

MINUTES.

MINUTES NOT TO BE WRITTEN
ON THIS SIDE.

(2) The colour, size and inscription of the new 2 cent coin will be different from those of the old 10 cent.

However, at their ~~meeting~~ on 20th December meeting, the Board decided to cancel the order & so far as the design is concerned it only seems necessary to refer the effect.

The Board deals with the relations between the Currency Board and the Local Govt. This also had formed the subject of discussion at the Board.

The position is that the S.A. Currency Board is appointed by & is responsible to the S.O.G. The Currency Officer at Mombasa & the officers of the Board.

The Currency Division

Boards in Kenya & Uganda consist in each case of the Treasurer and ~~the~~ representatives of the local banks, and were constituted (see 11448/21 Uganda & pp below) under assist to Local Govt. in currency matters.

The Local Govt. are, of course, entitled to be consulted on questions of policy (though it could hardly have been anticipated that this matter of the two cent piece should have raised such a question) but it is not strictly correct that they should consult with the Currency

Currency Board in London
through its local office
as has been the case
in the correspondence
enclosed in this despatch.

I do not know
whether it will be thought
worth while to call attention
to this in replying to
this despatch, perhaps it
will be sufficient to say
that the proposal to mint
a 2 cent piece was submitted
& approved by the S.O.D.,
& that it was not anticipated
that any local difficulty would
arise which would counterbalance
the saving in expenditure
which the measure would
have effected, & that it has
in fact been found possible
to issue the order in deference
to the views of the local

Proposed
to mint while other
have got out of the
way.
W.S.

413
C.I.D. 17/1/22

Add that when the
new currency is first
established and local values
have found their normal
level it may prove
desirable to ^{consider whether} ~~introduce~~
two cent piece should
be withdrawn
(a) for convenience in
payments
(b) to avoid recurring
on manufacture.

Also say that every endeavour
will be made to help in touch
with the local Govt. on matters
of currency policy but that it
is essential that the Govt. should
be kept fully informed of any
developments in the situation,
such as the demand for sterling
for the introduction of the new
and arrangements with
the sterling, if there is
expansion for the new
and except through the local
authorities
It is considered that
W.S.
16.2.22

NYA

10.1796.



GOVERNMENT HOUSE,
 NAIROBI,
 KENYA
 21st December, 1921.

449

Sir,

from E.A.
 Currency Board
 4.10.21.
 from E.A.
 Currency Board
 25.11.21.
 from E.A.
 Currency Board
 22.11.21
 21.2.12.21.
 from E.A.
 Currency Board
 2.12.21.
 from
 Officer, Kenya
 Currency
 Office, Mombasa
 7.12.21.

I have the honour to bring to your notice correspondence which has passed recently between the East African Currency Board and its local representative on the question of the denomination and order of the new bronze cental coinage. I attach copies for easy reference.

2. The relations between the Board and the local Government are not altogether satisfactory in view of the fact that the East African Currency Board placed orders for the minting of a 2 cent piece without apparently previously obtaining advice from the Colony on the subject. There are in fact strong objections to the introduction of this coin.

3. If it is now too late to withdraw this order this Colony will be saddled with a coin which it neither requires nor desires but I have to ask that it be represented to the East African Currency Board that this Government is entitled to be consulted before such important decisions are registered and that the order should if possible be withdrawn in view of the reasons which have been communicated to the local representative of the East African Currency Board in the last enclosure to this despatch.

I have the honour to be,
 Sir,
 Your humble, obedient servant,

Edward Maling

GOVERNOR.

THE RIGHT HONOURABLE
 WINSTON CHURCHILL, P.C., M.P.
 SECRETARY OF STATE FOR THE COLONIES,
 DOWNING STREET, LONDON, S.W.



GOVERNMENT HOUSE,
NAIROBI,
KENYA
21st December, 1921.

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SECRETARY OF STATE FOR THE COLONIES,
DOWNING STREET, LONDON, S.W.

INCLOSURE

COPY

In Despatch No. 174 of 21.12.1921

Millbank

Westminster

London S.W.1.

4th October, 1921.

No. E.A.C.B.

1

CONFIDENTIAL

150

Sir, I am directed by the East African Currency Board to inform you that orders have been placed for 50,000,000 of the new shilling coins, namely, 15,000,000 with the Royal Mint, and for 15,000,000 with the Birmingham Mint, for delivery in instalments during the next six months shipment will be made as soon as supplies become available and it is hoped that the first delivery will reach Mombasa about the middle of December.

2. The subsidiary silver coinage will consist of .50 cent pieces and 2,000,000 of these coins are ordered for delivery after the order for 30,000,000 has been dealt with.

3. Subject to the approval of the necessary subsidiary coinage of lower values and in denominations of 1/-, 2/-, 5/-, 10/-, 20/-, 50/- and 100/- as follows:

10 cents	20,000,000	Early
5/-	2,000,000	Early
2/-	1,000,000	Early
100/-	20,000	Early
200/-	10,000	Early
1,000/-	10,000	Early

First deliveries will consist of about 200,000 per week.

4. It has been decided by the Board that no stamp should be made to record the cancellation of notes of the three lower values of 5/-, 10/- and 20/-. Registers have been ordered for the higher values and will be despatched to you as soon as ready. You will appreciate the importance of keeping the decision conveyed in this paragraph as strictly confidential.

6. The Board request that you will confer with the Governments of Kenya and Uganda as to the probable quantities of currency required during the next year in order that arrangements may be made for an adequate programme of manufacture. The Board, realising the difficulty of forming reliable estimates, will be satisfied with maximum and minimum figures for each denomination of coins and notes.

7. A copy of this letter is being sent to the Currency Officer, Dar-es-Salaam.

I am, etc.
(Sgd) HERBERT F. SMITH
Secretary,

Copy of telegram from the East Africa Currency Board,
London, dated 25-11-21 received on 26-11-21.

See your telegram 22nd November Board desire to fall
in with wishes of Advisory Board but in first place wish
to be informed reason for proposals full stop See my letter
4th October gives particulars of order placed already
do Advisory Board suggest that these orders should
be varied having regard to fact of (that) heavy loss
in minting 1 cent piece matter urgent.

Copy of telegram to East African
Currency Board, London, dated
22nd November, 1921.

451

Currency Advisory Board ask for description
and size new shilling and subsidiary coinage and
how bronze cental coins be holed further recommend
coinage consist of one five ten and twenty cents
instead of one two five and ten Uganda aages.

African
Telegram to East/Currency Board, London
despatched on 29th November, 1921.

Information asked for by Advisory Board as follows
what is likely to be realized for current nickel bronze coins
value estimated at £165,000 see monthly returns showing all
details also cost of minting new copper bronze coins full stop
See your letter 24th October requirements are as follows
including Uganda one cent 75,000,000 five cents 1,000,000 ten
cents 2,000,000 twenty cents 4,000,000 two cents not wanted
of the above the following will be required before redemption
can commence in the Colony one cent 30,000,000 five cents
1,000,000 ten cents 1,000,000 twenty cents 2,000,000.

Telegram to East African Currency Board, London
despatched on 2nd December 1921.

"Very desirable in my opinion to draw your serious attention to present position local currency with regard to cental coins stop No.1 if the old cental coins are to be redeemed by the new coins cost involved in would probably mean severe loss especially if old cental coins have to be shipped for disposal No.2. No. more available accomodation for storage of new stocks of coin pending issue and on return of old coins in stock full stop Storage accomodation now being quite stretched beyond limit of and storage of silver coin expected here will be matter of some difficulty if not impossibility No.3. to r old cental coins quite impossible w small stock now available full stop Urge desirability of adhering to original intention of to write down present cental coins and re-issue them redemption being practically impossible (to) especially if redemption is insisted on and in accordance with local movement (of) with which I agree local Government is induced to hold one shilling silver coin till after sufficient subsidiary coinage for purpose of redemption have been received full stop Would be glad to be informed as soon as possible what eventually will be done about issue of florin silver coin or are they to be withdrawn and reshipped and at what date"

Telegram from East African Currency Board, London,
dated 2nd December 1921.

"Reference your telegram 29th November current nickel coin information not available depends on price of metal at the time of export full stop Cost insurance and freight cost of one cent copper coins about 50 per cent above face value full stop two cents coins ordered to reduce loss as much as possible Board reluctant to cancel orders unless good reason can be adduced issue of 2 cent pieces."

Currency Officer,

Mombasa.

134

Central Coins.

Re: Your M.P. No. 57/33 of 28th Nov. 21.

The reason for recommending that no 2-cent coins shall be minted was that their place should be taken by 1 cent coins in double the quantities and that a smaller minimum coin is required in order to reduce native expenses. Twenty cent pieces are required to take the place of the present 10 cents.

2. It is exceedingly unfortunate that the Currency Board should have placed orders for coin ^{the order on} _{cur} ^{no. 138} _{new} receiving advice from here as to ^{the} _{requirements}. The Currency Board's Confidential letter of October 4th does not show that the order has already been placed, nor have I received any information to show that this has been done prior to the receipt of your memo under reference. It is not, I submit, a part of the duties of the Currency Advisory Board to suggest how the order should be varied.

SD/- W. A. Kestpe
TREASURER.

Currency Officer,

M. O. P. A. S. S.

134

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SD/- W. A. Kemp
TREASURER.

G/2340/21-22

Kenya.



455

27 Feb 1922

Sr

Sr,

I have yr. to act. the receipt of your des. no. 1796 of the 21st. of December ¹⁹²¹ last, regarding the proposals of the E. African Currency Board to mint a two cent coin for use in the Colony.

2. I understand that ~~the~~ I have learnt with some surprise that there ~~was~~ are strong local objections to the use of this coin. The proposal to mint such a coin was

DRAFT.

307
 17.2.22
 17.2.22

- r. Grindle.
- r. H. Lambert.
- r. H. Reid.
- r. G. Piddis.
- r. Amery.
- r. Milner.

17

was, in point of fact,
 submitted to and
 approved of me, and
 I had not anticipated
 that any local difficulties
 would arise which would
 counterbalance the very
 advantage of the very
 substantial reduction in expenditure
by the introduction of two cent pieces
to meet the requirements of the
~~the~~ present position of the country
and it is not probable that it will be found possible to
cancel the order which has been issued in these places.

I should be glad if the
 possibility of meeting such a
 case

DRAFT.

[Handwritten initials]

MINUTE.

- Mr. Grindle.
- Sir H. Lambert.
- Sir H. Bosc.
- Sir G. Fiddes.
- Col. Amery.
- Lord Milner.

Can could be kept in
 mind ^{and in the} ~~for~~ ^{possibilities} for the future. When
 the new currency is finally
 established and local values
 have found their permanent
 level, it may prove
 desirable to consider whether
 a two cent piece ~~should~~
 not after all be introduced
 both for the sake of
 convenience in making
 other than the very smallest
 payments and for the
 sake of avoiding the
 recurring loss which has to
 be faced in manufacturing
 one cent pieces.
 4. Every endeavour will
 be

be made to keep in
touch with the Kenya
Govt. on matters affecting
currency policy, but if

this is to be done it is
important that ~~you~~ I should be
kept ~~me~~ fully informed
of any developments in
the situation. For instance,

~~I have received no explanation~~
~~for any information as to the reasons for~~
~~except from the newspapers,~~
^{been dependent on the local newspapers}

~~of the demand of planters~~
~~for the issue of the new cents~~
~~simultaneously with shillings~~
^{the introduction of}

~~which I presume was the~~
~~reason for your sending your~~

Memorandum of 16 of the 14th
of January

(2350)

(Signed) WINSTON S. CHURCHILL