

EAST AFR. PROT.

C. O.
36687

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36687

431

Number 737

Date 912

October

Previous Paper.

65589

- (a) ADDITIONAL APPROPRIATION ORDER No. 23 OF 1912
(b) ACCOUNTS FOR 1911-12

- (a) Trs copies. Has assented to the Order.
(b) Trs with the Treasurers Financial Report.

copies to Librarian

10/21/12 Conf 46/47

Mr Read.

The accounts for the year 1911-12 may be summarised as follows -

	Estd. £	Actual. £	Difference £
Revenue (other than Railway)	313,279	308,525	+ 75,246
Railway Revenue	<u>307,000</u>	<u>340,553</u>	+ <u>33,553</u>
Total	<u>620,279</u>	<u>729,078</u>	+ <u>108,799</u>
	£	£	£
Expenditure (other than Railway)	545,686	521,538	- 24,048
Railway Expenditure.	216,560	222,787	+ 6,227
Total	<u>762,246</u>	<u>744,425</u>	- <u>17,821</u>

(The figures for expenditure do not include Magadi Expenditure which should be kept entirely distinct).

Subsequent Paper

It

It will be seen that, for the first time in the history of the Protectorate the total revenue (£729,078) very nearly equals the total expenditure (£744,428), and next year I should hope that the balance will be the other way.

The total revenue was £119,492 greater than last year (ordinary revenue £62,557 and railway revenue £56,935) while the total expenditure (excluding Magadi Expenditure) increased by £62,384, of which £23,856 was increase in railway expenditure. It is worth noting that an increase of £23,856 in railway expenditure produced an increase of £56,935 in railway revenue, but of course this takes no account of railway special expenditure.

The total profit of the railway, it will be seen, amounted to £117,761 against £84,689 last year - an increase of £33,072. Other increases in revenue were Hut Tax £11,769, Customs £22,965 Rents £4,867.

The increase of revenue and the savings in expenditure, taken in conjunction with the full issue of the grant in aid of £190,000 for 1911-12 (which turned out to be much greater than was really required) have had the result of increasing the already large balance to the somewhat startling figure of £293,734. A considerable amount of this will be required to finance the current financial year, but even so a very large amount will remain - it must be remembered that this year too revenue has far exceeded expectations and the question of the disposal of this balance will require very careful consideration in connection with next year's Estimates.

(1) Sanction the additional appropriation ordinance, and approve of Savings on Subheads having been applied to meeting excesses on other subheads of the same heads of the Estimates.

(2)

(2) Send the Treasury a copy of the despatch and its enclosures and say that the Secretary of State has sanctioned the additional appropriation ordinance. (The Governor acted properly I think in not including in the printed Report paragraph 26 of Mr Sealwood's report. However interesting the Treasurer's comments in the regions of political economy are rarely of place in the printed report.)

D/G L. L. 4975 3/4

John G. Fielder

The balance of £294,000 included the unspent part of the special Magadi grant and other remnant expenditure amounting to £74,000 in all. It was estimated, in connexion with the 1911-12 Estimates, at £179,000, so that if no further expenditure were made since then (which has not been projected) we started this year with an unexpected £41,000 in hand. *The Government*

We estimated for surplus of £7,000 at the end of 1911-12 and asked for no grant in aid except the special (second) Magadi grant of £68,500. As the Treasury required us to find £45,000 of this from balances, we can look forward to a balance of £66,000 next January, apart from any surplus on the current year's working. This last factor, I should imagine, will be the more important.

Para 19. The Treasurer does not mention that it is allowed from 1911-12 (Interest) etc.

✓ h. l. 490,000
70,000
420,000
79,000
541,000

can find in B.C.A. 11/11/12

Monday

Definitive

much of the Cash balance is not being idle
but bears interest at the local bank. Last
year's report showed that practically all of
the Receipts balance & more than half of
the Payments balance was deposited with the
Bank.

Page 24 Schedule III (9) "Regulation of
Titles" - the sea accounts of the survey staff
are now complete except for one vacancy
for a District Surveyor. A considerably
increased Office Staff was approved
& manned in the course of 1942.

? as proposed.

W.C.S.

2/14/42

H. J. R.

2/24

Pr. 3

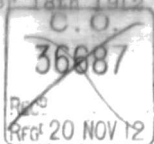
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Ch 3.12.12

Page 3

GOVERNMENT HOUSE,
NAIROBI,
BRITISH EAST AFRICA.

October 18th 1912



No. 737

Sir,

I have the honour to transmit herewith two authenticated and ten printed copies of the Additional Appropriation Ordinance No. 23 of 1912 together with the Appropriation Accounts for 1911-12 as passed by the Legislative Council on the 16th ultimo.

2. The Ordinance is referred to in paragraph 7 of the Treasurer's financial report which accompanies the Appropriation Accounts. An extra paragraph to the report is also enclosed which is not embodied in the printed copy.

3. I have assented to the Ordinance in the name of His Majesty.

etc
I have the honour to be,
Sir,

Your humble, obedient servant,

H. Conway Beckett

GOVERNOR.

~~THE RIGHT HONOURABLE~~

~~LEWIS HARCOURT, P.C., M.P.,~~

~~SECRETARY OF STATE FOR THE COLONIES,~~

~~DOWNING STREET, LONDON, S.W.~~

minutes 12/13

Encl. 3 in No. 1

INCLOSURE
In Despatch No. 777 of 18.10.12

TREASURER'S FINANCIAL REPORT 1911-12

GENERAL

C. O.
36687
Recd
17/11/12

26. It is a matter of some difficulty in the present circumstances of the Protectorate to express any opinion on the present and possible future economic situation. In a new country, i.e. new as being in the process of development, and when most things are in the experimental stage many of the canons of political economy do not hold good: reasons and causes must be looked for which other countries have long since experienced, and it should be remembered that although principles of political economy may be axiomatic yet they only show the exertion of tendencies and do not produce immediate results. The fact that here there are large fertile areas of land in the Protectorate will probably operate towards a further lowering in the price of agricultural produce until such time as the margin of cultivation is approached when prices will tend to rise: this may not probably occur for many years, in the meantime if "fertile" land may be rendered "productive" by the improvement of existing transport communication and by the establishment of new roads the period, at which prices of local produce will rise, will be still further postponed.

In the last few years (1) prices of produce have decreased and (2) wages have shown an increase. The probable reason for (1) has been stated: for (2) the cause

cause may and should be the increase of circulating capital without a corresponding increase in the labouring population. Here a distinction must be made between wages and cost of labour: they are not synonymous terms, for labour may be cheap but the productiveness of such labour may not be high, so, although wages have risen, there may have been a corresponding increase in its quality, and therefore the true cost of labour may not have gone up. That capital is gradually increasing does not admit of doubt; but more is required, and should this take place a gradual rise in wages is inevitable, unless (1) the sources of labour are extended in an equal or greater degree or (2) by the introduction of machinery, labour and transport saving appliances, manual and porter labour previously employed is set free. There may be times and occasions when labour in one centre is more than required while at other centres there is a dearth of labour: any encouragement given in such cases for labour to move to where it is wanted would be advantageous both to employer and labourer. With the various agricultural and Government public works enterprises now on foot the prospect is that wages will not go down but will on the contrary tend to rise, especially so in places where large works are being undertaken.

Another fairly reliable indication of a country's progression or otherwise is the rate of interest. The history of every progressive country shows that the current rate of interest has gradually declined, and in all cases such decline has been accompanied by a rise in rate of wages, in fact the

one may be said to be the corollary of the other. The decline therefore in the rate of interest, or in other words the general rate of profit, is a sign from which an advance in wealth and population may be deduced. The rate of interest has declined in the Protectorate: five years ago 12% could be obtained, at the present time 9% is considered a fair rate. This fall in interest would, normally, augment the price of land in at least two distinct directions, (1) the number of years purchase which land will realise increases, (2) the causes producing a lowering in rate of interest generally exert an influence to increase rent of land. The fact that land, which was obtained from Government in the early days of the Protectorate for almost nothing, is now worth a considerable sum must not be attributed to the usual reasons for increment in land values, but rather to the exploitation of a new country where land values for many years are not governed by normal causes but to a great degree by speculation. It will be some time, possibly many years, before the value of land settles down to a price which may thereafter be affected directly by any changes in wages or cost of labour and rate of interest.

At the present time then it may be assumed that, while prices of local produce will not increase, wages will; interest or profits on capital will tend to decrease, while the price of land will for some years be affected by extraneous causes

I have &c.,

Sd/- H.A. Smallwood

TREASURER

Nairobi,

19th July 1912.

For 36687/1912
EAP

Draft

East Africa Protectorate

848

Mr. Belfield.

Downing Street,

6 December 1912

25th Dec
Bottomley 4/3

Sir,

I have the honour to acknowledge the receipt of your despatch
No. 737 of the 18th of October and to inform
you that His Majesty will not be advised to exercise his power of disallowance
with respect to Ordinance No. 23 of 1912
of the Legislature of the East Africa Protectorate, entitled
"The Supplementary Appropriation Ordinance,
1912."

2. With reference to the Account
for the year 1911-12, which accompanied the
Supplementary Appropriation Ordinance, I have
to convey to you my approval of savings on
subheads having been applied to meeting excesses
on other subheads of the same heads of the Estimate.
I have the honour to be,

Sir,

Your most obedient, humble servant,

Officer Administering
the Government of

2 drafts

Govt 36687/1912
Sal.

C. D.
R. 5 DEC
G. 3

6 Dec 1912

Sir,

I am directed by Mr. Secy. Harcourt to transmit to you; to be laid before the Lords Commissioners of the Treasury, the accompanying copy of a despatch from the Governor of the East Africa Protectorate submitting the Supplementary Appropriation Ordinance for the financial year 1911-12 together with the Treasurer's report and the usual financial statement for the year.

2. The Governor has been informed that His Majesty will not be advised

DRAFT.

The Secretary to the Treasury.

MINUTE.

- Mr. Harper & Secy.
- Mr. Bottomley 4 p.
- Sir G. Fiddes.
- Sir H. Just.
- Sir J. Anderson.
- Lord Emmott.
- Mr. Harcourt.

Govt 737 1800 (36687)

o.c.f. true

24/12

to exercise the power of
discretion and report
to the Finance