

PROFIT
4560

C O
45607

1919

Waco Gishie Railway

1919
Aug

at previous Paper

Enquire when construction will be begun - States started a mill some years ago & very to delay in making they have lost large amount of money

Sir J. Bean,

I am very sorry that these papers and Loan Services have been so badly delayed. I had prepared memoranda which would have been sent on before the end of June if the new legal proposals had not been come in. Since then the pressure of current papers has been very heavy and it has become increasingly difficult to find time for anything else. I may say that we are still awaiting a decision from the I.C.C. about certain loan proposals (probably for the Waco Extraordinary) and a further decision from the I.C.C. is also expected to be coming.

The memoranda sent on are -

- (a) Particulars of our existing powers and commitments under the Act of 1907 and of new services covered by the proposed Act of Parliament.
- (b) Estimate of requirements for the proposed programme of capital works and as

at subsequent Paper.

money becomes available.

I had prepared a third memorandum on the financial position of the Prots., but that has largely been rendered obsolete by the S. of S's decision that they must be relieved of the part of the war burden which cannot yet be allocated. It is sufficient here to say that their financial position is hazardous enough to make it essential that our own must confine on the same basis as under the 1914 Act, i.e. interest for the first three years must be paid out of capital and the first of the 187 instalments of the 4.5% of interest and sinking fund combined must be paid at the end of the fourth year. The Treasury has also fixed the rate of interest for instalments at 4.5% and this bears in round figures that we have to borrow 21/2 million, which has to be repaid in that the annuity would be 6.4% of the sum borrowed.

On this basis I have asked the Treas. for the £1,000,000 which I suggest in memorandum B, we should have, say £800,000 to the end of which goods requires £200,000 and by which £81,000 per week permissible under present cover. This leaves £128,910 for the £1,000,000 and £500,000 must be devoted to rolling stock already ordered or approaching delivery. The £1,000,000 spent on cartworks for the Basin-Gishu line, the Indian railways and the Mandini Harbour and other projects to be decided by the Governor.

If we can get more money more can be done, but I imagine it is useless to hope for enough to begin with the iron-work for any of these

... could have to ...
... an amending ordinance to be passed revising the schedule of the 1915 Ordinance so as to cover the

Usain-Gishu Railway and the Thika Extension, and to increase the provision for rolling stock.

But all this assumes that we shall later on get money to complete these works, and we must get the Treasury's concurrence in Parliament being asked for new loan powers, namely,

- (1) Services of the same kind as provided for in 1914.

The extra £1,077,000 asked for by the E.A.S. and the roads (£85,000) which had to be set aside.

It is also very desirable that the Kampala-Uganda Railway, provided for under the 1914 Act, should be pushed further west, but I think we shall do no good by pressing it for the moment.

- (2) Services not included in the terms of the 1914 Act.

So far we have only £750,000 asked for by the E.A.S., but something of the same kind will also be required by the E.A.S. We must make this clear to the Treasury.

For payment of the first three years' interest on the capital the extra amount to be borrowed would be £8,200,000, and we should be wise in making it £10,000,000.

I put the whole matter to the Treasury on these lines and reply to Major Grogan that the question of beginning the construction of the Usain-Gishu line is thus dependent on the provision of the necessary funds for loan services generally in the Protectorate in Eastern Africa, and that this matter is under reference

to the Treas.

Also telegraph to the F.A.S., and Uganda saying that the general question of loan services is under reference to the Treas. and that a further telegram will be sent as soon as possible.

As regards Hyderabad, I am ready

to forward a report under Govt No 595/4

C. S. 11.8.19

x will be
by an
with the
in

now submitted that the Hyderabad
Government is offering to
allow the Government to
open a branch in Hyderabad

in Hyderabad, 5% on the
percentage is not fully repaid
there is no interest to be paid

To do the same, before the
Treasury Board, if on the
upward is probably not to be

is a draft above that the
Treasury 5% on the 6%

if the Government is to
Exchange has been made a
which is the like conditions,
before all the way to the
interest is 5% on the

That nearly all the
regard

require? & CA/26927/14 in case
Gtd that if we wanted to borrow in
the open market we must borrow enough
to wipe off our Treasury loans, which are
a first charge on our revenue - also that
to get decent terms we must offer a better
security, that is to say to -

324

Proclamation

Wed. 11. 2. 17

Gen. G. Fiddler

I agree except that as regards
new loan power. I think that we
shd. try for £3,000,000 instead of
the £2,500,000 suggested by Mr.
Bottomley. The Indian Act has just
passed - ^{the} loan power for
3 to 5 million ^{for the} sale of foreign
a scheme which will only pay up the
other liabilities within any reasonable time
an use of 100,000 acres of land in
our loan power - the same might be an easy
out a proposition of public works which
from the point of view of credit - the
structure involved. If return for money spent
of financial advantage to the public will be for
ahead of the Indian proposition.

13/2/17

which wd only be merited if railways
were constructed before improved facilities
had been provided ^{at the port} for dealing with the increased
traffic - (2) the provision of additional rolling stock
to cope with increased traffic on existing
lines (perhaps the railway is short of 100,000
tons of goods for next year) & replace existing

(3) the re-railing of the line between North
of the sea, which had a bearing on the
Irish project, as the iron rails were to
be transferred to the new line

He was told that for the moment the
could only get the whole quantity of iron
works in the district before the Government
see, he would of the necessary funds
raise with their assistance - this I am
not with no success or only partial success -
he might perhaps have recourse to

private enterprise but that as this is also
probably, perhaps Government sanction would be
useful if he could furnish a rough
indicating the terms on which - perhaps it
proposed to construct the railways from the
series of the Board which is proposed to
provide the scheme, or it will be better to
have that - and if it were decided to carry out
the work by private enterprise, it would be
better to have some form of controlling authority

See now C.E. estimate (inclusive)
for Hyderabad Railway extension

to the table - £ 1,209,492 -

on Cap 49050712 Hyderabad

acc
17.9

See Govt 4667012 Hyderabad
Govt works for 1000000

acc
50.6

~~See~~

Bring up weekly of no
letter received from Sir
Norton Griffiths

acc
3.9

~~See also...~~

acc
10.9

Sir J. B. ...

Sir J. B. ...

I attach Sir J. Norton Griffiths' letter
together with his two previous letters of August 13th.
I do not know where his earlier letters are.

His letter gives the rate of interest as
5 1/2 to 5 3/4% but he does not say - as was suggested at
your interview with him - what banks are prepared
to finance the scheme.

The Treas. have mentioned 5 1/2% as the
probable rate for present issues of loan funds, and

EAST AFRICAN LOAN

NECESSARY SERVICES.

320

East Africa Protectorate.

1. Rolling Stock on order and Staff quarters etc. for Somali Railway.....	£525,680
2. Uasin Gishu Railway.....	1,000,000
3. Thika Railway extension.....	68,000
4. Mombasa Harbour works.....	2,010,000
5. Re-railing lower section of Uganda Railway.....	500,000
6. Roads and Bridges.....	100,000

Of the above the £525,680 will be required almost in full during 1919-20 and it is desirable to make provision with both the Uasin Gishu and the Thika railways.

£2,194,000 this year.

1. Completion of Beoga Railway for traffic.....	1,000,000
2. East African Railway.....	1,150,000
3. New Harar Harms.....	27,000
4. Roads and Bridges.....	1,000,000
5. Roads and Bridges (excess of cost of road 2 above) (revised estimate, May).....	100,000

£1,394,000

Of the above the amounts required this year are -

1. The Albert Marine.....	500,000
2. Repayment of advances from surplus balances.....	17,500
3. Roads and Bridges.....	6,500
4. Instalment of 5.	5,000
	<u>£77,000</u>

Railway extension to Lake Nyasa. £1,409,492

Harbour works at Lake Termios. 1,000

Roads..... 158,000 + +

£1,585,492.

(N.B. the engineer's estimate of the cost of 1 has been doubled).

Required this year, say £100,000.

The above takes no account of housing and sanitary works which are required in the T.A.P. but which cannot be met out of revenue. No details are available as to cost, but if such works were to be included an addition of at least £250,000 would be necessary.

Capital requirements

£5,031,362.

provision for 3 years interest at 5 1/2% to be paid on capital..... say,

1,030,000

say £6,061,362

debtors provided in 1911.

1,000,000

Powers required

£1,000,000

say £4,000,000.

required this year say

£1,170,000

interest

203,600

rose amount required

£1,373,600

say £2,400,000

I presume that it will now be definitely decided to approach them first. The financial position of the E.A.P. is so bad that its revenues are not at all likely to attract any private financier and examines the security for his loan.

The S. of S. sent for me on Thursday and said that he was anxious to make progress with this loan question before going to Egypt. He wished to have a resume of the position in briefer form than the memorandum which I sent on in August, but I was forced to ask for a few days' grace in view of the pressure of work.

I now submit a short memorandum but the position is complicated by Sir A. Farley's despatch (52862) as to rolling stock, etc. In my minute on that paper I have suggested that the whole amount involved must be covered by our new loan requirements.

The upshot of my memorandum is that we cannot do with less than £4,000,000 in addition to the £3,000,000 for which we could not count on being covered the requirements of the E.A.P. and other obligations which are already in sight, and that it is desirable that we should have £1,000,000 out of the total of £7,000,000 this year. To avoid complications I have set out as against the total of £3,000,000 which we received in 1917.

Chamberlain
W. H. Murray

W. H. Murray

22
17/10/19

I will continue on page 114 of 2
at the Treasury at once with the

The \$300,000 already received being
last year's surplus, and available for
about all schemes which we have
to carry out. - \$65 for the heavy capital
to build the new plant (2,000,000 -
to include interest) we shall have
to be careful to enter in financial
statements of profit, and I shall like
to have a copy of your report for
the whole year (including G.E.A.) for
the future. We will hold our
Hydro Commission to give to the public.

Wm 20710

The original of this memo, with a copy of the
Director's despatches, was circulated in
H. or March 1915 and returned to me
L.S. 45
21. 12. 14

Re: Kilindini Harbour Works

A

LOAN REQUIREMENTS IN BRITISH PROTECTORATES IN 1915
EASTERN AFRICA.

in 1915
in 1915
in 1915

The East African Protectorates (Loans) Act
of 1914 gave power to obtain advances up to
£1,000,000, for the improvement of communications and
trade facilities in British East Africa, Nyasaland
and Uganda. The advances were to be local loans
and not to be included in the National Debt and Local
Loans Act, 1914.

The £1,000,000 was allocated as follows:
East Africa Protectorates, £1,000,000
Nyasaland, £250,000
Uganda, £350,000

These loans (in arrangement with the Treasury)
were to include provision for the payment of interest
for the first three years, after which it was hoped
that the undertakings would be remunerative. Repayment
was to be made by annual payments of principal
and interest combined, beginning on the 4th anniversary
of each advance. The rate of interest was to be
fixed in respect of each advance according to con-
ditions existing at the time. The small advances
which were obtained in 1915 in satisfaction of commit-
ments in anticipation of the loan bore interest at
4%, and we are told that advances during 1919-20
will be charged 5%.

The purposes to which the money was to be
applied are shown in the schedules attached with the
local Ordinances, which with a copy of the Act
accompany this Memorandum.

EAST AFRICA PROTECTORATE

(a) Kilindini Harbour Works. (£610,000)

The

The total cost was estimated before the war to be £700,000, but £90,000 is available from a previous loan.

(c) Railway improvements. (£957,000).

The principal items were re-railing lines (£500,000), and rolling stock (£127,000). The former was intended to provide for a heavier rail on the eastward portion of the line. It was intended that the same tracks should be used for the Uasin Gish Railway when at that line it was hoped could be constructed out of privately raised capital.

(d) Roadways program. (£100,000).

(e) First three years interest. (£201,000).

UTARALANI

(a) Railway extension to Lake Uasin. (£540,000).

Since the schedule was prepared the route has been surveyed and the cost on a pre-war basis is estimated at £720,000. This will certainly be exceeded, and we may have the cost to be at least £900,000.

(b) Harbor works at Lake Uasin. (£200,000).

(c) Roads. (£100,000).

(d) First three years interest. (£27,000).

Capital costs, Uasin Gish, and Uasin. (£40,000).

This expenditure is required to complete the equipment of already constructed line, and in addition to provide a fund for an active and efficient campaign on Lake Uasin.

(e) Uasin Gish Railway. (£100,000).

This is the first instalment (about 40 miles) of a trans-Uasin railway which will ultimately help to the Congo traffic.

(f) Lake Albert Marine. (£27,000).

The traffic from the Congo is at present

chiefly

chiefly brought across Lake Albert, and the traffic is a valuable asset to Uganda.

(d) Roads. (£100,000).

(e) First three years interest. (£200,000).

The position has been seriously modified in the U.A.P. by events since the schedule was prepared.

(a) The private arrangements for providing capital for the Uasin Gish Railway fell through but the urgency of the work has necessitated the four years' interval. (See my memorandum prepared for the King in November, 1912). In addition the scheme of settlement for operations and now under consideration will certainly lead to some additional cost from the Uasin Gish Railway being financed.

(b) We are unable to carry over to the Uasin Soda Company to carry their equipment to the Uasin Railway up to a maximum of 150,000 tons a year when they give us a year's notice to do so. This notice was given in October last, and every endeavor is being made to provide the large amount of rolling stock which will be necessary. The emergency comes at a time when prices are extremely high, and it is probable that this estimate will amount for about £400,000 as against the £27,000 provided for rolling stock under the Loan.

(c) At present a branch line runs from Harar north-eastward for 30 miles into the chief sisal producing district of the Protectorate. The Governor has been urged to extend this line for another 30 miles so as to tap the sisal estates which have been established

established

established beyond the present Railhead, and he recommends that this should be taken in hand at once.

After these additional costs, the Uganda and Nyasaland programmes may be left unaffected, although it is undoubtedly desirable to press on with the westward railway as rapidly as possible.

We have therefore to provide for the Basin Glen Railway (£1,000,000), the Lake Extension (£20,000), additional rolling stock, say (£50,000), and extra costs due to the war (at least 10% or say £50,000) and additional charges for 3 years interest at an increased rate (say £80,000) or in all £1,660,000.

That the re-railing of the East African Railway is possible that the re-railing of the East African section of the Uganda Railway (£500,000) might be postponed, though it is doubtful whether it is wise to restrict the heavy traffic on this part of the line on the present rails. At the same time there can be little doubt that the cost of the Basin Glen Railway will be increased if new rails have to be provided instead of using the existing British rails, which it was intended to replace under the re-railing scheme.

Some small modifications might be made from the minor items of the various schedules. But it may be taken as certain that it should not be said in doing this for the U.K. than for the U.K. they have £1,000,000 has already been approved. It may be said that the Nyasaland provision should not be reduced. These notes have been requested to send home. It is at all possible to obtain increased borrowing powers out of the Treasury. It seems desirable that the Uganda and Nyasaland positions should be increased without waiting for revised programmes. In the case of Uganda the

Programme of works might be left as it is and £100 (i.e. £33,000) added to cover extra post-war costs.

In the case of Nyasaland, the programme should be at least £200,000 as an indication of the cost of the work. The cost of the railway construction should be covered.

desirable that they should be taken up as soon as possible. We have no figure from him as to the amount required for expenditure this year.

With regard to the Ocean Steam Railway, it has to be remembered that the question of getting capital from private sources has been suggested. It must be taken up and we must see whether the Treasury will not give us the money, and in any case their stipulation was not borrowing from this country will not, for all the Protectorates, exceed the £3,000,000 anticipated in 1914, which is the way of not borrowing money from any source unless perhaps South Africa.

UGANDA.

As regards the 1914 loan, the Gov. puts his requirements in 1919-20 at £42,000, of which £10,000 is for a steamer and lighters for Lake Albert, £10,000 for certain roads and bridges and £12,000 is in repayment of advances made for road works from surplus balances.

He proposes a new loan for general utility purposes of £750,000 for:-

- Building programme (Public Works Extraordinary) throughout the Protectorate.
 - Telegraph construction and extension.
 - Land and mechanical transport.
 - Water.
 - Electric lighting.
- The amounts required are:-
- Public Works Extraordinary £25,000
 - Motor Transport £10,000.

A despatch as to further loan proposals is promised. This proposed new loan is in the same category as the E.A.P. request for an extra £1,000,000 or so, that is to say, it requires additional powers from Parliament. In any case, buildings, water supply, etc. are outside the province

province of the 1914 loan which was expressly for the improvement of communications and trade facilities.

The question of paying for buildings from loan funds has already been discussed on the E.A.P. Estimates, in which it has been pointed out that as the life of a loan considerably exceeds the life of the building, some form of depreciation fund will be necessary.

NYASALAND

The Acting Governor puts forward the following programme, which amounts for £659,000. It omits roads, the cost of which is estimated at £25,000, which were included in the original programme under the 1914 loan, but which must be postponed and may have to be abandoned. The £659,000 with the amount required for paying interest for the first 3 years will be little less than the £803,000 specified in the original programme in the 1914 Act.

Railway earthworks	£74,000	
Commercial Road	7,000	£81,000
Railway earthworks	£74,000	
Commercial Road	21,000	£95,000
Railway earthworks	£74,000	
Commercial Road	28,000	£103,000
Railway earthworks	£160,000	
Commercial Road	18,000	£178,000
Railway, to complete	£160,000	
Commercial Road	10,000	
Port Jameson to complete		
Lake Terminals, harbour works	25,000	£203,000
		<hr/> £659,000

- C. Mbamba Bay-Kilwa Rly.
- B. Iringa Branch.
- C. Tabora-Mwanza Rly.
- C. Tabora-Ruanda Rly.
- FA. Tanganyika Marine.
- FB. Roads.
- FC. Sanitary works.
- FD. Offices and Quarters.

4427 1/2
Central Station London
E.C. 4

C O
45637
Rm 6 16 10

52 DRAYCOTT PLACE,
LONDON, S.W.
336

13th August 1951

The Under-Secretary of State
Colonial Office

Sir,

I shall be grateful if you could inform me when the construction of the main Ghana Railway from Takoradi will com-

plete. My reason for asking is that I have been offered a contract for an annual export of 1000 tons of tin ore.

This contract would mean a gross revenue of over £10,000 and a local disbursement of £5,000,000 annually.

It will be impossible for me to consider the contract unless the local construction of the railway is advanced quite a stage from its present position. The problem of the transport of a quantity to the existing railway would be acute in the absence of roads and sufficient oxen and mules.

I may say that I started with the idea of a main railway alignment some years ago, but was forced to give up the idea (understanding that the early construction of the railway was essential) I had to shut this mill down as the transport of the output was impracticable across the Vei. The losses incurred have in consequence been in large measure lost.

Two years ago we persuaded a private firm to offer to build and finance this railway: their proposals, although earnestly supported by the entire country and the Acting Governor, were voted in London. It was therefore forced to spend £20,000 in laying a line to keep a "dead" mine in the ground a short time.

An excessive annual waste of money on the part of the Government, and the consequent development of a national debt, is a danger to the future of this State.

You will understand that in the prevailing uncertainty of what policy is to be adopted, business is impaired, and the financial stability of the entire State is imperiled.

I venture to submit that we who have risked all our money on the constantly reiterated assurance that this railway would be built, are entitled to an early and precise declaration of policy.

Yours truly,

Your obedient servant,

Franklyn

Q 45897 EAL

338

20 Feb

ART.

Major S. S. S. S.

MINUTE

for

21 Aug. 1919

25/1/19

I am in the receipt of your letter of the 5th inst. regarding the construction of the proposed extension of the Upanda Railway to the Masera Gishu plateau will be upon.

2. I hereby have to

Say that the reason
receiving Lot 1 and 2

is because but that

there are certain matters

that must receive consideration

and especially the provision

of funds for this and other purposes

indicated in the will that the

will that he is ~~making~~ a will

to give you the gift

with no cost

SEE 3 SEAN

3 CENTRAL BUILDINGS

WESTMINSTER, S.W.

September 15th 1919

339

To: Lieut-Colonel Sir John Norton-Griffiths

Is: Lieut-Colonel L.C.S. Asary M.P.
Under-Secretary for the Colonies
Colonial Office, S.W.1.

Sir,

With reference to my interview with you on the 15th August last, I am now in a position to inform you that - although it is a difficult matter to give any close figure for a prospective business I think it safe to say that the rate of interest on any monies advanced for the construction of a Public Works undertaking would be between $5\frac{1}{2}$ to 5 $\frac{1}{2}$ per cent.

Since my interview with you we have had other business offers outside the British Empire, but I do not wish that this offer to carry out important works in a British Crown Colony shall be interfered with, if there is the slightest chance of business being done.

I shall be grateful, therefore, if the various offers that I have made in this connection may again receive your kind consideration.

I am,

Your obedient Servant,

3 CENTRAL BUILDINGS,

WESTMINSTER, S.W.1

CONFIDENTIAL

August 13th 1919

340

My Right Honourable
The Secretary of State for the Colonies,
Colonial Office, S.W.1.

Sir,

With reference to my letters of 20th July, 18th June
and 26th May 1919, offering to provide up to five millions
sterling for railroads, harbours, etc., in any Crown Colony,
I desire to enquire whether the scheme for the construction
of the WAGADIRIA RAILWAY in East Africa is to be proceeded
with.

I understand that Sir George Fiddes is well aware of the
possibilities of this suggested railway, and, should it
meet with approval, I shall be much obliged if an interview
with that gentleman could be fixed for me on Friday next
at a venue to discussing the possibilities of the railway
and our financial co-operation.

Sir,

Your obedient Servant,

Christie

EASTERN AFRICA.

The East African Protectorates (Loans) Act of 1914 gave power to obtain advances up to £500,000 for the improvement of communications and trade facilities in British East Africa, Nyalandia and Bechuanaland. The advances were to be local issues, and the meaning of the National Debt and Local Loans Act, 1887.

£500,000 was allocated as follows:
British Protectorates, £250,000

an agreement with the Treasury, the proceeds for the purpose of interest and principal payments by principal governments, beginning on the 1st anniversary of the advance. The rate of interest was to be fixed in respect of each advance, and that to continue during the term of the advance.

loan bore interest at 4% and so it is said that advances during 1919-20 will be charged 5% for the purposes to which they were to be applied, as shown in the schedule attached to the local Act. The copy of the schedule is attached to the Memorandum.

chiefly across Lake Albert, and the traffic is a quarter used to Uganda.

(b) Roads. (94,000).

(c) First three years interest. (436,000).

The position has been seriously affected in the E.A.F. by events since the schedule was prepared.

(a) The private arrangements for providing capital for the East Africa Railway have increased but the urgency of the work has increased during the four years interval. Since the Government has not yet decided on the amount of the loan for the railway, the Government has been unable to consider the possibility of a loan from the Government of Uganda which will partially meet the requirements of the Government of Uganda.

The Government of Uganda has been asked to provide a loan of 100,000 for the railway. This notice is given to the Government of Uganda and every endeavour is being made to secure a large amount of selling stock which will be necessary for the railway. It is a matter which is being considered by the Government of Uganda and it is hoped that the service will account for about 40% of the amount of the loan. The Government of Uganda is being asked to provide a loan of 100,000 for the railway.

established beyond the present railhead, and he recommends that this should be taken in hand at once.

As it is from additional costs, the Uganda and 71... programmes may be left unaltered, although it is... desirable to proceed on with the westward... railway... as far as possible.

The... for the... 1950, the... 1950, and extra costs due to the war... 1250,000 and... charges for 3... or in all... 11,800,000

It is... that the... railway... it is doubtful whether... part of the... will be... instead of using the... intended to replace under

... from the minor... taken as certain... the... should... requested to... obtain... it seems desirable... increased without... the case of Uganda the... programmes

Programme of works might be left as it is and 10% (i.e. £33,000) added to cover extra post-war costs.

In the case of Nyasaland, the extra provision would be at least £400,000 in addition to post-war costs the unexpectedly large estimate of the cost of railway construction has to be covered.

W.C.S. 26/1/52

decision.

I believe the southern part of the country - Iringa and Lungenburg - is suitable for development and needs it. The Germans projected a line from the coast to Nyassa, but it is a question whether a S.W. extension from the Central line to the Kolombero would not be a sounder as well as a cheaper proposal. This requires full examination and survey; it would mean about 250 miles of railway, and steam wheel 346 steamers on the river. It is a question which might be the subject of a special loan later.

Certain iron bridges on trunk roads destroyed by the Germans will require replacement. For such work as this we should add 250,000 to the £150,000 above. But please understand that I cannot pretend to any reliability in these figures.

Yours sincerely,

(s.d) H.A. Byatt

REC'D
COMM. DIV.
LONDON

Memorandum
34
COMMUNICATION WITH THE UASIN GISHU PLATEAU.

(Map annexed).

The plateau has been developed for some time, largely by Dutch settlers from South Africa who probably represent two-thirds of the population's white element. Their present communication with the coastal railway consists of the road running from the coast to the station at Kibitani Station. This is impossible during the rainy season and the traffic when it is open, is so slow that it will soon require a road to be built. It is not possible to construct a railway across the plateau, as of railway construction has removed, to be able to provide proper communication by metalling the road, but the cost would be about £10,000 for a distance of about 63 miles.

The Uasin Gishu has already been some settlement in the area to the north-west across the Nzola River, and there are 400 farms in this Trans Nzola district which have been surveyed and will be ready for all nation immediately after the war. This district is still largely removed from communications, and development cannot be expected until a railway is built. Even in the Uasin Gishu itself development has been hampered very greatly by the lack of communications. The farmers are unable to provide foodstuffs, except for their own requirements, because low valued produce cannot be taken to market, and although the development of flax growing will be done, cease their position very greatly, it cannot be carried on at anything like the profit which should be possible if the country were decently provided with communications. The necessity for buying all stores at

once so that they can be transported during the fine weather, is a great tax on men of small means.

The question of a railway was taken up actively before the war and had a material bearing on the arrangements made in connection with the East African Protectorates (Loans) Act of 1914. When the details on which that Act was founded, were considered, we were in negotiation with Captain (now Sir George) Lloyd with a view to the arranging for capital for the railway construction to be provided at a cheap rate. The negotiations were practically suspended even before war broke out, and it is not likely that they will be renewed.

It was a cardinal feature of the scheme that the rails should be taken from the coast section of the main Uganda Railway, which were to be replaced by heavier rails and the rest of the funds provided under the Loans Act. The balance of the heavier rails on this section of the main line is to be left as a reserve and the two sections should, from the point of view of economical construction of the new railway go together.

The intention was that the new line should leave the Uganda Railway at Nakuru and, passing through the Kiambu-Karuri district (the site of an extremely valuable forest, leased to Major Droghda, which for similar reasons it has not been possible to develop properly hitherto), to reach the coast at the esplanade, a climb of 7,000 feet, or to the plateau, going to Naivasha, the chief centre of the district, and at west and south-west to Lumas, the chief town of the North Kavirondo district, the centre of a development of native cultivation which is one of the outstanding features of the history of the East African Protectorate during the last dozen years. The total length would be about 26 miles. The route has been surveyed and a practicable alignment has been found for

the railway.

The proposals which have now been made are that the line should be built by Messrs. Pauling and Company for the Government at a remuneration of 8% on the cost, and that the capital should be found by Messrs. Erlanger and Company at 5% interest. On the latter point it seems impossible to say yet whether we shall, at any reasonable time, be able to get funds at a lower rate. Preliminary advances, which we received under the 1914 Act for other purposes, cost us 5%. This will not happen again no doubt, but if we did have further arrangements with the Treasury for funds for development purposes in East Africa, there would seem no reason to suppose that we should have to pay more than 5%. It must be assumed that Erlanger's have no special account of funds and that the money which they find would have to be approved by the Treasury in accordance with the ordinary arrangements for capital issues.

As regards construction there is no reason to suppose that construction by Pauling would be cheaper or better than the ordinary method of departmental construction under the supervision of one of our firms of Consulting Engineers, but the terms they propose are said to be low for a contract work. The main point is that it would take some time for us to find the staff necessary for construction, and in this matter Pauling appear to have the advantage of their having a permanent staff which is discharged as the work is finished, the possibility of their taking up a big scheme of railway construction in China. We should need extra Government staff to check their work.

It is impossible to forecast any date when we will be able to get the necessary steel work for the line, as indicated above, it would be much better to re-rail the comba-wire line at the same time.

The C.A.G. proposes that in the first instance we should lay a track line, which would provide for the needs of the plateau for some time, from Londiani to Eldoret, approximately along the road route. Track line might be available at any time for the military service in Eastern East Africa. On this assumption the cost is estimated at £11,600 only. It is important to observe that this scheme would not develop Major Logan's forest, and Mr. Bowring's proposal, he admits, will probably meet with local opposition if it is approved.

It is not clear from the papers how far the scheme is known to anyone locally outside the Government. I am talking to as Mr. Huey seemed to refer entirely to a railway track line along the alignment ultimately intended at the railway and not merely from Londiani to Eldoret. I have since seen Sir Edward Northey, who may read the dispatches, and I do not know on what line their discussion proceeded.

From the point of view of money it will, of course, be comparatively easy to get the Treasury to agree to advance £11,600 against the three million loan, the allocation of which could be altered accordingly by a local amending ordinance without any necessity for going to Parliament.