

EAST AFR. PROT

C. O. 413
16769

REC'D
REL. 3 MAR '0

16769

SLY. O
M.P

1920

10th March.

previous Paper.

6564

CURRENCY AND LAND SETTLEMENT SCHEME.

The press cuttings and memos by Maj. Grogan and requests
obans.

Mr. Bottomley

You asked that this should be
minuted chiefly from the point of view
of the ex-service settler. Capt. Stanger and
Col. Cousin are both allottees under the
scheme.

As regards Col. Cousin's points:-

(a) I doubt if any of the new settlers
who got farms here knew anything about
the official figures referred to in Major
Grogan's memo. Certainly they never said
anything about it to me. Their info was
based on the published scheme, the
P.A.L.S. handbook, and Major Grogan's
on lecture.

In any case they were made to

show that they had £1000 and not £1000
as recommended by the Ctee.

Apart from this there can be no
doubt that conditions have changed ~~slightly~~
and that the estimates were probably based
on post-war figures. Hence a settler's capital
expenditure in this country (for machinery
&c.) and this is not affected by our
exchange rates, so far as his obligations
& duties are concerned, he is to be secured
for loss and as regards the working
expenses (labour) it has been pointed out
in the report that wages will tend to
rise so far as the Indian rupee
is concerned & the natives for buying
goods for their Indian trade, and
the apparent advantage of $\frac{1}{2}$ or $\frac{1}{4}$
will be almost certainly be outweighed
by the necessity of paying higher wages.

As regards Major Trenchard's lecture,
the 21st of the printed report assessed
what he actually did say and
think at the time I was a safe and
sound thing to say.

This is a matter of fact practically
none of the new settlers actually sailed
for E.A. until late in November when
they sailed the Indian rupee was at
 $\frac{2}{3}$ sterling, so that if they followed

the advice given them they have scored 419

in report
and 1/2 of the

(2) My own impression is that very few
of the new settlers were troubled by the
exchange difficulty. After all it does
not, I think, in view of the relief given
as to obligations by the bank, hold a
largely as is represented. The fact that the
cost of wages labour, which is the main
thing affected, will be 50% higher than
before the war (which is not excessive
as compared with the ^{increase} cost of labour in
other countries, ^{owing} due to the depreciation of
currency) cannot mean that unless a
settler has 5 or 6 times the capital
advertised as necessary he will fail.
Another point which seems to have been lost
sight of is that, for the first few
years, ~~the new settlers will depend~~
(i.e. until their apparatus & plant
and increasing produce is ready for
export, communications are made and
flax factories etc. running) settlers will
be living on the proceeds of such produce
as they can dispose of locally, and
for this they will presumably receive
payment at the customary rate ^(without relation to exchange) [and

to their extent will be compensated for
their loss of working expenses
I do not think it is worth
going into those points at length in
replying to this; and perhaps it
will be sufficient: and on this
a copy of the letter to Sir Ruggles-
Brissot 12498/30, *employment*
supplementing it a little with regard
to Col. Cousin's specific points.

Yr. servt. *W. G. ...*

The accompanying *Quarterly ...*
I have just dealt with
in the report to Sir E. Baring, 16. 3. 20
British Commonwealth ...
also ...

C.O.
16769
MAR 3 1920

405, Mount Street,

30th
March
1920.

420

Sir,

I am desired by Mr. Oswald Mosley, M.P. to forward to you the enclosed letter with accompanying newscuttings and memorandum by Major Ewart Grogan that he has lately received from Colonel Cousin in regard to the East African Currency and its effect upon settlers in British East Africa.

I am to request that you will kindly favour him with your observations on this matter at your early convenience.

I am, Sir,
Yours faithfully,

Anthony G. ...

Private Secretary.

Assistant Under Secretary,
Colonial Office,
Downing Street,
S.W. 1.

59, Wandsworth,

421

Godalming,

Surrey.

16th March 1920.

To:- Oswald Mosley Esq., M.P.,

Dear Sir,

East African Currency

With reference to your interview with Captain H.A. Stringer of 132 Hindis Road Harrow, and myself, at the House of Commons this afternoon, I beg herewith to transmit for your perusal the memorandum on the question of East African Currency prepared by Major E.S. Grogan, representing in this country the Convention of Settlers Associations of British East Africa.

Major Grogan has, in conjunction with the East African Government and the Colonial Office, been largely responsible for the Colony's Land-Settlement scheme for Ex-Service men and women. I enclose also cuttings from "the Times" showing the situation as fixed by the Colonial Office on February 12, 1920 and the amendment published last week.

I will epitomise briefly the points on which there has been a breach of faith on the part of the Colonial Office.

(a) In 1917 the East African Government and the Colonial Office got out a memorandum giving detailed estimates

estimates in pounds sterling of working expenses and profits for cultivation of new farms. Reduced to a 2/- rupee, these accounts show no profit at all: so that on their own showing the Colonial Office are sending out ex-soldiers to certain failure.

(See p.2 of Memorandum).

(b) In July 1919 a lecture on East Africa, was given at the Oversea Settlement Office by Major Grogan who stated that he was authorized by the Colonial Office to advise settlers not to change their capital into rupee currency at the current rate of exchange (1/8) as that department would shortly rectify the exchange. They have actually accentuated and perpetuated the evil under which the Colony is labouring.

(See p.3 of Memorandum)

(c) The Colonial Office has promised relief continually throughout the last twelve months to settlers whose crops had become unremunerative owing to the rise in value of the rupee, asking them not to cease production.

(See p.5 of Memorandum)

The effect on the settler of a 2/- rupee will be

- (1) Cost of farms (from £500 - £5000) will be increased 33½%.
- (2) Cost of production which has to be met on rupee basis

basis apart from its relation to the pound will increase 50%.

Under these circumstances the figures that have been published for the information of prospective settlers have been completely falsified. Some 1500 soldiers are involved in this scheme and the lot of the 200 or so that sold out and left last November on the Earth Castle will unless they have some five or six times the capital stated by the Colonial Office to be essential, be desperate.

The fixing of the rupee at 2/- has rendered the Colony insolvent and making it a charge on the British Treasury. To increase further the complication of the present absurd situation, the Crown Agents continue to advertise land for sale giving the value in pounds sterling and parenthetically in rupees ~~at 15 to the pound~~ (See "Times" February 16).

It would be interesting to know whether the Government are going to require payment for soldiers farms, on the valuation basis in pounds sterling - or on the changed currency basis in rupees.

I apologize for writing at this length, but plead justification in the seriousness of the situation to those involved. If you can see your way to assist in establishing the currency on the basis on which the Colony's prosperity depends, you will be earning the gratitude of some 1500 ex-service

423 A
service men and women.

I am, etc.,

(Sgt) A.J. COUSIN,

late Lieutenant Colonel R.A.

M/15789/20

E.A.P.

424

Colonel Amery's signature

15 April 1920

DRAFT.

by Sq. M.P.

MINUTE.

- Mr. Jeffries 3/4/20.
- Mr. Bottomley 5/4/20

- Mr. G. ...
- Mr. H. ...
- Mr. ...
- Mr. Amery for the
- Mr. ...

conson

Ruggles, please to hand
12/4/20

With ref. to the letter from
Lt. Col. A. J. Cousins regarding
the effect of the currently changes
in East Africa upon the
position of the soldier settler,
which your Private Secy. has sent to the C.O.,
I enclose for your information
a copy of a letter which I
sent on the 6th of March to
Major-General Ruggles, Brix
on the same subject.

I may add to this
with regard to the specific
points raised to Col. Cousins,
that:-

- (a) The settlers who
those fam. in London under
the scheme were not
referred by the Colonial
Office

are all to be revised in terms of
sterling when the Gov. returns
to the C.A.P. He will also then
consider the possibility of postponing
the payments due for the
attaches to the Govt.; and in the
meantime no fees or charges of
any kind are to be collected.

The sellers may be assured that
in so far as their obligations to the
Govt. are concerned everything
possible will be done to relieve

their difficulties, and ^{as regards} the increased
cost of production ~~at~~ with which they
are faced, I have shown that that

is due to the general depreciation
of the purchasing power of sterling
under which we are acting with regard

to currency. Fortunately, we were on
the safe side and fixed the necessary
amount of £2000, which
was provided by the Local
and Settlement Commission

1947
Comm
and
S.L.L.