It occurs to me that from the point of view of Colonial interests you may care to back us up by writing to the Treasury in support of the proposal.

In the meanwhile I agree with you that it is not desirable that the other firms interested in Uganda cotton should be taken into consultation. It would however be useful if telegrams could go confidentially to the Governors mentioned in your letter as to the reasonableness of the prices suggested for purchasing the crops.

Yours very truly,



A. Butler, Esq., C.B., C.M.G.,
Colonial Office.

Any further communication should be addressed to—

THE ASSISTANT SECRETARY,
at the address given opposite.

The following letter and number should be quoted:—

C. 10774.

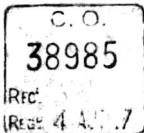
Telegraphic Address:
COLASTA, LONDON.

Telephone No.: 3840 Victoria.

BOARD OF TRADE,
(COMMERCIAL DEPARTMENT),
GWYDYR HOUSE,

WHITEHALL,
LONDON, S.W. 1.

3rd August, 1917.



Sir,

I am directed by the Board of Trade to forward to you, for the information of the Secretary of State, copy of a letter which they have caused to be addressed to the Treasury on the subject of a scheme for securing the continuance of cotton growing in British Africa.

In this connexion I am to inquire whether, in the event of the consent of the Treasury being obtained, Mr. Secretary Long would regard the prices proposed by the British Cotton Growing Association in their letter of 20th July (of which copy is stated to have been sent to your Department) as fixed at a level which would satisfy the native growers.

I am also to inquire whether Mr. Long considers that there would be any objection to the appointment of the Association as sole agents for the purchase of cotton in Uganda and the other Colonies affected under the guarantee scheme, or whether he thinks it would be necessary to utilise the services of other companies or firms in the same capacity, a course which could

Under Secretary of State,
Colonial Office.

hardly

BOARD OF TRADE,
(COMMERCIAL DEPARTMENT),
GWYDYR HOUSE,

519

WHITEHALL,
LONDON, S.W. 1.

C. O.
38985

3rd August, 1917.

REC

RECEIVED

should be
SECRETARY,
Composite.
number should
0774
Tele Address:
LONDON.
No. 3940 Victoria.

Sir,
I am directed by the Board of Trade to state, for the information of the Lords Commissioners of His Majesty's Treasury that they have had under consideration the question of measures which will be necessary to secure the continuance of cotton growing in British Africa in view of serious difficulties which have arisen in shipping the last crop and which it may be assumed will be still greater in the case of the next crop. Representations have been made to the Department by the British Cotton Growing Association and the Board have been in communication with the Colonial Office and the Ministry of Shipping in the matter.

As regards the unshipped remainder of the current crop, the provision of tonnage is a matter of difficulty, though the Ministry of Shipping have expressed their readiness to make special arrangements to get the cotton in question shipped in the next few months. They state, however, that they could

Secretary,
Treasury.

Yours faithfully,
[Signature]

feel justified in doing so only if the British Cotton Growing Association could be enabled to continue operations for at least another year. There is no security that provision can be made for sufficient tonnage to lift the next crop and in the event of tonnage not being forthcoming it would be necessary to lift the cotton in Africa with the result that the money required for its purchase would have to be locked up for a considerable period.

It has been the practice for about half the Uganda crop and three fourths of the Nyassaland crop and the whole of the Nigerian crop to be purchased by the British Cotton Growing Association, who pay cash for their purchases and who are under obligation to fulfil their obligations to the Banks financing them until the cotton is sold after being shipped to this country. The banks for the next crop will commence shortly, so that financial arrangements have to be completed as soon as possible, but the Banks which have advanced money in the past to them on more favourable terms than ordinary business houses are naturally not prepared to advance the money necessary to secure the purchase of the next crop if it is likely to remain in Africa for an indefinite period, unless they have Government support.

As Their Lordships are aware, His Majesty's Government attach very great importance to the extension of cotton growing within the Empire, and the Board have recently appointed a strong Commission with a view to considering how best to secure this extension. They regard it as a matter of the highest importance in the national interest.

It is of great interest that the work which the British Cotton Growing Association have carried out to this end should be discontinued, and they cannot but realise that if the present arrangement is not continued, the native growers will be very greatly impoverished, and the land now under cotton will be out of cultivation, and the work carried out in the past few years in furthering cotton growing in Africa will receive a great set back.

It has therefore been proposed that the crop should be purchased on behalf of the Government by the British Cotton Growing Association. The Association should purchase locally at fixed prices the cotton offered to them in Uganda, Nyassaland and Nigeria prior to September 30th, 1918, arrange for its shipment as and when an opportunity offered and dispose of it in the United Kingdom. As regards the money required for the purchase it is not suggested that it should necessarily be advanced out of public funds. If the Board have ascertained that the Banks who have hitherto advanced for the British Cotton Growing Association would be prepared to advance the necessary sums to the Association on the understanding that they were guaranteed by His Majesty's Government in respect of the interest on the money advanced and the repayment of the capital within a fixed period not exceeding 12 months. Should this period expire before the cotton could be shipped and disposed of further financial arrangements would have to be made. The exact prices to be fixed for the cotton are at present under consideration but it is considered that there should be no difficulty in fixing them at a level which would

give ample inducement to the native grower to continue plant
whilst making it probable that a substantial profit would
from the sale of the cotton when it could be shipped. Est
have been furnished by the British Cotton Growing Association
to the extent of the entire crops of Uganda, Nyassaland and
^{have} been deliberately framed on the large side and they show
any event the capital expenditure necessary to put the scheme
effect would not be likely to exceed £1,250,000.

As indicated above the British Cotton Growing Association
are not normally the sole purchasers of cotton in the areas
question and the Board are in communication with the Colonial
Office on the question whether other Companies should be
into the scheme. Before, however, proceeding further the
would be glad, if possible, to receive an expression of Their
Lordships' approval of the general principle of the Scheme
their authority for the continuance of the negotiations with
interests concerned.

I have the honour to be,

Sir,

Your obedient Servant,

(Signed) H. FOUNTAIN.

28

PARAPHRASE TELEGRAM from the Secretary of State for the Colonies to the Governor of Nyasaland.

(Sent 11.45 a.m. 14th August 1917.)

14th August .

Strictly confidential. In order to preserve cotton industry in Nyasaland proposal has been made that future ginned cotton which cannot be shipped shall be bought under Government auspices at fixed price and stored.

Until decision of His Majesty's Government is taken you should be careful to prevent any information on the subject reaching those interested but I am anxious to have your views on following points as soon as possible.

One. What price for seed cotton in each area of production will encourage native to continue growing without setting up too high a standard for the future?

Two. What prices based on these prices to natives should be offered to ginners for ginned cotton on assumption that cotton will be stored at ginnery?

Three. What price or prices should be offered for ginned cotton grown on European estates?

Four. Should prices depend on quality?

Five. If scheme is approved what persons or firms in this country should be communicated with, that is

- (A) buyers and ginners of native cotton.
- (B) European planters.

LONG.

Copy B.T. 16 Aug 17
 Mr. & Mrs. H.H. 1917
 25-28
 Aug 2 4 666

B.577 38985

24/1
1917

~~20~~ 519

PARAPHRASE TELEGRAM from the Secretary of State for the Colonies to the Officer Administering the Government of the Uganda Protectorate.

(Sent 11.45 a.m. 14th August, 1917.)

14th August.

Strictly Confidential.

In order to preserve cotton industry in Uganda proposal has been made that future ginned cotton which cannot be shipped shall be bought under Government auspices at fixed price and stored.

Until decision of His Majesty's Government is taken you should be careful to prevent any information on the subject reaching those interested but I am anxious to have your views as to price as soon as possible.

This will depend on what you regard as price for seed cotton which will encourage native to continue growing without setting up too high a standard for the future.

Telegraph your views on latter point for each area of production and indicate what should be the consequent prices for ginned cotton assumed to be stored at ginnery.

Are of the opinion that price should be adjusted according to quality.

LONG.

Ans'd 42435

Copy B.T. 16 Aug 17
1/14/17
1/14/17
1/14/17

B of T/38985/East Africa
West Africa

Downing Street,
16 August, 1917

No

Sir,

Ans'd 42860

DRAFT.
ASSISTANT SECRETARY,
(COMMERCIAL DEPARTMENT)
BOARD OF TRADE,
MINUTE.

I am directed by Mr. Secretary

Long to acknowledge the receipt of your letter C.10774 of the 3rd of August on the subject of the scheme for securing the continuance of cotton growing in British Africa.

- Mr. Bottomley 15/8/17
- Mr. Stacey 15
- Mr. Girdle
- Mr. Lambert
- Mr. Road
- Mr. G. Fiddes
- Mr. A. Steel-Maitland
- Mr. Long

2. I am to enclose copies of

telegrams which have been sent to the Governors of Uganda and Nyasaland after semi-official consultation with the

Board of Trade. Pending the receipt of telegram to Governor Uganda Protectorate 14th August, 1917. (38985)

telegram to Governor Nyasaland 14th August, 1917. (38985)

to Treasury (herewith)

the replies to these telegrams it is not possible for Mr. Long to answer the enquiry in paragraph 2 of your letter as to whether the prices proposed by the British Cotton Growing Association can be accepted as determining a suit

rate of remuneration to native growers.

3. Mr. Long presumes that the statement in the letter to the Treasury of the 3rd of August that the Association's purchases in Nyasaland were about three-quarters of the crop was intended to relate to the native grown cotton only.

4. I am to enclose the draft of a letter which it is proposed to send to the Treasury in support of the Board's proposals, and to enquire whether the Board concur in the terms of the letter. They will observe that it has not been thought necessary to include Nigeria in this scheme, at all, even at the present stage, as it is believed that the lack of shipping accommodation which is the basis of the proposed arrangement is not likely to affect Nigeria at any rate in the same degree as the Protectorates in Eastern Africa.

I am, etc.,

(SD)