

DESPATCH.

LAST AFR. PROT.  
37269

37209  
REC'D  
REGD 15 NOV 09

Governor. No.  
1909  
12th  
Previous Paper.  
24417

Railway Rates

sets out present unsatisfactory economic conditions of Port & considers that remedy lies in reduction of existing Railway rates on raw products. Though largely free hand in dealing with question & particular financial success of policy indicates which has supported all classes.

Mr. Reid

There is already a special rate of  $\frac{1}{2}$  a ton per mile for maize (& other grain), the continuance of which has been sanctioned till the 31<sup>st</sup> of Decr 1909, when the matter is to be reconsidered (see Treasury 22168/08 & previous papers).

The suggestion made in this telegram is a particular application of the principle advocated in the 3<sup>rd</sup> par. of 9/24417/09 balance. We were ready to comment that principle to the favourable consideration of the Treasury, but the correspondence was in a very inconvenient form &

of copy to Gov Conf & Sec  
38168

ranked the Govt. to and as a deep.  
on the whole question of railway policy,  
with his views in detail as to the power of  
revising rates, & the limits within which  
it should be confined. He evidently  
considers that the situation is such that  
a more expeditious procedure is necessary.

Sir P. Girouard is a great expert in  
railway matters. He has as his Manager  
of the Railway an officer of tried ability  
& of long experience of the local conditions.  
Mr. MacDonald too is an officer on whose  
opinion in agricultural matters we are  
bound to place great reliance. Sir Percy  
has gone out to confront a very difficult  
financial situation, & a situation no  
less difficult in the matter of the relations  
between the Govt. & the white settlers.  
He makes a proposal which he says  
will relieve the strain in both directions,  
& which he guarantees will occasion no  
loss of revenue. It would be very  
unfair to him to reject the proposal. He  
should, I think, be given a free hand in  
dealing with coastward rates on the

Yes.  
A. J. K.

raw products of the Country, & should  
be judged by the results. It is no time  
for coupling compliance with his request  
with harassing restrictions as to the limits  
within which he may reduce rates. But  
he cannot expect to reformatting we altera-  
tions & special arrangements which he  
may make from time to time with detailed  
reasons for his action. This he should be  
required to do.

Copy to Treasury, writing in the  
sense of the preceding paragraph, & say  
that Lord Crewe trusts that they will agree  
to the proposal.

Fla B.

Nov 16

Mr. Fisher I agree. This is all the first  
time that we have tried to get a free  
hand with regard to the Uganda R<sup>o</sup> (see  
Treas<sup>r</sup> 26075 + p. 11.) Under the present system  
we are tied hand & foot & cannot make  
the smallest alterations in the rate without  
Treas<sup>r</sup> approval. This excessive centralization  
seems to be especially pernicious in the case  
of an enterprise like a R<sup>o</sup>, & I hope that

is made needed to securing greater peace  
of action to the P. involved.

Col. Lecky  
Lord Crewe

H. J. B.  
17/4

I entirely agree. It was a matter of arrangement  
to be, or taking over the work, to find out the details  
of railway rates was a matter for the Board of  
Trade. Our officials on the spot must be cravenly  
incomplete if they cannot manage such an essentially  
local matter better than anyone in London.

On English & Belg. the great harm is to submit  
problems to the various parts of the Board of Directors,  
the big E.C.P. the latter with the England of the Gov. in charge.

It seems to me essential that the Gov. should  
free himself and should assume the responsibility  
of his conduct the general course (not necessarily  
the rate making business) shows progress to  
self-acting improvement, and is a failure of the  
business is ~~discussed~~ a decline.

I just told the Hon. Secy. They ought to  
be able to see that it is a thing which has gone  
has of long date. I continue to hope that Lord  
Crewe will use all his influence to conversion: in  
I think it is a matter on which we cannot afford  
to be hasty.

P.P. 17.10

Lord Crewe

I entirely agree with Mr. Fiddes. No doubt  
you can induce the Treasury to agree. I will  
see Northouse if you wish. The letter from  
the Honourable Castle Co. is satisfactory.

W. J. B.  
18.10.

I agree that this question must  
be pressed on the Treasury, and I  
hope they will see that our attention  
is reasonable. To govern a railway  
on the Equator, for here, is also  
conducting a war by an Public Council  
I shall be obliged if you will  
open the ball by talking to Mr. Northouse.

C 22 x 1

Following the  
Government  
has also  
in a  
railway

reporting  
attachment  
a 20 day service  
Monday evening  
with their mail  
at night a letter  
to the post.

37269 65

REC'D  
Rfg 13 NOV 09

**PARAPHRASE**

**MEMORANDUM.** The Governor of the East Africa Protectorate to the Secretary of State for the Colonies.

(Received Colonial Office 10.30 p.m. 12th November, 1909.)

From every point of view there is the most urgent necessity for improvement of economic situation. At present it is moribund and white settlers are in consequence discontented and bitter. They have met me very fairly and are doing all they can to support, but there is no doubt that they look to me for relief in their disabilities. To hope for such relief if the present coastward railway rates are adhered to is futile. To-day there is an up traffic of 36,000 tons and a down of 18,000. It is estimated by Currie that the weekly tonnage of empty vehicles reaching Mombasa from up country is 1,200 at a maximum and the annual empty tonnage into Mombasa, next few years at 26,000 is a safe estimate. The rates are so high that farmers are forced to try to produce high priced products entailing periods for development from three to five years. This can only be done by those with capital and some have been ruined in the attempt. The only possible solution for our economic situation will be the growth of a bulk export trade of staple commodities. It is monstrous to allow 26,000 tons of trucks to run to the coast empty when if suitable rates are quoted we can build up an export trade to fill them.

I must earnestly and firmly appeal for a free hand in dealing with coastward rates on raw products of the country. I will guarantee that any such revision will occasion no loss of revenue but on the contrary promises dawn of sustained increase. In this matter I have

universal

PARAP

universal support of all classes including Delamere for the Colonists  
 Macdonald and Currie. The first product I will deal with is maize.  
 An enormous export has been established by South Africa by cheap  
 coastward rates and we can and do grow as good an article, but  
 cannot export. My reason for telegraphing is the farmers' condi-  
 tion. Their condition will go from bad to worse unless they can be  
 guided into production of a staple export. It is necessary unless  
 we wish to lose another year at once to adopt measures to secure  
 a staple export by a combination between the farmers and Government.  
 The Government's share being the grant of reasonable railway rates  
 and careful supervision by agricultural Department as to grading.  
 The farmers to combine in shipment.

I cannot impress too strongly the feeling in the country  
 and the certain financial success of policy I outline. I feel posi-  
 tive it will be impossible to carry on reasonable Government unless  
 it is approved. On the other hand its adoption will produce pros-  
 perity witness disappearance of factories ~~and~~ opposition, probably solve  
 our shipping difficulties and certainly allow of farmers being  
 made to adhere to terms of their leases.

GIROUARD.

4  
Gov. 37269 E.A.P.

830

DRAFT

The Secretary to  
THE TREASURY.

Ans a 41208

Downing Street,  
6 <sup>Dec</sup> November, 1905.

MINUTE.

- Mr. Butler, Nov. 23.
- Mr. Read, 24.
- + Mr. Fiddes 26
- Mr. Antrobus.
- Mr. Cox.
- Sir C. Lucas.
- Sir F. Hopwood.
- X Col. Seely. 9/28/11
- X The Earl of Crewe. 23.X11

Sir,

I am directed by the Earl of Crewe to transmit to you, to be laid before the Lords Commissioners of the Treasury, the accompanying copy of a telegram from the Governor of the East Africa Protectorate, in which he requests that he may be allowed a free hand in dealing with coastward rates over the Uganda Railway on the raw products of the country.

In addition to the general 2. His Majesty's Government have responsibility in the matter, hitherto been, and must continue to be responsible to the taxpayers of the

Gov. Tel. Nov. 12th  
(37269)

*This is not to go until we know that Col. Seely has passed the way by consent with his colleagues.*

*Seely speaks to his colleagues on the yesterday*

(Copy to Gov. L.F.)

*Very well drafted. United*

United Kingdom for securing the best

financial results from the working of  
the Railway / So far that responsibility

has been exercised by means of a close  
and detailed control over the rates  
charged for the conveyance of traffic on  
the Railway. Detailed supervision of this

kind was no doubt essential in the early  
days of the Railway and the Protectorate

Administration, when the capacity of  
officials remained to be proved by ex-

perience, and a traditional attitude to-  
wards questions of railway working and

Protectorate finance, based on the views  
of His Majesty's Government as to the

interests of the British taxpayer in the  
matter, had still to be created. The Lords

Commissioners will no doubt agree with Lord  
Greve in thinking that that stage has now been

left behind. In addition, the local interests  
and considerations involved have become very

*the Protectorate has under its  
control, and will for a  
considerable period continue to  
make, upon the Imperial Railway  
Administration, they have sought to  
attain that object by the  
means of the S. N. the help of  
the Government.*

much

much more complex. White settlers are  
now established in the Protectorate in  
considerable numbers, and agricultural  
and industrial enterprise is manifesting  
itself in many different directions.

It is essential that nothing should be  
done to hamper the <sup>opportunities for</sup> ~~chances~~ of develop-  
ment which ~~may~~ thus present themselves.

In his Lordship's opinion that would  
be the effect of continuing the present  
system of a detailed supervision of

Railway rates exercised in this country.  
The Railway should, <sup>in his opinion</sup>, be

made as flexible an instrument as pos-  
sible in the development of the Protec-  
torate on safe and prudent lines.

This cannot be done so long as no  
effective variation of rates is possible  
without reference to an authority situat-

ed many thousands of miles away, whose  
sanction can only be received after the

lapse

DRAFT.

rates on raw products of the ...  
 as requested in this telegram and  
 should assume the consequent responsi-  
 bility, that is, that he should be re-  
 garded as successful if, as a result of  
 his action, the general revenue of the  
 Protectorate (not necessarily the net  
 railway revenue) shows progressive and  
 satisfactory improvement, and as having  
 failed if the revenue is found to remain  
 stationary or to decline.

5. It appears to his Lordship  
 that the present is a very favourable  
 opportunity for adopting this policy.  
 Sir Percy Girouard, as the Lords Commis-  
 sioners are aware, is an officer of  
 long and intimate experience of railway  
 matters. He has in the present Manager  
 of the Railway an officer of tried  
 ability and of long experience of the  
 local conditions. Mr. Macdonald, the

Head



[Use of Reserve time  
all, if only for the  
benefit of the public  
in this country.]  
G.V.

the requirement that the Governor should  
report <sup>periodically</sup> any marked alteration of rates or  
special arrangements which he <sup>may</sup> make  
and should <sup>submit</sup> ~~from time to time~~, with the reasons for

his action in all cases of importance.  
The Board also be given <sup>the</sup> ~~the~~ <sup>power</sup> ~~power~~  
I am, &c.

that in such cases would be  
subject to review of H. of C.

(Signed) G. V. FIDDES.

Head of the Agricultural Department, is an officer on whose opinion in agricultural matters the Secretary of State places great confidence. Sir Percy Girouard has gone to the Protectorate to confront a very difficult financial situation, and a situation which is no less difficult in the matter of the relations between the Government and the white settlers. He expresses very strongly the opinion that the proposal which he now makes will relieve the strain in both directions, and he guarantees that any revision of rates which he may make in pursuance of the power for which he asks will occasion no loss of revenue. In all the circumstances, it appears to his Lordship to be extremely undesirable to refuse to adopt the proposal. He trusts that the Lords Commissioners will share this view, and will concur in his informing the Governor by telegraph that the proposal is approved.

6. This permission would be coupled with

the

[We will have to  
see if we can get  
the effect of the public  
in this country]  
P. G.

79  
the requirement that the Governor should  
<sup>periodically</sup>  
report any marked alteration of rates

special arrangements which he might make  
and should forward  
from time to time, with the reasons for

his action in all cases of a proposal  
to be made to the Governor to be considered  
has, to  
to be made to the Governor  
to be made to the Governor

Signed G. W. F. DDES

Reference	533
53	
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