



Cuts, which are borne by the British  
taxpayer. This view seems to  
me wise & just, and, if we agree  
to it, I think it will be less difficult  
to induce them to give their assent  
to the 2<sup>nd</sup> proposal of Mr. Currie  
vizt that the Treasury shall leave  
the fixing of rates entirely to the  
Manager, subject to the proviso  
that the up rates shall not be less  
than 1/2, nor the down rates less  
than 1/4 per mile. One of the  
objections to this proposal is that  
Managers almost always tend  
to care more for getting large gross  
returns than large net returns  
but that tendency will be corrected  
if Mr. Currie knows that the  
smaller his net return the less  
he will have to spend on capital  
works.

The other objection is the enormous  
power which will be given by the  
proposal to the Manager, who is  
not, as Managers in this country  
are, controlled by laws against  
undue preference and unfair

The 9th  
notes. We cannot, I think, doubt himself  
of his power of executing an irregular  
of this kind of appeal to his freedom  
but subject to such appeal I don't  
see why the suggested power should not  
be given to the Manager.

I think we may now proceed to  
confer with Theas't with a view  
to a settlement on these lines.

In M. O'Malley  
~~the Director~~ M.O. 8/6

I do not think that we should be in  
a hurry to commit ourselves to the Treas'  
proposal with regard to the supplies enormous  
of the Railway. A deep water pier at Blantyre & an  
additional comp steamer on Lake Victoria are  
essential to the proper working of the  
railway. I see two steams will cost about  
£100,000 +. if we agree to hand over  
 $\frac{1}{2}$  our surplus revenue to the Treas', we  
shall have to wait a long time for our  
pier & steamer & the delay will really  
mean loss of money to the Treas' in  
the long run. We have now heard of  
the form the Comm<sup>r</sup> that the revenue  
surplus the working of the railway last  
year was £56,678 - & also that the  
gross receipts for April & May of the year  
£56,748. The Comm<sup>r</sup> adds that there  
the

two months are usually below the  
average for the year. Taking them, however,  
as an ~~all~~ average we may expect this  
year a revenue of  $0. \times \pounds 36,748$  at least

=  $\pounds 220,000$ . The cost of working  
has been estimated at  $\pounds 178,000$ , &  
the surplus over & the above <sup>will therefore</sup>  
be about  $\pounds 42,000$ . We may therefore

not unreasonably expect a surplus of  $\pounds 42,000$   
can be ~~used for~~ <sup>used for</sup> ~~the~~ <sup>the</sup> ~~purpose~~ <sup>purpose</sup> ~~of~~ <sup>of</sup> ~~the~~ <sup>the</sup> ~~Board~~ <sup>Board</sup> ~~of~~ <sup>of</sup> ~~the~~ <sup>the</sup> ~~City~~ <sup>City</sup> ~~of~~ <sup>of</sup> ~~London~~ <sup>London</sup> ~~of~~ <sup>of</sup> ~~the~~ <sup>the</sup> ~~amount~~ <sup>amount</sup> ~~of~~ <sup>of</sup> ~~the~~ <sup>the</sup> ~~surplus~~ <sup>surplus</sup> ~~of~~ <sup>of</sup> ~~the~~ <sup>the</sup> ~~year~~ <sup>year</sup> ~~of~~ <sup>of</sup> ~~the~~ <sup>the</sup> ~~order~~ <sup>order</sup> ~~of~~ <sup>of</sup> ~~the~~ <sup>the</sup> ~~£50,000~~ <sup>£50,000</sup>

If we are given the whole of this surplus  
we can build on for  $\pounds 42,000$  & get our new scheme  
within the next year or so, & after that, there  
can be little doubt that our surplus will  
still further increase. There can be <sup>also</sup> little

doubt, I think, that it would pay the  
Deans - the long run - to allow us to  
devote these further surpluses to the  
construction of such necessary works as

the suggested branch line from Marble  
to Foot Hall, but it is scarcely worth while  
to enter upon a discussion of the question until  
we see how things actually go during the  
next year. I should be inclined to point  
out to the Deans that it would be

unadvisable to introduce the proposed arrangement  
at the present time & to ask them to  
let the matter drop for the present. We  
should 25%. If the first  $\pounds 42,000$   
is not the last year, or that  
they might not be able to do so -  $\pounds 9/6$

two months are usually below the  
 average for the year. Taking them however  
 as an ~~all~~ average we may expect the  
 year's revenue of  $6 \times \pm 36,748$  about  
 $\approx \pm 220,488$ . The cost of working  
 has been estimate at  $\pm 178,000$ , &  
 the surplus over on the above basis <sup>will</sup> therefore  
 be about  $\pm 42,000$ . We may therefore  
 not unreasonably expect a surplus of not  
 less than  $\pm 50,000$ .  
 If we are given the whole of these surpluses  
 we can build our pier & get our new steamer  
 within the next year or so, & after that there  
 can be little doubt that our surpluses will  
 still further increase. There can be little  
 doubt I think that it would pay the  
 Treas<sup>r</sup> - the long run to allow us to  
 devote these further surpluses to the  
 construction of such necessary works as  
 the suggested branch line from Nairobi  
 to Fort Hall, but it is scarcely worth while  
 to enter upon a discussion of the question until  
 we see how things actually go during the  
 next year. I should be inclined to point  
 out to the Treas<sup>r</sup> that it would be  
 inadvisable to introduce the proposed arrangement  
 at the present time & to ask them to  
 let the matter drop for the present. We  
 should 25% off the profit  
 the last year, so that  
 they might not object to it.

W. J. R.  
 9/6

720  
Tape: We should impress upon  
Treasury that our best prospect of  
relieving the British taxpayers of the  
charges due to the Uganda Railway  
lies in applying our net revenue to  
reimburse the Capital expenditure on  
the railway, i.e. to bona fide betterment  
to retard these betterments, as they  
propose, is simply to lose traffic and  
no Railway Company as its directors would  
adopt such a policy.

I understand the general message to  
mean that the minimum rates he  
proposes are such as will enable him to  
work the railway without loss and,  
on this assumption, I think that his  
proposal should be approved by the  
Treasury.

WTO  
10/6  
100

WTO 19.6

2 21.6

16. The Secretary of State  
India

3 Offices  
~~COPY~~

June 6<sup>th</sup> 1906

C. O.  
20224  
REC'D  
6 JUL 06

The Under Secretary of State  
Colonial Office

Sir

In reply to your despatch of  
17707/1906 dated 5-5 inst. I have the  
honour to remark that, in my  
opinion, the only way to ensure the  
steady development of East Africa and  
indeed partly of the Railway Revenue is  
to follow a liberal policy as regards  
Railway rates.

I am aware that funds have to be  
provided for the Kikuyu men and the  
new steamer on the lake and of a few  
carriages of the Railway and it is with  
a view to increasing these carriages

that I was recommended reduction of freight.  
I am advised that it is from quantity that  
we must make our profit and quantity can  
only be obtained with cheap transport.

If the Treasury are opposed to this policy  
I fear it is impossible for me to  
deduce any arguments that are likely to  
convince them that reduction should be made  
in certain staples. The situation can only  
be fully understood by those on the  
spot who are conversant with all the  
issues involved.

The policy I should like to see laid down  
is somewhat as follows. It has been found  
that a more favorable arrangement than the Railway  
can earn a surplus of Revenue over  
expenditure of about £100,000 per annum  
and it is to the interests of all  
to have the same should be increased  
but at the same time the Railway  
must not be exploited to the detriment  
of the country in general.

Let the Treasury lay down a rate that

(1). Future improvements of the Railway <sup>works</sup>  
in docks, steamers etc should be paid  
for out of surplus earnings.

(2). The minimum down rate for goods shall  
be one half penny per ton per mile and  
the minimum up rate shall be one penny  
per ton per mile. These rates shall not  
be lowered without Treasury sanction.

The rest could then be left to the  
Commissioner and the Manager  
of at any time the Colonial Office was  
doubtful whether the policy these officers  
were pursuing was a right one it could  
send out a special <sup>committee</sup> ~~committee~~ <sup>committee</sup> ~~committee~~  
report.

If my recommendation that Longport Iron  
Timber, and Iron & Steel manufactured shall  
be carried at cheaper rates be sanctioned  
it will practically answer the Commission  
Recommendation regarding building materials.

(1). Future improvements of the Railway <sup>works</sup>  
 in docks, tenders etc must be paid  
 for out of surplus earnings.

(2). The minimum down rate for goods shall  
 be as difference for ton per mile and  
 the minimum of rate shall be as per  
 per ton per mile. These rates shall not  
 be lowered without Treasury sanction.

The rest could be left to the  
 Commissioners and the Manager.  
 If at any time the Colonial Office was  
 doubtful whether the policy these Officers  
 were pursuing was a right one it could  
 send out a special <sup>qualified</sup> person to  
 report.

If my recommendation that Longford Iron,  
 Tenders, and Iron & Steel manufactured shall  
 be carried at cheaper rates be sanctioned  
 it will practically answer the Commission's  
 recommendation regarding building materials.

Agricultural machinery is already carried at  
 special class rates and if we carry other  
 industrial machinery at the same rate  
 the financial result will be very small  
 indeed as we do not carry much  
 machinery of this class.

Mr. Sanborn refers to the actual cost  
 of carrying one ton one mile on the  
average. This for the year 1904-05 was

2.24 annas and he does not anticipate  
 that for the past year it will be below  
 1 1/2 annas (or pence).

I have explained, in a previous letter, that  
 this does not mean that every ton of produce  
 carried for less than 2.24 annas is carried  
 at a loss.

I have the honor to be

Your obedient servant

*[Signature]*

115 of  
 working  
 Mr. Sanborn's  
 was  
 of  
 1801.

C  
20224

L.A.P  
725

DRAFT

The Secretary  
to the  
Treasury

MINUTE.

- Mr. Webb 22 June
- Mr. Read 23
- X Mr. Antrobus 28
- Mr. Cox
- Mr. Lucas
- Mr. Graham
- X Sir M. O'Malley 30 16660
- X Mr. Churchill 1.7
- X The Earl of Egin 37. 19767

and 2605  
C

6 July 05

Sir I am directed by  
the Lord of Egin to  
ack. the receipt of your  
Letter No 8002/06, on  
the subject of the  
rate for the carriage of  
sheep, at 108/62/100 of  
the 18th inst. on the  
subject of the rate  
for the carriage of  
carriageable iron timber  
at 9/6 on the Uganda  
Railway, and to  
transmit to you, to be  
laid before the L.C. of  
the Treasury, the accom-  
panying copies of

Copy Sir P. Guinness 19 July 05  
Mr. Currie to C.O. 28 May  
Mr. do to do 6 June

24) Copy 1 set. a 102248. copy of  
etc. a 102242. copy of 16660 + etc.  
Copy of 17267 + etc., copy of 20224  
Copy of 113 + copy of 16660 + Comm. to 17.

of two letters from the  
General Manager of the  
line, giving his views  
on these matters.

2. With regard to the rate  
for sheep, Lord Elgin  
considers that such  
imputations shd. be  
treated cautiously,  
in view of the great  
expense incurred by  
the importers in  
duty tax, and of  
the fact that, if the  
imputation is a success,  
it must necessarily  
result in the smallest  
benefit of a decreased  
traffic in wool.

He would accordingly  
again press the T.L. to  
agree to the grant of  
a rate of 5 annas

for white wool for the  
next 5 years, even if  
they are not prepared  
to grant a rebate on  
the sheep already carried  
for the East Africa  
Lyndebate. 726

3. Mr. Currie's second  
letter raises the rather  
question of the responsibility  
for fixing rates for  
all kinds of goods on  
the Uganda Railway  
which it presents  
with T.L., as the  
Genl. Manager has no  
power to make a more  
than a purely temporary  
reduction without  
their consent.

4. Lord Elgin  
considers that



considers to F.L., the further  
question of prices how  
can the policy be  
carried out; or i.e. how  
can rates be so fixed  
as to ensure that, while  
the increase of the tax covers  
the expenses of being a  
free member for better  
results, ~~the~~ <sup>the</sup> ~~tax~~ <sup>tax</sup>  
of ~~the~~ <sup>the</sup> goods shall  
not be paid with  
higher rates as to  
prevent the development  
of commerce & industry.  
Lord Blyth is <sup>carrying</sup> ~~carrying~~  
of opinion that it is  
not possible for any  
person in this country  
to have sufficient know-  
ledge of the conditions in  
Egypt to decide  
whether a given rate is  
or is not too high.

and he would accordingly  
propose that the General  
Manager <sup>728</sup> ~~propose~~  
~~should~~ <sup>should</sup> ~~be~~ <sup>be</sup> ~~given~~ <sup>given</sup>  
a discretion to fix rates  
provided that the  
up rates are not reduced  
below 1d for ton nor  
the down rates below  
 $\frac{1}{2}$  d for ton - rates  
which will at least  
cover the actual cost  
of haulage, being of  
the higher rates on  
& miscellaneous articles  
to provide for the parcel  
charges & to yield  
a surplus for better  
results.  
If this proposal is  
accepted, I would  
propose that the cost of  
such capital works  
as the Great Nile  
and the proposed new