Imperial Policy and Colonial Practice 1925–1945

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Imperial Policy and Colonial Practice 1925–1945

Editors
S R ASHTON AND S E STOCKWELL

Part II
Economic Policy, Social Policies and Colonial Research

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Abbreviations: Parts I–II

AAPC	All-African Pioneer Corps
ABC	America–Britain–China
ACEC	Advisory Committee on Education in the Colonies
Adv	adviser
BC of N	British Commonwealth of Nations
BDEEP	British Documents on the End of Empire Project
Bn	Britain
B of T	Board of Trade
BOAC	British Overseas Airways Corporation
BWI	British West Indies
BWIA	British West Indies Institute of Agriculture (Trinidad)
Cab	Cabinet
C & AG	comptroller and auditor general
CBE	Commander Order of the British Empire
CEAC	Colonial Economic Advisory Committee
CDAC	Colonial Development Advisory Committee
CDF	Colonial Development Fund
CD & W(A)	Colonial Development and Welfare (Act)
CID	Committee of Imperial Defence
cif	cost in freight
c-in-c	commander-in-chief
CMG	Companion of the Order of St Michael and St George
CO	Colonial Office
Col	colonial
C of N	Commonwealth of Nations
Con	Conservative (Party)
COS	Chiefs of Staff

cp	compare
CPP	Committee on Post-War Problems (CO)
CRC	Colonial Research Committee
Cth	Commonwealth
Cttee	committee
DBPO	Documents on British Policy Overseas
DC & O	Dominion, Colonial and Overseas (Division) Barclays
Dept	department
DO	Dominions Office
Doms	dominions
EA	East Africa
EAC	Economic Advisory Committee
Educ	education
est	established/establishment
FO	Foreign Office
fob	free on board
FSSU	Federated Superannuation Scheme for Universities
GCMG	Knight of the Order of the Grand Cross of St Michael and St George
GD	General Department (CO)
GOC	general officer commanding
gov	governor
gov-gen	governor-general
gov(t)	government
HK	Hong Kong
HMG	His Majesty's Government
HO	Home Office
H of C Debs	House of Commons Debates (Hansard)
H of L Debs	House of Lords Debates (Hansard)
ICTA	Imperial College of Tropical Agriculture (Trinidad)
Id	Ireland
IFS	Irish Free State
ILO	International Labour Organisation

Ind	Independent (MP)
ITB	Industrial Transference Board
JP	justice of the peace
KAR	King's African Rifles
KBE	Knight Commander Order of the British Empire
KCMG	Knight Commander of the Order of St Michael and St George
KCSI	Knight Commander of the Star of India
KP	Knight of the Order of St Patrick
Kt	Knight Bachelor
Lab	Labour (Party)
Lib	Liberal (Party)
Lib Nat	Liberal National (Party)
L of N	League of Nations
Lt-gov	lieutenant-governor
MA	Master of Arts
MC	Military Cross
MCS	Malayan Civil Service
memo	memorandum
MICE	Member of the Institution of Civil Engineers
Misc	miscellaneous
M of I	Ministry of Information
M of L	Ministry of Labour
MP	member of parliament
Nat	National (Party)
Nat Lab	National Labour (Party)
NCO	non-commissioned officer
OAG	officer administering the government
PC	privy councillor
PhD	doctor of philosophy
PHPS	Post-Hostilities Planning Staff
PM	prime minister
PMC	Permanent Mandates Commission

PNP	People's National Party (Jamaica)
prof	professor
PQ	parliamentary question
RAF	Royal Air Force
RAAF	Royal Australian Air Force
RN	Royal Navy
S of S	secretary of state
SEAC	South-East Asia Command
T	Treasury
tel	telegram
TU	trades union
TUC	Trades Union Congress
TVA	Tennessee Valley Authority
UAC	United Africa Company
UK	United Kingdom
UN	United Nations
UNRRA	United Nations Relief and Rehabilitation Administration
US(A)	United States (of America)
USA(G)	(Government) of the United States of America
USSR	Union of Soviet Socialist Republics
WA	West Africa
WASU	West Africa Students' Union
WI	West Indies
WINP	West Indies National Party
WO	War Office

Principal holders of offices 1925–1945: parts I–II

1. *Ministries*

(a) *Conservative government 4 November 1924 – 4 June 1929*

Prime minister	Mr S Baldwin
S of S foreign affairs	(Sir) Austen Chamberlain (KCMG 1925)
Chancellor of Exchequer	Mr W S Churchill
S of S dominions and colonies	Mr L S Amery
S of S India	Earl of Birkenhead

(b) *Labour government 5 June 1929 – 24 August 1931*

Prime minister	Mr J R MacDonald
S of S foreign affairs	Mr A Henderson
Chancellor of Exchequer	Mr P Snowden
S of S dominions and colonies	Lord Passfield
S of S colonies	Lord Passfield (5 June 1930)
S of S dominion affairs	Mr J H Thomas (5 June 1930)
S of S India	Mr W Benn

(c) *National government 24 August 1931 – 7 June 1935*

Prime minister	Mr J R MacDonald (Nat Lab)
S of S foreign affairs	Marquess of Reading (Lib) Sir John Simon (Lib Nat) (5 Nov 1931)
Chancellor of Exchequer	Mr P Snowden (Viscount Snowden cr 1932) (Nat Lab) Mr A N Chamberlain (Con) (5 Nov 1931)
S of S dominions and colonies	Mr J H Thomas (Nat Lab)
S of S colonies	Sir Philip Cunliffe-Lister (Con) (5 Nov 1931)
S of S dominion affairs	Mr J H Thomas (Nat Lab) (5 Nov 1931)
S of S India	Sir Samuel Hoare (Con)

(d) *National government 7 June 1935 – 10 May 1940*

Prime minister	Mr S Baldwin Mr A N Chamberlain (28 May 1937)
S of S foreign affairs	Sir Samuel Hoare Mr A Eden (22 Dec 1935) Viscount Halifax (21 Feb 1938)
Chancellor of Exchequer	Mr A N Chamberlain Sir John Simon (28 May 1937)
S of S colonies	Mr M J MacDonald Mr J H Thomas (22 Nov 1935) Mr W G A Ormsby-Gore (28 May 1936) Mr M J MacDonald (16 May 1938)
S of S dominion affairs	Mr J H Thomas Mr M J MacDonald (22 Nov 1935) Lord Stanley (16 May 1938) Mr M J MacDonald (31 Oct 1938) Sir T Inskip (Viscount Caldecote cr 1939) (29 Jan 1939) Mr A Eden (3 Sept 1939)
S of S India (and Burma from 1937)	Marquess of Zetland

(e) *Coalition government 10 May 1940 – 23 May 1945*[1]

Prime minister and minister of defence	Mr W S Churchill
Lord president of the Council	Mr A N Chamberlain Sir John Anderson (Nat) (3 Oct 1940) Mr C R Attlee (Lab) (24 Sept 1943)
Lord privy seal	Mr C R Attlee (Lab) Sir Stafford Cripps (Lab) (19 Feb 1942) Viscount Cranborne (22 Nov 1942)
S of S foreign affairs	Viscount Halifax Mr A Eden (22 Dec 1940)
Chancellor of Exchequer	Sir Kingsley Wood Sir John Anderson (Nat) (24 Sept 1943)
S of S colonies	Lord Lloyd Lord Moyne (8 Feb 1941) Viscount Cranborne (22 Feb 1942) Mr O F G Stanley (22 Nov 1942)

[1] All Conservative unless otherwise indicated.

S of S dominion affairs	Viscount Caldecote Viscount Cranborne (3 Oct 1940) Mr C R Attlee (Lab) (19 Feb 1942) Viscount Cranborne (24 Sept 1943)
S of S India and Burma	Mr L S Amery
Resident minister North-West Africa	Mr H M Macmillan (30 Dec 1942)
Resident minister Middle East	Mr O Lyttelton (19 Feb 1942) Mr R Casey (Ind) (19 Mar 1942) Lord Moyne (28 June 1944) Sir Edward Grigg (21 Nov 1944)
Resident minister West Africa	Viscount Swinton (8 June 1942) Mr H Balfour (21 Nov 1944)

(f) *Caretaker government 23 May – 26 July 1945*

Prime minister	Mr W S Churchill
S of S foreign affairs	Mr A Eden
Chancellor of Exchequer	Sir John Anderson
S of S colonies	Mr O F G Stanley
S of S dominion affairs	Viscount Cranborne
S of S India and Burma	Mr L S Amery

2. *Parliamentary under-secretaries of state for the colonies*

W G A Ormsby-Gore (1924)	Earl De La Warr (1936)
W Lunn (June 1929)	Marquess of Dufferin and Ava (1937)
Dr T Drummond Shiels (Dec 1929)	Mr G H Hall (1940)
Sir Robert Hamilton (1931)	Mr H M Macmillan (1942)
Earl of Plymouth (1932)	Duke of Devonshire (1943–1945)

3. *Civil servants*

(a) *Secretary to the Cabinet*	(Sir) Maurice Hankey (GCMG 1929) (1916–1938) Sir Edward Bridges (1938–1947)
(b) *Colonial Office*	
(i) *Permanent under-secretary of state*	Sir Samuel Wilson (1925–1933) Sir John Maffey (1933–1937) Sir Cosmo Parkinson (1937–1940) Sir George Gater (Feb–May 1940) Sir Cosmo Parkinson (1940–1942) Sir George Gater (1942–1947)

(ii) *Deputy under-secretary of state*	Sir Gilbert Grindle (1925–1931) Sir John Shuckburgh (1931–1942) Sir William Battershill (1942–1945) Sir Arthur Dawe (1945–1947)
(iii) *Assistant under-secretary of state*	Sir William Battershill (1941–1942) (Sir) Cecil Bottomley (KCMG 1930) (1927–1938) (Sir) G Tomlinson (KCMG 1934) (1930–1939) Sir Alan Burns (1940–1941) S Caine (1944–1947) G L M Clauson (1940–1951) G Creasy (1943–1945) (Sir) Arthur Dawe (KCMG 1942) (1938–1945) G E J Gent (1942–1946) C J Jeffries (1939–1947) T I K Lloyd (1943–1947) Sir Henry Moore (1937–1940) (Sir) Cosmo Parkinson (KCMG 1935) (1931–1937) Sir John Shuckburgh (1924–1931)

NOTE: Ministers and officials from other departments, colonial governors, ambassadors and high commissioners, and the chiefs of staff and their deputies are identified where necessary either in link-notes and footnotes to individual documents or in the biographical notes in part II of this volume.

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CHAPTER 4

Economic Policy

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79 T 161/297/S34608, CP434(25) 15 Oct 1925
'East African development loan': Cabinet memorandum by Mr Amery

[These proposals resulted from the recommendations of the *Report of the East African Commission* (Cmd 2387, 1925), published in May 1925. The commission, chaired by W Ormsby-Gore, was appointed to examine measures to facilitate the economic development of Britain's East African dependencies. It concluded that although some assistance for Uganda and Tanganyika had been given in 1924 in the form of a £3.5 million loan for railway development (interest free for the first five years), further financial provision, particularly for railway construction, was necessary. This proposal was backed by the Committee on Trade and Industry (*Memorandum by the Committee on Trade and Industry, on Transport Development and Cotton Growing in East Africa, 1924–25* Cmd 2463, 1925), and on 13 Oct 1925 Amery succeeded in persuading the chancellor that further financial assistance for East African development be given. Although the Cabinet approved Amery's proposals (CAB 23/51, CM 50(25)7, 23 Oct 1925), Treasury and CO differences over the procedure to be followed for the review of development schemes delayed the enactment of legislation until Dec 1926, and the commission's proposal that no interest be paid on the loan for the first five years was abandoned. In its final form the Palestine and East African Guaranteed Loans Act provided a £10 million guaranteed loan for Britain's East African dependencies as well as a £4.5 million loan for Palestine.]

The report of the East Africa Commission was published as a Parliamentary Paper in May of this year, and on several occasions before Parliament rose for the recess we have been asked questions regarding the policy of the Government in regard to its principal recommendations. The main recommendation of the Commission is summarised by them on page 182 of their report as follows:—

"It will be gathered from our report that, in our opinion, the further economic development of both native and non-native production in East Africa is dependent on the early provision of increased transport facilities and, in particular, on new railway construction.

"The outstanding problem is the finance of such undertakings. It is clear to us that, unless the Imperial Government is prepared to assist liberally in this matter, little or nothing can be done.

"We accordingly recommend for consideration an East African Transport Loan Guarantee Bill.

"Such a Bill, to prove effective, should authorise the issue of a loan for £10 million, guaranteed as to principal and interest by the Imperial Government and ranking as a Trustee security.

"The money obtained by the issue of this loan should be advanced, at the discretion of the Secretary of State for the Colonies, on projects for railway

extension, harbour developments, the construction of main roads and mechanical transport in East Africa. In our opinion, the greater part of the proposals for new construction and for the development of those services recommended in this report will be covered by this amount.

"The arrangement should contemplate that during the construction period, which we may put as being the first five years, the interest would be payable by the Imperial Exchequer. After the first five years when, in addition to the interest, the sinking fund will begin to operate, the charges of the loan will fall on the transport services in the first instance, or, failing sufficient from this source, out of the revenues of the various East African territories. Ten years from the date of issue the East African transport systems and territories could begin to repay in addition the amount advanced by way of interest from the Imperial Exchequer during the first five years.

"We recognise that such a plan makes some demand on the British taxpayer for the initial period of the service of the loan. We feel that such a demand can be justified if only on the grounds of the moral obligation imposed on Great Britain for the development of its great tropical possessions. But we maintain that the indirect benefits of increased trade and production within the Empire will more than counterbalance any initial sacrifice. Further, approximately half of the capital sum would be spent in Great Britain on rails, bridging material, rolling-stock, &c., which at this time would provide work for the engineering industries of Great Britain and so lessen unemployment charges. Accordingly, the plan which we suggest can be justified also as a business proposition, which will redound not merely to the credit, but also to the economic advantage of Great Britain."

The proposed loan for transport development in East Africa has been the subject of a special interim report of Sir Arthur Balfour's Committee on Trade and Industry (Cmd. 2463), and in July last I received a deputation largely composed of representatives of the cotton industry in Manchester, who earnestly urged the approval by the Government of the Commission's proposals.

I consider, therefore, that the Government should come to a decision before Parliament meets as to whether they are prepared to accept or reject the recommendations.

It would be necessary to introduce a Bill giving power to raise a special loan of £10 millions for transport development in East Africa, mainly for Tanganyika Territory and Uganda. It is not suggested, nor is it contemplated, that the whole of this loan would be required at the same time; in fact, it is unlikely that any portion of the capital expenditure contemplated in the case of Uganda would take place before 1928, as Uganda is at present engaged upon the expenditure of its share of the 3½ millions advanced in cash by the Imperial Government in March 1924, railway construction on the existing programme having commenced on the 1st January, 1925, the main extension to be completed in 1927. The Governor of Tanganyika Territory estimates his requirements for next year (1926–27) for purposes of railway construction and extension at £1,035,500 (including a deficit of £52,000 on sanctioned construction this year), and also about £300,000 for capital improvements to existing railway and harbour works.

I therefore suggest that the Bill should be of a permissive character authorising the issue of the 10 million loan in convenient instalments, arrangements being made

to finance the requirements during the intervals by temporary borrowing through the Crown Agents. The object of this plan is threefold:—

1. To avoid making demands upon the annual revenue of Great Britain for capital expenditure on Imperial development;
2. To avoid large sums of money being paid over to the credit of the Colonies before the money is actually required; and
3. To secure a continuous programme of transport development to be laid down over a period of years.

I feel the time has come when some better system than periodic cash advances by the British taxpayer should be evolved, and that in the case of these undeveloped parts of the Empire loans should be raised on the cheapest terms for the financing of capital works. From the information at present available, it appears probable that if the capital requirements of Tanganyika are met from a loan, no loan-grant from Imperial funds will be required in 1926–27. The grants for the current year and last year were £350,000.

There are few portions of the Empire that offer safer or more profitable fields for such investment than our East African territories. Their development lies entirely in the field of the production of raw materials, notably cotton, which are urgently needed by British manufacturers, while every pound of tropical produce grown in these territories increases the purchasing power of their inhabitants for British manufactured goods in return.

The lastest figures may be of interest as showing the character of the development that is already taking place:—

Trade of Kenya and Uganda—

(Trade imports plus domestic exports)—	£
1923	8,250,000
1924	12,315,000
First six months, 1924	5,800,000
First six months, 1925	7,820,000

Corresponding figures for Tanganyika territory:—	£
1923	3,120,000
1924	4,500,000
First six months, 1924	1,900,000
First six months, 1925	2,520,000

The figures for the working of the Uganda Railway system (including lake and river transport in Uganda, as well as railways in Kenya) for 1924:—

	£
Receipts	1,635,000
Expenditure	878,000

The Tanganyika Railways for the same year earned £319,000 against an expenditure of £359,000, there being a small profit on the Central line, but a deficit on the line from Tanga to Moshi.

The statement of public finance is as follows:—

Kenya 1924—	£
Actual revenue	2,111,564
Actual expenditure	1,861,510

There was a floating debt of £190,844 at the end of 1923, but this has been turned into a surplus balance of £59,210 at the end of 1924.

Uganda 1924—	£
Actual revenue	1,239,789
Actual expenditure	918,662

The surplus balance standing to the credit of Uganda reached £1,000,000 in the middle of August this year.

Tanganyika territory—the ordinary budget (exclusive of railway receipts and railway and capital expenditure) was represented for the year 1924 by an actual revenue of £1,240,000; actual expenditure of £1,000,000.

The principal public works suggested by the East Africa Commission to be paid for out of the contemplated 10 million loan may be enumerated as follows:—

(A.) *Tanganyika Territory*

1. A railway from Tabora to Mwanza (260 miles). This has been sanctioned by the Treasury as far as Shinyanga (mile 120). If the whole line is sanctioned, the expenditure in 1926–27 is estimated at about £780,000.

2. A line from Dodoma on the Central Railway northwards through Kondoa-Irangi to Arusha, and an extension from the present terminus in the neighbourhood of Moshi to meet it at Arusha; total, 220 miles. The Governor estimates an expenditure next year on the Moshi-Arusha Section, if sanctioned, of £250,000.

3. A branch from the Central Tanganyika Railway south-westward to Lake Nyasa. On information obtained by the General Manager of the Railway from German pre-war sources it appeared that the most promising route for this railway was from Ngerengere, some 80 miles west of Dar-es-Salaam, to Manda on Lake Nyasa (about 400 miles in all), but I have since received information that largely owing to the devastation of war and the spread of tsetse fly a great deal of country which would be traversed by this line is now very scantily populated, and that it is now necessary to consider an alternative route through a more populated country from Dodoma viâ Iringa and Tukuyu to a point on the northern end of Lake Nyasa at or near Karonga. A further advantage of this alternative lies in the possibility of extending this railway through North-Eastern Rhodesia to Broken Hill on the existing line from the Victoria Falls to Belgian Congo. No expenditure except on survey would be required in 1926–27.

(B.) *Uganda*

The line now being constructed out of the money advanced by Parliament last year provides for a railway from Turbo in Kenya (Uasin Gishu extension) to Mbulumuti and for a branch line from Tororo, where this new line enters Uganda northward to Mbale. The Commission recommend that as soon as this is completed the construction should proceed in a north-westerly direction from Mbale through the rich cotton-growing areas of Soroti and Lira to the navigable basin of Lake Albert, which includes the stretch of the Nile from the north end of Lake Albert to the Sudan frontier. The funds available from last year's loan may be sufficient for construction

for 35 miles beyond Mbale, to the neighbourhood of Kumi. From thence to Lira would be about 95 miles. It is impossible at present to suggest what route should be followed to the Nile, but the further distance would be roughly 120 miles.

(C.) *Kenya*

The Commissioners do not recommend any further railway construction in Kenya Colony at present, but envisaged the great necessity of proceeding at once to further harbour works at Mombasa (Kilindini) to deal with the growing traffic of the Uganda Railway. Since the publication of their report, I have had abundant evidence that the two deep-water berths now being constructed at Kilindini, which were authorised by Mr. Churchill when Secretary of State for the Colonies, will prove inadequate, and that at least two more berths, costing possibly £600,000, will be required forthwith. I must, however, await the views of the new Governor before coming to a definite decision on this point.

(D.) *Nyasaland*

The existing railways in Nyasaland are privately owned, and the line connecting that Protectorate with the sea runs through Portuguese territory. The conditions here are exceptional, and I am not in a position to make any definite proposals as to expenditure from the loan.

It has been strongly urged from influential quarters that a certain proportion of the amount raised by the loan should be set aside for capital expenditure on purposes other than those connected with the improvement of communications, such as scientific research, sanitation and education. These are all essential for development in the full sense of that expression, and the Report of the East Africa Commission calls attention to the urgent necessity of increased expenditure on these services. I would therefore recommend for favourable consideration that of the total amount authorised, the proportion of, say, 5 per cent. should be devoted to the capital expenditure required for improvements in the equipment of the scientific, medical and sanitary and educational services of the East African Dependencies.

Neither of the territories in which railway construction is proposed by the Commission can raise public loans under the Colonial Stock Acts,[1] and therefore any loan will require the guarantee of the Imperial Government authorised by an Act of Parliament. This is the course which has been taken in the case of the Anglo-Egyptian Sudan.

Further as other claims on the Dependencies concerned may make it difficult for them to meet the interest charges during the period of construction before the new railways begin to earn revenue, it is suggested by the Commissioners that the interest should be advanced by the Treasury during the period of five years from the date of issue of the loan. As the whole of the loan would not be issued at once this five-year period would commence from different dates. I hope, however, that the dependencies may be able to meet the interest charges from the outset, and that it may not be necessary to ask for any assistance from Imperial funds on this account. Alternatively, these interest charges might be met out of capital, the amounts of the loan instalments being increased for the purpose.

[1] The Colonial Stock Acts applied only to those territories with colony status.

I contemplate that the only construction recommended by the Commission which could be commenced in these territories during the year 1926 will be the completion and equipment of the line from Tabora to Mwanza and the extension from the neighbourhood of Moshi to Arusha. In the following year the line from Dodoma could be constructed as far as Kondoa-Irangi, and the commencement made with the line to meet it southward from Arusha. Economic and engineering surveys could be made next year (1926) for the proposed extension in Uganda, so that the work could commence on the 1st January, 1928, perhaps earlier. A similar time and date can be envisaged for the line southward from the Central Tanganyika Railway to Lake Nyasa.

As to the economic results that will follow from the construction of these lines, all one can say is that the same results can be confidently expected, as have been achieved by the construction of existing railways in East and West Tropical Africa. They will enable the cotton production of British Africa to be increased very largely; the southern Tanganyika highlands will be opened up, with the resulting crops of high-priced coffee, tea and maize. Nyasaland is one of the most valuable potential tobacco-growing countries in the Empire.

I support the proposals of the East Africa Commission not only on account of the necessity for making good our pledges to the electors to promote Imperial development and the building up of new markets, but also on the grounds of both the direct and indirect help it will give to the solution of our domestic unemployment problem. In the case of railway construction in Tropical Africa roughly 50 per cent. of the total capital expenditure represents orders for rails, steel bridging, locomotives, rolling-stock and station equipment in this country. In the case of harbour works the proportion is lower, about 25 per cent. representing material imported for the purpose of the work and 75 per cent. salaries and wages payable on the spot. Of these salaries and wages, however, a considerable part comes back to this country in the purchase of British goods of all kinds.

The indirect benefit to which I attach great importance lies in the expansion of purchasing power which follows the opening up of Tropical countries by means of railways.

There is one political point which should not be overlooked in connection with East African development, and that is, our special duty and opportunity in the case of Tanganyika Territory. In Tanganyika we have been entrusted with the development of Germany's largest and richest former colony, and we have to show to the world that we are not less zealous for its development than we are in the case of our own colonies or protectorates. It is the largest and most populous of all the East African territories, and it lies centrally between the three great lakes of Continental Africa (Victoria Nyanza, Tanganyika and Nyasa) all of which it touches. The railway communications in this territory are now no better than they were in 1914.

The East Africa Commission point out that at present Kenya alone of the East African Territories can raise a public loan ranking as a trustee security, by reason of the fact that the Colonial Stock Acts provide only for territories having the status of "Colonies." They suggest in their report that the Acts be amended by adding the words "protectorates and mandated Territories" to "Colonies." It certainly seems rather absurd on the face of it that Kenya can raise a loan while Uganda should at present be unable to do so, except on less favourable terms.

The amendment of the Acts, however, is a matter which involves considerations in which other Departments of State are concerned. Apart from the Treasury, the Board

of Trade would have to be consulted in view of the effect of the amendment in widening the area of Trustee investments. The position of the Indian Protected States may also require careful consideration. I would therefore prefer to proceed as proposed above by way of Imperial guarantee, and to reserve the question of amending the Colonial Stock Acts for further examination by the Departments concerned, with a view to possible legislation next year.

80 DO 57/72, no 5747, ff 1483–1490 24 July 1928

[Emigration to the dominions]: letter from Mr Amery to Mr Baldwin. *Enclosure*: 'Unemployment and migration', memorandum for the prime minister

[This memo was prepared at the request of the prime minister in connection with a House of Commons debate of 24 July 1928 on a Labour Party motion moved by Mr Ramsay MacDonald condemning the Conservative government's failure to deal effectively with the problem of domestic unemployment. The memo refers to new proposals to encourage overseas settlement which were made in the report of the Industrial Transference Board, appointed in Jan 1928 under the chairmanship of Sir Warren Fisher, to consider measures for the transfer of workers, and in particular miners, for whom opportunities of employment in their own district or occupation were limited. Proposals put by Lord Lovat, under-secretary of state for the dominions, to the Board formed the basis for proposals made in its final report (DO 57/72, no 2163, ff 20–22, 'Industrial Transference Board statement by Lord Lovat. Migration of miners', 13 Mar 1928). The ITB report, signed 26 June 1928, attached great significance to the extension of overseas migration, but contained some criticism of the forms and procedures employed by dominion governments in relation to UK emigrants and regarded the operation of the Empire Settlement Act, 1922, as disappointing ('Industrial Transference Board', Cmd 3156, 1928, pp 35–52). In the Commons, Baldwin explained that his government intended to adopt a more active policy with regard to overseas settlement 'both under the Empire Settlement Act' and otherwise, but added that no precise programme could be laid down in advance of Lord Lovat's planned visit to the dominions (*H of C Debs*, vol 220, col 1135, 24 June 1928).]

I enclose herewith some notes for the part of your speech which touches on migration. I have embodied in it most of the recommendations of Worthy's Committee (which are in fact those I have been pressing for some time past) in so far as it is expedient to make them public at this moment. But clearly it is no good going into details of schemes which still have to be negotiated or estimates of numbers to be migrated, as any appearance of a hard and fast programme settled here in advance will only make Lovat's position very difficult when he gets out.[1] I have similarly omitted all reference to possible assistance by way of advances to industrial migrants as such assistance will not be worth giving if Canada insists on treating men so helped as assisted migrants and either limit them to certain occupations or raises the amount of landing money required by them. My reference to land settlement schemes on a large scale has also been pitched in a minor key: it is no use advertising a great Empire settlement until it is all fixed up.

In the passage dealing with forms and restrictions I have gone as far as it is wise or safe to go without seriously upsetting the Dominions and undoing all the work of the

[1] A reference to Lovat's planned visit to the dominions.

last few years. Personally I am concerned that Fisher and his colleagues have greatly exaggerated the importance of this factor, and their idea that you can go to the Dominions with a big stick and order them about is childish. The ignorance of the nature of inter-Imperial relations prevalent even among some of our colleagues is amazing.

If you are asked whether you propose to introduce legislation to amend the Empire Settlement Act I would suggest your replying that you doubt if legislation is necessary as much expenditure as will be incurred outside the provisions of the Act can simply be added on to the votes of the Oversea Settlement Department, the Ministry of Labour or the Board of Trade as the case may be.

Enclosure to 80

"Oversea Settlement" (this phrase is generally used in preference to "Emigration" in relation to movements to other parts of the Empire) has always been regarded from two points of view:—

(1) that of those who look at it chiefly as a means of providing outlets for Great Britain's superfluous population which cannot find work at home:
(2) that of those who think Imperially and wish to distribute our white population more evenly between this country and the Dominions, thus building greater Britains overseas and promoting the development, trade and security of the whole Empire.

There is at present in this country a widespread belief (which is from our standpoint natural and intelligible) that the Dominions are lacking in vision and in sympathy with our difficulties because they do not help us to transfer large numbers of unemployed to their territories. Inevitably, in face of the conditions in the mining areas and in the heavy industries in this country, we must all be anxious that the Dominion Governments should help us so far as is possible with our unemployment problems.

It must, however, be remembered that any attempt to transfer our unemployed to the Dominions in large numbers without their consent and in the absence of arrangements for ensuring them satisfactory employment on the other side, would be resented by the Dominion Governments as an unfair attempt on the part of His Majesty's Government to transfer their domestic difficulties to the shoulders of the Dominions.

In this matter all the cards are in the hands of the Dominion Governments. They claim, and, in the interest of their peoples, justly claim the right to say who shall enter their borders and become fellow citizens of theirs. Their laws empower them to close their doors to the entry of any would-be immigrants, and particularly assisted immigrants, either directly by prohibiting their entry, or indirectly by requiring them to possess large sums in "Landing money".

The Dominions have never agreed to co-operate in State-aid for Empire settlement on the understanding that that policy would be used by His Majesty's Government as a means of transferring the unemployed population of this country to the Dominions. This is clear from the history of the present policy of State-aid for oversea settlement, which is as follows:—

In the autumn of 1920, the Cabinet, gravely perturbed at the prevalence of unemployment—specially amongst ex-Service men—turned their minds to the possibility of co-operating with the Dominion Governments in a policy of Empire Settlement. Both those actuated by fears of unemployment and those actuated by Imperial considerations combined to favour a policy of State-aided Empire settlement, and it was agreed to invite the Dominions to a Conference. In inviting the Dominions (copy of telegram to Canada attached)[2] it was felt necessary to give some indication that the proposal was prompted in part by industrial and economic difficulties in this country. The phrase "to meet exceptional conditions which have resulted from the war" was adopted for this purpose after much consideration. It was felt impossible to say less and impossible to say more if the policy was to secure acceptance. Consequently, chief stress was laid upon the Imperial aspect of the policy, and no specific reference was made to unemployment.

The Conference which took place early in 1921 was attended by the Prime Minister, then Financial Secretary to the Treasury, and he will no doubt remember it.

Its proceedings, subsequently endorsed by the Prime Ministers Conference of 1921, led to the passing of the Empire Settlement Act in 1922. Lord Milner[3] opened the Conference by saying that "oversea settlement should not be regarded as a means of dealing directly with abnormal unemployment in the United Kingdom at any given moment, but as a means of remedying fluctuations of trade by developing our best markets and of permanently minimising the risk of unemployment here and throughout the Empire".

At the time of this Conference, Sir George Perle[y][4] who represented the Canadian (Conservative) Government, intimated that co-operation would be specially difficult for Canada, because her population was French as well as British, and because the Dominion had always been able to obtain all the settlers she needed without giving State-aid to passages. It was therefore, contrary to the traditional policy of the Dominion to do so.

At the Migration Sub-Committee of the Prime Ministers Conference of 1921, there was discussion as to the extent to which oversea settlement can directly affect unemployment in Great Britain. It was agreed that while it did in fact help numbers of unemployed to leave this country, it would not be approached on that basis; and Mr. Churchill, then Colonial Secretary, when presiding over the Migration Sub-Committee, expressed the view that "oversea settlement should be regarded, etc. not as a means of remedying unemployment, but solely as a constructive method of building even stronger nations in the Dominions overseas."

The Empire Settlement Act was advocated in Parliament and accepted by Parliament as an Imperial measure, though, no doubt, many of its supporters were actuated by the belief that it would be beneficial, both directly and indirectly, to our unemployment difficulties. To the Dominions, it was represented to be an Imperial measure.

Since the Act was passed, over 250,000 persons have been assisted under it to settle in the Dominions. It is not possible to say accurately how many of these were drawn from the unemployed classes, but it is a reasonable computation that about 50

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[2] Not printed.

[3] Secretary of state for the colonies, 1919–1921.

[4] Sir George Perley, high commissioner for Canada in the UK, 1917–1922.

per cent. came from these classes, and a further 25 per cent. from just above the unemployment level; in other words, they were, to use a Canadian phrase, "half a jump in front of the wolf".

The Dominions do not refuse to accept a British migrant because he or she has been unemployed in the Old Country, provided they are satisfied that the migrant in question is likely to make good. But the one test upon which they insist (from the point of view of Great Britain meticulously) is that the migrant shall have the qualities which would make him a good citizen and successful overseas. They do feel that the fact that a man or woman has been unemployed in the Old Country raises an element of doubt as to his possessing the qualities requisite for success in the new. If we stood in their shoes, we should feel as they do.

Once again, unemployment in the mines and elsewhere is gravely perturbing the Cabinet. With a view to helping the Government in their present difficulties, Lord Lovat has put forward a scheme which aims at settling overseas each year some 21,500 souls, including 7,000 single miners and 2,500 miners with families, all drawn from the distressed mining areas. The scheme, which is estimated to cost an additional £600,000 annually, will succeed only if the Dominions will agree to take this amount of mining population and if these numbers are willing to go overseas.

At the same time, the Cabinet have before them proposals that the Government should cheapen or pay the whole cost of passages to Canada: cost about £200,000 a year. Both these proposals involve departure from the 50/50 basis of the Empire Settlement Act, and would not have been entertained by the Treasury or the Government, except as special measures for meeting the present emergency.

The Secretary of State, Lord Lovat and the Oversea Settlement Department are at one in thinking that both the new proposals for transference overseas of the mining population and for the payment of passage rates can, subject to the consent of the Dominion Government, be carried out without a breach of the spirit in which the policy of oversea settlement was arranged with Canada and has secured her co-operation.

In regard to passages for industrialists, it is not proposed to ask the Dominion Government for any contribution of State-aid, and it is hoped that this fact may secure their consent to our assisting our industrials to enter Canada in larger numbers than at present. As regards the transference of mining population, the objections to unemployed persons, qua unemployed, apply with less force to miners because the circumstances of the present unemployment are exceptional. Miners are a specially fine class of worker and the backbone of the country, and Canada herself recognises the special suitability of miners and mining families for settlement in the Dominion. Actual experience in connection with mining families settled under the 3,000 Families Scheme has shown that they do at least as well as, if not better than, any other class.

The chief difficulties of the Dominion Governments in relation to oversea settlement may be summarised as follows:—

(1) They, like we, are financially impoverished by the War, and have much less money to spend on development and on providing work for new arrivals.

(2) The Canadians are part French and part British and it is therefore difficult for the Dominion Government, especially for one dependent upon the French Vote, to spend money on State-aid for British settlers.

(3) Labour all through the Dominions is opposed to British immigration because it fears that British immigrants will drift into the towns, compete in industry, cause wages to fall and increase unemployment.
(4) Sentiment in the Dominions as in all countries of immigration is all the time becoming increasingly insistent on the adoption by their Governments of the policy of passing all immigrants through a fine sieve. The outstanding example of this policy is the adoption of the quota system by the United States.

For the above, amongst other reasons, there is at the present moment a considerable divergence between the national situation and outlook in Great Britain and in the Dominions in connection with oversea settlement. We cannot hope to bridge that gulf except by a policy of conciliation and forbearance.

81 T 161/291/S33978, ff 1–7 26 Nov 1928

[Colonial development]: letter from Mr Amery to Mr Churchill on measures to increase employment in the UK, and proposing the establishment of a colonial development fund. *Minutes* by Sir P Waterfield and Sir R Hopkins[1]

[In late 1928 Baldwin's government, faced with a continuing problem of unemployment in Britain, appointed an inter-departmental committee under the chairmanship of Sir Warren Fisher to examine, and report to the Cabinet on possible schemes for generating employment (see the introduction to this volume, p lxii). CO officials were unhappy at this attempt to harness colonial development to the relief of domestic unemployment, and Amery, whilst keen to promote colonial development, was concerned that any future provision of funds should be free from the form of tight Treasury control which the Office held to have limited the efficacy of the East African Guaranteed Loans Act. Instead of submitting a memo to the committee (although one was drawn up), Amery wrote the following letter to Churchill, outlining the problems he identified with existing approaches to colonial development, and making the case for a colonial development fund. Amery copied this letter to the prime minister, commenting that: 'Four years bitter experience have convinced me that any attempt to help the employment situation here by accelerating Colonial development is hopeless as long as matters are left to the Treasury, which is at bottom against all expenditure, whether on development or on anything else, and whose powers of obstruction are infinitely greater on an Imperial subject than on a domestic issue where there is constant parliamentary pressure' (CO 323/1016/8, no 12, Amery to Baldwin, 26 Nov 1928). As the minutes reproduced here illustrate, Treasury officials were critical of Amery's proposals, particularly those concerning the introduction of a 'block grant' system and reduction of Treasury control, and these were rejected by Churchill in a letter to Amery of 23 Jan 1929 (CO 323/1064/6, no 1). Nevertheless, additional weight was given to the general case for expenditure on colonial development by *The Report of the Commission on Closer Union of the Dependencies in Eastern and Central Africa* (Cmd 3234, 1929), referred to in Hopkins's minute. By Mar 1929 the Treasury had accepted the case for a development fund, and in Apr 1929 the Cabinet agreed to Amery's proposals for the establishment of a fund. Conservative development policy was adopted by the new Labour government, and a Colonial Development Bill was eventually passed in July 1929. This established the Colonial Development Fund, administered by a Colonial Development Advisory Committee, from which assistance of up to a maximum of £1 million per annum could be allocated in grants or as payment, for up to ten years, of interest charges on loans for development projects. The Act stated that colonial projects receiving assistance should also promote British trade and industry.]

[1] Sir P Waterfield, assistant secretary, Treasury; Sir R Hopkins, controller of Finance and Supply Services Dept, Treasury, 1927–32.

I was invited by the Committee on Unemployment which the Prime Minister appointed, to put up a memorandum on the possibility of development in the Colonies and Protectorates being speeded up, with a view to increasing employment over here. A memorandum on the subject was prepared in the Colonial Office, in which my people discussed what could be done if the problem were approached on existing lines, and which was therefore necessarily negative in character. On looking at it, I came to the conclusion that it would not really be of any use to the Committee. I have, therefore, not had it sent forward. The truth is that the attempts the Government have hitherto made to combine Colonial development with relief of unemployment lead to little but correspondence, committees and delay.

I think it is not realised how much the Colonies do to provide employment here in the ordinary course of business and apart from these spasmodic appeals. The Crown Agents have bought over £33,000,000 of stores in this country in the last five years, and over £8,000,000 in 1927, all out of Colonial funds. You will admit that these figures show a very substantial contribution to the problem. During the same five years four Colonies raised over £18,000,000 by way of development loans, and of this amount some £7,000,000 at least have gone in buying goods here. Over and above that £7,000,000 which comes directly and immediately back a further considerable part of the £18,000,000, has been spent in European salaries, a large proportion of which is spent in the United Kingdom, while the remainder goes to swell the purchasing power of the natives. In a country like Nigeria for example where about 70% of the imports are from the United Kingdom a considerable proportion again of the money spent out of a development loan must find its way back to the United Kingdom. That this expenditure also has indirectly developed new valuable markets is clearly borne out by the steady expansion of British export trade to countries like Nigeria.

Our failure to reply to the invitiation to submit a memorandum does not mean that there is nothing that the Colonial Office can do to help in dealing with unemployment here, but I cannot help feeling that we have got on to the wrong lines in our attempts to apply co-operation to speeding up development. We have asked too much of the Colonies and have offered too little ourselves for what is after all our problem and unless we change these lines, we shall continue to arrive at the same negative results, when the Colonies are asked to do more than they are already doing.

Further, each time the Colonial Office has been asked to produce material in connection with the unemployment problem, it has been treated as if it were an exceptional emergency to be dealt with by special measures taken in a hurry, in a crisis. On the other hand, we have been asked to produce proposals for putting in hand large Public Works (which obviously call for a great deal of surveying and preliminary work) to enable the home government to deal with the problem of distress in the coming winter. On the other hand, we have been offered terms which have never seemed to us to be sufficient to induce Colonial Governments to make additional efforts, the effect of which would be appreciable. I do not think that it is any use looking for such help, if the British Government are going to ask the Colonies to accept liabilities in the shape of debt charges for enterprises which are not ripe for execution, because it goes without saying that if a railway or bridge will be an immediately remunerative undertaking any solvent Colony is only too anxious to build it without any urging. Therefore, I think that if you want to come to business you must offer, on loans raised in approved cases for development, payment of the

whole interest, say for a period of five years, and possibly half or three-quarters interest for a longer period till the revenue from the development comes in to the Colony. Further, if you want to frame a real long range policy, I think you must begin by realising that we are not now dealing with a temporary emergency, or even with crises which recur intermittently. The trade depression and unemployment in the heavy industries must be regarded as an economic factor of some permanence, and must be tackled by a continuous policy and not by spasmodic efforts on short notice, from time to time. I, therefore, suggest that you should put at my disposal a certain sum of money as a Colonial Development Fund for a series of years, which would be used to meet the interest charges in whole or in part on schemes of development in Colonies and Protectorates, undertaken with the definite view of providing markets for the home manufacturer and employment for home labour. The provision of the money which I suggest would show the Colonial Governments that His Majesty's Government recognises the fact that the Colonies and Protectorates are being asked to do something for us. On the other hand, it would mean expending a known annual figure which is preferable to incurring the indeterminate liabilities involved by a guarantee. I hope that you will give the idea your sympathetic consideration, and I think that on examination you will find that in its direct effect it will be cheaper than the old, leaving out of account altogether its indirect effect in helping engineering firms to take on other contracts.

The arrangements which I suggest would apply only to such works as I could pass as being out of reach and not to works which would in any case have been undertaken. In particular, I think that most, if not all, of the works which are hereafter approved for construction in East Africa under the Palestine and East Africa Guaranteed Loans Act would be included in the scope of my suggestion, and I am confident that the assistance thus given would turn the scale in the direction of making many services practicable. I think, indeed, that it would be justifiable to apply my suggestion to works under that Act which have already been authorised and so set free revenue which would enable the Governments concerned to take in hand fresh undertakings beneficial to employment at home.

You will remember that the whole basis of the recommendations of Ormsby Gore's Commission[2] that the total figure should be £10,000,000 was estimated on the assumption that interest for the first five years would be found by His Majesty's Government. The rejection of this basis has made it impossible to proceed with any long range development projects under this Act. Less than £3,500,000 of the £10,000,000 has been spent in three years.

It is difficult to give figures until I can consult Governors and draw up a programme of works to be gradually brought under my scheme. But if we take new capital expenditure of £3,000,000 a year, with assistance in respect of full interest for five years, we get an annual charge which rises to say, £700,000 and averages, say, £560,000 over a period of ten years. This would point to an annual grant—in fact a gift—of £500,000 a year, any balance unspent at the end of a year being carried forward to the next.

Given a free hand in applying this sum to useful works I could undertake to ensure such development, particularly in Africa, as would give a real impetus to heavy industry at home, and create a permanently increased trade purchasing power in

[2] See 79, note.

Africa as a growing market for all varieties of manufactured goods. But it must be a free hand. Conditions such as we have had to work under in connection with the £10,000,000 guaranteed loan make progress almost impossible. As you know Kenya has deliberately declined to take advantage of the guarantee as not worth the endless and irritating discussions with the Treasury before anything is sanctioned.

I am sending a copy of this letter to the Prime Minister in order to make clear why I have not put in a memorandum to the Committee.

It is the principle of the "block grant" for which I am asking!

Minutes on 81

Mr. Upcott[3]

The substance of Mr. Amery's proposals—a grant towards the cost of interest charges on Colonial development loans during the initial period—was put before the Cabinet by the Board of Trade in 1923, and criticized in detail by Sir O. Niemeyer[4] in his two memoranda filed at the beginning of F.6984/1. The result was Section 2 of the Trade Facilities Act, 1924,[5] which limited the Treasury grant to threequarters of the cost of interest in the first 5 years. As Mr. Cuthbertson[6] points out, the response to that offer (which was only open for 3 years) was negligible, being limited to £3m. capital and £216,000 grant (including future commitments), out of a maximum of £5m. permitted by the Act. The reason was, no doubt, not that the conditions imposed by the Act were unduly severe, but that the time was not ripe for the hoped-for developments, and the Colonial Governments, being obliged to share in the financial risk from the start, were compelled to look before they leapt.

Now Mr. Amery wants to sweep away all restrictions, relieve the Colonial Government of all share in the financial risk for the first 5 years at least, and possibly more, abolish Treasury control, and substitute the "block grant" system borrowed from the Empire Marketing Board,[7] with himself in sole control, unhampered, apparently, even by an advisory Committee.

The idea is so preposterous that it is hardly necessary to argue it seriously. As Sir O. Niemeyer pointed out at the end of his later memorandum, legislation would certainly be required, and it is certain that Parliament—always very jealous of attempts by the Colonial Office to usurp Treasury functions in these cases—would be violently hostile to any such proposal. Apart from that, the scheme is sheer financial immorality, a temptation to the Colonial Governments to embark on premature and ill-conceived enterprises by financial inducements which blind them to the ultimate risk.

There is ample evidence before the Treasury (as Mr. Cutherbertson shows) of the rashness both of the Colonial Governments and the Colonial Office in the past in

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[3] (Sir) G Upcott (KCB 1933), deputy controller of Finance and Supply Services Dept, Treasury, 1921–31; controller and auditor general, Exchequer and Audit Dept, 1931–1946.

[4] Sir O Niemeyer, controller of finance, Treasury, 1922–27.

[5] The Trade Facilities Act, 1924, aimed at promoting British export trade with the colonies.

[6] Treasury principal.

[7] The Empire Marketing Board was established in 1926 with a nominal grant of £1 million under the supervision of the secretary of state for the colonies.

pressing forward half-baked schemes—until the question of financial responsibility is brought home to them by the Treasury.

I would not even adopt Mr. Cuthertson's tentative offer of a continuation of the 1924 policy, at any rate at this stage; and have redrafted with an uncompromising refusal.

As regards possible effect on our export trade, the calculations made in S.27798/1 showed that, assuming a total expenditure of £7½m. on railway construction in Africa, the consequent orders in this country would represent (very roughly) in terms of 1924 production:—

7.5% of the total rails production; but less than 1% of the total iron and steel exports; and
2½% of the rolling stock exports.

There is one point in Mr. Amery's letter which requires comment. On page 6[8] he says:—

"The whole basis of the recommendations of Ormsby Gore's Commission that the total figure should be £10,000,000 was estimated on the assumption that interest for the first 5 years would be found by His Majesty's Government. The rejection of this basis has made it impossible to proceed with any long range development projects under the Act. Less than £3½m. out of the £10m. has been spent in 3 years."

The first sentence is true; the rest of the statement is open to question. Mr. Amery conveniently forgets his own statement in the memorandum he prepared for the Cabinet Meeting of March 31st, 1926, paragraph 2:—

"The (Cabinet) approval (of the £10m guarantee) did not extend to the suggestion that the British taxpayer should be called upon to pay the interest on the loan for the first 5 years, and *I think all are agreed that such a course would not be justifiable, and that were this to be provided for in the Bill to be laid before Parliament it would be difficult to get it accepted by the House of Commons*".

After the Act was passed, the Colonial Office raised the question whether the interest during the construction period could not be added to the capital cost and covered by the Treasury guarantee; but the Law Officers advised that, as the Act was drafted, this was impossible (S.27798/03).

There was some grumbling in Africa at first; but the Treasury certainly do not accept the view that this factor is preventing the adoption of long-range projects; all the evidence before us shows that the reasons why more money is not being spent is not lack of means, but the practical problem of completing the necessary surveys. Incidentally, what has been spent is not £3½m. out of £10m. but £7m., for though Kenya has chosen to drop out of the guarantee, she has nevertheless borrowed the full £3,200,000 (*plus* another £1½m.) which was provided for her in the schedule to the Act.

Draft reply below.[9]

A.P.W.
4.1.29

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[8] See p 13, para 3.

[9] Not printed.

Chancellor of the Exchequer

In his letter of the 26th November Mr. Amery makes the following proposal:—

> That you should give him out of Budget revenue a sum in excess of £500,000 per annum, for a period of ten years, to meet the interest on money raised for new Colonial Development Schemes, the proposal being that the whole interest should be met in this way for the first ten years of each loan, and the main part of the interest for an unspecified further period.

This sum would be a grant-in-aid which Mr. Amery would propose to dispense entirely on his own initiative without any form of Treasury control.

This surprising proposal is hitched on to the necessity for speeding up Colonial Development Schemes which would not at present be productive, in order to increase employment in this country.

So many objections occur that it is difficult to understand how the proposal can have been made in its present form. I cannot conceive Parliament granting so large a sum over so long a period without any control either from the Chancellor of the Exchequer or from the Public Accounts Committee.

Schemes which are not yet ripe for development and have to be pushed on by a subsidy of this kind will at best only mature slowly and do little or nothing to relieve unemployment at its worst time.

There is great competition for capital required for productive enterprise—the present rates of interest are evidence enough of that—and capital funds diverted to Mr. Amery's purpose will only diminish the supply for other more immediately profitable undertakings.

Since the attached memoranda on the proposal were written in the Department, the position has been to some extent altered by the Report now published of the Hilton Young Commission on the Closer Union of the Dependencies in Eastern and Central Africa. On pages 171 and following of that Report, recommendations are made as to the method of raising capital for necessary development in the African Colonies, and these recommendations are expressly designed to be applicable as need may arise to British Colonies as a whole.

One of the proposals is that a development fund should be created to make investments in undertakings which have been approved after careful scrutiny by a competent body. At first sight, this recommendation might seem to have some affinities to Mr. Amery's proposal; but there are very important differences. Whether it is contemplated that the Development Fund should be raised out of revenue rather than by borrowing is left vague, and, while it is contemplated that the advances should be free of interest until the undertakings became productive, it is also contemplated that, as a general rule, this subsidy would be recovered by making an addition to the interest that was subsequently payable by the Colony on the loan.

Moreover, this proposal is only put forward as one of three alternatives, the others being that a system similar to that of the Local Loans Fund should be set up to provide a common source for Colonial Loans, or that facilities similar to those provided by the East Africa Guaranteed Loan should be extended from time to time as a regular practice.

The Report proceeds that any such facilities as they recommend should only become available after a most careful scrutiny, and that a "Board of Directors" should be established and made responsible for making decisions of the kind. The Report

adds—"We do not suggest that the sort of critical examination to which propositions are subjected by the Treasury is unnecessary; it is indeed essential that some such test should be applied before large sums of public money are expended, because in such cases the checks and penalties which stimulate private enterprise to efficiency are lacking".

Recommendations follow both as to the constitution of the "Board of Directors" and as to the manner in which Treasury control should be exercised.

The Scheme thus recommended in this Report is, of course, ambitious and far-reaching, but, at any rate, it pays regard both to efficiency and constitutional propriety both of which Mr. Amery's scheme forgets. It is clear that it will need close and, it may be, prolonged examination, and it suggests a further reason why Mr. Amery's hasty proposal should in the meanwhile be negatived.

R.V.N.H.
21.1.29

82 CAB 24/224, CP 288(31) 23 Nov 1931

[Ottawa Conference]: report by the Cabinet Committee on the proposed Imperial Economic Conference

[This Cabinet Committee was established in Nov 1931 to examine matters relating to the Imperial Economic Conference to be held at Ottawa in the summer of 1932. A memo prepared by Mr Thomas served as the starting point for the committee's deliberations. It was intended that the committee's recommendations would form the basis for negotiations to be conducted by Mr Thomas during a tour which he planned at this stage to undertake of the dominions, and subsequently for British policy at Ottawa. A second report was submitted to the Cabinet in early Dec 1931 listing the articles considered to be most suitable for tariff concessions to the dominions, so long as 'an adequate *quid pro quo* is obtained' (CAB 24/225, CP 324(31)). Schedules of items for negotiations were subsequently sent to dominion governments in early 1932.]

1. At their Meeting on November 3rd, 1931 (Cabinet 73 (31) Conclusion 3) the Cabinet agreed in principle that as soon as the Government had been re-constituted, a Cabinet Committee should be set up which should include the following Ministers:—

The Chancellor of the Exchequer
The Secretary of State for Dominion Affairs
The President of the Board of Trade
The Minister of Agriculture and Fisheries

to examine all matters relating to the Ottawa Conference and to make recommendations to the Cabinet as to the policy of His Majesty's Government in the United Kingdom at the Conference; the Committee to have authority to invite the attendance of other Ministers *ad hoc* as required.

2. At subsequent meetings on November 11th and November 18th, 1931 (Cabinet 75 (31) Conclusion 4 and Cabinet 79 (31) Conclusion 16) the Cabinet confirmed the above terms of reference and composition of the Committee, with the addition of the Secretary of State for Foreign Affairs and the Secretary of State for the Colonies. It has not been possible for the Secretary of State for Foreign Affairs to attend the meeting of the Committee.

3. The Committee have considered a Memorandum (Paper O.C. (31) 2—Appendix I)[1] submitted to them by the Secretary of State for Dominion Affairs relative to the main problems likely to arise in the course of his forthcoming mission to the Dominions and subsequently at the Ottawa Conference itself.

4. The Committee are of opinion that the failure of the Ottawa Conference to reach agreement on the large questions of policy remitted to it would be a fatal blow to Imperial interests, and that it is accordingly imperative that every effort should be made beforehand to ensure the success of the Conference. The mission of the Secretary of State for Dominion Affairs to the Dominions is designed to secure the largest possible measures of agreement in advance of the Conference, and it is certain that when visiting each Dominion he will be asked what the United Kingdom are prepared to do. It is essential, therefore, that before leaving England he should be fully aware of the policy which the Government intend to pursue on the various matters raised in his Memorandum.

The dominion wheat quota

5. With regard to one of these matters, namely a Dominion Wheat Quota, the Minister of Agriculture and Fisheries has circulated to the Committee a Note prepared in his Department (on the basis of investigations which took place during the period of Office of the Labour Government) with regard to a possible quota for Dominion wheat and wheat flour. In his covering Memorandum to this Note, the Minister observed:—

> "It should be borne in mind that the general principles of a quota policy, whether for Home or Dominion wheat, have not yet been considered by the Cabinet. I propose in the near future to circulate a document* to the Cabinet on the subject asking for authority, if the general principles of a quota scheme are approved, to discuss the practical administrative details of a home scheme with the industries concerned, whose co-operation is essential to success. While, therefore, the Ottawa Committee will wish to give early consideration to the possibility of a quota for Dominion wheat and wheat flour, it is important that detailed investigation by this Committee should follow and precede the decision by the Cabinet and the subsequent discussion with the industries referred to above."

6. The Cabinet are reminded that the Canadian and Australian representatives who, at the opening of the 1930 Imperial Conference, had advocated Tariffs and had regarded the Quota Scheme with disfavour, changed their view of the Quota during the Conference, and ended with an inclination to support such a scheme. On the other hand, at its termination the Conference was informed that the United Kingdom Government had put forward the scheme for consideration, but must not be regarded as being committed to it without further examination. At no stage during the discussions had any guarantee of price formed part of the Wheat Quota Scheme. The Dominion representatives never, indeed, asked for a guaranteed price. The discussions all centred on what the Quota should be, and the nature of the machinery that would be required to work it.

* This Memorandum has now been circulated to the Cabinet, see Paper C.P. 387 (31).

[1] Not printed.

7. The Committee[ø] are of opinion that, subject to the decision to be reached by the Cabinet on the proposals of the Minister of Agriculture and Fisheries (see paragraph 5 above) the reply to the question raised in paragraph 13 (1) of the Memorandum of the Secretary of State for Dominion Affairs should be (1) that the United Kingdom Government are now prepared to offer a Dominion Wheat Quota, and (2) that in the event of the Secretary of State for Dominion Affairs being authorised to offer a Dominion Wheat Quota, that quota should be without any guarantee of price.

Preferential tariffs

8. In paragraph 5 and subsequent paragraphs of his Memorandum, the Secretary of State for Dominion Affairs asked for the guidance of the Cabinet as to the line which he should take when he was asked (as he would be) what course the United Kingdom Government proposed to take as to United Kingdom tariffs and whether he should proceed on the assumption that preferential tariffs on articles of food (with or without specified exemptions, e.g. wheat) are now permissible in principle as a basis for discussion with the Dominions (see paragraph 13 (ii) of the Secretary of State's Memorandum). The Committee are agreed that the Government's mandate does not rule out such tariffs, and that the answer to this question should accordingly be in the affirmative.

9. In order to avoid delay the Committee have invited the Interdepartmental Committee to make a preliminary survey of articles appearing most suitable for possible tariff concessions to the Dominions, and to report thereon to the Committee not later than 3rd December next. The Committee will include recommendations on this subject in their next Report to the Cabinet.

Tariff discussions with the dominions

10. On the assumption that the Cabinet agree in principle that concessions by the United Kingdom by way of quotas or preferential tariffs on any articles of food are admissible as to a basis for discussion with the Dominions, it is necessary to examine the three important questions summarised in paragraph 13 (iii) (iv) and (v) of the Secretary of State's Memorandum. These questions can most conveniently be considered together.

11. The first question is whether such concessions are to be granted voluntarily by the United Kingdom, or only in return for specified concessions on the part of the Dominions concerned, or partly voluntarily and partly as a result of a *quid pro quo.* The second question is whether the principle hitherto invariably observed by the United Kingdom (though not by the Dominions) is to be maintained, that every United Kingdom concession must be extended to the whole Empire without discrimination. The third question is whether a concession for which one part of the Empire would be prepared to make a corresponding concession, is to be withheld from the whole Empire (including that part) until all other parts to which the concession would also be valuable have also agreed to make corresponding concessions.

[ø] *Note.* The President of the Board of Trade reserves his opinion on the question of a Dominion Wheat Quota until he has had an opportunity of considering the documents which have been circulated to the Committee on the subject.

12. With regard to these questions, the attention of the Cabinet is specially drawn to the arguments in favour of maintaining the present system of voluntary concessions applicable to the Empire as a whole set out in paper E.E.(B)(30) 44, a copy of which is annexed to the Secretary of State's Memorandum. The Cabinet will realise the political and economic dangers involved in the alternative policy of discrimination between different parts of the Empire. In this connection it will be remembered that the discrimination by Canada in favour of Australia as against New Zealand produce in the recent Canadian-Australian Trade Agreement has given rise to considerable feeling between Canada and New Zealand.

13. On the other hand, it has been represented to the Committee that, having regard to the very diverse needs of the different Dominions, it is difficult to see how the problem could be satisfactorily solved on the lines suggested in the Memorandum and its annex, namely that the concessions to be made by the United Kingdom should, as in the past, be on a purely voluntary basis, and should extend without discrimination to the whole Empire. In this connection it must not be overlooked that in the past the policy of the generous gesture has not produced any very striking results.

14. Moreover, it would certainly be much easier for the Ministers of a particular Dominion to defend (as against their own manufacturing interests) tariff concessions on imported United Kingdom goods, if they could show that in return they got some special advantage from the United Kingdom with regard to their own products. If, however, that Dominion could obtain the advantage automatically and without giving any specific *quid pro quo*, it was difficult to see what answer could be made to the Dominion manufacturing interests, who would certainly be opposed to any such concessions unless it were shown that the long range benefits thereby secured outweighed the immediate disadvantage to themselves. Precisely the same considertions applied at home, and it would be much easier to defend concessions in the cases of the imported products of a particular Dominion if it could be shown that in return our manufacturers were receiving corresponding advantages in that Dominion. The Government would be open to serious criticism here if they made substantial concessions and obtained nothing definite in return, especially in view of the fact that the concessions to the Dominions must almost necessarily have reference to taxation of food stuffs.

15. The Committee submit the following conclusions on these questions to the Cabinet:—

The Committee agree that discussions must be conducted in the first instance with each Dominion on the following basis:—

(1) That concessions by the United Kingdom should be balanced by an adequate preference to the United Kingdom on the part of the Dominion concerned.
(2) That it should be explained to each Dominion in turn that it was proposed to offer the concession made by the United Kingdom with regard to any article to other Dominions (if interested in the article) but only in exchange for a corresponding adequate preference.
(3) That in the event of failure to secure a corresponding adequate preference from a Dominion desiring to receive the United Kingdom concession, abandonment of the concession in respect of that Dominion would be the first result, but in that case the whole circumstances would have to be reviewed again, and conceivably the original arrangement might have to be abandoned or modified.

The Committee further agree that the results of all the discussions in accordance with the above procedure should be reviewed by the Ottawa Conference, and if it were found that the reciprocal mutual concessions were generally satisfactory, those concessions should be consolidated into a single multilateral recommendation by the Conference.

Tariff concessions from the dominions

16. In paragraph 12 of his Memorandum (Appendix I), the Secretary of State for Dominion Affairs said that he assumed that for the purpose of his visit to the Dominions he could proceed to discuss matters with the respective Prime Ministers on the basis that:—

"(a) we hope to obtain further tariff concessions from the Dominions:
(b) we rule out any idea of Import Boards and Bulk Purchase:
(c) we are in favour of furthering a scheme of industrial co-operation on the lines suggested in the Report (Paper O.C.(30) 29) submitted to the previous Cabinet Committee."

17. In order to facilitate the attainment of (a) above the Board of Trade have prepared schedules of commodities in respect of which new or increased Customs tariff preferences in each of the Dominions would be of assistance to the export trade of the United Kingdom. These schedules are in course of examination by the trade associations concerned, and the President of the Board of Trade proposes to circulate to the Committee at a very early date the various schedules together with memoranda dealing with the volume and general direction of the trade of the Dominions, the nature of their Customs tariffs and the broad effects of recent changes therein and certain other trade features which merit special mention.

18. The Committee's recommendation on the matters mentioned in the preceding paragraph will be embodied in a further Report to be submitted to the Cabinet in due course.

Import Boards and bulk purchase

19. As regards (b) of paragraph 16 above, it will be recalled that the possibility of the United Kingdom offering economic advantages to the Dominions based on Import Boards and Bulk Purchase was discussed by the Imperial Conference of 1930, but that arrangements of this kind were found on subsequent examination to be impracticable.

The Committee agree with this conclusion, and accordingly recommend that any idea of Import Boards and Bulk Purchase should be ruled out from consideration.

Industrial co-operation

20. As regards (c) of paragraph 16 above, the Committee attach for the information of the Cabinet, the Inter-Departmental Committee's Report on Inter-Imperial Industrial Co-operation (Appendix II). The Committe favour the furtherance of a scheme of industrial co-operation on the lines suggested in this Report.

Colonies and protectorates tariff preferences

21. The Secretary of State for the Colonies has reminded the Committee that there are large areas in the Colonial Empire over which no preference for British

goods can, for various reasons, be given; for example, we are precluded by international agreement from making any such arrangement as regards the Congo Basin for a period of at least five years. Nigeria will have to give a year's notice before according any preference and in that case account would also have to be taken of possible French colonial retailiation. Many other Colonies are in such a depressed financial condition that they cannot risk the loss of revenue involved in granting increased or additional preferences beyond those at present accorded; on the other hand they may be able to give such preferences when trade revives. Some of the Colonies are already in receipt of Treasury grants; others will be driven to seek Treasury assistance when their balances are exhausted, unless their trade materially improves.

22. In these circumstances the Secretary of State for the Colonies asked for a decision on the following two questions of principle:—

(1) that it should be open to him to ask for preferences or commodities imported into the United Kingdom from the Colonies; and
(2) that the granting of any such request should not necessarily be dependent upon the grant of reciprocal concessions by the Colonies concerned.

23. The Committee agreed that as regards (2) above, the position of the Colonies is essentially different from that of the Dominions and that it would be impracticable, therefore, to insist on any arrangements with the Colonies being upon a strictly reciprocal basis. The Committee recommend to the Cabinet:—

(1) That the Secretary of State for the Colonies should be at liberty to make suggestions to the Chancellor of the Exchequer with regard to preferences on commodities imported into the United Kingdom from the Colonies whether those commodities are now subject to Customs Duties or not.
(2) That the acceptance of any suggestion under (1) above should not necessarily be made dependent upon the grant of reciprocal concessions by the Colonies concerned.

Summary of conclusions and recommendations

24. The Conclusions and Recommendations of the Committee may be summarised as follows:—

Dominion Wheat quota (paragraph 7)

(a) (i) Subject to the decision to be reached by the Cabinet on the proposals of the Minister of Agriculture and Fisheries (see paragraph 5 of this Report) the United Kingdom Government are now prepared to offer a Dominion Wheat Quota.*
(ii) In the event of the Secretary of State for Dominion Affairs being authorised to offer a Dominion Wheat Quota, that quota should be without any guarantee of price.

Preferential tariffs in the United Kingdom (paragraphs 8 & 9)

(b) (i) The Government's mandate does not rule out preferential tariffs, and accordingly the Secretary of State for Dominion Affairs should proceed on the

* See, however, footnote [ø above].

assumption that preferential tariffs on articles of food (with or without specified exemptions, e.g. wheat) are now permissible in prinicple as a basis for discussion with the Dominions.

(ii) The Committee's recommendations as to the articles which appear to be most suitable for possible tariff concessions to the Dominions will be embodied in a later Report to the Cabinet.

Tariff discussions with the dominions (paragraph 15)

(c) (i) Discussions must be conducted in the first instance with each Dominion on the following basis:—

(1) That concessions by the United Kingdom should be balanced by an adequate preference to the United Kingdom on the part of the Dominion concerned.

(2) That it should be explained to each Dominion in turn that it was proposed to offer the concession made by the United Kingdom with regard to any article to other Dominions (if interested in the article) but only in exchange for a corresponding adequate preference.

(3) That in the event of failure to secure a corresponding adequate preference from a Dominion desiring to receive the United Kingdom concession, abandonment of the concession in respect of that Dominion would be the first result, but in that case the whole circumstances would have to be reviewed again, and conceivably the original arrangement might have to be abandoned or modified.

(c) (ii) The results of all the discussions in accordance with the above procedure should be reviewed by the Ottawa Conference, and if it were found that the reciprocal mutual concessions were generally satisfactory, those concessions should be consolidated into a single multilateral recommendation by the Conference.

Tariff concessions from the dominions (paragraphs 16–18)

(d) It is hoped to obtain further tariff concessions from the Dominions. The Committee's recommendations regarding commodities on which new or increased customs tariff preferences in each of the Dominions would be of assistance to the export trade of the United Kingdom, will be comprised in a further report to be submitted by the Committee to the Cabinet in due course.

Import Boards and bulk purchases (paragraph 19)

(e) Any idea of Import Boards and Bulk Purchase should be ruled out from consideration.

Industrial co-operation (paragraph 20)

(f) Approval should be given for the furtherance of a scheme of Inter-Imperial industrial co-operation on the lines suggested in the Report (Paper O.C. (30) 28) of the Inter-Departmental Committee

Colonies and protectorates tariff preferences (paragraph 23)

(g) (i) The Secretary of State for the Colonies should be at liberty to make suggestions to the Chancellor of the Exchequer with regard to preferences on

commodities imported into the United Kingdom from the Colonies, whether those commodities are now subject to customs duties or not.
(ii) The acceptance of any suggestion under (i) above should not necessarily be made dependent upon the grant of reciprocal concessions by the Colonies concerned.[2]

[2] Signed on behalf of the committee by J H Thomas (chairman).

83 DO 121/61, ff 80–100 13–22 Aug 1932

[Imperial preference and the Ottawa Conference]: semi-official correspondence from Sir G Whiskard[1] (Ottawa) to Sir E Harding[2] giving an inside account of the proceedings of the conference [Extracts]

[Whiskard's correspondence with Harding in London covered the entire period of the Ottawa Conference, with the first letter dated the 22nd July and the last sent on the 22nd Aug. The Ottawa Agreements were signed 19–20 Aug 1932.]

13 August 1932

. . . As to what the decisions reached to-day will be, you will see those in the telegram which was despatched this morning. The Ministers were in deliberation on it until the very last minute, and I have not seen it yet. I fear, however, that we are giving far more than we ought to, or need give. I find difficulty in understanding the attitude of Ministers. They have offered, and quite properly offered, very substantial concessions to Canada and Australia. In reply Bennett[3] and Bruce[4] have stated quite brutally that, unless we give more, they will give us nothing. It is, however, inconceivable to me that either of them would, in fact, reject the very substantial concessions already offered if our Ministers dug in their toes and said "No, we cannot agree to such fantastic proposals as these". I fear, however, that there is no strength left in them.

The real danger which I have stressed to J.H.[5] is that, if the people at home find that the result of the Ottawa Conference is that food prices rise stiffly while there is no immediate increase in employment, they may say "If this is what Imperial preference means, we have had enough of it" and that if the principle of Imperial preference goes now, it will have gone for ever. . . .

19th August 1932

It has been impossible to dictate anything since the 13th when I finished my last letter. We have been hard at it more or less from 9 a.m. to 1 a.m. preparing constant revisions of the various draft agreements to meet the constant changes in policy and detail which are continually arising. One clause which is in common form throughout all the agreements is altered after discussion with one Dominion and has

[1] Assistant under-secretary of state, DO, and member of the British delegation at Ottawa.
[2] Permanent under-secretary of state, DO.
[3] R B Bennett, prime minister of Canada, 1930–1935.
[4] S M Bruce, prime minister of Australia, 1923–1929; minister without portfolio, 1932–1933; Australian minister in London, 1932–1933; represented Australia at Ottawa.
[5] J H Thomas, secretary of state for dominion affairs.

to be altered in all the other agreements, and so on. The result has been that a drafting Committee has been in constant session.

It is already impossible to remember in any sort of detail the various ups and downs which have occurred this week. On the night of the 13th matters reached a crisis. U.K. Ministers held a meeting at 11 p.m. which was of a somewhat sensational character. Neville Chamberlain admitted that he had put up at Ottawa with insults from Bennett and from Bruce such as he would never have imagined it possible that he should have borne. He had borne them, however, for the sake of bringing to fruition the policy which his father[6] had initiated, and he asked his colleagues not now to throw away the chance of success when he had already paid so much to earn it. This emotional appeal was countered by J.H. and Runciman[7] who said that they had both gone as far as it was possible for them in honour to go, and that they could not, and dare not, give the additional concessions, namely restrictions on imports of meat plus a meat tax with 2/– on wheat and no countervailing duty on Dominion flour which were now being demanded. In the end, at about 1.30 in the morning and after a series of trying moments, it was decided to take a firm stand and go no further. So far, so good but as far as can be made out, when they saw both Bruce and Bennett the next morning, they were far less bold than they had been in the seclusion of the Chateau and by themselves the night before. . . .

All the Agreements are now ready, or practically ready, for final signature except that the meat clause in the Australian and New Zealand Agreements is blank. As usual New Zealand, who have behaved comparatively well, and Southern Rhodesia and Newfoundland who have behaved extremely well, come off worst.

Last night the U.K. Delegation gave a Reception and Ball which was a magnificent success. Everyone is talking about it this morning, and saying that such a party was never thrown in Ottawa before. 2,000 were invited, 1800 were present. There was an excellent band, a first-rate supper (so I am told for I didn't have any as we had meetings at 10.30, 11 and 11.30, after which Ministers discussed for half an hour and then Fountain and I retired to his bedroom to draft new clauses so that I did not get down to the Reception until 1 a.m.). Champagne flowed like water, and everyone was happy.

So it really looks as if, after all, we should sign six Agreements tomorrow and, on the whole, they are not a bad looking lot although it remains to be seen what the mutton and lamb clause will be like when finally settled.

One delegate from each Delegation is meeting this afternoon under Neville's chairmanship to draft the General Resolutions. Neville is taking his own draft with him in which he has embodied the top and tail which I supplied, and I hope he will get it through.

22 August 1932

After 2 days of utter peace at sea, one is able to get the impressions of the last hectic day of the Conference and of the Conference itself as a whole sorted out a bit.

First for the last day. Ministers did, as I expected they would, give way to Bruce over meat.[8] He himself dictated a clause, with a 2 page memorandum, the clause to

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[6] Joseph Chamberlain. [7] Lord Runciman, president of the Board of Trade, 1931–1937.

[8] Free entry for dominion meat products was promised for a five-year period, and in return the dominions agreed for an initial period to restrict their meat exports to the UK to existing levels. Britain also agreed to

form part of the Agreement and the memorandum to be attached as a schedule, and there they are. I have not really had time to study them (we have no copies of the Agreements on board) but they looked pretty bad to me when I saw them in the early hours of Saturday morning (for only then were they finally settled). And even when the clause was finished, a further crisis arose; for Bruce accused Coates[9] (feeling has been very bad between them) of having wangled 500,000 lambs too many into his schedule, with the result that 500,000 lambs too few were in Bruce's. Members of the respective delegations adjourned to the hotel, and fought it out over Street's[10] bed (he having retired at about 1.0) from 3.0 to 4.30 a.m. and in the end Bruce got his strays back into the fold!

This was by no means the only difficulty. All Friday the U.K. saw successive delegations for the purpose of initialling agreements with a view to signature on Saturday. Both Bruce and Bennett demanded further concessions—brutally and as if they were dictating terms to a beaten enemy, as indeed they were—and all were at once conceded: 14/– instead of 13/– on butter, 15% instead of 10% on something else (I've forgotten what). . . . Finally Bennett brought Herridge[11] round at midnight, and Herridge argued for an hour and a half that the Agreement was all wrong, and that R.B. ought to withdraw half his concessions, until at last R.B. turned on him, told him to stop his incessant arguing, and initialled!

In the afternoon a Committee of one Minister from each delegation, with no advisers and no secretaries, met to draft general resolutions. Neville was in the chair and produced a draft of his own, which was instantly torn in pieces by the rest, and the meeting finally adjourned at 6.0 with nothing done, to meet again at 9.0. At 10.0 they emerged with a single jejune paragraph to which the Agreements are now annexed. . . .

Now for general impressions. In a few weeks we shall have forgotten all our evil thoughts and words, and shall look at the Agreements and find, I believe, that they are not too bad.[12] I dislike the meat concession profoundly, and I suspect that there are barely hidden rocks ahead in the Russian clause. But, apart from this, the tariff concessions which we have made don't trouble me much, and we have got a good deal in return. I know that the Board of Trade don't expect much in the way of hard cash from the "domestic competitor" declarations made by Canada and Australia, but I venture to regard them as really valuable and important—perhaps a first step towards a return to economic sanity.

There is, I think, one really important lessons to be learned out of this Conference—never again let us go to an overseas Conference with more than 3

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impose quotas on imports of foreign meat, but did not accept the Australian request for a meat duty. Preferential treatment for dominion meat imports to the UK was a particularly sensitive issue as, since the dominions were unable to supply all UK needs, it threatened to result in price increases for British consumers.

[9] G J Coates, minister of public works, employment and transport, New Zealand.

[10] A W Street, Ministry of Agriculture and Fisheries, adviser to British delegation, Imperial Economic Committee.

[11] Major W D Herridge, Canadian minister to the United States, 1931–35.

[12] In addition to agreeing to the imposition of quotas on foreign meat imports, British delegates agreed to the imposition of the wheat duty; to maintain certain preferential margins and duties on foreign goods for a five-year period; that no duty or quotas should be imposed on imports of eggs, poultry, cheese, butter, milk or other dairy products from the empire for three years; and agreed privately with the Canadians that Britain would take action if Russian exports appeared likely to undermine the Ottawa Agreements.

Ministers. I suppose that it was inevitable, in our political circumstances, that we should have 7: but it was nearly fatal to us. And, as part of the same lesson, we ought never to have more than, at most, 5 or 6 advisers to our delegation. Let there be as many subordinate "advisers to advisers" as may be, but not more than 5 or 6 with a claim to be consulted by Ministers. It was because they themselves were 7 and we were legion that we advisers were so little consulted—never, in my experience, have Ministers used their advisers so little, or disregarded so wholly such advice as they did receive. Three Ministers, with say 6 advisers, would have formed a compact team which might have produced very much better results than have in fact emerged.

Also it would be desirable, if such an occasion ever occurs again, to have something faintly resembling a policy before we start. As it was we had all the materials (far more plentiful, accurate, and carefully prepared than any other delegation) for formulating a policy, but made very little use of them—and in the end Bennett and Bruce made up our minds for us.

84 CAB 23/72, CC 46(32)2 27 Aug 1932

'The Ottawa Conference': Cabinet conclusions on imperial preference and the Ottawa Conference

The Cabinet had before them a telegram from the United Kingdom Delegation at Ottawa, circulated by the Secretary of State for Dominion Affairs (N. 377(32)), containing particulars of the various Agreements concluded at Ottawa.

After the Prime Minister had welcomed the Ministers who had just returned from Ottawa, the three Delegates made statements as to the proceedings of the Conference.

The Lord President of the Council[1] said that he did not wish to add much to the general statement issued by the Delegates on their arrival and published in full in the more important newspapers of even date. From the first the Delegation had appreciated the risks of failure at Ottawa, the difficulties that it would create at the World Conference and the diminution of British influence that must result. One difficulty arose from the fact that each Dominion had to negotiate with the United Kingdom Delegation, but the United Kingdom Delegation had to negotiate with all. The Delegates had therefore to pass continuously from one negotiation to another. The Delegation had held more than 70 meetings—an average of more than two a day. He paid a tribute to the harmony of their proceedings. The Delegation had worked as one man. Every question had been discussed on its merits, and unanimity had prevailed throughout.

The Lord President then discussed briefly the attitude of the other Delegations, making special mention of the helpfulness of the Indian Delegates, and the good team work of the South African Delegates, who had been most helpful throughout and were prepared on their return to South Africa to denounce their Treaty with Germany. The position of the Irish Free State Delegation had been peculiar. They had learned a lot about the position of a Dominion within the British Common-

[1] Mr Baldwin.

wealth, and he believed they felt a genuine regret at their inability to play any effective part, and that they had gone home with a desire to do so in the future, though this depended on the difficult personality of Mr. de Valera. The Canadian Delegation had been handicapped by the activities of elements in the Dominion, acting under the pull of American interests, that desired the failure of the Conference.

The Agreement with India, the Lord President explained, could not be published at present as the Indian Delegates had advised that this would jeopardise its passage through the Legislative Assembly, but it was a very satisfactory instrument.

Speaking generally the Delegation had achieved its major objects—an increase in the preference to the United Kingdom, coupled with a lowering of tariff duties. They had worked consistently for an alteration in the high protective policy of the Dominions. In the case of Australia recent events had worked in this direction. The effects of the policy of economic isolation adopted by Australia had been brought home by recent experience. Declarations of policy had been obtained from both Canada and Australia reducing duties and giving the United Kingdom producers an opportunity for reasonable competition in domestic markets, due allowance being made for the relative cost of economical and efficient production. Much depended on the way in which the agreements were implemented. In order to build on the foundations laid statesmanship and continuous contact would be required.

The Lord President then described some of the difficulties that had arisen, more particularly with Canada and Australia, which had rendered success doubtful up to the very eve of the termination of the Conference. That some resolutions of a general character had been passed at the final meeting was due to the skill of the Chancellor of the Exchequer, to which he paid a high tribute.

The substantial result of the Conference, the Lord President added, was the declaration of policy referred to above, which should do good, not in the Commonwealth alone, but as an example to the world. A breach had been made in the policy of high tariffs; some Customs anomalies had been got rid of, and it was hoped that more would disappear as the result of the Ottawa Conference. This ought to help the work of the World Conference.

The Chancellor of the Exchequer, supplementing the Lord President's statement, offered the sole criticism that he had understated both the difficulties and the achievement. He explained the difficulties due to the personal equation of some Delegates and to Press attacks on the United Kingdom Delegation. He gave illustrations, including the problem created by the competition of Soviet Russia, which, though not fundamentally a subject of any great divergence of opinion, had been kept open, apparently as a bargaining factor, until near the end of the Conference.

One point that had struck the Chancellor was how thin the bonds of Empire had worn, and the growth of nationalism in the Dominions. He did not think that the bonds could have survived but for this Conference, which had strengthened the sense of belonging to a great Commonwealth and of the advantages to be derived therefrom. The unofficial contacts also had proved very advantageous and might produce useful developments in the future.

The Delegation had thought that it would be useful, as at Lausanne, to get some guiding principles adopted at an early stage of the Conference, and, on the outward voyage, had devoted some time to drafting them. Unfortunately, however, they had not been able to obtain this. Their aim had been to secure a lowering rather than a

raising of tariff barriers. Some members of the Canadian Government, however, living under the shadow of a powerful neighbour given to sudden and ruthless imposition of trade barriers, had evinced a strong opposition to any such general policy and could not bear the thought of lowering their tariff barriers against the United States. Consequently the United Kingdom Delegation had been obliged to abandon the idea of passing resolutions at an early stage, and had had to reserve them until the end of the Conference. It was found that what we could offer to the Dominions was of more immediate value than what they could give us, and the Delegation had rather sought to set the tiller so as to steer the Dominions into the right course. They had aimed at a special preference on articles not manufactured in the Dominions; and on articles the Dominions did make to obtain a chance for us to compete. They could not expect the Dominions in a day to change their tariffs and put their manufacturers at the mercy of British competition, so they aimed at a progressive opportunity in return for a long-term agreement. At first this was a new idea to the Dominions, but eventually they took to it and the principle was embodied in the agreements.

Another principle, the Chancellor continued, was the regulation of meat supply. Before the Conference began, the question of meat export was known to be of great importance to Australia and New Zealand and of interest to Canada, where there was a realisation that farming was too dependent on wheat production and that they should turn more towards general farming. South Africa was also concerned, as existing preferences benefited the British settler rather than the Dutch farmers, who kept cattle. The matter had been discussed with the Australian Delegation at an early stage on board ship. Early in the Conference it had been agreed that Dominions concerned in the same class of export should form groups for purposes of negotiation and meat had been found to concern nearly every Dominion, but principally Australia and New Zealand. Mutton and lamb had proved to be the key points of the discussion. Our own agriculture was deeply interested in this owing to the fall in prices. But statistics revealed that this fall was due, not to foreign production but to the Dominions themselves. At first the Dominions had asked for a duty and a restriction of foreign imports; the duty, because this would be understood by their own people; the restriction of foreign imports in order to raise prices, without which the duty would not be of much value. The United Kingdom Delegates had then shown that the Dominions themselves and not foreign countries were ruining the markets and had asked what guarantee there was that they would not repeat this process. They replied that it was due to exceptionally favourable seasons that were not likely to recur. They asked first only for a *temporary* restriction, but it was elicited that this was because they thought we should be shy of a permanent restriction, which they would prefer. The United Kingdom Delegates had then suggested an ordered regulation of supplies into which all concerned must enter i.e. Australia, New Zealand, the United Kingdom and Argentina. Their first reaction was hostile to this idea, but, in the end, it appealed to them and they ceased to ask for a duty. At that point, owing to the indiscretion of a Dominion's delegate, a speech by the Chancellor of the Exchequer, which it had been agreed not to publish, was communicated to a representative of a newspaper, and this resulted in a set-back. In the end there was an agreement for an experimental period for a trial of the scheme, during which an effort should be made to produce a more permanent scheme. The Chancellor thought that the scheme presented no special difficulties for the

Argentine Republic or for anyone else, and, in any event, it was to operate only for 18 months.

In reply to the Lord Privy Seal[2] the Chancellor of the Exchequer expressed the hope that later the Cabinet would consider what was to be said to the Argentine Republic, Russia and foreign countries. The Dominions had been told that our policy was first to look after ourselves, then the Dominions and foreign nations last. The Dominions were to receive an expanding share of our trade and, consequently, foreign nations a diminishing share. Foreign countries were more interested in beef than in mutton and lamb and for beef there was a standstill arrangement. He had tried to get the idea of this progressive share for the Dominions into the form of general resolutions, but had encountered difficulties from the South African and Indian Delegations. South Africa could not accept any resolutions that conveyed the idea of the Empire having a policy of its own, and India was apprehensive of any concerted action.

At this point the Chancellor of the Exchequer read the resolutions eventually adopted, which will be circulated in due course.

The Delegation would have liked to set up some machinery for preparatory work between Conferences, but there was much suspicion of any such proposal, especially in Canada, and it had only been possible to secure the appointment of a Committee in London to examine the question. Probably it would be necessary to begin on a very modest scale, possibly with a statistical bureau.

The Secretary of State for Dominion Affairs said that the difficulties of the Conference on the personal side had not taken him by surprise, owing to previous experience, and he gave illustrations of the hostile activities of British as well as Dominion influences. He agreed with the Chancellor of the Exchequer that, if the Conference had not been held, the situation would have been worse in 12 months' time; but, had it failed, it would have been worse still. He emphasised the importance of a competition, as opposed to a prohibitive tariff in the Dominions, and illustrated it by a reference to a Canadian offer purporting to give 65 million dollars of so-called preferences, which had been shown by British experts to be a minus quantity. He paid a high tribute to Sir Horace Wilson[3] and the Delegation experts. The Delegation had had to bear in mind that the restoration of prosperity to the Dominions was an indispensable preliminary to the resumption of migration, which, it had been recognised, when reopened, must be considered on a wider basis than heretofore. He added a number of illustrations of the tendencies and difficulties of the Conference, including some interesting details connected with the agreements on steel.

In reply to questions as to how the temporary restriction of meat imports was to be operated, the Chancellor of the Exchequer gave particulars, referring to Schedule H. to the agreement with Australia. New Zealand already possessed an organisation through which the scheme could be operated, and the Australian Delegates had satisfied him that there should be no difficulty. He read to the Cabinet the agreed programmes for imports of mutton and lamb from Dominions and foreign countries. The Argentine Republic was understood not to attach great importance to frozen mutton and lamb exports to the United Kingdom.

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[2] Lord Snowden.

[3] Chief industrial adviser to the British government, 1930–39, and senior adviser to the British delegation at Ottawa.

On resuming after the lucheon interval, the Cabinet first discussed the agreements relating to meat. The Chancellor of the Exchequer explained that Australia did not export chilled beef. The Cabinet were informed that what Australia most feared was a change in the food of the people, and comment was made on the reduced consumption of meat and more especially of beef.

Some discussion took place as to the 2/– a quarter duty on wheat, and the Delegates expressed the view that the Canadian Government had perhaps desired it for political rather than economic advantage. The Australian Delegation had not much liked it, as they apprehended that the wheat displaced would have to be sold and would tend to lower the world price of wheat. This part of the discussion revealed the desirability of obtaining further information as to the probable effect of the duty on the price of the loaf, having regard to the proportion and origin of soft wheat that has to be mixed with the Canadian hard wheat in order to get the right consistency in bread.

Some discussion took place as to the method by which negotiations should be conducted with foreign countries seeking commercial arrangements. There was general agreement that some of the Delegates to the Ottawa Conference would have to concern themselves in such negotiations, but that they must be afforded some rest after their strenuous labours and the procedure set forth below in conclusions (b) and (c) was agreed to.

On the results of the Ottawa Conference as a whole the comment was made that the arrangements to secure competitive conditions for British manufacturers in the Dominions, if fairly worked, would confer a tremendous advantage.

The Home Secretary (during the discussion referred to in conclusion 2 of the meeting) entered a *caveat* that this discussion was of a preliminary character, full details of the settlement not being available, there not having been time also for consultation, and, therefore, pending a fuller opportunity for consideration of the question he had to make reserves for his friends and himself on the whole policy put before the Cabinet. In this connection it was explained that it had not yet been possible to circulate all the documents which were eventually to be published, as Delegates had had to leave immediately after the close of the Conference, and the Secretariat had not yet arrived.[4]

On the assumption, based on the information at present available, that the Ottawa agreements are approved, the Cabinet agreed:—

(a) That the Minister of Agriculture and Fisheries should be asked to circulate as soon as possible a Memorandum explaining the effect on the price to the consumer of the proposed duty on wheat, having regard to the different countries of origin of wheat used to produce the loaf in ordinary consumption.

(b) That, when approached by representatives of Foreign Countries seeking commercial negotiations the Foreign Office should endeavour to obtain written statements which should be referred at once for the comments of the Government Departments concerned and afterwards considered by a Cabinet Committee.

(c) That the Cabinet Committee should be composed as follows:—

[4] Sir H Samuel and his fellow Liberal members of the Cabinet subsequently resigned from the Government over the Ottawa Agreements. Samuel tendered his resignation in a letter to Mr MacDonald dated 16 Sept 1932 (CAB 24/233 CP312(32), 23 Sept 1932), and discussed at a meeting of the Cabinet on 28 Sept 1932 (CAB 23/72, CC 47(32)1).

The President of the board of Trade *In the Chair*
The Chancellor of the Exchequer
The Secretary of State for Foreign Affairs
The Secretary of State for Dominion Affairs
The Minister of Agriculture and Fisheries
The Secretary of State for Scotland

(d) That full details of the Ottawa report, resolutions, agreements, "agreed programmes" for meat imports, exchanges of letters, etc. should be circulated as soon as they are available to the Cabinet as secret papers, pending their publication on such dates as may be arranged with the Dominions and India.

Note. It is possible that it may be necessary to await the return of the Secretariat at the end of the week to complete the documentation.

85 T 160/763/F14811/1 12 June 1934

[Industrial development in the colonial empire]: memorandum by Sir F Phillips[1] on the report of the inter-departmental committee on the industrial development of the colonial empire

[The inter-departmental committee on the industrial development of the colonial empire, chaired by R V Vernon, assistant secretary, CO, was appointed 'to consider and report how far it is desirable to frame and pursue a policy either to encourage or to discourage the establishment of industrial enterprises in the Colonial Empire' (T 160/763/F14811/1, CP 145 (34), 'Report of the inter-departmental committee on the industrial development of the colonial empire', 3 Mar 1934). In this connection the committee considered whether colonial governments should be permitted to establish tariffs against the UK in order to assist local enterprises; whether the UK should continue to allow free entry to all imports from the colonial empire, presently admitted free of duty under the Import Duties Act, 1932; and whether the British government should obtain for colonial manufactures an extension of the tariff preferences given to UK goods in the dominions and India under the Ottawa Agreements.]

This problem will be with us for fifty years and one would like to see some opinion other than that of an official Committee on it. On this occasion I am inclined to think that the Economic Advisory Committee might usefully consider the report before action is taken on it.

The report deals with (i) protection in the Colonies; (ii) protection of United Kingdom industries against the Colonies; (iii) preference in the Dominions for the Colonies.

Protection in the Colonies arises in the manner stated in paragraphs 9 and 10. Colonial products are admitted free to the United Kingdom market; but the Colonies themselves find Customs duties essential for revenue purposes, and it is 'hardly to be expected' that they would impose corresponding excise duties on goods locally manufactured. Hence in fact protected industries are springing up; the principal examples are breweries, match factories, cement factories, and factories for the production of soap and edible oils.

[1] Under-secretary, Treasury.

The Committee suggest that protective tariffs should be permitted at any rate under the conditions recommended for India (which are set out fully in para. 14). This means, at the least, accepting the principle of protection for infant industries in the Colonies; in actual practice protection once started is not likely to be so limited. The Committee argue that it would be indefensible on our part to object to a policy economically advantageous to the Colonies; such action "would be to revert to the mentality of 'plantation' days and provoke keen and not unreasonable resentment". The commercial interests of the United Kingdom and the general economic well being of the particular Colony are to be weighed and if the two appear to be in conflict the latter should prevail. (para. 16).

Having regard to the general financial and fiscal relations between the United Kingdom and the Colonies, I think the alternative view that Customs duties which adversely affect imports from the United Kingdom ought not to be imposed except primarily for revenue purposes would seem at least arguable. In the last resort the Colonies depend on the United Kingdom market for buying their output of primary commodities and a decline in British exports can hardly be to their advantage.

Not much harm to British trade is to be expected from the development of industry in the primitive sparsely inhabited African colonies, but in the densely crowded Asiatic Colonies, where the inhabitants are poor because they are overcrowded it is another matter. Most oriental races have the necessary aptitudes for industrial development and the overcrowding of the population means a very low standard which in the early stages of development gives a great competitive advantage. The growth of manufactures is therefore apt to occur at first with great rapidity and to cause serious dislocation among competitors with higher standards and therefore higher cost. The industrial potentialities of oriental countries are likely to be developed in the near future in any case, even without protection. The question is about to arise of the protection of Great Britain and other parts of the Empire against the competition of oriental Colonies.

The Committee seeks to avoid the imposition of protective duties in such cases, and proposes instead:—(a) the adoption in the Colonies of conditions of employment as regards wages, hours of work, factory and workshop regulations and compensation for accident comparable to those in this country. (b) arrangements between producers in the United Kingdom and the Colonies, with a view to dividing up markets and avoiding the evils of unregulated competition.

Only, they say, if such arrangements prove impossible should recourse be had to protective duties or statutory quotas.

There is nothing to be said against these proposals in theory, although one may feel doubt as to how far they are really practicable. Since the economic justification of the industrialisation of the Colonies is the hope that they will thereby attain a higher standard of living, it is quite right to treat the stage in which their competitive power is increased by the low standard of living as transitional. Their manufacturing concerns should be planned with a view to a future in which their costs will have so risen that, while they can obtain a substantial and steady share of business at remunerative prices, they will no longer be able to extend sales indefinitely at cut prices and nevertheless make a high profit. They may quite fairly be asked meanwhile to be content with such extension of their capacity as they are likely to be able permanently to employ and to charge prices which would be remunerative to their British competitors. It is, of course entirely to their interest to charge as high prices

as the market can pay except for the purpose of extending sales; if they abandon price cutting they get a present additional profit in place of an extension of future business, which would always be liable to be lost in case of an improvement in the standard of living. The very favourable treatment at present accorded under our tariff to imports from the Colonies gives the British Government some *locus standi* in bringing pressure on them and provided the pressure is not in a direction contrary to the interests of the Colonies there is no reason why it should not be used. The need to avoid any conditions which would evoke active opposition from the Dominions to preferences in favour of the Colonies would be an additional reason for getting the Colonial manufacturers to enter into agreements on the lines desired.

This is all rather theoretical, however, and one would like some further evidence as to how far it will be practicable for British manufacturers to persuade Colonial manufacturers to enter into agreements.

In the meantime I do not think the case has been proved for allowing the Colonies to impose protective duties against British goods, merely for the purpose of hastening the development of local industries. Where a tariff imposed primarily for revenue purposes has a protective effect, it cannot be helped.[2]

[2] Unconvinced by the report, the chancellor requested more time for its consideration. The issue of colonial industrial development was raised once gain by the CO in Jan 1936 (see 90).

86 T 161/657/S34609/0358 20 June 1935

[Colonial development]: minute by E Hale[1] on whether projects funded under the 1929 Colonial Development Act would result in the promotion of UK trade and industry [Extract]

[This minute was written following the Treasury's receipt of a letter from J W Balmford, director of audit, Exchequer and Audit Dept, sent on behalf of the comptroller and auditor general, Sir G Upcott, and addressed to the accounting officer, the Colonial Development Fund. Balmford enquired whether recommendations for assistance for certain schemes in Newfoundland and Malta approved by the Treasury would, as required under Section 1(i) of the Colonial Development Act, result in the promotion of UK trade and industry (T 161/657/S34609/0358, 29 May 1935). Before replying to the C & AG, the Treasury sought legal advice from Sir Thomas Barnes, Treasury solicitor, as to the correct interpretation of Section 1; Barnes's view was that the promotion of commerce with or industry in the United Kingdom need not 'necessarily be the direct and immediate result of the assistance given to the Government of any Colony' (*ibid*, Sir T Barnes to E Bridges, 24 June 1935).]

The C. & A.G. has called in question eight C.D.F. schemes on the ground that they fail to comply with the requirement of Section 1(1) of the Colonial Development Act as to promoting commerce with or industry in the U.K. Before referring in detail to the various schemes, I offer a few observations on the construction of the Act on which the C. & A.G's objections are based.

General considerations

The Act provides that "the Treasury . . . may make advances . . . for the purpose of

[1] E Hale, principal, Treasury

aiding and developing agriculture and industry in the colony or territory, and *thereby* promoting commerce with or industry in the U.K., by any of the following means:—" The section then goes on to authorise specifically a number of means of aiding and developing Colonial agricultural and industry.

The C. & A.G's letter raises the question whether the statute is to be interpreted broadly or narrowly. In other words, is it sufficient for the benefit of an assisted scheme to U.K. commerce and industry to be indirect and eventual, or must it be direct and immediate.

Mr. Jones' memorandum shows the support which can be found for either view from the history of the bill and from the pronouncements made by various authorities. This evidence is to some extent conflicting. There is no doubt that the originators of the scheme did not comtemplate anything but the indirect benefits of a wise policy of development; on the other hand the impetus which drove it through was largely derived from the hope that increased capital expenditure would bring immediate benefit, and I think Mr. Waterfield's intention in inserting in the draft of the Bill the reference to U.K. commerce and the industry may well have been restrictive. Similarly the authorities conflict, the C.D.A.C. tending to a broad view,[2] the Select Committee on Estimates (1932)[3] rather to a narrow one.

All this does not carry us very far. The question is whether we have acted lawfully and this in turn depends upon the proper construction of the statute. As a matter of construction, I should have thought that the broad view was right, for two reasons:—

(1) The word "thereby" must mean that it is the development of Colonial agriculture and industry (and not the means by which that development is brought about) which is to benefit U.K. commerce and industry; if the various means set out in the Section were *themselves* to promote U.K. commerce and industry *at the same time* as they were developing the Colony, the word "thereby" would surely be otiose and indeed misleading.

(2) The means set out in the section include some which, in the nature of things, could not have much direct and immediate effect upon U.K. commerce and industry. They include, for example (f) Surveys. Are we to assume that Surveys were included merely to help the makers of theodolites? Another means specifically authorised is "the development and improvement of fisheries." The C. & A.G. objects to helping the Newfoundland cod fishery because the cod is not exported to the U.K. Apart from sponges, shells etc, I doubt if any colonial fishery product is exported to the U.K. in substantial qualities or ever could be. It must be

[2] The CDAC's first interim report stated that the committee had not regarded itself 'as being definitely tied down to recommending only such schemes as would be likely to have the effect of providing immediate orders for British goods and materials. On the contrary, it has been unwilling to interpret its functions narrowly, and in framing its recommendations on the various applications submitted, it has envisaged a long-range policy of Colonial development' (*First Interim Report of the Colonial Development Advisory Committee, 1 August 1929–28 February 1930*, Cmd 3540, 1930, xviii, para 40).

[3] *First report from the Select Committee on Estimates, 1932* (PP 1931–2, vol 4). This report stated that the Colonial Development Fund was established for the 'development of the Colonial Empire mainly with a view to the provision of additional employment in this country'. It noted that many of the grants had been given to finance normal services of government, and recommended that in future assistance should only be given for schemes of a capital character to be carried out in the colonies outside the normal services of government.

remembered that Newfoundland, from whom we take a quantity of salmon and might take cod liver oil, was not qualified for assistance when the Act was passed.[4] The preliminary words of the Section are surely not to be construed in a manner that would largely rule out any of the means specifically authorised. Surely we may assume, for example, that Parliament, in authorising fishery development, intended that U.K. commerce and industry were to be promoted indirectly through the greater capacity to import manufactured products that might result from enriching Colonial fishermen. . . .

[4] As a result of the suspension of the constitutions in Newfoundland and Malta (see part I of this volume, 53) the two territories became eligible for assistance under the Colonial Development Act, 1929.

87 T 161/657/S34609/0358 27 July 1935

[Colonial development]: letter from J A Barlow[1] to Sir G Upcott[2]

The Lords Commissioners of His Majesty's Treasury have had before them Mr. Balmford's letter of the 29th May[3] (85/35) with regard to various recommendations for assistance from the Colonial Development Fund.

2. In the letter under reply reference is made to the words in section 1(1) of the Colonial Development act, 1929, which refer to the promotion of commerce with and industry in the United Kingdom. It is stated that in a number of cases the supporting papers do not clearly demonstrate the commercial advantage of these schemes to the United Kingdom and further information is asked for on this aspect of these recommendations.

3. My Lords note that you do not wish to criticise the long range policy referred to in paragraph 40 of the First Report of the Colonial Development Advisory Committee, provided that the schemes are likely to lead to increased trade with the United Kingdom. It appears, therefore, that your observations are not based on the fact that no immediate benefit is likely to accrue to British trade from these schemes, but that you wish to be furnished with information to demonstrate the likelihood that the schemes will, in the long run, result in increased trade with the United Kingdom.

4. I am to observe in this connection that, as regards several of the means of developing Colonial agricultural and industry specifically authorised by the Act, it is from the nature of the case difficult to show that they will give a specific and direct return in the form of increased trade with the United Kingdom, although it may be predicted with some confidence that this general result is likely to follow. The promotion of public health is a case in point. A considerable number of grants have been approved for health schemes and My Lords entertain no doubts that these grants are within the scope of the Act. The effect of these schemes on the promotion of commerce with the United Kingdom is, however, bound to be indirect and slow in coming into operation, and it has not hitherto been thought necessary, in order to comply with the terms of the Act, to attempt to forecast in detail the manner in which each of these schemes is likely to result in an increase of commerce with the United Kingdom.

5. In Their Lordships' view the same general considerations are necessarily

[1] Under-secretary, Treasury. [2] See 81, note 3. [3] See 86, note.

applicable to many schemes which have for their aim the general development of a Territory's resources. This may be illustrated by reference to the Newfoundland schemes in regard to which further information is asked for.

6. The road construction and land settlement schemes are intimately connected, and both are necessary for the proper development of the island's resources. In the case of road construction, expenditure must be mainly upon local labour and materials, but the opening up of communications is an essential preliminary to almost any form of economic development.

7. As regards the agricultural schemes, no doubt the products of the settlements will in the main be consumed at home, but this will reduce the present need for spending much of the proceeds of the island's exports upon imports of food, and these proceeds will thus become increasingly available for the purchase of manufactured goods of the kind which United Kingdom industry is in a position to supply. My Lords see no reason to doubt that the increase in the island's prosperity, in which a measure of land colonisation is an essential factor, will result in increased commerce with the United Kingdom.

8. As regards the cod fishery, and the construction of the wharf and warehouse at Port-aux-Basques, it is true that the exports affected by these schemes are mainly consigned to foreign countries. The fishery and the paper mills, however, represent at the present time the two largest industries in Newfoundland. Steps taken to stimulate them cannot fail to have an important effect upon the restoration of prosperity in the island. This, in turn, is likely to result in increased exports from the United Kingdom to Newfoundland, irrespective of the fact that Newfoundland's exports are not all sold in the United Kingdom market.

9. Organised co-operation is among the means of Colonial development specifically authorised by the Act. In the case of Newfoundland, owing to the widespread existence of the credit system, there is special need for co-operative effort, which cannot fail to have a widespread effect on the general well being of the country.

10. Three smaller schemes are referred to:—The schemes for the beaver farms and game reserves in Newfoundland, and for the land settlement schemes in Grenada, are covered by the general considerations which have already been referred to and My Lords think it unnecessary to add any detailed comments.

11. With regard to the scheme for the grant for research in Malta on the immunisation of goats from undulant fever, this complaint attacks human beings as well as goats and thus impoverishes the population. Schemes for the promotion of public health are specifically authorised by the Act, and this scheme would not appear to differ in essentials from the numerous other health schemes for which grants have been approved.

12. In the concluding paragraph of the letter under reply you enquire whether the considerations advanced in your letter warrant any inference that the principles hitherto adopted in the consideration of applications for assistance from the Fund have been modified in relation to the special needs of Newfoundland and Malta. My Lords have no hesitation in giving an assurance that this is not the case. In their view the grants made in the case of these two territories comply with the conditions laid down in the Act. In particular My Lords think that the present position of Newfoundland affords a striking instance of the need for assistance of the type contemplated by the Act, and that the assistance afforded has in all respects been within the scope of the conditions prescribed therein.

88 CO 852/51/9, no 29 15 Oct 1936

[Imperial preference, industrial development and Hong Kong]: letter from Sir A Caldecott[1] to G L M Clauson. *Minutes* by G E J Gent, H R Cowell[2] and G L M Clauson

[Caldecott wrote in reply to a letter from Clauson, in which the latter had raised several issues concerning Hong Kong's place within the imperial preference system. Clauson had informed the governor that there was some concern in the UK at what was seen as the 'menace' of exports from Hong Kong. He had enclosed summaries of replies received from colonial governments in response to a request by the CO for information on the effects of recent tariff changes. These showed that the imposition of duties introduced to assist British manufacturers against Japanese competition had had 'as their chief effect a large increase in imports from Hong Kong' (CO 852/51/9, no 3, draft despatch, Clauson to Caldecott, 7 Aug 1936). Clauson also sought reassurance from the governor that Japanese and Chinese products were not being exported to the colonial empire through Hong Kong in order to qualify for imperial preference. Two earlier despatches from the governor also discussed the subject of Hong Kong's place in the imperial preference system (*ibid*, nos 6 & 9, despatches from Caldecott to Ormsby-Gore, 29 July and 11 Aug 1936). The industrialisation of the colonial empire, including Hong Kong, was reconsidered in a second report in 1938 (see 90).]

This is in reply to your letter, with its very interesting enclosures, of the 7th August on the subject of Hong Kong's place in the Imperial Preference Scheme. Since the date of your letter you will have seen two despatches of mine on this subject (both Confidential) dated the 29th July and 11th August respectively, but I would like to comment on the contents of your letter seriatim, and for that purpose I have taken the liberty of prefixing a number to each paragraph.

2. Paragraph 2, beginning "a broad summary". It seems to me to emerge from the summary that in certain lines, e.g. rubber footwear and under-wear, Japanese products had, by their cheapness created for themselves a market among 'natives' which no other part of the Empire except Hong Kong can hope to capture. When therefore, in paragraph 3, you state your apprehension "that if the menace of imports from Hong Kong into this country *or the Colonial Empire* increases there will be a growing demand for the withdrawal of preference from Hong Kong" I feel that such a demand would, in the case of Colonies with 'native' markets, be unreasonable and deserving of the utmost resistance. I therefore feel myself unable to concur in the suggestion in your paragraph 5 (beginning "one other suggestion") that other Colonies should accord preference only to goods from Hong Kong of those classes which receive preference in the United Kingdom, because the British market cannot, I submit, be taken as a criterion for 'native' markets; the exceptions would outweigh the principle. The reason why the United Kingdom Customs Authority's requirements for rubber shoes must necessarily at present extend to all other parts of the Empire is because no other factories than those supplying the United Kingdom have been established. The result is that, whatever their destination all exports of Hong Kong footwear are now made exclusively of Empire canvas and Empire rubber. But if other factories should ever arise without a United Kingdom connection and produce goods with a lesser Empire content I do not see why Colonies with native markets

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[1] Governor of Hong Kong, 1935–1937.

[2] See 45, note 1, now head of the Eastern Dept, CO.

should not give them some preference. Surely their poorer classes ought not to be denied articles the purchase of which would bring benefit to Hong Kong and the denial of which would bring benefit to nobody?

3. As regards your paragraph 4 I have before now heard the insinuation that Japanese and Chinese finished products are sent here to masquerade as Hong Kong manufactures and so to qualify for preference on re-export to Empire destinations; but no evidence in support of such allegations has ever been forthcoming, and I can only assure you that a certificate that goods are of Hong Kong manufacture is not given by the Superintendent of Imports & Exports without all due precaution. I am not so foolish as to guarantee that no foreign manufactures ever work their way through his sieve, but I do not believe that there is any considerable volume of leakage.

4. As regards Empire Content (as distinct from Hong Kong manufacture) it is true that it is usually assessed on the declarations of manufacturers, though in certain lines (e.g. canvas and rubber shoes) there is the more elaborate machinery you know of. If we were pressed I believe that we could apply a similar system to other manufacturers, e.g. we could issue official certificates based on such evidence as the attestation of an approved Chartered Accountant. I do not however propose to take the initiative along these lines, because I believe that the interests of this Colony lie in leaving its manufacturing industries as unfettered as possible.

5. We are a tiny place, and have no sufficient home market to support industrialism on any large scale. Between us and China there is a Customs barriers and, however far we get with our policy of co-operation with Canton, I do not myself see (with the rising tide of Chinese nationalism) any chance of their lowering the barrier for Hong Kong products: to do so would indeed involve them in "Most Favoured Nation" difficulties. It remains therefore that if there is to be a future for industrialism in Hong Kong its market must be a cheap and distant one or, in other words, a protected market within our Colonial Empire.

6. From an Imperial point of view therefore the question seems to boil down to this. Is Hong Kong to be left just a fortress-port with a dwindling entrepot business (now that Chiang Kai Shek[3] has plumped for spending $40,000,000 on developing Whampoa as a port for steamers up to 9,000 tons, I have no doubt as to a future dwindling: it is not the amenities of the up-river port that I fear but the discriminations that it will enjoy as a place of import) or is it to be allowed to make up for what it loses on the entrepot swings by its takings on the industrial roundabouts? If the latter, it has (except in a few cases such as rubber) no near or cheap source of Empire raw material, and so the Empire content of its products will generally not very greatly exceed the percentage which cost of manufacture bears to the cost of material. If this is not sufficient to qualify for preference in Colonial 'native' markets, then it is a very bad look out for us; as I cannot see how the growing populations of Victoria and Kowloon are going to find employment without industrial development.

7. Since beginning the draft of this letter I have read the Secretary of State's Circular Confidential despatch of the 27th August, and I hasten to say that this Government will always do everything in its power to answer the queries of importing Colonies and to fall in with their suggestions regarding certification of

[3] Leader, 1925–1949, of the Kuomintang (Guomindang), the Chinese Nationalist Party.

origin. What I want to guard against is stipulations by them for high percentages of Empire content that will inevitably lose us our newly won trades. Hamilton, our Superintendent of Imports & Exports, will be proceeding on furlough in the early spring and it could be arranged that Price, the Assistant Secretary of the Chamber of Commerce, should be in England at the same time. If matters can possibly (as I hope to be the case after reading the Circular Despatch of 27th August, 1936) be left as they now stand for the present I would very much like them to have an opportunity of personal discussion with you before any new measures are taken.

8. I am also looking forward to paying you a visit myself when I get home after the Coronation; especially as, having come straight to this job from the Straits, I do not know along what lines Colonial Office thought trends about Hong Kong. I am busy at the moment trying to cement 'co-operative' relations between ourselves and Canton and I am expecting a return informal visit from Their Excellencies the Provincial Chairman and the Mayor on 4th and 5th November. The new conditions in the South West may create possibilities for an immediate advance in British and Hong Kong trade, but I am not so blind as to fail to see that what is apparently a pro-British feeling in China is in reality merely the obverse of the anti-Japanese feeling, and that the true psychology of the new nationalistic China is anti-foreign. Moreover the Chinese idea of co-operation is merely to receive what is given them. So it did not surprise me to read in the October "People's Tribune" of Shanghai (in an article dealing with my recent visit to Canton) that the ideal co-operative settlement of Sino-British problems would be the retrocession of Hong Kong! So long as there is a Japanese menace and a need for British capital, so long and so long only will the 'pro-British' sentiment survive. If the capital is not forthcoming, or if the fear of Japan as a successor to Britain in Hong Kong should subside, what now masquerades as a desire for co-operation would be very quickly debunked. I therefore consider it as politically important as it is, from our point of view, economically advantageous to give the Hong Kong Chinese a commercial attachment to the Empire. Our military and naval defences are designed against external aggression, but if relations with China ever become antagonistic there will be an enemy totalling over a million souls within the fortress gates, unless indeed their bread is liberally spread with Empire butter. This is an unpleasing prospect, but one which it would be folly to pretend not to have in the mind's vision.

Minutes on 88

The whole of Sir A. Caldecott's letter is very much to the mark. The menace of an ocean port at Whampoa is a distinct one. It might almost be suggested that it may not become a pressing commercial rival to the Port of Hong Kong until much about the same time as the even more difficult problem of the expiry of the lease of the New Territories towards the end of this century (a prospect which is bound to put a severe check not only on HK as a fortress but on the colony as a commercial centre)

G.E.J.G.
31.10.36

The position may be summarized thus—if the Empire attaches importance to retaining Hong Kong as an outpost of defence & a focus for British trade, it must put

up with some trifling competition from Chinese British subjects whose standard of living is necessarily lower than ours.

H.R.C.
2.11.36

It is all too seldom that we get from a Colonial Govr so thoughtful & comprehensive a review of the future of the colony which he governs. . . . I would propose to reply that his views accord entirely with ours, that we quite agree that the future of H.K. lies largely in the manufacture for colonial markets of goods which are largely non-competitive with U.K. manufactures because they cater for purses too slender to afford U.K. prices & that in suggesting that U.K. standards of 'Empire content' shd be adopted for the colonies generally we had it in mind not that this standard wd be a high one (which it generally is not) but that its adoption wd facilitate the sale of H.K. goods by laying down a standard which wd be universally acceptable & wd make individual investigation in each case unnecessary.

G.L.M.C.
18.11.36

89 T 160/763/F14811/2, IDC(37)9 Apr 1937

[Preferential trade relationship between the UK and the colonial empire]: memorandum by G L M Clauson

[This memo was prepared by Clauson at the request of the second inter-departmental committee on the industrial development of the colonial empire (see 90). It was circulated to the committee in advance of its second meeting, 23 Apr 1937.]

It has been suggested that it would assist the Committee in considering the various development schemes which have been described in detail in the papers now in members' hands if a memorandum were prepared by the Colonial Office setting out the general background of the problem: in particular the preferential trade relationship which exists between the United Kingdom and the Colonial Empire. This suggestion has not been put forward with the implication that proposals for industrial enterprises in the Colonies should in each case be settled on the basis of the profit and loss which the enterprise would involve to Empire trade, but rather with the object of providing information of a general nature about the balance of economic advantage which subsists between the United Kingdom and the Colonial Empire.

Four heads have been suggested for such a general review:—

(1) What preferences are provided in Colonial customs tariffs for exports from the United Kingdom and the Empire generally as compared with exports from foreign countries?
(2) In respect of what materials other than tin do Empire producers have a preferred position in the Colonies?
(3) What is the nature of the advantage that producers in the United Kingdom, and mostly in the Empire, enjoy when tendering for public contracts in the Colonies?

(4) What advantages, if any, has British shipping as compared with foreign shipping in the Colonial trade?

As will be explained below it is not possible to give a detailed quantitative analysis under all these heads. Before proceeding to consider them in such detail as is possible, however, it seems necessary to make two important reservations regarding the significance of the facts given.

In the first place it is not possible to obtain a complete picture of the economic advantages derived from the Colonial Empire by considering the question merely under the four heads set out above. Other considerations are at least as relevant, such as the natural tendency for trade and settlement to follow the flag, the facilities which the Colonies provide for capital investment (the service of Government debts in the African Colonial dependencies, for example, amounts to roughly £4 million a year, almost all of which comes to the United Kingdom) for the defence of Imperial trade and so forth, besides such minor advantages as opportunities for posts in the Colonial services, etc. The balance sheet of economic advantage from the Colonial point of view would therefore not be complete without due weight being given to these other questions.

In the second place, while it is true that the introduction of a comprehensive system of Imperial preference has tended to increase the volume of trade between the United Kingdom and the Colonial Empire, this trade was already well established before the policy of preference was at all widely adopted. Imperial preference has therefore resulted not in the creation of new channels of trade between the United Kingdom and the Colonial Empire (although individual items entering into that trade have of course been affected) but merely in a slight deepening of existing channels.

The best example of a large volume of mutual trade built up without tariff preferences of any kind is in the case of Nigeria. In 1931 (before the passing of the Import Duties Act), out of total exports from Nigeria to a value of £10½ million goods to a value of a little over £5 million went to the United Kingdom: and in the same year, out of total imports into Nigeria of a value of £6¾ million, over £4¾ million came from the United Kingdom.

The introduction of preference by the United Kingdom in 1932 altered this position only very slightly. Out of total exports in 1935 valued at £11½ million Nigeria sent goods to the value of £5½ million to the United Kingdom. As regards imports Nigeria, still giving no preference (apart from the textile quotas to which reference is made below), took goods to a value of £5¼ million from the United Kingdom out of total imports to a value of £8¼ million. It is to be noted in this case that, after due allowance is made for 'invisibles' including an annual Government debt service of over £1½ million a year, the balance of payments is heavily in favour of the United Kingdom.

With these important reservations in mind it is possible to consider the specific heads for enquiry mentioned earlier in this memorandum.

(1) *Colonial preferences*

There are two kinds of preferences given in certain parts of the Colonial Empire to British Goods. viz. tariff preferences and quotas. It will be convenient to deal with those separately:—

(a) *Preferential tariffs*. Since tariff practice is so diverse throughout the Colonial Empire it is impossible to give a detailed quantitative analysis of the advantages derived by British exports in the Colonies generally. Complete details of individual tariffs will, however, be found in the Colonial Office publication "Customs Tariffs of the Colonial Empire" which is issued in three volumes.

The general method by which the preferential tariff system works is for two rates of duty to be specified, one general and the other preferential, and for British goods (that is to say goods which can satisfy certain conditions of minimum Empire content and which are consigned direct from a part of the British Empire) to be admitted at the preferential rate. It will be seen from the papers already circulated to the Committee that the margin of preference is in many cases substantial.

It should be noted, however, that a considerable part of the Colonial Empire is precluded by Treaty obligations from granting Imperial preference. The Colonies thus affected fall into three rough groups:—

(i) Mandated territories – Tanganyika Territory, Palestine, the Cameroons and Togoland under British mandate. These territories are held under Class 'A' and 'B' mandates in which is included a clause specifically prohibiting discrimination in trade or other matters.

(ii) The Colonies falling within the conventional area of the Congo Basin. The Treaties known as the Congo Basin Treaties (that is, the General Act of the Conference of Berlin 1885, the General Act and Declaration of the Brussels Conference 1889–90, and the Convention revising these two Acts signed at St. Germain-en-Laye 1919) include within their scope the whole of British East Africa, viz. Kenya, Uganda, Nyasaland, Zanzibar and part of Northern Rhodesia, as well as Tanganyika. The precise legal obligations as regards freedom of trade to all nations in this conventional area is open to some doubt, but in practice, so far as British territories are concerned, discrimination of any kind is avoided.

(iii) Up to October last both the Gold Coast and Nigeria were precluded by treaty obligations from discrimination in favour of British goods. In the Gold Coast the Anglo-Dutch Treaty of 1871 is still in operation but the denunciations by the French in October 1936 of part of the Anglo-French Convention of 1898 had made it possible for Nigeria to consider the introduction of Imperial preference. So far, however, no decision has been taken to do so.

In this miscellaneous group should also be included Hong Kong and the Straits Settlements whose entrepôt trade precludes the grant of effective preferences. (There are, however, quotas in the Straits Settlements).

When these exceptions are taken account of it will be seen that so far as British Colonial territories in Africa are concerned only four smaller Colonies give preference to United Kingdom goods, viz. Sierra Leone, Gambia, Somaliland and part of Northern Rhodesia.

(b) *Quotas*. In certain parts of the Colonial Empire quotas have been applied on imports of cotton and artificial silk piece goods with the object of limiting Japanese competition in these goods. There are no quotas on other goods.

The Treaty obligations discussed above apply also to quotas, since the provisions of the mandates and of the Congo Basin Treaties have been held to preclude their imposition in the territories concerned. Quotas have however been introduced in a modified form in the two West African Colonies which do not give preference. These

quotas were originally confined to imports from Japan. From the beginning of this year however the system was applied in Nigeria to all foreign countries. In the Gold Coast, owing to the provisions of Anglo-Dutch Treaty, quotas had to be imposed on British imports as well.

There are no quotas in Hong Kong, and in addition, for purely practical reasons, the following minor dependencies have been omitted from the quota system:– North Borneo, Tonga, Gibraltar, St. Helena and the Falkland Islands.

As in the case of preferential customs tariffs it is impossible to give in the course of a short memorandum details of the quantitative effects of quotas on British and foreign trade in the Colonies. It has been calculated very roughly that the quotas have involved an increase in the value of piece goods exported from the United Kingdom to the Colonial Empire from £2½ million in 1933 to £4 million in 1935.

As regards the operation of the quota system, it works as follows. Each foreign country (in the case of the Gold Coast, the United Kingdom as well) is allocated annually an amount of cotton and artificial silk piece goods which it may export to the Colony concerned during that year. The amounts originally prescribed were based generally on average imports for the years 1927–1931, and that basis has been continued except in the case of Nigeria and the Gold Coast where the basis taken was 1935 imports plus 50 per cent. In all cases there is a minimum quota of 2½% of the total imports.

It will be seen that except in the case of the Gold Coast where it was necessary for Treaty reasons, no restriction is imposed by the quota system on imports of British piece goods. Since Japanese trade, against which quotas were particularly aimed, had expanded between the base period and the introduction of quotas in 1934, the effect of the quota system has been in practice to increase the United Kingdom share of the Colonial markets at the expense of Japan. The quotas imposed on other foreign countries have as a general rule been ample for their export requirements.

(2) The answer to this question is very simple. Except for the differential export duty on tin-ore in the Federated Malay States and Nigeria, which is a special case arising out of special circumstances, neither Colonial producers nor United Kingdom manufacturers given any significant advantage to each other in the way of favourable opportunities to purchase, except the natural advantage which arises from old-standing connections and such incidental advantages which may become important at times as the link between Colonial currencies and sterling.

(3) So far as Government purchases and the placing of Government contracts for public works are concerned the United Kingdom possesses a practical monopoly. The Crown Agents for the Colonies, who are the purchasing agents of the Colonial Empire in the United Kingdom, act under instructions which require them to place all orders within the Empire unless there are special reasons to the contrary. This is of course partly due to a policy deliberately adopted to benefit United Kingdom manufacturers, and its practical effect is considerable. The annual volume of purchases made through the Crown Agents by Colonial Governments is now about £4,500,000, but in peak years it has been some millions higher than this. The system of purchases through the Crown Agents also operates, however, for the benefit of the Colonial Empire, since the Crown Agents have much better facilities for inspecting goods under construction and making sure that supplies are of the quality desired if

they place their orders in this country than they would have if they were dealing with foreign suppliers.

(4) It is difficult to strike any sort of balance under this head. The United Kingdom view has always been that in the case of shipping United Kingdom interests will best be served by maintaining the fullest possible freedom of access. There are therefore no provisions either in the United Kingdom or in the Colonial Empire for preferential treatment of Empire over foreign shipping, but the natural circumstances of trade in practice ensure that where possible British shipping enjoys a large share of the Colonial carrying trade.

In some cases the difficulty as regards shipping has been rather that the services provided by British lines have not been adequate for the needs of the Colony concerned. This problems is particularly acute in the West Indies (although it is to be noted that under the Canadian-West Indies Agreement a regular steamship service is provided to the West Indies by Canadian National Steamships), while in Palestine and elsewhere complaints have been made about the poor conditions of transit provided by British shipping lines. In the Far East the problem has become one of Japanese penetration, and the Imperial Shipping Committee is at present conducting an enquiry into the whole question.

90 T 160/763/F14811/2, ff 20–54 [Feb 1938]

[Industrial development of the colonial empire, 1938]: draft report by E Melville[1] of an inter-departmental committee[2] (chairman J Colville).[3] *Appendix*: summary of industrial enterprises in the colonial empire [Extract]

[In Jan 1936 the secretary of state for the colonies, J H Thomas, wrote to Neville Chamberlain, the chancellor of the Exchequer, asking whether he was yet in a position to comment on the 1934 Report of the Inter-Departmental Committee on the Industrial Development of the Colonial Empire (see 85). Thomas suggested that either the report be submitted to Cabinet or that a Cabinet sub-committee be appointed to deal with it (T 160/763/F14811/1, Thomas to Chamberlain, 15 Jan 1936). In his reply Chamberlain proposed that further investigation be undertaken before the issue be put to Cabinet again (*ibid*, Chamberlain to Thomas, 28 Feb 1936). He noted that not only had some time elapsed since the presentation of the 1934 report, but also argued that a blanket policy towards the colonial empire was inappropriate given the wide differences between the colonies, and between the extent of industrial development in each. The second committee was chaired by John Colville; Professor Gilbert Jackson, governor of the Bank of England, was invited to attend as the chairman's adviser; no representatives of British industry were invited to join. The committee worked under the same terms of reference as its predecessor of 1934, and reported in March 1938.]

We were appointed by the Secretary of State for the Colonies with the following terms of reference:–

"To consider and report how far it is desirable to frame and pursue a policy either

[1] Assistant principal, CO.
[2] The Treasury, Board of Trade, India Office, CO and DO were represented on the committee.
[3] Lt Col J Colville, MP, financial secretary, Treasury.

to encourage or to discourage the establishment of industrial enterprises in the Colonial Empire."

2. We have held (3) meetings and have considered various memoranda which have been submitted to us by the Colonial Office supplying in summary form data relating to the particular examples of industrial development in the Colonial Empire which appeared to be the most representative and most important. . . .

3. Although not specifically invited to do so in our terms of reference we based our deliberations closely on the unpublished findings of a smaller Interdepartmental Committee which investigated a similar question early in 1934. In view of the lapse of time since that Committee reported, we have naturally had to consider a certain amount of fresh evidence of industrialisation in the Colonial Empire; but our Report owes much to the careful work done by the earlier Committee. To simplify presentation we make no further acknowledgement of the assistance derived from that source. We have also, in view of the special position of Palestine as a territory administered under an "A" Mandate and of the uncertainty regarding its future status, excluded Palestine from the scope of our Report.

4. In considering the question which has been referred to us we have not been able, nor have we thought it necessary, to secure detailed information about all enterprises in existence throughout the Colonial Empire to which the term "industrial" might be applied. We have thought it sufficient to consider the data provided in the Colonial Office memoranda to which we have referred above. In order to give some general idea of the extent to which industries have already established themselves in the Colonial Empire, however, a summary of the whole field, including the examples placed before us in the Colonial Office memoranda, is given in the Appendix to this Report. (The Appendix has been compiled from the Colonial Annual Reports and other information available in the Colonial Office and may not be absolutely complete.) This summary omits all reference to such undertakings as gas, water and electricity plants and to industrial establishments directly connected with the preparation of primary products, agricultural or mineral, for export. In the latter category are included, for example, cotton ginning factories, sugar crushing mills, fibre decorticating plants, saw mills, smelters, oil-refineries etc.—enterprises which, while they necessarily involve some degree of industrialisation and may on that account raise very definite problems for Colonial Governments have come to be regarded as essential or at any rate usual in any primary producing countries. It is true that some of these enterprises subject the raw material to processes which are not absolutely necessary in order to prepare it for export—for example crude mineral oil can be exported as such instead of being refined on the spot—but such processing, even if not essential, is at any rate so obviously reasonable that there is no occasion to question its propriety. Such enterprises, therefore, can properly be regarded as outside the scope of our present enquiry. The summary in the Appendix also omits reference to such undertakings as creameries, flour mills, bakeries, brick and limekilns, ice factories, etc., all of which can, we think, be regarded as necessary developments even in the countries primarily engaged in raw material production.

5. It will be observed from the summary in the Appendix that there is a marked difference in the degree to which industrial development has already taken place in the various parts of the Colonial Empire. In the Eastern Dependencies—chiefly Hong Kong, Straits Settlements and Ceylon—such development has been quite consider-

able: but in the remainder of the Colonial Empire the sum of industrial undertakings at present in existence is not a large one. This is particularly true in the case of the African Dependencies, where industrialisation cannot be said as yet to have gained any substantial footing. It is still true to say that these Dependencies are engaged almost exclusively in the production of raw materials and foodstuffs for export to the more highly industrialised countries in Europe and elsewhere. We have not attempted to estimate the total annual value of industrial production in the Colonial Empire as a whole, but even including the industrial products of Hong Kong, Malaya, Ceylon, etc. we feel certain that it is, compared on the one hand with the value of raw materials produced and on the other with industrial production in an ordinary industrialised country, almost negligible.

6. This does not mean, however, that the possibility of further industrial development is altogether excluded, or that there is no substantial problem for us to consider. As we have already indicated, the development of industrial enterprises has been more marked in certain parts of the Colonial Empire than in others: and for a variety of reasons, to which we refer below, the industrialisation of such territories as Hong Kong, Malaya and Ceylon may be expected to proceed further in the near future. Moreover, history has shown that the evolution of more civilised conditions in backward countries, and the general improvement in the standard of life which accompanies it, have been associated with a change-over from purely agricultural to at least a mixture of agricultural and industrial pursuits. The gradual improvement in general economic and social standards in the Colonial Empire, towards which Colonial policy aims, may therefore be expected to bring about some substitution of industrial for purely agricultural conditions. The history of the development of India and of the various Dominions is evidence of the tendency to which we refer.

7. At the same time we feel that the development which we foresee for the Colonial Empire as a whole cannot, in the natural course, of events be anything but a slow one. The reasons for this are clear. While there are certain advantages to be obtained from manufacturing finished products near the source of the raw materials employed in their manufacture (particularly where the local market is partially insulated from the world market by heavy transport charges) there are a number of serious diseconomies which are frequently found, in the present conditions of most Colonial Dependencies, to offset any savings on that account. In the first place, the industrial technique of large scale production is such that the size of the market supplied by a particular source of manufacture is in most cases of paramount importance. Unless the "effective" market for an industrial product is large enough it is impossible for the full economies of large scale manufacture to be realised. . . .

8. In the second place, while labour costs in more backward countries tend to be low and therefore to give local industries a competitive advantage against e.g. United Kingdom manufacturers, any saving on this account tends to be offset by the general lack of skill of the local labour supply. For this reason we feel that complaints against cheap labour and "Oriental conditions" in the Colonial Empire are apt to be over-emphasised. . . .

11. We have reached the conclusion then that some further industrial development, if a slow one, may be expected in the Colonial Empire as a result of natural growth. Since our terms of reference specifically refer to the possibility of discouraging industrial development in the Colonial Empire, we proceed first to record our views on this question before considering the more important question

whether Colonial Governments would be justified under any circumstances in giving assistance to schemes of industrial development.

12. We do not consider that it would be desirable, even if it were possible, for Colonial Governments to attempt to discourage such industrial development as may take place in their territories as a result of natural growth. This applies equally to the Eastern Dependencies, where, as we have indicated, such development is most likely to occur, and to other parts of the Colonial Empire. We have referred earlier in this report to the probable tendency for industrial enterprises to develop *pari passu* with the evolution of a higher standard of life and of social development in the Colonial Dependencies. Having regard, therefore, to the principle of trusteeship, which has been laid down in another connection and on which increasing emphasis is now tending to be laid, we consider that it would be quite improper to impede promising lines of economic development of this kind. To enforce such a policy would be to revert to the mentality of "plantation" days and to provoke keen, and not unreasonable, resentment. There is also a special argument against the adoption of such a policy for Hong Kong, where the greatest amount of "natural" industrial development has already occurred. The position of Hong Kong as an important centre of entrepôt trade for China and the Far East had for some time, until the outbreak of the present Sino-Japanese hostilities, been on the decline; and although the future of this trade is now more obscure, it is clearly desirable that an alternative source of income should be provided in order that the general standard of life of the inhabitants may not be endangered by sudden changes in circumstances which are outside Hong Kong's control. The further development of industrial enterprises in the Colony would provide this alternative source of income; and we understand that the Secretary of State for the Colonies has already recommended a policy of fostering local industrial development for this reason. In the particular circumstances of the Colony we see no reason to disagree with this recommendation.

13. For the reasons given in the preceding paragraph we cannot entertain the suggestion which has sometimes been made by certain Empire manufacturers that the privilege of free entry for Colonial manufactured goods into this country and into other Empire countries should be withdrawn. This privilege, it will be remembered, was accorded under Section 5 of the Import Duties Act, 1932, which gave entire exemption from the general *ad valorem* duty imposed by that Act, and from any "additional duty" imposed thereunder, to all imports from all Colonies and Protectorates or from Mandated Territories to which the Section might be applied by Order-in-Council. . . .

17. Looking at the question in broader terms, we consider that one step which should be taken generally in the Colonial Dependencies where industrial enterprises exist is to institute a greater degree of control over "factory and workshop" conditions. . . .

18. As we have stated above, it seems unlikely that the competitive advantage derived from the employment of cheap labour in the majority of Colonial Dependencies would be sufficient in present circumstances to offset the considerable diseconomies of local production. At the same time, the complaint of unfair competition from cheap labour has been made in the case of manufactures from the Eastern Colonies where conditions approximate to those obtaining in Japan. The United Kingdom manufacturer is apt to represent—and we see no ground to question either his sincerity or his accuracy—that his cost of production is

materially increased, not only by high taxation, but also by the restriction of hours and imposition of minimum wage rates which are the result either of legislation or of trade union action, by the Factory Acts which prescribe conditions of health and safety, and by "social insurance" legislation regarding unemployment, health, insurance, compensation for accident and suchlike. Generally speaking it is almost inevitable that the burden on the employer and the resultant increase in his costs of manufacture from all these causes should be very much less in the Colonies than it is in the United Kingdom. Accordingly we consider that a deliberate policy should be pursued of securing the adoption in the Colonies, *pari passu* with the development of industrial conditions, of conditions of employment as regards wages, hours of work, "factory and workshop" regulations and compensation for accidents which will be to some extent comparable to, though no doubt not identical with, those in force in the United Kingdom. Any steps taken to ensure these results would, as we have already said, by eliminating the unfairness of competition which derives its ability to quote low prices from its dependence on undesirable conditions of employment, do much to remove any possible grievance on account of "unfair" labour conditions felt by other Empire manufacturers. . . .

22. Our examination of examples of industrial development in the Colonial Empire has indicated that the case of Hong Kong, where the growth has been to a large extent a natural one, is exceptional. Elsewhere, for the most part, those industrial enterprises which have obtained a firm footing in the Dependencies have been established either behind the protective barrier of a revenue duty or a specially imposed tariff or with some other form of assistance from Government. This raises a very different question: namely whether the process of industrialisation of the Colonial Empire, which we foresee must take place, if very slowly, ought to be accelerated by Government intervention. . . .

23. There are many forms which Government encouragement of industry can take: for example, investment of Government funds in individual enterprises, guarantee of interest on private capital invested, special remission of taxation, monopoly privileges or the accord of special terms or facilities in connection with transport on Government railways and so forth; but so far as the Colonial Empire is concerned the most common form of encouragement has been, and is likely to continue to be, the existence or imposition of a tariff sufficiently high to protect the products of the local industry in the domestic market against products of a similar kind imported from the United Kingdom, from other parts of the Empire, or from foreign countries. . . . [24.] . . . In the more important recent cases where Government assistance has been conceded, the following considerations have been adduced.

25. The argument which has most usually been employed is that the proposed industry would use domestic raw materials and so provide a more secure market for those materials than would the export market. In the case of the soap and edible oil factories, for example, most of which are situated in the West Indian Colonies, it was represented at the time that they were established that the principal raw material, copra, was of local origin; that prices for it in the world market as a result of the slump had fallen so low as to leave no margin over the cost of production; that a fair price to the local producer could be and generally was made a condition of the continuance of protection; and that as costs of transport, distribution, etc. were eliminated, the local industry should be able to sell on the local market at prices which would be little in excess of the imported product. It was also generally

represented (although we do not think that there was any good ground for this) that the local raw material had become the object of unfair price discrimination on the part of overseas purchasers.

26. In other cases the consideration of the use of local raw materials was not present. In the case of the establishment of a brewing industry in the Gold Coast, for instance, we understand that the encouragement of the local brewery was dictated partly by social considerations. It was intended, by the creation of a local source of supply of beer at a price which would suit the native's pocket, to encourage the consumption of beer by the natives instead of imported gin. Furthermore, no question of competing with United Kingdom industry arose, since the beer imported previous to the establishment of the local brewery, and with which beer locally produced would compete, was for the most part of foreign origin.

27. Similar considerations have been regarded as justifying proposals for the establishment of match enterprises in the Colonies; and in particular it was stressed in several cases that since existing sources of supply of matches were mainly in foreign countries, no serious effect on United Kingdom trade was likely to result from the establishment of a local industry.

28. We recognise the force of these special considerations: and we foresee that these and similar considerations may be an important factor in reaching a decision on future applications for Government assistance to local industries. When we proceed to consider the broad lines which future policy should follow, therefore, we shall qualify our recommendations with the proviso that individual cases will have to be considered on their merits, and that particular considerations may arise which can reasonably be held to justify the setting aside of the general principles which we enunciate.

29. A further point which has come to our notice is considering the various examples of industrial development put before us, but which is not brought out in the above summary, is that variety of circumstances in which existing enterprises came to be established. It might be assumed from what we have said above that, before a new industry came to enjoy Government protection, both the local Government and the Secretary of State were given an opportunity of weighing all the factors involved and taking an active decision in the matter. This has in fact happened in several cases; but in others, industries have sprung up, as it were, behind Government's back, for the following reasons.

30. There exist in most Dependencies a number of tariffs which were imposed simply for revenue purposes—such as tariffs on tobacco, beer and spirits, sugar etc.—but which are high enough to give a considerable measure of protection for domestic industries, in the absence of an excise duty equivalent to the revenue duty on the imported product. It has thus come about that a number of domestic industries have been established throughout the Colonial Empire without any approach having been made by the promoters for assistance from Government but on the tacit assumption that the existing protection afforded by a revenue duty on the product in which they were interested would not be nullified by the imposition of an equivalent excise duty. Government has often failed to detect industrial development of this kind; or having detected it, to take any action to recoup itself for the loss of revenue involved. Even where an excise duty has been eventually imposed, it has rarely been as high as the revenue duty on the imported product. . . .

31. We have further been informed of cases where industries were given, or

promised, assistance from Government by way of increased tariffs, etc., as a result of negotiations between local promoters and the Colonial Government concerned, without the Secretary of State having first been given an opportunity of considering the matter in all its implications. We recognise that this has been due in part to constitutional difficulties. It has been pointed out to us during our enquiry that the control by the Secretary of State for the Colonies over industrial policy in certain Dependencies is limited by the smaller degree of constitutional control which he exercises over their administration. In the case of the African Dependencies, and more generally of those Dependencies where procedure by Legislative Council with considerable unofficial representation has not yet been developed, we understand that there has not been and is unlikely to be for some time to come any difficulty in this direction. But the stronger unofficial representation on the legislatures of certain West Indian Colonies may make it more difficult, from political considerations, for the Secretary of State for the Colonies to dictate a policy of industrial development and to enforce a decision on particular schemes in the face of opposition from unofficial members. At the other extreme from the African Dependencies is Ceylon, which under its new constitution enjoys a very high degree of independent action. The Executive Committee of Labour, Industry and Commerce, which is responsible for the industrial life of the Colony, has recently adopted a policy of fostering local industries, if necessary by a tariff protection and other forms of assistance, and this policy has obtained considerable support in the State Council. . . .

32. Whatever the merits of industrial projects in Ceylon, therefore (and we recognise later in our Report that there are special considerations arising from the present economic situation in Ceylon which favour the extension of industrial enterprises there) the Secretary of State for the Colonies may not be in a position to intervene effectively in particular cases and to insist that all schemes involving Government assistance to local industries should receive his prior approval. Where, however, the constitutional position permits we shall recommend that Colonial Governments should be instructed to refer to the Secretary of State for the Colonies all applications for assistance to Colonial industries before any promise of such assistance is given to promoters.

33. We now proceed to consider, in more general terms, the question whether Colonial Governments would be justified in any circumstances in giving direct or indirect assistance to enable local industry to establish itself. We would refer in this connection to the remarks which we have made earlier in this Report regarding the economies and diseconomies which are likely to be realised under present conditions in most Colonial Dependencies in the establishment of a manufacturing industry near the source of supply of its main raw material. Our general conclusion was that, with the exception of those in certain Eastern Dependencies, Colonial enterprises manufacturing industrial goods in competition with similar goods from highly industrialised countries are unlikely at present to be established under normal free trade conditions. We take the view, for example, that, in the case of the manufacture of soaps and edible oils, the economies resulting from large scale production and a world wide organisation of distribution such as United Kingdom manufacturers enjoy, are likely to be so great that an unassisted local industry, even with the advantage of raw materials on the spot and a local market for the finished product, cannot hope to compete on equal terms with imported products. . . .

34. It follows that, in so far as the above analysis is correct, the effect of affording protection to local industries has in most cases been to raise the price in the domestic market of the finished products concerned above the world price, and therefore both to subject overseas manufacturers, who have to bear the import duty, to what may not unreasonably be regarded as "unfair" competition, and to raise, in however slight a degree, the cost of living to local consumers. In addition it has involved Government in a certain loss of revenue owing to the reduction of dutiable imports.

35. It has often been argued, and will, we think, continue to be argued that, while the immediate effect of affording protection to a local industry is to raise the cost of the product to consumers, the protection is required only in the "infant" stage of the industry's development and will be dispensed with when the industry is properly established. Time is required, the argument runs, for the local labour force to acquire the necessary skill and for the plant and the market to be developed to an economic size. Once that has been achieved the cost of local manufacture will be reduced to the world cost. We are doubtful whether, in the circumstances of the majority of Colonial dependencies, an argument of this kind has much weight. Infant industries are notoriously backward in growing up. Experience in the Colonial Empire has rather been that once an industry is established, an interest in maintaining the industry whether economically sound or not tends to develop and claims for further protection are conceded rather than that the industry should be allowed to collapse. . . .

36. We take the view, then, that manufacturing industries established behind the shelter of protective tariffs or with other assistance from Government funds are unlikely, at the present stage of development of most Colonial Dependencies, to provide local consumers with as cheap a source of supply of the products concerned as could be obtained from overseas manufacturers. On that account we consider that Colonial Governments would not be justified in sacrificing revenue to assist a local industry unless it could be shown that loss, and the losses to consumers of the industry's products, would be more than offset by other advantages which the industry would bring to the Dependency as a whole. In other words, the "special considerations" to which we have already referred should, before they are allowed to influence a Colonial Government in favour of assisting a particular industrial enterprise, be such that they are likely to ensure a net gain to the Dependency concerned as a result of the enterprise being established.

37. It is in the nature of the problem impossible to anticipate what will be the special considerations raised by future applications for assistance for local industries, or to advise on the importance which should be attached to such special considerations. We have already analysed the factors which have led to assistance being given in the case of certain industries which are now in operation in the Colonial Empire. We have no doubt that similar factors, such as considerations of defence, of the provision of work for surplus labour, or of the guarantee of a secure market for a locally produced raw material in times of very low world prices, wil play an important part in deciding future cases. The factor of providing employment for a surplus population, for example, is likely to be of increasing importance in Ceylon and in certain of the Dependencies in the West Indies, where rapidly increasing populations are unable to find employment in existing agricultural industries. In circumstances of this kind, we recognise that the additional cost to the consumer and to

Government of assisting the development of local industries may be justifiable as being the only means, other than the provision of relief, of maintaining part of the population from destitution.

38. At the same time we do not wish to allow these special considerations to obscure the main issue—viz. that, except where it occurs as a natural development, the establishment of industrial enterprises in most part of the Colonial Empire is likely to be at the expense of local consumers of the product concerned: and we consider that, while each case will have to be examined on its merits, the assumption should always be that no assistance, direct or indirect, will be accorded to industrial enterprises by those Colonial Governments which are under the full control of the Secretary of State for the Colonies, until the proposal has been carefully considered in the Colonial Office, and shown to provide on balance a net gain to the Dependency concerned.

39. We accordingly make the following recommendations:—

(i) Where an import duty is payable on a particular class of manufactured articles in any Dependency (and as we have said such duties exist over a wide range of goods in, and are an important element in the revenue of, most Colonial Dependencies) the declared policy of the Government concerned should be that, if and when a local industry is contemplated for the purpose of manufacturing that class of articles, an excise duty equivalent to the import duty should be imposed forthwith on such articles if manufactured within the Dependency.

(ii) In order to ensure that this policy is given effect to in each case where the constitutional position permits, we recommend that Colonial Governments should keep a close watch on the establishment of industrial enterprises in their territory and should take such steps as may be necessary to ensure that all intending entrepreneurs are informed before incurring any expenditure on a domestic plant etc, that, unless there are good reasons to the contrary they will be required to pay an excise duty on their manufactures equivalent to the import duty on similar goods entering the Dependency from overseas.

(iii) We further recommend that, in every case where the proposed establishment of a local enterprise concerned with industrial production is dependent upon the grant of assistance of any kind from Government, the matter should, if the constitutional position permits, be reported in full detail to the Secretary of State for the Colonies for his prior approval. The report should provide, in addition to details of the promoters, their proposed factory or plant and the capital at their disposal, information regarding the source of the raw material for manufacture, the existing duties on imports of similar manufactured goods and the total revenue derived therefrom, and the chief sources from which the local market is supplied at the time of the proposal. It may also be possible to include some indication of the current cost of the article concerned, its chief consumers and its relative importance in the budget of the average consumer. The reasons for recommending the proposal for favourable consideration as one which is likely on balance to provide a net gain to the Dependency as a whole should also be explained as fully as circumstances permit.

(iv) We recommend that the Secretary of State for the Colonies should be guided in reaching a decision on individual applications from Colonial Governments by the various considerations which we have raised in the course of this Report: in

particular he should attempt to assure himself, before approving Government assistance in any enterprise, that the gain to the Dependency as a whole is likely to be substantial enough to offset the losses to Government and to consumers of the product concerned which the affording of assistance will involve.

Appendix to 90

I. *African dependencies*

Sugar Refineries	Kenya, Tanganyika, Uganda.
Breweries	Kenya, Tanganyika, Uganda, Gold Coast.
Soap Factories	Kenya, Northern Rhodesia, Nyasaland, Tanganyika, Zanzibar, Nigeria.
Tobacco Factories	Nyasaland, Tanganyika, Uganda, Nigeria.
Canning and Fruit Products Plants	Kenya, Gold Coast.
Sisal bags and Cordage Factories	Kenya, Tanganyika.
Cement Factory	Kenya.
Cotton Weaving Factory	Nigeria.

II. *Pacific and Mediterranean dependencies*

Breweries and Distilleries	Malta, Mauritius.
Soap Factories	Cyprus, Fiji, Aden.
Tobacco Factories	Cyprus, Gibraltar, Malta, Aden, Mauritius, Seychelles, Fiji.
Canning Plants	Cyprus, Malta, Mauritius, Fiji.
Hempen Bags Factory*	Mauritius.
Hosiery Factories	Cyprus.
Match Factories	Mauritius.
Artificial Teeth Factories	Cyprus.
Briar Pipe Factory	Malta.
Button Factory	Malta.

* not operating

III. *Ceylon and Far Eastern dependencies*

Jaggery Works and Sugar Refineries	Ceylon, Hong Kong, Straits Settlements.
Breweries and Distilleries	Ceylon, Hong Kong, Straits Settlements.
Soap Factories	Ceylon, Hong Kong, Straits Settlements.
Tobacco Factories	Ceylon, Hong Kong, Straits Settlements, Sarawak.
Match Factories	Ceylon, Federated Malay States.
Food preserving and canning Factories	Hong Kong, Straits Settlements.

Knitting and Hosiery Factories	Hong Kong
Weaving Mills	Ceylon, Hong Kong.
Rope Factories	Hong Kong.
Coir Fibre Factories	Ceylon.
Rubber Factories	Ceylon, Straits Settlements.
Button Factories	Ceylon.
Electric Installation Engines Plant	Ceylon.
Printing and Ruling Machines Plant	Ceylon.
Shoe Factories	Ceylon.
Electric Bulbs and Battery Manufactures	Hong Kong, Straits Settlements.
Brass Sheet Mills	Hong Kong.
Chemical Works	Hong Kong.
Electro-Plating Works	Hong Kong.
Metal products Factories	Hong Kong.
Galvanised Bucket and Tank Factories	Straits Settlements.
Motor Car Assembly Plant	Straits Settlements.

91 T 160/763/f14811/2, ff 56–60 Feb 1938

[Industrial development]: draft letter from W R Fraser[1] to E Melville commenting on the draft report.[2] *Minutes* by Fraser and E Hale[3]

[Fraser's draft includes marginal comments (reproduced here as footnotes) by Professor Gilbert Jackson, governor of the Bank of England. An amended letter was sent on 1 Mar 1938 (T 160/763/F14811/2, ff 75–78). Further comments were subsequently received from Jackson (who had been sent a copy of Fraser's final letter, 3 Mar 1938, *ibid*, ff 79–81), and Jackson also wrote directly to Melville, (*ibid*, ff 88–97, 10 Mar 1938).]

I have read through with great interest your draft report for the Committee on the Industrial Development of the Colonial Empire and I send you some preliminary *general* observations. I take it that as the report is not for publication there is no reason for anything but complete frankness.[4]

1. I should like the Comittee to say that broadly speaking Customs duties which adversely affect the trade interests of the United Kingdom ought not to be imposed except for revenue purposes.[5]

There would I think be no substance in the retort that we are denying to them

[1] Principal assistant secretary, Treasury. [2] See 90.

[3] See 86; Hale had been a member of the 1934 inter-departmental committee.

[4] But it should surely be drafted, having in mind that in a general settlement with the "have-not" Powers which want colonies, such as there may presently be, we need to have a colonial policy which will stand up to any hostile criticism.

[5] I should regret to see this embodied in the Report, although it is not for publication—largely for the reason stated above; but also bearing in mind that the position is by no means as simple as it appears in this statement.

what we apply to ourselves, for the general financial and fiscal relations of the Colonies to the United Kingdom are quite exceptional. The United Kingdom taxpayer not only bears practically the whole cost of the defence of the Colonial Empire but is also frequently called on for subsidies to the Colony's own budget; and it is wrong therefore that protective local policies should be allowed to swell the profits of local concerns which pay nothing back to the common pool by way of taxation.[6] We could also, if necessary, throw in the argument that the Colonies depend mainly on the United Kingdom to absorb their primary products and it is therefore not in their real interests to do anything to damage United Kingdom exports.[7]

2. Would it not also be desirabled to set out the recommendations of the earlier Committee and say how far we agree or disagree?[8]

3. Would it not be a good thing if we took actual cases which have arisen in recent years of plans for Colonial Government support (direct or indirect) of particular local industries and indicating broadly what line we should like to have adopted? We could take (a) actual cases on which the Colonial Office were consulted (b) any other cases which the Colonial Office heard of (c) any cases now pending.[9] I had understood that the Secretary of State hoped the Committee would give some concrete guidance of this kind.

4. I should like the report to bring out a little more clearly that there are really three different kinds of case and that is it absurd to expect one general solution to cover the lot.[10]

(a) an Eastern area where the problem is substantially the same as that of Japan (and where the question really is of "protecting" United Kingdom against them)[11]
(b) well-developed colonies like Jamaica
(c) the great primitive areas of Africa.[12] As regards a great area of the Empire, we should be rather sceptical of any suggestion that it should be granted the inconceivable benefits of assimilation to the social conditions in this country;[13] and that if there is to be a deliberate policy in this matter it should look to the needs and interests of the natives as they stand in the individual colony and not to any western model.

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[6] Surely this would rule out *any* proposals to give *any* protection to the young industries of the colonies; and thus, I fear, put us out of court.

[7] This argument appears to depend on a complex of economic considerations, and might be very difficult to sustain.

[8] As a matter of form, I think the recommendations should be set out: but surely the whole of our Report is an answer to the question, how far we agree or disagree?

[9] I doubt if we should wish to criticise any decision that we have reviewed. The draft Report already says that ad hoc considerations are more apt to guide in practice than any general principles.

[10] I quite agree.

[11] Surely the draft Report is quite good on this rather thorny problem.

[12] One would like to develop this. Have we considered also whether Newfoundland comes within our scope?

[13] Good. The draft Report seems to be more than a little naive on this question.

Minutes on 91

Mr. Hale
I am moved to write to Mr. Melville somewhat as [above] but this subject as you must know is rather off my normal beat & I should be grateful for your guidance.

W.R.F.
23.2.38

Mr. Fraser
I take your points seriatim.

1. I rather doubt if this particular cock will fight. The report itself will not be published, but it (or a paraphrase of it) will have to go to Colonial Govts, and I think that the S of S would find it very embarrassing to have to tell them that a case which satisfies the conditions proposed in para 36 is not to be proceeded with because a U.K. exporter is interested in the market. The points you raise have weight; but on the other hand (a) the fiscal autonomy of the Dominions is not conditional on an adequate contribution to defence, although no doubt it ought to be; (b) that fact that Colonies A B & C gets grant in aid will not be accepted in Colony D as a reason why they should not pursue their interests. In general you will be told how that you are trying to revert to 'plantation' days! On the whole I am disposed to think that if the grant of protection in any form is confined to cases where it is in the *true* interest of a Colony, that condition, if properly applied, will prevent industrialisation from going far in Colonies where it does not spring up as a natural growth.
2. No obsns.
3. I agree; but should be inclined to link it on to the 'special considerations' which the C.O. suggest may justify a departure from the general rule. We can hardly dispute the general proposition that special considerations may on occasion justify departure from the strict doctrine, but the C.O. seem to me to contemplate in para 37 a pretty wide use of them. It might be useful to have a few cases in which special considerations have been or might be urged in favour of a particular proposition & see how far they were really of sufficient weight to justify a departure from the general principle. For example, the argument that a local soap or edible oil factory is justified to provide 'a secure market for a locally produced raw material in times of very low world prices' might not stand examination in a concrete case. (Are you going to close the place down when prices recover?!)
4. I would suggest that there are really two classes of case rather than three:—

(a) the case where the problem is not the demand of the Colonial manufacturer for protection v. the U.K. but the demand of the U.K. manufacturer for protection v. the Colonial (your (a));
(b) the case where the demand is from the Colonial manufacturer or would-be manufacturer for protection v. the U.K. (& others) (your (b) & (c)).

I dont think that there is really much difference between Jamaica & E. Africa from the present point of view.

As regards the recommendations, I think that it should be made clear that Colonial Govts should consult the S of S not only when they want to give positive assistance, but also when they propose to omit the imposition of an equivalent excise. I think that this is important. Much unsound industrial development can take

place through the mere omission to impose an excise duty. Historically I think that this factor has been important, e.g. in the Dominions. I would also suggest that the C.O. should undertake to refer all such cases to the Treasury where the Colony concerned is subject to Treasury control (we can hardly claim to interevene in the other cases).

E.H.
23.2.38

Mr. Hale
I see your point as regards my paragraph 1, but I do feel that the point of view which I was trying to express ought not to go by the board. . . .

From the narrow Treasury point of view the Colonies seem to fall into the following groups:—

(a) 1. Those on the dole
    2. Those likely to be on the dole.
(b) Those not on the dole or likely to be and paying us no contribution.
(c) Those who pay us a contribution.

I still feel that even if a protective proposal is in what are optimistically defined as the true interests of the Colony as a whole, this is not a sufficient safeguard. If a cosmopolitan industrialist sets up a factory with Government assistance in a Colony it may very well be in the true interests of the Colony as a whole but may be very unfairly damaging to U.K. interests. I must plead guilty to a certain amount of plantation mentality in such cases. I should like to say something in my letter to Mr. Melville, not necessarily for communication to the Colonies but for the benefit of the Colonial Office on this point.

I have redrafted my letter to Mr. Melville on this point, and I have also incorporated your comments on other points.

I should be very grateful for your observations on the revised draft. Don't hesitate to knock it about.

W.R.F.
25.2.38

92 CO 318/433/1, ff 4–8 23 May 1938

[West India Royal Commission]: minute by Sir J Campbell making the case for the appointment of a Royal Commission

[This minute by Campbell, financial advisor, CO, puts the case for the appointment of a Royal Commission to inquire into conditions in the West Indies following the disturbances which occurred in the islands between 1935 and 1938. By contrast, the CO's West Indian Department advised against the appointment of a commission (see 142). It was agreed at a CO meeting at the end of May to prepare a memo for submission to the Cabinet recommending the appointment of a Royal Commission (see 93).]

General
I am not acquainted with the day-to-day work of the Dept. The following comments are based solely on such cases—usually important—as I have seen during the past

eight years. It must be recollected that these, possibly, do not constitute a representative sample.

Broad case for a Royal Commission

Things are clearly, and as a matter of common knowledge, not going very well in the W. Indies. There have been fairly serious, and recurring, riots and unrest, over a wide area. Both sugar and cocoa are doing badly; there seems also little prospect of any near-future improvement. The probability would therefore seem to be that the underlying causes of this serious unrest are not likely, in the absence of some new policy steadfastly pursued for some time, to be removed? Unrest, possibly getting more and more serious, would therefore seem probable. Nor can the position in Palestine, I think, be excluded from consideration here; it is not improbable that the opinion may grow that there is something fundamentally wrong—something wider than the W I local problem. Whether that view be right or wrong, it is, one would think, likely to be put forward. The last R Comm sat about forty years ago[1] and this by itself would probably be considered—in the light of recent happenings—as a strong argument for a further authoritative general survey of the position.

Lastly, the broad position seems to be that more money must be found, if there is to be any substantial improvement in the near future. The main pivot of the thing is sugar; and nothing can be done with sugar in the absence of aid from the U.K.

What one may call the normal arguments, available to the Dept. and the S/S, are most unlikely to lead to anything material; but, if there were a considered recommendation from a R Comm: on the point, that would presumably carry great weight. My own view is that political and other pressure—principally the insistent pressure of the march of events—will in fact necessitate a review of the whole W I problem, on the broadest lines; and it seems to me that there is therefore a strong case for the appointment of a R Comm:.

Diagnosis of the main causes of the present situation

Subject to what has been said above under "general", I would classify the main causes of the present situation somewhat as follows:—

(i) The marked conservatism of the general attitude in the W Indies. Traditionalism seems almost universal. There has been little real attempt to change policy, and practice, in a rapidly changing world. There are still many absentee landlords, I understand; there is still a marked "plantation" attitude; an absence of energy and efficiency; a tendency to cling strongly to the belief that the former "good times" are bound to recur; little effort to repay debt, or secure debt settlements more in consonance with the position as it stands to-day;—it strikes one as all early nineteenth century mentality and practice.

(ii) The difficulties which the constitutional position creates as regards improvement of these fundamental conditions. The S/S has, in the majority of the territories, little real power; his advice has therefore to have regard to this.

(iii) The heavy cost of administration, relative to the revenue which can be made available. Many of the political units are, clearly, far too small for efficient administration on the present basis; there are some—hardly the size of a small provincial town in England—which are provided with the whole paraphernalia of a

[1] *Report of the West India Royal Commission* (Cmd 8655, 1898), chairman, Sir H Norman.

full-sized Government. While one recognises the very great strength of the local feeling on this point, the financial and economic consequences are unescapable. Money, which should be available for development and social services, is necessarily spent on personnel.

(iv) The standard of administration, and of general efficiency, is low. Much of the work is undoubtedly badly done; the staffs are large, but very badly paid. The CDAC has been much impressed with this aspect of things: they have had many cases where it seemed to them that the administration had been markedly inefficient, and unsatisfactory.

(v) It all comes back to the root question of the economic possibilities of the territories. Apart from Trinidad—with its oil—they are primarily agricultural, with some subsidiary aid from forests, gums, minerals, and so on. One gets the impression that this position has never been squarely faced. Almost everyone seems to agree that, broadly, peasant settlement is essential; but the efforts in that direction have been spasmodic and, I am afraid, badly thought out, and inefficient in actual operation. There is a heavy load of debt, contracted in much more prosperous times: the debt and credit problem still remains unsolved, though it has been approached here and there. The population is "feckless": easy-going, little mindful of the future, largely lazy, basically primitive, but probably still, as in the past, potentially dangerous when things go seriously wrong. The general level of taxation seems to me high, considering the trade and production position broadly; in some areas, it is very high. I do not think that—apart from largely increased production, or a material rise in prices–any solution is likely to be found, generally, by tax increases; and increased taxation, in present circumstances, may I think be definitely ruled out—except perhaps in a few special areas. It would, in my view, be dangerous, and inadvisable in itself.

America

The USA is perhaps inclined to judge British colonial administration by the specimens which it sees of it in the territories on, or adjacent to, the American continent. While most Americans probably see little but the Bahamas, etc—the primarily tourist islands—Pan American airways are rapidly linking up all the British territories in the W Indies with the USA, directly or indirectly. One sees signs of a growing interest in the administration of these territories on the part of Americans, reflected in the American magazines. The W Indies are, to some considerable extent, the British show-window for the USA. I am afraid it is not a very striking exhibit. For the moment, the "differentness", and the picturesque aspect, predominate; but criticism is already there; and it will I think grow. At any time, a Miss Mayo[2] may arise for the W. Indies; and, if the intention was to present a highly coloured picture strongly critical of the British effort, material for that would not unfortunately be lacking, I think. There are many reasons why Americans should be interested in British colonial administration in the W Indian areas; and not a few why some of them should wish to paint a picture of that administration in as dark colours as possible. This consideration may not be without some importance in considering whether there should, or should not, be a R. Commission?

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[2] Katherine Mayo, American author of *Mother India* (New York & London, 1927), which was critical of the poor conditions prevailing in India.

93 CO 318/433/1, no 8 [June 1938]

'Proposed Royal Commission to enquire into the situation in the West Indies': memorandum prepared by Mr MacDonald [Extract]

[This memo proposing the appointment of a Royal Commission to inquire into conditions in the West Indies was prepared for submission to the Cabinet, but it was never circulated. Aware that a question on this issue was to be asked in parliament, MacDonald consulted the prime minister and chancellor. The secretary of state then announced the government's intention to recommend the appointment of a Royal Commission in the House of Commons on 14 June 1938. He made a verbal statement to the Cabinet the following day. On this occasion MacDonald warned the Cabinet that the commission was 'likely to report that the present position was rather discreditable, and its recommendations were almost certain to involve more expenditure'. Although the chancellor expressed the hope that the commission would 'discover how efficiency could be achieved', the prime minister concluded that further expenditure on development in the West Indies was unavoidable, and the Cabinet's approval of MacDonald's announcement was given (CO 318/433/1, no 20, and CAB 23/94, CC 28(38)8, 15 June 1938). A commission, under the chairmanship of Lord Moyne, was duly appointed and reported in Dec 1939. For responses to the commission's findings and the question of whether the report should be published, see 145, 146).]

... 13. From such examination as I have been able to make of the whole position,[1] it is clear to me that the social and economic conditions of the coloured communities in some of the colonies are at least fifty years behind the times, and it is not too much to say that their condition constitutes a reproach to our Colonial administration. The Colonial Office and local Administrations have achieved in recent years a good deal in face of the difficulties set out in the previous paragraph: e.g. Public Works, designed as far as possible to be remunerative, as well as to provide immediate employment, have been put in hand; and schemes have been undertaken or are contemplated for the improvement of medical and educational services, for nutrition, and for slum clearance, housing and land settlement. Reference has also been made to the encouragement of minor industries. But the fact remains that wages are generaly [sic] low; unemployment is in places serious; and housing and sanitary conditions leave much to be desired.

I think we have to make up our minds that unless the matter is tackled in a larger and more comprehensive way, the efforts referred to above will prove mere temporary palliatives and the general situation will deteriorate further. And any further, steady deterioration will prove very damaging to Great Britain's reputation as a Colonial Power. It is in my view imperative that, at a time when the "colonial question" is being ventilated at home and abroad, we should ourselves be as far as possible above reproach. On account of the economic and financial position in most of the colonies themselves it is difficult to see how the situation can be remedied without financial assistance from Imperial funds on a scale much greater than the present grants in-aid, and possibly the revision of some of the colonial constitutions so as to ensure the passage of any necessary reforms. This latter, however, is a matter which must be approached with the utmost caution. Representative institutions are deep rooted in the West Indies and are perhaps our best exhibit in that area.

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[1] The first part of MacDonald's memo draws on material to be found in the more substantial memo produced by the CO's West Indian Dept on the problems of the British territories in the Caribbean (see 142).

14. What is required is a long-term policy of reconstruction in the West Indian Colonies. This should cover a wide field and include such matters as the improvement of labour and housing conditions, and of medical services, etc. But its two main objectives should be to improve as far as possible the economic conditions of the agricultural industries on which the well-being of the islands mainly depends, and where possible to find additional means of livelihood for the peoples of these colonies e.g. the development of schemes of small holdings designed to increase the production of foodstuffs for local consumption. This latter point is of great importance. It may be argued that in view of the number of particular reports and other material already available, there is no need for procedure by a Royal Commission, such as has been suggested in certain quarters both here and in the West Indies; that the problem is not one of diagnosis but of prescription; and that it is within the ability of the Colonial Governments and the home Departments concerned to evolve proposals for remedying the situation.

Certainly there are arguments to be made against the appointment of a Royal Commission:—

(a) A number of recent reports from Commissions of Enquiry as well as from Governors have already given us a good deal of the material which is necessary in order to get a correct picture of the situation and work out policy.
(b) A Royal Commission with wide terms of reference will necessarily take a considerable time to make its enquiry and report; indeed it would probably be eighteen months or so before they had completed their task.
(c) It would be difficult to find a comparatively small team of men adequately equipped and prepared to give the time to the wide survey required of them.

On the other hand there are many considerations in favour of the appointment of such a Commission:—

(a) Although it is true that we have already a good deal of the information which is necessary for the working out of policy, generally speaking this information has been sent in by individual Governors or Commissions of Enquiry dealing with individual Colonies. What is wanted is a comprehensive view of the West Indian Colonies and their requirements as a whole. For instance, the recent enquiry into the position in Barbados pointed out that the main cause of the difficulties in that island is over-population, and that unless emigration to land settlement schemes elsewhere in the West Indies could be organised, this grave difficulty would only increase with time. They recommended that a Royal Commission should be appointed to consider the whole question of emigration and land settlement in the West Indies.
(b) A Royal Commission enquiring into the position in the West Indies as a whole would be able to fill up various gaps in our present information and help us considerably with constructive proposals.
(c) If the present constitutions of some of the Colonies stand in the way of progress, recommendations for alterations in these would meet with less local opposition if they were made as a result of a Royal Commission Enquiry instead of as a result of unprovoked "interference" from Downing Street.
(d) An early announcement that a Royal Commission was to visit the Islands would have a good psychological effect in these Colonies. It would tend to assure

their people that we here *are* keenly interested in their affairs, and anxious to do what we can to help, and it would therefore tend to calm excited feelings there. Indeed, the existence of a Royal Commission would help us to hold the position during the next two difficult years whilst we are developing our policy. An early announcement would also meet the demand which is being raised in certain quarters in all parties in this country for a comprehensive enquiry.

(e) Furthermore, if it turns out that the expenditure of considerably larger sums of money from the Exchequer is indeed essential, this is likely to be more acceptable to Parliament and the tax-payer if it is based on the report of a Royal Commission rather than on departmental recommendation.

15. I have, therefore, reached the conclusion that a Commission of Enquiry should be appointed, and, as the problem is undoubtedly one of the most important in the British Empire to-day, I think that what is required is a Royal Commission to enquire into the social and economic conditions in Barbados, British Guiana, British Honduras, Jamaica, the Leeward Islands, Trinidad, and the Windward Islands, and to make recommendations. The precise terms of reference will require to be carefully considered. The Bahamas (which are sometimes included in the West Indian Group) and Bermuda have been excluded from the scope of this enquiry as they are not primarily agricultural Colonies and do not, therefore, present the same problems.

16. I must, however, stress the fact that, if my preliminary diagnosis of the situation is correct, it seems necessary to envisage from the outset that the carrying out of any long-term policy which the Commission may recommend is likely to be beyond the local resources of many, if not of all, the Colonies concerned. While, therefore, it would clearly be premature and impracticable at the present stage for His Majesty's Government to consider the financial implications of this proposal, I ought to make it clear that it is implicit in my recommendation of such a Commission that the need for financial assistance from His Majesty's Government in carrying out its recommendations should also be recognised in principle. It would have a disastrous effect in the West Indies, if His Majesty's Government after appointing a Commission of this kind, were to reject its main recommendations simply on financial grounds.

17. It is essential, in my opinion, that any Commission appointed should be composed of persons of standing and of wide experience. A great deal of time and labour and an absence from this country of a period of some months at least will be involved. I feel sure, however, that in view of the public interest which the West Indies are at present attracting it will be possible to select a strong Commission.

18. The appointment of a Royal Commission will be a useful step towards the formulation in the Colonies in question of a long-term policy which will bring our administration there nearer to the standard which we should maintain as the leading Colonial power. But we cannot afford to have it said that we have only appointed a Commission, which must necessarily take a considerable time to make its enquiry and report, so as to gain time and avoid the necessity of taking action to remedy the position at once. The appointment of a Commission will have an excellent effect, but only if we show at the same time that we do not mean to wait for its report before doing anything constructive. There are many obvious tasks that we can be undertaking in the meantime; such as the promotion of schemes for better housing, the reasonable expansion of desirable public works, the establishment of labour

departments and appointment of labour officers with a view to the peaceful settlement of future labour troubles, etc. I propose, too, to use every effort to get the International Sugar Council to cut down foreign quotas so that supply is more in accordance to present actual demand and prices may become more remunerative to producers; and to study other possibilities of helping the main agricultural industries of the West Indian colonies; but the prospects at present are not bright. I hope therefore that, if my colleagues agree to the appointment of a Royal Commission, that will not be taken as preventing us from putting in hand as early as possible such measures for the immediate improvement in the Colonies as may seem necessary after consultation with the Governors concerned even though in some cases additional assistance from Imperial funds may be necessitated, not only for development purposes but also for administrative services.

19. To recapitulate, the present state of affairs in the West Indies is profoundly unsatisfactory.

This may be attributed to five main factors:—

(a) the depressed state of the markets for the essential agricultural exports of these Colonies, coupled with loss of emigration.
(b) the consequent precarious financial position in which these Colonies have been for many years.
(c) the dependence of many of the Executives on the goodwill of legislatures based on a narrow franchise, and unresponsive to modern ideas.
(d) consequent upon these factors the comparatively low standard of local administration and administrative officers which we have been obliged to maintain owing to local preference for appointments of local men, and to the extremely low salaries which some of the Colonies can afford.
(e) the spread of modern ideas accompanied by the growth of racial animosity.

Any solution of the problem must involve a comprehensive survey of the whole economic, social and administrative conditions of the West Indies.

20. I therefore desire to submit for the approval of the Cabinet that the following policy should be adopted:—

(a) That a Royal Commission should be appointed to enquire into the social and economic conditions in Barbados, British Guiana, British Honduras, Jamaica, the Leeward Islands, Trinidad, and the Windward Islands. (The Actual terms of reference will require careful consideration, and I will make a proposal regarding these to the Cabinet later on.)
(b) that the appointment of this Commission should not be allowed to prejudice consideration on merits of any immediate measures which can be taken to improve existing conditions, even though in some cases additional assistance from Imperial funds may be necessitated.

94 CO 852/190/10, no 12 9 Dec 1938

[Colonial development and welfare]: CO note of a departmental meeting [Extract]

[On 27 June 1938 Mr MacDonald convened a departmental meeting to review colonial

development policy. The secretary of state singled out the lack of machinery for initiating colonial development schemes and the inadequate provision of funds as particular problems with the existing Act (CO 852/190/10, no 3). As a result a committee chaired by Lord Dufferin was appointed to frame proposals for a new colonial development bill. MacDonald convened another meeting on 9 Dec (from the note of which an extract is reproduced here) to review progress. In the course of the discussion, the meeting considered a memo by V H Boyse (principal, CO) which outlined three different recommendations made by the Dufferin committee. A further meeting was held on 16 Dec. Under consideration were two proposals originating with Sir Frank Stockdale and Dufferin. The first concerned the appointment of social services officers in the colonies, to co-ordinate social service and development schemes in each colony, prepare development plans, and to liaise with the Colonial Office. In the course of this discussion, the meeting noted the merits of five-year development plans. The second proposal was for the introduction of a 'peregrinating inspectorate' of the colonial empire (*ibid*, no 13). A memo was then prepared containing an account of the proposals discussed and conclusions reached at both of the December meetings (*ibid*, no 14). Consideration of this memo was subsequently delayed whilst the CO considered a proposal made in Lord Hailey's *African Survey* (Nov 1938) that provision be made for scientific research.]

The Secretary of State said that there were two questions before the meeting. The first was the general scheme for Colonial Development which had been discussed in the early part of the summer. This scheme had not assumed a definite form (three or four alternative forms had been discussed), but its general purpose had been to secure a larger measure of assistance to the Colonial Empire from Imperial funds. It had been decided at the end of July that this question should be further examined in September and that a definite scheme should be submitted to the Cabinet in October. September had brought with it the international crisis, and after Munich the tension in the international sphere had not relaxed. The Chancellor of the Exchequer had presented the Cabinet with an alarming picture of the country's financial position and at the same time there had been need of greater expenditure on armaments. It had seemed an unpropitious moment to ask for a few more millions for the Colonial Empire, so the scheme had been set on one side. Now, however, it was the Secretary of State's view that the proposal should be proceeded with. In future, criticism of Great Britain would be directed against her management of the Colonial Empire, and it was essential to provide as little basis as possible for such criticism. It was an essential part of her defence policy that her reputation as a colonial power should be unassailable. Therefore he had returned to the view that it was necessary to press ahead with the formation of definite proposals for Colonial development. He would then approach the Chancellor and try to persuade him that Colonial development would be of no less importance over the next ten years than any other branch of policy.

The second question before the meeting was even more urgent than the first. It was related to the first but could (and, in view of its special urgency should) be treated separately. It was the question of establishing a separate Department in the Colonial Office to deal with labour matters and social services. . . .[1]

The meeting then discussed the other questions which the Secretary of State had mentioned, i.e. the question of greater financial assistance from Imperial sources to the Colonial Empire. The Secretary of State recalled that in the note which Mr. Boyse

[1] This part of the discussion is not reproduced here. The note records the meeting as being 'unanimously in favour' of the establishment of a new Social Services Dept (but see p xciii of the introduction to this volume, note 5). MacDonald decided that an approach should be made to the Treasury.

had prepared on the subject, three possible courses had been outlined.[2] He asked Mr. Boyse briefly to describe the first of these. Mr. Boyse did so, and Lord Dufferin said that in his view (which he had expressed in a minute to the Secretary of State) this course was impossible, and that it would be unwise even to mention it in any discussions which might take place with the Treasury. The Secretary of State enquired whether it might be possible to overcome Treasury objections to a Colonial Development Advisory Committee with greater enhanced powers by allowing for strong Treasury representation on that body (perhaps two members). Sir John Campbell said he thought that no amount of Treasury representation would make this "totalitarian" course practicable. Both the C.D.A.C. and the Treasury would object to it.

Mr. Boyse then described the second and third courses outlined in his memorandum; and Sir John Campbell remarked that (as the memorandum itself had pointed out) these courses were not mutually exclusive. The third course was merely an informal scheduling of Colonies which might very well supplement the second. They really boiled down to one scheme which involved:—

(a) more latitude for the C.D.A.C.;
(b) more assistance to the Colonies from Imperial Funds;
(c) an informal scheduling of Colonies, to be used in considering grants-in-aid.

Mr. Clauson said that there was another possibility which he felt would be worthy of consideration; that was that purely developmental schemes should be left in the hands of the C.D.A.C. as at present, and that all Imperial assistance for social service schemes should come through grants-in-aid, which would have to be administered on a genuinely progressive basis instead of on a "care and maintenance" basis as at present. He pointed out that there was a great difference between developmental schemes and social service schemes. The former were money making, and hence usually met with no local opposition. The latter made for the happiness and prosperity of Colonial populations but not necessarily for the happiness and prosperity of taxpayers and members of Legislative Councils. Hence they were sometimes opposed by local Legislatures. The initiative for developmental schemes usually came from the Colonies; the initiative for social service schemes nearly always came from the Secretary of State's Advisers. The problem lay rather in checking than in stimulating the zeal of Colonies as far as developmental schemes were concerned, whereas the opposite was true of social service schemes. Further, if the C.D.A.C. recommended schemes for development, the Treasury never objected. But they did sometimes object to social service schemes which were not money

[2] CO 852/190/10, no 9A, nd. The first of these courses envisaged the abolition of the present system of grants-in-aid, with all imperial financial assistance to the colonial empire to be made from an enlarged colonial development fund supervised by the CDAC. As under the existing system of grants-in-aid reference to the Treasury was required, this option entailed a reduction in Treasury control, but an increase in the powers and independence of CDAC. The second course entailed the maintenance of the existing grants-in-aid system (but with the Treasury agreeing to more generous assistance) and the continuation of CDAC, but a widening of the scope of the Colonial Development Fund to include welfare and social services such as education and medical care. The third option involved the extension of the Colonial Development Fund on the basis—in order to secure Treasury agreement—of an informal scheduling of the colonies: those which could never pay their way and permanently 'on the dole'; colonies on the borderline; richer colonies.

making. Hence he felt that the different Advisory Councils would have to be closely associated with any social service schemes put forward by the Secretary of State, and would have to come in strongly in support of them. Sir John Campbell asked where the funds for social services would come from under the proposals which Mr. Clauson had just outlined, and Mr. Clauson replied that they would come from the same sources as at present—i.e. from the Colonies, if the Colonies could afford the expenditure, otherwise through grants-in-aid.

The Secretary of State said that at present the C.D.A.C. was an Advisory Committee and nothing else. Would it be advantageous to give it the power of initiating schemes? Mr. Clauson suggested that it might be better to give power of initiation to the Advisory Councils. The Secretary of State said that there was no Advisory Council which was specifically concerned with development, and Mr. Clauson replied that the Agricultural Advisory Committee did, in fact, deal largely with development. He added that it did, in fact, informally initiate schemes; what usually happened was that the Committee would express the view that a certain piece of development in a certain Dependency would be desirable, and Sir Frank Stockdale would then write out semi-officially to the Dependency concerned.

Sir John Campbell expressed the view that if the C.D.A.C. were given powers of initiation they would not very often use it, as they would be afraid of using it rashly; it would, however, be valuable for them to have it, as there would be certain cases where they would be able to use it to great effect. He pointed out that the initiative for several of the schemes on which the C.D.A.C. had expended the largest sums of money had not come from any of the Advisory Councils; he gave a number of examples, among them the Zambesi Bridge. He went on to suggest that if the C.D.A.C. were given power of initiation, the best plan might be for them to communicate their suggestions only to the Secretary of State, who would then proceed with them or not as he saw fit. Sir Cosmo Parkinson strongly supported this suggestion.

The Secretary of State then said that, as he saw it, there were two alternatives, (1) a combination of the second and third courses enumerated in Mr. Boyse's memorandum, (2) a scheme such as that outlined by Mr. Clauson. At this point, Lord Dufferin mentioned the suggestion which he had made in his minute to the Secretary of State that Dependencies should be informally scheduled not in three but in four categories. His fourth category was for Dependencies like Jamaica which had quite a lot of money but low taxation, and to which assistance from the C.D.A.C. should be given, he thought, on a £ for £ basis. Sir John Campbell said that the C.D.A.C. had, in fact, often in the past treated such Dependencies as Jamaica rather separately in view of their low level of taxation. There would be no objection, he thought, to adding this fourth category to the schedule. The Secretary of State said that he felt that this was relatively a matter of detail. The real division was one of principle, and the two general courses open were (a) to develop the framework of the C.D.A.C. so as to include a considerable measure of recurrent expenditure, expenditure on social services, etc., (b) to develop along the present lines as suggested by Mr. Clauson.

It was agreed that these were the two courses open, and the meeting then considered what reorganisation of the C.D.A.C., if any, would be necessary if the first course were adopted. It was generally agreed that, if the C.D.A.C. was to consider social services schemes, some representation on it of experts—e.g., medical and

education experts—would probably be required, but Sir John Campbell expressed the view that no very complicated change in the constitution of the Committee would be necessary. He went on to say that the C.D.A.C. itself would probably not very much mind which of the two courses was adopted; being a conservative body, it might prefer to continue as at present, but it would not feel strongly on the subject. The Secretary of State asked whether it was considered that it would be feasible, if the first course were adopted, to have a Treasury representative on the Committee. Sir John Campbell said that he did not think that the Committee itself would object to this; there was at present an informal arrangement by which important C.D.F. schemes were sometimes informally "pre-audited" by the Treasury. Mr. Clauson said, however, that he did not think the Treasury would like the idea, and Sir John Campbell agreed with him.

The Secretary of State said that he would like the Colonial Office to prepare a scheme on the lines of the first of the two courses which he had mentioned (i.e., an amalgamation of course two and three in Mr. Boyse's memorandum). He would then like to collect an informal Committee of men with an intimate knowledge of Colonial administration, who would examine the scheme and say exactly what they thought of it. This Committee might perhaps be composed partly of an ex-Secretary of State like Lord Harlech and of ex-Governors (he mentioned Sir Edward Stubbs,[3] Lord Lugard, Sir Donald Cameron). The scheme might have to be considerably modified in the light of their observations; it could then be put to the Treasury in its final form.

Lord Dufferin then referred to the difficulty relating to the current expenditure, which, in his view, was a very important one. How much recurrent expenditure was going to come under the control of the C.D.A.C.? Sir John Campbell agreed that this was a very important question. At present the C.D.A.C. never gave grants for recurrent expenditure over a longer period than five years, and where small Colonies like St. Helena and Somaliland were concerned this would plainly be insufficient. There would then have to be some extension in the control by the C.D.A.C. of recurrent expenditure, but it would be very hard to decide exactly where to draw the line, i.e., exactly how far that extension should go. He felt, however, that in preparing a general scheme for the informal Committee which the Secretary of State had mentioned, it would perhaps not be necessary to reach a definite decision on this point. Sir Cosmo Parkinson suggested that it might be wise to make some approach to the Treasury before consulting the Secretary of State's informal Committee. Lord Dufferin agreed; the question of recurrent expenditure was a point which closely concerned the Treasury, and it would be necessary, he thought, to get some fairly definite concession from the Treasury on this point before any headway could be made.

Mr. Dawe said that he felt the scheme which was to be adopted would depend very largely on the magnitude of the increase in assistance to the Colonies from Imperial funds which was envisaged. Was it not necessary to decide first how much money was wanted? Lord Dufferin said that whatever amount of money was required, the difficulty about recurrent expenditure would remain, and the Secretary of State doubted whether it would be good tactics to approach the Chancellor at the outset with a request for a specified amount of money; the Chancellor might then turn the

[3] Sir E Stubbs, governor of Hong Kong, 1919–1925; governor of Jamaica, 1926–1932; governor of Cyprus, 1932–1933; governor of Ceylon, 1937.

scheme down without examination. It would be better, he felt, to try and secure the Chancellor's approval of the general scheme without prejudice to the amount of money required. Mr. Dawe said that he felt nevertheless that the form which the scheme would take would depend largely upon the amount of additional assistance envisaged. If the amount were small, no doubt very small changes in the present system would be sufficient. If the amount were large, a radical re-organisation would be required.

The Secretary of State agreed that this might be the case. The objective, he said, was to bring the social services of the Empire up to a standard where they could be described as genuinely progressive and satisfactory. At present they could not be so described, in spite of the magnificant work that was being done in many fields. At present the annual amount at the disposal of the C.D.A.C. was £1,000,000. How far would this have to be increased in order to achieve the objective? Mr. Clauson pointed out that if the C.D.A.C. were given control over recurrent expenditure, the amount would build itself up over a period of time.

Sir John Campbell agreed that the amount would grow gradually. Mr. Calder[4] said that in the long run the amount required would depend on the progress of industrial development in the Colonies, and Sir John Campbell said that it would also depend to a large extent on the standards which the Colonies set themselves. If it was intended to plan development on a very lavish scale, then of course, the amount of additional assistance required would be very considerable. The Secretary of State asked Sir John Campbell what amount he thought would be likely to be required in the early stages, given reasonable standards of development, i.e., standards that were neither lavish nor niggardly. Sir John Campbell said that the most he could do was to make a very rough guess, but he suggested that from three to five million pounds, very probably not more than three, would be required. The Secretary of State said that he had had a similar amount in mind, though it might be increased to something like ten million pounds. It would be bad tactics to frighten the Treasury by asking for too much at first.

Summing up, the Secretary of State said that the first question before the meeting, namely, the question of a Social Services Department had been settled. With regard to the second question, it had been agreed that some scheme on the lines of courses two and three in Mr. Boyse's memorandum was probably the most satisfactory. A further discussion would take place next week, at which further questions arising out of this matter would be discussed, among them the question of a peripatetic Inspectorate of the Colonies such as Lord Dufferin had suggested.

Sir John Campbell said that Sir Frank Stockdale had mentioned to him the possibility of establishing organisations in the Colonies corresponding to the Social Services Department in the Colonial Office, and suggested that this might also be discussed at the next meeting.

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[4] J A Calder, principal, CO.

95 CO 852/214/13, no 1 5 April 1939

[Colonial development]: despatch from Sir B Bourdillon to Mr MacDonald, criticising colonial development policy and requesting more financial assistance for Nigerian development

[This despatch from the Nigerian governor was received whilst the CO was preparing proposals for the revision of the Colonial Development Act, 1929, following departmental discussion of colonial development in Dec 1938 (see 94). The governor's comments constituted a serious criticism of the practice of development policy. The suggestions Bourdillon makes here received support from other African governors (to whom Bourdillon sent copies of his despatch), and were considered with interest at the CO, although it was decided to proceed with revising policy along lines already agreed upon. Indeed the CO expressed the belief that this despatch would be 'an admirable support' when the secretary of state came to make his representations to the chancellor (CO 852/214/13, no 6, Sir C Parkinson to Sir B Bourdillon, 13 June 1939).]

I have the honour to address you on the subject of the general policy of His Majesty's Government in regard to the economic development of the African colonies. It is now over six years since I was first appointed to an African Governorship, and for three and a half years I have been administering the government of a territory whose population amounts to one-third of that of the whole Colonial Empire. During that period, and particularly during the latter part of it, I have been driven to accept certain conclusions which I conceive it to be my duty to put before you. I do so with less diffidence now than I should have felt even a year ago, for there are clear signs that a considerable section of the British public is rapidly awakening from the complacency, indeed the apathy, with which it has been accustomed to regard colonial problems, and is beginning to have an uneasy feeling that all is not as it should be and, in particular, that certain other powers have some justification for suggesting that they would have succeeded in doing more than we have done for the development of tropical Africa, had they been in a position to make the attempt.

I shall, throughout this despatch, use the word "colony" with reference to those units of the Empire which are administered under your aegis, be they colonies, protectorates, or mandated territories.

2. It is, I suggest, no exaggeration to say that until a comparatively short time ago any direct financial assistance given by His Majesty's Government to a colony was invariably given, not for purposes of development, but in order to make up for unavoidable deficiencies in the revenue of the colony concerned. It was granted, not to accelerate the normal rate of progress, but to enable the recipient colony to balance its budget. Colonies in receipt of such assistance were regarded as poor relations who could not, in all decency, be allowed to starve, but whose first duty was to earn a bare subsistence and to relieve their reluctant benefactor of what was regarded as a wholly unprofitable obligation. While they were in receipt of a dole, their finances were subject to a strict Treasury control, which, since its main objects were to ensure that the receipt of the dole did not encourage over-indulgence and that a position of financial independence was attained as soon as possible, was scarcely conducive to a forward policy of development. The doctrine of individual self-sufficiency held undisputed sway. It was regarded as the first and most important duty of every colony to attain equilibrium between local revenue and local expenditure as early as possible, and having attained it, to maintain it.

3. The first really concrete sign of a change of ideas was the creation of the Colonial Development Fund in 1929. The unanimity with which this measure was accepted in both Houses of Parliament, and the alacrity with which the two parties not then in power hastened to claim that they were the real parents of the idea underlying it, make it clear that, in deciding that duty and self-interest for the nonce pointed in the same direction—that of taking more active steps to promote colonial development—the Government were following rather than anticipating intelligent public opinion. As Sir Herbert (now Lord) Samuel said during the second reading of the Colonial Development Bill "the nation now recognises in colonial development both its duty and its interest."

4. The Colonial Development Fund has now been operating for ten years, and the time appears to be ripe, if not over-ripe, for considering whether it has fulfilled the high expectations which heralded its birth. The measure had, of course, two objects, colonial development and the relief of unemployment in England. The former was perhaps to the fore in the debates in Parliament but the latter was strongly emphasized by the Committee on National Expenditure in 1931, and had considerable influence on the administration of the fund, particularly for the first year or two; I am now concerned only with the former. "The motion," said the Lord Privy Seal when introducing the financial resolution, "lays the foundation for a long-range policy of constructive colonial development." Mr. Ormsby-Gore (now Lord Harlech) pointed out that "this Bill will afford an opportunity to take stock of the uncatalogued and at present only dimly appreciated ultimate resources of the Colonial Empire." The Under-Secretary of State for the Colonies spoke of "the means which, we believe, this Bill will provide, of colonial development on a very large scale." The object of the measure was described by Lord Passfield in the House of Lords as being "to accelerate as far as possible the development of the Crown Colonies, Protectorates and Dependencies."

5. If we ask ourselves whether the Colonial Development Fund has, in fact, fulfilled these high expectations, the answer must, I submit, be in the negative. I do not wish to minimise the benefits which the fund has conferred upon many colonies by enabling them to undertake useful works of development which they could not otherwise have afforded. An appreciation of the benefits which Nigeria has received is contained in my despatch No. 905 of December 12th, 1935. Nor do I wish to suggest that the amount which has been expended during the last ten years could have been spent to much better purpose. But I do maintain that the scheme, looked at as a measure for promoting long-range large-scale development throughout the Colonial Empire, was doomed to failure from the outset. In the debate on the Bill Sir Hilton Young (now Lord Kennet) was alone in taking the attitude that the assistance which it was proposed to give was inadequate. "I do not for a moment think," he said, "that the great benefits which we hope to reap can be reaped upon so narrow a basis." When I venture to agree with Lord Kennet that a million a year spread over fifty territories with an area of two million square miles and a population of over 60,000,000, was totally inadequate to produce the desired results, I may well be asked why it is that the amount available has never been fully expended; I may be asked, with even greater point, why Nigeria, with its 20,000,000 inhabitants and its crying need for development, has actually received less than a quarter of a million in ten years, and has asked for but little more than that. The answer to the latter question is illuminating, and clearly reveals certain fundamental defects in the structure of the scheme.

5. Assistance from the fund was to take the form either of grants or loans made directly towards the cost of a specific project, or of grants or loans to assist a Colonial Government in defraying the interest payable during the first ten years (or less) on a loan raised by the Government. The former method was to be applicable in the case of minor schemes, the latter in that of larger undertakings. The Nigerian Government decided at the outset that it was not in a position to avail itself of assistance in the latter form. The burden of public debt was already very heavy, and to accept assistance in a form which would, in ten years time at most, add to that burden, with no certainty that the resources of the country would in the meantime have increased sufficiently to offset the additional load of debt was regarded, in my opinion rightly, as too speculative a proceeding. Without wishing in any way to criticise past policy in connection with the development of communications in Nyasaland, I would point out that the assistance given from the Colonial Development Fund to cover the interest on loans in connection with the Zambesi Bridge and allied projects has proved to be no more than a temporary palliative. It is, I submit, no exaggeration to say that the form of assistance which the fund was designed to give in the case of major schemes was one of which the colonies most in need of development could not really afford to avail themselves.

6. I would go further, and say that even in the case of minor schemes, to be financed by direct grants or loans, the manner in which the fund was administered placed the poorer colonies at disadvantage. Three examples from Nigeria will illustrate my meaning. In September, 1930, the Advisory Committee, in considering an application from this Government for a grant to meet the capital cost of certain public health projects, definitely laid down that "in all projects of this nature the Colonial Government concerned should, wherever possible, be required to bear a reasonable proportion of the cost involved." They therefore agreed to provide sixty-five per cent only of the capital cost of the seven schemes which they approved, on the express condition that the Government undertook to meet the remaining expenditure from its own resources and to carry out the full programme. Incidentally the schemes involved the Government in quite considerable additional recurrent expenditure. The Government was in a difficult position, and it was only by a majority that the Executive Council advised the Governor that the assistance should be accepted. In the hope of saving something one of the projects was whittled down by two-thirds, but the grant was promptly reduced proportionately. A somewhat similar instance occurred in 1937, when I applied for a grant of £30,000 a year for five years to cover the cost of a vitally important anti-sleeping sickness scheme. The Advisory Committee, who kindly allowed me to appear before them, took the view that £11,000 out of the £30,000, which represented the cost, not of new services, but of an extension of existing services, was not a proper charge on the fund, and agreed to provide £19,000 only, again on the understanding that the Government provided the remaining £11,000, although I had pointed out to them that this would involve the curtailment of other very necessary health measures. The Committee took the view that the work covered by the £11,000 was "part of the normal administrative functions of the Government." At the present moment I am faced with the necessity of cutting all expenditure to the bone, and have had to reduce the amount which I should normally have allotted for health work. A reduction in this expenditure of £11,000 could be made temporarily without very serious results, but I am unable to make it without involving a delay in the more important part of the programme for

which the £19,000 is being given. Finally, when the West African Air Mail was instituted, this Government was suddenly faced with the necessity for providing six aerodromes on the Air Mail route, while the Gold Coast Government had to provide two. The financial situation was such that I was obliged to cut expenditure on these aerodromes to the minimum, and six aerodromes, safe and adequate, but capable in most cases of very considerable improvement if the money were available, were constructed, at a cost of £102,000. The Gold Coast Government, with its greater resources, is spending £110,000 on two aerodromes only. In both cases the Colonial Development Fund is bearing half the cost. It is possible that difficulties of construction in the Gold Coast are greater, and unavoidable expenditure therefore higher, but it is beyond dispute that the aerodrome at Accra is an infinitely superior article to that at Lagos. Be it understood that I am not criticising the Government of the Gold Coast; on the contrary I hope that it may be possible in course of time to bring the Lagos aerodrome up to the Accra standard. But it appears to me somewhat anomalous that the poorer colony should be given half the cost of cheap aerodromes, while the richer should receive half the cost of expensive ones!

7. The criticisms implied in the preceding paragraph may appear to be aimed at the manner in which the Colonial Development Fund has been administered, rather than at the scheme itself. But the fault lies really in the scheme itself, which was an attempt to tackle a great problem piece-meal, without having reached any decision on broad lines of policy. For the plain fact is that no British Government has yet laid down a clear-cut policy in this important matter of colonial development. The Government of 1929 said, in effect; "It is about time we did something to develop the colonies; we ought at the same time to be able to increase our own exports and give some relief to unemployment; let us give them a million a year and see that as much of it as possible comes back to this country." Very nice; a million a year (a good deal less in actual fact) has done quite a lot, and the five million a year suggested by Lord Kennet would have done a good deal more. But the main problem was not squarely faced. It was merely given a bone to keep it quiet. All that the Government of 1929 did was to recognise the propriety of granting *casual* assistance, strictly limited in amount, towards development. It is my contention that casual assistance, however generous, is incapable of producing really satisfactory progress. The institution of the Colonial Development Fund was, as I have said, a concrete sign of a change of *ideas*; but it was not the result of, nor was it accompanied by, a change of *policy. The "doctrine of individual self-sufficiency" has never been abandoned.* In support of this view I would draw your attention to the fact that, of the several financial missions which have visited the colonies in recent years, none, in so far as I am aware, has been specifically concerned with development. Their object has been to secure the restoration, maintenance, or attainment of equilibrium between local revenue and local expenditure, and, where they have dealt with the question of development, they have dealt with it merely as a means to this end. Mr. F. H. Melland, in the Royal African Society's review of Lord Hailey's "African Survey," puts it more strongly, but not altogether unfairly, when he says "The budgetary standard still reigns supreme, and not the long distance ideal of the betterment of the natives."

8. It will by now, I hope, have become apparent that the conclusions to which I referred in the first paragraph of this despatch are, briefly, that His Majesty's Government have in the past given insufficient direct assistance towards the development of certain colonies and that it is time that there was a radical change of

policy. Before proceeding to elaborate and substantiate those conclusions, and to suggest the remedy, I should like to invite a reference to two important publications which have appeared since I first decided to address you in this matter. Lord Hailey's "African Survey" is, both in intention and in execution, a purely objective review of an existing situation. It was however obviously impossible for the author to avoid occasional expressions of opinion upon the problems which he has so ably and fully described. I venture to invite your attention to the eleventh chapter of his book, and in particular to the words with which that chapter concludes; "There is some ground for feeling that not only this question" (*i.e.* that of the terms on which African dependencies have obtained loans) "but that relating to the principles which should regulate the relations of the colonial power and its dependencies in the matter of grants for assistance towards the *ordinary*" (the italics are mine) "expenditure on development, should receive a more comprehensive examination than has yet been given to them." In an address delivered at Chatham House on December 8th last, Lord Hailey, having cast off the shackles of the surveyor, felt himself at liberty to express his own views on some of the problems he had stated, and spoke as follows: "The British people must realise that we ought to be more liberal in our attitude to the need for financing colonial development. I do not question that we are serious in speaking, as we so often speak, of our spirit of trusteeship. But I sometimes wish that we could place our hands on our hearts a little less, and set them to explore our pockets a little more." And later: "Africa needs a great deal of money spent on it before its inhabitants can attain reasonably satisfactory standards of nutrition, of health and of social life. It is clear that in many cases the money for development can only come from Imperial grants."

Professor W. M. Macmillan, in "Africa Emergent,"[1] deals with the problem from a much less purely objective point of view. I would invite your attention in particular to his chapter XII, on "Traditional Colonial Economy," from which I venture to cite three short quotations which admirably express my own sentiments:

> "It is in fact a less fortunate working corollary of the admirable principle of individuality that each colony is expected to live on its own resources, to meet all the costs of its own administration—even to furnish the means for its own economic development."
>
> "It is needless to labour the futility of thus looking to African colonies to work out their own regeneration without material aid."
>
> "The British politician, and the burdened tax-payer behind him, has still to learn that the imperial burden can be lightened by a free flow of commerce only when the peoples of the colonies have first been put in the way of bettering their own conditions. A long term investment is needed which looks only for ultimate returns. So far real development has been positively hindered."

9. I must now turn from the general to the particular, and endeavour to show that Nigeria is one of the colonies in which the doctrine of individual self-sufficiency has unduly hampered development in the past, and will, if maintained, hamper it even more in the future. But, before doing so, I wish to make it clear that neither I nor the people of this country underestimate the extent of the benefits which have been conferred on Nigeria by its inclusion in the British Empire. Those benefits are

[1] See part I of this volume, 2, note 1.

great, manifest, and fully acknowledged, and there is no need for me to re-capitulate them. Nigeria fully realises that she is dependent for her very life on the maintenance of the strength of Great Britain, and that she can contribute woefully little to that maintenance, while the British tax-payer is bearing uncomplainingly a terrific burden. I believe that if I were to consult the more intelligent Nigerian chiefs, and the unofficial African members of Legislative Council, most of them would feel, as I do, that this is a singularly inappropriate moment at which to indite a begging letter to so great a benefactor. But I am not thinking of the present moment. The fact that Nigeria is in the throes of a severe depression has influenced me not at all in arriving at the conclusions which inspire this despatch. Nor, I conceive, should the fact that, even before this despatch reaches you, circumstances may have arisen which render its immediate consideration impossible, deter me from placing on record my opinion that, in so far at any rate as Nigeria is concerned, a continuance of the present policy of His Majesty's Government in regard to colonial development would be in accord neither with our duty to the world, nor with our duty to the British tax-payer, nor with our duty to the people of this country.

10. Let me in the first place attempt to shatter the somewhat persistent illusion that Nigeria is a wealthy country. It is, on the contrary, like most agricultural countries with no capital of their own and lacking the capacity to obtain much from elsewhere, a country of considerable possibilities, but of present very real poverty. I have obtained, from figures supplied for the most part by your office, the following estimates of the income from true taxation of all colonies with a population of a million or more. The figures are for the financial year 1936 or 1936–37 as the case may be, and show the revenue from taxation per head of the population. They include all forms of direct taxation, customs duties, excise, royalties, licence fees, state duties and stamp duties, but do not include fines and court fees, interest on investments, or payment for services rendered. They include Native Administration revenue. They have been worked out on round figures, but may be taken as sufficiently accurate for the broad purpose they are designed to serve. Incidentally, the year in question was a record one for Nigeria in the matter of customs receipts, so the Nigerian figure is well above the average. The figures are as follows, in shillings and pence.

	s.	d.
Malaya (the whole)	39	5
Jamaica	28	3
Hong Kong	24	3
Ceylon	20	9
Gold Coast	12	2
Sierra Leone	10	9
Kenya	10	3
Northern Rhodesia	9	4
Uganda	7	7
Tanganyika	6	9
Nigeria	5	10
Nyasaland	4	3

While I would deprecate any attempt to draw very precise deductions as to respective wealth from these figures, they are, I submit, sufficient to establish beyond doubt the fact that the Nigerian Government has remarkably little money to spend on the services for which it is responsible. Approximately 1s. 7d. out of the 5s. 10d. goes on

public debt services, nearly fourpence on military expenditure, and about sixpence on pensions and gratuities, leaving the modest sum of 3s. 5d. per head of the population to be spent on administration, the maintenance of internal security, and the social and developmental services.

11. It may be suggested that the Nigerian is under-taxed, and a comparison of the rates of direct taxation with those prevailing (for example) in Uganda would at first sight appear to support that suggestion. But I do not think that anyone who has spent even six months studying conditions in this country would contend that the native of Nigeria is capable of contributing more than he does at present by way of direct tax. Figures of national wealth are quite impossible to obtain, but taxable capacity bears some relation to the actual purchase of imported goods, and the following rough figures of imports per head of the population are not without interest. They are the average for the years 1935–37. The figures for Northern Rhodesia are not available to me, and those for Hong-Kong have not been included, as they would obviously be illusory. The figures are in shillings:

	s.
Malaya	250
Jamaica	90
Ceylon	58
Gold Coast	70
Sierra Leone	16
Kenya and Uganda	25
Tanganyika	13
Nigeria	13
Nyasaland	8

Again, no precise deductions as to comparative wealth can be drawn, but the figures are, I think, sufficient to indicate the poverty of the Nigerian, and to show that, compared with other Africans, he is not under-taxed. It is noteworthy that the Gold Coast, whose importing capacity is higher in comparison with its revenue from taxation than the other African colonies, is the only African colony which has not found it necessary to impose direct taxation.

12. Not only is Nigeria a poor country, but, having no capital of its own, it has also benefited comparatively little from foreign capital. The total amount invested in Nigeria up to the end of 1936 is estimated by Professor Frankel[2] at £75,000,000, forty-six per cent of which is public listed capital. On this latter the Government of the country has paid full interest, the rate at present being paid on loans still outstanding being 4.69 per cent. On the private listed capital it may be assumed (since the Niger Company was alone among the chartered companies in paying regular dividends almost from the beginning) that a fair return has been paid by the country. In addition to this sum of £75,000,000 the Government has itself put aside considerable sums out of its exiguous revenue for capital expenditure. The amount so put aside during the last twenty years is some £13,000,000, no less than twelve and a half per cent of the total revenue (excluding Railway revenue) accruing during the same period. £75,000,000, about one-seventh of the amount of foreign capital invested in the Union of South Africa up to the same date, is no great sum wherewith

[2] S H Frankel, *Capital investment in Africa: its course and effects* (London, 1938) pp 159 & 162.

to develop a country with a population of 20,000,000, and it is significant that, with the exception of such of the capital invested in Nigeria as has been spent on mining, and of the very small sum invested in the few plantations that exist, none of this capital has been expended *directly* on improving the quantity or quality of Nigeria's produce. It has all been spent on communications and upon the organisation necessary for bringing Nigerian produce on to the world market; this expenditure has of course encouraged production greatly, and I do not suggest that the capital has been misspent. The point that I wish to make is that comparatively little capital has been, or is, available, and that such capital as has been available has provided very little *direct* assistance to agriculture. The question as to whether a different policy in regard to the method of production might have attracted more capital will possibly be raised. As I regard it as a purely academic question I will deal with it shortly in a separate despatch.

Having (I hope) established the fact that Nigeria is a poor country which has received comparatively little assistance from outside capital, let me examine how far the British Government has succeeded in fulfilling the three duties to which I referred at the end of the ninth paragraph of this despatch.

13. Our duty to the world in respect of the colonies is, I take it, to see that natural resources are not neglected or allowed to deteriorate. There can, I fear, be no question whatever that, during the time for which we have been in occupation of Nigeria, there has been very considerable deterioration of soil fertility, owing to erosion and other causes, and that there has also been a good deal of deforestation without corresponding measures for regeneration. The Geological Survey Department has been able to do practically no geological mapping or prospecting since 1931, with the result that since that date the Government has done literally nothing to assist the exploration and exploitation of the mineral resources of the country. The problem of soil erosion has been carefully studied, though much exploratory work still remains to be done, and a co-ordinated programme of forest maintenance and development has been prepared, but neither adequate anti-erosion measures nor the full forest programme can possibly be carried out with the resources at our disposal, nor can the proper work of the Geological Survey Department (which is at present almost entirely occupied with well-sinking) be resumed.

14. Our duty to the British tax-payer is to extend the supply of raw materials, and the market for British manufactured goods. On December 14th last Mr. de Chair asked you, Sir, in the House of Commons "what steps are necessary to increase the purchasing power of the 66,000,000 inhabitants of the dependent Empire, which, during the first six months of 1938, only purchased £29,000,000 of goods from Great Britain?" The purchases from Great Britain by the 20,000,000 inhabitants of Nigeria during that period amounted to only just over £2,000,000. It is beyond question that Nigeria, taking into consideration its size and population, affords a very small market for British goods and that market is capable of almost infinite expansion. The comfortable theory that the naked savage wears no clothes because he dislikes them is only partially true, and in so far as it is a true reason it is a rapidly disappearing one. His main reason for not wearing clothes is because he cannot afford them. For the three years 1934–1936 the average annual purchases from Great Britain per head of the population were, in the Gold Coast £1 7s. 6d., in Sierra Leone 8s. 6d., in Kenya and Uganda 7s. 7d. and in Nigeria 4s. 8d. There can be no question whatever that increased production on sound economic lines would add to the purchasing power of

the people, and that an increase in their purchasing power would mean a corresponding increase in the market for British goods. The extent to which, and the rapidity with which, increased expenditure on the developmental services would increase the purchasing power of the people are questions which I will discuss later.

15. Our duty to the people themselves is to promote their social and economic welfare, to stimulate the desire for, and facilitate the attainment of, a higher standard of living. In so far as we have fallen short in the performance of our duty to the world by allowing natural resources to deteriorate, and in that of our duty to the British taxpayer by failing to expand with sufficient rapidity the market for British goods, we have also failed in our duty to promote the economic welfare of the people. There remains their social welfare, and here it is beyond question that lack of funds has sadly retarded progress, and that further expenditure would produce immediate results. It is also, I fear, beyond question that both educational and medical facilities are seriously inadequate to the needs of the people. At the present moment the Government can only afford to spend just over 4½d. per head of the population on education and just under 6½d. on health. In the case of education, not only is it impossible to satisfy demands for extended facilities, but the impossibility of fulfilling our obligations in the shape of grants to missions (in whose hands lies the bulk of the elementary education of the country) is making it exceedingly difficult for them to obtain properly qualified teachers. On the medical side, not only is there a constant demand for an extension of hospital and dispensary facilities, but there is a staggering annual loss of life and efficiency, caused by a large number of diseases, endemic and epidemic, which experience elsewhere has shown to be susceptible to attack by intensive campaigns of a nature which Nigeria cannot at present afford.

16. At this point in my argument I must digress for a moment in order to record the actual amount of the concrete financial assistance which the doctrine of individual self-sufficiency has permitted the British Treasury to give to Nigeria. The total sum, including grants-in-aid, grants from the Colonial Development Fund, and an appropriation to compensate the Niger Company, is approximately £6,000,000, which sum has been included in the foreign capital referred to in paragraph 12 of this despatch. It would, I think, be not altogether irrelevant to suggest that the British taxpayer has received at least full value for this expenditure. In the first place, comparatively small though the Nigerian market for British goods is, it would unquestionably have been much smaller had the country come under the administration of another power. In the second place Nigeria is paying every year a very considerable sum to British officials by way of salary, allowances, and pensions. I will again quote Professor Macmillan;

"By one plea, now rather out of date, Great Britain loses the services of some hundreds of her best and brightest young men. According to an interpretation more in accordance with modern facts, the colonies provide these men with unusually stimulating employment such as they could hardly find at home, securely though not excessively well paid. According to the prevailing principles of economic nationalism the money paid ought at least to circulate in the colony that finds it. But the poorer and more primitive the colony the more its officers are obliged to supply their equipment, sometimes even to provision themselves, from home; where also they must spend their well-earned periods of leave. Still more patently, almost every penny of pension must leave the colony."

Professor Macmillan has under-stated his case. Of nearly £2,000,000 which is paid

every year to British officials and ex-officials by the Nigerian Government, less than half is received in Nigeria, and even of that a good proportion is spent on imported goods. In the year 1937–8 a sum of £1,876,336 was paid to European officials by way of salaries, personal allowances, gratuities and pensions. Of this amount no less than £1,067,050 was paid in the United Kingdom, in the shape of pensions, family allotments, and leave pay. Some of this is used to finance the importation of goods by officials; nevertheless the transactions unmistakably represent invisible exports from Great Britain to Nigeria of something in the neighbourhood of a million pounds a year. In addition, the Nigerian Government pays over £100,000 a year to a British Shipping Company on account of the passages of British officials and their wives.

17. So far I have endeavoured to establish two points:—

(1) that Nigeria, owing to—

(a) her own limited resources, which, besides limiting her recurrent expenditure have restricted her borrowing capacity,
(b) her inability to attract more than a modest amount of private foreign capital, and
(c) the operation of the doctrine of individual self-sufficiency,

has been able to spend, and is able to spend, very little indeed, considering her size and population, on the social and developmental services.
(2) that, both socially and economically, progress has not gone very far, and is being unduly retarded at the moment.

It is obvious that, to support the conclusion outlined at the beginning of paragraph 8 of this despatch, I must establish a connection between these two points. To establish this connection, two questions must be asked and answered;

(1) Would the expenditure of more money by the Government have accelerated progress in the past?
(2) Would it do so in the future?

18. In the case of the social services, the answer to both questions is, as I have already indicated, an unhesitating affirmative. The development services I propose to consider individually.

(1) *Agriculture*. The Director is of the opinion, and I agree with him, that up till 1929 development was not handicapped by lack of funds, but took place as rapidly as was safely possible. Since then, however, inadequate expenditure has seriously retarded development, and the present position is very grave. I do not propose to go into details, but the list of urgent problems which the department has been either unable to tackle at all or of which it has merely scratched the surface is a very formidable one, and no less than six provinces are without a single Agricultural Officer. We are at the critical stage where, having, I believe, a really sound policy as a foundation, we can scarcely expand the super-structure at all. Thanks to the soundness of the foundation, we are in a position to expand much more rapidly than in the past, if funds were available. The answer to the first question is therefore a modified, to the second an emphatic, affirmative.
(2) *Co-operation*. This work has only been started comparatively recently, and the answer to the first question is in the negative. While it is fully realised that the

growth of the movement cannot be unduly accelerated, it is a fact that extensions which would be possible and are certainly desirable are at the moment out of the question owing to lack of funds. The answer to the second question is in the affirmative.

(3) *Forests*. The answer to both questions is an emphatic affirmative. While it is true that the work of the department has been hampered by local opposition, owing to the short-sighted and parochial view which the peasant takes of the value of his forests, it is nevertheless unquestionable that the programme of the department could have been accelerated in the past had more money been available, and that deterioration could have been mitigated. A number of practical projects which would have increased productivity have been turned down owing to lack of funds. A considered programme of development has now been prepared; with the funds at our disposal it is quite impossible to work up to it.

(4) *Veterinary*. Again the answer to both questions is an unqualified affirmative. Lack of funds and staff have seriously retarded disease control measures, and have, in particular, hampered research into many disease problems which are of importance to the valuable export trade in goat skins. Increased expenditure would greatly benefit this trade, and would help to develop the industry of native tanned leathers, which holds out great promise. Meat and livestock and dairy industries are also in urgent need of funds for their development.

(5) *Geological survey*. The work of this department has suffered from lack of funds almost more than that of any other. As I have already indicated the real work of geological survey has practically been at a standstill since 1931, and the proving of the mineral resources of the country is now entirely in private hands, a most undesirable state of affairs. It can be said with truth that expenditure on this department is more speculative than expenditure on the four departments with which I have previously dealt. On the other hand the possibilities of a rapid return are greater, and this is the one department which can hope to assist in attracting private capital to the country. A side line in minerals is of course an invaluable asset to any country mainly dependent on agriculture.

(6) *Communications*. These have been well provided in the past both from loan funds and from revenue, and it cannot be said that deficiencies in this direction are responsible for retarded progress. The answer to the first question is therefore in the negative. Nor can it be said that the provision of better facilities (in excess of those which the Government and the Native Administrations are likely to be able to afford in the ordinary way) would by itself do much to encourage development. On the other hand, improvement of communications may well be necessary to supplement other schemes of development, and it is undoubtedly a fact that, particularly in the north, the average distance of farms from the nearest point on a railway or a motor road or a river is greater than is desirable. The answer to the second question is therefore that it may be necessary, in order to derive the full benefit from other schemes for development, to spend more money on the improvement of communications than is at present available.

19. The general conclusions which I have reached are as follows:—

(1) *Social services*. There is urgent need for expansion both in the field of Education and in that of Health. Existing facilities in both these fields are seriously inadequate, and available resources are quite insufficient to enable us to extend

them at the rate at which our duty to the people of the country demands that they should be extended.

(2) *Economic development*. In many directions progress upon proved lines has been held up, and the exploration of fresh lines made impossible, by shortage of funds. The country has, in my judgment, reached a stage at which considerable accelerated progress would be possible if the money were available. In many cases our plans are ready, and a sound foundation has already been laid; in others the exploration of promising avenues is held up; in yet others even the preliminary exploration has been found beyond our means. From the point of view of our duty to the people there appears to me to be an overwhelming case for the according of substantial assistance by His Majesty's Government. From the point of view of the British manufacturer there is also a strong case, but early and spectacular returns must not be looked for. A gradually increasing market can however be confidently expected, and the possible limits to the increase are far beyond our sight.

20. It is my considered opinion, an opinion which is wholeheartedly shared by my advisers, that adherence to the doctrine of individual self-sufficiency has hampered the development of Nigeria in recent years to an undesirable extent; that accelerated progress is now only prevented by lack of means, but will be rendered impossible by continued adherence to that doctrine; and that it is the clear duty of His Majesty's Government to abandon that doctrine altogether in respect of Nigeria, and to take into early consideration the possibility of accelerating the development of the country and the promotion of the welfare of its people by granting direct financial assistance upon a generous scale.

21. I must now turn to the consideration of the form in which the substantial assistance which I consider necessary should be granted. Obviously it can take either of two forms, the provision of capital, or assistance in respect of recurrent expenditure. In the case of Nigeria it appears to me that assistance in both these forms will be necessary, and I will deal with them separately.

22. In more than one passage in his "African Survey," Lord Hailey has suggested that the terms on which some of the African dependencies have obtained loans in the open market have borne hardly upon them, and might, with the assistance of His Majesty's Government, have been less onerous. In his address at Chatham House on December 8th he went so far as to express the hope that in future the colonies would not be obliged to go to the open market for long term loans, and to suggest that they obviously ought to get loan money from the Imperial exchequer. Mr. N. F. Hall, in reviewing the economic chapters of Lord Hailey's book for the Royal African Society, goes so far as to say that "in view of the great skill which the Treasury has exercised in managing the internal debt of Great Britain in respect both of rates of interest and of dates of conversion, it would appear . . . at least in the immediate post-war period the degree of financial skill exercised on behalf of the territories was not commensurate with the responsibilities of the Imperial Government." Be that as it may, it is beyond question that the habit of borrowing in the open market has had grave disadvantages for the colonies, and has imposed heavy burdens upon some of them. Nigeria, for example, is now paying 4.69 per cent on her outstanding loans. As was pointed out in the third paragraph of Lord Passfield's Circular despatch of August 10th, 1929, the Colonial Development Act was designed to encourage colonies to take the course of borrowing in the open market rather than to borrow from His

Majesty's Government. I believe that policy to have been mistaken, and I support Lord Hailey's suggestion that the colonies should in future obtain their loans from the Imperial Government. But I fear that I must go further than Lord Hailey, who suggested that the colonies should pay "only the interest which Great Britain itself would be paying from time to time." Lord Hailey does not envisage any half-way course between a grant and a loan on these terms. I suggest that there is room for such a course, and that His Majesty's Government, while taking full interest from those colonies that can afford it, and giving grants to those that can obviously not afford to bear any loan charges, might adopt a graduated scheme of assistance for those colonies that are able to bear some, though not the full, loan charges. The whole of the charges might be waived for a specified period, subject to reconsideration a year or two before the end of the period, interest might be waived altogether and only sinking fund charges paid, or a reduced interest might be taken. A number of possible schemes will readily suggest themselves. As far as Nigeria is concerned, I fear that, since existing loan charges already absorb more than twenty-five per cent of her revenue, she is not in a position to pay full charges, or anything like them, on any loan other than one of an immediately remunerative nature.

23. I have considered whether part of the assistance of which Nigeria is so urgently in need might not take the form of the payment by His Majesty's Government of a portion of her existing public debt charges. It would not be unreasonable (assuming, as I shall do throughout the remainder of this despatch, that the principle of granting substantial assistance has been accepted) to suggest that the British Government should pay the interest on the capital cost of the Eastern Railway line, which, on the ground of its developmental nature, is being at present borne by the Government without any re-imbursement from the Railway. Nor, indeed, would it be altogether unreasonable to suggest that Nigeria should receive at least as much assistance towards the capital cost of her railway as has been accorded to Kenya and Uganda. Her need for assistance is assuredly no less than theirs, and her railway has an equal right with theirs to be regarded as an instrument of colonial development. On the whole, however, failing any general measure of relief by way of conversion loans (which I believe is considered impracticable) I have come to the conclusion that, so far as Nigeria is concerned, it will be better to leave outstanding obligations untouched and to concentrate on the future. To this I would make one exception. The goodwill of the business of administering the territories then under the control of the Niger Company was purchased in 1899 and consideration money amounting to £865,000 was advanced by His Majesty's Government Treasury, with the proviso that "all such sums as the Treasury determine to be receipts from the territories administered by the Company at the passing of the Act in excess of the necessary expenses of the administration of those territories shall be paid into the Exchequer, save so far as those sums are with the approval of the Treasury applied towards the development and improvement of those territories." It was agreed between the Treasury and the Colonial Office that the liability for these payments fell upon the Government of Nigeria. This fantastic obligation has never been enforced, and has now been cancelled, but the terms of the transfer imposed one other obligation upon this Government which is still extant; I refer to the obligation to pay to the Company or its assigns (in this case the United Africa Company) half of the receipts from any royalty imposed on minerals worked in that portion of the Northern Provinces which is bounded on the west by the main

stream of the Niger and on the east by a line running direct from Yola to Zinder, for a period of ninety-nine years. The amount paid up to date is about £1,700,000. The Nigerian Government has therefore already paid, in respect of the transfer of the Niger Company's territories, just twice as much as has been paid by His Majesty's Government, and is still under an obligation which has another fifty-nine years to run. I suggest, with due respect, that this obligation has hampered and is hampering development, that it should never have been imposed upon a new and very poor administration, and that His Majesty's Government should forthwith take it over, either making the annual payments or compounding the obligation by a cash payment.

24. As regards capital assistance in the future, Nigeria's commitments are already so heavy (and I fear that a good proportion of them is now represented by "dead" assets) that, as I have already indicated, she is not in a position to take a loan on normal terms for other than immediately remunerative expenditure. I hope therefore that His Majesty's Government will be prepared to consider affording assistance towards developmental projects either by a capital grant or by a loan on easy terms, as suggested in paragraph 23 of this despatch. I do not propose to compile at this stage a list of projects under contemplation, or which might have been contemplated had there been any prospect of raising the necessary capital, but an aerial survey of a portion of the country would rank very high among them.

25. I will now turn to the manner in which assistance towards recurrent expenditure should be granted. The most obvious expedient is that of an annual grant-in-aid, either on a sliding scale or of a fixed amount, for a term of years, subject to re-consideration at the end of that term. This expedient is open to serious objections; the receipt of a dole of this nature is liable, I fear, to be as demoralising in the case of Governments as it is in the case of individuals, and His Majesty's Government might find it necessary, in order to guard against extravagance or carelessness, to impose a somewhat rigid control which, in its turn, might defeat the object of the grant by attending more closely to economy than to development. Also, there would unquestionably be from time to time a conflict between the claims of the developmental and the social services, and local unofficial opinion would invariably lie heavily on the side of the latter. Professor Macmillan has suggested that the imperial authority might be more generous in taking a share of the burden of the salaries of British officials, and, in view of the "invisible export" referred to in my sixteenth paragraph, the suggestion that His Majesty's Government should pay a share of such salaries is at any rate logical. But this expedient is open to precisely the same objections as a grant-in-aid, and I do not favour it.

26. In considering the form which recurring assistance should take there are two main desiderata which should be kept in mind; firstly to avoid a constant conflict between the claims of the social and the developmental services, and secondly, to do as little as possible to remove or lessen the existing incentives to economy in administration and to the full exploration of all legitimate sources of revenue. I believe that I have hit upon an expedient which will completely secure both of these desiderata. I suggest for your consideration that His Majesty's Government should assume the duty of financing the services performed by the Agricultural, Forestry, Veterinary, Geological Survey and Co-operative departments, and that these services should be excluded from the ordinary budget. This arrangement would, if the Nigerian Government were also relieved of the payment of a moiety of royalties to the

United African Company, add about £300,000 to the amount now available for the services which that Government would still have to finance, and would make possible an immediate and much needed extension of educational and medical facilities. It would also in no wise interfere with existing incentives to economy in administration and to the raising of revenue, and would leave in the hands of the Legislative Council the full measure of control which they now exercise over the social services, which are the services in which the greatest interest is taken by the African members.

27. As regards the five developmental services, an immediate programme of expansion should be prepared, giving a forecast of the work proposed to be undertaken in the next ten years and an estimate of the cost thereof for each year. His Majesty's Government should then decide how much of this programme they are prepared to finance, and, if they are not prepared to finance the whole, which items should be omitted. The programme would of course be subject to periodic revision. The estimates of expenditure on these departments would have to be approved in full by His Majesty's Government. They could be prepared at leisure well before the financial year, as they would not be dependent on the revenue prospects of the Nigerian Government.

28. I have considered this arrangement very carefully, and find no serious defect in it, while it has many obvious advantages. A number of matters of detail will of course have to be settled. Among these is the question of what action should be taken in respect of Native Administration expenditure on the development services, in the local operation of which it is undoubtedly desirable that they should continue to take an active part. The question will also arise as to the extent to which the Legislative Council should be allowed to discuss these estimates and suggest alterations therein. The method of dealing with Supplementary Estimates will also have to be settled. But these questions of detail can be considered later if the main principle is accepted.

29. If my proposal is approved it will be necessary immediately to proceed to the drawing up of the programme of the developmental services. It might be possible to draw this up locally, without outside help, but it is in my opinion highly desirable that expert assistance from outside should be obtained. I suggest that a commissioner or commission should be appointed, whose expenses should be defrayed either by His Majesty's Government or by a grant from the Colonial Development Fund, to visit Nigeria and draw up a programme in collaboration with my Government.

30. I will now sum up my conclusions and recommendations. Both deal specifically with the case of Nigeria; but it is not, of course, my intention to suggest that the position of Nigeria is unique.

Conclusions

(1) That Nigeria is a poor country, with no local capital, and with a very limited capacity for attracting foreign capital.

(2) That this poverty is hampering and has hampered the social and economic progress of the country.

(3) That a stage has been reached at which, having regard to the foundations already laid, considerably accelerated progress, both social and economic, is practicable, provided the money necessary to finance it can be found.

(4) That there is no prospect whatever of Nigeria being able to provide the necessary money, either now or in the near future, and that the assistance available from the Colonial Development Fund is inadequate in extent and unsuitable in form.

(5) That the British Government is therefore faced with the two alternatives of allowing the social and economic progress of Nigeria to be seriously retarded or of embarking upon a new policy involving the grant of financial assistance on a scale not hitherto contemplated.

(6) That the adoption of the former of these two courses would be incompatible with the duty of His Majesty's Government to the world in general and to the British taxpayer and the inhabitants of Nigeria in particular.

Recommendations

(1) That His Majesty's Government should make a clear statement of their policy in regard to the development of Nigeria, and should lay down that, while financial self-sufficiency is undoubtedly an end to be aimed at, it is an ultimate and not an immediate goal, and that its attainment must be unhesitatingly subordinated to the maintenance of a continuous accelerated rate of social and economic progress.

(2) That, in order to attain this latter end, His Majesty's Government should agree:—

(a) to relieve the Nigerian Government of its obligation to pay to the U.A.C. a moiety of certain mineral royalties,

(b) to finance approved developmental capital works in Nigeria (other than such as are likely to be immediately remunerative) either by direct grants, or by loans on terms which it will be within the capacity of the Nigerian Government to fulfil, and

(c) to accept responsibility for financing the operations of the Agricultural, Forestry, Geological Survey, Veterinary and Co-operative Departments, the estimates of expenditure for these departments being excluded from the ordinary Nigerian budget.

(3) That the situation in regard to these measures of assistance should be reviewed at the end of ten years, or earlier should circumstances permit.

(4) That a commission should be appointed to visit Nigeria and draw up a ten-years programme of work for these departments in collaboration with the Nigerian Government.

(5) That the expenses of this commission should be borne by His Majesty's Government or by the Colonial Development Fund.

31. Viewed in the light of present practice the expenditure which would be involved by the acceptance of these recommendations appears sufficiently formidable. I venture to suggest that, having regard to the size of the territory and the numbers of the population involved, it is far from excessive. Nevertheless I should have hesitated, at a time when His Majesty's Government are faced with unprecedented expenditure in the interests of the security of the Empire and the peace of the world, to make recommendations involving any further expenditure at all were it not for my profound conviction that the present policy of His Majesty's Government in respect of the development of the poorer colonies is inadequate to meet the needs of the situation, and will be regarded by future generations as narrow and short-sighted. I am encouraged to believe that that conviction is supported by a rapidly growing body of public opinion, and is already partially, if not wholly, shared by yourself.

32. As you may wish to consult other colonial Governments in regard to the

general principles involved, I am sending copies of this despatch to the other West African Governors, and to the Governors of Kenya, Tanganyika, Uganda, Nyasaland, Northern Rhodesia and Somaliland.

96 CO 852/250/10, no 15 31 July 1939

'Question of securing money from the United Kingdom for the colonies': minutes of a CO departmental meeting

[This meeeting, chaired by Lord Dufferin, considered a memo drawn up by Orde Browne, CO labour adviser and author of *Report on Labour Conditions in the West Indies* (Cmd 6023, 1938–9), in which Orde Browne suggested the appointment of a development officer to oversee expenditure of any funds provided for the West Indies as a result of the Royal Commission's recommendations (CO 852/250/10, no 14, 'Memorandum on the administration and control of possible assistance for the West Indies, from Imperial Funds' 23 July 1939). The meeting also continued its discussion of colonial development and welfare begun in 1938 (see 94). A short memo was subsequently drawn up from the secretary of state giving the meeting's conclusions (CO 852/250/10, no 16, memo by J A Calder, 8 Aug 1939).]

The meeting first discussed Major Orde Browne's memorandum of the 23rd of July suggesting that the expenditure of any money which might be secured for the West Indies should be entrusted to a Commissioner for Development.

2. Sir J. Campbell liked the proposal. He thought that the Newfoundland Commission constituted a precedent for it. There would be much more chance of getting money from the Treasury if it could be shown that the expenditure of the funds would be in the hands of a competent Commissioner and not under the control of inefficient local Governments. There would, of course, be possibilities of constitutional friction between the local legislatures and the Commissioner, but it would be so greatly in the interests of the local Governments to agree to the Commissioner's spending money in their territories that with a little tactful handling friction should be easy to overcome. The position would resemble that which obtained in Greece when the International Commission was spending the refugee loan of £15,000,000. Sir John felt that it was a great virtue of Major Orde Browne's proposal that it did not raise in terms the thorny question of constitutional change. Any differences with the local legislatures could be settled by the Commissioner saying: "This is my scheme—if you do not want it you need not have it, but you will not get the money".

3. Sir Henry Moore did not think that Newfoundland presented a useful precedent, because the difficulty of dealing with many different Governments had not there arisen. He would prefer, if any scheme of this kind was seriously considered, to see the proposed powers vested in a High Commissioner for the West Indies with certain defined jurisdiction over local Governments. A floating Commissioner on a ship reporting back to a committee in London would be certain to create constitutional difficulties. He would have to deal with questions relating to social services which would be of vital interest to the islanders and the local legislatures would not surrender their powers in these matters without a fight. The Hilton Young recommendations for East Africa would provide useful indications as to how a federal staff under the proposed High Commissioner might work. Sir Henry felt that no

decision should be taken with regard to the West Indies pending the report of the Royal Commission.

4. Lord Dufferin said he felt strongly that there ought to be a Governor-General for all the West Indies and he would like to make him Development Commissioner as well. The officer would then have a dual function: as Governor-General he would have constitutional checks from the legislature, but as Development Commissioner he would be benevolent despot. The Governor-General would have a federal staff of first class men. Lord Dufferin felt that there would never be any proper planning of development in the West Indies without a competent federal service. It would be necessary to treat the West Indies as a problem quite separate from Africa, requiring a different method of approach.

5. Sir F. Stockdale emphasized that the person responsible for spending the development funds would need a competent staff. It had in the past been a great disability of the West Indies that the Governments could not employ good men. He understood that the Royal Commission would recommend the appointment of an Agricultural Commissioner for the West Indies. He thought that it was of interest to note that in St. Helena it had been possible to obtain a co-ordinated scheme, which had been rapidly adopted in all particulars, when the governor had assistance from outside the Colony. He had the same feeling with regard to the West Indian colonies. If only proper plans could be worked out by persons from outside who were familiar with the general policy of those responsible for making recommendations from the C.D.F., they would rapidly secure adoption. He suggested that the Development Commissioner for the West Indies might work on the precedents afforded by the specialist staff of the Ministry of Agriculture and the Ministry of Health, who watch the work of local authorities in the United Kingdom and check the expenditure of funds provided by the Treasury. He recalled that after the West Indian Royal Commission of 1898 the Imperial Department of Agriculture had been set up with funds for assistance in the shape of grants to the Island departments. The funds were in effect under the control of Sir Daniel Morris,[1] who was Imperial Commissioner of Agriculture in the West Indies. Sir Daniel had had no difficulty in securing the acquiescence of the local legislatures in his schemes except in Grenada.

6. Sir John Shuckburgh expressed the view that if Major Orde Browne's scheme were tried out it would be impossible to avoid the constitutional issue. He felt that it would be difficult for the Commissioner to exercise any powers against the wishes of the local legislatures. He doubted the value of experience in St. Helena, because it had only been necessary to convince a very small number of people in order to secure the acceptance of the St. Helena plans. As regards the idea of appointing a Governor-General for the West Indies, he thought that Commissioners for separate subjects (e.g. agriculture, health) might be more practicable than a Governor-General.

7. Mr. Clauson emphasized that what the West Indies needed was not so much schemes as men. He had the impression that the African colonies had plenty of generals with very few privates, whereas in the West Indies there was an adequate supply of privates but scarcely anybody above the mentality of an N.C.O.

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[1] Scientific adviser to the West Indies Royal Commission, 1896–1897; imperial commissioner, West Indian Agricultural Dept, 1898–1908; scientific adviser in tropical agriculture, CO, 1908–1913.

8. It was decided to defer a decision regarding the West Indies pending the report of the Royal Commission.

9. During the discussion Sir F. Stockdale suggested an alternative method for securing the ends which Major Orde Browne had in view. If the Colonial Development Advisory Committee were reconstituted, two permanent members might be appointed who would be Commissioners for the purpose of discussing with Governors (and perhaps with the West Indian Governments in particular) projects going forward to the Advisory Committee. He quoted for purposes of comparison the procedure adopted by the Development Commission in the United Kingdom, where two permanent officials had been employed in a comparable capacity. Sir John Campbell said that the Colonial Development Advisory Committee had had in mind the need for such a development. They had found it necessary on various occasions to vote money for the carrying out of preliminary surveys on schemes which had come before them. At the same time he felt that the task of a Commissioner in this country employed by the Development Commission was very much easier than that of a Commissioner employed to consider schemes emanating from a large number of colonies. It would so often happen that the Commissioner would have to go to the colony to prepare the scheme, and would then find himself handicapped because of the lack of information in the colony. He would, in short, suffer from the same disadvantage as Colonial Governments at present experience when they are trying to prepare schemes for the Committee. Sir Henry Moore supported Sir F. Stockdale's suggestion.

10. Lord Dufferin then asked the meeting to direct its attention to Africa. It was stated that the Treasury had recently remitted the debt on the Kenya-Uganda Railway and the Niger Company's annunities. An inter-departmental committee was sitting to consider the writing off of the loan-in-aid debts of such territories as Nyasaland, and it was believed that the Treasury had made up their minds to write off some of these debts when a suitable formula could be found. It would be necessary either to take a vote for the whole amount of the loans or else to pass legislation to write them off. The Treasury objected to the first of these courses, apparently on the ground that it would swell the nominal deficit for the year; but Sir Cosmo Parkinson said that he could not see any valid objection to the course. Mr. Calder emphasised that the discussions of the interdepartmental committee related only to colonial indebtedness to the Treasury, and did not in any way touch the major problem of colonial indebtedness.

11. Discussion then passed to Sir B. Bourdillon's proposals that H.M.G. should assume responsiiblity for Nigeria's debts,[2] and that H.M.G. should assume the financial responsibility for the developmental services in Nigeria without imposing Treasury control.

12. Sir J. Campbell emphasized that the basic question was that of getting more money for the colonies. It was not desirable to obscure that basic need by discussing with the Treasury at the present stage the specific objects to which the money should be devoted. The assumption of colonial indebtedness by H.M.G. would not correspond in any way to the needs of the various colonies; he would rule out that proposal at once. The assumption by H.M.G. of financial responsibility for particular services was similarly open to grave objections; it carried unforeseenable implications and

[2] See 95.

tremendous complications in detail. Like the debt proposal, it might not correspond to the actual needs of the various colonies. It would inevitably make the financing of the developmental services the subject of embarrassing debate between distant authorities. To proceed with the proposal would really result in obscuring, in a cloud of detail, the basic need for more money. Sir John suggested that the Secretary of State should go to the Cabinet and say that more money was an immediate and indispensable necessity. He should not attempt to give estimates of the exact amount required, but should assure the Cabinet (supporting his statement by evidence, of which there is plenty available) that an annual sum of £5,000,000 could be put to very good use as a starting figure.

13. Several subsidiary questions were then discussed. It was suggested that exchange complications might arise in connection with the spending in the colonies of a sum so large as £5,000,000 per annum, but the general opinion of the meeting appeared to be that no difficulty need be expected in this connection. The view appeared to be generally accepted that Africa needed men rather than schemes, particularly trained Africans receiving salaries very much lower than those paid to Europeans. It was agreed that of the additional funds, which it is hoped to secure, a proportion would have to be made available for the expansion of the personnel of the various services. It was suggested that the existence of the unified services created a great difficulty in employing trained Africans on suitable terms. It was agreed that each colony would have to be asked to make out a re-conditioning plan, but it was also agreed that help would have to be given to Colonial Governments in the production of their schemes, perhaps by sending out Commissioners. It was suggested that the plans of each colony would have to be examined in relation to the local revenue position, since the U.K. taxpayer could not be expected to pay for services if the local taxpayer was not doing his bit.

14. The discussion then came back to the best means of getting the money, and Mr. Dawe suggested that unless these proposals were brought to a speedy conclusion and put to the Treasury, the Secretary of State would find himself face to face with an acute crisis in carrying on existing services, let alone expanding the services to meet the many criticisms which were being levelled against colonial administrations.

15. It was suggested that before any request for a large sum is put to the Treasury there ought to be an investigation as to how much is wanted and how much should be spent. This view was not acceptable to the meeting. It was pointed out that we already have a detailed statement of what Nigeria wants; a recent statement of Kenya's needs is also on record. It was believed that proposals from other colonies were either on record or could rapidly be secured.

16. Mr. Dawe reminded the meeting that the Secretary of State had assured Lord Hailey that he would not delay beyond the end of September to ask the Treasury for an annual sum of half a million pounds for research, and that the Secretary of State hoped that the development project could go forward together with the research project.

17. Sir John Campbell emphasized that his proposal to ask for an enlargement of the Colonial Development Fund was the easiest line of approach. It represented the evolution of an existing organization. The Colonial Development Fund had been popular in political circles and had always had a good press. It therefore looked as though the major political influences would be in favour of expanding it. The position of the Committee would, of course, have to be changed and the terms of

reference would have to be revised. It had to be admitted that this line of approach would put the whole plan on the restricted basis, but Sir John believed that it was the right way to start. If it were not adopted the other concrete proposals were:—

(1) those put forward by Sir B. Bourdillon which were open to the serious objections which he had already mentioned and
(2) those put forward by Major Orde Browne which he thought would be best applied within the Colonial Development Fund scheme, being in no way inconsistent with it.

18. Sir John Shuckburgh agreed that Sir B. Bourdillon's proposal regarding the financing of specific services was unacceptable; but he felt reluctant to rule out all question of the U.K. Government assuming responsibility for colonial debts. It was pointed out, however, that the indebtness of the colonies amounted to £129,000,000—a sum so large that there would be very little prospect of the Treasury agreeing to take it over. Furthermore, under this proposal, the most developed colonies would receive the greatest advantage, while those which had so far spent little on capital works would get least.

19. The view was expressed, and appeared to be acceptable to most of those present, that if the Colonial Development Fund was greatly enlarged, the Colonial Development Advisory Committee would have to be made even more purely advisory than at present, and that its statutory power of veto of schemes would have to be rescinded.

20. It was suggested that the Treasury might maintain that there could be no case for enlarging the Colonial Development Fund until the Fund had spent the sum of £1,000,000 which was at present available to it annually; but it was agreed that it would be reasonable to reply that it is now proposed to enlarge the whole scope of the Fund and the objects to which its resources are to be devoted.

21. Mr. Calder was doubtful whether any amendment of the Colonial Development Act could be devised to enable the Fund to give grants-in-aid of ordinary recurrent expenditure, but it was agreed that the power to give such grants must be an essential part of the proposal. Sir Henry Moore suggested that the sum to be asked for should be divided under two headings:—

(1) an addition to the Colonial Development Fund for development schemes;
(2) a fund from which, subject to Treasury agreement, the Secretary of State would be empowered to give grants-in-aid of local expenditure for a definite period of years without thereby imposing the obligation of Treasury control.

22. Mr. Clauson suggested that the proposed fund might be organized on the kind of basis adopted by the Carnegie Corporation, i.e. that a number of blocks should be established which could be used by the Secretary of State in agreement with the Treasury, for example £500,000 for education, £50,000 for welfare, and so on. Mr. Dawe expressed the view that it was of advantage to have a maximum annual sum for the fund named in an Act of Parliament.

23. Sir Frank Stockdale emphasized the need for full time Commissioners as members of the Colonial Development Advisory Committee, and the need for a senior person in the Colonial Office to correspond freely with Colonial Governments about prospective schemes.

24. It was agreed to proceed with the proposal to approach the Cabinet for

sanction to expand the Colonial Development Fund. The sum to be asked for in the first instance should be not less than £10,000,000 per annum; but it seemed to be agreed that it would not be possible to spend so much in the early stages, and that the request for so large a sum would be something in the nature of a tactical move. A draft should be prepared in the form of a memorandum suitable for reference to the Parliamentary draughtsmen. The draft should be in general terms to bring within the scope of the Fund as wide a range of subjects as possible, but it should be particularly stated that the Fund is to be available to assist Colonial Governments with recurring expenditure, to provide money wherewith Colonial Governments may pay the salaries of their employees, and to make grants to official and non-official bodies for work in the Colonial Empire.

25. The proposal for a separate Colonial Research Fund and a Separate Research Advisory Committee, disposing of funds to a maximum of £500,000 per annum, should be covered by the draft (see 47097/38 Africa).

26. Lord Dufferin directed that a short memorandum should be prepared for the Secretary of State giving the conclusions of the meeting and indicating the proposed legislation; it would be for the Secretary of State himself to decide upon the constitution of the revised Colonial Development Advisory Committee and the proposed new Colonial Research Committee.

97 CO 852/256/1 4–21 Sept 1939

[Wartime marketing of colonial exports]: minutes by G L M Clauson and Sir H Moore

[The first minute by Clauson addresses the question of colonial cocoa exports in time of war (an issue first raised by representatives of the United Africa Company Ltd, the largest single exporter of cocoa from the British West African colonies). After Clauson's minute was written, further information was sought about cocoa exports from the governments of cocoa-producing colonies, and a memo was drawn up by E Melville, outlining proposals for a cocoa control scheme. This suggested that the British government purchase the entire West African cocoa crop at a guaranteed minimum price during the war, using existing cocoa-exporting companies as buying agencies. Moore's minute draws the attention of Lord Dufferin to this memo, which was sent to the Ministry of Food (CO 852/256/1, no 23). After further correspondence with the colonial governments concerned and negotiations with the Ministry of Food and Treasury, final details of the scheme for the purchase by the British government of the 1939–1940 British West African cocoa crop and for cocoa from Ceylon, Trinidad and the Windwards (at prices to be determined in relation to those of the West African crop) were announced in mid-Nov 1939.]

Position of cocoa in time of war

When the [representatives] of United Africa Co. called on Sir H. Moore & myself this afternoon, they said, *inter alia*, that they were very much exercised in their minds about the cocoa position.

The W. African main crop will shortly be coming forward & the merchants do not see how they can buy, or fix a proper price to offer, without some indication of how they are to dispose of what they buy.

The statistical picture is most unfavourable. There is about a year's stock in this country, so that it is unlikely that shipping will be provided at all freely for more.

Germany, an important consumer, will be out of the open market, & if she tries to get supplies indirectly we shall presumably do all that we can to stop her.

The U.S.A. will presumably be in the market for the usual quantities which are less than W. Africa has to sell. Their very tentative suggestion was that in order to control supplies & maintain some kind of price, H.M.G. shd. itself buy the crop. The sums involved wd. be very large. Gold Coast & Nigeria between them may well want to sell 400,000 tons, which at, say, £20 a ton, a low price, wd. be £8 million.

The problem affects so many other things, for instance, the war effort of the Gold Coast, & is so important that perhaps the right course is for the S. of S. to call urgently a meeting[1] of [representatives] of the Treasury, B. of T. & Food Defence Plans to discuss it, but I shd. like first to get Mr. Melville back to work out a brief memo. on the present statistical position. The immediately urgent point is W. Africa, but equally we must not forget the W. Indian crop.

G.L.M.C.
4.9.39

Lord Dufferin

Mr. Melville's memorandum is self-explanatory, and as this matter is exceedingly urgent I will not delay the papers by further minuting, but I think you should certainly see and approve what is suggested and you will no doubt decide whether, in view of the political implications of the scheme in West Africa, the Secretary of State should not himself see the papers before the Ministry of Food is approached.

We have had considerable discussions in the Department both with representatives of the merchants concerned and with Sir Frank Stockdale. I think the upshot of our discussions is that we are all generally agreed that it would on the long view be in the interests of the West African producer if the Govt. were to buy in the cocoa crop at a guaranteed minimum price for the period of the war. What is more debatable is the proposal to use the agency of the existing firms to purchase on behalf of H.M.G. On practical grounds it seems to me much the most sensible thing to do, as they have their organisation on the spot and are fully conversant with all the intricacies of the trade, but in view of past history it is idle to suppose that there may not be some suspicions aroused in the minds of the West African native, more particularly if it is known that Mr. John Cadbury is to be, as I believe is the case, the Cocoa Controller in this country. It is therefore of the greatest importance that it should be made clear from the outset that the firms are only acting as the agents of H.M.G. and that any profits will ultimately be returned in some way, if not to the producers themselves, at least to the local Governments. It will be equally important that the price fixed is a fair price, as otherwise we shall be faced with the political argument that in order to provide cheap food at home we are grinding the faces of the African poor. I am inclined to think, however, that these dangers must be faced and met, as in the long run a scheme of this sort appears to be our only way out. Whether the Treasury will agree to the heavy contingent liability that the scheme involves is another matter.

H.M.
21.9.39

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[1] Dawe commented here: 'I think we ought to mature the question a bit futher before we do this'.

98 CO 852/295/10, no 1 14 Sept 1939

[Import control]: circular telegram no 52 from Mr MacDonald to colonial governments

My Secret circular despatch No. 2 of 23rd August regarding import and export restrictions was drafted at time when war though possible was not regarded as imminent. So far as import control was concerned therefore two stage procedure was contemplated first that you should review field of imports and report possibilities of limitation and then that policy should be provisionally settled in light of this survey.

2. Outbreak of hostilities renders this programme impossible and quicker machinery must be devised. Matter is closely connected with exchange control regarding which some action already taken and further action will be necessary in due course. In this country Treasury consider allocation of available foreign currency impossible except on basis of system of licensing imports and long list of imports subject to licence has been published. No licence will be required for imports from Empire countries other than Canada and perhaps Newfoundland apart from short list of unessential luxuries. Imports from countries of which exchange is scarce, that is at present Canada, United States of America, Scandinavian countries, Holland, Belgium, Switzerland and Japan are being reduced to zero or absolute minimum; imports from other foreign countries of which exchange is more freely available are being reduced but not so drastically.

3. In some Colonial territories, where economic structure is much simpler it may be possible to exercise all necessary control by exchange control without import control, that is that foreign exchange should be made available only for essential purchases but in most cases latter also will be necessary.

4. In that event policy would be to impose minimum control necessary to conserve exchange resources while hampering trade as little as possible. Imports could then be divided into four classes:—

(1) unessential luxuries, import of which could be absolutely prohibited except perhaps from Empire countries other than Canada.
(2) goods of which other Empire supplies are ample, Canadian and foreign imports of which could be absolutely prohibited.
(3) goods of which foreign supplies are essential but only in very small quantities, imports of which could be left unrestricted but watched carefully.
(4) goods of which substantial foreign supplies appear necessary. In this case import should be subject to licence and endeavour should be made to license imports exclusively or principally from countries in respect of which exchange supplies are ample.

5. I am prepared to leave you full discretion regarding first three classes, but should be glad to be informed what dividing line you select between classes 3 and 4.

6. As regards class 4, please report by telegram as soon as possible what classes of goods are affected and what is probable value of imports required from Canada and each foreign country. No further action in regard to imposition of import control need however be taken until you have received my observations.

7. If you have already imposed import control please report action taken.

8. In some Dependencies entrepot trade of substantial dimensions is involved,

and it is very desirable to maintain it in order to earn resultant profits. If this applies to you please report what measures you think possible to maintain it while guarding against possible drain of foreign exchange from this source.

9. In putting the instructions in this telegram into practice it is important to remember that the only information given to importers should be that this or that application for a licence has been granted or rejected. The principles upon which Government's administrative discrimination is based should not be made public.

10. Cases of doubt and difficulty should be referred to me.

99 CO 691/174/42154/1, no 6 22 Sept 1939
[Effect of war on the colonies]: circular telegram no 62 from Mr MacDonald to colonial governments

My confidential circular telegram No. 54.[1]

1. While it is very difficult to make any forecast of effects of war on Colonial budgets the following wholly tentative observations which developments may modify may be of use to you:—

(a) Although experience in last war would seem to indicate that there will be a general rise in prices of all commodities, special action which is now being taken in this country and elsewhere to control prices and existence of large world supplies, actual or potential, of many commodities may have result that prices of only a few Colonial commodities will rise considerably above their pre-war level. Moreover owing to rise in insurance, freights and other incidentals rise in importing countries will not involve equivalent rise in prices received by producers. In some cases, however, quantities exported may increase substantially and in case of certain commodities where American consumption is dominant factor fall in value of sterling has already caused some increase in price.

(b) Increase in total value of exports may not immediately result in increase in total value of imports. Restriction of imports from Canada and most foreign countries is as you know essential on exchange grounds. Normal flow of imports may well be restricted also by:—

(i) Difficulties of shipping.

(ii) Preoccupation of industry here and elsewhere with more essential war purposes.

Whatever the value of exports falling off in volume of imports is therefore probable with consequent falling off of normal revenue and accumulation of funds locally.

(c) A number of services in connection with war activities are likely to involve some fresh expenditure by almost all Colonial Governments.

2. Financial effort necessary to secure successful prosecution of war will entail

[1] CO 691/174/42154/1, no 1, 15 Sept 1939. In this tel MacDonald had warned that the British government would probably be unable to maintain its current levels of expenditure, and asked colonial governments to indicate the nature of economies each would be forced to introduce in the event of the withdrawal of Treasury assistance or of Colonial Development Fund money. He stressed, however, that he was anxious to see 'existing social services and development activities disturbed as little as possible'.

unprecedented sacrifices by United Kingdom taxpayer. Continuance of assistance from United Kingdom Exchequer, whether directly or through Colonial Development Fund, will in any event be difficult enough and difficulty would be increased if it could be shown that people of Colonial Empire were not already bearing their full share of the burden.

3. In these circumstances I consider that it is important to ensure that all classes make the maximum contribution to revenue which it is reasonable to ask having regard to their taxable capacity and I suggest that existing taxation should be reviewed with this end in view. Resolutions which have been received show how anxious the people of the Colonial Empire are to help in its defence and best psychological moment for securing consent to increase of taxation would seem to be in near future, possibly immediately after introduction of emergency budget in this country. No date has yet been fixed for this, but I will advise you when it is known.

4. While I appreciate that in many territories it would be inequitable and undesirable to increase the rates of direct taxation at present payable by the mass of the people, I am of opinion that the two following possibilities should be examined:—

(a) That taxation paid by wealthier members of the community might be increased. Imposition of income tax or increase of it if it already exists would probably be the most scientific way of securing this and I hope that if it is at all practicable you will not be unduly deterred by administrative difficulties from imposing such taxation. Failing income tax some other form of direct taxation is I suggest indicated as being easiest means of ensuring that taxation is paid by those who can best bear its burden.

(b) That on general grounds it is very desirable that some arrangement should be made to ensure that Governments obtain an adequate share of any excess profits accruing as the result of war. I suggest that whether or not prices are in fact already showing tendency to rise it will be desirable to pass legislation on the subject without delay. As regards profits from exports it may be found that only practicable method of achieving object is some form of export duty based on the excess of war-time prices and quantities of over pre-war prices and quantities.

5. As regards local trade problem of excess profits will not arise if as I hope action is taken to prevent profiteering. If as may be the case (see paragraph 1 (b) above) there is a shortage of imports and an accumulation of funds locally, there will probably be a marked rise in margin between c.i.f. price of imports and their retail price as well as in the prices of local produce. I have indeed already had indications from some Dependencies that this is occurring. Machinery to control internal prices of at any rate main articles whether imported or produced locally may therefore be required, as it was in most Dependencies in last war. Legislation is already in force in this country and in some Dependencies and I suggest that where nothing has yet been done to meet the contingency early action will be desirable before any substantial rise actually takes place. United Kingdom control arrangements are so complicated that I doubt whether information as to those arrangements would be of value to you in dealing with the matter.

6. Please telegraph any comments you may have to offer on this telegram and in particular I should be glad to know before you are in any way committed by publication what action you would propose to take arising out of paragraph 4.

100 CO 859/19/18, nos 1 & 2 11 Oct 1939

[Colonial development and welfare]: letter from Mr MacDonald to Sir J Simon. *Enclosure*: 'Colonial development, note for the Chancellor of the Exchequer'

[CO discussions about colonial development and welfare were interrupted by the outbreak of war, but at a CO meeting on 4 Sept the question of development policy was considered in relation to wartime colonial expenditure, the maintenance of existing social services, and the possibility of providing financial aid to enable dependencies to meet budget deficits. At a meeting with Simon on 18 Sept 1939 to discuss colonial development and welfare, MacDonald promised to send this memorandum outlining CO proposals.]

I now send you the memorandum which I promised you after our talk three weeks ago abut the future of Colonial development and welfare. I have not sent it before for two reasons: first, because I wanted to see if I could get some idea of the effect of the war on Colonial budgets; secondly, because I wanted to be able to assure you that Colonial Governments were doing—or were in a fair way to doing—their bit in taxing themselves comparably with the taxation here.

Your Department have, I think, already had copies of the three circular telegrams about finances that I have sent out to Colonial Governments. The replies which I have received to these telegrams give a rather worse picture of the effect of the war on Colonial budgets than I had expected. It is evident that, at any rate in a good many Colonies, war is playing havoc with Colonial revenue and expenditure. The response to the suggestion that the Colonies ought to increase their taxation has in the whole been very good indeed; but it looks very much as if, especially in the African Colonies, the damage done to revenue cannot be made good by any amount of extra taxation that they can reasonably be asked to impose.

You will remember that when I first spoke to you I mentioned the figure of £10 million as the maximum for the enlarged Colonial Development and Welfare Fund which I had contemplated proposing in peace time. On the outbreak of war I reviewed the position, recognising that the new situation would make it necessary to abandon various big schemes and would limit the possibilities of development generally, and I am now proposing £5,000,000 for development and welfare and £500,000 for research. Even these figures, though they are the lowest I should like to see in any Act of Parliament, are not likely to be reached in practice for some time to come and you will see from the memorandum that I am willing that there should be an understanding between the Colonial Office and the Treasury that in point of fact during the war the sum expended under the Act on development and welfare shall, together with "normal" grants in aid, not exceed a *total* figure of £5,000,000. The "normal" grants at present amount to about £750,000, but I am afraid there is a distinct possibility that we may have to ask for them to be increased. I hope therefore that the understanding I have proposed will be of assistance to the Treasury in that it will set a limit to their total liability (excluding the abnormal grants, if I may use that phrase) towards the Colonial Empire during the war.

I have suggested that the announcement of the new Fund should be made on the day of publication of the West Indian Report. I do not know exactly when that will be, but it is not likely to be for at least a month or six weeks. There are, however, two matters which cannot wait till then.

First, the financial year of many Colonial Governments is the same as the calender year, and they are now busy framing their budgets. I should like to be able to assure them confidentially as early as possible that they may frame their budgets on the following lines:—

(a) All expenditure must be cut out so far as possible if it involves the use of foreign exchange or the diversion of men, material or shipping from the Empire's war effort.
(b) Apart from this, existing social and development expenditure should continue unaffected.
(c) It is legimate to ask that the peoples of the Colonial Empire should bear their part of the burden of the war. They can best do this by imposing on themselves extra taxation which, having regard to local circumstances, is comparable with the extra taxation which has been imposed in the United Kingdom.
(d) If, despite this extra taxation, there still remains a deficit, then His Majesty's Government will provide the necessary assistance to meet the deficit.
(e) If, on the other hand, it results in a surplus over and above what is required for local reserves, there are many ways in which Colonial Governments could make a direct contribution to the prosecution of the war.

The second matter on which an early decision is required is the fate of grants from the Colonial Development Fund which have already been approved. Your Department have asked my Department to scrutinise all development schemes with a view to the maximum possible economy. I am having a detailed investigation made of approved schemes; but I should like to urge that, pending your decision on the major issue of policy, we should proceed on the basis that only those schemes should be held up which would involve the use of foreign exchange or the undue diversion of men, materials and shipping from war effort without themselves contributing to it, except in a case where the interruption of the scheme before its completion would be uneconomic.

I should be very grateful if you could let me have an answer on these two points in advance of your answer about my proposal for new funds.

On the main question, I should propose, if and when the general principle is agreed, to prepare a shortened version of the enclosed Memorandum for Submission as a document agreed between us to the War Cabinet.

I am sending a copy of this letter and its enclosure to the Secretary of State for Dominion Affairs since he is concerned in so far as my proposals affect Newfoundland and the South African High Commission Territories.

Enclosure to 100

1. Clearly in general principle there must be a great effort at economy in normal Government expenditure in order that our financial resources may be concentrated on those activities which are necessary for the successful prosecution of the war. I have already urged certain economies upon Colonial Governments and have no doubt that these and any others which may prove possible will be enforced. But there are special reasons why I believe that any general retrenchment in expenditure in the Colonial Empire during the war would be most inexpedient and unwise, and that on

the contrary moderate expansion in certain directions which I shall indicate is highly desirable as part of our war policy itself. I shall state in this memorandum my reasons for holding this view, and for proposing that we should set up a Colonial Development and Welfare Fund and a Colonial Research Fund with maximum figures of £5 million and £500,000 a year respectively to replace the existing Colonial Development Fund with its maximum figure of £1 million a year.

2. I think that the following are the principal reasons for which the greatest possible economy in Government expenditure is desirable:—

(1) the burden on our taxpayers will in any case be heavy enough, and it is our duty to see that it is not made any heavier than is necessary.
(2) Government expenditure on certain essential war objects involves the use of foreign exchange and our resources of foreign currency are so restricted that every avoidable transaction involving its use should be abandoned.
(3) Government expenditure on objects not essential to the carrying on of the war would divert part of the national resources in men and materials from the winning of the war.

3. As regards the first point, I must admit that my proposal will add somewhat to the burdens of the British taxpayer. But the addition will be small compared with the enormous sums we now have to find, and I believe that the return for this expenditure, in the way of contentment in and support from the colonies during the war, will be out of all proportion to the cost.

4. As regards the use of foreign currency, I have already asked Colonial Governments to cut down expenditure involving this. In fact Colonial Governments have in the past purchased very little from foreign sources and the type of development expenditure which I have in mind would not add at all to their requirements in this direction. On the contrary some of the expenditure, for example on agricultural development designed to replace imported foreign foodstuffs by home-grown supplies, would itself tend further to reduce the need to use foreign currency.

5. Similarly, the expenditure which I contemplate would not require the diversion of man-power and materials in the United Kingdom from direct war production. I have already issued an instruction that any existing expenditure involving this should be drastically curtailed and I should propose that no new schemes of this kind should be authorised unless directly justified as in themselves part of our war effort. This means the abandonment amongst other things of some schemes for which help from the Colonial Development Fund has already been authorised and of others which would have had a strong claim on it in future. But in fact only a small proportion of ordinary colonial expenditure or of money voted from the Colonial Development Fund is spent in this country. In 1938, for instance out of a total expenditure on current schemes assisted by the Fund of £1,117,000, only some £136,000 went to labour and materials from this country. Colonial development expenditure goes almost entirely to employing labour and resources in the colonies, and the same holds good of ordinary expenditure by Colonial Governments.

6. Far from hampering our war effort, one of my reasons for desiring that expenditure should continue and indeed be expanded is that unused or inadequately used resources of men and materials in the Colonial Empire may be put to good use in connection with the prosecution of the war. The main function of the Colonial

Empire in war time is to produce foodstuffs and raw materials for consumption in other parts of the Empire or for sale abroad for foreign currency. It can also contribute, as I have already said, by reducing its purchases of foodstuffs and goods from foreign countries and replacing them by local production. The greater its production of all kinds the better it will fulfil these functions.

7. For this purpose the maintenance and indeed the expansion of certain services of Government are essential. The work of Agricultural Departments, for instance, must be intensified. Their trained officers must continue to supply advice and assistance to producers; they must continue to organise methods of production to enable colonial producers to compete with neutral producers; for example in the oil palm industry Nigeria is menaced by the more up to date production of the Belgian Congo and the Netherlands East Indies. Work on plant diseases must continue. For instance, considerable expenditure is necessary if the Jamaica banana crop is not to be destroyed by Banana disease. Money must be spent to check soil erosion which would have grave economic, not to mention social, consequences in Africa and elsewhere. I could give many other instances of the importance of expenditure on these services; but the point is really obvious.

8. Again, the work of Labour Departments now has an added importance. They have only quite recently been set up in most colonies (and they are still absent in some) and it must be admitted that their establishment was long overdue. Already in peace-time they have greatly reduced labour disputes and disturbances. With all the economic complexities to which war gives rise, there are bound to be difficulties with Labour in many different parts of the Colonial Empire. There must be adequate Labour Departments ready to cope with these difficulties and to prevent them from becoming serious. Similar arguments apply equally to a good many other Colonial Government services which are in one way or another essential for the maintenance and development of mineral and agricultural production. I need only mention the need to preserve a high standard of health services in the colonies, so that man-power for whatever purpose it may be used—ie efficient.

9. Thus the need to maintain and intensify production would alone preclude wholesale retrenchment and justify expansion of some services. But it is not only these economically productive services which in my opinion need fostering during the war. There are other services which minister to the well-being and contentment of colonial populations, which are inadequately developed today. Failure to attend to these might bring to the surface a latent criticism and dissatisfaction amongst colonial peoples which might manifest themselves in ways highly embarrassing to our cause in the war. A contented and loyal Colonial Empire will, from the point of view both of production and of prestige, be a distinct asset to us in our struggle; any growth of discontent or disloyalty would damage us seriously and help the enemy. It is on this wide political consideration that I would especially base my claim.

10. On the strict merits of the case there is great need for the expenditure of more money on economic and social development in the colonies. These territories are mainly or wholly agricultural communities; they have not the wealth which accompanies the presence of secondary industries; and generally they cannot out of their own resources provide in any adequate degree the services which are now normally a part of civilised government. Assistance given to them by grants in aid and from the Colonial Development Fund has helped, but severe limits are placed upon the possibility of help from these sources and, despite such constructive work

during recent years, our medical, health, education and other social services are still not above what is really a low level. This is now becoming common knowledge. The authoritative reports of the number of commissions of enquiry following various disturbances in individual West Indian Colonies,[1] the recent report of the Economic Advisory Committee on Nutrition throughout the Colonial Empire,[2] and Lord Hailey's African Survey, as well as various unofficial publications, have drawn attention to this state of affairs. During recent months in the Colonial Office we have conducted a survey and drawn up plans which would have led me, if the country had still been at peace, to propose to the Cabinet that the Colonial Development Fund should be expanded from a maximum of £1,000,000 to one of £10,000,000 a year, and also to propose that the terms of reference of the Committee administering the Fund should be widened. Since our entry into the war I have reviewed the prospect, and felt bound to modify my proposals. But the present position in the colonies is so unsatisfactory that I do not think we would be justified, on the merits of the case, even when expenditure in other directions is so urgent, in abandoning altogether plans for the development of colonial services.

11. But whatever the strict merits of the case might be, I am convinced that from the point of view of expediency some increase of expenditure is necessary. It is necessary in the first place in order to satisfy reasonable opinion in this country. As I have said, the inadequacy of our services in the colonies is now a matter of public knowledge. Amongst our own fellow-countrymen it has begun to damage our reputation as colonial administrators, and has produced much criticism from quarters in this country which are respectable and which are entirely friendly to the Government. There is a general feeling that the state of affairs is such that some action, even if it is to be more modest than would have been the case if we had not been at war, must be taken. This feeling will undoubtedly express itself again in a few weeks time when the Report of the West Indian Royal Commission is published. That Commission has completed its investigation in the West Indies, and already when war broke out the first draft of its report had been prepared. It is not possible now to ask the Commission to suspend its operations; nor will it be possible to refrain from publishing its Report when completed.[3] To do so would cause the worst possible impression throughout the West Indies. The Report will undoubtedly reveal a state of affairs which in many ways is unsatisfactory, and will contain unanimous and urgent representations in favour of a considerable expenditure of money from the British Exchequer to improve conditions. I understand that the members of the Commission are likely to propose that, in addition to certain other reforms, a special fund of £1,000,000 a year should be created for the improvement of social services in those Colonies. No doubt some of this expenditure can properly be postponed during the war, but by no means all of it. I do not think it will be possible to resist pressure from influential quarters in this country in favour of some increase of expenditure in the West Indies and other parts of the Colonial Empire. Rather than resist this pressure until we have reluctantly to give way to it, I think it would be wise to anticipate it and make an early announcement that we intend to increase the funds for colonial development and welfare.

12. From the point of view of the situation in the colonies themselves such a

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[1] See 142. [2] See 158.

[3] In fact publication of the report was postponed until after the war; see 145–146.

policy would be even more prudent. Indeed, I think it is a matter of high political importance that we should pursue it. It is important to our war effort. At the outbreak of war a feeling of deep loyalty to the British Crown and people has swept through the Colonial Empire, and it would take a great deal to destroy that genuine loyalty amongst a large majority of colonial peoples. But in some territories there are elements which are capable of making trouble, and not far below the surface in these territories there are under-currents of criticism and discontent at the unsatisfactory economic and social conditions prevailing, which might easily be exploited by agitators. The war itself will have some unsettling effect on colonial minds. In parts of the Colonial Empire the mere fact that white men are again fighting, with every manifestation of brutality, among themselves tends to lessen the respect for their rule and for the benefits it brings. That respect was to some extent shaken by our alleged "betrayal" of Abyssinia. As the Governor of Barbados reports "the less responsible elements feel that the white man's war is the black man's opportunity". Naturally the situation differs from territory to territory; in some colonies there is no danger of trouble; but in the rather sophisticated colonies like the West Indies, and in territories where there is mining or industrialisation such as some of the West African territories and Northern Rhodesia, a quite serious storm can blow up swiftly. Peoples who a few years ago were unconcious of their comparatively poor standard of life have now become conscious of it as a result of such Reports as I have mentioned above and of propaganda of various kinds. Trade Unions are springing up; political discussion has been fomented; and we have had various recent instances of the case with which these simple populations can be led into strikes and rioting. Often, of course, the main immediate cause of these strikes has been the low rate of wages paid for this or that occupation, and no remedy this particular matter can be found in the sort of expenditure of money which I here propose. That grievance can only be met by an improvement in the economy of the agricultural industries concerned, such as may be possible in some cases, though not in others, under war conditions. But another extremely important cause of disturbances is the existence of a large unemployed poulation in some territories. This can be mitigated partly by the raising of military units of labour corps for war purposes, but a considerable expenditure of money on public works and land settlements schemes is also desirable. A third important factor contributing towards trouble is the growing consciousness amongst colonial peoples that the comparatively impecunious Colonial Governments have not been able to give them the standard of social services which are proper. A recent strike in Kenya was actually due to dissatisfaction over housing conditions for Government workers. This state of affairs too can best be remedied by the expenditure of more money on those services. In the colonies a comparatively small sum of money would go quite a long way.

13. At the moment things are comparatively quiet in the colonies. But the lull is temporary. I am inclined to think, for instance, that serious trouble in the West Indies during the last fifteen months has been averted by the despatch and peregrinations of the Royal Commission. Knowledge that their grievances were the subject of authoritative enquiry and expectation that the result would be that these grievances would be redressed have kept the people quiet. But it is only this expectation of some early remedial action which has achieved a temporary tranquillity. The West Indians' sense of grievance has been by no means modified, and a similar sense of grievance exists in other colonies. As Secretary of State for the

Colonies I would feel bound to advise the Cabinet that, if we fail to take action in the near future, there is a strong probability of criticism reviving and increasing and leading to unruly conduct by masses of people in the West Indian Colonies and elsewhere, which our reputation could ill afford in peace time and still less in war. We know what form such trouble takes. On some pretext or other there is a strike accompanied by rioting and sometimes even by murder; as often as not our police have to fire on the crowds; troops are even called out; and occasionally it is necessary to summon a war-ship in aid to land marines. It would be particularly deplorable if such incidents were to take place in British territories whilst we are waging war.

14. We can ill spare war-ships or military forces for this purpose. But apart from the fact that such an untoward event might call naval or military forces from some urgent war duty and that it would produce unrest which might become infectious in other areas, such an event as our authorities having to take strong measures against, and even fire upon, an unruly mob in one of our colonies would be exploited to the utmost by enemy propagandists. They would proclaim that our whole colonial administration was incompetent, that it was oppressive and that we had to shoot down our subject peoples. Moreover, without any assistance from enemy propagandists, the news would produce a grievous impression on neutral nations, and any trouble of the kind in the West Indies in particular would have serious repercussions on opinion in the neighbouring United States of America. Although our colonial administration has achieved and is achieving great things, it is vulnerable, and our reputation and moral strength in the war would suffer serious damage from a few colonial disturbances.

15. It is indeed a matter of importance that the people of the whole Colonial Empire should remain contended through the war. No one can guarantee that they will in all cases do so. Owing to war conditions depressions and dislocations may arise in this colonial industry or that, which make trouble inevitable. But I think that in the present critical state of much colonial opinion trouble in some places is almost a certainty if we do not proceed with a policy of reasonable development of schemes for employment and social services. On the other hand, the adoption of such a policy and its early announcement would do more than anything else to confirm colonial peoples in their general attachment to us and to bind them more closely to us throughout the troublesome period of war.

16. There is another consideration that I would mention. No one can foretell how opinion may change or what solution to the world's various problems may be put forward when it comes to making peace again at the end of the war. But certainly the colonial question will figure prominently in those future discussions, and will be much canvassed in controversies which will no doubt be carried on during the war in anticipation of the peace. It may well be that suggestions regarding the future status of the British Colonies will be put foward which we shall want to resist. If our government of the Colonies during the war has been marked by unrest amongst their populations, or if it can be plausibly shown that it has been neglectful of their interests, our case in resisting such demands may be fatally weakened. On the other hand, if it has been a period of peaceful government, marked by the evident approval of the governed, then our position will be a strong one.

17. One of our great sources of strength in waging the war is the moral claim that we can make to be the defenders of respect for the interests of small peoples, against German intolerance of them. Frequently our critics endeavour to establish that this

attitude is mere hypocrisy on our part and that in truth we are a purely selfish Imperialist power. Despite the strong leaning of most neutral countries towards us this sort of propaganda has some effect with large bodies of their citizens. I can think of few things that would have a more reassuring effect in the neutral world (and particularly in the United States), or that would add more to our moral prestige, than an announcment that despite the burdens that are put upon us by the necessity of fighting the war, we are going as far as conditions permit to find some additional money for promoting the welfare of the many millions of peoples in the Colonial Empire for whom we are the trustees.

18. For all these reasons it seems to me that it would be wise to pursue a judicious policy of colonial development. This means, first that existing levels of expenditure on economic development and social services should be maintained subject only to drastic economy where the use of foreign currency or the diversion of our war effort is involved; and secondly the progressive expansion of such services.

19. If this principle is accepted it follows, I am afraid, as a corollary that the United Kingdom Government must be prepared to give some assistance. A few Colonial Governments, like those of Malaya, are now relatively rich and prosperous, and are likely to remain so during the war but most of them are and are likely to remain poor. Some already receive grants in aid from this country and, as the result of several bad years for agricultural commodities and unavoidable increased expenditure on defence and other services, others were already before the war finding great difficulty in making both ends meet. Nigeria, for instance, had a large deficit last year and had budgeted for another this year. Having no reserves of any substance she had already introduced severe economies which were in themselves undesirable and certainly cannot be carried any further.

20. Nor, so far as it is possible to see, will there be any widespread improvement of the finances of Colonial Governments as a result of the war. In general their finances depend upon the prices of their exports. It is unlikely that, as in the last war, these prices will rise to unprecedented heights. If anything of this kind happened again then certainly there would be less call for United Kingdom assistance. But this time control of prices in this country and the state of world markets are more likely to keep the prices obtained by the colonies low. And against any increase in price on world markets there must be set the increased costs of freight and shipping and the increased prices that the Colonies have to pay for imports.

21. So far as I can see, then, there are few colonies which are likely to "profit" out of the war. On the other hand, almost every Colonial Government is faced with extra expenditure arising directly from the war, and the war is likely to damage their normal sources of revenue. Most Colonial Governments get the greater part of their revenue from duties on imports, and imports will probably be severely restricted for a variety of reasons. It will not be easy to find new means of obtaining revenue to make up the deficiency on import duties.

22. Colonial Governments are thus faced with a budgetary problem which in its small way is every bit as serious for them as is our own problem for us in this country. I have urged upon them that they should meet it as far as possible in the same spirit that it is being met here. I have requested them to review their systems of taxation and to see that their taxpayers, with the Spartan example of the United Kingdom taxpayers before them, increase their contributions to revenue as much as possible. I am satisfied that the general level of taxation of the mass of the people is as

high as is reasonably practicable. But there are in a few colonies private individuals and companies who could well afford to pay higher rates of taxation than they do at present, and in all colonies there are Government officials whom it is legitimate to ask to bear their share of the common burden. For these I have suggested that there should be increased directed taxation comparable to that being borne in this country. I have suggested that in some cases it may also be possible to impose special taxes on war profits. The telegrams which I have received from Colonial Governments in reply to these suggestions have in general shown an excellent response. In many cases drastic extra taxation is being imposed on the richer classes, generally by means of income tax. There is no doubt that Colonial Governments are willing to do their bit to the best of their ability. But when all is said and done there are strict limits to the possibilities of extra taxation in the colonies, for there are relatively few reserves of taxable capacity, and unless they can obtain assistance from the United Kingdom they will have no alternative but to cut down their services.

23. It must then be accepted that if there is to be a direction to the colonies to maintain generally their existing social services, and if, further, as I consider very desirable, there is to be some expansion of services, the United Kingdom Government must be prepared to help. Even on the basis of the maintenance of existing services that help may have to be considerable. It is too early to be at all precise, but it looks as if some of the larger African territories may be in serious financial difficulties. Nigeria for instance—already as I have said in very low water—now estimates that even by leaving all vacancies unfilled and by cutting down all special services she will not be able to bring her revenue within £500,000 of her expenditure next year. This deficit will leave her with no further resources to draw upon. Tanganyika in the same way estimates her deficit at present at some £50,000 a month, despite many economies in directions in which I consider economy undesirable. For these two territories alone then—admittedly two of the largest—something of the order of £1,000,000 a year may be required simply to maintain existing services. As to expansion, the Governor of Nigeria after careful calculation estimated a few months ago that an extra £750,000 was required to bring the social services up to a reasonably adequate standard. The whole of that amount would not be required in war time owing to difficulties of obtaining personnel from England as well as other war considerations. Nevertheless again the figure is considerable—considerable that is in relation to the amount of assistance that has been given to the colonies in the past.

24. To provide for existing services to be maintained, what is required is an understanding with the Treasury that they will if necessary be ready to come to the assistant of Colonial Governments with grants in aid. To provide for judicious expansion of existing services, my proposal is that a new Act of Parliament should be passed to replace the existing Colonial Development Fund, which is confined to a maximum of £1,000,000 a year, by a new Colonial Development and Welfare Fund and a new Colonial Research Fund amounting to £5,000,000 a year and £500,000 a year respectively. These figures would be maximum figures and I should not expect them to be reached during the war. Out of these Funds would be provided whatever assistance to the West Indies we decide to be necessary in the light of the Royal Commission's Report.

25. It may be said that the full £1,000,000 of the existing Colonial Development Fund has never been spent and therefore that even allowing for the extra expenditure

in the West Indies there can be no case for a sum so much larger than the present figure. But this would, I think, be incorrect. Expenditure from the existing Fund has been cramped by the terms of the Act. First, the Act was originally passed largely for the purpose of helping unemployment in the United Kingdom. Secondly, the main emphasis of the Fund has been on schemes which were strictly concerned with material economic development in the colonies, so that colonies were deterred from applying for assistance in the development of other kinds of social services. Thirdly, it has been customary to give grants mainly towards capital expenditure and not for recurrent expenditure except for the initial period until a capital scheme gets going. Thus the main colonial need at the moment, that is for increased sums to be available for recurrent expenditure on general social services and development, has scarcely been catered for. In other respects too the Act has been cramping. I am quite clear therefore that, quite apart from the provision of funds for the West Indies, if other urgent colonial needs are to be met, a new Act is required giving considerably wider powers to assist.

26. I would propose that the new Act should provide for a strong Advisory Committee to examine schemes and keep a check upon unnecessary cost. Proper arrangements would have to be made for co-operation with the Treasury. I would also propose that, so far as war conditions permit, Colonial Governments should be given assistance from this country in drawing up plans for help out of the Fund and that the progress of works assisted by the Fund should be regularly inspected. This assistance and inspection would be provided either by specially appointed experts or by members of the Colonial Office staff. The details of supervision and control would need to be carefully worked out.

27. The relationship between the new Fund and the existing grants in aid would also require some definition. As I have explained, there is a prospect that some increase in grants in aid may be required. The expenditure from the Colonial and Middle Eastern Services Vote at present may be divided into two categories, normal and exceptional. In the "normal" category would fall grants to Colonial Governments to enable them to balance their budgets and contributions to a number of central institutions. In the "exceptional" category would fall the Cyprus grant of £92,800 which is really a paper transaction, and grants such as those necessitated by political and defence considerations, for instance the Palestine and Trans-Jordan grants in aid (about £3,000,000 this year), the grant for the re-equipment of African local forces (£825,000) and the Malta essential commodity reserve grant (£150,000). The "normal" grants would at present amount to about £750,000 a year. I should be ready to agree to an understanding between the Colonial Office and the Treasury that during the war the sum expended on development and welfare under the new Act shall together with the "normal" grants in aid not exceed £5,000,000 in all. To ensure that the purposes of the new Act were not nullified, I should have to stipulate that this understanding between the Colonial Office and the Treasury only held good so long as the "normal" grants in aid were not more than £2,500,000.

28. For my part, I should also be ready to agree that the South African High Commission Territories should be included in the new proposals; that is, that they should be eligible for assistance from the new Fund and that the grants in aid paid to them (at present £121,000) should be taken into account for the purposes of the understanding referred to in the previous paragraph. As regards Newfoundland, special considerations apply, and I understand that it will have to be excluded from

these proposals altogether and dealt with quite separately. In any event, having regard to the magnitude of the grant in aid to Newfoundland, I should not have felt able to agree to its being included in the total for the purpose of the understanding which I have suggested.

29. The fact that I am proposing a separate Research Fund with a maximum of £500,000 may need a little explanation. The proposal for a separate Fund originated with Lord Hailey, and is indeed the one actual recommendation in his African Survey. A great deal of research work is urgently necessary in Africa and elsewhere, and I agree with Lord Hailey that unless the fund for financing it is administered by a specially appointed Committee, responsible only to the Secretary of State and the Treasury, we shall not get the services of the best scientific advisers. Incidentally Lord Hailey's Survey was financed by the Carnegie Corporation, and a great deal of interest has been aroused in the United States by his proposals regarding research. This American opinion would be pleased by a decision to adopt the proposal, and disappointed by its rejection. It is very doubtful whether much progress with research work will be practicable during the war except possibly in the sociological field.

30. I would repeat that I entirely agree that Government expenditure should be kept at the minimum which is consistent with the achievement of our primary object, victory over Germany in the war. It is largely because I think the measures that I have proposed are essential as a means of preserving contentment and a robust loyalty amongst all colonial peoples during the war that I put them forward now. The price proposed is small compared with other considerable sums which we have had to spend in securing the friendship of various foreign countries; and to neglect the needs of our own dependent peoples whilst we are helping foreign friends so greatly would be itself a subject for reproach in the colonies and outside them. Moreover, the £5,000,000 and the £500,000 would be maximum figures. That would have to be made clear in the initial announcement of the proposals. But there will be great advantage in announcing these figures at the beginning even if they are not to be reached at any early date; to declare them as an ultimate objective would be an assurance to the colonial peoples that as soon as circumstances permitted we were going to make this considerable effort further to improve their conditions; it would hearten them, but at the same time they would fully appreciate that the need to spend our resources on the primary requirements for waging the war would mean that these maximum sums could only be approached as the exigencies of the war allowed. In fact the figures of £5,000,000 and £500,000 certainly would not be reached for some time to come and might never be reached at any time during the war. It is one of the virtues of this kind of fund that expenditure out of it can at all times be adjusted to to meet the various considerations involved.

31. If these proposals were to be agreed upon, I think that the best moment for announcing them would be on the day of the publication of the West Indian Royal Commission's Report, which will be some time in November or December. We can scarcely anticipate the publication of the Report. On the other hand, to let the Report appear without any statement of our general attitude towards its findings and recommendations would give time for criticism of our colonial administration to gather momentum. In a period of uncertainty speculation in the West Indies as to what we were going to do about the Commission's recommendations would be harmful there. If on the day of the publication of the Report we were to announce our

intention to give this additional assistance not only to the West Indies but to the Colonial Empire generally, criticism of conditions in the West Indies would be reduced to a minimum, and would be over-shadowed by discussion of the Government's constructive proposals as a whole.

101 CO 859/19/18, no 12 Jan 1940

[Colonial development and welfare]: note by C G Eastwood of a discussion between the CO and the Treasury.[1] *Minutes* by Sir C Parkinson, Sir J Campbell, G L M Clauson, A J Dawe and Mr MacDonald

[This discussion followed the submission of a draft statement on colonial development and welfare by the CO to the Treasury. The CO had already received written comments on the draft (CO 859/19/18, no 9, Sir H Wilson[2] to Sir C Parkinson, 5 Jan 1940). A statement of policy was submitted to Cabinet on 15 Feb 1940 and accepted in substance. The statement was published together with the recommendations of the West India Royal Commission on 20 Feb 1940.]

The discussion was rather discursive, but the following are the main points:—

(1) The idea of a separate Research Fund did not seem by any means impossible to Mr. Hale. He said that if you were to have separate funds at all there was as good a case for a separate Colonial Research Fund as for any other.

(2) As stated in the Treasury letter, the Treasury want the main emphasis to be on economic development. They would not have any mention of the word "welfare" or "social services".[3] This was, I think, Sir Horace Wilson's own point. Mr. Hale seemed to be prepared to agree that certain social services were in themselves economic development, i.e. they were necessary for the mise en valeur of the Colonies.

(3) The Treasury dislike the idea of putting the Colonies on the dole. The aim of British policy is presumably to assist the Colonies (or at any rate some of them) towards the development of self-governing institutions. You cannot begin to have self-government unless you have financial responsibility. While therefore the Treasury did not by any means object to grants for specific objects they did rather dislike proposals which only amounted to a grant in aid system to which there might be no end. While we said that we saw their point, it seemed to us that as far as Africa was concerned at any rate the necessity for pumping money in was so great and the possibility of any considerable constitutional advance was so remote that the danger did not seem a very real one. In any case the main constitutional advance in Africa was towards greater self-government within each Colony. As regards the West Indies Mr. Hale was inclined to object to the Royal Commission's recommendations of a Comptroller of a central fund, simply because it did not provide the germ of constitutional government. He would therefore have liked to

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[1] The CO was represented by G H Creasy and C G Eastwood; the Treasury by E Hale.

[2] Permanent secretary, Treasury.

[3] Eastwood commented in the margin: 'This was perhaps badly expressed. "Would prefer not to have" comes nearer the mark perhaps. Parkinson added: 'But this goes far beyond the previous attitude of the Treasury & is quite unacceptable'.

see the Comptroller (or he would have preferred to call him Federal Governor) given the revenue from certain taxes, e.g. uniform income tax, and an Advisory Council.[4]

(4) The above points were incidental to the main discussion, which was whether or not there should be a fund for the new money.

Mr. Hale began by saying that as far as he knew there was no suggestion that the existing Colonial Development Fund should be abolished. It was agreed that as you could not provide money from two sources for the same objects, this implied that the Colonial Development Fund must be expanded if it was desired to spend more than £1 million a year on the objects covered by the present Act. The question really therefore boiled down to whether the new objects not at present covered by the Act were to go into a fund or not. We pressed strongly that they should, on the ground, apart from anything else, that it was impossible to draw any logical dividing line between the things that came within the Colonial Development Fund and those which did not (in the same way as it is impossible to draw a clear dividing line between economic development and social services).

I do not think that the Treasury were very clear in their own minds on the matter. I think that Mr. Hale's chief difficulty was on the accounting side. We explained that what we had in mind was that it should be possible, if it were determined that £100,000 a year ought to be spent on education in say Tanganyika and Tanganyika could only afford £50,000, for H.M.G. to provide the other £50,000 a year for an indefinite period of years. The only difference between grants such as this and the present grants in aid was that the present grants in aid were given to a Colony to enable it to balance its budget on a *minimum* standard of administration, where as the new grants in aid would be given to a Colony to enable it to balance its budget on an *adequate* standard.

Mr. Hale foresaw difficulties here. He asked whether it would not be possible to devise some automatic yardstick by which assistance could be given. We said that we thought this would be difficult. Any such yardstick would certainly have to vary from Colony to Colony because the standard of what was "adequate" was quite different in say the West Indies and Nigeria. Mr. Hale asked, could a grant in aid not be made in proportion to the expenditure by the local Government? We argued that if there were to be any such yardstick the grant should be rather in inverse proportion, i.e. the less a Colony was able to afford itself the greater the assistance it should get.

Mr. Hale then tried to explain to us the technicalities of the accounting procedure of which we were ignorant. In the normal way it is not possible to carry over the balance of money voted in one financial year to another financial year. The Comptroller and Auditor General has to satisfy himself that all money issued has been spent. If it has not been spent by the 31st March the provision lapses. Grants in aid (which are a term of art in the accounting world) are exempt from that rule. For instance, the Treasury give a grant in aid to the British Council to enable it to function, and they carry over any unspent balance from one year to the next. Similarly they give a grant in aid to the Colonial Development Fund to enable it to function and it carries over any balance from one year to the next, though naturally

[4] Parkinson commented in the margin: 'Personally I believe it does provide such a germ. But it wd. be utterly foolish to try to rush that in any way for the W.I.'

in the amount included in the estimates for the following year the balance carried over is taken into account. It was not possible for the Treasury to increase a grant in aid without Parliamentary authority. On the other hand, the description of the purposes of the grant (known as "Part III" of the vote) could be vague and any figures mentioned in that description were not binding. The Treasury could agree at any time of the year to a virement between any such figures, provided that the total of the grant in aid were not exceeded. We could thus take it for granted that on the score of elasticity there would be no particular advantage in having a fund rather than a "grant in aid of Colonial development" on the Colonial and Middle Eastern Services Vote. In either case it would be possible for a scheme to be approved at any time of the year and work on it to be begun at once provided always that the total of the grant in aid were not exceeded.

There was of course also no reason why allocations from a grant in aid should not if necessary be made with the advice of an Advisory Committee. We said that we understood that the Secretary of State attached considerable importance to having an Advisory Committee. Mr. Hale thought there was some danger that the Colonial Office would be delegating its functions to such a Committee if it were given wide powers to range over the whole field of Colonial expenditure. We said that we agreed that there was this danger but that we felt that ways could be devised of avoiding it.[5] We understood it to be the Secretary of State's idea that there should be a larger official representation on the new Advisory Committee than there was on the existing Committee.

We made the point that the existence of a Fund would make the grant less susceptible to cuts by Geddes Axes. Mr. Hale did not seem to think much of this point.

On the other hand Mr. Hale quite admitted that the announcement of the setting up of a fund sounded a bit bigger, though he thought it was possible to exaggerate the importance of this, and he saw the force of our argument that Colonies preferred to get assistance from a fund rather than directly from the Secretary of State or the Treasury. He also saw the force of the argument that there was already a Colonial Development Fund in existence and that there was no question of abolishing it.

The discussion ended by Mr. Hale saying that he was going to get out the papers about the original setting up of the Colonial Development Fund ten years ago, and by our saying that the Secretary of State would shortly be completing his draft statement on the assumption that there would be a fund. Mr. Hale did not demur to this. While, therefore, Mr. Hale did not commit himself in any way we both came away with the feeling that the distance between our two points of view was considerably narrowed.

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. . . I am bound to say that I think the distance between the Treasury and the Colonial Office is greater rather than less. The very fact that the Treasury now say

[5] Dawe commented in the margin: 'We have always seen this: but have also seen that safeguards can be devised'.

that they will not have any mention of the word "welfare" or "social services" shows that the Treasury are drawing away from our view, and, what is more, drawing away from their own previous attitude. We know, and accept, that economic development should be put first, but it is quite new that the Treasury should now suggest that welfare or social services are not to be mentioned at all. That is not the line which Sir Horace Wilson took in his talk with the Secretary of State and myself. Nor is it a view which we ought to accept. In effect, I am afraid the Treasury are wanting to make as little of this as possible, whereas, both on general grounds and in connection with the West India Royal Commission Report, we want to make the most of it. In particular, I hope that we shall fight to retain some such statement as we had "A" always contemplated about the policy now being for Colonies to be provided with the services they ought to have and not only those which they can themselves afford. If we do not bring out a really satisfactory statement, the fault, as has happened before, will lie with the Treasury, but it is the Colonial Office which will be blamed in Parliament and the press, as has happened before, and will have to bear the odium.

The Secretary of State has already had a brief oral account of the interview with Mr. Hale, but this note should be sent on urgently so that he can take it in his bag for the weekend. For the moment, the "action" is as indicated at the end of the letter to Mr. Hale, i.e. the Secretary of State will proceed with his draft White Paper on the lines which he thinks suitable.

A.C.C.P.
12.1.40

I find this difficult to follow; and the discussion with the Treasury has confused, rather than clarified, my ideas. I of course entirely agree with Sir C. Parkinson's comments above:— though I personally doubt the wisdom of insisting on a statement somewhat as at "A" there. It seems to me too "coat-trailing", far too comprehensive to be acceptable, and to be dangerous because of its fundamental indefiniteness—"the services they ought to have", or any variant of that formula. There is no standard "ought", or any variant of it. . . .

J.C.
12.1.40

I agree that this is disappointing. The inclusion of "welfare" in the title is absolutely fundamental, & I am rather afraid that consciously or unconsciously the Treasury are coming round to the Fund idea, because they see in it an opportunity for keeping the Fund on its present lines, i.e. as a purely developmental organ, & quietly suppressing most of the welfare element.

G.L.M.C.
12.1.40

I agree that this is confusing and disappointing. I am surprised that at this advanced stage Mr. Hale did not even know that any suggestion had been made that the existing C.D.F. fund should be abolished. We do not seem to have been very successful in implanting clearly into the Treasury mind what our proposals are.

Politically the whole point is that we should be able to make a big thing of the "welfare" side. If it is just going to be "development" on the old lines it will look

merely as if we are going to exploit the Colonies in order to get money to pay for the war!

A.J.D.
12.1.40

My only comment is that if we are not now going to do something fairly good for the Colonial Empire, and something which helps them to get proper social services, we shall deserve to lose the colonies and it will only be a matter of time before we get what we deserve.

M.M.
14.1.40

102 CO 852/349/1, no 18 Apr 1940

[Wartime marketing of colonial exports,[1] price control and living standards in West Africa]: memorandum by E Melville in reply to a memorandum from the West African Students' Union. *Minutes* by J B Sidebotham,[2] J J Paskin, O G R Williams and A J Dawe

[The memo by the WASU in London was sent to MacDonald on 1 Mar 1940. In an accompanying minute to his memo, Melville suggested that copies of his memo should be sent to the WASU and the West African governors, requesting of the former public support in West Africa for the government's policy over commodity control, and urging the latter to consider what could be done by way of government propaganda.]

The main argument of the memorandum from the West African Students' Union, which deals almost exclusively with cocoa and oil-seeds and nuts and vegetable oils, is that prices currently being paid for these West African products are unduly low as compared with the prices which could be realised under free market conditions. It is argued that the policy of the United Kingdom Government is apparently to maintain prices for West African products at approximately the level ruling before the war, and that in consequence producers are being asked to make unreasonable sacrifices. It is suggested that, while some form of control is no doubt necessary under war conditions, "the present rather arbitrary control prices" should be abandoned for prices to be agreed between the Ministry of Food and the producers. It is indicated that these agreed prices should be based on the level of prices ruling for the various West African products shortly before the outbreak of the Great War in 1914.

2. Before examining these views in detail it is important to state emphatically that they appear to be founded on a fundamental misapprehension of the world position of the commodities in question. The idea was undoubtedly widespread that the outbreak of the war would lead to greatly increased demands for all raw materials and that Colonial production would need to be increased. As explained below, the facts are very different; the demand for these commodities is much less than before the war and the efforts of His Majesty's Government in connection with them have had to be devoted largely to safeguarding the producers against the consequences of a great excess of available production over effective demand.

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[1] cf 97.

[2] Principal, CO.

The truth of this will be made apparent by examining the Union's representations in respect of (A) cocoa and (B) oilseeds separately.

(A) Cocoa

3. Enclosed with this memorandum is a statistical note on the world production and utilisation of cocoa which was prepared in September last when the cocoa purchase scheme was under consideration. The conclusion reached in this note, after a careful study of the statistical position of cocoa, was that the immediate outlook was far from reassuring to producers. With the removal of the Greater German market, which accounted in 1938 for 15% of total world utilisation of cocoa, the limitations for blockade reasons of sales of West African cocoa to European neutrals, and the difficulty of obtaining shipping space to the United Kingdom for a relatively less essential commodity like cocoa, the stocks of which were very large, it was apparent that, if free marketing conditions remained, the price paid to producers would suffer a severe slump and that a considerable proportion of the crop would be left unbought on the Coast.

4. Since that memorandum was prepared, events have proved that the quantities of the current West African cocoa crop which can be shipped overseas are likely to be considerably less than was originally estimated. In the first place, the political relationship of Russia with Germany has made it impossible for His Majesty's Government to allow sales of West African cocoa to that country; while sales to certain European neutral countries have had to be strictly limited. In the second place the quantity of cocoa which it will be possible to ship to the United Kingdom market is considerably below normal, chiefly because of lack of shipping space but also because of the rationing of sugar to manufacturers. This reduction will, in the course of a full crop year, more than offset the anticipated increase in French consumption for military purposes. It is true that the current Gold Coast crop is a short one—the revised estimate of the main crop is only 235,000 tons. Even then, however, there is a certain prospect of a very large surplus of cocoa being left on the Coast after the end of the current marketing season. This cocoa will have been bought from producers at the control price and they will not suffer in any way from the dislocation of marketing overseas. The entire loss on such quantities as cannot be sold and shipped will fall upon the United Kingdom Government. A copy of an extract from the official report of the House of Commons of the 22nd February, in which Mr. MacDonald explained at some length the *raison d'etre* for the cocoa purchasing scheme and the extent of the responsibility undertaken by His Majesty's Government, is annexed.[3]

5. It is therefore amply evident from the above statement of the position that the decision to control the price of cocoa in West Africa was taken entirely in the interests of producers in the Gold Coast and Nigeria. It is no exaggeration to say that, had the control scheme not been put into operation early in the present crop year, the marketing of cocoa in West Africa would have been reduced to a state of chaos and the prices received by producers for that part of their crop which they were able to sell would have been very low indeed. It should be recalled that during the Great War of 1914/18 the price of cocoa in West Africa fell at one period to as low as 2/6d. per load.

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[3] Not printed.

6. It is in the light of the above appreciation of the position that the decision of His Majesty's Government to purchase the whole crop at a price fixed in advance for the season must be viewed. As is stated in the Union's memorandum, the price fixed corresponds closely to the price ruling for cocoa immediately before the outbreak of war. This price was, however, a nominal one, as the main marketing season does not begin until September/October; and the control price is in fact roughly £2 per ton above the average price during the main crop season of 1938/39. Further, in comparing the price to producers with that obtained in the previous season, it must be remembered that, as a result of the war, the marketing costs of cocoa have risen considerably, particularly as regards freight and insurance. Under free marketing conditions, producers would have been called upon to pay these increases, but under the cocoa purchase scheme they are being borne by His Majesty's Government. The price of 9/-d. per load for Gold Coast Grades I and II ex-scale port of shipment, from which the Gold Coast Government decided to deduct 6d. toward revenue, was decided upon only after the most careful consideration, in consultation with the West African Governments, and must be regarded as remunerative to efficient producers.

7. There are, therefore, no possible grounds for doubting that His Majesty's Government have, in the steps which they have taken to protect cocoa producers in West Africa, acted in a most timely and generous manner. In order to demonstrate beyond question that the scheme was not devised to make a profit for the United Kingdom Government, a definite undertaking was given that, in the event of any net profit being made on the disposal in world markets of the whole crop, that profit would be shared *pro rata* between the Governments of the Gold Coast and Nigeria, who would in turn use any money thus received for the general benefit of the African communities. In fact, however, far from realising a profit on the whole crop, His Majesty's Government are certain to have to bear from Imperial funds a very considerable loss. The recommendation in the memorandum that producers should receive higher prices for their cocoa, besides being unjustified on grounds of production costs, is tantamount to a proposal that His Majesty's Government's loss should be increased. It is felt that this proposal will not be seriously maintained when the full circumstances of the cocoa industry under war conditions is understood.

(B) Oil-seeds

8. The position of West African oil-seeds is different in one important respect from that of cocoa. Whereas there are very substantial stocks of cocoa in the United Kingdom, the stocks of the various oil seeds produced in West Africa are not so considerable. In any case, it is regarded as more essential that regular supplies of oil-seeds should be made available because of their importance as a raw material both for foodstuffs and for the manufacture of munitions. There is, however, an underlying similarity in the world statistical position of cocoa and oil-seeds; and the effect of the removal of Greater Germany from the market is no less important for oil-seeds than for cocoa. A table showing world exports and imports of oils and fats in the twelve months ended June 1939 is annexed. It will be seen that for the year in question the total net imports of oils and fats into Germany was something over 1¼ million metric tons. An additional fact which has to be borne in mind is that during the period immediately preceding the war many European countries were importing oils and fats in excess of current consumption in order to build up stocks for

emergency purposes. Apart from Germany, it has been estimated that such purchases for stock in the period up to the outbreak of war amounted to something over ¼ million metric tons. Further, the tendency had been immediately before the war for the internal production of lard in the United States to increase. On the assumption, therefore, that purchases for emergency stock were not maintained, the outlook for world producers of oils and fats before the outbreak of war was far from promising; and it was widely forecast that a period of even lower prices than had ruled in 1938/39 was in sight.

9. The immediate effect of the outbreak of war was the removal of the entire German demand and the imposition of limitations, for blockade reasons, on shipments of Empire oil-seeds to European neutrals. The greater consumption of margarine owing to the rationing of butter in the United Kingdom and the reduction of imports of non-sterling oils and fats has resulted in some increase in the total United Kingdom requirements of Empire oil-seeds. This increase cannot, however, be expected to offset the combined decrease in the demands from other parts of the world, and the British Empire must continue to be a considerable net exporter of oils and fats. Even, therefore, if an effort is made to maintain prices for oil-seeds produced and consumed within the Empire, there must remain a surplus of Empire production which can only be marketed in competition with supplies from non-Empire producing countries.

10. It will be appreciated from this review that the statements made . . . [in] the Union's memorandum are not in accordance with the facts, and that, were the marketing of Empire Oil-seeds to be left uncontrolled, there would ensue a period of severe depression in the price received by West African and other Empire producers. Fortunately for West African producers, they are particularly favourably placed for shipment of oil-seeds to the United Kingdom and France. For that reason it has been possible, up to the present, for the Allies to purchase the total quantities of the various oil-seeds offered in West Africa. To this extent West African producers have benefited at the expense of Empire producers elsewhere many of whom are equally dependent for their livelihood upon the marketing of their crops. It will be appreciated, however, that no guarantee can be given that this policy can be maintained. In 1938, of total exports of West African palm kernels of roughly 380,000 tons, nearly 120,000 tons were consigned direct to Germany and further considerable quantities reached Germany through Holland, whose imports from West Africa were nearly 100,000 tons. To find a market in the United Kingdom for the total West African palm kernel crop would therefore involve not only a reduction in imports of similar oil-seeds from other sources, but also a considerable increase in total consumption of vegetable oils which is unlikely, even under war conditions, to take place.

11. There is no scheme in operation for West African oil-seeds similar to the cocoa purchasing scheme; that is to say, His Majesty's Government have given no guarantee that they will purchase the total output of the various oil seeds at a price to producers fixed in advance for a season or other appropriate period. The policy which has so far been followed by the Ministry of Food has been to purchase its requirements of the various West African oil-seeds at C. and F. prices determined from time to time by the prices at which competitive oil-seeds have been available from Empire sources. In point of fact, however, not only has the Ministry refrained from taking advantage of the excess supply position described above to reduce the

prices paid for West African oil seeds, but it has actually increased its C. and F. prices to cover all increases in marketing costs, thus allowing the prices paid to the producer to be maintained. It is stated in the Union's memorandum that these prices bear a close relation to the prices ruling immediately before the outbreak of war. This is not entirely correct. The current Kano price for groundnuts, for example, is nearly 65% above the average price of the 1938/39 season, and is exactly equivalent to the average seasonal prices received in Kano over the past nine seasons, leaving out of account the imposition in December last of a new export duty of 5/– a ton. The following table sets out the position in detail for palm kernels and palm oil as well as groundnuts.

Year*	*Average naked ex-scale prices of European established shippers*		
	Groundnuts (Kano)	Palm Kernels (Port Harcourt)	Palm Oil (Port Harcourt)
	£	per	ton
1931	5	7	10
1932	7.9	6.8	8.8
1933	5	5.1	6.5
1934	2.7	3.8	4.3
1935	6.4	6.2	10.5
1936	7.7	8.8	12.4
1937	8	9.8	13.3
1938	4.3	5.5	6.1
1939	3.4	5	5.1
Average of 9 years	5.6	6.4	8.6
Current price	5.6**	5.6	6.8

* For groundnuts, season ending with year shown.
** After deducting new export duty of 5/– per ton.

12. The increase in the current price for palm kernels over the average price for 1939 is small compared with the increase in groundnut prices for the simple reason that, whereas a market can be found in the United Kingdom for all supplies of West African groundnuts, which are bought in preference to Indian groundnuts because of the shorter sea voyage, considerable difficulties are being experienced in taking the total available quantities of palm kernels. The position of palm oil is no more satisfactory than that of palm kernels.

13. In regard to groundnuts, the argument that the price currently being paid by the Ministry of Food is unfair to producers cannot be maintained in the light of the above facts. The prices for palm kernels and palm oil are, it is true, low in comparison with the top prices obtained during the past 9 years. Having regard, however, to the general world statistical position of oil-seeds and in particular to the complete removal of the German market the West African producers can hardly claim that they ought to be getting higher prices for these products. It is argued in the memorandum that, for the sake of maintaining food prices in the United Kingdom at the level which they had reached before the war, West African oil-seeds producers are being asked to accept unreasonably low returns. It is admittedly part of the policy of His Majesty's Government to prevent excessive rises in the cost of living

in the United Kingdom; but it is quite clear from the above review that, far from being asked to make an excessive sacrifice, West Indian oil-seeds producers have been given a substantial degree of protection against the unrestricted play of economic forces which, in the circumstances of the war, would almost certainly have driven prices down to levels much lower than those of the worst slump years, 1933/34. As in the case of cocoa, the policy of His Majesty's Government has been to pay more for West African oil-seeds then they would have had to pay under free market conditions. This policy has been adopted in the interests of the peoples of the Colonial territories concerned. To producers who had expected, from a lack of understanding of the real situation, that the prices of West African primary products would rise to very high levels as a result of the war, the prices currently being paid may be disappointing. But in all the circumstances it is considered that these prices represent a reasonable return to producers for the labour involved in preparing their crops for the market. Further, while the rise in cost of imported goods has reduced the purchasing power of the cash income received by all primary producers, it has been repeatedly emphasized in statements by Ministers that a large reduction in the volume of consumption must be effected for the successful prosecution of the war. This reduction in consumption, which has been brought about in the United Kingdom by increasingly heavy taxation, is part of the sacrifice which is demanded of all citizens of the Empire in their common effort to defeat the enemy. In one respect the African producer is in a much happier position than, for example, the people of the United Kingdom. He is able to grow on his farm foodstuffs for the use of himself and his family, and it is a policy of Colonial Government to encourage the production of such foodstuffs during the war to the maximum possible extent. It is considered, therefore, that the insistence of the Unions memorandum on the disastrous effect on the African's standard of living of the present level of prices for export products is much exaggerated.

14. As regards the reference to social services, it is unfortunately true that the war must reduce the ability of Colonial Governments to maintain, out of their own revenues, expenditure on social services on a peace time scale. The Union will be aware, however, of the Statement of Policy on Colonial Development and Welfare which was made by His Majesty's Government in February last, and published as a White Paper (Cmd. 6175). It is intended that a part of the additional funds which are to be made available from the United Kingdom Exchequer for the development of the Colonial Empire shall include expenditure on certain social services. It is therefore apparent, in this sphere too, that His Majesty's Government have not failed, even in time of war, to recognise their responsibilities to the peoples of the Colonial Empire.

(C) Conclusions

15. The arguments put forward in the Union's memorandum to sustain the case for an increase in the prices of West African products are based on the false assumption that under free competition, these prices would rise to levels considerably above the present controlled levels. From a statistical review of the world position of cocoa and oil-seeds, it is quite apparent that the reverse is true. Were it not for the support given to the market by the United Kingdom Government, the prices of these products in West Africa would be considerably lower than the prices currently being paid, and local marketing, particularly in the case of cocoa, would be reduced to a state of chaos with the most serious consequences to producers and the

African community at large. The fundamental reason for this is that, as the result of the war, the important market in Greater Germany, and to a lesser extent the markets in continguous neutral countries, are no longer available to West African producers. His Majesty's Government recognise, with gratitude, the spontaneous and whole-hearted support given in West Africa and throughout the Colonial Empire to the common war effort. The most important practical form which this support can take in West Africa is the denying to the enemy of supplies of products hitherto exported to enemy territory. In return for this important contribution, His Majesty's Government have taken steps to ensure, so far as is possible in the changed circumstances, a reasonable return to West African producers by fixing prices and controlling the trade in cocoa and oil-seeds. In addition, Colonial Governments, with assistance from Imperial funds, are planning to maintain programmes of development, including the extension of social services, for the direct benefit of Colonial peoples. It is felt that, when the position is properly understood, the Union will realise that the loyalty which they express in their memorandum on behalf of West African producers has not been exploited by His Majesty's Government, and will no longer seriously put forward the claim for an increase in produce prices to the levels ruling before the Great War of 1914/1918.

Annex to 102: statistical note on the world production and utilisation of cocoa at 30 September 1939

1. Cocoa statistics are very imperfect and all published figures, particularly of consumption and stocks must be viewed with reserve. The figures used in the following paragraphs are, therefore, subject to a margin of error; but the general position is so clear that small errors in the figures cannot alter the main conclusions.

2. *Production.*

The world cocoa crop (as judged by exports from producing countries) in the season just ending (for most countries the production season is taken as 1st October to 30th September) and in the two preceding seasons is shown in Table 1. The current season's crop establishes a new record, despite the low prices which have prevailed.

TABLE 1
World exports of cocoa beans

(In thousand tons)		1936–37	1937–38	1938–39
Gold Coast		300	232	297
Nigeria		102	95	111
Brazil		108	132	141
French Colonies in West Africa	(a)	88	83	89
Other countries	(b)	105	116	129
Total		703	658	767

(a) Ivory Coast, Cameroons and Togoland under French Mandate.
(b) Details are shown in Appendix I.

3. *Utilisation*

The details of world utilisation of cocoa given in Appendix II are for the most part net import figures for the calendar years 1936–1938. Since normal stocks are considerable, it is apparent that import figures can afford only a rough guide to true consumption. In particular, part of the apparent drop in United States consumption in 1937/38 was partly due to manufacturers drawing on invisible stocks because of the hold-up of West African supplies. The main figures are as follows (in thousand tons):—

TABLE 2
World utilisation of cocoa beans

				January – June	
	1936	1937	1938	1939	1939
United States	289	229	206	111	140
United Kingdom	102	94	96	47	53
Germany	78	76	96(a)	41(a)	51(a)
Netherlands	65	55	75	49(b)	52(b)
France (b)	47	41	42	20	24
Canada (b)	16	11	11	5	6
Total 6 Countries	597	506	525	273	327
Other Countries	118	115	114		
Grand Total	715	621	639		

(a) Greater Germany (i.e. including Austria and Czechoslovakia).
(b) Net imports for consumption.

Taking the three years together, Germany alone accounted for about 12½% of the total utilisation while Greater Germany in 1938 accounted for 15% of the total.

4. *Stocks*.

Figures of stocks are very incomplete, particularly for the United States of America which is by far the most important consumer. Those available are shown below, at the end of July for the past three years:—

TABLE 3
World visible stocks of cocoa beans[†]

	1937	1938	1939
	tons	tons	tons
Estimated Coast Stocks:			
Gold Coast	35,000	51,000	37,500
Nigeria	15,000	7,500	12,500
Ivory Coast	3,000	7,000	7,500
Cameroons	5,000	1,500	500
	58,000	67,000	58,000
West African Cocoa in transit (afloat, etc.)	25,000	85,000	47,000

TABLE 3 *continued*

Visible Stocks in consuming countries:			
United States of America	81,000	42,000	86,000
United Kingdom	64,000	62,000	111,000
Germany	32,000	34,000	30,000
Netherlands	17,000	10,000	15,000
France	23,000	14,000	15,000
	217,000	162,000	257,000
Total Visible Stocks	300,000	314,000	362,000

† On these figures, visible stocks showed a net increase between July 1938 and July 1939 of 48,000 tons.

To obtain an estimate of total world stocks it would be necessary to add stocks in other consuming countries, (probably small), invisible stocks, and other stocks afloat. The "Gordian", a German fortnightly publication devoted chiefly to cocoa, which does attempt to take into account invisible stocks in consuming and producing countries as well as stocks afloat, showed an increase of 39,000 metric tons in stocks at the end of May 1939 as compared with a year earlier. If any account is taken of the "Gordian" estimates, it should be noted that as between the end of May 1937 and May 1939 they show an increase of 99,000 metric tons for total world stocks.

5. *Prospects*

Visible stocks are up compared with a year ago by something like 50,000 tons or 7% of world production, at a time when the market in Greater Germany, which may account for up to 15% of total utilisation, is to be cut off and other neutral countries carefully rationed. The world market, assuming a complete blockade, consumption elsewhere unchanged and visible stocks declining to the 1938 level, could be satisfied with a production of under 500,000 tons, or about 65% of last year's (admittedly record) crop.

There is no reason to expect that production will in fact fall so considerably during 1939/40. The British West African crop is estimated (very tentatively) at 375,000 tons; French West Africa, which has been expanding steadily, may produce 80,000 tons or more; the June estimate for the Brazil (Bahia) crop was 120,000 tons. Thus the West African and Brazilian crop combined will, on the assumptions made above, be sufficient to fill world demand for cocoa beans.

It is impossible to give even an approximate estimate of the probable trend of world utilization of cocoa during the next twelve months. Utilization in the United States, which in 1938–39 accounted for 40 per cent. of total world utilization, varies very considerably. There is some indication that a rise may be expected during 1939–40, at any rate above last year's figure. Even assuming this, and a moderate expansion in United Kingdom demand, the statistical position is far from re-assuring to producers.

It is true that the immediate effect of the outbreak of war has been to raise the London market price in sympathy with the New York price from about 21s. to 30s. or over; but this can be explained rather in terms of speculation and panic purchasing

for stock by United States manufacturers in anticipation of a war boom than as a sign that the real market trend is upward. In the long period, unless contact between producing countries and the United States is seriously interrupted, it seems unlikely that this high price can be maintained. In any case, in the absence of control, the price paid to producers, who in West Africa are almost completely without any kind of organisation, may be low in relation to the United States market price because of the bottle-neck created by scarcity of shipping and general dislocation of markets.

APPENDIX I

World Cocoa Production
(Thousand Tons)

Principal Producing Countries	1936–37	1937–38	1938–39
Gold Coast	300	252	297
Nigeria (a)	102	95	111 +
Trinidad (b)	13	12	19
Ceylon (b)	3	4	4
Grenada (b)	4	3	4
Other British (b)	4	5	6
Brazil (c)	108	132	141 ø
Ivory Coast (d)	51	49	51 +
Cameroons (French mandate) (d)	27	26	31 +
Equador	17	20	16
St. Domingo (b)	18	19	28
Venezuela (b)	16	16	14 +
Togoland (French) (b)	10	8	7
Other foreign (e)	40	37	38
Total	703	658	767

(a) Including Cameroons under British mandate: exports in crop years October to September.
(b) Domestic exports in calendar years, the first of the two years indicated.
(c) State of Bahia only, other states producing about 4,000 tons a year. Crop year May to April.
(d) Exports in crop years October to September.
(e) Calendar year exports based on International Institute of Agriculture.
\+ Partially estimated figures.
ø Reported by Wessels Kulenkampff as final estimate.

APPENDIX II

Apparent utilization of raw cocoa in the main countries
(Thousand Tons)

Principal Countries	1936	1937	1938
United Kingdom	102	94	95
Canada	16	11	11
Australia	7	6	6
South Africa	1	1	2
United States	289 (a)	229	206 (b)
Germany	78	76	78 (c)
Netherlands	65	55	75
France	47	41	42
Czecho-Slovakia	12	10	10
Belgium	10	10	11
Italy	8	8	9
Switzerland	8	6	9
Russia	7	11	13
Sweden	5	6	7
Norway	4	3	4
Denmark	4	4	5
Hungary	4	3	4
Poland	7	7	8
Austria	6	5	8
Argentine	5	5	6
All other countries (d)	30	30	30
Total	715	621	639

(a) A record figure which may have been artificially enhanced by changes in invisible stocks.
(b) Low figure accounted for by particularly heavy withdrawals from stock.
(c) Estimate based on net imports.
(d) Round figure estimate.

Minutes on 102

I am in general agreement with the action which Mr. Melville proposes. I find it, however, a matter for some surprise that it is only now, after nine months of control, that we apparently urge the need for some propaganda on the West Coast on a matter on which I should have thought local propaganda was of vital importance at a much earlier stage, more particularly in view of the local antipathies towards the machinery which it has been necessary to use and which, apart from other reasons, would be certain to make control unpalatable. . . .

J.B.S.
7.5.40

There has been some criticism of the price control of and marketing arrangements for cocoa and oilseeds in West Africa. The West African Students' Union sent in a memorandum and the Department produced a detailed account of policy and conditions of production and marketing. This was sent to the Union and the covering letter expressed the hope that the Union would assist H.M.G. in obtaining in West Africa wider appreciation of the true facts of the situation. A further memorandum has been received from the Gold Coast Students' Association and it is proposed to

send them a copy of the memorandum sent to the West African Students' Union. It is also proposed to inform the Governors of the various Colonies fully of what has been done in this matter, and, with reference to the covering letter to the West African Students' Union, to ask them to consider what can be done in the way of Government propaganda. It has also been proposed to send semi-official letters to the Governors mentioning that Lord Trenchard had suggested that the United Africa Company could help in this propaganda question, but Mr. Dawe advises against that.[4]

J.J.P.
13.5.40

Mr. Melville's memorandum is admirably lucid & shd. be convincing to critics who have genuinely misconstrued the position. It will not help much, I fear, to change the hearts of those who are disaffected & I think that W.A.S.U. probably stands for this undesirable element to some extent. Perhaps we might wait & see how they react to the suggestion in the dft letter before inviting them to send a delegation to the C.O.

I agree with Mr. Melville that it wd. be a good thing to supply W.A. govts. with material for explaining the position as soon as possible & with as wide publicity as possible.

It may be remembered that some months ago I suggested the desirability of taking some such steps. . . .

The difficulty however about such propaganda is that it appears to be much easier to make out a convincing case for the actions of H.M.G. *vis à vis* the W.A. producers than *vis à vis* the local middle men, brokers & small shippers. It is in this class that one may expect dissatisfaction (arising from the quota system) [to] be concentrated, a class which broadly speaking is much more sophisticated than the producers. It will be for the W.A. govts. to consider how far it is possible to prevent this middle men class from infecting with its own discontent the much larger & more important class of producers.

O.G.R.W.
15.5.40

Mr. Melville's drafts are as usual first-class: but it would be against the nature of things to expect that even his sweet reasonableness will convince our critics. The atmosphere of suspicion is too widespread and intense: and there is ground for a good deal of that suspicion. But we must not be deterred from taking the offensive and trying to put over our case in the most effective manner possible.

A.J.D.
17.5.40

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[4] Dawe had minuted (9 May): 'I am afraid that in view of their [WASU] suspicions of the U.A.C. they may read it as meaning that Lord Trenchard has been working the oracle here and has initiated this move towards propaganda: and that the idea is that the Government and the U.A.C. should get together to put something across the natives. I believe that from the point of view of "psychology" it would be best not to send this letter' (CO 852/349/1).

103 CO 859/41/3, no 6 5 June 1940

[Wartime colonial development and welfare expenditure, and the colonial war effort]: circular telegram no 82 from Lord Lloyd to colonial governments

[Proposals for a new Colonial and Development and Welfare Bill were published in February 1940; this telegram was issued whilst the bill was passing through its final stages in parliament.]

1. The deepening gravity of the situation with which the whole Empire is faced today calls for the greatest possible effort from all its peoples. The response made so far by the Colonial Empire to the war leaves no doubt in the mind of His Majesty's Government that co-operation and help from every part of it will be readily forthcoming in the common task which still lies ahead. The anxiety of those overseas at present is, in fact, to know how they can most effectively make their contribution.

2. I will try to show in this telegram the general direction in which the Colonial effort can now best be applied. In doing so I realise that general remarks made in a brief space cannot apply with equal force to individual territories.

3. My predecessor, in a communication to Colonial Governments dated the 15th September, 1939, suggested the general line of policy to be pursued in the conditions then obtaining. He expressed the hope that subject to certain over-riding considerations the existing activities of the various Governments would be continued: and he emphasized his anxiety to see social services and development activities disturbed as little as possible and to avoid retrenchment of personnel.

4. The development of the German Blitzkrieg has now transformed the perspective in which these matters must be regarded. The former policy must be reviewed in the light of the new situation. We must now envisage a supreme effort in the next few months: and we must therefore concentrate more exclusively than hitherto on whatever will contribute to our effective war strength in the immediate future.

5. In the economic sphere the general aim of policy should be to bring to the maximum the positive contribution of the Colonies to the immediate war effort in the way of supplies: and to reduce to the minimum their demands on the resources in men, material and money which are or might be made available to this country, either at home or overseas. In particular:—

(a) Colonies which produce raw materials of importance to the war effort, including of course those sold for "hard" currencies, should aim at the maintenance of production at whatever level may be indicated from time to time as being that necessitated by Allied requirements. It will be appreciated that owing to everchanging circumstances the optimum level of production of individual commodities for war purposes may alter rapidly.

(b) Most Colonies can give substantial assistance by refraining from making demands for non-essential imports of every kind from sterling or non-sterling sources: but especially of imports involving the use of iron and steel unless they are required for the production in the immediate future of materials of essential war-time value to this country.

(c) The maximum development of production of foodstuffs to meet local demands for consumption should continue to be vigorously pursued.

(d) It may no longer be possible for markets or shipping to be provided to the same extent as formerly for Colonial commodities which are not of the first degree of importance to the United Kingdom.

6. Colonies can help from the military as well as the economic standpoint by reducing as far as possible any diversion direct or indirect of manpower from the war effort in this country. As far as Government personnel is concerned, this end has in many Colonies been served by the release of civilian officers for local military duties which would otherwise have to be performed by officers sent from this country. The resulting dificiencies [sic] of staff can in some degree be counteracted, as in this country, by curtailment of leave and longer hours of work. I hope to send you at an early date a further telegram regarding personnel and manpower.

7. These changes in the direction of our efforts must inevitably affect the proposals for Colonial development and welfare contained in the Statement of Policy issued by His Majesty's Government last February (Cmd.6175). The Colonial Development Bill had already received its second reading in the House of Commons. But it is clear that in present circumstances it will not be possible to make any substantial progress under the new policy. It must be assumed that assistance would for the present be given only for urgent purposes and for schemes which can be carried out from local resources of personnel and materials. Many Colonial Governments will not at present be in a position to prepare development programmes: though I am anxious that where this can be done without detriment to the war effort the preparation of plans for the future should be continued.

8. It is inevitable that the new conditions must entail not only postponement of progress but some curtailment of existing social and other services. But I should greatly deplore it if the war were made the occasion for closing down services which can consistently with the above principles be kept in being. Every effort should, therefore, be made to maintain them, provided that they do not detract from the maximum war effort.

9. In Colonies where the only reason for curtailing these services would be difficulty in providing the money I trust that the possibility of imposing or increasing direct taxation, as in this country, upon those best able to bear it will be examined. In many Colonies the response to the need for new war taxation has been most public-spirited: and I have no doubt that the same spirit will be shown in assuming the further burdens which the present grave situation may entail.

10. Governors may publish this circular telegram at their discretion.

104 CO 859/81/10 28 Feb–13 Mar 1941

[Wartime colonial development and welfare expenditure]: minutes by C G Eastwood and Lord Moyne

Secretary of State

You should, I think, know what is the general policy at the moment in regard to Colonial development and welfare.

When the war began Mr. Malcolm MacDonald was anxious that we should proceed as far as possible with our peace-time plans. Accordingly, the telegram flagged "A"[1]

[1] Only flag "C" is reproduced in this volume.

was sent to all Colonies and it was decided to proceed with the Colonial Development and Welfare Bill though the amount we were asking for was reduced from £10,000,000 a year to £5,000,000 + £500,000 for research.

The beginning of the blitzkrieg, however, and the entry of Italy into the war made a new policy inevitable. A telegram was sent to all the African Governors on the 15th May (flagged "B") about the release of civil personnel for military service and on the 5th June a circular telegram, No. 82 (flagged "C")[2] was sent to all Colonies giving a new general directive. You should read this telegram with some care as it remains the governing document. This telegram envisaged "a supreme effort in the next few months" and made it clear "that in present circumstances it will not be possible to make any substantial progress under the new Policy".

Meanwhile the Colonial Development and Welfare Bill was passing through its final stages but it was made clear in the later debates that not much could be done, with the possible exception of the West Indies, until after the war. See, for instance, flagged passage of Lord Lloyd's speech at the House of Lords on 2nd July (flagged "D").

Copies of the Act, as passed, were sent to Colonial Governments in a circular despatch of the 10th September (flagged "E"). This, too, you should read with care. Again you will see that it is a very negative document.

A somewhat more positive policy is being pursued in the West Indies and the circular of the 10th September was supplemented to them by another despatch of the 30th November (flagged "F").

Lord Lloyd, in the last months that he was here, had begun to regret very much that he had ever agreed to the circular telegram of the 5th June (flagged "C") or to the circular despatch of the 10th September (flagged "E") – in point of fact he never saw the draft of this despatch. It was his view that we had neglected the Colonial Empire greatly in the past and that instead of the £5,000,000 a year being regarded as an almost impossibly generous maximum which we should find difficulty in attaining, it was really exceedingly niggardly on the standards of what should be expected of the greatest imperial power of all time. He felt very strongly that the Treasury sense of proportion in these things, though rather better than it had been some years ago, was still quite false and that to be cheese-paring of expenditure on the Colonial Empire now on account of their difficulty in finding money was preposterous. At the same time he quite appreciated the practical difficulties of going ahead in a good many Colonies owing to the preoccupations of the Civil Service and the difficulty of getting materials.

Sir Cosmo Parkinson did not altogether share Lord Lloyd's views.

Lord Lloyd was about to see Sir Alan Barlow[3] of the Treasury to get him to agree to a considerable modification of the policy laid down by the despatch of the 10th September. There is evidence that the whole tone of the despatch was so discouraging that many Colonies have regarded the Colonial Development and Welfare Act as completely dead for the period of the war. For instance, when a hint was given to Cyprus that it was not dead they immediately put up three very good schemes which are now being considered and will probably go through.

It is only fair to the Treasury to say that they have been by no means ungenerous to the Colonies in matters not falling within the Colonial Development and Welfare

[2] See 103.

[3] See 87, note 1. KBE 1938, now 2nd Secretary.

Act in the last year or two. For instance, they are purchasing or underwriting surplus Colonial products somewhat as follows:—

Cocoa	–	£2,500,000 maximum;
Bananas	–	£1,000,000.

There are also heavy commitments in view on Palestine citrus, sisal, South Seas copra; grant-in-aid of £1,000,000 to Malta, grants-in-aid to Colonies and Trans-Jordan and relief grants to the West Indies, £1,800,000. On the other side of the balance sheet there have been Colonial contributions to the war on something of the order of £20,000,000.

C.G.E.
28.2.41

Sir Cosmo Parkinson

The list of Development and Welfare Schemes now being carried out under the Colonial Development and Welfare Act suggests that the circular telegram of 5th June and the despatch of 10th September have been taken by the Colonies as an instruction to hold up all important proposals during the present crisis.

When the Prime Minister on 5th February asked me to become Secretary of State for the Colonies, he said that the grant of Bases to the United States had brought about a new situation and that he wished the Welfare proposals of the West India Royal Commission to be implemented. Evidently we cannot leave slum conditions in our Colonies unremedied side by side with the higher standard of living which will be seen in the leased areas.

Although a distinction has been drawn between the development and welfare needs of the West Indies and the rest of the Colonial Empire, I do not think it is possible to withhold some corresponding provision at any rate for the poorer Colonies in Africa and elsewhere. Quite apart from the new circumstances of the prospective contrast with the American Bases we must, I think, ask the Treasury to re-examine their sense of proportion in this matter. Instead of £5,000,000 being regarded as an almost impossibly generous maximum which we should find difficulty in attaining, it is really not a very startling sum for the greatest Imperial Power of all time to spend on the standard of Colonial life and development. While recognising that during the war it is difficult for the Government to provide money for valuable schemes, I would like Governors not to feel discouraged to put forward proposals that can be undertaken without interference with the war effort.

Referring to the limitations in para 4 of the circular of 10th September, in certain cases it may be found that plant and materials may be available in this country without any need for payment in hard currencies. Personnel also may still be found here with expert qualifications available for preliminary surveys and supervision of work. In any case social improvements as, for instance, in health, education, public assistance and sum clearance involve payments in local currency only.

Separate circular despatches will probably be necessary for the West Indian and other Colonies respectively and I would like these prepared for approval by the Treasury and for bringing up to the Cabinet in case the existing hold up of development and welfare schemes received their approval.

Shall we discuss the position before you go any further?

M.
13.3.41

105 CO 852/482/6, no 11 5 June 1941

[Wartime colonial development and welfare expenditure, and restriction of non-essential consumption in the colonies]: circular despatch from Lord Moyne to colonial governments

[This despatch advocating development planning and a reduction in non-essential consumption in the colonies originated as two separate draft circulars. One circular, produced in the CO's Economic Dept, urged a restriction of non-essential consumption in the interests of the war effort and in order that wartime sacrifices made by colonial peoples were commensurate with those undertaken in the UK. The other circular was prepared by the CO's Social Services's Dept and concerned wartime colonial development policy (see 104). The two drafts were combined to prevent apparently contradictory directives being issued by the two departments.]

Since assuming office I have had under review various questions of economic and financial policy in the Colonial Empire, and it has emerged that there is a considerable group of problems which all turn on what may be termed the right use of resources. The communities in the various Dependencies, including both the Governments and the private individuals who constitute them, have at their command certain resources in money which can be turned into material and man power; and the problem is how to regulate the use of those resources, in the interests on the one hand of the general war effort, and on the other of the well-being and development of the Colonial Empire. It is, I know, the wish of all Colonial Dependencies that they should make the maximum possible contribution to the joint war effort, and one very important contribution takes the form of minimising the calls for current consumption made on productive resources which can be diverted to war ends. His Majesty's Government, for their part, are anxious that the necessity of diverting to war purposes all resources which can be spared should not wholly interrupt the progress of Colonial development. We have therefore to consider how the wrong use of Colonial spending power in unnecessary consumption can be prevented, and how far the resources available to Colonial Governments for development, and especially the resources earmarked for that purpose under the Colonial Development and Welfare Act, 1940, can in practice be used for their intended purpose, without detriment to the war effort.

2. As regards economy in the consumption of available resources, I am not sure that the general public in the Colonial Empire, while realizing the discomfort and suffering caused by the effects of enemy action in this country, fully appreciate the extent of the economic sacrifices made by people in the United Kingdom as part of the war effort, or the underlying economic reasons which necessitate those sacrifices. Personal consumption of goods is being curtailed with increasing severity. The amount of income available for expenditure is being reduced by heavy taxation, both direct and indirect. The standard rate of income tax is 10/- in the £ while the surtax is graduated to take a further 9/6 in the £ on the highest incomes. The excess profits tax takes for the State all additional profits made as the result of the war, while the purchase tax of 33⅓ per cent. directly limits civilian consumption. Government restrictions of imports and of home-produced supplies, culminating in the individual rationing of many essentials, are so drastic as to constitute a definite lowering of the average pre-war standard of living, and to necessitate a real sacrifice throughout the community.

3. The economic needs of the war require that efforts much more nearly commensurate with those now being made in this country should be made by all those inhabitants of the Colonial Empire who enjoy a comparatively high standard of life. In saying this I do not ignore the sacrifices already made by communities of all races in the Colonial Empire, officials and unofficials, or the generous contributions which have been made, not on one occasion but many times, by those communities. Nor do I forget that in distant territories far removed from the theatres of war (as many Colonial Dependencies are) the need for economic sacrifices of the magnitude of those gladly undertaken in the United Kingdom is not so obvious.

4. I discuss in subsequent paragraphs the detailed measures for the application of this policy. But I wish to make it clear at the outset that, while the policy should be fully applied to all classes whose standard of living permits of this being done, there are, throughout the Colonial Empire, large populations spread over great areas whose standard of living is now so low that the same policy cannot and should not be applied to them, even in war-time. On the contrary, it is an imperative duty to do all that is practically possible to raise the standard of living of such people, even during the war period, alike for humanitarian, political, economic and administrative reasons. In paragraph 12 and the succeeding paragraphs, I discuss this matter further.

5. The fundamental reasons which have dictated the drastic limitation of personal consumption in the United Kingdom are nevertheless operative also in the Colonial Empire. There can be no doubt that, every time an individual refrains from making a purchase of imported goods, the war effort is directly benefited. The same is true of home-produced goods, whose production depends to any substantial extent on imported materials.

6. In particular, by such limitation:—

(a) Shipping is saved; even where it may seem that there is plenty of shipping space for inward freight to a Dependency, it must be remembered that saving of time in loading at docks is important, and that many manufactured articles are made from raw materials which have to be transported by sea.

(b) In many cases foreign exchange is saved; again the saving is not always apparent, but to an increasing extent the pressure on United Kingdom and Empire productive capacity is such that goods supplied from sterling sources will ultimately have to be replaced from dollar sources, and in extreme cases (e.g. iron and steel) it may become immaterial whether the immediate source of supply is sterling or dollar.

(c) Productive capacity is saved; here again it may have seemed in the past that no harm was done by buying non-essential goods which were still available in this country, but the steps now being taken to reorganise British industry, so as to close down redundant firms and transfer to war purposes labour and plant no longer required to make consumption goods, mean that productive capacity of every kind can be made available for the war effort. Moreover, as in the case of iron and steel already quoted, the pressure on productive capacity is rapidly extending to the United States of America.

7. I wish to emphasize that the essential objective of economic policy must be the saving of actual material resources, including resources in personnel; and, in the strict sense, the saving of money is only subsidiary to that primary objective. If,

however, material resources are saved by the reduction of consumption, there will normally be a corresponding saving in money by the consumer. This can be made available for the war effort by transfer to the state in the form of free gifts, of taxation, or of loans either direct or through the accumulation of bank balances which are in turn to a large extent invested in Government securities. The making of free gifts should of course in no way be discouraged, but in so far as it is possible to make a choice between the raising of money by taxation and by loans, it is clearly preferable to proceed by way of taxation, so avoiding the continuing burden of interest and repayment charges. I consider, therefore, that an increase of taxation, especially direct taxation, above what was thought necessary before the war, should be a definite object of policy. Extra revenue from taxation may well be needed to replace revenue lost, owing for example to reduced imports; or to meet additional charges on the Governments concerned, arising out of the war. Increased taxation, moreover, not only taps the resources of money remaining in the hands of consumers as the result of decreased consumption, but is itself a powerful influence towards such decreased consumption, and in the United Kingdom taxes have been imposed deliberately with the object of discouraging consumption of non-essential goods. The purchase tax was one such example, and in announcing the most recent increases in income tax in his Budget for 1941–42 the Chancellor of the Exchequer said: "The primary object of these proposals is not to obtain taxation for taxation's sake, nor to raise revenue for the sake of revenue, but to make a considerable cut in purchasing power during the war."

8. The practical applications of these considerations are:—

(a) Import licensing should in general be more strictly administered, and imports most drastically curtailed, as this is the most effective means of directly curtailing consumption in Colonial conditions. Although there are exceptions, the information which has reached me regarding the administration of import control in the Colonial Empire is generally disappointing. I realise that, until the public fully appreciate the need for curtailment, it is very difficult for Colonial Governments to restrict imports to the degree that seems necessary; but nevertheless the interpretation which Colonial Governments have put upon the essentiality of an article has often not been that which would have been put on it by the United Kingdom Government. It is not possible to go into details here, but it is clear that there are a number of articles of an inessential nature the import of which ought in every Colonial Dependency to be prohibited entirely from all sources, sterling and non-sterling. The importation of many, perhaps one should say most, other articles should be cut down to a small percentage of normal imports both from sterling and from non-sterling sources, especially of course the latter. No article whatever should be allowed to remain not subject to control. There should be no open general licences for non-sterling goods.

(b) Except in cases where urgency is a vital consideration licences should never be granted for dollar goods where sterling goods are available.

(c) The use of existing stocks of imported materials should be rigidly controlled, e.g., the use of structural steel in non-essential building should be prevented.

(d) Income tax should be brought much closer to the United Kingdom level, in places where it already exists, and introduced where it or an equivalent does not exist.

(e) There should be a great propaganda drive for investing in war saving schemes, based on the paramount need of avoiding luxury expenditure. Such propaganda would also serve the purpose of explaining the need of the other measures proposed above.

9. I am fully aware that the actual savings in consumption and expenditure which can be secured in some Dependencies must appear infinitesimal in comparison with the daily cost of the war, though they represent a real effort to those who make them, and also that in respect of the great bulk of Colonial populations the room for reduction of consumption is small. There are, however, many exceptions; and it is of the highest importance that there should be a general consciousness of common sacrifice, that the sentiment of moral duty should be quickened, and that it should not be possible for examples of wasteful expenditure in particular parts of the Empire to be quoted. Action on some or all of the lines indicated in the previous paragraph has already been taken in a number of Dependencies, but I would ask that in all the whole subject should be reviewed in detail in the light of this despatch, as a matter of urgency. I have already addressed certain administrations by telegram on the particular question of import licensing.

10. I have urged that taxation should be increased with the object of reducing consumption, and in order to provide funds for necessary expenditure; but it may well be that in some Dependencies at least the effect of such increases of taxation would be to increase the surpluses available to the Governments concerned. The question will then inevitably arise of what is to be done with such surpluses, and whether they should be transferred in whole or in part as free gifts or as interest-free loans, to His Majesty's Government in aid of general war expenditure. Substantial gifts of that kind have already been made and in some territories the more or less definite rule has been adopted of transferring to His Majesty's Government any surplus in excess of some arbitrary amount. These manifestations of the desire of Colonial Dependencies to assist in bearing the financial burden of the war are highly appreciated, but on the whole I am coming to the view that it would be wise to discourage further such gifts, unless it is quite clear that there is no reasonable likelihood of the sums in question being required by the Dependency itself in the near future. It has already occurred in some cases that gifts of that kind have been made by Dependencies already in receipt of assistance from His Majesty's Government in other forms, or which are likely to be applicants for such assistance, whether under the Colonial Development and Welfare Act or otherwise, after the war. It is likely that cases of that kind would increase, if a more active programme of Colonial development is undertaken on the lines suggested in the later paragraphs of this despatch. Finally, it is most undesirable that there should be any suggestion that taxation is being imposed at the instance of His Majesty's Government if its proceeds are in effect to be handed over to His Majesty's Government.

11. In these circumstances, I think that Colonial Governments should regard as a first call upon any surpluses which may be realised the building up of reserves adequate to meet any demands which might reasonably be expected in the period of post-war reconstruction. It seems to me definitely preferable that Colonial Governments, if they are able to do so, should accumulate surplus balances now which they can use for purposes of reconstruction and development after the war, without having to have recourse to assistance under the Colonial Development and Welfare

Act, rather than that such balances should be surrendered now and applications for assistance be made at a later date. This would not mean that, where it was clear that a Colony already had adequate reserves to meet any probable calls of that nature, it should not continue, if it so desired, to make gifts to His Majesty's Government, which would continue, as in the past, to be most acceptable. Where, however, it is thought preferable to accumulate reserves for post-war needs I would suggest that it would be reasonable to take the view that the holding of such reserves should not be a source of profit to the Government concerned. Normally, reserves of that kind would be invested in British Government or other gilt-edged securities. In present conditions, I suggest that reserves accumulated during the war might very well be lent to His Majesty's Government, free of interest, on condition that repayment will be made at the end of the war, i.e., on substantially the same terms as interest-free loans are accepted from private individuals. Such a policy would have the advantage of placing the resources at the disposal of His Majesty's Government, without charge, during the period in which they are required, while permitting the Dependencies concerned to resume the use of them when they are required for post-war purposes. It could also be regarded as analogous to the arrangements made in the United Kingdom budget for 1941–42, under which certain parts of the sums paid in income tax by private individuals are to be placed to their credit for disposal after the war, and part of the sums payable by commercial firms as excess profits tax will similarly be at their disposal for purposes of reconstruction after the war.

12. I turn now to the other aspect of Government policy which I wish to emphasise, namely, the obligation to raise the standard of living of all those classes in the Colonial Empire whose standard is at present below the minimum that can be regarded as adequate. As I have already said it is an imperative duty to do all that is practically possible to fulfil this obligation even during the war. This is in no way inconsistent with the present necessity for restricting non-essential consumption by the better off. Still less is it inconsistent with the exigencies of war-time policy that we should undertake preliminary work in order that progress may be made as rapidly as possible after the war. As you no doubt know special machinery has been set up in this country to study the problems that will arise after the war and to prepare plans to deal with them.

13. It is the desire of His Majesty's Government that Colonial Governments should on the one hand also prepare for rapid action after the war and on the other hand do all they can, without interference with the war effort, to improve standards even during the war. Schemes involving the use of material and machinery from outside sources will normally have to wait but there are many schemes of development and welfare that can be undertaken with purely local resources, and in special cases it may even be possible to consider arranging for the supply of materials from outside if the work is sufficiently badly needed and the materials form only a relatively small part of the total cost. Similarly the expert personnel required either for conducting preliminary surveys or for supervising work on approved schemes might in special cases be made available from this country.

14. Some Dependencies, fortunately situated, will be accumulating balances during the war, especially if the measures suggested earlier in this despatch are taken, and will be able to finance from their own resources such development and welfare schemes as can in practice be undertaken. Others may have to have recourse to the funds available under the Colonial Development and Welfare Act for some or

all of the money for such schemes. From whatever source the funds are found the same principles should govern the undertaking of development and welfare schemes having regard on the one hand to the policy of raising Colonial standards of living and on the other to the non-diversion of resources from the war effort. While therefore in the immediately succeeding paragraphs I propose to discuss primarily the position with regard to assistance under the Colonial Development and Welfare Act it will be understood that what is said there applies in principle equally to schemes financed from Colonial funds.

15. It was indicated in paragraph 4 of Lord Lloyd's circular despatch of the 10th September, 1940, that it would not normally be possible to consider schemes for assistance under the Act, unless they could be carried out solely with local resources of personnel and material. But as I have indicated above I should not wish this criterion to be rigidly applied in special cases. Again I should not desire to take too rigid a view of stipulation (*c*) in the paragraph referred to, i.e., that a scheme must be of such urgency and importance as to justify the expenditure of United Kingdom funds in present circumstances. I know that Lord Lloyd shared these views and I understand that he had it in mind before his illness intervened to circularise Colonial Governments in this sense. It is in fact the desire of His Majesty's Government that as full advantage as possible under war conditions should be taken of the financial provision made under the Act. While, therefore, as Colonial Governments have rightly recognised, the provision of funds even for important projects is not to be undertaken lightly at present, I wish them to feel that they are at liberty to put forward schemes that they regard as essential. It would be for the Colonial Office to take up with other Departments here the question whether the money and any materials or personnel required from outside the Dependency could be made available.

16. I have spoken of the desirability of laying plans now to make rapid progress possible after the war. I attach particular importance to the training of local personnel as rural teachers, healthworkers, agricultural demonstrators and so on, since it is on an adequate supply of such subordinate staff that the rate of progress after the war may largely depend. If financial assistance is required to enable technical training of any kind to proceed, I shall be very glad to consider any proposals that you may submit.

17. I would also emphasise as strongly as possible that economic resources must not be allowed to suffer from neglect. The war must prevent many desirable developments in this field but special attention should still be given to two aspects of economic development. Firstly there is the preservation of resources, especially soil erosion work for the protection of the most essential of all resources, the fertility of the land; forest conservation; and active measures to deal with serious threats to important crops from disease or insect pests. Measures of this kind do not normally call for a great deal of external material although they may need personnel; and where assistance is required in carrying them out it should normally be possible to give sympathetic consideration to schemes submitted. Secondly, there are schemes of economic development which, while improving the long-term economic position, are also expected to produce commodities or materials of special war-time value, including the development of local production of goods to replace imports.

18. Applications for assistance under the Colonial Development and Welfare Act so far received in the Colonial Office have been mainly in respect of isolated projects. This does not disqualify them from consideration but it is clearly desirable that if

proposals are in future submitted more freely they should whenever possible be related to a general plan of development. Equally, I hope that Colonial Governments which undertake schemes out of their own resources will relate them to a general plan. I recognise that few Colonial Governments will have been able to prepare the carefully co-ordinated programmes that are essential to the orderly progress which it was the aim of the new Act to promote. Moreover, the impossibility of forecasting the post-war international situation regarding production and markets makes the preparation of precise plans in many territories so speculative as to be valueless; and there is therefore a discernible tendency to defer all planning. Nevertheless there can be few Dependencies in which (if it has not been done already) a general framework of plans for social development in health, education, rural welfare, and so on would not be valuable. Even though the preparation of detailed programmes may not be justified, it is I think important that each of the departments concerned with social welfare should have an outline plan and that these departmental plans should be co-ordinated by some central agency into a general framework covering a period of at least five years ahead. The existence of this framework will avoid the loss of much valuable time and probably money when conditions permit more progress to be made. In the meantime any proposals which can be undertaken now can be fitted into the general framework.

19. The preparation of plans and the execution of any programme of development will be rendered difficult by the depletion of Colonial staffs owing to the release of men for service with the Forces and, in many of the African Dependencies, for service in the administration of occupied enemy territories. I wish it to be understood that where you are satisfied that the work of planning and development which would otherwise be practicable is seriously impeded by the inadequacy of staffs, I should be prepared to consider making representations for the release of key men from the Forces.

20. It has been necessary to set out these matters at considerable length, as both the detailed considerations underlying the proper policy and the practical applications of it are somewhat complex; but the main principles and objects are I hope sufficiently clear. It must be the object of all Colonial Governments to see that there is no wasteful use of any resources which could be made available for war purposes; but, on the other hand, where resources can be spared from those purposes or cannot be directly utilised for war needs, there should be no reluctance to use them in preparing for, and as far as may be in carrying out, that improvement of general conditions in the Colonial Empire which must be one of the central inspirations of our Colonial policy for many years to come.

21. The immediate action which can be taken has been indicated in paragraph 8, as regards the immediate economy in the use of resources which can be diverted to war purposes; and, in paragraph 11, as regards the financial consequences of certain aspects of that policy. It is not possible to point so specifically to definite action which can be taken in the sphere of Colonial development, for this must obviously depend much more on the circumstances of individual Colonies; and I only ask that that subject should be again reviewed, in the light of the considerations set out in this despatch.

22. It is not my desire that this despatch should be published, but the material contained in it may be used at your discretion in any public discussion of the issues involved, or in justification of any particular measures which you may propose to put into operation as the result of it.

106 CAB 117/53, WP(42)23 12 Jan 1942
'The lease-lend agreement': War Cabinet memorandum by Mr Amery

The American State Department, inspired by Mr. Cordell Hull's economic theories, are insisting that we should pledge ourselves, here and now, to the eventual abolition of Imperial Preference. This is an issue which does not allow of ambiguity or equivocation. Article VII of the Lease-Lend Agreement[1] will have to be explained both in Congress and in Parliament, and the answers given, here and across the Atlantic, as to whether it does or does not mean the end of Imperial Preference as an integral part of our national economic policy, will have to correspond.

2. We are not, of course, being asked, avowedly, that, as a quid pro quo for American material assistance in what is now in the fullest sense their own war, we should sacrifice our interests and the future development and unity of the British Empire. The suggestion is that we should only be playing our part in bringing about a new economic world order which will contribute to the prosperity and peace of the world. More than that, Lord Halifax argues that, if only we will please the present State Department, future United States administrations will not only pursue Mr. Hull's economic policies but join us in "policing the peace of the world."

3. The new economic world of which Mr Cordell Hull dreams is the *laisser-faire* individualist-capitalist internationalism which was the accepted ideal, and in large measure the actual practice, of the last century. It was a world in which the individual capitalist was free to buy, sell or invest as suited him best, regardless of national security or the permanent welfare of the particular community of which he might be a member. The perfection of the theory might be somewhat marred by such reactionary manifestations of "economic nationalism" as tariffs. But, at any rate, the Most-Favoured-Nation Clause, if it could not prevent a tariff "discriminating" between the citizens of a particular country and foreigners, at any rate prevented any discrimination between foreigners. The underlying assumption throughout was that there are no national interests concerned in international trade, only individual interests.

4. The world has been moving away, for good and all, from that assumption. Economic nationalism, in one form or another, whether for defence, or for social welfare, was a steadily growing force even before the last war. That war and it sequel gave it an impetus which has been immensely enhanced by the present war in all countries. The immediately post-war period is bound everywhere to be one of rigid control of trade. Afterwards there may be hopes of modifying this situation, more particularly by the definite co-operation of individual nations or groups of nations. Some sort of European "New Order" based on inter-European economic preference by free mutual agreement—as distinct from Hitler's New Order based on domination and exploitation—would seem, indeed, to be an essential condition for the restoration of the prosperity and future stability of Europe. But there is nothing to suggest that Europe, or the world, is ever going to return to the economics of the last century, even if such a return suited American export interests.

5. As for the Americans, the Japanese attack has made them for the time being a

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[1] Pledging the American and British governments to work for the 'elimination' of discriminatory practices and the 'reduction' of tariffs.

united nation. But the reaction against the Roosevelt policies and towards isolation is bound to come after the war, as after the last war. The United States are no more likely to busy themselves actively with the policing of the world's peace in partnership with ourselves that they were to undertake the much lighter commitments involved in membership of the League of Nations. Nor will the abandonment by us of Imperial Preference prevent any temporary lowering of the American tariff being promptly reversed by the next Republican majority.

6. In any case, dealing with the matter, as we must, from the point of view of our own future, it is a mistake to assume that the lowering of the American tariff, or of world tariffs generally, offers so attractive a prospect for this country. We are far too apt to continue thinking of ourselves as what we were fifty years ago, the world's cheapest manufacturers, only asking for equal terms in order to beat all competitors. We had much better face the fact that with the ever-increasing diffusion of technical efficiency we, with our heavy burden of taxation and our high standards of living, are bound to be more and more overtaken by competitors, European or Asiatic, with lower standards or by those who, like the Americans, can afford to dump the surplus of their mass production for an immense home market.

7. What we shall have to rely on increasingly for our export trade is, not promiscuous world competition, but markets in which by special negotiation, and getting away as far as we can from the Most-Favoured-Nation Clause, we secure definite concessions for ourselves in return for definite counter-concessions. Above all, we shall have to rely increasingly on the markets of the Empire, where, behind and above any immediate bargaining advantages, lies the sense of a common interest in each other's welfare and material strength.

8. The extent to which that process has already been going on during the last half-century is, I think, little realised. The proportion of our total domestic exports which go to Empire countries rose from 32.42 per cent. in 1900 to 34.22 per cent. in 1910, 37.55 per cent. in 1920, 43.5 per cent. in 1930 and 49.85 per cent. in 1938. Nor is it possible to dissociate that growth from the preferences granted unilaterally by the Dominions during the three decades preceding Ottawa or from the fuller policy of reciprocal preference inaugurated at Ottawa.

9. To judge of the national value of a trade merely by quantitative export figures is, however, very misleading. The value to us, as a nation, of external trade lies not in its volume, but in its character. The only truly nation-building trades for us are those by which we secure the raw materials and food-stuffs which we lack by exporting a portion of our surplus manufacturing capacity. From that point of view Empire trade is essentially nation-building, in so far as the export half of its consists mainly of finished manufactures and the import half of it mainly of raw materials and food-stuffs. It is, consequently, of far greater value than a corresponding volume of, say, European trade in wihch we buy back as much, or even more, manufactures than we sell.

10. I have written this, not to revive old fiscal controversies, but because it is precisely from that point of view that we shall be forced by sheer necessity to envisage our external trade after the war. With the loss of the bulk of our foreign investments, much of our insurance, shipping and other sources of "invisible export," we shall be obliged, in order to revive our industries and feed our people, to resort to a very drastic rationing, whether by tariff or otherwise, of all imports that are not directly nation-building, and it is mainly with those who have those imports

to dispose of that we shall be able to do business. In other words, we shall inevitably be thrown even more upon the Empire market than ever before in order to be able to survive at all. In those conditions the loss of Empire preferences to us might well make all the difference between healthy survival and a disastrous lowering of the whole standard of life of our people.

11. Moreover, we are directly responsible for the standard of life, not only of our own people in the United Kingdom, but for the peoples of our Colonial Empire, a responsibility which public opinion is increasingly recognising. The abolition of Imperial Preference would mean complete economic collapse for the West Indies, Mauritius, and other sugar-producing colonies, for East African coffee and sisal and for other promising colonial industries. Nor can we reject at any rate some moral responsibility towards interests which have been built up by preference in the Dominions. Southern Rhodesia lives largely by virtue of the tobacco industry. The butter, sugar, fruit and wine industries of Australia and South Africa, the dairy and meat industries of New Zealand, the bacon, fruit and lumber industries of Canada, would all be seriously injured, if not destroyed, by the abolition of Preference. Is this the return we are to make to them for assistance given unquestioningly from the very outset of the war and by far greater relative efforts and sacrifices than the United States have yet begun to make?

12. It may be said that some of the present Dominion Governments, looking to the disposal of their surpluses of wheat or wool, are so attracted by the specious prospect of lower American tariffs and of a free trade post-war world, as to be not indisposed to our acceptance of the American proposals. I am convinced, for the reasons given earlier in this paper, that they would make a fatal mistake. But in any case the issue is one of such gravity for them, as for all of us, that it is unthinkable that it should be settled by the exchange of a few telegrams and without the very fullest inquiry and in the light of the conditions which will face all of us after the war.

13. That brings me to an issue far transcending in importance the economic considerations which I have so far discussed. We have evolved, as an Empire, over the last half century, not in the direction of federation with a rigid division of functions between the central and local Governments, but towards a "Commonwealth" based on informal free co-operation. If that Commonwealth is to prosper, or even survive, that co-operation cannot be confined to foreign policy and defence but must include that economic field which is more and more becoming the major part not only of social, but also of foreign and defency policy. In the development of that Commonwealth system lies, in the minds of many, not only the best hope of our own future, but the best and most practical example which Europe and other parts of the world might yet follow for the composing of their own differences and for surmounting the economic and political anarchy which have bred this war.

14. So far at any rate as this country is concerned—and the same was true of the Dominions—Imperial Preference was urged for a generation by its advocates, not so much for economic profit as for the ideal of unity in freedom, the ideal for which we are fighting to-day. When the policy of Free Trade was abandoned in this country and we became free at Ottawa to initiate a system of Imperial preference, no one doubted but that the policy, so long contested, had come to stay, and would be continuously further developed. Its abandonment now, without opportunity for full consideration here, without another Imperial Conference to endorse it, would come as a terrible shock, not only to Conservatives, but to millions of former Free Traders who had

looked upon the issue as settled. It would be widely regarded as a betrayal of the Empire in return for the Empire's co-operation in the war. It would raise an issue in politics which would not be settled until the policy was once more reversed, and which might, meanwhile, seriously impair our unity during the war. It would raise similar controversy in every Dominion. The feeling against Mr. Mackenzie King in Canada for being pro-American and weak-kneed on Empire issues might easily blaze up into disastrous passion.

15. What is more, the controversy everwhere would be bound to take an anti-American turn, if not openly during the war, yet immediately afterwards. There is already a great deal of anti-American feeling in the business world over the export restrictions imposed on us as a part price of the Lease-Lend policy. I cannot imagine a finer present to Sir Oswald Mosley[2] than the opportunity of posing, after the war, as a champion of Britain and the Empire portrayed by the Old Gang to become the *Lebensraum* of American Pluto-democracy! Whatever else the acceptance of the present American demand may or may not involve in the economic sphere, it is certainly calculated to have a disastrous effect upon Anglo-American relations. It is, not least, in the interest of those relations that I would urge the Government to stand firm on this issue and make it quite clear to the President and his associates that, on political even more than economic grounds, we cannot possibly accept any agreement which pledges us to forgo the right of the members of the British Commonwealth to settle their internal economic relations among themselves.[3]

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[2] Founder of the British Union of Fascists in 1932; interned (1940–1943) during the Second World War.
[3] Throughout the war this remained a contentious issue within the UK Cabinet and in UK–US financial relations (see eg 118, para 47).

107 CAB 95/10, A(42)7 12 Sept 1942

'Policy regarding industrial production in Africa': CO memorandum for the War Cabinet Africa Committee

[The CO's request for discussion of policy regarding industrial development in Africa reflected increasing difficulty in obtaining adequate supplies to meet the colonies' import needs and also the drive to develop African resources following the loss of the Far Eastern colonies in 1942. In spite of this increased incentive to colonial industrial development, it was suspected in some colonies that the establishment of colonial secondary industries was opposed by British manufacturing and commercial interests (see 109).]

With the increasing difficulties in obtaining even essential manufactured goods for Colonial needs, and the desire of the Colonies to play an ever larger part in the economic side of the war effort, certain problems of policy arise particularly regarding the establishment of industrial undertakings in the Colonies.

2. The first of these is the period for which it is desirable to plan. Many, perhaps most, proposals, e.g., the establishment of textile plant, can come to fruition only after a laspe of time of anything up to two years, during which essential supplies must be shipped as well as the plant and equipment for the new undertakings. Some ruling is required as to the limit to which it is deemed desirable to work, and in this connection it would be useful to know to what periods other departments engaged on constructional development are working, e.g., the Admiralty.

3. In the second place, it seems necessary strictly to confine such developments, in war, to undertakings which may be expected to make, on balance, a definite contribution to the war effort, whether by saving shipping in the long run, or by easing the strain on United Kingdom/United States manufacturing resources or otherwise. A ruling on this point is necessary, as schemes are still being put forward which have more than half an eye to the post-war position, and the United Kingdom departments concerned cannot be expected to take such considerations into account at the present time.

4. Thirdly, the question arises of how best to examine proposals for such development in order to secure that the greatest net advantage to the war effort results. The Colonial Office knows the needs and resources of the Colonies, but obviously decisions in this matter must be taken with regard to the needs and resources of other territories not under British administration—e.g., textile manufacture in British West Africa cannot be considered without taking into consideration potentialities in the Belgian Congo. It is suggested, therefore, that, in order to secure the maximum Colonial contribution to the war effort, there should be some central organisation, in possession of the full facts, which can scrutinise proposals and, where necessary, *initiate* action. Hitherto, for reasons of organisation, the initiative rests normally with the Colonial Governments themselves, who are clearly unable to put forward proposals in the light of full knowledge of the supply–shipping situation.

5. It is suggested that this function of co-ordination might most effectively be performed by a standing committee under the aegis of the Ministry of Production, on which would be represented all United Kingdom departments concerned and which would work largely though by no means entirely on material provided by the Colonial Office.

6. There is one final consideration which is worth mentioning. The feeling is current in several Colonies, with what justification it is not necessary here to discuss, that the policy of His Majesty's Government in this respect has a bias against the establishment in the Colonies of secondary industries which may compete with established United Kingdom industries. The best means of dispelling this feeling, which has unpleasant political possibilities, would be to make it known (a) that the sole consideration at the present time is the betterment of the war effort (b) that adequate machinery has been established to implement this policy.

108 CAB 95/10, A 2(42)4 16 Sept 1942

'Policy regarding industrial development in Africa': minutes of War Cabinet Africa Committee[1]

The Committee had before them Paper A.(42)7[2] in which the question of the establishment of industrial undertakings in the Colonies is raised.

The Chairman said that the problem involved both war and post-war issues. There had always been a desire on the part of Colonial Governments to establish industries

[1] The meeting was chaired by Lord Cranborne; the Admiralty, Air Ministry, Board of Trade, CO, DO, FO, Ministry of Food, Ministry of Production, Ministry of Supply, Ministry of War Transport, the Treasury, War Cabinet Office and War Office were all represented at the meeting.

[2] See 107.

in their territories. There was also a general feeling that His Majesty's Government was biassed [sic] against the establishment of such industries and there had been a tendency on the part of colonial territories to proceed with industrial enterprises on their own initiative. It would be better if they felt that His Majesty's Government had some sympathy with them in their desire and had some machinery for dealing with the problems involved. The proposal had been put to the Committee in a tentative form to ventilate discussion. The Chairman added that he would discuss the whole question with the Governor of Kenya shortly.[3]

In discussion the following points were made:–

(a) *Time factor*

Major Fawcett said on behalf of the War Office that while it is the responsibility of the Ministry of Supply to arrange for the production of military stores, any project calculated to save shipping and to begin to show results not later than mid-1944 was of interest to the War Office who, in general terms, welcomed consideration of any suggestions to this end.

Mr. Morrison said that so far as the Admiralty were concerned the policy was to develop projects required in connection with the Fleet as rapidly as possible, using temporary construction and avoiding "frills". The Admiralty hoped that the constructional schemes at present under way in Africa would be completed in eighteen months with the exception of the graving dock at Cape Town which would take three years to complete and would have a substantial strategic value after the war. In general Admiralty policy in dealing with long-term projects was to consider how far such projects would clash with other requirements. The construction of the graving dock would not clash with their short-term projects.

Mr. Strang[4] pointed out that if rapid expansion of manufacturing capacity was required there would be a tendency to turn to the Belgian Congo which was more highly industrialised than our colonial territories.

Mr. Wilcox[5] said that the position in the United Kingdom in regard to the question of short-term and long-term planning was that, owing to shortages of labour and raw material, projects which would not bear fruit in less than say two or three years tended to be pushed aside. The question was one of priority and practical needs rather than of doctrine. Mr. Wilcox drew attention to a memorandum by the Prime Minister dated 27th November 1941, on the subject of building programmes (W.P.(G)(41)141) in which guidance was given in the matter of priorities and it was stated, e.g., that every effort should be made to make do with existing premises rather than build new factories or extension, and that no new factory should be constructed unless it could be shown that the fullest practicable use was being made of all existing capacity.

(b) *Bias against the establishment of industries in the Colonies*

Mr. McGregor said that so far as the Ministry of Production was concerned no such bias existed and problems were dealt with in the light of strictly practical considerations.

Mr. Calder[6] said that this was also the position so far as the Ministry of Supply was

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[3] See 109. [4] Representing the FO. [5] Representing the Treasury.
[6] J A Calder of the CO, on secondment to the Ministry of Supply.

concerned. The governing factor was the available manufacturing and manpower capacity in this country.

Mr. Willis said that the Board of Trade, although they had to have regard to the post-war position, would not stand in the way of any proposal that would yield results advantageous to the war effort. They concurred in the principle suggested in paragraph 3 of A.(42) 7. He pointed out, however, that certain projects might be economic in war-time but not after the war and drew attention to the danger that the war might be used as an excuse for the establishment of post-war industries that would require high protective barriers to enable them to continue after the war.

(c) *Nature of projects*

Mr. Nicholson[7] said that much experience of the development of industrial projects had been gained in the Middle East, but the results had been generally disappointing. He stressed the importance of proceeding with simple schemes and avoiding long-term and complicated schemes which very often involved demands on shipping which counter-balanced any saving of imports.

(d) *General*

Mr. McGregor said that the Ministry of Production had no objection in principle to the suggestion that the subject should be brought under the aegis of the Ministry although it might be found that many of the questions involved could better be dealt with *ad hoc* on their individual merits. The Ministry would like to give further consideration to the suggestion, in particular as regards its bearing on the Commonwealth Supply Council.

The Committee:—

(i) Noted that the Chairman proposed to discuss the matter further with the Governor of Kenya.

(ii) Invited the Ministry of Production to give the matter their further consideration and to report to the Committee.

[7] Representing the Ministry of War Transport.

109 CO 852/369/3, no 50 28 Sept 1942

[Industrial development in the colonies]: CO note of a departmental meeting with Sir H Moore

[This meeting arose out of a request made by Sir H Moore, governor of Kenya, for guidance on policy regarding East African wartime industrial development. This request was made in the context of the submission to the CO by the East African Governors' Conference of proposals for the establishment of chemical manufacturing industries in East Africa. A note on industrial development in Africa was prepared by C Y Carstairs, principal at the CO, for the secretary of state in advance of his meeting with Sir H Moore. The conclusions reached at the meeting documented here were communicated to the East African Governors' Conference (CO 852/369/3, no 51, 19 Oct 1942).]

Secondary industries

The Secretary of State said that the question had recently been considered at a meeting of the Africa Committee,[1] when it was agreed that the matter could only be

[1] See 108.

looked at from the war point of view and the establishment of only those industries, which could begin production by 1944 at the latest, could be considered.

Sir H. Moore said that they had found themselves short of various essential things in East Africa, such as khaki drill, dried vegetables, etc. Various factories had already been started, such as those for dried vegetables, boots and blankets (Nakuru industries). It was felt in East Africa that a broad statement of policy was required on the question of secondary industries to enable them to go ahead locally where they could when a need became apparent without having to refer home in every case.

Mr. Macmillan said that it was important to dispel any idea in East Africa that there is any desire in the United Kingdom to obstruct industrial development, because it might adversely affect United Kingdom post-war trading interests. On the other hand, it should be realised that some industries in this country, e.g. the cotton trade, had been artificially destroyed and the Board of Trade might rightly object to any proposal to export to East Africa second-hand plant from the factories which had been compulsorily closed and which might create post-war competition with the firms to whom the machinery had formerly belonged. The factor which easily carried the greatest weight in considering these matters was shipping, and it was perhaps easy to overlook locally the fact that, for example, a large quantity of textiles occupied a relatively small tonnage of shipping space, while the plant required for setting up a textile factory in East Africa represented considerable tonnage and, as a consequence, shipping would not be saved for some time. Indeed, for a short time actually more shipping would be required to carry out both the plant and the textiles until the new factory was able to go into production.

He felt that more information should be supplied by the local Governments when referring schemes home to the Colonial Office to get the appropriate priority. He believed that the Ministry of Production was considering the establishment of an adjudicating body to decide priorities which would be a valuable addition to the machinery—or lack of it—at present available.

Sir G. Gater said that he had recently heard that the Ministry of Production was not anxious to set up such a body, which they regarded as unnecessary. He felt that good use might be made in this connection of the Africa Committee—a standing Sub-Committee might perhaps be appointed.

Sir A. Dawe said that politically it was desirable to give the East African territories as much rope as possible in the direction of starting their own industries.

The Secretary of State agreed that a Sub-Committee of the African Committee was the right body to deal with schemes put up by East Africa. He had the impression, however, that when the subject was discussed at the recent meeting of the Africa Committee, it was the general opinion that no secondary industries could be got going within the target date.

Sir H. Moore said that the point he wanted to make clear was that they did not want to have to ask permission from the Colonial Office for every scheme, however small, which they decided locally was worthy while undertaking.

Mr. Macmillan pointed out that it must be realised that it was not merely a question of referring a scheme to the Colonial Office to find out if there was any objection from this end, but of referring it to the Colonial Office because it was the best method of getting the scheme through. It was impossible in wartime to avoid the Colonial Office.

Sir H. Moore referred to a recommendation by the Middle East Supply Centre for

the formation of a body to finance the development of war industries in the Middle East. If such a body was formed East Africa would like to come within its scope, but if it was not, they would want to set up their own organisation. There was a lot of private capital in East Africa awaiting a suitable opening for investment, but it was felt that any financing of war industries would have to be undertaken by the Government as the risk of post-war developments was too great for private capital.

Mr. Carstairs said that the Ministry of War Transport did not particularly like the Middle East scheme but had not yet finally turned it down.

Mr. Creasy said that in the United Kingdom, additions to factories etc, were financed by the United Kingdom Government and not by the firms concerned.

The Secretary of State summed up the discussion as follows:–

(1) There was no desire to discourage the setting up of any secondary industries which were in the interest of the war effort.
(2) There were two types of industry:–

(a) those not requiring imported machinery,
(b) those requiring imported machinery.

In the case of the first, there was no reason why the East African Government should not go ahead without approval from the Secretary of State, but it was essential that the Colonial Office should be kept fully informed of what was being done. In the case of the second, schemes would have to be referred to the Colonial Office and an organisation set up here to consider them. A Sub-Committee of the Africa Committee appeared to be the most suitable body to deal with such schemes and the Sub-Committee might be empowered to institute action, i.e. to ask East Africa to consider the possibility of establishing a secondary industry in respect of some product that was in short supply.

Sir A. Dawe suggested that Kenya might like to send someone home to acquire personal experience of the difficulties to be encountered here so that he would on his return be able to dispel any feeling that His Majesty's Government was trying to obstruct the local development of secondary industries.

Sir H. Moore said that he would like to send Lt. Col. Pelling[2] home and it was agreed that he should discuss the matter with Col. Pelling when he returned to Nairobi. It was also agreed that the way should be prepared for Col. Pelling's visit by a preliminary telegram from the Secretary of State.

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[2] Chair of the Secondary Industries Board established by the East African Governors' Conference.

110 T 160/1111/F18424/42 26 Nov 1942

'Some aspects of the flow of capital in British colonies': memorandum by W A Lewis [Extract]

[This paper was one of a number commissioned by the Committee on Post-War Problems chaired by Lord Hailey and appointed in Mar 1941. A large number of papers were submitted to the committee, and although few were acted upon, the range of issues covered anticipated the scope of future development policy. The part of Lewis's paper reproduced here debates the merits of public versus private enterprise in the colonies.]

. . . II. *Effects of government policy*

The flow of capital into colonial enterprises is affected by almost every government act, since, however indirectly, almost everything that is done makes conditions either more or less favourable for investment. In this memorandum we can only treat those types of government policy which most directly affect the capital flow. First we shall consider prohibitions on investment; next the attitude of government to the ownership of natural resources; thirdly the attitude to prospecting; and finally the attitude to private enterprise.

(a) *Prohibitions on investment*

In a number of cases colonial governments have prohibited the opening up of mines or plantations. Thus in West Africa, parts of Malaya, and parts of East Africa land cannot be alienated to Europeans or other immigrants for the establishment of plantations, as the land is reserved to the native inhabitants. Tin prospecting is prohibited in parts of Malaya, and gold prospecting in parts of Tanganyika for the same reason.

There are also indirect prohibitions. An important one is a result of adherence to international restriction schemes. Tin, copper, tea, sugar and rubber are raw materials important to various colonies, production of which is governed by quotas allocated by international committees and enforced by the local governments. These schemes have had the effect of bringing development to an end in the colonies concerned. They have also locked out new colonies which might wish to begin production. There is much reason to doubt whether the interest of the colonies would not be better served by dealing with the overproduction of raw materials and the fluctuations in their prices in ways less favourable to their high cost competitors and less restrictive of economic development, but the issues involved cannot be treated here.

Finally, the evidence suggests that while the Colonial Office has not actually prohibited the erection of textile mills in East Africa, it has been anxious to discourage any such event. The language of the Secretary of State in his despatches to the Governors of Nyasaland (31824/6/34 General) and Uganda (31824/10/34 General) makes this plain. The objection to industrialisation appears to have been based partly on fear of the repercussions in Great Britain, and partly on the view that Africans should be confined to mines and agriculture, but the matter does not seem to have received the weighty consideration which its importance merits. . . .

(d) *State and private enterprises*

The tradition of British colonial administration, even more than of administration in the mother country, has been "leave it to private enterprise". The collieries at Enugu, Nigeria, are state owned and operated; there is a government rice mill in Perak, a potash concern in Nauru, a butter factory in Nigeria, and one or two other state enterprises elsewhere; but in the main, mining, industry and agriculture are regarded as the proper sphere of private enterprise. This tradition is not difficult to explain in the light of shortage of funds, shortage of staff, the attitude of commercial interests, and the traditional attitude to state enterprises at home. But traditions are ephemeral things. In England this particular tradition has steadily lost its force as municipal enterprise has gained ground, and as one government after another (Conservative even more than Labour governments) has substituted the public

corporation for private enterprise. Today there is a demand in many quarters that it should cease to dominate the thought of colonial administrations as well, and that British practice might gain by following that of other colonial powers who have not been so closely dominated by this tradition.

One traditional ground on which this issue has been fought is that of efficiency. The government concern, it is said, is bureaucratic, inflexible and inefficient. It has not to cut its cloth according to the dictates of the competitive market. This is undoubtedly true where a government concern stands to be compared with a market of small enterprises each acting as check on the others' efficiency. But it does not apply where the choice is between the government concern and a large private monopoly. The large company has the same administrative difficulties as the government department, and its efficiency is not always notably greater. Consequently where there are no economies of large scale production and no inherent tendency to monopoly, there might well be a loss of efficiency if government operation were substituted for small scale industry or mining. But where an industry or a mine has to be worked on a large scale, the cry of efficiency is hardly relevant in the choice between government and private operation.

Some of those who wish large scale industry and mining to be operated by government are so inclined because they consider that the profits earned by private enterprise in these spheres are too large. They look in particular at the high dividends declared by some mining corporations—in exceptional cases 100% year after year—compare them with the aggregate wages earned by native workers, of which they are frequently large multiples (e.g. Trinidad oil industry where in 1937 profits were £1,500,000 and wages £473,000, or Northern Rhodesia copper industry, same year, profits £5,000,000, native wages £250,000) and conclude that the mineral wealth of the colonies is being extracted for the benefit of shareholders overseas, and no adequate return left to the inhabitants. It is easy to show that these claims are exaggerated. For instance, Professor Frankel[1] has calculated that the return to gold mining in South Africa from 1886 to 1932 was an average of only 4%: against the high profits of a few concerns must be set the losses of many others, and the long period of waiting for results. Nevertheless to this may be retorted that the low level of returns is itself due to the inefficiency of private enterprise. The development of the South African mines was a scramble; all sorts of persons promoted companies; vendors received large sums for claims of little value into which capital was fruitlessly sunk; a government corporation would have proceeded more cautiously, and would not have thrown so much money away—on the other hand its very caution might have had the result that the industry would not have been so fully developed. However this may be, it is clear that other territories have not yielded so low an average investment as South Africa. In Northern Rhodesia, where the copper mines have been scientifically prospected and are being developed by large companies, and where expenditure has been more circumspect, the return to European capital has certainly been handsome enough to justify the fears of those who would like to see the mineral wealth of the colonies developed primarily in the interests of the natives. Nor is it any answer to allegations that mining has proved too profitable to say that mining has to receive a higher profit than other undertakings if it is to attract capital, because it is more risky. This is a fallacy. If an industry is risky, so that

[1] See 95, note 2.

capital may easily be lost, investors can only be attracted by a chance of making large profits. But it is not necessary for the average profit of the industry as a whole to be high; so long as there is a chance that the successful concern will do very well people will be attracted even if the average is negative—just as men buy tickets in a lottery though the total amount which comes out of it is less than the total that they contribute. The riskier an industry the higher must be the profit that the successful concern stands to earn, but the lower need be the average for the group as a whole—at least, this is the situation where deposits are being worked by a large number of concerns; only where a mineral industry is in the hands of one large concern carefully weighing the pros and cons of investment is it true that there will be no investment unless the average prospect of a good return is high.

However, even if it could be shown that the share of the colonies' mineral wealth which goes to private shareholders is too large, it would not follow that the only remedy is government operation. For government can take its share in royalties or taxation, and improved taxation might adequately meet this argument. Certainly so far as mining concerns already in existence are concerned, government purchase would not meet the problem, since the shareholders would presumably have to be fully compensated for their shares at market value, so that the return to the colony would be no greater than before, unless the market proved later to have underestimated the real value of the concerns. Only increased taxation can increase the share of a colony in going concerns. But where it is a matter of starting a new concern, a government can choose between devising adequate royalties and taxes and operating the mine itself.

In discussing the share which comes to government out of private mining it is necessary to distinguish three possible sources of receipts. First a government may take a share in the royalties paid to the private owners of mineral rights. Secondly, where the government owns the mineral rights it receives a share in the form of royalties. And thirdly, many enterprises contribute additional sums in the form of taxation, direct or indirect. The first source of income, the share in private royalties, has already been discussed, and it is not relevant to our present problem of the dividends received by shareholders, except in so far as royalty owners are able to pass the tax on to shareholders in the form of increased royalties, which is unlikely. What is important here is the devising of adequate systems of royalties and taxation, each of which we shall now discuss.

Take royalties first. The "adequate" royalty raises two separate issues (i) the form and (ii) the amount of the royalty.

Royalties take the following forms (a) lump sum payable irrespective of output; (b) a sum varying with output; (c) a sum varying with profits.

The lump sum royalty seldom stands by itself. It appears to have been popular with chiefs in the Gold Coast in leasing their private rights, but has not been adopted by any government except as a minimum rental ("dead rent") where output falls below a certain level. The principal purpose of a dead rent is to discourage the company from sitting on lands without utilising them, e.g. from taking up an area larger than it is capable of developing, or desirous of developing, simply in order to prevent rival companies from extending their spheres of influence. The disadvantage of a high dead rent, as Sir Thomas Holland[2] pointed out in his report on the Trinidad oil

[2] Sir Thomas Henry Holland, geologist and vice-chancellor, Edinburgh University, 1929–1944.

industry, is that it is a burden on companies in the developing stage. They are required to pay royalties before the mine is producing, and if the royalty is high, it diminishes the sum available for development expenditure. The alternative way to prevent under-development is to require the company under its lease to do a certain minimum amount of work, measured in footage drilled, money spent, or product recovered. But this method has its disadvantages, since sometimes market conditions may not justify development up to the minimum, or prospecting may have shown that no further working is justified at all. Of the two methods, Sir Thomas Holland preferred the dead rent, and opposed stipulations of minimum working, with the provisos that the dead rent must be high enough but not too high, and that companies should be allowed to surrender leases when in their opinion no further working is justified. As for fixing a maximum annual royalty, this is obviously undesirable since (a) the government gets less than its fair share if the mine proves unexpectedly rich and (b) the company has an incentive to get as much as possible out in the minimum time and then surrender its lease, rather than to take the mineral out more slowly and pay rent for a greater number of years. No government has adopted this system, but in Trinidad Sir Thomas Holland found some leases in which the amount of royalty payable per unit of output diminished with output. This has clearly the same disadvantage as a maximum royalty, and he opposed it.

A royalty varying with output may take several forms. First it may be calculable on output, on sales, or on exports. If the whole product is to be exported, the only issues relevant here are the cost and convenience of collection under each method.

Secondly it may be payable as a flat rate of xd. per unit, or as a proportion of the value of the output. The latter is better because the royalty then varies with the price of the product, and so, while not discouraging production so much when the price is low, secures a better share to the government when the price is high.

Thirdly the royalty may be on a sliding scale, varying with the price of the product, the proportion of royalty to price increasing with the price. This is still better than a fixed proportion, for the same reason that a fixed proportion is better than a fixed sum per unit. Nor does it matter here whether the royalty is a sum per unit of a proportion of the price since they can both be adjusted to yield the same results.

The economic value of a royalty is the value of the mineral in the ground, which is equal to its market prices less the cost of extracting it. Now the cost of extraction varies widely from mine to mine, and indeed in different parts of the same mine. Hence it follows that not all the mineral should pay royalties at the same rate. This is a principle which few colonial governments have applied. In general they have sought for uniformity, specifying a single rate for each mineral, to be paid by all mines in the territory. This at one end of the scale prevents the full exploitation of poor ores, and at the other is simply a gift to those who are exploiting the richer ores. The better policy is followed, e.g. in Trinidad and South Africa, where every lease is separately negotiated in the light of the richness or otherwise of the deposit, and colonies which now have a uniform royalty ought seriously to reconsider their policy.

Any per unit royalty, however, must act as a check on output. It is desirable that a mine should extract all minerals whose value exceeds the out of pocket expense of extraction. When a royalty has to be paid per unit, high grade ore is left in the ground which it would pay to extract in the absence of a royalty. Output is consequently less than optimum, and the life of the mines is shortened. This difficulty is overcome by basing the royalty not on output but on profit, for then ores which yield no profit pay

no royalty, and since the royalty is always less than the difference between the price of the metal and the cost of extracting it, output is not restricted by it. Under this system a different rate on profit can be fixed for each mine. If this rate is a flat rate, say x% of profits however large or small, it does not either raise or reduce the grade of ore which it is profitable to mine. But a flat rate is not necessarily acceptable. The richness of the ore and the cost of extracting it cannot be known in advance, and it is desirable that the royalty should vary with net yield, being high if factors are favourable, and low if unfavourable. It has, that is to say, to be based on a sliding scale. No sliding scale can be constructed, however, which will not act as an incentive to alter cost ratios. If the rate varies with the absolute amount of profit—say x% on profits up to £a, y% thereafter—it discourages the investment of further capital, or rather, discriminates against large enterprises in favour of small ones. If, as on the Belgian Congo, it varies with the ratio of profit to capital—say x% if profits are a% of capital or less, y% if more—the firm has an inducement to increase the use of capital relatively to labour. If, as in South Africa, it varies with the ratio of profits to recovery, the firm will mine ore of a grade such that the value of the mineral is actually less than the out of pocket expense of extracting it. All things considered, the advantage seems to lie with the South African system. It is open to the objection that ores are mined the cost of which exceeds the yield, but this is not really a waste of resources because the fact that labour earns more in mining than in other activities means that money cost exceeds the real social cost, so that even though money cost exceeds money yield, the labourer may nevertheless be producing a more valuable product here than he would if otherwise employed.

So much for the form of royalty; this leaves the problem of how high the royalty should be set. If all the relevant factors were known in advance the answer would be simple: the value of the royalty is the difference between the price of the metal and the cost (including interest on capital) of extracting it. But the relevant factors are not known in advance; mining is one of the most risky of enterprises, and capital will only be attracted into it if there is a chance of earning very high returns to offset the chance that all the capital may be lost. This provides the argument against too steeply sliding scales of royalty, and in particular against a sliding scale increasing the royalty too steeply with increases in output or profits. It would, for example be fatal in mining to set an absolute limit to the profits which might be earned, say a limit of 30%, while in less risky enterprises, e.g. brewing, such a limit would have scarcely any deterrent effect. At the same time, while this is a case for not discriminating against, or trying to get the full royalty out of, the very successful enterprises, it does not means that the average level of royalties must be low. There is force in the argument advanced by Sir Thomas Holland that mining is like a lottery in which so long as the prizes are high enough, there will always be plenty of buyers even if the cost of the ticket is raised: provided that there are few lucky concerns getting 100%, there will always be people willing to try their luck by investing in mines, even if the government increases the share it takes from the average mine.

In addition to royalties, the state receives income from mining in the form of taxes. Provided that the royalties received correspond adequately to the underground value of the mineral there is no case for special taxation of mines, since the profits earned therein will not on the average exceed the profits which can be earned in other industries. It is true that special taxes are sometimes imposed on other industries, but these taxes have one of two justifications. A tax may be imposed with

the intention that it is to be passed on to the consumer; taxes on beer and tobacco are intended not primarily as taxes on brewers and cigarette manufacturers, but as taxes to be passed on to the general public. Mineral taxes cannot be passed in this way because the price of the mineral is in most cases determined in the world market. The other justification is illustrated by an export tax on sugar, which cannot be passed on to the consumer. Such a tax is in the ultimate process for the most part shifted to the landlord: it is a tax on sugar lands, an alternative to a land tax. The parallel tax in the field of mining is a royalty or a tax on royalties, and given that royalties are adequate or adequately taxed, there is no justification for a special tax on mining.

However royalties are not always adequate, and mining shareholders are undoubtedly reaping larger profits because the system of royalties is inadequate either in form or in intensity. Where leases are subject to frequent renewal the remedy lies in increasing the royalty. But this is seldom the case. There is a conflict between the desire of the company for security and the desire of the government to be free to revise terms. The shorter the lease the more frequently terms can be revised, but the less willing is the investor to put up capital. Leases in practice vary usually between 20 and 30 years, and give the lessor the option of renewal at a royalty not exceeding the original one by more than a certain amount, say 50%, and it seems undesirable to depart from such terms. The only remedy then left is to impose special taxes. These shareholders resist on the ground that they involve a breach of faith, and it is for government to decide how expedient it is to adopt this course. Two points however are relevant. The first is a reminder of Sir Thomas Holland's view that the effect of a high tax in discouraging mining is easily exaggerated. And the second is the fact that most colonial governments could increase their taxes on mining profits far beyond their present level without imposing any extra burden on the overseas shareholders, because the only result would be that they would pay more into the colonial treasury and less into the British treasury. This fact seems to have been forgotten when colonial income taxes were being framed.

We can now return to the main issue, the decision whether concerns should be privately or publicly operated. The argument in substance has been that in so far as private mines are alleged to make excessive profits, the remedy may lie not in state operations but in adequate royalties and taxation. Similar considerations apply to factory industry—the state can operate factories itself, or can prevent exploitation by adequate taxation. Indeed, control of factory returns is easier than control of mining returns for two reasons. First there is an additional factor capable of control, namely prices. If it is an export industry the state can fix minimum prices to be paid for the raw material, and if for home consumption, maximum prices to the consumer. And secondly control of factory profits is not so fatal to the flow of investment as control of mining profits, since the former being much less risky is prepared to accept a much lower profits ceiling. As with mining, excess profits can be prevented in industry by adequate control as well as by public operation.

Efficiency and profitability are however not the only issues to be considered. Another is the amount of control which government can exercise over its own undertakings. It can lay down minimum working conditions for labour, can control the rate of development, and in other ways use its concerns to execute government policy. To some extent it can achieve the same purposes by legislating for private concerns, but the enforcement of policy is much easier in government than in

private concerns since there is not the organised opposition of private interests in the legislature to be met, nor the need for such an army of inspectors. On the other hand, in some quarters there is a fear lest labour should not be even more exploited by government than by private employers, especially if the state has a monopoly of employment; labour can be forced or indirectly driven to work at very low wages to produce cheap raw materials for export to the mother country, or large profits can be earned and used to maintain luxurious European staffs.

Finally, it is argued that colonial governments cannot operate mines, plantations and industries themselves because they have neither the funds nor the necessary staff. Actually the funds and staff required have to be provided in any case, and the argument is valid only if it can be shown that it is cheaper or more desirable that they should be mobilised by private concerns than by governments. If all enterprises were government owned there would be less private stock in the market and more government bonds, but it is not likely that the effect of this on the market would be large.

In some territories an attempt is made to get the best of both worlds—private and public enterprise—by floating corporations in which the capital is provided partly by the state and partly by private persons. This is the Belgian system in the Congo and the Dutch system in the East Indies, and Sir Donald Cameron, who was partial to it, applied it to a number of enterprises during his governorship of Tanganyika. The system secures the state a share of the profits as well as control over operations, labour policy, etc., while at the same time reducing the amount of capital which it requires to find, and keeping any such efficiency as a large private corporation may be thought to have in comparison with government undertakings.

Where private operation is allowed, without state partnerships, the rate of private investment will be affected by other factors besides the height of taxes and royalties and the control of prices, profits, working conditions and so forth. There are still other decisions which will have their effect on it.

There is the decision how large an area each operator is to be allowed to cover. In mining there is much diversity of practice in this respect even in the same colony—in the Gold Coast there are limits on the area any company is allowed to work for gold, but another company has been given an exclusive licence to work diamonds in the whole territory. There are certain economies of large scale mining, where heavy capital is required for plant which can serve a large area, or where high technical skill is necessary from which the whole area can benefit. But this is not always the case; alluvial mining, for instance, and oil drilling do not always show these economies of scale. The large organisation has disadvantages which cannot be ignored. It may be bureaucratic; it may use its monopoly powers to exploit labour; or its financial strength to exercise pressure on the colonial government: it may do these things or it may not; many large concerns have higher standards in these matters than small ones. There is also the possibility that a company may take on an area which is too large for it to exploit adequately; in Trinidad and again in Kenya this consideration has been in the mind of the governments and caused them to limit the areas leased to any one company. This is also one reason why dead rent clauses are inserted into leases.

Similar considerations apply to agriculture and industry. In agriculture the state has, in deciding on applications for crown lands, to make up its mind whether the area applied for is not too large, especially if it is disposing of it not leasehold but

freehold, and will therefore not be able to change its mind on a subsequent occasion. Excessively large grants may be a handicap to development. Large plantation enterprise has also reactions on labour conditions, on race friction, and on the balance of political strength, which a government is not always willing to contemplate and on account of which it may limit the sizes of plantations by law (e.g. in the American colony of Puerto Rico), and thus perhaps discourage the flow of capital. So also in industry, government is frequently asked for monopolistic rights, the granting of which might open avenues for the exploitation of labour, the consumer, or the raw material producer.

Governments have granted monopoly rights to factories in two cases. One is to factories processing agricultural products, which desire to have a monopoly of the product of a particular area on the ground of the existence of large scale economies. Thus in Trinidad sugar factories have been zoned, and as each may buy only within its own zone, each is in effect protected within its zone. In Zanzibar a monopoly was given to a factory to extract oil from clove stems. In Uganda cotton ginneries are zoned, like sugar factories in Trinidad, though here an additional complication was the desire to prevent the mixing of cottons of different varieties and the spread of diseases. Where there are large scale economies it is clearly better to have one large factory rather than many small ones. But a government franchise is not always needed to bring this about—the more normal process is for the small ones simply to be driven out of the market by the efficiency of the large and a de facto monopoly established because once one large factory is in existence no one can hope to gain by establishing another. It is conceivable that no one will set up a large factory to begin with unless he receives some protection, but in cases where this argument is urged, this is not infrequently because the economies claimed for large scale production are being exaggerated, and the prospective investor does not really feel as confident of the superior strength of the large enterprise as he represents himself to be. The owners of factories desire protection from competition because they fear to make losses, but the private good must not be confused with the general good—as for instance in some paragraphs of the report by Sir Morris Carter[3] which led to the zoning of ginneries in Uganda. Where such monopoly is granted, controls are required. If the factory is producing for export the price to the grower must be controlled, or if for home consumption, the price to the consumer as well. Control of profits is an alternative to price control, but is only applicable where the product is not being sold to an associated company at a mere book-keeping price, as was suspected in Zanzibar. Indeed the difficulties involved in controlling such monopolies are so great and the volume of discontent to which they give rise usually so great and so vocal, that some would say that such enterprises should always be either cooperative or state concerns. Even cooperative concerns, like the vegetable oils factory in Jamaica, do not escape criticism where the cooperators are the producers of the raw material, and are suspected of using their monopoly to exploit the domestic consumer.

The other case in which monopoly rights are demanded is where it is desired to establish an industry under a cloak of temporary protection. If the demand is for a monopoly, this implies that the concern is to be protected against local competition. It is a plausible argument that a firm will hesitate to invest capital in a new

[3] Sir (William) Morris Carter, chairman of the Cotton Enquiry Committee, Uganda, 1929.

enterprise, and slowly and painfully to develop a market unless it is guaranteed against newcomers, but the historical evidence does not support it. More important is the case for protection against foreign competition. This is justified where it can be shown that an industry will be able within a few years of its establishment, to stand on its own feet in face of open foreign competition, but requires a period for nursing the market, training labour, and so on. Here the state would be well justified in assisting it in one way or another, e.g., a subsidy or a dividend guarantee. Such assistance is better than tariff protection, for while the latter raises prices to the domestic consumer, assistance from the treasury spreads the burden more evenly. Tariff protection, even the absolute prohibition of imports, may be essential where a new industry would be subjected to "predatory" dumping by an overseas concern seeking to destroy it and then raise the price again, but this argument must be used with discretion since predatory dumping can only be practised successfully by a firm or combine holding a dominating position in the market—a soap factory can use this argument, but not a textile mill. The whole argument for protection or assistance, moreover, applies only where an industry is expected ultimately to be able to stand on its own legs, and is not a case for indiscriminate protection. Unless it can be shown that the prospects of an industry will improve as it grows older, government is justified in imposing an excise duty equivalent to the import duty.

(e) *Conclusion*

If a large flow of private capital into the colonies were the only aim of their governments it would be easy to answer the question "In what way can colonial governments promote the flow of private capital into their territories?" Remove all prohibitions on prospecting or the establishment of plantations; compel private owners of resources to make them available on minimum terms; levy the smallest of royalties and taxes consistent with good government; abolish the mass of regulations in the interest of the working conditions, wages, the health and the safety of workers, the pollution of rivers by mines, or the destruction of forests by planters; and so on. But the flow of capital is not an end in itself; it should be merely a means to the maximisation of the welfare of the natives of the colonies. The problem for governments is to balance the good restrictions do against their evil effect in retarding development. In this delicate balance is measured the worth of colonial statesmanship.

It is, moreover, often forgotten that the conditions which attract capital to develop industries supplying local markets are in some respects the reverse of those which attract capital for export industries. The export industry wants low wages and low taxes—within limits the lower the standard of living in the colony the better it thrives. The domestic industry however depends on having a local market with a high standard of living, and purchasing power to spend. Hitherto colonial governments have thought mostly in terms of attracting capital for export industries, so much so that many in the past have been accused of considering it their principal function to provide cheap labour for European capitalists. If they re-orientate their outlook; if they think more in terms of local purchasing power; if they seek to increase the incomes of peasants and the wages of labourers; and do not hesitate to tax the export industries in order to keep purchasing power within the colony; all these things will attract capital. They may discourage mining capital and settler capital, but they will attract industrial capital and so help to put an end to that

lopsided concentration on exports which distinguishes colonial economic structures.

Finally, the rate at which private capital flows into the colonies is determined by the general facilities they offer. If a colony is well supplied with roads or railways; if its people are well educated, and especially if there are technical institutes to turn out artisans, mechanics and agriculturalists; if water power has been developed; if sanitation is well looked after; in a word, if government is fulfilling its functions adequately, capitalists will appear more freely than if they have to do for themselves what governments do in other countries. The supply of private capital is related to the rate at which public capital is spent. If the state waits for private capitalists to come, in the hope that out of taxes on the profits of their enterprise it may begin to fulfil its functions, development may well be slow. But if in the absence of tax revenue it borrows or begs and spends judiciously it will have no dearth of private investment. Hardly any colonial government in the past has consciously planned the development of its territory. Law and administration have been the favourite sons, education and public health the not so favoured daughters. There has been no economic staff to look ahead and to direct; prosperity and depression have been gifts from God or Satan, unforeseen, if not as often uncomprehended. This approach to colonial administration belong to an era that is passed. The economic development of the colonies deserves to be carefully planned and as carefully controlled. Unless British colonial administration takes this to heart, it will not attain those new standards of trusteeship which the modern world demands.

111 T 236/4090 14 May 1943

[Colonial currency reserves]: letter from S Caine to Lord Keynes

[This letter arose out of incidental remarks made by Keynes about the use of colonial currency reserves for financing development at a meeting between the CO and Treasury which discussed measures to stabilise the cost of living in Cyprus (T 236/4090, minute by C H M Wilcox, 1 July 1943).]

When we were discussing the Cyprus position the other week, we touched on the question of the use of Colonial Currency Funds in financing their development. This is a point which we have been giving some thought lately, and it raises some interesting theoretical considerations. If, therefore, you can spare time to give us any views on it, we should be very grateful.

You are no doubt familiar with what is now the almost universal form of Colonial currency organisation. Local currency is issued on demand against deposits of sterling in London, and is exchangeable on demand into sterling in London. The actual management may be in the hands of local currency commissioners for whom the Crown Agents act in London, or of Boards sitting in London with Currency Officers acting as their agents in the Colonies, but the essence of the transaction is the same in either case. The sterling received is either held in liquid form, i.e. deposited in London, or invested in ordinary British Government securities suitably spread as to date. The income from such deposits or investments, after providing for the necessary expenses of issuing the currency, is ultimately for the account of Government. The orthodox practice is to pursue a conservative policy and build up reserves to 110% of currency in circulation before making the income fully available

for general revenues. Most of the Colonial currencies have in fact reached that position, and, for practical purposes, it can be taken that the income from currency reserves goes eventually into the general revenues of the Colony.

Just what happens when more currency is issued? The issue is almost always to a bank, which is also the immediate origin of the sterling paid into the currency account. It is very unusual, for instance, for a Colonial Government itself to deal direct with the currency issuing authority. Obviously, however, in many cases the bank is only an intermediary. If the increased demand for currency arises from an increase in the volume of exports, the Bank may itself be advancing cash to finance the increased trade; but if the increased demand for currency arises from long-term capital expenditure, it is more likely to be financed out of long-term loans raised in this country whether on private or on public account. In other cases, it may be that long-term capital expenditure is being financed out of local savings, including public revenues devoted to capital purposes; in that event, what happens is that part of the sterling resulting from the sales of local produce is being devoted to the purchase of currency instead of to the purchase of consumption goods or the accumulation of overseas balances.

Whatever is happening, however, when the amount of currency in circulation is increasing, e.g. whether it is the result of long-term or short-term investment, and whether the capital is derived from local or external sources, only a part of the total investment is devoted to the increase in the actual media of circulation, and when the process is complete, the amount of increased media of circulation actually left in the hands of the public is ultimately determined by the amount the general public wishes to hold in the new circumstances of economic activity. In other words, the final position is always that an increased issue of coin and notes means that members of the public are to that extent holding purchasing power in that form instead of making immediate use of it for the purchase of goods or services or holdings in sterling or in local bank deposits. Thus, members of the public are in effect making an interest-free loan to the currency authority, which is the Government under another name, of the purchasing power of which they might have made use themselves.

The Government has then to decide how to use that purchasing power. For the sake of simplification I am ignoring at this stage the limitation placed upon the currency authority's freedom of choice by the necessity which it is under, because of its liability to redeem its notes on demand, of holding a proportion of its reserves in liquid form. Leaving that aside, the Government, like any private person, can spend new additions to the currency funds on current expenses or on capital development, or it can invest them for future income. (The existence of the last choice has a special significance which I want to return to.) The present practice is to invest for future income, and the question we are asking is: Is that practice wrong?

The alternative presumably would be to spend the money at once, probably but not absolutely essentially on some developmental project. The adoption of this second alternative would have precisely the same effect on Government's finances as if it had raised a loan, i.e. the Government would be drawing funds from the London market, and its net income would be the lower by the interest on those funds. It has no doubt frequently happened in the past that a Colonial Government has simultaneously been raising loans in the market for expenditure on current development, and investing funds for future income through its currency account.

At first sight, it looks as if it might be better to simplify the business by using the currency funds directly for the kind of expenditure which might otherwise be financed from loan. There would, however, be very little in the matter so far as Government finance is concerned. Broadly, interest is earned on the non-liquid portion of the currency funds at very much the same rate as would be paid on current borrowings. The transaction might be simplified by the Colonial Government raising a loan from its own currency funds. It would be immaterial from the point of view of the net effect on Government finances whether interest was or was not paid on such borrowings, but equally the same result is reached if Government borrows directly from the markets and simultaneously invests an equivalent sum through the currency account by which it obtains an income sufficient to pay its interest on the amount borrowed.

This is all rather cold-blooded analysis from a purely accounting point of view, and it may well be argued that we must take account of the psychological effect of being able to borrow not in the open market but privately from a fund under the Government's own control. It is possible that that arrangement might have the effect of making Governments rather more willing to indulge in expenditure falling in the loan category. Whether that would be a good thing would depend on circumstances, and I am not sure that I would at the moment like to argue that Colonial Governments should always be encouraged to spend more in that field. There is, incidentally, an interesting side issue, that is, that by an arrangement of that kind a Colonial Government might be able to evade the control of capital issues in the London market.

I think it is also necessary at this stage to bring back into the reckoning the liquidity requirements of the Currency Fund's positions. The Colonial currency authorities do try to keep their investments nicely spread as to maturity; so that without sacrificing too much income, they will always be in a position to meet demands for redemption which are at all probable. Their task in doing that is greatly simplified if they can choose between the whole range of securities in the gilt-edged market. Confined to the issues of their own Government, we should have the dilemma either that those issues would be for a fixed term or terms which might not exactly suit the requirements of the currency authority, or that they would be repayable more or less on demand which might be very inconvenient for the Colonial Government since a period when currency was being redeemed might well be an unfortunate time at which to have to raise money in the open market in order to repay the Currency Fund.

There is one additional factor of a psychological kind. One of the difficulties Colonial Governments find in raising purely local loans, particularly short-term issues of the Treasury bill character, is the very narrow market for such issues, which makes them unattractive to banks and others with a high liquidity preference. If the currency authority is a regular holder of such local issues, it may be able to help a good deal in maintaining a market, and the possibility of some special arrangement with the currency authority to facilitate a local Treasury bill issue has recently been suggested by us to Jamaica.

Subject, however, to this last consideration, I confess that my present feeling is that I can see no great advantage in a change in the current practice. The underlying factor which, I think, makes the situation of Colonial currency entirely different from those of fully independent countries is that they are an integral part of a very

much wider system. Colonial borrowing, for instance, is only to a very minor extent dependent on the internal resources of the Colony. Their pool of capital is that provided by the general United Kingdom monetary and financial system. No manipulation of a particular Colonial currency can greatly affect the resources available to them for borrowing. What really matters to them is the policy, e.g. as regards rate of interest, being pursued in London and to a less extent their own willingness to borrow. The latter might be slightly influenced, as suggested above, by the exact form of the management of the currency account, but in actual fact and after making due allowance for the liquidity complications from the point of view of the currency fund, it is practically immaterial whether any particular sum which the Government wants to borrow is obtained in the market or from their own currency funds.

I mentioned above that I regarded the fact that one of the choices open to Government was to use the currency funds in order to secure future income as one of special significance. What I had in mind was another aspect of the fact that any individual Colony is only a very tiny element in a much bigger financial system. Because they are in that position, the Colonies can invest for future income in external stocks involving no exchange risk whatsoever, i.e. stocks of other Governments within the same system. That is not an alternative which is open to the Managers of the British monetary system or to any comparable monetary system. There is no home for the investments of the Issue Department of the Bank of England except in United Kingdom Government stocks, unless of course the Bank were to start taking an exchange risk on them and holding dollar stocks instead.

I have always been inclined to hold that, owing to the close currency connection and the complete absence of any independent banking system, the average Colony is, for monetary purposes, in a position hardly at all different from that of, say, the County of Cornwall. I believe that the essence of the situation would be left completely unchanged if the whole business of issue of currency for use in the Colonies was handled by the Issue Department of the Bank of England, subject only to some suitable arrangement by which the Colonies shared the profits of that Department with His Majesty's Treasury.

I should, however, be very grateful, as already indicated, if you can spare time first to read this very long letter, and secondly to criticise it.

112 T 236/4090 18 May 1943

[Colonial currency reserves]: letter (reply) from Lord Keynes to S Caine. *Minutes* by N E Young[1] and E Rowe-Dutton[2]

[Caine wrote on 20 May 1943 acknowledging receipt of this letter, and commenting that he was glad they were 'in general agreement' that the real issue was that of the general attitude of colonial administrations towards development on a basis of loan capital of one kind or another (T 236/4090, Caine to Keynes, 20 May 1943).]

The analysis set forth in your letter of May 14[3] is complete and convincing. I have no criticisms. It provides a sufficient basis for judgment.

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[1] Assistant secretary, Treasury. [2] Principal assistant secretary, Treasury. [3] See 111.

In the light of it the only thing which remains to be said is, I think, this—

The present set-up is designed, probably on purpose, to promote a high degree of *conservatism* in development. A colony will be more reluctant to develop if it thinks it has to borrow than if it thinks that it is using its own money—the savings of its own inhabitants. It will judge its position by the gross amount of its "debt" and will not subtract from this the amount of its currency reserve.

When the currency reserve is growing, to hold 100 per cent reserve in a form equivalent to gold (*i.e.* external liquid assets) instead of having a proportionate fiduciary issue, tends to lead to an under-estimation of the financial strength of the colony.

Now it may be that *too much* conservatism has prevailed hitherto in Colonial finance. If so, the present set-up may aggravate this tendency. But there may be other ways of overcoming excessive conservatism without disturbing present practices.

Minutes on 112

I am very glad that Mr Caine comes to the conclusion that a more liberal development policy should be financed otherwise than by the use of Currency Funds.

I should be afraid of any less conservative policy than that of holding 100% cover in investments which are suitable from a currency point of view on the grounds:—

(i) of its internal psychological effect in times of crisis or distrust;

(ii) of the practical difficulty of resisting further encroachments, once the 100% had been eaten into;

(iii) of the example which this would set to territories & bodies whose finl advisers are not of Mr Caine's calibre. I think that we had to make great play with the universality of Colonial & Currency Board practice to prevent S. Rhodesia from investing more than 10% (out of 110% cover) in her own securities. And I wonder whether a precedent of using Currency Funds for development might embarrass your resistance to attempts by local authorities to put all money into local bricks & local mortar.

N.E.Y.
5.7.43

If I may say so, this is a text book example of the traditional function of London as a banking and investment centre. We clearly expect the Colonial Currency Boards to lend money to London at the same time as the Colonies borrow money from London for development, etc., but the whole doctrine of this paper is that London is to borrow short and lend long. It seems to me that it is immaterial that the Colony is in the sterling area. If the currency circulation in the Colony decreases, I suggest that it is essentially because residents in the Colony want additional imports over and above their exports. It may be that they take these imports from the U.K. (in which case they are not available for sale elsewhere) or, if England is not in a position to supply the goods they want, they use the sterling to purchase dollars or other foreign exchange, so as to import from the U.S.A., etc.

Obviously London makes a nice profit on the whole business by borrowing at 1 or

2 per cent. and lending at 3 or 3½ per cent. But it does suggest that the rates for long-term loans to Colonies for development, etc. should not be artificially low, since the profit which London makes is only a very moderate cover for the inevitable risks attending upon borrowing short and lending long.

E.R-D.
19.7.43

113 CO 323/1858/9 15 June 1943

'Labour Party statement of policy for the African and Pacific colonies':[1] memorandum by C Y Carstairs.[2] *Minutes* by S Caine and G L M Clauson

Note on economic matters

Most of what is contained in the LPSP,[3] despite its title, refers only to Africa: there is not on the economic side any specific reference to problems peculiar to the Pacific.

2. The LPSP deals with Colonial economics from two points of view; first, as affecting international relationships [pp 4–6], and, secondly, from the point of view of the inhabitants [pp 8–11].

3. (1) *International aspects.* The policy may be summarised as three freedoms; freedom (on the part of the outside world) to buy, freedom to sell and freedom to invest [p 5].

(i) *Freedom to buy.* With trivial exceptions, this freedom, so far as the British Colonies is concerned, was and is limited only by the ability of the customer to pay for his purchases. So far from there being any tendency on our part to keep Colonial produce to ourselves, we have always been only too anxious to sell to anyone. The limitations on the power of purchase were never of our making, but of that of the buying countries, e.g. prewar Germany, who placed restrictions on the production of foreign exchange. This did not hinder Germany from buying anything deemed really necessary, e.g. rubber, or industrial diamonds.

But the freedom to buy may be limited by difficulty in disposing of sufficient exports to pay for purchases; and this leads on to

(ii) *Freedom to sell.* Although as the table on the last page of the LPSP shows, the United Kingdom has far from monopolised Colonial markets the limitations on this freedom are greater than on (i). They may take many forms, including tariffs, preferential or prohibitive, import quotas or prohibitions, and administrative actions such as the habitual placing of large Government contracts in the mother country. The first two points raise large questions of international policy, and cannot be settled for the Colonies alone. It would scarcely be logical to ban preferences in Colonies if they are retained as part of the economic policy of sovereign states.

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[1] Labour Party pamphlet, *The colonies: the Labour Party's post-war policy for the African and Pacific colonies* (London, 1943).

[2] See 109, note.

[3] Carstairs's abbreviation for Labour Party Statement of Policy.

[4] Page references throughout refer to pages of the pamphlet. They appear as marginal references in Carstairs's memo and have been inserted here in the text in square brackets.

The policy in regard to the placing of Government orders can however more readily be considered as a specifically Colonial matter [p 5]. This matter falls into two sections: orders placed direct by Colonial Governments, and orders placed through the Crown Agents. In the former case, Colonial Governments have an obvious incentive to place orders to the best advantage of the finances of the Colonies, and do not in practice hesitate to place them abroad. We have plentiful experience of complaints from United Kingdom export interests arising out of this. Crown Agents would normally, but by no means invariably place orders in the United Kingdom. Their business is to do the best they can for their clients; if they habitally buy expensively in the United Kingdom instead of cheaply elsewhere, the Colonial Governments concerned are apt to complain, especially where unofficial members have a large say, e.g. on Finance Committees.

The above is subject to two qualifications, one practical and one political. Where existing equipment is from the United Kingdom, it is obviously easier to add to or replace it from the United Kingdom; and it is also easier for the Crown Agents to supervise the execution of contracts in this country than elsewhere. They have however made arrangement in the past for supervision or orders placed abroad.

The political consideration arises particularly in cases where plant or equipment is paid for by grants from the United Kingdom Exchequer, e.g. under the old Colonial Development Act or the new Colonial Development and Welfare Act. The former was in fact as much a measure for providing employment in the United Kingdom by giving business to United Kingdom export industries as it was a measure for the development of the Colonies. It was presented to Parliament not by the Secretary of State for the Colonies, but by the Lord Privy Seal (Mr. J.H. Thomas) in his capacity as Minister charged to deal with unemployment. The new Act does not carry with it the same direct connexion with the United Kingdom export trade, but it is not unreasonable to suppose that a tendency will persist to place orders in this country for goods required for schemes financed under the Colonial Development and Welfare Act.

(iii) *Freedom to invest.* Here again, there is no question of any deliberate discrimination against the entry of foreign capital in to the Colonies, and enterprises with foreign capital do in fact exist. The trouble has been to interest any large quantities of capital in the Colonies: the contrast between the quantities of British capital invested in the Colonies (except perhaps Ceylon and the Far East) and that thrown away in Cuba and South America is startling: £20,000,000 in Havana Railways alone.

It is arguable that certain foreign entrepreneurs may not be up to the standards which are desirable in developing the Colonies. But neither are all British entrepreneurs, and the remedy probably lies, not in discriminating against foreign enterprise, or against the nationals of particular States, but in establishing by law and administrations standards to which *all* enterprises must conform.

4. (2) *The interests of the inhabitants* [p 8]

(i) *Paramountcy of native interests.* It is laid down as a general theorem that the interests of the native inhabitants must be paramount. This generalisation is possibly subject to certain qualifications. In the first place, in the long run, Colonial

territories have international obligations as well as rights. This is implicit in the doctrine of the Dual Mandate. A practical consideration is that, however much the more advanced States may for a long period be able and willing to extend help to Colonial peoples, it will probably not prove politically possible to maintain this help indefinitely as a one-way traffic. The Colonies themselves must, and must be willing to, make their contribution to the general good, and not be beneficiaries only. Morally, any other position would be as bad for the Colonies and it would be politically untenable, nor would the more thoughtful and independent inhabitants of the Colonies wish it. The sense of obligation to Colonial peoples, moreover, springs in large measure from a sense of guilt and desire to make amends for past injustice; but it is doubtful whether there is any value in making amends to one generation for injustices inflicted on its predecessors, in so far as those injustices have already become things of the past.

A further qualification is raised by the question "what native inhabitants?". It is clear that white settlers, traders etc. are not included; but the LPSP is not so clear regarding the treatment to be accorded e.g. to the Indian populations of Fiji and East Africa. In East Africa, the Indians are quite as much interlopers as we are, and they have established a hold on the economic life of these territories far more inimical to the interests of the African than have any Europeans. Yet it is not unreasonable to expect that the policy of the Labour Party would be to support the frequent representations of the Government of India regarding any attempt to interfere with Indian activities, irrespective of whether those activities were or were not to the detriment of the African population.

(ii) *Predominance of agriculture and the need for a clear agricultural policy* [pp 8–9]. There is no question but that agriculture is and will remain the most important single Colonial industry, if an occupation so various can indeed be considered as a single industry.

The views expressed in the LPSP coincide to a large extent with those set out in the recent draft Statement of Policy adopted by the Colonial Advisory Council on Agriculture, Animal Health and Forestry and, apart from the many points in both which command immediate assent, broadly the same criticisms apply. There is the same rather sweeping denunciation of export crops, and the same tendency to regard local nutrition as an absolute first charge on local agriculture, although the LPSP is on the whole more guarded. The objections to reliance on export crops are less strictly agricultural (i.e. based on the effect on the soil) than economic, i.e. they are based on the risk of fluctuations in price and in external demand. In this connexion, insufficient account is perhaps taken of the possibility of introducing international commodity schemes, designed to stabilise price and demand. To the extent that that is done, Colonies will be enabled with confidence to plan their agriculture to take account of the crops for which they are best suited, irrespective of whether these are foodstuffs for local consumption, or produce for export. In such a world, it may be better for a Colony to grow the crop which succeeds best, and buy its requirements of other goods with the proceeds, rather than to go in for some food crop for which it is less well suited, and so run the risk of crop failures which leave it without either the food or the money to import it.

Turning to foodstuffs, the securing of an optimum diet is an object not so much of agricultural policy (in the sense of agriculture within a given territory) as of general

social and economic policy, and is to be attained not by trying to produce as much as possible at home but by so disposing the productive resources of the territory as to secure to its inhabitants the optimum in nutrition and also in other branches of social and economic wellbeing. The distinction is an important one: concentration on food production might, as in the case of many of the West Indian Colonies which specialise in sugar, lead to a general lowering of the standard of living even measured in terms of diet, let alone shoes, shirts, bicycles etc. The decision in particular cases is a matter of judgement: where the market for the only or the most important export crop is liable to violent fluctuations, clearly a larger degree of insurance in the shape of local food production is desirable than where the market is steady, reliable and remunerative.

A cardinal object to strive for is steadiness in export markets, which renders possible the greatest concentration on the most suitable crops and reduces the "insurance" margin of otherwise uneconomic food production.

It is also well to have a care in accepting too readily the assumption that "protective" as distinct from protein and carbohydrate foodstuffs will always for the most part be best produced locally. This may be true today, but with the current giant strides in the synthesis and concentration of vitamin preparations, it is maybe unsafe to assume that it will always, or for long, remain so.

(iii) *Taxation and Labour policy.* [p 9]. The comments in the LPSP on these matter are strictly germane to social rather than to economic policy. *If* it is desired on social grounds to favour more or less self-subsisting rural communities, then taxation policy will certainly require to be remodelled to remove the need to leave home to earn money. Alternatively, means might be found to foster the production of cash crops by village communities: if this is not done it is difficult to see how the village community as the dominant social and economic pattern can be compatible with the maintenance of the revenues needed for the functions of Government. Import taxes will not suffice, for a community which has no cash income to pay direct taxes cannot buy imported or indeed any goods.

(iv) *Land policy.* Clearly, if the community is to be mainly dependent on agriculture, it must have adequate land for the purpose. The emphasis on the retention of control over the use of land by means of leasehold, or qualified freehold, tenures, is entirely in line with the latest developments of policy, e.g. by the Comptroller for Development and Welfare in the West Indies and his agricultural adviser and endorsed by the Colonial Advisory Council on Agriculture, Animal Health and Forestry [pp 9–10]. This leads to:—

(v) *Agricultural education*, the best means by which the control of the use of land may be translated into sound agricultural practice. There is perhaps an over emphasis of the value in this connection of co-operative institutions. Valuable as such institutions are, when successful, for social, as well as economic reasons, the power to work them represents the culmination of a long period of training in service to the community, and experience has shown that to thrust the responsibility for the management of co-operative schemes on untired shoulders too often leads to failure and disappointment. An alternative method of promise is to institute marketing schemes under firm and expert control, which provide for the gradual association of

the producers concerned in the running of it, first in an advisory, and, as experience is gained, in an executive capacity. Such is the successful "Kilimanjaro Native Co-operative Union" of Tanganyika.

(vi) *The planning of agriculture* [p 10]. This is an obvious duty of Government, and will be made easier the more settled the economic position becomes as regards exports crops, the more copious the results of agricultural research, the better the system of agricultural education, and the more highly developed the systems of internal trade and marketing. A system of progress reports as suggested would be of undoubted value. This figures already in the normal Annual Reports, but improvement might well be made by relating such reports, or some part of them, to whatever long-term scheme or policy is being followed.

(vii) *Industrial development* [p 10]. In form, at present, there is no particular obstacle to anyone setting up in the Colonies whatever industrial enterprise he chooses, and many such have come into being without either the favour or disfavour, of Government. In practice, however, large-scale enterprise is reluctant to embark on such development without at least some indication that it is in consonance with public policy, whether or no protection or preferential treatment of some kind is being sought. There is, therefore, to this extent a considerable though informal degree of Governmental control of the entry of new industrial enterprise into the Colonies.

What is proposed in the LPSP is presumably that this informal influence should be made statutory, and that no new industrial enterprise should be permitted except under license. Certain considerations (not all of equal force) suggest themselves:—

(a) a definition of an industrial enterprise would be required. This might not be easy.
(b) Should enterprises set up by local initiative require to be licensed, or should this stipulation apply only to the entry of outside capital?
(c) Should licenses be required for the extension of existing enterprises (which might be just as significant socially as the establishment of new), in which case, how is an extension to be defined?
(d) the existence of a licensing system might give rise to difficulties in the application of the "freedom to invest" see paragraph 3(iii) above) from which the present looser system would be free.
(e) would not the issue of a licence carry with it some obligation on the part of Government to contribute to the success of the licensee, e.g. by withholding licenses to others desiring to establish similar manufactures, from which objection again the present system is free?

In general, the proposal to extend strict Government control of the establishment of secondary industries bring with it certain difficulties which cannot be avoided if private investment is to continue. The LPSP however admits by implication the continuation of the system of private investment, e.g. in setting up the principle of "freedom to invest" (paragraph 3(iii) above).

It may be considered that, given the continuance of private investment, a method of control less fraught with difficulty than a licensing system might be the enactment

and enforcement of legislation providing for proper conditions in industry, coupled with the development of a sound trade unionism.

(viii) *Taxation of colonial enterprises* [pp 9–10]. The LPSP brings this under the heading of industrial development, but the point made, that profits earned in the Colonies should be taxed for the benefit of the Colonies, applies equally to estate and plantation enterprises, such as sugar, rubber, tea and sisal interests. The present systems providing for relief from double taxation limits, in the case of United Kingdom registered companies, the taxation leviable on profits in the Colonies.

'A' One method of getting over this would be to cause Colonial enterprises to be locally registered and so wholly liable to local taxation; but this is quite easily nullified by the practice of setting up a local subsidiary which sells its product to a parent company at a price so fixed as to leave little or no profit to tax. The system of imposing export taxes, or royalties is not open to this objection, but is open to others, e.g. inflexibility when profits rise, or, if variable, as introducing an element of uncertainty which hampers enterprise. This problem is in fact no easy one.

5. *General* [p 6].

(i) *The conflict between the international and the internal.* It is recognised in the LPSP that the pursuit of the two sides of Colonial policy, namely the international (paragraph 3 above) and the internal (paragraph 4 above) may lead to conflicts. In particular, it is appreciated that the policy of the Open Door, that embodied in the Congo Basin Treaties, may not always be in the interests of the inhabitants. To meet this difficulty, it is suggested that the "administration" (whether this means the Colonial Government concerned or the Government of the sovereign power is not clear: the ambiguity may be deliberate) may appeal to the proposed International Colonial Commission (or generalised Mandates Commission) for permission to make exceptions to the Open Door policy. It is apparently considered either that the Colonial Commission would be incompetent to take a decision on such an appeal, or that its decision would not be likely to be acceptable to any State thereby discriminated against, for it is proposed that the appeal should be referred for a decision to an International Court of Justice.

The object of this suggestion is doubtless to ensure that the decision will both be impartial, and be accepted as such, by international public opinion, which is obviously desirable. But there are only two kinds of points which can be referred to a judicial body; points of law and points of fact. In a case of this kind there would be no question of a point of law, since what is in question would be whether an exception is justifiable to the general law of the Open Door. That is to say the decision would, if anything, be on a point of fact.

But before taking a decision on such a case, the court would require to have some standard of justification to which to refer. If some such standard could readily be established the need for reference would scarcely arise as the matter, if raised at all, could be disposed of without contention by the Colonial Commission. The proposal amounts, in fact, to an attempt to place the responsibility for decisions involving many difficult and contentious implications on a body whose sole recommendation is its reputation for impartiality. The detailed knowledge of social, economic and

political conditions not only of the Colony but of the other State or States affected, the Court could not be expected to possess; and any long series of decisions which would be bound to be to someone's disadvantage (or they would never by this procedure have been sought) would soon destroy its reputation for impartiality.

Questions of the type under consideration do not, in fact, appear to be capable of resolution by judicial means, but to be essentially political in the broadest sense, which includes the economic. It seems that some means of solving these problems will have to be sought which is more in consonance with their real nature.

There is a further general consideration in this regard. The Labour Party may fairly be assumed to favour a post-war economic system involving a very considerable degree of Government control and regulation of trade and industry. In Sovereign States, the exercise of the necessary powers would doubtless, within the framework of international policy generally agreed, be matters for the States concerned and not subject in individual cases to appeal and ratification, even although scarcely any one of them is likely to avoid treading on someone's corns. Under the proposals of the LPSP, what on this assumption would be normal for Sovereign States would be exceptional in Colonies. They would be subject to a general principle (the Open Door) which would be scarcely compatible unless diluted beyond recognition with the policy described above. What is sauce for the goose is sauce for the gander; and if the application in the Colonies of a policy deemed desirable for Sovereign States is subject to reference and ratification in detail, the interests of the Colonies cannot fail to suffer.

(ii) *Political and economic development.* It is clear from the LPSP that in the political sphere the object should be the attainment of responsible self-government for Colonial peoples, and that educational policy in particular should be subordinated and directed to this end. This carries certain important economic implications, particularly since it is assumed throughout that private enterprise shall continue, even if direct Governmental development schemes also multiply.

At least two factors stand in the way of this policy:

(a) the statement that large and long-continued subventions in aid of Colonial revenues must be envisaged if there is to be substantial and speedy progress in all fields [pp 16–17];
(b) the fact that Colonial territories as they are today, or as they are likely to remain, are not to any important degree self-subsistent economic units [p 3].

(a) is not strictly an economic consideration, but it may be observed that it is unlikely that any State granting substantial financial help to a Colonial territory would do so without retaining the power to see that the funds so provided were properly spent. In the case of the United Kingdom, the Comptroller and Auditor-General, the Public Accounts Committee and indeed the House of Commons itself would demand no less. This involves control of a Colony's finances, and political power without the power of the purse is shadowy indeed, or else it is power without responsibility, if much latitude is allowed in the expenditure of external grants, and hence no education in self-government.

The long continuance of grants-in-aid seems therefore to be an important obstacle in the road to self-government.

(b) is perhaps even more important, though less obvious. As is observed in the LPSP [p. 3], the configuration of many Colonial boundaries is a matter of historical chance, and is not related to economic or administrative needs and realities; and some rectification is recommended. But even with drastic rectifications, it remains exceedingly improbable that units will result whose Governments will in fact be able decisively to determine their economic prosperity. The wellbeing of the inhabitants of Jamaica, for example depends on the banana export trade more than on any other single factor, and that trade in turn on the policy of a Company registered in Boston, Mass. That of the British West African Colonies depends likewise on the policy of an association of merchant houses dominated by a subsidiary of Unilevers. Instances could easily be multiplied.

Unless these great commercial interests can be brought under the control of the Colonial Government concerned, it cannot truly be said that Government is master of the situation. Action to this end cannot in most cases be taken by individual Colonial Governments. If the Government of Jamaica attempted to seize control of the banana trade, it would be open to the United Fruit Company to transfer its activities elsewhere, and since that Company dominates the distribution of bananas in the chief markets, the Government of Jamaica would find it exceedingly difficult to find sales for its exports. Similarly, if West Africa were made too hot for the United Africa Company, its customers, the Unilever group, could turn to other sources of oils and oilseeds, which are in plentiful, nay superabundant, supply in normal times.

The only control to which great trading concerns of this kind could be subordinated would be international control.

But that is not private enterprise, the continuance of which is tacitly assumed throughout the LPSP.

Nor is it in any real sense compatible with Colonial self-determination.

Minutes on 113

Generally I agree with Mr. Carstairs' comments. Considering that the Labour Party's plan is naturally inspired by a wider conception of the possibilities of planning of the socialistic kind, whereas we are still tending to look a good deal more to private enterprise, it is remarkable how extensive is the area of agreement. The major differences are largely confined to matters of how extensive the detailed planning, e.g., of industrialisation, can be and in the actual practice of administration, it would probably be found that those differences will be more theoretical than actual. The one or two points which seem to me worth adding are:—

(a) Under what Mr. Carstairs classifies as "freedom to sell", the Labour Party's proposals might well be acceptable if they form part of a general international plan of breaking down trade barriers, but that whole subject of international commercial policy will be settled on a much wider basis than merely Colonial considerations.

(b) The problem of taxation of Colonial enterprises is not so simple as it appears in the pamphlet. In the case of a large mining enterprise involving extensive capital investment, it is neither good equity nor good sense to regard the whole of the enterprise as originating and being carried on in the territory in which the mine is

situated, ignoring the capital equipment and mining skill which are provided externally. It is unlikely that the United Kingdom Exchequer would ever surrender the right to take its share of taxation of the products of such capital investment and application of the skill and knowledge of persons resident in this country. As regards 'A' in Mr. Carstairs' comment on this point, it would not be the case that U.K. taxation could be avoided by the simple process of transferring the registration of companies to the Colonies. If it were, that easy way out would have been followed by a great many companies in the past. As has been decided in various Court cases, the test of residence is not so much registration as control: and so long as control is exercised from this country, as is often essential in order to obtain the benefit of technical experience, etc., the company counts as resident and therefore liable to U.K. taxation.

(c) I do not entirely follow Mr. Carstairs in his comments on the last page but one regarding the relationship between the conception of Colonies as economic units and the existence of externally controlled companies handling their exports. The important thing here is surely not that West Africa's exports are marketed through London companies but that the well-being of West Africa depends on the marketing of its produce in external markets over which West Africa has no more control than any other large producer. In other words, the basic economic position would not be changed if the whole business of United Africa Company and its associates were taken over by a West African Produce Control Board located in West Africa.

S.C.
25.6.43

The fundamental difficulty about taxation of profits made in the Cols. goes beyond what is stated above, it lies in the double basis of taxation, i.e. taxation of profits & taxation of receipts. Even if a company operating in a Col. were registered & managed in the Col. the dividends that found their way to this country wd. still be taxed as income of those which received them. It is this that makes it necessary to have arrangements for avoidance of double taxation; for if U.K. investors were first taxed by the Col. on their profits & then by the U.K. on their incomes they wd. not be such mugs as to invest in the Cols.

I do not think that I need comment in detail on the pamphlet, except to say that close contact with Colonial realities has brought about a more realistic tone in this pamphlet than in its predecessors, but there is still a good long way to go. If the other great political parties indulged in similar pamphleteering the same criticism wd. probably hold good. . . .

G.L.M.C.
19.7.43

114 CO 852/588/2, nos 1 & 2 12 Aug 1943

[Colonial development and welfare]: memorandum by S Caine. *Minute* by A E T Benson[1]

[Caine was appointed financial adviser to the CO in 1942 and, from Apr 1943, he had charge of colonial development policy. On 16 Aug 1943 he sent a copy of his memo to Sir G Gater with a covering minute which read: 'With apologies I append a yet further memorandum on the general question of Colonial Development policy. It is by no means as full a treatment as the subject deserves. It has too much in mind the purely economic side, although that is, I think, really fundamental to the development of true Colonial independence, and its proposals for definite action are nebulous. I have thought it best, however, to send on the memorandum in its present form because the subject is one which has been troubling me for some time, and I feel sure deserves early consideration. The memorandum is, moreover, to a considerable extent an expression of personal view in a special sense. In so far as responsibility for Colonial Development policy is focused anywhere in the Office it is presumably in myself; and ever since assuming nominal charge of the subject in April, I have been more and more impressed by the absence of any opportunities for constructive work upon it under the present set-up, and also by my own inadequate equipment for such constructive work in time, knowledge, staff and in powers.']

There is a general uneasiness about the slow tempo of action under the Colonial Development and Welfare Act. We have an alibi, becoming a little worn with use, in war conditions; but I am increasingly dubious whether things will be very much better after the war without radical changes in the present procedure.

2. I am not thinking in this of the kind of changes we have lately had under consideration, that is, speeding up the machinery for examining schemes or making vague grants for unspecified purposes to Colonial Governments. The first might save a few weeks in dealing with applications; the second would save Colonial officials some labour in preparing applications. Neither would ensure that more schemes are prepared in the first place. A few weeks earlier or later in the grant of approval will rarely make or mar an important scheme; and a Colonial Government is unlikely to pigeon-hole a scheme in which it really believes because it dislikes the procedure necessary to get assistance. By all means let us "streamline" the procedure if possible, but something more fundamental is needed to secure any spectacular change.

3. Quite simply the trouble as I see it is that not enough schemes are produced in the first place. There is not enough thinking, above all not enough original and coherent thinking, about the possibilities of development. Machinery for that kind of thinking for the Colonies is virtually non-existent.

4. This has been recognised from the start of the new development policy in 1940 and underlies the proposal urged upon Colonial Governments for the formation of Development Committees as well as the establishment of the Stockdale organisation. For reasons to be explained, I doubt if either of these projects—certainly not the first—goes far enough to provide the answer.

5. The concepts which underlay the 1929 Act are still, I think, at the bottom of our present ideas. They envisaged a flow of applications from Colonial Governments, an Advisory Committee to "screen" them, and the Colonial Office passively doling out the money. It was assumed that the schemes put up would normally be projects

[1] Colonial Administrative Service officer, temporarily attached to CO.

already in existence; it was revealing that one of the questions in the standard application form asked why the scheme had not previously been put into operation, the idea being apparently that Colonial pigeon-holes were full up of complete but deferred projects. We have advanced a little on that conception but not very far. It is now recognised that Colonial Governments will have to think up new schemes as well as look in the pigeon-holes; but they are given no help in doing so (except partially in the West Indies). The Advisory Committee, which might have grown into an originating body, has almost disappeared even as a screening organ; and the Colonial Office retains its purely passive function.

6. As regards the passivity of the Colonial Office, there seem to be three parts the Office could play in this matter; that of waiting for schemes to be submitted and then passing judgment on them—essentially a negative role; that of stimulating Colonial Governments to put up schemes by giving guidance, suggestions and advice; and that of itself framing schemes. So far, over much the greater part of the field, the first has been the role chosen for the Colonial Office. Very little guidance or suggestion of a practical kind has been given to help Colonial Governments in inventing or working out schemes; and the occasional tentative moves towards such action which are made within the Office always seem to come up against one insuperable obstacle or another. A very few schemes under the Act have actually been framed in the Office, but they have been either of a research character arising out of investigations started in the United Kindom (e.g. Jamaica food yeast) or deal with matters such as central recruitment and training which have necessarily to be handled here.

7. In making this criticism I do not ignore the very valid objections which exist to any policy of "prodding" Colonial administrations too energetically while they are in their present overworked state. But I cannot help feeling on the one hand that these objections sometimes cover a more fundamental reluctance to take the initiative out of local hands; and on the other that it is going to be a poor excuse before Parliament and the country to say that, because the instrument we have chosen proves, at least temporarily, to be ineffective, we have thrown our hands in rather than try to find another one. When we have excused the slowness of action in wartime by referring to lack of material and personnel, we have always managed to say, or to imply, that at any rate the time is being made use of to prepare plans, both broadly and in detail. This is only sporadically true; a few Governments have prepared plans of some comprehensiveness, but I doubt whether any have nearly approached the ideal of completeness. Many, so far as we are aware, have done hardly anything. When the war is over, we shall be asked where our plans are, and the answer is likely to be somewhat embarrassing.

8. We have to face to-day a new concept of the place the State must take in planning. There is much nonsense talked which suggests that no development can take place unless it is planned by Governments. Nothing is more demonstrably untrue for the Colonial Empire, where tremendous developments have been produced by the planning of private enterprise. Given the same conditions, I believe private initiative could do much more. But all the signs are that the conditions are not going to be the same. State regulation will be imposed by "priority" requirements, by wide-spreading international economic agreements and by the difficulties of securing private finance even if it is not desired for internal reasons. The point about finance is especially important. In the past much money for development was found through the activities of private individuals who might be called economic

prospectors. In the future, conditions of taxation and control of capital markets are likely to prevent the private investor risking his money in Colonial ventures, and the State will have to find a far bigger proportion. If it is going to do that effectively and intelligently, it must develop machinery for doing the economic prospecting which was formerly done by large numbers of private persons acting on their own account.

9. My main thesis is that it is wrong to expect this work to be done by that maid-of-all-work the "Colonial Government". It is a job needing specialised qualities different from those of ordinary administration and needing continuous thought, not odd half-hours snatched from a busy day of current work. It is instructive to look at other people's experience in this. Russia, which takes planning seriously, has an entirely separate Planning Commission as one of its major Government Departments. We may also draw some guidance from the Tennessee Valley Authority. It is hard to get any description of that body which is not couched in terms of adoration or revilement, but two things do seem to emerge. First, it is concerned with what I have described elsewhere as outline planning—providing basic services, not settling who is to produce wheat; and second, it was necessary to set up a body independent of the existing authorities, who no doubt have their time filled with their own jobs, in order to conceive and carry out the major projects which were believed to be necessary.

10. In suggesting that the planning of new development is work which ought not to be expected of the ordinary machinery of Colonial Governments, I do not by any means mean that Colonial administrators are never capable of conceiving and carrying out large programmes of development. There are many obvious examples to the contrary, including the large and wise use which individual Colonies have made of the Colonial Development Act 1929 and the New Act of 1940. It is, however, in a sense a lucky accident if a Colony has a Governor and a department capable of work of this kind, and I am not sure that it would be right, even if it were possible, to choose our senior officials primarily with an eye to development work. They have many equally important functions of current administration to perform, and in most cases discharging those functions is a quite adequate task for the energies of one man. I think our own experience inside the Office emphasises the difficulty of trying to frame large constructive proposals in the intervals of dealing with the multitudinous details of current business. In all this, I am thinking mainly of development of an economic character or new capital developments of the character of social improvements, e.g. slum clearing, extensive re-planning of urban areas, etc., and not of the mere extension of welfare services, education, health, and so on. I hope the educationalists and medical men will forgive me if I suggest that the latter consist primarily of the multiplication of processes and facilities which are essentially already familiar to us and do not involve new constructive planning of the same character as major economic developments of improvement work.

11. A further feature of the problem is that we cannot really expect to find in every small Colonial Administration all the qualities, experience and knowledge necessary for the initiation of really new development. A number of individual dependencies are no more than large districts, and it is no more reasonable to expect all the ideas which are necessary to flow from the Government of British Honduras or the Gambia than it would be to expect them all to emerge from the mind of the District Officer in charge of a comparable area in Nigeria.

12. I think that there is in fact no dispute in the Office that the machinery of

Colonial Administration needs supplementing to carry out the task of planning development. The unanswered question is how that supplementation can best be effected. No doubt some addition of a special development staff in the larger Secretariats would be useful, but I am very doubtful whether that would go anything like far enough. The further step which has been much in our minds is that of setting up special organisations on regional bases with the function of advising and prompting Colonial Administrations in development work. The model of such organisations at present is Sir Frank Stockdale's team in the West Indies. There can be no question but that the creation of that organisation has effected a considerable improvement in that area, but I am not sure whether even that goes far enough. Sir Frank Stockdale's work is still a good deal handicapped and slowed up because essentially he is merely acting as a projection of the Colonial Office in the examination of schemes initiated locally.[2] He can and does go further and suggests schemes to Colonial Governments which he thinks they ought to put up, but he has not himself the staff to work out such schemes in detail and is still dependent on Colonial Governments to submit an actual proposal. It is clear from the figures that this is one of the major causes of delay.

13. We have considered the institution of similar organisations on a regional basis elsewhere, and progress has been made in theory towards such an establishment in West Africa on a somewhat tentative and provisional basis. I am sure that the idea needs to be developed, but it is to be borne in mind that there will still remain various Colonies which cannot conveniently be fitted into any regional organisation. There are also sometimes political implications in a regional organisation attached to such an organ as a Governors' Conference which may impede the growth of the necessary development organisation.

14. I think we are in danger, too, of assuming that if we can get adequate regional organisations set up, that will largely be the end of the matter. I do not believe that those organisations can function adequately without a considerable strengthening at the centre as well. As regards the territories which do not fit conveniently into a regional organisation, it is difficult to see how they can get adequate assistance in the planning and execution of their development except from a central organisation. From both these points of view, I think a strong organisation in or attached to the Colonial Office, with considerably more powers or at any rate habit of initiation than exists at present, is really essential if the prospects of rapid development held out by innumerable Ministerial statements are to be realised.

15. It is interesting in this connection to look at the example which is being given to us by the Colonial Research Committee.[3] That Committee has with great emphasis repudiated the idea of confining itself to the merely negative or censorial function of passing judgment on schemes devised by other people and submitted to it. It has taken its function to be the systematic examination of the whole field of Colonial research and the initiation of schemes wherever they are necessary to remedy deficiencies. The Committee is taking the various departments of research individually, and is trying to stir up the responsible authorities to elaborate proposals for extension of the work, and is itself making practical suggestions. The Committee is, in fact, making a real effort to deal comprehensively with its own admittedly limited but still large and important section of the whole development field, and,

[2] See 116.

[3] See 164.

properly supported, it should be able to make effective the revolution in Colonial research which was foreshadowed by the 1940 Act.

16. There is, I think, very strong reason for thinking that something similar is required to cover the field of economic development and what I have described as major social improvements. This is perhaps getting dangerously near the idea of a Colonial Development Board. That idea has admittedly very many dangers, but the fact that it is so frequently put forward does represent a very definite uneasiness as to the adequacy of the present machinery. It is no doubt necessary to avoid creating a new organ of Government which would duplicate or challenge the general authority of the Colonial Office but there is clearly a widespread feeling that either by modification of the existing organs of Colonial Administration or by the creation of something new, machinery should be created which should be capable of much greater initiatory activity than is at present shown by the old machinery.

17. Another suggestion which has been made for meeting this basic need is that of the creation not of a semi-political Colonial Development Board but of a body bearing a commercial form although not intended to be operated in a commercial spirit, e.g. the Imperial Development Authority advocated in a recent book entitled "Wealth for Welfare" by H. W. Foster and E. E. Bacon,[4] which has received a conditional blessing from the Economist. The general concept of the authority set out in this book seems altogether too grandiose, and the detailed proposals are in many cases half-baked, but there are none the less many attractions about a body which can act with the comparative freedom of a commercial concern. Another way of expressing the gap in the present organisation on the side of the economic development is that we need a service of economic prospecting: i.e., we need to be able to send freely and promptly experts of every kind to particular Colonies to report on particular possibilities of developments, their work being carried out in the same spirit as that of a mining prospector. At present, it needs a portentously heavy machinery to get started any investigation of that kind, but an independently operated authority or company could sent out investigators with as little formality as a big commercial enterprise sends out a representative to explore the possibilities of a new market.

18. The device of a company clothed in commercial form but in fact working as an agent of Government may have other advantages in the carrying out of particular works of development, e.g., on the lines of that rather mystic body, the T.V.A., without involving all the political implications of direct action by the administration in its own name. It is possible that we could learn a good deal from the methods of the Government inspired companies of the Belgian Congo.

19. There are certain common factors in all these possible lines of development, i.e., greater activity and initiative by the Colonial Office itself; or the establishment of a Colonial Development Board, or the creation of a Government controlled company or companies. These are: the establishment at the centre of a habit of initiative in investigation, having the power to send out technical investigators without having to make a formal scheme on every occasion, the practice of dealing, where appropriate, direct with Colonial interests concerned, and, of course, implicit in the whole, the grant of much greater discretion by the Treasury. It may be noted, as a type of the kind of thing which ought to be done on a much larger scale, that we

[4] Published London, 1943.

have in fact been operating on something like these principles in the particular case of Jamaica food yeast, where we are now proceeding through an ad hoc Government controlled company and have in fact run the whole thing from the Office with only a more or less courtesy consultation with the Government of Jamaica.

20. Admittedly one of the main difficulties of any change in method involving greater activity at the centre is that it must infringe the sphere of responsibility of Colonial Governments. I think we are perhaps too nervous of that. I cannot avoid the feeling that sometimes when we speak of avoiding offence to the susceptibility of local opinion nothing more is really involved than the susceptibility of the official group. There is real danger that the privilege of Colonial officials to have the sole right to deal with matters of development may be as great an obstacle as the privileges of private property are sometimes alleged to be.

21. I have not ventured at this stage to set out precisely suggestions for adoption. The basic things we should aim at are the development of strong regional organisations for development of areas which are suitable for organisation in that way, with, however, strong central organisation for general supervision and assistance, and particularly with a much greater development of initiatory power at the centre. Whether that can best be done by the development of ordinary administrative machinery of the familiar civil service type, or by boldly experimenting with new forms such as special development authorities cast in a commercial mould, is a matter for further examination.

Minute on 114

Mr. Eastwood

You kindly let me see Mr. Caine's memorandum about "planning". I think it is excellent, and shows quite clearly that a more decisive attribution of responsibility must be made for the initiation of plans.

In this country, plans are not generally made by the administration or legislature.

. . .

The result is that almost all plans originate in unofficial persons and bodies, and most frequently the plans are born because of the force of some kind of public opinion. The planners and experts, themselves, have (or are provided with by the administration) immediate access to all possible experts. Their work is done in what we may still call the centre of the world's knowledge and experience. The plans so conceived are submitted to the administration which rejects, amends and adopts, in the light of its own expertise, and its knowledge of what is practicable.

By contrast in the Colonies there are, generally speaking:—

1. no private experts.
2. no ready access to experts.
3. no force of public opinion.

In parallel in the Colonies there is:—

4. No time for the administration to do any planning.

Private European elements in the Colonies may be expert farmers or miners or traders, but any plans they may make will tend to be ex parte minority plans with

only slight provision for the interests of the native majority. Private European residents in the native areas are so completely shut off from the wide contemporary knowledge necessary, that their plans can only apply to their own little areas, and a dam or a cattle dip is all that can result.

Neither in the districts nor at headquarters have the official European residents any opportunity to break free from the daily round which, as Mr. Caine says, is their proper job.

Public opinion can only be the opinion of a small area of the territory, or of a very small class of the population.

It seems then, to end where Mr. Caine ends, that we must recognise as illusory the hope that Colonial Governments with present resources will ever be able to present from their end any projects which are not small scale and makeshift. In particular they will be unable to produce the wide concerted and well-integrated plans covering all aspects of development which alone can ensure success and eliminate the risk of wasted money and effort.

The above refers to all kinds of planning, though again as Mr. Caine points out, with far less force to the great public services of education and health. The practical implementation of education and health plans must, however, depend on the plans for economic development. Just as it is futile to build a road for the sake of building a road, so it is absurd to plan a school or a hospital at Mumbo Jumbo, if economic development is going to draw the population away to Pingo Pongo.

A.E.T.B.
19.8.43

115 CO 852/558/2, no 3 — 20 Aug 1943

[Colonial development and welfare]: CO note of a departmental meeting on S Caine's memorandum[1]

[Following this discussion, a memo on colonial social and economic planning was prepared by Caine as a CEAC[2] paper for circulation to colonial governments. It was submitted for consideration to CEAC members and the Treasury, and a draft paper was approved subject to some amendments by CEAC, 9 Dec 1943 (see correspondence and papers in CO 323/1859/28). A revised version, *The Planning of Social and Economic Development in the Colonial Empire* (No 3, Papers on Colonial Affairs, Apr 1944) was circulated to colonial governments in Apr 1944, together with *Effects of Wartime Changes in Colonial Economic Structure and Organisation* (No 4, Papers on Colonial Affairs, Apr 1944).]

A discussion took place in Sir George Gater's room on the 20th August, Sir William Battershill, Mr. Caine, Mr. Benson and Mr. Eastwood being present, on the subject of Colonial development, with particular reference to Mr. Caine's memorandum of the 16th of August.

There was general agreement on the following points:—

(1) It is difficult for staff pre-occupied with day to day work to get down to forward planning.

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[1] See 114.

[2] The newly-formed Colonial Economic Advisory Committee, see 117.

(2) The stimulus of outside ideas and access to non-official expertise is very valuable. In many colonies there is little public opinion and little expert knowledge available outside the Government Service.

(3) At the same time, it is important to carry local opinion with one. However small the circle of public opinion may be in the colonies, each colony has its special political problems.

(4) Owing to the absence of expert knowledge, incomplete information, and the preoccupation of the local Civil Service, effective planning cannot be begun or carried through by Colonial Governments alone. At the same time it cannot be effectively carried out under present Whitehall arrangements, where the same preoccupation exists, and there is insufficient knowledge of local circumstances.

(5) Both Colonial Governments and Whitehall must therefore play their full parts: the former contributing local knowledge and technicians and ensuring local support; and the latter providing stimulus, experts and—most important—money.

(6) In many parts of the Colonial Empire, a regional organisation, somewhat on the Stockdale model, might bridge the gap between two.

The general conclusions were as follows:—

(i) The larger Colonies ought to have separate planning machinery at headquarters. The exact form would vary from place to place. In Palestine, it had proved very useful to have a man of the seniority of Sir Douglas Harris.[3] Elsewhere, a Development Secretary might fill the bill with the assistance of a Development Council or Committee. This Committee might well have two or three unofficial representatives on it.

(ii) We should, wherever practicable, work towards the setting up of a regional organisation. This should have rather more executive power in planning matters than the Stockdale organisation has at present. The exact form of the organisation would vary from region to region according to the political and other circumstances. In each case, however, it should be not only a rallying point for the individual colonies, but also a projection into the colonial sphere of the Colonial Office itself. The staff of the regional organisation would stimulate and assist individual Governments in the preparation of plans for development. It might include among its members experts in particular subjects or it might be preferable for experts to pay special visits to the region when required.

(iii) Many colonies, however, could not be fitted into any regional organisation. For the most part also these are small colonies which could not well maintain any form of separate development staff to assist them in the preparation of their development plans. In the case of these Colonies, the main need will be for visits by staff made available by and based on the Colonial Office. Such visits might be made either by the ordinary administrative staff (compare the useful results of Mr. Sidebotham's visit to St. Helena) or by experts in one particular field, e.g. irrigation or public works generally, or by both (Sir Frank Stockdale accompanied Mr. Sidebotham to St. Helena).

(iv) A considerable organisation will be required in this country. It was the general view that the organisation should be within the Colonial Office itself, but

[3] Commissioner on special duty and member of the Executive Council, Palestine, 1936–1944; chairman, Palestine War Supply Board, 1940–1943.

there would be constant need for the stimulus of outside ideas. The organisation should not be afraid of putting forward projects for the expenditure of big sums. The Colonial Office should itself have a separate Planning Section (who presumably would also run the Colonial Development and Welfare Act). On the administration side, visits to the colonies would be made both by the members of this section and by the members of other parts of the Colonial Office. On the technical side, the Colonial Office should be able to secure temporarily the services of sufficient staff, based in London, for it to be possible for visits by experts on particular subjects (health, agriculture, public works, irrigation, education, etc.) to be made at need to any colony. Visits would be required not only to the smaller colonies—see (iii) above—but also to the regional organisations—see (ii) above. Indeed, the same types of men would be required for the London staff and for the Regional Staff.

It would be useful to obtain wider discretion from the Treasury so that it was possible to arrange these visits without difficulty.

116 CO 318/471/6, no 1 25 Jan 1944

[Development and welfare in the West Indies]: letter from Sir F Stockdale to T I K Lloyd [Extract]

[The CO's West Indian Dept subsequently prepared a memorandum summarising, and commenting on, Stockdale's views (CO 318/471/6, no 14). It was proposed that the CO should write to the West Indian governments clarifying the position of Stockdale's organisation. A draft despatch was discussed at the second of two meetings Stockdale attended at the CO in July and Aug 1944, and then sent to the West Indian governors for consideration. A final despatch, prepared after the CO had received the governors' replies, was sent to the governors of Barbados, British Guiana, British Honduras, Jamaica, Trinidad, the Windward Islands and Leeward Islands (CO 318/471/6, nos 52–58, 22 Nov 1944). In this despatch the secretary of state reassured West Indian governments that there could be 'no derogation from the rights and privileges of local Governments and Legislatures as stated in the 1940 White Paper', but stressed that the comptroller should have access to full information from colonial governments on all important questions affecting colonial development and welfare and that in some cases the comptroller would have a measure of such control and supervision of development as might be necessary.]

. . .

5. There were many who prophesied before I left London in 1940 for the West Indies that the organization would be a failure—not because of its composition but because (a) the recommendations of the Royal Commission were not acceptable to certain sections of the communities in the West Indies, and (b) difficulties were foreseen in dealing with the local West Indian Governments. The West Indian seas, as you know, are strewn with dangerous rocks and many of those awaiting "Development and Welfare" were uncharted. I was fully aware that there would be difficulties and I was equally determined that these difficulties as they arose had to be surmounted. The reactions of the Governors themselves have sometimes been difficult to assess and we had to be very careful in dealing with sectional interests which were definitely "up against their Government". It had to be realized that many of the government staffs were fully occupied with war-time measures and with securing supplies. On the other hand many of the peoples of the West Indies are

looking for economic and social advancement, anxious to play a part in the developments of the next few years and even irritated at the slow pace at which changes are proceeding and what they regard as frustration of their ambitions. In certain colonies there was obviously lack of interest on the part of government officers and, in certain cases, obstruction and opposition. I will not weary you with definite instances, as I loathe telling tales out of school, nor need I give you instances of the attempts which have been made by innuendo and gossip to handicap the work of the organization and to bring it into disrepute even though it was clear that we had obtained support, as the result of our democratic methods of approach, of the people themselves. We adopted the line that we were out to assist Colonial governments to put into force the recommendations of the Royal Commission as far as they were practicable and to suggest modifications where these were considered to be necessary. We endeavoured to gain support for proposals through recognised channels from the colonial peoples before submitting them to the governments concerned and we have consistently asked for publication of our proposals in order that the public might be kept fully informed. Considerable importance is attached to frequent consultation with unofficials and to the public consideration of the proposals made.

6. The procedure it was decided to adopt is set out in paragraph 44 of the Report on Development and Welfare in the West Indies for 1940–42 (Colonial No. 184). My advisers and I got into touch with local administrations, with local heads of departments, with associations and committees and with many of the people themselves before proposals were formulated and submitted for consideration. In some instances informal meetings were held with members of Executive and Legislative Councils in order to explain in a general way the development plans which were thought to be desirable. Throughout, we have stated that our work was to assist in implementing the recommendations of the Royal Commission and to help along in the West Indies the new Colonial policy of partnership with the Imperial Government. In many cases the recommendations of the Royal Commission had not been understood, in some others they had not been explained and in certain places there was suspicion and indeed opposition to them, both in Government and unofficial circles. Our endeavour has been to encourage the people of the West Indies to think for themselves, to assist in planning things for themselves and to co-operate together. It is apparent to all that the improvement of the social conditions of the people of the West Indies must be pressed forward and there can be no social security unless the peoples themselves are convinced that, if genuine effort is made by themselves, they will receive guidance and support.

7. I have always stated that memoranda prepared by my Advisers as well as despatches from myself addressed to local Governments were not to be regarded as secret or confidential documents, but that they should be made public and subjected to public consideration and criticism. It is not suggested that these memoranda are perfect, many of them were completed hurriedly in order that the West Indian field might be covered within a reasonable time, nor has it ever been suggested that the proposals made in them were not liable to change after local consideration and public comment had been obtained. Some administrations were loath to adopt this suggestion of publicity for reports and memoranda in order to secure comment and criticism, but ultimately this policy has been adopted generally. Delays in the publication of memoranda and reports led to comment from unofficial interests and

in some cases to misinterpretation and mistrust. In some instances the reason for delay was attributed incorrectly to this organization. The delay in the publication of memoranda in Jamaica led to many misunderstandings and difficulties. Where developments along lines differing from those existing at the time were advised, even though the suggested changes were in accordance with the recommendations of the Royal Commission, the proposals have sometimes been regarded as unwarranted criticism of the Government machine and attempts have been made, at times, to influence opinion against them. Lack of interest and apathy on the part of Government officers have not been uncommon in some places.

8. All memoranda which have been prepared by my Advisers have been gone through by me personally in draft form with the Adviser concerned and they have not been sent to local Governments until I have been satisfied that the proposals were reasonable and practicable. They have been submitted to local Governments, with copies to the Secretary of State, in order that they might be published for local comment and debate, if necessary, in the legislature. The estimates also required to be checked and revised locally. In certain cases, changes in phrasing have been suggested, but in the majority of cases there has been little or no comment. Lack of comment has not, I fear, in all cases meant acceptance and instances have occurred where local officials have carried on with work on lines which were opposed to those recommended and accepted publicly.

9. I have attempted to show in the previous pararaphs that we have so far been working in accordance with the terms of the Secretary of State's despatch of the 30th of November, 1940. I have mentioned some of the difficulties which we have encountered—difficulties which were as often as not engendered by suspicion—fear of dictatorship by a pseudo-Governor-General in official circles; doubt as to the intentions of His Majesty's Government and ignorance as to the functions and powers of this organization among unofficials. I think that I can say that we have managed to surmount most of the difficulties encountered, but I do feel that we are at a turning point now that the execution of proposals has to be put into effect and interest taken in the work actually being carried out. Several changes will have to be made if this organization is to play its full part in the future. . . .

10. For the past three years we have in fact been both advisers and learners—advisers of the local Governments in regard to the preparation of development and welfare schemes, and learners of the viewpoint of the people of the West Indies. In these capacities we wanted no definite terms of reference and we had neither time nor need to worry about any matters beyond the scope of the development and welfare projects with which we were directly concerned. But now the time has come for action on our recommendations and, frankly, I do not think that we shall be able to ensure that action is taken as quickly as it can and ought to be unless the position of the organization viz-a-viz the West Indian Governments is both modified and clarified.

11. . . . I am afraid that . . . the people of the West Indies are often in genuine doubt and indeed suspicious of the intentions of His Majesty's Government.

12. This sense of frustration and a certain discontent has even spread to some of my staff. All of them feel that a clear definition of policy and other changes are needed if the organisation is to function successfully.

13. Probably the most important reason for this sense of frustration is the apparent lack of a clearly defined Government policy. Policy differs from Colony to

Colony and seems to be left almost entirely to the discretion of individual Governors. It varies with the successive holders of that post—the policy of one Governor often being reversed by his successor. I know that the accepted procedure is to "trust the man on the spot"—but lack of consistent policy is the result—and the people of the West Indies have moved too far forward to take kindly to the introduction of new local policies by each Governor. If I may be allowed to quote from "the British Empire" by the Royal Institute of International Affairs (page 137):—

> "The Colonial Office is a higher organised department of state, the functions of which are to create the machinery for, and to supervise the execution of policy; to prevent inconsistencies in the application of policy to different Colonies; to keep in touch with the day-to-day administration of the Colonies . . .".

14. We feel here, rightly or wrongly, that these functions are not being fully carried out so far as the West Indies are concerned. Not only have we noticed a lack of a clearly defined policy, but we often see inconsistencies in the instructions which come from the Colonial Office. To quote a trivial example—why have war bonuses been approved in St. Lucia and Dominica on a totally different basis to that laid down generally by the Secretary of State and that followed in other West Indian Colonies?

15. As regards the contact between Whitehall and the Colonies, I do not see how the Colonial Office can ever be expected to keep in sufficiently close touch with the day-to-day administration of the Colonies and, as I shall suggest in greater detail later in this letter, I am inclined to feel that the Secretary of State should have permanent representatives in the West Indies and possibly in other parts of the Colonial Empire. The Royal Commission seem to have had some such idea in mind.

16. Another reason which makes us feel that all is not well is in regard to staff. . . . While I do not subscribe to [the] idea of a West Indian Civil Service for senior posts—as the Royal Commission said "Public employment in this part of the world has at present a narrowing effect"—I feel personally that a new outlook should be shown in the selection of officers, from Governors downwards, for service in the West Indies. Blackburne,[1] from what he has seen both in the Colonial Office and here, shares this view. The time has passed when distinguished administrators can be sent to the West Indies because their health is poor or because they are due for promotion on account of good service in another part of the Empire. Equally the heads of departments must be first-class and specially selected. There must be a greater measure of decentralization with a greater measure of responsibility entrusted to departmental chiefs—especially in the fields of public health, agriculture and education. Officers for the West Indies should be chosen *exclusively* on personality and suitability by temperament and experience for service in this part of the world. They must possess an understanding of people, sympathy for progressive aspirations and keeness for the development of local government and of independant enterprise in economic and social development. The capacity to understand their fellow men and to co-operate should be an essential characteristic of all officers sent here. Sympathy with and understanding of the other person's point of view is of greater value than cold administrative efficiency. Energetic young men, brought up in the good administrative tradition of thinking only of helping the people they are working

[1] K W Blackburne, colonial secretary, Gambia, 1941; administrative secretary to the comptroller in the West Indies, 1943.

with, are what we need. Such men are essential for the posts of Administrator in the smaller islands.

17. Again, in unofficial circles particularly, the feeling that all is not well is due to the doubt that many people have as to the intentions of His Majesty's Government. The West Indies have seen in the past frequent changes in fiscal and economic policy and they just will not believe that the 1940 statement of policy marks a permanent change in the affairs of the West Indies. A clear statement is needed as to the financial assistance (other than Treasury grant-in-aid) which the Colonies can expect after 1951. Are they correct in assuming that the new Colonial policy of partnership means that financial self-sufficiency has been abandoned for ever? If this statement cannot be made for the whole Empire, could it not be made for the West Indies? Blackburne tells me that the development report in the Gambia was designed:—

(a) to ensure that the Colony had a consistent policy regardless of change of Governors,
(b) to show that it would be impossible for the Gambia to carry out His Majesty's Government's policy of improving social and economic conditions unless more or less permanent financial assistance was forthcoming.

He tells me that the Secretary of State has accepted and approved this report. In the West Indies we have made progress with proposals for development and welfare schemes but we have to convince normal thinking people that we are engaged on sound planning for the future and that co-ordinated development along accepted lines is contemplated. In Barbados, for example, the acceptance of financial assistance under the Colonial Development and Welfare Act is agreed to by the House of Assembly with considerable reluctance. Many members feel that the Colony will have to cut down all development services to nil in 1951 because the money for recurrent expenditure cannot be found locally. They are afraid that they will receive the blame of the local electors for cutting down on services which His Majesty's Government have declared to be required in order to give effect to its Colonial policy. There are some who fear that if they accept financial assistance from the United Kingdom, they may not have the freedom of action which they have had in the past in regard to their local affairs. These issues are not, of course, unique to Barbados. They have been raised elsewhere and Lethem,[2] for one, has referred to the future recurrent cost of development schemes in despatches to the Colonial Office. Doubts are particularly acute in respect of services, such as education, which require, according to orthodox conceptions of what is necessary, increases of expenditure amounting in some cases to several times the existing provision which can be made by Colonial Governments.

18. Another reason why this organization is experiencing difficulties is because of general ignorance of its functions. Some people think that we have no powers except to make small grants under omnibus schemes. Others think that we are all powerful and blame us for things of which we are in complete ignorance. For example, I have heard that the serious inflation in Jamaica is attributed by some to this organization, while many people say that our whole policy is to lift the coloured people at the expense of the white—a gross misrepresentation of the facts.

19. Mention of Jamaica brings me to another point. It seems to me impossible to

[2] Sir G Letham, governor of British Guiana, 1941–1946.

separate political from economic and social development. People enquire how they are expected to proceed on the path to self-government when they are, and are likely to remain for some time, economically and financially dependant on the United Kingdom. I do not mean to suggest that the introduction of the new constitution in Jamaica should have been delayed, but I do feel that it should have coincided with statements of policy regarding economic and social development.

20. The general feeling of mistrust in Jamaica is only heightened by the serious measure of inflation which has been agreed to there. I personally was astonished at the salary increases which have apparently been approved without account being taken of the economic possibilities of the Colony. My Economic Adviser was in Jamaica when consideration was being given to the proposed salary revisions, but he was not asked by the Government to give his opinion. (As he was in Jamaica for a period of ten months, local opinion naturally assumes that he was continually being consulted by the Jamaica Government—and this is one of the reasons why my organization is now being blamed by some for the inflation.)

21. The above paragraphs set out some of the difficulties which I think we have now got to face. If one tries to analyse them, I think that they can be reduced to four main points:—

(a) the need for clear guidance in regard to policy,
(b) the ill-effects likely to arise if policy is left to individuals or to individual Colonial Governments,
(c) the lack of definition in the position of my organization,
(d) selection of unsuitable senior staff for service in the West Indies.

22. In regard to (c) I should explain that this organization is regarded by the West Indian peoples (and perhaps by members of Parliament) as the authority responsible for implementing in the West Indies the new Colonial policy inaugurated by the Colonial Development and Welfare Act; and that this organization is to this extent a "projection" of the Colonial Office. This position amounts to one of responsibility without authority—a state of affairs which cannot be regarded as satisfactory.

23. It now remains for me to put forward proposals as to the way in which these difficulties can be overcome. But before doing so, I should like to make it absolutely clear that these difficulties are mainly those of the future. Up to the present we have been able to advise the West Indian Governments and peoples, and I do not wish there to be any suggestion that we have been unable to carry out that task.

24. In regard to the future, my Advisers and I are fully agreed that a solution of the difficulties does *not* lie in the establishment in the West Indies of a superimposed federal organisation. The Federal Agencies of the United States which have operated in Puerto Rico and the Virgin Islands have provided us with lessons which should not be copied by us. We think that the answer lies somewhat on the following lines:—

(a) from the Colonial Office we want to see clear statements of policy on political, economic and welfare issues. As regards political issues, surely the time has come when a definite statement should be made as to the future of the Windwards and Leewards. It seems to me to be waste of time and of the British taxpayers money and to show a failure to face up to economic issues if we continue to provide grants to these small islands on the assumption that they will always be independent. Their economic position can never be made sound with their present set-up of

separate legislatures and differing policies. Surely it would be advisable to declare that federation is the ultimate aim and that development and welfare proposals should be prepared with this in view. As regards economic policy, a statement regarding markets and prices should be made at the earliest possible moment. The large producer thinks in these terms and is inclined to feel that, with no statement of economic policy, talk of expenditure on welfare is waste of time. As regards welfare policy, and with welfare I include everything except politics and economics in their narrowest sense, we have the recommendations of the Royal Commission. Some of us feel that it would do no harm to emphasize once again to Colonial Governments that these recommendations have been accepted by His Majesty's Government and that His Majesty's Government will want to know whether they are being carried out to the full.

(b) from Colonial Governments we want to see an even greater effort to forge stronger links between themselves and their peoples. I am afraid that it is necessary to say that in some cases Government officials—from the top downwards—seem to think that their word must go, that open and frank discussion of Government proposals must be discouraged (often because argument takes time), in fact that the best way to govern the West Indies is "to rule". You know as well as I do that the West Indian peoples will *not* accept dictation. They wish to be led and guided and the only way to carry out reforms and make progress is by continual consultation so that potential critics feel that they themselves are responsible for framing proposals which they would reject out of hand if placed before them as Government dictates of what should be done.

(c) the position of this organisation should be clarified and its scope should be widened. By this I do not mean to suggest that we should usurp the functions of your West Indian Department nor that Governors should communicate through me with the Secretary of State. I do not want to set the Comptroller up as a Resident Minister or as a Governor-General. What does seem to be wanted is a representative or adviser of the Secretary of State in the West Indies who can fulfill those functions of the Colonial Office which, owing to distance, cannot properly be carried out from London. Someone seems to be wanted who is in touch with the West Indies as a whole to make suggestions as to policy, to ensure that a consistent policy is carried out and to advise the Secretary of State generally on progress in the West Indies. The terms of reference of this representative could be the recommendations of the Royal Commission, though he would have to see that these recommendations are modified as circumstances require and experience and public opinion demand.

25. It would perhaps make suggestion (c) above clearer if I gave one or two definite examples and attempted to show in practical terms exactly what I have in mind. At present the Comptroller is confined to the narrow scope of development and welfare schemes for which funds are to be provided under the Colonial Development and Welfare Act. Even in this respect the position has not always been clear in the past. In order to save time it was agreed that applications for assistance based upon proposals made by my Advisers should be forwarded by Colonial Governments to the Secretary of State direct (copies being sent to me). In regard to proposals or schemes prepared in a colony on its own initiative, it was proposed that they should be sent to me for consideration in consultation with my Advisers prior to

applications being made to the Secretary of State for financial assistance. This procedure has not always been followed by local Governments and cases have occurred where the Secretary of State's approval has been given to certain policies involving expenditure under the Act of which I have had no prior knowledge. Indeed cases have also occurred where grants have been made or suggested without the Comptroller having been consulted. The first requirement then is that the Comptroller must be consulted before grants are approved. In order to ensure that this is done, I suggest that approval of all West Indian development and welfare schemes should be notified to me in the first instance and that approval of the schemes should be conveyed to the Government concerned by me.

26. My second suggestion for widening the scope of this organization is more far reaching. It is that the Comptroller should be encouraged to interest himself in *all* Government activities in the West Indies. Some of the West Indian Governments have of their own accord asked for my advice on various points unconnected with the Colonial Development and Welfare Act which, having the opportunity of seeing the West Indies as a whole and at close quarters, I am perhaps in a better position to give even than the Colonial Office. But others, not unnaturally, dislike the Comptroller concerning himself with general issues. I think that it is reasonable to say that political, economic and social development should go hand in hand. That being so, I suggest that Governors should be told that this organization is to be used as a means of keeping the Colonial Office in closer touch with West Indian affairs and of preventing inconsistencies in the policies of the various Governments. For example, copies of all important despatches should be sent to me and it would be open either for me to comment on them or for the Secretary of State to ask for my views. Such matters as prices of major commodities, arrangements with the Ministry of Food etc. for the purchase of major commodities, the floating of local loans, the award of war bonuses, major changes in salary scales, tariff changes, constitutional and political issues are subjects on which this organization might be able to offer constructive advice. It should be routine for Governors to send me replies to such requests for information as were contained in the Secretary of State's circular saving telegram of the 15th of December, 1943.

27. Further, Governors should be invited to accept suggestions from the Comptroller without feeling that he is interfering with matters which do not concern him. For example, I might wish to suggest that a possible way of closing the gulf between Government and people in Barbados would be by arranging for unofficial members of the Executive Committee to be given an interest in the running of Government Departments. This may, or may not, be a good idea, but it can do no harm to make it and the Colonial Office, so far away, cannot be expected to take the lead in matters such as these. Again, the Trinidad Government have recently published its proposal for assisting the sugar industry. These proposals follow on the report of the Committee which has recently investigated the position under the Chairmanship of Benham, my Economic Adviser. They were proposed as alternatives to those submitted by the Committee. Even though I may dissent from the proposals put forward by the Trinidad Government and may be most apprehensive of their effect on the West Indies as a whole, I am unable to offer any comment on them without it being thought that I am interfering in matters which do not concern me.

28. So I come to the end of what is, I fear, an abnormally long letter. . . . There is no need for me to tell you that the West Indies are in an unhappy state—politically,

economically and socially. Presents of money from Imperial funds will do nothing to improve the position unless they can be supported by clear statements of policy from the Secretary of State and unless the people of the West Indies can be made to feel that they are themselves having a say in the making of their future. . . .

117 CO 852/587/2, no 1, CEAC (44) 14 3 Feb 1944

'Post-war economic readjustment': CO memorandum for the Colonial Economic Advisory Committee

[CEAC, appointed to advise on issues of development policy, commenced work in Oct 1943. Its membership included officials, economists and other public figures, and it established a number of subject sub-committees under the supervision of the agenda sub-committee.]

1. The Agenda Sub-Committee in its first report, paragraph 12, have asked for a memorandum indicating the problems which would face the Colonies in the immediate post-war future. The following is a brief attempt at analysis.

2. There is not one war but two, one in Europe and one in the Far East. On the whole, this will facilitate the adaptation to peace conditions, since the twilight period, while only one war continues, will provide a transitional phase in which some but not all war preoccupations will have disappeared, but has certain disadvantages, since it delays the return to peace-time conditions, particularly in East Asia, while competitors elsewhere are getting a flying start. Both in the transitional and in the subsequent period, there will be two major types of change, changes in demand and supply conditions and changes in economic structure.

Changes in demand and supply conditions

3. The effect of the termination, both of the first, and of the second war will be to release resources from some of their war-time demands.

(a) The demand for some exports will contract, notably copper and bauxite in the first phase and wild rubber and tin in the second. (Production of copper has already been cut.) The demand for some products will continue for a longer period, in cases in which production takes some time to get into its swing again. This applies particularly to foodstuffs. Colonial sugar producers have recently been given a firm contract for all the sugar that they can produce up to the end of 1946, and some other similar contracts may be offered.

(b) The Colonies which are United Nations bases, as and when the war leaves them behind, will experience a smaller demand for foodstuffs and local materials and for labour. The process is already beginning in certain remote areas and may be expected to proceed consecutively through the West Indies, Tropical Africa and the Eastern Colonies. In some places this relaxation of the strain on foodstuffs will be very welcome and will mean only greater abundance for local populations plus somewhat lower incomes for food producers (though the latter may itself produce further reactions). The cessation of the direct demand for labour will be a more serious problem.

(c) Some manufacturing activity will become superfluous unless it is heavily

protected. (This is not a factor of much importance from the employment point of view).

(d) Men will be released from the armed Forces; many with some skill.

4. The problem is to shift labour and resources released in these ways into other activities. This will be facilitated in some cases by a revival of the demand for exports curtailed by the war, e.g. bananas and citrus fruit. But since the effect of the war has been to bring more people within the money economy and to add to the skills of some of the people already within that economy it will be necessary to have additional opportunities for employment beyond those which were available in 1939.

5. The immediate problem can be met to some extent by development schemes including communications, secondary industries, land settlement schemes, and water control (irrigation, drainage, etc.) either under the Colonial Development and Welfare Act or with local funds. Finance will not be a difficulty, but shortage of trained personnel for the higher posts is and will be a difficulty, and the training of natives for responsible technical and administrative posts thus becomes a major economic necessity.

6. The attention of Colonial Governments is already being directed to these matters especially in paragraphs 13–15 of the memorandum on the effects of war-time changes in Colonial economic structure and organisation (C.E.A.C. (43) 11), the revised version of which has been circulated. It is doubtful whether at this stage more detailed advice can be offered to local Governments. The action to be taken in particular cases will generally raise problems of administration rather than of basic principle, but no doubt there will be special cases which the Colonial Office will wish to refer to the Committee as they arise. The Committee may however wish to consider now how far the machinery for facilitating the transfer of resources and for planning economic development is adequate, and for this it can begin with the papers on the machinery for economic planning (C.E.A.C. (43) 7) and the Colonial Development and Welfare Act (C.E.A.C. (43) 8), which were circulated for the last meeting.

Changes in economic structure

7. With the outbreak of war, state controls were extended in various directions, in particular:—

(a) In marketing there has been a wide development of bulk purchase of imports and bulk disposal of exports with accompanying controls over prices and allocation of quotas to each trader; goods not subject to bulk purchase are usually subject to import or export licensing.

(b) There is rigid control of foreign exchange transactions.

(c) There is conscription for certain agricultural and industrial purposes in some Colonies.

8. It has to be considered whether some of these controls should be retained permanently, e.g. bulk disposal of West African cocoa, and if not, by what degrees they should be relaxed. Some of these controls, particularly foreign exchange control and export licensing, are required solely as parts of a wider Imperial system of control, and their post-war fate will depend almost entirely on decisions as to the continuance of such wider controls. Others may be affected by decisions of principle

applied as a result of international agreement over a much wider field. In so far as a determination of these questions rests on purely Colonial factors, they are in essence matters of long-term policy which, except to the extent that they may have to be decided on specific issues which may be referred to the Committee, will presumably be taken into consideration by the various sub-committees in the course of the examination of their respective fields of study.

Special case of liberated territories

9. What has been said above applies only to those areas which have never been occupied by the enemy. Very special problems of reorganisation and reconstruction will arise in those areas (Malaya, Borneo, Hong Kong and parts of the Western Pacific Dependencies) which have been or still are in Japanese occupation. Much work has been, and is being, done on these problems, but they are not yet of a kind which can conveniently be brought to the Committee.

118 CAB 66/52, WP(44)360, annex 12 June 1944

'The problem of external finance in the transition': memorandum by Lord Keynes[1]

1. It is generally recognised that the problem of our external finance after the war will be greatly aggravated compared with 1919, because (1) the absolute amount of our overseas indebtedness is much greater, (2) the loss of our foreign investments available as a reserve is more complete, and (3) the current adverse balance of overseas trade which we shall have to meet by an increase of our exports is much larger.

2. It is not so generally recognised that, in addition, two considerable mitigations which were present last time will be absent. The policy of restraining the rise of prices has many advantages, but it will greatly increase the real burden of indebtedness as fixed in terms of money. The other outstanding difference is that last time we borrowed *money* from the United States which we used to meet our requirements in all parts of the world, so that we ended the war without abnormal indebtedness to any other country; whereas this time the United States has only aided us with goods she could herself supply and has not furnished us with cash to buy goods from elsewhere. Thus, nearly the whole of our 1914–18 external debt was canalised into the American debt—and that we shuffled out of. On the assumption that this time we intend to pay, the fact that we owe money all over the place has, as we shall see, some important offsetting advantages to our export trade. But it means that the effort required to emerge without loss of honour, dignity and credit will be immensely greater.

3. The Government's post-war domestic policy is based on the assumption that we shall be able to import all the raw materials and foodstuffs necessary to provide full employment and maintain (or improve) the standard of life. This assumption is, at present, an act of blind faith. No means of making it good has yet been found.

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[1] This memo was submitted to the War Cabinet as an annex to a memo by the chancellor (Sir J Anderson) on 'Our overseas resources and liabilities' (WP(44)360, 1 July 1944).

There has never been a more distinguished example of "It will all come right on the day." This memorandum is an attempt to persuade those concerned to support faith with works. Otherwise, great disappointments and disillusions lie ahead.

The dimensions of the problem

4. So long as lend-lease and Canadian mutual aid continue, the ultimate difficulty of our position is masked. The following is an approximate balance-sheet of our overseas position in 1943:—

	£ millions		£ millions
Imports (excluding munitions and ships)	1,150	Exports (excluding munitions)	300
Munitions and ships on lend-lease and mutual aid	1,150	Munitions, services, &c., supplied by United Kingdom (on mutual aid terms)	500
Other War Expenditure abroad (mainly munitions and United Kingdom Forces abroad)	750	Earnings from American forces in United Kingdom and Dominion contributions to W.O.)	400
Other "invisible" payments	250	Other "invisible" income	360
		United States Lend-Lease and Canadian Mutual Aid (1,590) less Mutual Aid and loans provided by United Kingdom (500)	1,090
		Overseas Disinvestment	650
	3,300		3,300

5. This table shows that we are, at present, meeting less than a quarter of our external expenditure out of our exports together with the mutual aid we ourselves are affording. If, however, all war expenditure, lend-lease and mutual aid were to come to an end to-morrow, our imports would be still running at *four times* our exports. For if all military expenditure were to cease, the imports of food and raw materials which we should require, whilst to some extent changed in character, would not be reduced in amount, since there will be more, not fewer, men in the country to consume food and to be employed in working up raw materials. Provisional estimates which have been made indicate that the current figure of £1,150 millions for our imports would also be about right for our import requirements in the first post-war year. Indeed, it is clear that there will be no time-lag in our import needs, except to the limited extent to which we can live on stock-piles, surplus stores and salvage. Perhaps the aggregate amount of the once-for-all relief from this source might be guessed at £300 to £400 millions, but our stocks are so ill balanced that the enjoyment of this relief would have to be spread over a period. Better statistics bearing on this from the Ministries of Supply and Food would be helpful. On the other hand, there will be a considerable time-lag in the development of exports to fill the gap and a still longer lag in the date of payment for them. Even if the export deficit can be made to taper off over a fairly short period of years, the accumulated excess of imports over exports, before equilibrium is reached, will be very large. Would anyone guess the cumulative deficiency in the first three post-war years at less than £750 to £1,000 millions? A reasoned guess could only be made by preparing a practicable target for exports in each successive post-war year, carefully itemised between different classes of goods

and agreed with those in touch with the facts of industry. No one, so far as is known, is attempting to collect such material. Should not the Board of Trade be invited to make such an estimate? The figures disclosed might be extremely disquieting. It is generally believed that we require an increase over pre-war of 50 per cent. in the *volume* of our exports, which at present price levels means an increase to nearly *three times* in their *value*. If, as is probable, this has now become an underestimate, the Government's post-war plans for full employment are assuming an increase of at least three times the pre-war figure in the value of our exports. Yet there is not the foggiest hope of achieving this, unless far more vigorous measures are taken than are (to the best of one's knowledge) at present contemplated. Ministers seem, at present, to be more concerned with the airy pinnacle than with preparing the foundations.

6. So far we have been dealing with "visible" trade. Shall we have any net "invisible" earnings from shipping, merchant and banking business and investments to help bridge this gap? In the long-run we should have something substantial from this source, say £200 to £300 millions. But in the early period after the war transactions on "invisible" account are more likely to increase, than to decrease, the net deficiency. The scale on which they may do so will partly depend on our own policy (to which we shall return below). The abnormal outgoings likely to cause the deficiency include expenses arising out of the demobilisation of forces overseas and the clearing up of outstanding accounts and claims for damage and the like. Our cash expenditures abroad, which now amount to some £800 millions a year, will not suddenly sink to zero when the war comes to an end. We can make no reasoned guess as to the amount of such expenditure after the war or of the period over which it will continue. Can the Service Departments? Unless we alter our present policy considerably, Relief and Reconstruction abroad will be another large source of expense. To begin with, there is our contribution of £80 millions to UNRRA. This does not (at present) include our share of the cost of relief to enemy countries. It includes nothing for the restoration of Burma or Malaya. It appears that various Departments are contemplating loans on credits to Russia (whose reserves are several times greater than ours), China, Czechoslovakia, Poland and other European countries, amounting altogether to £100 millions or more. Lady Bountiful is likely, to the best of one's observation, to continue her gracious activities until she feels the bailiff's clutch on her shoulder, unless something is done about it. Finally, it is strongly argued in many quarters (and with considerable force) that there are important markets in which we shall not get a footing for our exports unless in the early years we are prepared to furnish a considerable volume of goods on credit. It is pointed out that the United States will offer medium and long-term credit and that we cannot compete unless we do the like. What the cumulative total of all this is likely to be in the early period, it is very difficult to guess. Would anyone care to put it at less than £250 to £500 millions net in the first three years after the war, unless there is a considerable change in the present trend of policies?

7. We have not yet made any provision for the burden of overseas war indebtedness largely in the shape of demand-balances accumulated in London, which at present can be drawn upon with varying degrees of freedom. Finally, therefore, there is the question of the lowest rate at which we must allow these balances to be repaid and drawn upon, if we are to maintain our honour and credit. The largest elements in our total indebtedness, as for example, to India, are not, in this connection, so dangerous in proportion to their amount as the smaller sums which

we owe to a great variety of smaller creditors. Once we owe (say) £500 millions to India, which is far greater than we can possibly discharge in the early period, a further increase to £1,000 millions does not really affect the dimensions of the early-period problem. Thus we have to regard the composition of the debt as well as its aggregate. In particular there are certain claims against us to which we must surely accord a high priority. The Crown Colonies have lent to us the whole of their currency reserves. The populations of these countries are full of money and starved of goods. Can we, by blocking the reserves held against the money, compel them to remain in this position for an indefinite period? We also hold the greater part, or the whole, of the currency reserves of Ireland, India, Egypt and Palestine.

8. Apart from the larger creditors and from certain less liquid liabilities, the following smaller and more dependent or necessitous countries held sterling resources in London at the end of March 1944 as follows:—

	£ millions	
West African Colonies	76	
East African Colonies	72	
Other British Africa (excluding South Africa)	34	
Ceylon	39	
Malaya	95	
Hong Kong	32	
British West Indies	54	
Palestine	93	
Other Colonies and Mandates	79	
		574
Iraq	64	
Netherlands and Colonies	53	
Belgium and Colonies	17	
Free France and Colonies and French blocked balances	64	
Norway	43	
Greece	59	
Iceland	9	
China	21	
Persia	15	
		345
		919

9. There are, in addition, the following liabilities of more varying degrees of urgency:—

(a) the balances in the major sterling area countries whose currency reserves we hold—

	£ millions
India	797
Egypt	297
Eire	93

(b) the balances in the sterling area Dominions—

	£ millions
Australia	77
New Zealand	22
South Africa	24

(c) the secured loans, &c., from the United States and Canada—

	£ millions
United States	79
Canada	162

and (d) the Special Account balances owing to South America and neutral Europe—

		£ millions
Argentina		52
Brazil		23
Other South and Central America		12
Portugal	(a gold liability)	62
Other neutral Europe		16

10. The grand aggregate, as at the end of March 1944, stood at £2,670 millions. By the end of 1944 the figure will exceed £3,000 millions. Admittedly a considerable proportion of this, say, a half or even two-thirds, can be funded, or perhaps, if we are tough (which we are not) written off, or represents normal working balances and currency reserves which will be maintained and therefore, constitute no immediate danger. (Nevertheless even this half will add considerably to our future burden if any significant amount of interest is payable on it.) It is the remaining one-third to one-half, *i.e.*, £1,000 to £1,500 millions as at the end of 1944, which is dangerous, because it represents entirely abnormal accumulations which the countries concerned will certainly seek to withdraw at the earliest opportunity. Unless, therefore, steps are taken to the contrary, it would be prudent to assume that during the transitional period as a whole attempts will be made to utilise at least £500 to £750 millions, either in the shape of British exports or by demanding foreign currency in exchange.

11. As matters now stand and before reckoning any relief from the application of the measures recommended below, we are left, therefore, with the following prospective deficit during the transitional period of (say) the first three years after the war, to be found in the shape of new loans or equivalent aid:—

	£ millions
Excess of imports over exports	750–1,000
Excess of other overseas cash expenditure over income (*i.e.*, liquidation of war expenses and demobilisation in overseas theatres, relief, reconstruction loans, export credits, &c., *less* shipping earnings, net interest earnings, &c.)	250– 500
Repayment of abnormal sterling balances	500– 750
Total deficit	1,500–2,250

Nor is there any certainty that we shall have reached equilibrium at the end of the three years.

The means of solution

I.—*The sterling area*

12. The easiest way to effect a large change for the better in the above estimate of the total deficit is to restrict, during the transitional period, the repayment of the abnormal sterling balances. If the measures recommended below are adopted, there

will be a reasonable hope of greatly reducing, or even eliminating, this item. For, in this case, whilst certain balances would have to be reduced, other balances might increase, with the result that there might be no large net change. This will require, however, a material change in the present Sterling Area arrangements, about the practice of which there is a widespread and most dangerous misunderstanding.

13. With certain foreign countries, of which Argentina and Brazil are the most important, we have established what are called *Special Accounts*, which are blocked within the Sterling Area (except to the extent that we agree otherwise) and can only be utilised to discharge sterling loans or to buy exports from the United Kingdom or other members of the Area. Thus the use of the balances in these accounts may exhaust a part of our export capacity without adding to our current resources, or may increase the burden of the balances owing by United Kingdom to the other members of the Sterling Area. But they cannot cause a direct drain on our reserves of gold and dollars. Now it is commonly believed that the sterling balances of the members of the Sterling Area are in the same position as the Special Account balances, that is to say, that they can only be drawn upon for payments in this country or for making transfers to other members of the Area or to Special Accounts and are, therefore, effectively blocked within it. Unfortunately, this is very far from being the case. The arrangements, made at the beginning of the war and *still in force*, are briefly as follows. (The Sterling Area covers the British Commonwealth, excluding Canada, and also Egypt, Palestine and Iraq.)

14. The members of the Sterling Area turn over to us the proceeds of any gold they may sell and the non-sterling currencies they earn from their exports, from United States troops or in any other way. They also undertake to set up local exchange controls to prevent movements of capital outside the Sterling Area and to limit their requirements of exchange to pay for imports coming from outside the Area to what they themselves consider essential. We, on our side, provide their exchange controls with whatever non-sterling currencies they may, at their own discretion, require. This is not a contractual undertaking, and, strictly speaking, no sterling can be remitted outside the Sterling Area without the specific approval of our Treasury in each case. But the arrangement as described above is the present understanding. The other exchange controls in the Sterling Area are autonomous and, so long as the present practice continues, we have no means of influencing their policies, apart from remonstrance. In the early years of the war, these exchange controls were of varying efficacy. Shortly before the lend-lease phase, we were engaged, with some success, in tightening them up. With the lend-lease phase, and more particularly with the evolution of the Combined Boards and allocation of goods and shipping, the exchange controls ceased to be the effective safeguard. Broadly speaking, most goods which could be allocated would be lent-leased, so that no question of dollar requirements would arise. As soon, however, as dollar goods become available outside lend-lease, then the other members of the Area could call upon us to turn their sterling balances into dollars to the full extent determined by the policy of their own local exchange controls in granting licences for the importation of such goods. With the recent chiselling of lend-lease such demands are already beginning to arise, especially in the Middle East. But it is, probably, only after the end of lend-lease and with the increasing availability of shipping, that these demands for dollars will be serious. After that, our only protection under the present practice will be the measure of austerity voluntarily enforced for our good (and to

their own disadvantage) by such countries as, for example, India and Egypt. It will be seen, therefore, that, unlike the Special Accounts, the Sterling Area system is not a blocking arrangement. It is, essentially, a *pooling* arrangement.

15. During the war all the members of the Sterling Area, apart from ourselves, have had a favourable balance of payments with the rest of the world. They have also had a favourable balance in terms of United States and Canadian dollars. In such circumstances, a pooling arrangement has been, of course, wholly to our advantage. The sterling balances, approaching £2,000 millions, which the other members of the Area have accumulated in London are an exact measure of the favourable balance of each of them with the rest of the world (including ourselves), which they have placed at our disposal. It is this system which, in conjunction with Lend-Lease from the United States and Mutual Aid from Canada, has solved so successfully the problem of our war-time finance.

16. But if, after the war, the tide turns the other way and these countries seek to use these balances for reconstruction, for deferred consumption and to replenish their stocks, so that they have an adverse balance of payments, the advantage of a full pooling arrangement is precisely reversed. Our practice (at present) is to let them draw on their sterling balances to meet the deficiency. Now before the war most of these countries were borrowing countries for capital development purposes, *i.e.*, they had an adverse balance on current account. Apart from this, they will emerge from the war starved of goods, with abundant purchasing power in the pockets of their consumers and in the bank-balances of their developing industries, and with almost unlimited sterling reserves upon which to draw. In so far as we can provide them with the kinds of goods they require to the full extent of their requirements, it would be reasonable to expect them to give us priority. But in the early days this will be beyond our capacity, whereas supplies which are both desirable and necessary may be available from the United States. There is no reason to expect that their exchange controls will voluntarily refuse licences for all imports from outside the Sterling Area for a period which may run into years, if the goods are plainly required and if they are available.

17. The notion that the Sterling Area, as at present constituted, is something which we can live upon, is one of the most dangerous of the delusions with which we are at present infected. Some people suppose that we can acquire any produce we need from the Sterling Area and also the Area's earnings from the outside world, in return for blocked sterling which can be used in the last resort for no purpose except to purchase such volume of our exports as we find ourselves able to supply. It is not generally understood that the pre-war availability of Sterling Area balances for expenditure outside the Area has not, in practice, been suspended, except to the extent that the local exchange controls of the other members of the Sterling Area choose to refrain from exercising it. At the present time we are protected by the non-availability both of shipping and of goods beyond what is released, with our approval, by the Combined Boards. As soon as shipping and goods from the United States and elsewhere outside the Sterling Area are again available, full pooling arrangements with the Sterling Area cease to be an asset and become an overwhelming liability. It becomes our responsibility to find dollars not only for ourselves, but for all the other members of the Area.

18. It is, therefore, an indispensable condition of our remaining master of our own situation that we should in practice convert the Sterling Area into the closed

system which some people believe it to be already. This is possible by a simple change which will allow us to preserve the full virtue and value of the rest of the Sterling Area arrangements substantially unchanged in all other respects. Whilst there can be no hope of persuading the rest of the Sterling Area to continue indefinitely on these conditions, we can reasonably press that they accept them for the transitional period, as the best and indeed the only means of safeguarding the balances which they already hold with us, and to prepare a gradual evolution away from the war-time system. Moreover, the proposal below lends itself to a further simple change, to be introduced at the end of the transitional period when we feel strong enough for it, which would allow a permanent retention of a closely knit Sterling Area on principles compatible with the long-term requirements of the proposed International Monetary Fund.

19. The proposed change is that we should limit our liability to find dollars for the local exchange controls of the rest of the Sterling Area to the amount of their own current dollar earnings from exports or borrowing, supplemented by such additional ration of dollars, if any, as we may be able, at our discretion, to provide for them from time to time out of our own resources. It would then be for them to decide without interference or remonstrance from us how best to spend the dollars thus at their disposal. For this purpose we can probably treat the Colonial Empire as, in principle, forming a single pool with the United Kingdom.

20. This has three signal—indeed, indispensable—advantages. It limits our liability to find dollars out of our own resources to what we ourselves think we can afford, and gets rid of an indefinite liability which depends in the last resort on the decisions of others. Secondly, it makes explicit a principle of our post-war financial policy which we must proclaim as indefeasible, namely, that we cannot undertake any legal liability to discharge our overseas debt except in the shape of our own exports (though we shall try to arrange *transfers* of indebtedness to the mutual convenience of all concerned). The formal adoption of this principle will, of course, give an immense advantage to British exports, since sterling will be the opposite of a scarce currency and must necessarily in the end find its outlet in British exports. Thirdly it enables us to escape from the invidious position of having to criticise or remonstrate against, the *particular* requirements of the local exchange controls for foreign currencies. For us to have to argue, without much knowledge of the facts, that India or Egypt is importing too large a volume of American goods would put us in an impossible position both towards the applicant exchange control and towards America. The proposed change could be brought about with the smallest amount of trouble and publicity, because it would merely establish in practice a state of affairs which almost everyone, including the Americans, believe to exist already. It would not run counter to any formal commitment to the Sterling Area and could be put forward (as would indeed be the reality) as an interpretation of the *de facto* position.

21. This would be the first stage in the evolution of the Sterling Area system. But we could not hope to hold the Area together permanently on this basis. We should, therefore, have to prepare for the second stage when we should feel strong enough to allow members of the Area an unqualified right to spend outside it the *whole* of their net current earnings, and not merely what they earned outside the area. This would be tantamount (together with the liquidation of the Special Accounts) to the acceptance of general convertibility in the terms of the International Monetary Fund. We could gradually feel our way to this by increasing the latitude allowed to the local exchange controls, until we felt strong enough to go the whole way.

22. To prepare for this it would be necessary during the first stage to fund the abnormal balances in the sense of tying them up in the shape of inter-governmental credits which could only be drawn upon at a stipulated rate and subject to agreed safeguards. There are two foundation principles of policy in handling the abnormal overseas sterling balances which will keep us safe if we hold fast to them. The first has just been stated, namely, that we cannot repay our war indebtedness in any form except our own exports. This means that we do not accept a liability to find gold or any foreign currency. The second principle is that this indebtedness should carry no significant rate of interest pending its discharge.

23. This principle is just. To commercialise a war debt between Allies which leaves no productive asset behind, as though it were yielding an annual income, would be unreasonable and wrong. Interest, where there is not and in the nature of things could not have been any current income yielded by the loan has been stigmatised in most ages of history, except when the false analogies of trade were wholly dominant, as an intolerable and immoral imposition. To repay capital instalments is bad enough when no asset corresponds to the loan. But it is honourable, having received assistance in kind, to return the equivalent as time and opportunity permit.

24. An appeal to this principle is also inevitable. By the end of the transitional period, our overseas indebtedness may reach as much as £4,500 millions. To pay (say) 3 per cent, interest and amortisation on this might be within our power some years hence, in spite of the fact that our own offsetting income from foreign investments is greatly reduced. But for the time being it is clearly impossible, and probably for some time to come. Last time we humbugged to the end—though the end came almost immediately—on the basis of accepting the commercial analogy. We did this in the name of our honour and dignity. And thereby we lost our honour and dignity, as well as our good word and any reputation we may have possessed for common sense and good management.

25. If we are wise enough this time to refuse the commercial analogy, it should not be beyond our power to discharge the whole of the capital sum in the shape of our own exports by gradually rising instalments over a period of (say) forty years; for example, with annual instalments beginning at £50,000,000 and rising by £3,000,000 a year, with some right to anticipate and to delay according to our capacity to furnish, and the willingness of our creditors to accept, a surplus of our exports. This should not mean that all our creditors are paid at the same rate, since a creditor more willing than others to accept capital goods exports, which we are in a position to furnish additional to normal exports, would be paid off more rapidly. This system should prove a most serviceable aid to the policy of full employment, since we could offer to expedite the repayment of our debt by special exports at times when normal demand was falling away. To declare what we hope to perform and to perform it will be a better course than to try once again a financier's confidence trick of accepting in name liabilities greater than we can meet, and then hope by deft management to keep so many of the chickens in the air that they never all come home to roost.

26. The practical application of this principle will involve many difficulties into which it could be premature to enter in this paper. It will be necessary to determine what liabilities are abnormal and due to the war, and by what data (which may be some time after the end of the war) accumulating balances are no longer "abnormal

and due to the war." It will require a distinction between "official" and "unofficial" balances. It may be advisable to allow Treasury Bill rate, at least on those balances which represent currency reserves; though even if Treasury Bill rate is reduced to ½ per cent., it would cost £22½ millions a year to pay this on the whole amount, which would add nearly 50 per cent. to the burden of the suggested initial rate for the discharge of the capital obligation.

27. In order to freeze the situation pending the completion of funding agreements on the above lines, it would be highly advisable to prohibit the investment of non-resident money in Stock Exchange securities, except on special grounds with official approval. This would prevent the earning of interest by (for example) our overseas creditors' purchasing gilt-edged securities, and also (which is of the first importance) a growing foreign ownership of British equities on what might become a substantial scale. Without this provision, which would not be intended to prevent foreign ownership of stocks of commodities or permanent direct investments, a time will surely come when Americans will begin to buy us out of house and home and acquire from us our fundamental overseas equities and enterprises. The early introduction of this prohibition is important.

28. If India or any other participant is prepared, in the light of the completed story, to make a free contribution to our costs of the war out of their accumulated sterling balances, well and good. But such gestures, however welcome, cannot go far towards solving the problem or provide the basis of our general policy. The right course is for us to declare that we will repay in full out of our own exports the capital sums advanced as and when we can, but without interest; and then make it our business to fulfil this promise to the letter. There is dignity and honour in this. Less clear-cut solutions will leave us permanently with one leg in the bog, out of which we shall eventually decide to shuffle somehow, covered with mud.

II.—*The strengthening and subsequent use of our gold and dollar reserves*

29. A year before the outbreak of war our reserves were very substantial and stood at £1,043 millions. The expectation of war led to a large-scale withdrawal of foreign balances, and at the outbreak of war we were reduced to £620 millions. At the commencement of Lend-Lease (April 1941) we were practically cleaned out, having gold and dollar reserves of £66 millions with £63 millions gold liabilities against them, so that our net reserves were down to £3 millions. Thereafter came the Jesse Jones loan; the old (pre-Lend-Lease) commitments had been substantially met; almost all our current requirements from United States were for a time lent-leased; and the Sterling Area was beginning to gain substantial earnings from the United States troops; with the result that our reserves began to rise quite steadily. They are likely to reach a peak somewhat in excess of £400 millions before the end of 1944. Unfortunately, awareness by the United States Administration of this recovery in our reserves has led to a large-scale curtailment of lend-lease facilities, with the result that we are now dependent on our precarious earnings from the United States troops to prevent our reserves from falling. When the war in Europe is over, we shall be on the wrong side, perhaps by as much as £100 millions a year, even if lend-lease continues as at present; whereas Mr. Stettinius[2] has recently warned us that after the

[2] E R Stettinius, lend-lease administrator and special assistant to President Roosevelt, 1941–1943; US under-secretary of state, 1943–1944; secretary of state, 1944–1945.

end of the German war we must expect food and raw materials to be cut off lend-lease which would be restricted henceforward to munitions only. Thus, as matters now stand, we shall be lucky if we emerge from the Japanese war with reserves of as much as £300 millions, instead of with the £500 millions for which, at one time, we were hoping. Since reserves of about £250 millions probably represent somewhere near the bed-rock figure below which we should not allow our reserves to fall except for the gravest cause and in extreme urgency, it follows that, unless we bestir ourselves, the relief we can obtain by drawing on our reserves in the transitional period is so small in relation to our possible requirements that it is hardly worth bringing into the picture.

30. A major improvement in our reserve position can only be achieved if we can persuade the Americans that it is as much in their interest as in ours to facilitate the growth of our reserves up to a level more commensurate with our responsibilities. As we approach the war settlement, it will not be convenient to either party that we should always have to plead *in forma pauperis* to be excused from full participation. Mr. Stettinius has told Lord Halifax that he agrees with this, although his actual suggestions for helping us are misconceived. It may prove politically difficult for the United States Administration to furnish us at a later stage with cash dollars, as distinct from assistance in kind, even though they may wish to do so; yet for many purposes it will be cash that we shall need. It will be a cause of general embarrassment if one of the three Great Powers responsible for settling the world has no free cash at all. The seriousness of this prospect is not as yet fully realised by those who will be most hampered by it if it arises. On the assumption that we end the Japanese war with net gold and dollar reserves not much above £250 millions, not only would the amount be negligible which we could regard as available; but our free resources would be entirely out of proportion to those of our associates. The United States would have sixteen times as much; Russia about three times; France more than double; Belgium, Holland, Switzerland with comparable absolute amounts and much greater free amounts; and so on. Our position would be ludicrously out of proportion to our responsibilities. We should, therefore, aim at an end-war figure of at least £500 millions net and refuse to undertake any post-war liability to Europe or to anyone else until it was assured to us. Have we enough guts, here and now, to make the harsh, difficult decisions which are necessary to save ourselves from grave, subsequent embarrassment?

31. If the United States Administration could be persuaded that this is fair and reasonable and in the general interest, they could help on the desired result in various ways. No further chiselling at lend-lease either currently or after the end of the German war. A generous, instead of a pernicketty, interpretation of the present arrangements. Above all, the assumption by the United States of the entire liability to find gold for the Middle East and India, the proceeds being turned over to meet common war needs in those areas. The last-named measure has been recently proposed by the Governor of the Bank of England. Is it not indispensable that we should now take the initiative to this end? The truth is that we have fallen into a rut in our financial relations with the United States, and we must jolt them and ourselves out of it. In fact, we are bearing a wholly disproportionate share of the financial burden of the war. In practice we have allowed critics in the United States to establish the position that we are a lot of parasites and outsmarters who are milking the poor Americans for our own enrichment. It is clearly beyond our power after five

years to finance the Japanese war on anything like the present basis. It seems, if this may be said, in parenthesis, that the time and energy and thought which we are all giving to the Brave New World is wildly disproportionate to what is being given to the Cruel Real World, towards which our present policy is neither brave nor new.

32. To make a concrete suggestion. The aggregate war expenditure incurred in India, including the pay of the forces but excluding the cost of munitions and other war supplies despatched to that theatre of operations, should be divided into (say) five parts, of which India should bear two, the United Kingdom one, and the United States two. These proportions are, at this stage, only for the purpose of illustration and would need careful working out. They considerably overstate the real share of India, since they would cover her total war expenditure, whereas in the case of the United Kingdom and United States the large amount of munitions and stores shipped to India and also naval expenditure would be additional. Thus, a two-fifths share for India, given above for purposes of illustration, is not too high. The proposed relation between the United Kingdom and United States shares would be justified by the greatly disproportionate share which the United Kingdom has borne hitherto, and the unmanageable proportions of our already existing indebtedness to India. The United States would be asked to meet their share in the first instance by taking over the full responsibility for sales of gold in India and, if possible, of silver also, and for the balance by obtaining rupees from the Government of India in exchange for dollar balances which would be earmarked for post-war use by India. This arrangement would be of advantage both to India and to the United States, by providing the former with surplus funds wherewith to purchase American exports after the war, instead of her being (apart from her current dollar earnings) wholly dependent on imports from the Sterling Area.

33. By disposing of the United Kingdom's present liability to find gold for sale in India, this arrangement would relieve our reserves of an important cause of depletion. But there is also another source of seepage which should be stopped up. This flows from the nature of the financial arrangements which we found ourselves compelled to make with certain neutral countries in the hour of our weakness. The "Special Accounts" for Argentina, Brazil and other South American countries, described above, are entirely satisfactory and mean, in effect, that these countries have advanced credits to us which cannot be spent outside the Sterling Area. But Sweden and Switzerland have succeeded, so far, in insisting that we should meet all our requirements from them in gold; so that they have very greatly augmented their gold reserves and have accorded us no financial facilities whatever; while to Persia we have to pay in gold for 60 per cent. of the Persian currency we require. Portugal is in an intermediate position; we do not pay her gold currently, but we have agreed to let her remove her balances in gold five years after the end of the war, if she so wishes, and she already holds £62 millions subject to this undertaking. These various liabilities to find gold are currently costing our *net* reserves about £45 millions a year. Is there any sufficient justification for continuing these agreements a day longer than is required by the length of notice to determine them? It will be essential, in any case, to replace them by Special Accounts on the Argentine model after the war. Has not the time and the necessity for appeasing these countries come to an end? The arguments for continuing financial appeasement which are already readily forthcoming, are not always equally impressive.

34. These measures, if taken promptly, should go a long way towards achieving

the desired result of raising our *net* end-war reserves towards £500 millions. But each month's delay in putting them into force means some £10 to £15 millions off our final aggregate of reserves. The indispensable preliminary to a solution is to persuade the Americans that the above goal is a desirable one for us to reach in the interests of both countries. Until recently they were bending all their efforts to reduce our reserves to £250 millions, and have been far too successful in this direction. At the moment there is a moratorium on further chiselling and we are being left (comparatively) at peace. But sniping still goes on and an outbreak of more active measures may recommence at any time. It is essential, therefore, frankly to put our whole case, set out in this memorandum, before the American Administration and invoke their aid on the lines indicated.

III.—*A stiffer attitude towards new obligations*

35. The next question is whether a stiffer policy is not called for from all departments of Government so as to reduce the prospective burden on our post-war balance of payments. Our present attitude towards our Allies and Associates is the result of several ingredients. In the financial field we have never escaped from the consequences of the Dunkirk atmosphere, when we felt alone: that this is *our* war; that if anyone helps it is very nice of them, but we cannot, of course, expect that it should be otherwise than on their own terms; that so far as we, but not they, are concerned, the future must be entirely sacrificed to the overwhelming needs of the present; and that if anyone wants a *douceur* he must, in the interests of getting on with the war, have it. This is the ingredient of appeasement, right and inevitable once, not so clearly necessary now. Next there is our position as a Great Power, equal in authority and responsibility and therefore equal in the assumption of burdens. This is the ingredient of pride and prestige—easily understandable, but nevertheless short-sighted if pride and prestige are, in fact, to be preserved. And, finally, the most sympathetic and natural of all the ingredients, what we have called the gracious activities of Lady Bountiful, all-oblivious of the bailiff's clutch, the universal and unthinking benevolence of a family which has always felt rich and for whom charity has become not so much a sacrifice as a convention. How promptly and handsomely we should all subscribe to the Lord Mayor, if there were to be an earthquake in New York! It never occurs to Lady Bountiful that it may be her own dinner that she is giving away. If she did, the gift would be worth a great deal more; but would she, in this case, give it?

36. One feels more critical of our own approach after one has noted the more realistic and entirely successful methods of the Russians. For one then understands how little appeasement and gentleness contribute to pride and prestige. But, on the other hand, one feels less critical when one compares how the Europeans and the South Americans and the Neutrals and the Dominions feel about us and how they feel about the Americans. Much to be said for our following the dictates of our own nature. Our Foreign Office could justly claim that it has achieved immeasurably more than the State Department and can count with pride the number of our genuine friends, even though we have not yet found the answer to the Russian technique. Less critical again, when one meets the European Allies face to face and appreciates the extremity of their need and how immensely they can, if they are succoured, contribute to the excellence of the world. Therefore the criticism of the previous paragraph, though it is expressed with deliberate harshness, should be

applied with much circumspection and moderation.

37. Nevertheless, certain concrete suggestions can survive this scrutiny. The Western Europeans hold large quantities of gold, with an important portion of which they intend to part to pay for relief and reconstruction. It is right and reasonable that they should do so; for they have escaped hitherto that part of the costs of the war which would have drained off their overseas resources. It will be in the interests of general equilibrium that as much as possible of the gold they part with should come our way in the first instance. It follows that we should strictly avoid granting them credits or any special reliefs, and that our just needs for payment from them should be frankly expounded to them. Nor is it right that France should entirely escape the external costs of the war. At present it is we who have discharged out of our exiguous gold reserves, far less ample than hers, the cost of French munitions ordered in the United States and delivered after the collapse. It is expected that by the time we have recovered Metropolitan France, we shall, as a result, owe the French Government, for whom we have recovered it, a very substantial sum. Are Ministers fully deliberate and purposeful in all this? Or is it just happening?

38. In regard to Russia in particular we have got into a false position. No one knows accurately the extent of her gold holdings. They may well, by the end of the war, be nearer to £1,000 millions than to £500 millions. It is clearly their policy to borrow all they can on easy terms, and to reserve their gold for eventualities. It is common form to-day to say that Russian credit is the best in the world. Don't believe it! They will do whatever suits them best as circumstances change. (Those who claim her credit is good simultaneously argue that we should risk losing our money if we try to press the agreed terms of repayment for what she owes us already.) No one's credit for an overseas loan is worth much. However that may be, granting even that her credit is good, we are in no position to lend, whereas she is in a position to pay. Moreover, any little thing we could do for her she would regard as chicken-feed and laugh in our face. Let our financial policy to Russia, therefore, be realistic and firm to the fullest extent. In particular, she should pay cash in full for all supplies reaching her from the sterling area after the German war is over—even though she decides to think again about her relations with Japan. Here is surely a case where weakness can serve no good or sufficient purpose. This is not one of the good cases for running our exports by credits. Russia is as capable of paying us cash now as she will be in five or ten years' time. And it will be easier to persuade her to pay for goods she wants before she gets them, than it will be after she has got them.

IV.—*The export drive*

39. One final remedy remains, and by no means the least important, before we turn to the residual problem of post-war financial aid from the United States. This is the overcoming, so far as possible, of the time-lag in the recovery and expansion of our exports.

40. The present prospect seems to be that, after the German war is ended, the American economy will be promptly demobilised on a scale sufficient not only to allow a return to normal civilian standards, but to provide a considerable surplus for export. Our degree of demobilisation, on the other hand, although we have been fighting two years longer, will be greatly less and will not allow any considerable margin for exports. This will have a double disadvantage to our post-war finance, both currently in increasing the time-lag and because, when we start seriously to

recover markets, we shall start behind in the race. Should not the War Cabinet ask the Chiefs of Staff to think again about the rate of demobilisation appropriate to our comparative situation, and the conditions of achieving it?

41. This bad prospect is, of course, aggravated by the fact that, whilst exports are a luxury to the United States, they are a matter of life and death to us. A frontal attack is needed on the American attitude to our exporting programme. Mr. Stettinius has recently given it as a reason why food and raw materials must be taken off lend-lease as soon as the German war ends, that the continuation of lend-lease (apart from munitions) is incompatible with our being allowed to lift a finger to improve our export prospects. We should impress it on the American Administration that during the Japanese phase it is indispensable for us to make a serious beginning at the recovery of export trade entirely freed from White Paper conditions, whilst at the same time suffering no abatement in lend-lease aid. A frank show-down with the Americans on this and all the associated issues will conduce, whatever the result, to better relations between us than an indefinite acceptance on our part of what we all of us believe to be both intolerable and unfair. It is time for us, too, to take thought not merely of how to survive, but of how, surviving, we shall live.

42. It also seems to one, who is admittedly not fully cognisant of what is going on, that the early problems of each individual export industry are not receiving the urgent, intensive and realistic study, in collaboration with the industries themselves, which is necessary to reduce to a minimum the inevitable time-lag of recovery. No one Department is responsible for covering the export field as a whole or for setting a target and seeing that it is reached. One cannot say that nothing is being done. But no serious attempt is being made to bring our actions into clear conformity with our needs.

43. It is all the more reason for vigour in prosecuting the export drive that the prospects of success are by no means poor. Our competitive position after the war is likely to be better than it has been for years. Of our chief competitors, Germany and Japan will be temporarily out of the picture; and the rest of Europe under great handicaps. The hourly wage in this country is now, on the average, a little less than 2/–, but the hourly wage in the United States is about 5/– ($1); it would be unnecessarily defeatist of British industrialists to assume it to be inevitable that their own methods are so relatively inefficient, that they cannot compete in straight manufacture with Americans who are paying two and a half times their wages. It is true that the members of our own Commonwealth will be rapidly developing their own industries, but for some time at least this will create a demand for capital goods which we are well qualified to supply, and in the longer run new needs and the demand for higher standards of quality may maintain demand. Finally our best customers are in command of as much sterling as we feel able to release to them, solely available (if the above recommendations are accepted) for purchases in our market—an entirely novel situation. Sufficient vigour applied to these initial advantages may produce results far in excess of the present general expectation. These results will not just happen, any more than the creation and equipment of a great army just happens. But the application of the same energy and the same single-mindedness of purpose will work the same miracle, and work it quickly. This will require at the start not merely the means and the incentive to produce, but also the same severe stinting of the home consumer, although, having already put up with it for so long, he could reasonably have expected relief. The country must learn to believe that these are the conditions of our economic health and financial

independence, and the only means by which we can consolidate the position which we shall have won in other fields.

The residual problem of aid from the United States

44. The adoption of the above recommendations would very greatly reduce the size of the uncovered balance. But inevitably there will remain a substantial sum for which we must look to the United States. There is no sufficient reason to doubt that the Americans will, on terms, give us all the accommodation we may require. That is what both the present Administration and the New York bankers are contemplating. Indeed, they are likely to offer us considerably more than it will be wise for us to accept. It is not the *quantity* of the accommodation about which we need worry. It is the *terms* and the consequences of losing our financial independence which should deeply concern us. There are three reasons why we must reduce our requirements for American aid to the least possible—say, to $2 to $3 billions (£500–£750 millions); and even be prepared, if the worst befalls, to do without it altogether.

45. In the first place, we shall never reach financial equilibrium with the outside world except under heavy pressure. If money is too easy to some by in the early stages, we shall acquire habits which it will be beyond our capacity to maintain, and which must lead to an eventual general default to our overseas creditors, with all the loss of prestige and authority which that will involve.

46. We must not engage ourselves beyond our reasonable capacity to pay, conservatively estimated. From this point of view $2 to $3 billion may be fully high, even if the terms of repayment are as easy as those suggested below.

47. Any accommodation we accept from the United States must be on our terms, not theirs. Recent discussion in the United States and evidence given before Congress make it quite clear that there are quarters in the United States intending to use the grant of post-war credits to us as an opportunity for imposing (entirely, of course, for our good) the American conception of the international economic system. It is not as generally recognised in Whitehall as it should be, that the Article VII conversations, if carried to a successful conclusion with all the safeguards on which we should insist, may become our sheet-anchor of safety. In recent evidence before Congress, the views were expressed (and sympathetically received) that the conditions of financial assistance to Great Britain should include the abolition of Imperial Preference, the linking of sterling to the dollar (thus, as it was said in the hearing, defeating Lord Keynes's efforts to prevent by a monetary plan any effective return to gold), and the abolition of exchange controls preventing the Sterling Area balances now in London from being spent on the purchase of American exports. Not all of this need be taken too seriously. But three conditions are, undoubtedly, in view and would probably commend themselves to Congress and to American opinion generally as being just and reasonable. The first is the linking of sterling to the dollar, which every American banker puts in the forefront. The second is the freeing of some part at least of the Sterling Area balances in London for the purchase of American exports, thus canalising debts, which we now owe to our normal customers and which are only payable in terms of our exports, into a debt payable in gold to a country which does not buy our goods on any scale. The third, which is vaguer, might relate to the form of the assistance, which would not be in the shape of free cash but would, though repayable in cash, be on the model of lend-lease and require us to take American produce on a scale and at prices which would not suit us.

48. The Americans also probably contemplate, at present, an interest rate of 2 to 2½ per cent. as well as the repayment of the capital sum by annual instalments. A substantial loan (say, $5 or 6 billions) on such terms would involve us in a liability greater than we can, with any confidence, expect to discharge. It may be, however, that even a serious doubt about our capacity to pay would not trouble the Americans unduly. They want to get their stuff out somehow, and our obligation is better than most. They would not be unduly reluctant to accept the risk of our falling into the humiliating position of bankruptcy and having to come back to them for mercy later on.

49. In the negotiations with the United States we must, therefore, regard one principle as absolute. We will not borrow dollars on our own credit in order to allow Sterling Area countries (other than the Crown Colonies) to buy United States exports out of their sterling balances. Any accommodation which is found for them must be on their own credit. This principle is of first-class importance because, as we have seen, there will be great pressure on us to abandon it. The United States Treasury will be very jealous of the benefit to British exports if it is British exports, and British exports alone, which can be purchased out of the sterling balances. They will be quite happy to canalise a proportion of our present debt to the Sterling Area into a debt to themselves. We can predict with some confidence that their offer will in fact be along these lines. For example, they may offer us $5 billion on easy terms, provided we devote (say) $2 to 3 billion of this to turning abnormal Sterling Area balances into dollars. Sometimes it appears to us (perhaps unjustly) that the United States Treasury would prefer us to end the war with exiguous gold and dollar reserves so that they will be in a position to force this solution on us. Moreover, this plan would obviously suit other members of the Area, who would be organised to put pressure on us to accept it.

50. In view of all this, what form and measure of assistance should we aim at? Clearly we should seek to obtain as much as possible on Lend-Lease terms—in other words, as a contribution to the costs of the war. This would have to be under new legislation. But if the United States Administration *wished* to help us (and others) on these lines, all sorts of formulæ of justification could be worked out. The ideal arrangement would be (say) $1 or 2 billion in goods on Lend-Lease terms and $1 or 2 billion in cash repayable. But whether the cash accommodation is $1 or 3 billion, it must be without interest, at any rate until we can see our way clearly to repay. For example, assistance might take the form of an advance without interest fixed for ten years, at the end of which term the conditions of repayment would be considered, and mutually agreed in the light of our capacity at that time to discharge it out of our exports.

51. Rather than accept terms we think unsuitable or beyond our power to satisfy, we should decline assistance altogether. This is hard doctrine. It might mean a postponement of much that the public is being led to expect. But if we take thought for our ultimate strength and independence, it will be greatly worthwhile. Moreover, if we are genuinely prepared to take this course, we shall, in all probability, get what we want. For one thing, when the world knows the whole story, our case is just. There is no reason why we alone should emerge with vast war debts to our Allies. We must declare unequivocally that the limits within which we will accept this position are narrowly defined and will be defined by ourselves. For another thing the Americans, rightly approached and frankly handled, are a generous people. Above all, perhaps, the advantage is not all on our side. If we refuse to accept financial

assistance from the United States, it will cause nearly as much embarrassment to them as to us.

Conclusion

52. Our own habits are the greatest obstacle in the way of carrying out almost every one of the above recommendations. All our reflex actions are those of a rich man, so that we promise others too much. Our longings for relaxation from the war are so intense that we promise ourselves too much. As a proud and great Power, we disdain to chaffer with others smaller and more exorbitant than ourselves. Having been so recently in dire extremity, our financial diplomacy is rooted in appeasement. Above all, the financial problems of the war have been surmounted so easily and so silently that the average man sees no reason to suppose that the financial problems of the peace will be any more difficult. The Supply Departments have demanded of the Treasury that money should be no object. And the Treasury has so contrived that it has been no object. This success is the greatest obstacle of all to getting the problems of this memorandum taken seriously. And when we come to exports, no one ever seems to suppose that we need expect to be paid cash for them in full—exports for relief purposes, exports on credit, exports for prestige and propaganda, exports below world price so as to gain satisfied customers five years hence; never exports so that we can live.

53. Our final conclusion concerning the scale of residual assistance required from the United States is, unfortunately, based on the assumption that the preceding recommendations have been substantially (and successfully) acted upon. If they are largely rejected, the best alternative (and one which it is ill-omened to mention, since it is so likely to be adopted) is to borrow all we can from the United States on any terms available, and in due course shuffle out. The Americans, as we have mentioned above, may positively tempt us to this course. No comfort, therefore, unless it be from the following story. In 1755 Lord Chesterfield, under the influence of gout, wrote from Bath to Mr. Dowdeswell, the Chancellor of the Exchequer in that time of war, that Lord Orford (Sir Robert Walpole) "who was as sanguine as anybody, used always to say that whenever the National Debt should amount to 100 millions, the whole would be over and the game up. And this will certainly be the case should this war last four years longer"; to whom the Chancellor replied that he knew no answer to His Lordship's argument, but that he had great faith in the *dictum* of Voltaire that "the probable very seldom occurs."[3]

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[3] In the spring of 1945 Keynes produced another analysis, more detailed and much longer than the memo reproduced above, which outlined various financial strategies for the period following the defeat of Japan (CAB 66/65, WP(45)301, 15 May 1945, memo by Keynes, 'Overseas financial policy in stage two'). Here it was suggested, *inter alia*, that Britain's post-war financial difficulties might be partially eased if large amounts of colonial sterling balances were written off or appropriated. CO officials envisaged technical difficulties and were even more concerned about the political implications. As S Caine remarked, 'it would look extremely odd to be promising a sum of £120,000,000 for Colonial Development and simultaneously to be contemplating a cash surrender of precisely the same amount'. Stanley agreed that full acceptance of Keynes's proposals would have 'a disastrous political effect even if there were any possibility of in fact finding means to surrender such large sums of sterling now standing to Colonial credit'. However, the secretary of state expressed willingness to consider, as part of a wider scheme, whether 'some much smaller and possibly only nominal contribution could be made on Colonial account' (CO 537/1378, minutes by Caine, 9 & 15 June 1945). For subsequent documentation, see BDEEP series A, vol 2, R Hyam, ed, *The Labour government and the end of empire 1945–1951*, part II, chapter 3.

119 CO 852/558/1, no 19 7 July 1944

[Import policy and exchange considerations]: circular savingram from Mr Stanley to colonial governments

[In March 1944, Caine, prompted by receipt of a paper circulated by the Exchange Requirements Committee, raised the question of whether or not colonial governments should be advised of the general outlook with regard to purchases in other than UK currency. Caine suggested that colonial governments 'are still thinking in terms of difficult currencies, and the idea that virtually any currency other than U.K. pounds themselves is in future going to be difficult will be a novelty' (CO 852/588/1, minute by Caine, 31 Mar 1944). It was agreed to proceed as Caine suggested and the views of the Treasury and Board of Trade were sought before this telegram was sent.]

Circular telegrams sent to Colonial Governments in the early part of the war emphasised the need for economising in imports involving the use of "hard currencies", of which the outstanding examples were United States and Canadian dollars. The reason for this policy was, of course, that His Majesty's Government was vitally dependent for the prosecution of the war upon imports of munitions and other goods which had to be obtained against payment in these hard currencies, and it therefore became essential, in order to conserve the Empire's resources of such currencies, to eliminate all inessential purchases from the countries concerned.

2. At a later period, the decision by the United States Government and the Canadian Government to supply the United Kingdom and certain other parts of the Empire with goods and materials required for the prosecution of the war on lend-lease and mutual aid terms went far to remedy the particular situation mentioned in the first paragraph of this savingram. In consequence the prime consideration in Colonial import policy became for the time being the availability of supplies from the point of view of supply and shipping. Moreover the greater part of the supplies available to the United Nations are now so closely controlled by agreed arrangements, operated under the authority of the Combined Boards in Washington, that Colonial Governments can in many cases be directed to the most convenient sources of supply for a particular commodity and in such cases do not themselves have to consider whether or not the purchase is desirable from the point of view of exchange considerations.

3. More recently it has become evident that there are very definite limits both to the scope of lend-lease and to the calls which can be made on Canadian mutual aid. Moreover the exchange problem which is thus again raising its head can only very partially be solved by diversion of expenditure from North American to other sources of supply. In the course of the war His Majesty's Government in the United Kingdom has incurred heavy obligations both to certain foreign countries and to a number of parts of the Sterling Area, particularly India and the countries of the Middle East. From the point of view, therefore, of exchange considerations it is no longer merely a question of economising in the use of a few particular "hard" currencies, but oif economising in imports from practically all sources other than the United Kingdom and other Colonies. In addition, of course, so long as present supply and shipping conditions persist, there remains the overriding need of which all Colonial Governments are well aware for eliminating all but essential imports from whatever source.

4. I recognise that at present the total volume of imports into most Colonies is severely limited by supply and shipping factors, and further that the close control of

supplies by the Combined Boards in Washington in many cases allows Colonial Governments little latitude as regards choosing their sources of supply. But I do not think it is too early to point out that as and when, in the case of any particular Colony, these problems of supply and shipping become less acute, the problems of exchange will unfortunately not vanish simultaneously. They may indeed be expected to become more serious, nor can any early end to them be foreseen, even after the restoration of peace. I trust therefore that in the formulation of import plans and policies, both now and for the immediately post-war years, Colonial Governments will bear these considerations well in mind.

5. The considerations referred to will not affect the special arrangements already approved for obtaining from the United States certain supplies for West Indian development programmes, but when the time comes to consider any extension of those arrangements to cover further supplies of that character, the exchange position then prevailing will have to be taken into account.[1]

[1] Para 5 sent to West Indies colonies only (excluding Bahamas and Bermuda).

120 CO 852/588/11, no 10, WP(44)643 15 Nov 1944

'Future provision for colonial development and welfare': War Cabinet memorandum by Mr Stanley

[Having decided with his officials in Sept 1944 that an increase in the annual provision of funds for development and welfare and an extension of the period covered by the Colonial Development and Welfare Act, 1940, should be sought, Stanley wrote to the chancellor, Sir J Anderson, proposing incremental increases in the provision of funds (CO 852/588/11, no 2, 21 Sept 1944). This suggestion was rejected by Anderson (*ibid*, no 7, 25 Oct 1944) and, after further consultation between the two, it was agreed that the secretary of state for the colonies should refer the matter to the War Cabinet. The War Cabinet agreed in principle to Stanley's proposals and after further discussion between the CO and the Treasury, it was decided that provision for all purposes should not exceed £120 million over a ten-year period from Apr 1946, and that the amount provided in any one financial year should not exceed £17.5 million. The Colonial Development and Welfare Bill was passed in Apr 1945.]

1. The next few years may well determine the future course of the Colonial Empire. The participation of the Colonies in the war and the gratitude felt by this country for their efforts have increased our awareness of past deficiencies in our administration. Perhaps more than ever before the public to-day are interested in the Colonies and anxious for their development. On the other hand, hundreds of thousands of the natives of the Colonies, in one branch or another of the Armed Services, have been enjoying a standard of living to which they have never been accustomed before, have travelled thousands of miles from their native villages, and will return with a desire for some of the improved conditions which they have seen and experienced elsewhere.

2. Realisation of these new conditions was given expression in 1940 by a new Colonial Development and Welfare Act, which provided for spending up to a maximum of £5 million a year for ten years on development and welfare, with an additional £500,000 a year for research. This Act, passed at the time of our gravest

danger, was a magnificent gesture, but I am afraid, for reasons outside our control, it has remained little but a gesture. Shortages of technical staff, of materials and of man-power have largely prevented the translation of this legislative permission into reality. In fact, the estimated total of expenditure up to the end of the current financial year is only £3,790,000 against the £20 million which the Act would have permitted. Although this short-fall was due to no lack of sincerity or drive but entirely due to physical limitations, it has undoubtedly produced in many of the Colonies and even within the Colonial Service a cynical belief that the gesture was never meant to be more than a gesture.

3. In these circumstances I believe the time has come when it is necessary for us to declare our intentions for the future. Since 1940 we have been able to do a considerable amount of planning; and indeed things are now speeding up to such an extent that in 1945–46 expenditure is expected to be at least £4 million.

4. At my request Colonial Governments have been preparing outline plans of the developments which will be necessary to provide basic economic and social services—communications, water and irrigation schemes, health, education and so on—on the minimum essential scale. I have received such outline plans from a number of Colonies, including several of the larger African territories, and, of course, from the West Indies, where the Comptroller of Development and Welfare has been working for over 3 years. I can, therefore, estimate much better than in 1940 how much money will be required, after allowing fully for what can be found from local resources of taxation and from public loans and making a realistic assessment of how much work local Public Works Departments can undertake and local supplies of labour can execute. As a single example I will quote an estimated minimum requirement in Nigeria of £27 million in 10 years.

5. On the basis of the information in the preceding paragraph my proposals, which, in my judgment, represent the minimum needs of the Colonial Empire over the next few years, if our frequently declared policies are to be implemented, are as follows:—

(i) that the Act should be extended for a further ten years as from 1946;
(ii) that the annual sum should be increased. My proposal is that for the three years 1946–47 to 1948–49 the provision should be £10 million per annum; for the next four years, 1949–50 to 1952–53, £15 million; and for the last three, 1953–54 to 1955–56, £20 million. These would be over-all sums and would include provision for research and certain additional schemes such as higher education which I otherwise should have had to bring forward outside the scope of the present Act.

I have deliberately adopted the policy of increasing the annual figures as time goes on. Expenditure has shown that planning and preparation for Colonial development is bound to take time, that, as in rearmament, the actual expenditure increases by stages, and that it is only in the later years that full provision is needed.

6. I have discussed these proposals with the Chancellor of the Exchequer. He agrees that the Act should be extended for another ten-year period, and he agrees also that some substantial increase in the financial provision is necessary. He finds himself, however, unable to commit himself to anything further than a provision for the ten-year period of £10 million a year for development and £1 million for research. As I understand it, he does not base his alternative proposal on any

criticism of my estimates of what the Colonial Empire will require but solely on the financial exigencies of this country.

7. I am afraid I am unable to accept the Chancellor's proposal. He has, if I may say so, treated me with great fairness, and it is in full agreement with him that I bring this matter to the War Cabinet. He feels, as I do, that the War Cabinet should have before them both the needs of the Colonial Empire, which I shall stress, and the difficulties of national finance, which he must emphasise.

8. Although the differences in money between my proposals and the counter proposals of the Chancellor are small in comparison with the national finances, they are to my mind fundamental when applied to Colonial development. From the over-all plans which I have so far received from Colonies, I am convinced that whereas under my proposal (with some pruning), it will be possible to undertake a practicable but far from extravagant scheme of development, with the Chancellor's figures planned development over a period of ten years would be impossible and in practice we should have to be content with a collection of individual projects instead of integrated plans, a practice which has been properly criticised in the past and which cannot give the best returns from the money. I have had, too, some opportunities of judging the psychology of Colonial peoples and Colonial administrations, and I am convinced that anything short of my plan would fail to meet their natural expectations and aspirations.

9. I am not pretending that the assistance to the Colonies which I propose will not impose some burden upon this country. I do, however, feel that the Colonial Empire means so much to us that we should be prepared to assume some burden for its future. If we are unable or unwilling to do so, are we justified in retaining, or shall we be able to retain, a Colonial Empire? The burden, however, is infinitesimal compared to the gigantic sums in which we are and shall be dealing. Nor is the apparent burden wholly real. If these sums are wisely spent, and the plans devoted to increasing the real productive power of the Colonies, there will in the long run accrue considerable benefit to us, either in the form of increased exports to us of commodities which otherwise we should have to obtain from hard currency countries, or in the form of increased exports from the Colonies as part of the sterling area to the hard currency countries outside.

10. But I am not basing my argument on material gains to ourselves, important as I think these may be. My feeling is that in the years to come, without the Commonwealth and Empire, this country will play a small rôle in world affairs, and that here we have an opportunity which may never recur, at a cost which is not extravagant, of setting the Colonial Empire on lines of development which will keep it in close and loyal contact with us. To say now in 1945 that with these great stakes at issue we shall not be able to afford £15 million in 1949, or £20 million in 1953, is a confession of our national impotence in the future. I take a less pessimistic view of our national future and it is for that reason that I ask the War Cabinet to approve the proposals which I put forward in paragraph 5.

121 CO 852/586/9 30 Nov 1944

[Colonial Economic Advisory Committee]: minute by W A Lewis explaining his resignation as secretary

The Secretary of State sent for me yesterday and asked why I was resigning the secretaryship of the C.E.A.C. I therefore gave him the reason. I explained that the Committee was confined to discussing small matters, and that, with some exceptions, it was not allowed to deal with the more important ones. In these circumstances the secretaryship was largely a waste of time, and I was compelled to move to other spheres where my services would be more useful. I gave him some facts to illustrate the point, and he said he would look into it. I had not intended to write any more on this subject, having already said and written so much fruitlessly, but in these circumstances it is now clearly desirable for all concerned that I should place the facts on record.

2. The story begins exactly a year ago, with discussions between the Secretary of State, the Duke of Devonshire, Sir George Gater, Mr. Caine, Mr. Clauson and myself on the work of the newly born committee. Broadly speaking, the permanent officials took the view that the Committee should not be taken very seriously for some time. "Give it a few small matters," said Sir George Gater, "and if it handles these competently we can gradually increase its scope"; and Mr. Clauson quoted the analogy of the Colonial Agricultural Council, which had taken, he said, four or five years to become fully active. The Secretary of State ruled otherwise, and invited the Committee to initiate at once a comprehensive survey of colonial economic problems.

3. The Committee thereupon created several subcommittees, and the best report on its work is to summarise what these sub-committees have done.

4. The Minerals sub-committee has done an excellent job. It has disposed of certain specific questions that arose in Nigeria, Northern Rhodesia, British Guiana, Jamaica, and in regard to tin research generally. And it has also made a comprehensive survey of general questions of mining policy, from which an excellent report has now emerged. This mixture of the immediate problems with a comprehensive survey is clearly an exact model of what the Secretary of State had in mind. Unfortunately, no other sub-committee has functioned in this way.

5. The Industry sub-committee comes nearest to it. This sub-committee has dealt with the specific questions referred to it (licensing, Malta cement and fermentation industries). It also began a comprehensive discussion of the general questions, but was stopped and urged to present an immediate report, Mr. Caine undertaking to produce a draft which could be agreed with minimum discussion. Certain members of the sub-committee objected to this, but subsequently agreed on the understanding that the matters excluded by this procedure could be raised on another document to be handled by the Agenda sub-committee. The result is that the sub-committee spent hardly any time in preparing its general report, which (in my opinion) is of little value, as it does not discuss (1) what machinery Governments might create to investigate industrial possibilities, to plan adequate facilities, and to take steps to encourage enterprises to set up in the colonies; or (2) how best to secure additional capital for secondary industries, e.g. whether through Development Corporations, in view of the relative absence of both entrepreneurship and financial institutions in the

colonies; or (3) whether it is possible for industrial development to be encouraged on a regional basis, so as to secure relatively wide markets and the economies of large scale production. The last question, in particular, frightened Mr. Caine because of its "political" implications, and this is the reason why the Industry sub-committee was shooed off further discussion.

6. The Agricultural sub-committee has never started its survey. A letter was received from Barclay's (D. C. and O.) suggesting the creation of an Agricultural Finance Corporation, and the sub-committee was asked to discuss it in a joint meeting with the Finance sub-committee; the result was to commission an outside study of existing sources of agricultural finance in the colonies which has already been delayed for many months and will not be ready for many more. This is the sub-committee's only meeting for the year. The important problems of the economic organisation of agriculture, e.g. in West Africa, have not been touched.

7. The Finance sub-committee had no other meeting than this joint meeting until yesterday, when it met to discuss the division of taxation between the United Kingdom and the colonies.

8. The Marketing sub-committee did not meet until two months ago. It was asked to advise on the Uganda cotton industry, on a letter to be sent to producers' associations asking their views on the continuance of government marketing controls, and on research into some internal marketing problems. It has done so, and gone into recess after three meetings.

9. The Economic Research sub-committee has mainly been occupied with a full investigation of colonial statistics.

10. Fom this summary it can be seen that only the Minerals sub-committee has really got down to the survey suggested by the Secretary of State. Why? There are four possible answers:—

(1) the survey is unnecessary
(2) the members are unwilling to make it
(3) the Agenda (steering) sub-committee has functioned badly
(4) the attitude of the office.

11. The first reason has been the view taken consistently in the office; it has not been actively expressed since the Secretary of State rejected it, but, as analysis of the fourth possible reason will show, passive resistance has been very effective.

12. The second reason is equally invalid. Of the 14 outside members of the Committee, three are unable to give much time to its work, and are frequently absent from meetings: Mr. Hallsworth,[1] Sir Harold Howitt[2] and Professor Robbins.[3] All the other members of the Committee take a very active interest in all deliberations to which they are invited, and six have expressed to me disappointment that it has not functioned as the Secretary of State suggested, Mr. Dalgleish,[4] Mr.

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[1] J Hallsworth, secretary-general, National Union of Distributive and Allied Workers, 1916–1949; member, Central Price Regulation Committee, 1939–1947; member, TUC General Council, 1926–1947.

[2] Chairman and deputy-chairman of BOAC, 1943–1948; member of Council of Institute of Chartered Accountants, 1932–1961, of the Air Council, 1939–1946, of Agricultural Marketing Facilities Committee, 1943–1966.

[3] Professor L C Robbins, professor of economics, London School of Economics, 1929–1961; director, Economic Section of Offices of the War Cabinet, 1941–1945.

[4] A Dalgleish, Transport and General Workers Union.

Durbin,[5] Mr. McFadyen[6] and Mr. McLean[7] openly, and Sir Bernard Bourdillon and Sir Hubert Henderson[8] by implication.

13. In these circumstances the survey would have proceeded if the Agenda Sub-Committee had functioned properly. Unfortunately its membership was badly selected. Its Chairman, Mr. Hallsworth, lives in Manchester and is compelled, by pressure of other commitments, to avoid all avoidable meetings. Professor Robbins similarly does not attend. Captain Peter always attends, but has expressed the opinion that the sole function of an advisory committee is to advise on questions specifically referred to it; he is not therefore in sympathy with the purposes for which the sub-committee was created. The other two members, Mr. Durbin and Sir Bernard Bourdillon, are actively concerned, and it is through their determination that the Agenda sub-committee has brought off its one successful coup.

14. The origin of this important move is peculiar. As soon as I arrived in the office, I suggested that the Committee should be given a statement of the machinery available for economic planning, and asked to advise. Mr. Caine replied that the machinery was still very much under discussion; a summary statement of the position was prepared, for information only, and not for discussion. I had, however, been discussing with Mr. Durbin the inadequacy of existing machinery, and at a later meeting, when papers on post war readjustment were being referred to the Agenda sub-committee, he took the opportunity to include this summary statement in the reference. Then in the Agenda sub-committee, on the pretext that the Committee could not advise on personnel without knowing for what is was required, he used this statement to initiate a general discussion of economic policy. This procedure was constitutionally improper, but with the stubborn support of Sir Bernard Bourdillon, it was effective. By this time (July) it was clear that there was no intention to summon the proper sub-committees to discuss these matters, and Sir Bernard Bourdillon said, openly that he did not care if he had to be unconstitutional in order to get them raised.

15. The memorandum dealing with these questions is easily summarised. It recommended (1) that existing farming units in Africa was uneconomically small and (2) that Agricultural Departments should be properly staffed to give their attention to improvement in this sphere; (3) that industrial development must be on a regional basis if it is to be economic, and (4) that teams of industrial experts be sent out to investigate projects and take executive action.

16. The attitude of the office to these platitudes was unbelievable. At first it attacked their economic soundness. Mr. Clauson denied to the sub-committee that the smallness of existing units created a problem; and Mr. Caine attacked the underlying theory that administrative action is necessary for, or can make a substantial difference to economic development, quoting Britain and the U.S.A. as countries which developed rapidly without government prodding. As these views were not taken seriously, the attack was shifted to political grounds, and an attempt made to suppress the memorandum on the ground that acceptance of these

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[5] E V F Durbin, senior lecturer in economics, London School of Economics.

[6] Sir Eric McFayden, president of Imperial Council of Tropical Agriculture, Trinidad, and chairman of Planters' Association of Malaya.

[7] J McLean, chairman, Overseas Committee of the Association of British Chambers of Commerce.

[8] Member, West Indian Royal Commission, 1938–1939; adviser, Treasury, 1939–1944.

economic policies would raise political questions outside the Committee's terms of reference. The sub-committee therefore decided to formulate the political questions separately, and to try to get them out of the way, by direct reference to the Secretary of State, before asking the relevant sub-committees to get down to the problems of economic policy and machinery involved.

17. If the Secretary of State gives answers which imply that the Committee need not shrink from investigating these economic questions on political grounds, three of the dormant sub-committees will at once spring to life: the Agricultural sub-committee, the Industry sub-committee and the Finance sub-committee. The fourth dormant sub-committee, the Marketing sub-committee, is also dormant on "political" grounds: it cannot discuss the future of colonial export products because this is tied up with the policies of international commodity arrangements and imperial preference. If this sub-committee could similarly be invited to consider the principal exports and advise as they please, this sub-committee also would start to function, and four of the most important problems in colonial development would thus be taken off the shelf.

18. I come now to the fourth reason why the survey suggested by the Secretary of State has failed to materialise, viz. the attitude of the office.

19. In a matter of this kind, atmosphere is as important as or more important than, positive decision. Committees respond to the atmosphere generated by the officials with whom they deal. Most of us dislike making rows, trying too obviously to have our own way, or otherwise deliberately causing pain to those with whom we associate regularly. Hence if the atmosphere generated is touchy and uncooperative, members will hestitate to make suggestions; if it is otherwise, members similarly respond. Now I cannot prove that the atmosphere was unfavourable to this survey; I can only assert that I have consistently found it to be so, and am consequently resigning; that various members have commented on it; and that the record of the committee itself shows unwillingness on the part of the office to use the sub-committees. The Committee is welcomed as a means of shelving on to others responsibility for unpleasant "political" decisions which the office desires to make, e.g. purchase of mineral royalties. But the idea that it should "poke its nose" into other matters is resented, especially if administrative arrangements in the colonies are involved, or discussions impinging on the policies of other United Kingdom Departments.

20. There are, however, also positive decisions on record which help to explain why so little has been done; and the papers are contained in this file.

21. The first set of papers relates to Sir Hubert Henderson's suggestion that the future of certain colonies depended on the maintenance of international commodity control schemes and imperial preference, and that the Committee should discuss these urgently. The Secretary of State decided that while he would not specifically refer these questions, there was no objection to the Committee discussing them and making recommendations. This decision has been interpreted as a ban on discussion, see, e.g. Mr. Caine's letter to Lord Hailey dated 7th September (in the third set of papers). Practically all discussion of the commodities entering into colonial trade is stymied by this ban. I am myself puzzled by the outcome of Lord Hailey's letter dated 6th September to which Mr. Caine's is a reply. I understood from Mr. Caine's minute to me dated 13th September that the Marketing sub-committee would be asked to discuss bulk purchasing arrangements, but a day or two later, when asked by the

Chairman whether there was anything in prospect, Mr. Clauson replied that there was not. The sub-committee was indeed asked to advise on a letter to producers' associations, but it was made clear that the discussion was to be confined to the organisation of markets and that matters relating to prices, supply and demand were to be excluded—the very questions which are most fundamental to the future prosperity of the colonies.

22. The next set of papers relates to Sir Bernard Bourdillon's desire to discuss the division of taxation between the United Kingdom and the colonies. These papers admirably reveal the difference in approach between the office and the Secretary of State. Mr. Clauson, shown Sir Bernard's letter, proposes to reply in the negative; the Secretary of State reverses this, replying that he will be glad to have any advice and Committee wishes to offer.

23. The next set of papers are my own final effort to activate the committee. On returning from sick leave in June I had an interview with Mr. Caine. I pointed out that the Committee's history so far was unsatisfactory, and asked whether steps would be taken to improve it. He replied that as far as he was concerned things were going quite well, but that if I had any ideas he would be glad to see them on paper. I waited to see the reception given to the memorandum before the Agenda sub-committee, and then on 2nd September produced a long minute suggesting subjects for the sub-committees. The simplest way to summarise this and the papers which followed is to list the subjects mentioned in them and to classify them according to decisions taken so far.

(a) *Subjects already under consideration by sub-committees*

(i) Project for an agricultural finance corporation.
(ii) The division of taxation between the United Kingdom and the colonies.

(b) *Subject to be referred*

(i) Road-rail-river coordination.

(c) *Subjects definitely excluded*

(i) The future of colonial exports.
(ii) The trade relations of the colonies, with each other (e.g. inter-West Indian trade) with the United Kingdom, and with other countries.
(iii) Colonial currency systems. The colonies operate on the most rigid kind of "gold standard" system, with 100% backing, sterling taking the place of gold. In the non-African colonies this does not matter; but in colonies, e.g. Nigeria, where the monetary economy expands year by year at the expense of the subsistence economy, the system is unsuitable. Mr. Caine had decided a long time ago to refer this, but in these minutes announces that he has now decided to exclude it.
(iv) Population congestion. The development plans now coming forward show divergence of opinion on whether to encourage or discourage a greater dispersion of population. On this depend decisions now being made where to build roads, where to develop hydro-electric power etc. (e.g. see the decision not to develop hydro-electric power in the Gold Coast because the population is at present in the wrong places). Clear ideas on the advantages and disadvantages of dispersal and of encouraging or discouraging internal migrations are essential to

any planning involving heavy capital expenditure; but Mr. Caine does not think any lead is necessary on this subject.

(v) Local authority finance. This is excluded because Sir Bernard Bourdillon has pointed out that the finances of native authorities in Africa are based on political rather than economic considerations. There are, however, other local authorities in the colonies.

(vi) Internal air transport: excluded on the ground that decisions are related to international agreements on external air transport.

(vii) Shipping facilities in the immediate post war period: excluded, as being a subject for administrative bargaining with the shipping controls.

(d) *Subjects whose reference is doubtful*

(i) Colonial taxation: Mr. Caine favours a survey of recent changes, but Mr. Pedler is obstructive.

(ii) The investment policy of colonial banks: the figures show that there is a heavy export of capital from the colonies through the banks. The office was very reluctant to discuss this subject at all, but it has now been taken up in informal discussion with Barclay's Bank.

(iii) Land tenure in Africa: waiting for despatch to be sent to the colonies.

(iv) Forestry policy.

(v) Future on the Colonial Empire Marketing Board.

(vi) Accumulation and investment of Colonial Government reserve funds.

(vii) Future of market organisation: depends on replies to letters to be sent to Producers' Associations.

(viii) Planning machinery
(ix) Industrial policy
(x) Economic structure of Agriculture
(xi) Sources of capital

} depend on the Secretary of State's replies to the Committee's questions.

24. Mr. Caine suggested that I draft a letter for Mr. Clauson to send to the Chairman of each sub-committee outlining the programme of work in view for his team, but as only one subject is definitely agreed, there did not seem to be any point in doing this.

25. I am sorry to have had to write a parting minute of such length, which must cause pain to colleagues whom I have always found charming and friendly, whatever our difference of view. But as the Secretary of State asked for my story, it seems only fair to put on paper what I have already indicated orally. And, with the welfare and progress of some 60,000,000 persons involved in the work of the C.E.A.C., personal feelings cannot be allowed to stand in the way of truth.[9]

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[9] Caine minuted (19 Dec) on Lewis's minute: 'The Secretary of State discussed the points made by Mr. Lewis in the course of a general discussion of the past and future work of the Economic Advisory Committee. It was pointed out that we in the Office could not accept Mr. Lewis's account of the procedure as completely accurate . . .'.

122 CO 852/588/2, no 31, CEAC (44) 46 [Dec 1944]

[Economic development]: replies by the CO to questions raised in a CEAC memorandum[1] of 31 Oct 1944

[These replies were drafted by Caine and revised after comments were received from other CO assistant under-secretaries, including one from Sir A Dawe who minuted: 'The trouble about these questions [ie those raised in CEAC's memorandum] and proposed answers is that they appear to presume to too great a degree that these matters will be determined by consciously directed government policy. But I feel that the determining forces will in the event be found to lie largely outside any government control' (CO 852/588/2, 13 Nov 1944). Sir G Gater recommended that this point, and Dawe's other observation that it was impossible to be definite about the time factor in answering CEAC's questions, be brought out in the preamble to the secretary of state's answers to CEAC's questions (*ibid*, minute, 11 Dec 1944.]

Question	Answer
1. Is the Committee to assume that in those Colonies at present organised primarily on the basis of native institutions, economic policies must be compatible with the maintenance of the general structure of such institutions subject to gradual transformation over a period of generations, and should not require or be likely to provoke their rapid remodelling within a period of a few years?	Yes; but it is important to remember that the speed of social change will not be determined solely by official policy but will be importantly affected by the many economic and social forces to which the communities in question are now being subjected and especially by desires and aspirations which may show themselves among the members of those communities themselves.
2. Can the Committee assume that the Secretary of State would be willing to contemplate the use of an expanded agricultural service and of considerable resources of capital and administration, to develop, in areas where physical conditions make it appropriate, by methods of education persuasion, and financial inducements, the growth of agricultural systems based upon larger farming units and using modern methods of cultivation—in co-operative farms or other suitable types of collective units?	Yes.
3. Can the Committee assume that it would be possible for the Secretary of State to pursue an industrial policy primarily directed towards the creation of a limited number of planned and	No. The development of manufacturing industries is likely to be mainly determined by the practical advantages which particular areas and places may present for such development, but of-

[1] See CO 852/588/2, no 28. This memo was produced by CEAC at the request of the CEAC agenda sub-committee, which explained that in the course of discussing information the sub-committee had received relating to development planning in the colonies, questions of policy beyond the sub-committee's scope had been raised.

balanced industrial centres situated in the main regions of the Colonial Empire (the West Indies, West Africa, and East Africa, for example) rather than towards the grant of equal facilities for the encouragement of factories in every Colony?

4. If the answer to the third question is in the affirmative then the Committee would like to know whether the Secretary of State would think it practicable and wise to bring into existence new instruments for both planning and execution—including, in particular, the sending of teams of industrial experts to promote the growth of such centres of industry in the main regions of the Colonial Empire and the creation of Public or semi-Public Corporations for the promotion in investment and enterprise, and whether such new instruments could be given executive powers independent, within appropriately defined limits, of existing Colonial Governments.
5. Finally, it has been suggested to the Committee that the savings of the United Kingdom may prove insufficient to meet all the demands for capital that will be forthcoming from the United Kingdom and from other places, and cannot therefore be adequate to provide all the money that is required for rapid economic development in the Colonies on private and public account. Should the Committee assume that any capital which may be forthcoming from foreign sources to assist in Colonial development must be in the form of private investment in commercial enterprises, or is it reasonable to suppose that, at some suitable time in the future, His Majesty's Government would be willing to approach foreign governments or any international investment fund that may come into existence with a view to raising loans, upon its own guarantee or otherwise, for Colonial development?

ficial policy must allow quite as much weight to the desirability of developing a balanced and diversified economy in each individual territory as to any advantages of convenience in the concentration of development in selected areas.

In view of the answer to question 3, this question does not strictly arise. The Secretary of State would, however, favour the creation of new instruments for the planning and execution of industrial development including separate Departments of Industry and Commerce and Development Corporations acting on a semi-commercial basis with Government finance. The executive powers with which such new instruments might be endowed would have to be determined, subject to the advice or direction of the Secretary of State, by the Colonial Government or Governments concerned, and could not arise independently of those Governments.

It should be assumed that investment of foreign capital will be in the form of private investment and commercial enterprise, i.e. predominantly investment of an equity character, and that H.M.G. will not approach any foreign countries or any international investment fund which may be established, specifically for loans for Colonial development.

123 CO 852/588/2, no 32 19 Dec 1944

[Colonial development and welfare]: minutes of a CEAC meeting [Extract]

[In his opening address to the meeting, Stanley explained the proposals for a new CD & W Act. He also announced Stockdale's appointment as CO adviser on development planning and his intention to invite Stockdale to become chairman of CEAC.]

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Paper C.E.A.C. (44) 46[1] containing the Secretary of State's answers to the questions addressed to him was circulated at the meeting.

Sir John Hay[2] asked whether problems relating to the territories now occupied by the enemy were excluded from the discussions of the Committee or had not advanced to a stage when the Committee could properly advise on them.

Colonel Stanley did not think that they had yet advanced to a stage when the Committee could advise on them. At present they could only be tackled by ad hoc committees and there was of course the question of military security.

Mr. Durbin[3] said that speaking for himself, as the member of the Committee who had been least satisfied with the work of the year, he would say frankly what was in his mind. He thought members had been extremely happy in discussing these problems with one another and in the courtesy and co-operation they had received from the official Advisers, but at the same time he felt that on the second category of questions mentioned by the Secretary of State the progress of the Committee had been disappointing. He had found the making of a programme and the consideration of the important fundamental matters of raising the standard of living of the colonial peoples very difficult for two reasons. In the first place because of the enormous scale of the problem. The more generous sums that were contemplated by the Government under the new Act would add up to an extremely small sum of money—a large sum for the tax-payers to contribute, but a very small fund out of which to stimulate and finance the economic development of 60 million people.

Colonel Stanley said that the Colonial Development and Welfare Vote was not the only source of funds for Colonial Development. Many Governments had built up very considerable capital balances during the war.

Mr. Durbin thought that these would not amount to even double the sums contemplated under the new Act. The view of many students of the problem was that we should need something like £1,000 million a year in this country for the development of 40 million people who were already at a far higher standard of living than was usual in the Colonies. It was difficult to see what practical policy could be pursued in view of the immensity of the problem and the expenditure required. Although he had not studied the Secretary of State's answers yet with the care they required, they seemed to suggest that the scale of development on the industrial side would be very small. He understood that the suggestion of concentration was rejected on political grounds.

The second difficulty had been to discover any administrative or economic or

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[1] See 122.

[2] Businessmen, with interests in South-East Asia in rubber, palm oil and banking.

[3] See 121, note 5.

industrial machinery whereby any policy could be carried out. The Committee had seen a brief survey of the existing machinery and the simple conclusion was that unless people could be found on a very large scale no policy of industrial development could be carried out in the Colonies. Because of these two difficulties he found it very difficult to see how any substantial rise in the standard of living of any of the large groups of primitive people would result during the next 15 years from the deliberations of the Committee or the policy of the Government.

Colonel Stanley agreed that the capital resources of Colonial Governments would not amount to more than double the sums contemplated under the new Act, but he still lived in a world where £120 million was a substantial sum. He had not got the figures, but while these resources were not enormous they were substantial compared with any expenditure which had ever previously taken place in the Colonies.

Mr. Hallsworth[4] thought it would be useful if the Committee could have some idea of the extent of these resources.

Lord Hailey pointed out that capital resources should be understood not only as reserves in hand but as loan raising capacity.

Mr. Caine said that the capital sums in the hands of Colonial Governments at the end of the war might be expected to run into tens of millions. Moreover the figures of the annual expenditure by Colonial Governments on capital goods, public works, etc. amounted to many millions before the war and this expenditure was still continuing. Altogether the suggestion of doubling the £120 millions from the Colonies' own resources was not far out. The Committee could be given figures of the actual balances.

Mr. Durbin said that even with £240 million he could see no substantial hope for the development of such a large body of people. He thought borrowing from foreign governments and selecting limited areas of development was the only hope.

Colonel Stanley thought that one difficulty about limited areas of development was that if, for instance, it was decided to develop one part of Nigeria as the industrial area for West Africa, it was almost the German "herrenvolk" idea—one concentrated in one part of Nigeria all the opportunities offered by industrial development and relegated the rest to an agricultural population. It might offer economic advantages but it would also have very great social disadvantages.

Mr. Durbin said that the alternative of spending considerable sums of money upon piecemeal improvements, which nowhere adding up to a living and fruitful industrial system, was a waste of money.

Lord Hailey said it should not be assumed that the only way of improvement was by rapid industrialisation, although he agreed that industrialisation had its place in general development. But the expenditure required there, although considerable, was not so large as might be involved in large industrial development. He would look to see a very considerable increase in agricultural production as a result of the expenditure of this money. The improvement of communications was one of the first ways of stimulating agricultural development; the improvement of agricultural services and of irrigation were others. Industrial development must begin with small scale enterprise, until industrial aptitudes were more developed, with markets largely provided by the growth of agricultural production and the greater consuming

[4] See 121, note 1.

capacity of the people. He did not think, therefore, that the money which ought to be spent by Government in supporting and stimulating such industrial development would necessarily be a very large sum. Looking at the opportunities, the staff available and kind of aptitudes of the people we had to reckon with the thought that in ten years we could make a very considerable advance with £240 million. But we could make very little advance on the industrial side and perhaps on other sides also unless we had an economic staff in the Colonies acquainted, not only with industrial conditions, but with commerce. This staff must have its statistical side also.

Colonel Stanley hoped that Mr. Durbin did not feel that the limitation on the actual sums at the disposal of Governments, which he (Mr. Durbin) regarded as too low, but which still left a fairly substantial amount, would prevent the Committee from doing a great deal of very useful work in the economic development of the Colonies. Did the Committee feel that there were any other handicaps in the way of its work?

Sir Bernard Bourdillon asked whether anything was being done in the Colonies to overhaul the staff position. He felt that in a Colony the size of Nigeria the present Secretariat machinery was not really suitable for modern conditions.

Colonel Stanley said that he did not want to get involved in questions of increases in the Secretariat. He understood Sir Bernard's point, but it was easier to criticise the present arrangements than to devise a solution.

Sir Bernard Bourdillon said that it was a mistake to establish a new set-up beside the old; the old must be incorporated into the new.

Sir Harold Howitt[5] said that on the question of finance, it seemed almost impracticable to ask for assistance from some other country; it was as good as admitting that we controlled too large a portion of the earth and had better give up some. He thought the sums of money which had been mentioned could in time produce very useful effects.

Mr. Dalgleish[6] said that when a sum was mentioned as being the likely cost of, say, a bridge, it did not mean that that was the outside edge of the sum required. For instance he understood that something over £1 million was to be spent in Nigeria on 42,000 miles of road. That would be nothing like the sum ultimately required for that road if it was to be any use. There would have to be hotels, fuelling stations, small spare part industries, etc. along it.

Colonel Stanley agreed that just building a road without developing water supplies, agriculture, etc. was really a waste of money. There was quite a lot of money among the Africans in Nigeria now and he hoped that as a result of building the road the Africans would start hotels, fuelling stations, etc.

Sir John Hay said that that showed one could not measure expenditure on Colonial Development merely by the capital sums mentioned.

Sir Bernard Bourdillon agreed. The £120 million was not all that was available to start industry in the Colonies. There would also be equity capital from this country and elsewhere.

Colonel Stanley agreed. He did not regard the £120 million as the only or even the largest source of Colonial Investment. All he meant in his answer to question 5 was that he did not believe in an approach to foreign Governments, because he could not imagine that money being lent without strings being attached to it and he did not

[5] See 121, note 2.

[6] See 121, note 4.

believe that Colonial peoples would welcome an industrial development which tied them perpetually by financial strings to the United States of America.

Lord Hailey thought that what we wanted was so to stimulate private enterprise, including local enterprise, that the development of industry would come from the resources of the country itself. He believed that would be much healthier than any attempt to borrow large sums of money from outside.

Mr. Durbin asked whether, supposing it was the case that we could not dispose of sufficient resources to develop the 60 million people for whom we were responsible, we should exclude the help of richer people.

Colonel Stanley said that he did not rule out equity investment. But he did not believe that it was possible to spend in the next few years enormous sums (compared to the fairly substantial figures proposed) without dislocating the whole social life of the Colonies, which would be disastrous to them.

Sir Hubert Henderson[7] said that the investment Mr. Durbin would like to see would be borrowing from abroad and was only sound on the scale he contemplated if it was likely to open up sources of foreign exchange; otherwise it would reflect on our position as guarantor. The picture Mr. Durbin presented of concentrated industrial development in one place was not the way industrial development ever had proceeded. He could imagine that there might be places where it would be desirable as an experiment but he did not think the Colonial Empire was well adapted for it. He agreed that we should assist the development of industries in the Colonies. But the lines on which these industries should develop were clearly marked—certain processing and other secondary industries that fitted in naturally with local conditions. To create in the void an entirely new set-up of inter-dependent industries was a highly speculative undertaking especially as it was proposed to do it with borrowed money from outside. The £1,000 million a year for 40 million people in the United Kingdom, which Mr. Durbin set against £12 million a year for 60 million people in the Colonies, was a computation of the total amount of British savings: it did not comprise merely money voted by parliament, but included such little sums as a man might spend, say, in putting up a cottage. The greater part of it would never come into the capital market, but consisted of the trifling little sums of individuals. That was the way in which the greater part of investment everywhere must be done. He would be horrified to think that the greater part of the £120 million was to be used to develop factories; he thought most of it would be used to create public utilities.

Lord Hailey asked whether the funds to be provided under the Colonial Development and Welfare Act could be used as a support for borrowing by Colonial Governments and whether the loans in question would have to be short-term loans limited to the duration of the Act.

Colonel Stanley said that a scheme could be made by which the loan charges of a Colonial Government would be met for a certain period under the Act. But it could not extend beyond the period of the Act.

Mr. Caine said that there had been cases in the past in which a Colonial Government had felt that after a period of five years or so it would be able to meet the charges but that it could not do so to begin with and an arrangement had been made for the charges to be met under the Act for that period.

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[7] See 121, note 8.

Lord Hailey said that if the Fund could be used as a basis for guarantee it would make very much more capital available. Referring to Colonel Stanley's invitation to members to make suggestions for the work of the Committee, he asked whether they could consider certain major questions of policy, such as the future tariff regimes of the Colonies, or whether it would have to be considered outside as a question of politics. It affected all questions of borrowing from abroad and influenced private investors.

Colonel Stanley said that these questions must obviously also be considered outside, but speaking for himself he would welcome the consideration by the Committee of any of them, including the tariff question mentioned by Lord Hailey. But there was always the proviso that, because these questions were bound up with wider questions which, though not beyond the knowledge, were beyond the official cognisance of the Committee, decisions might have to be taken which either anticipated the recommendations of the Committee or were adverse to them. Provided that was fully understood, he would welcome for his own guidance any advice of the Committee on these problems.

It was clear, said *Colonel Stanley*, that there were very considerable fundamental differences between certain members of the Committee. He did not see why that should prevent a lot of very valuable work being done. If they could not agree they could agree to disagree. They could take the middle view, and on that basis, even if it was not what they would like, see what they could do to help. No doubt when the Committee had studied the answers to their questions they would be putting up another paper to him. With regard to procedure, he would be very grateful for any suggestions for improvements; otherwise he thought the Committee could continue as before.

Sir Hubert Henderson felt that the discussions of the Committee seemed to be either on very general issues, such as those raised in the report on Mineral Policy, when a lot of time was spent on essentially abstract discussions on such questions as state socialism versus private enterprise which might as well apply to Europe as to the Colonies and were discussed without any reference to the concrete problems of the Colonies; or at the other extreme the Committee discussed ad hoc questions such as cotton marketing in Uganda, a detailed question that most members did not know very much about. They never seemed to get to grips with the actual concrete problems of development and policy which lay ahead of all the Colonies.

Colonel Stanley thought this was partly because he had not yet got the Colonial plans from which these problems would emerge and all he could refer to the Committee at the moment were the particular questions which were thrown up, and which he referred not so much in order to decide whether to set up a cotton mill somewhere, but because he was afraid of taking a step with a cotton mill or a cement factory which would prejudice development as a whole. However, when the programmes under the new Act came in and Sir Frank Stockdale was asking the advice of the Committee, they would get away both from abstract considerations and from small detail.

Mr. Dalgleish asked whether the first part of Colonel Stanley's answer explained why, when recommendations had been made by the Committee, it was not unusual for the Governor of the Colony concerned to be consulted to find out what the implications of a particular recommendation were. For example, in the case of the Malta cement industry, the Governor had been asked for his views.

Colonel Stanley said that he must ask the opinion of the Governor of a Colony, who bore the responsibility under him, in that Colony. However convinced he was of the rightness of the advice of the Committee he could only advise the Governor; he could not impose a course of action on the Governor without giving him an opportunity to state his views. Governors were usually glad to receive advice, but they must be in a position to say 'this has this particular reaction in my Colony.' It had to be rembered that the Colonies contained a very large number of human beings, some of whom were getting fairly well forward and were not very easy. We were getting less and less to the position where we could impose upon them economic solutions, however right we might think them in pure economics; we had to carry them with us and that was the job of the Governors.

Colonel Stanley regretted that he now had to leave the meeting owing to another engagement. He thanked the Committee very much for a most useful discussion.

Lord Hailey expressed the gratitude of all members to Colonel Stanley not only for giving them an opportunity to hear his views, but for actually discussing them with the Committee. . . .

CHAPTER 5

Social Policies and Colonial Research

Document numbers 124–166

124 CO 323/941, no 44110 24 Aug 1925

'Labour conditions in Crown colonies and protectorates': minute by Mr Ormsby-Gore to Sir S Wilson

The attached letter[1] from Mr. McDougall, the author of a book recently published entitled "Sheltered Markets" and Australian Delegate on the Imperial Economic Committee, to a certain extent speaks for itself. It follows an interview that I had with Mr. McDougall, who has done very valuable work in this country for the furtherance of Imperial trade. He has been for some months past in close touch with the Labour Party and it is very largely due to his influence that the Labour Party Executive passed a recent resolution regarding the importation of goods made by sweated labour, and it is more due to him than to any other individual that increasing numbers of Members of the Labour Party are supporting Imperial Preference.

The result of these talks with the Labour Party is that he is convinced that in the future we shall undergo a good deal of cross examination by questions in Parliament on the subject of labour conditions in the Dependent Empire, and he gathers that the Labour Research Department will be drafting a series of questions on this subject to be put during the next session of Parliament. I can corroborate what he states as I have had intimations from conversations with Labour Members in the Lobby that they are going to devote increasing attention to labour conditions in British Crown Colonies and Protectorates.

In addition to this we are continually being asked by the people connected with the International Labour Office at Geneva for further information regarding Colonial labour and also being asked whether the various conventions and recommendations of the International Labour Conference are being applied in any part of the Dependent Empire. Hitherto we have almost invariably answered that these conventions are inapplicable. That we can go on maintaining this position I very much doubt as the International Labour Conference deals not only with problems affecting factory workers but practically all kinds of labour. In most Colonies and Protectorates the largest employer of labour is undoubtedly the Colonial Government itself, more particularly in the railway department and in the Public Works Departments. Apart from these questions of hours, wages and conditions of Government employees in Crown Colonies and Protectorates there is the state of factory or quasi-factory employment in many of the Colonies—I refer to cotton

[1] Not printed.

ginneries, sisal mills, sugar factories and the like—and above all there is the question of plantation labour, particularly in industries like rubber and sugar.

I have a feeling that the amount of information that we have in the Office from Colonial Governments on these questions would prove inadequate if not now at any rate in the near future and I am not at all sure that the time has not come when there should be a general despatch to all Governors asking them to furnish us with an annual report specifically dealing with labour conditions in their Colony or Protectorate. I doubt whether we have even the elementary statistical information which I should summarise as follows:—

(a) The average numer of persons engaged in (1) Government employ (2) private employ for wages, and the proportion of these who are (1) juveniles (i.e. under 16) (2) adult males and (3) adult females.
(b) The average rates of weekly or monthly wages paid by industries.
(c) The average number of hours per week that are worked without overtime pay.
(d) The measures taken to enforce (either by inspection or otherwise) labour conditions, i.e. on such subjects as workmen's compensation in factory or semi-factory employ.

(In this last connection I may mention that when in Geneva last year Mr. Grimshaw of the International Labour Office showed me a copy of a letter by a firm ordering machinery in England for use in Africa, in which the applicant for machinery said that the usual safety appliances in connection with the belting equipment which were insisted upon by the Home Office in England would not be required as there was no corresponding factory legislation enforced in the Colony. This sort of thing is of course what one is out to stop.)

I am quite sure that if we are to get the Labour Party in this country really keenly interested in Empire Development we shall have to satisfy labour opinion that we do not lag behind other countries in the safe-guarding of native labour in industrial employment, and that from the political point of view of the present Government we shall have to be in a position to make good our case on these matters in Parliament. I think this subject might well be discussed by you with the heads of the various territorial departments at a group council, (a) to see what information is available (I gather we may expect specific labour reports from the new Labour Departments that are being established in East Africa), (b) to see what supplementary information is required, and (c) how far the information sent from different Colonies could be sent in a form in which it could be easily compared with (a) other Colonies in our possession and (b) foreign countries.

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[2] Colonial governments were subsequently requested (CO 323/941, no 44110, circular despatch by Amery, 27 Oct 1925) to expand that section of their Annual Blue Book which dealt with wages and cost of living to include the following information:—

1. The average number of persons engaged in (a) government employment and (b) private employment in large organised industries, ie estates, factories and mines.
2. The average rates of weekly or monthly wages for each of the main classes of employment (sub-divided as above).
3. The average number of hours per week that were worked without overtime pay (sub-divided as above).
4. The measures taken to enforce proper conditions of labour, ie in such matters as workmen's compensation, health care, protection from machinery, boiler inspection etc (sub-divided as above).
5. Returns of death and sick rates of employees, where possible distinguishing in which the cause of death or sickness could be ascribed to the conditions of labour (sub-divided as above).

125 CO 554/72/4, no 1 18 June 1926

[Education]: letter from H Vischer to Sir S Wilson comparing British and French educational policies in West Africa. *Minute* by J E W Flood

I wish to submit to you some observations I made in the course of my recent visit to West Africa. As they are based, in some cases, on information that was given to me confidentially, I thought it advisable not to include them in my report submitted to you under the same date.[1]

The French policy of assimilating Africans and the system of education shaped on this policy, do not meet with the approval of many French officials. Views were expressed to me by men of long experience in African administration which showed that they have grave doubts as to the wisdom of this policy, and that they are seriously concerned about its possible consequences. The Governor General, Monsieur Carde, a native of Algiers, who talked to me at some length on this subject, seemed sure of the ultimate success of his policy, which he has introduced into every detail of his administration. I understood from him that those who first laid down the lines of this policy were led to accept it by the conviction that the reduced man power of France was not only a military danger, but also a real and increasing difficulty in Colonial administration. It is a fact that the Government in French West African finds it difficult to keep the various services properly staffed. Monsieur Carde told me that he intended to make French the language of common intercourse amongst natives and the native in all his colonies, and that he aims at gradually incorporating and amalgamating with France the native tribes living in French territory from Algiers to the Congo. There are others, not Algerians, who do not share his views.

It is true that Frenchmen do not generally feel racial difference physically as do other Europeans, but mentally, the prospects of the future seem to fill many thinking Frenchmen in West Africa with uneasiness. When I left Paris, two of my French friends, who had lived for many years in Africa, one a military officer holding a high command, and the other one of the foremost authorities on African languages and cultures, told me: "Try and convince Monsieur Carde that he is wrong." The senior Inspector of the Education Department, and a number of teachers, confided in me that they felt it impossible to educate the African child and form his character without knowing the child's language, and that they were convinced that the first ideas in moral training and hygiene should be taught in the child's mother tongue.

On the other hand, there can be no doubt that the intensive teaching of French appeals to a certain element amongst the natives, not only in the coast towns but throughout the eight colonies. I do not think it is always the best element in the various tribes and communities. To be able to speak and write to the White Man in his own language and to read his books and letters, quite apart from certain immediate material advantages that such knowledge carries with it, is a great attraction and, I think, a very natural one. It may be, as some French officials seem to think, that establishing one common speech over so vast an area that contains 12 million natives living in various stages of primitive life, might some day become a political danger. I think that the danger lies elsewhere and that it will become a real

[1] Vischer's account of his visit to West Africa is not printed here but Flood comments on it in the minute reproduced with this letter.

one the day some of these pupils realize that a knowledge of French means neither the entry into Paradise or compensates them for what they have left behind. I was told by a French official, who had him under his orders in Africa, that the author of "Batouala", a negro from Haiti and a French citizen, became most embittered when he saw that his literary success in Paris did not procure him immediate promotion over French colleagues who had other, though more modest, qualifications.

In the meantime, in spite of the fact that large numbers of natives cross the border into British territory and that more would do so if they could, I am convinced that the French policy and their system of education is likely to cause envy and possibly dissatisfaction amongst certain classes of Africans in our own dependencies on the West Coast, who feel that we are purposely with-holding from them certain knowledge by not teaching them all to speak, read and write in English. When I watched the Emir of Katsina sitting in splendid isolation amongst the English speaking people on the grand-stand of a race-course in Nigeria, I felt that a less remarkable and well-balanced African might well think with envy of his cousins over the French border who had been taught to speak the White Man's French.

The is one other point I would like to bring to your notice. In the course of conversation with educated and English-speaking Africans in different places along the coast I heard certain statements which seemed remarkably like some arguments brought forward by a certain section of American negroes, and I think this points to an increasing influence on West Africans coming from that quarter. Many educated natives like the cry of "Africa for the Africans". The idea behind this cry is not necessarily anti-British, but it might become so when driven underground. Outwardly the English speaking natives on the coast shape their life according to European standards, but we find everywhere clubs and associations which recall in their organisation the old tribal system. I would urge that a good purpose would be served by teaching the African school children, in the various districts of Sierra Leone, the Gold Coast and Nigeria, that they belong to one country and that these countries form part of one Empire. A gradual realization of these facts by the native will do much to counteract any feeling of unrest arising from the French policy of assimilation or coming from dissatisfied people across the Atlantic. At the present moment, a native of Kano often looks at Lagos or Calabar as a foreign country, and I understand that the same thing can be said as regards the different territories in the West Coast of Sierra Leone.

Minute on 125

This is quite interesting. It is to go to the Advisory Cttee, & will be printed so we shall have lots of copies.

The French aim at creating a new race of black Frenchmen & I cannot wish them success in their attempt which in my opinion will hasten the decline & fall of Western civilization. It is interesting to see that the policy is not always supported.

I have also a sort of notion that we really do more for the "indigène" than the French do though we don't talk about it so much.

J.E.W.F.
21.6.26

126 CO 323/1071/13, no 2A 6 Aug 1930

[Labour policy]: circular despatch from Lord Passfield to colonial governments calling for the elimination of penal sanctions in labour contracts and requesting a review of labour conditions

[This despatch was prompted by the receipt from North Borneo of a labour ordinance which made provision for corporal punishment as well as fines and imprisonment for 'wilful breaches' of labour contracts 'likely to cause riot or danger to life or property'. North Borneo was governed by a chartered company and the secretary of state had no legal power to interfere but the Far East Dept advised that the CO could not remain indifferent because the UK represented North Borneo at the League of Nations. The head of the Far East Dept recommended that the company should be asked to abolish whipping as a form of punishment. When the papers reached the CO hierarchy the only comment was made by Shiels who minuted: 'There is a great deal in this Ordinance that is bad. The punishments are heavy, and the sanctity of verbal contracts is emphasised. I consider that only written contracts, attested before an administrative officer, should be valid for purposes of prosecution. Otherwise, the native is helpless in a conflict of evidence.' Shiels urged a more radical amendment of the offending ordinace; 'a definite request' should be made for the abolition of whipping and the company should be informed that prosecutions for breaches of verbal contracts by employees were 'undesirable and likely to lead to abuse' (CO 323/1071/13, minute by Shiels, 9 Jan 1930). Concerned that the company might respond by highlighting comparable or even worse labour conditions elsewhere in the colonies, senior officials were at first reluctant to accept these suggestions. Shiels's insistence led Sir G Grindle to suggest that his objective 'would be better obtained in a general circular despatch in which it might be linked up with a request for more information as to rates and conditions and made the occasion for an exhortation to more attention to social welfare' (*ibid*, minute by Grindle, 10 Feb 1930). The editors are grateful to Mandy Banton for these references.]

I have the honour to inform you that, partly in connection with the Proceedings of the International Labour Conference at Geneva, I have recently been giving consideration to the general question of the conditions affecting labour in British Colonies, Protectorates and Mandated Territories.

His Majesty's Government in the United Kingdom have become a party to a number of International Labour Conventions which regulate the conditions of labour to a considerable extent. Most of these Conventions have been drafted with a view to the conditions prevailing in European industrial countries and they are not in all respects reasonably applicable without modification to tropical Colonies and Dependencies. Under the terms of Article 421 of the Treaty of Versailles, His Majesty's Government in the United Kingdom are bound to apply them except where (1) owing to local conditions they are inapplicable, or (2) subject to such modifications as may be necessary to adapt them to local conditions. It is my desire that these Conventions to which His Majesty's Government in the United Kingdom have become a party, should be applied, wherever possible, with the minimum of modification necessary and I have already had occasion to address you in this connection (10/61912/29).

It appears to me, however, that it may be convenient to undertake a more direct survey of the conditions of labour in the Colonies and Protectorates without reference to International Conventions originally drafted with the conditions of metropolitan countries primarily in view. I shall, therefore, be glad if you will take into consideration the conditions of labour in the territory under your administration with special reference to such matters as hours of work, rates of pay, rates of pay

for overtime, etc., etc. I do not wish to suggest that any single standard can be adopted or regarded as applicable to all Colonies and Protectorates alike, but I consider that an examination of the conditions in each territory individually may result in a recognition of the need for improvement in some particulars.

Generally speaking, I desire that any 'penal sanction' applicable to labour engagements should be eliminated or reduced to an absolute minimum and that the relations of employer and employed should be left to be governed by the ordinary law of contract. In this connection it is for consideration how far breaches of a verbal contract of service should continue to be regarded as a valid ground for prosecution. As an alternative it may be found desirable that contracts to be enforceable should be entered into in writing and should be attested before a Government Officer.

I should be glad if in your review of labour conditions, you would not confine yourself solely to questions of hours, rates of pay, conditions of contract, etc. I consider also that the position as regards housing conditions and medical service should be taken under review and that any provisions which might contribute to the content and social welfare of native labour should also receive attention.

The general conditions under which native labour is employed are receiving increased attention from the International Labour Office and I anticipate that there will be a further development in this direction. I am anxious that so far as possible, the British Colonies, Protectorates and Mandated Territories should show a high standard in such matters and be able to stand the light of criticism in comparison with conditions existing in other countries. It is the intention of His Majesty's Government in the United Kingdom to aim at procuring the adoption of such a standard in future International Conventions and they will bear in mind the necessity of not enforcing in British Dependencies conditions of which it is not possible to secure the enforcement in foreign territories which may enter into economic competition with them.

127 CO 323/1077/10, no 3 17 Sept 1930

[Trades unions]: circular despatch from Lord Passfield to colonial governments on the question of trades union legislation in the colonies

[This despatch was prompted initially by a labour dispute in the Gambia in Oct 1929. The discharge by a local shipping company of the crews of vessels taken out of commission led to a strike of seaman at Bathurst. The dispute escalated, with mechanics and other skilled labour joining the strike and demanding improved wages. There were clashes, but no fatalities, between the strikers and the police. The strike was led by J Small of the Bathurst Trade Union. Having at first refused to recognise or negotiate with the union, the shipping company offered improved wages and the strikers returned to work. The Bathurst dispute was largely instrumental in persuading the CO to issue a directive on trades unions. In Jan 1930 the Gambian government informed the CO that the Bathurst Trade Union had applied for the registration of its rules under a local Friendly Societies Ordinance. Acting on advice from its own legal adviser, the local government had refused the application. Two reasons were cited: first, because the ordinance in question (which dated from 1865) referred only to clubs formed for the purpose of sick relief or for financial payments to club members for marriages and funerals; secondly, because a trade union, while making provision in its rules for allowances in cases of sickness etc, was substantially different from a friendly society. In explaining this background the Gambian government doubted whether union legislation currently in force in the UK would be

applicable in the Gambia. It therefore requested advice as to whether any amendment of the law in the Gambia was needed in view of action which might have been taken in a similar situation elsewhere in the empire (CO 87/230/2, no 1, despatch from C R M Workman, acting gov, to Passfield, 24 Jan 1930). An investigation in the CO revealed that at the time, trades union legislation existed in only four colonies—British Guiana, Hong Kong, Jamaica and Malta. The Hong Kong ordinance was disguised under the title 'Illegal Strikes and Lock-Outs' and it was designed to deal, not so much with the registration of unions as with the means by which they might be prevented from affiliating with labour organisations outside the colony (*ibid*, minute by J H Thompson, 19 March 1930). Officials in the West Africa Dept were not of a mind to encourage union legislation. Having already commented on the Gambian strike that 'a Union in the English sense is a staring absurdity in Bathurst', Flood minuted on the Gambian government's request for advice: 'Conditions in the great majority of places in West Africa are not such as to contemplate the possibility of a Trade Union' (CO 87/229/12, minute by Flood, 8 Jan 1930 & CO 87/230/2, minute by Flood, 27 Feb 1930). Shiels, however, took a different view. He expressed surprise that the Bathurst union had not been registered and minuted: 'I think it would be well if the G.D. looked into this class of legislation generally in our colonies, as Trade Unions—though Mr. Flood envinces no enthusiasm for them—are likely to arise and develop, even in West Africa' (CO 87/230/2, minute by Shiels, 8 Mar 1930).]

I have etc. to inform you that I have recently had under consideration the question of Trade Union Legislation in the Colonies, Protectorates and Mandated Territories. As indicated in my opening speech at the first meeting of the recent Colonial Office Conference, and in somewhat greater detail in Dr. Shiels' remarks at the 11th meeting, the problem of the regulation of organizations of wage labourers is already becoming of great importance in some Colonies, and moreover is one which in the course of time will inevitably have to be faced by all Colonial Governments.

2. I regard the formation of such associations in the Colonial Dependencies as a natural and legitimate consequence of social and industrial progress, but I recognise that there is a danger that, without sympathetic supervision and guidance, organizations of labourers without experience of combination for any social or economic purposes may fall under the domination of disaffected persons, by whom their activities may be diverted to improper and mischievous ends. I accordingly feel that it is the duty of Colonial Governments to take such steps as may be possible to smooth the passage of such organizations, as they emerge, into constitutional channels. As a step in this direction, it is in my opinion desirable that legislation on the lines of Sections 2 and 3 of the Trade Union Act 1871, should be enacted in all dependencies, where it does not already exist, declaring that Trade Unions are not criminal, or unlawful for civil purposes, and also providing for the compulsory registration of Trade Unions.

3. In dependencies in which no Trade Unions or analogous associations of workers have yet been formed, the simple (but fundamental) legislation on these lines will, for the present, be sufficient and the consideration of further legislation may be deferred until the movement develops.

4. In those dependencies however, in which "the Trade Union Movement" has already made some headway I shall be glad if the situation could be reviewed with a view to determining whether any legislation which may already exist is adequate, and in accordance with the principles indicated in this despatch, or whether further legislation is now desirable.

5. In this connection you will no doubt consider to what extent it may be desirable or expedient to adopt the provisions of the legislation which has been enacted in this country. I recognise however that, in view of the great divergencies of

labour conditions between the United Kingdom and the Colonies, and in fact between one Colony and another, the provisions which have been found to be useful in the United Kingdom or in a particular Colony will not necessarily be appropriate in other dependencies.

I do not therefore wish to lay down any further detailed rules for general adoption.

6. It is however necessary for me to observe that the provisions of the Trade Disputes and Trade Unions Act of 1927 are (or may become in the near future) subjects of acute controversy in this country. I could not agree therefore to their adoption in the Dependencies.

7. I shall be glad in due course to receive your observations on this matter and to consider any proposals which you may wish to put forward in respect of the Territory under your administration.[1]

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[1] For summaries of the replies to this despatch, see CO 323/1077/13 and CO 323/1126/3. The reply from Fiji illustrates further views within the CO over trades union legislation. The governor, Sir Murchison Fletcher (1929–1936), argued that the time was not ripe for union legislation in Fiji. There was, he argued, no labouring class in the ordinary sense and the Fijian social system was organised on communal lines; as such it did not lend itself to trade unionism. Fletcher also expressed concern that in the case of the Indian community in Fiji, union legislation would be seized upon by 'the disloyal politician as a weapon for the furtherance of his own mischievous purposes' (CO 323/1077/13, no 1, despatch from Fletcher to Passfield, 22 Apr 1931). Fletcher was asked to reconsider, the CO pointing out that the position of the Indian community was not regarded as an impediment to the introduction of union legislation in Kenya (*ibid*, no 6, despatch from Cunliffe-Lister to Fletcher, 19 Dec 1931). In fact it was not until 1937 that Kenya legislated for trades unions (see 137).

The case of Fiji prompted deputy under-secretary of state Sir J Shuckburgh to comment: 'It is possible to regard the establishment of Trade Unionism in the Colonies as either (1) an evil to be avoided as long as possible, or (2) as a blessing to be conferred as soon as circumstances permit. The Governor of Fiji evidently inclines to the former view. It would be idle to pretend that there is nothing to be said in his support; but I take it that we are bound officially to adopt the opposite standpoint. In any case, this kind of legislation—whatever its advantages or disadvantages—is bound to come sooner or later, and I doubt whether there is much to be gained by putting off the evil day (supposing it to be an evil one). I think that we might properly invite the Governor to reconsider the question' (*ibid*, minute by Shuckburgh, 1 Dec 1931). R V Vernon, head of the General Dept, commented in the margin against (1) and (2) in Shuckburgh's minute: 'I should not accept this definition of our attitude.'

128 CO 318/403/6 8–23 May 1931

[Education in the West Indies]: minutes by A C C Parkinson, Sir G Grindle, Sir S Wilson, Dr T Drummond Shiels and Lord Passfield on a proposed commission of inquiry

[In May 1930 A I Mayhew (see 56, note 2) put up a preliminary note recommending the appointment of a small commission to investigate educational conditions in the West Indies (CO 318/400/4, no 1, note by Mayhew, 5 May 1930). A despatch was sent out over Passfield's signature on 25 Oct 1930 asking the West Indian governments if they would be willing to co-operate and contribute towards the commission's expenses (*ibid*, no 3). Trinidad, Barbados and the Leeward and Windward Islands agreed to full participation. British Guiana and British Honduras welcomed the benefit of a visit without undergoing the expense of an exhaustive inquiry. Jamaica, Bermuda and the Bahamas declined to participate (CO 318/403/6, no 11; in the case of the Bahamas participation was favoured by the Executive Council but rejected by the Legislative Council). As these minutes indicate, although the despatch carried Passfield's signature, the secretary of state was unaware that it had been sent, in itself a not uncommon occurrence. The issue prompted

officials to review their own internal procedures for dealing with educational matters. In view of the economic depression which was then at its height, officials also considered whether it was appropriate to proceed with a commission to the West Indies if, as seemed likely, it recommended increased expenditure.]

Mr. Boyd[1]

A day or two ago, when talking about East Africa, the Secretary of State mentioned education. In this connection he suggested that the machinery in this Office needed looking into. It is not, of course, my own business, but, as the Secretary of State spoke of it with me, and apparently wished something should be done, I pass it on to you for reference to the appropriate quarter. I gathered that the Secretary of State felt that the Advisory Committee on Education was apt to *do* things and not merely to *advise*. How far this may be the case I cannot say, but the instance which the Secretary of State gave us was that it had apparently been arranged by the Committee that Mr. Mayhew should visit the West Indies, and yet the first the Secretary of State himself heard of the mission which he was sending to the West Indies was an enquiry from the Prime Minister as to what the mission was! The Secretary of State also mentioned that he could remember receiving hardly a single paper on education since he came to the Colonial Office.

A.C.C.P.
8.5.31.

This Commission is really a luxury and I do not think we can afford luxuries in the Windwards & Leewards and if their recommendations involved any expense we may be sure that in present circumstances the recommendations would not be carried out. Leave out the Windwards & Leewards.

G.E.A.G.
8.5.31.

Dr. Shiels

I spoke to you a few days ago about the work of the Education Committee, and I mentioned that the Sec of State had twice recently called my attention to the fact that he was kept very badly informed of the results of the Committee's work. I had to admit that I likewise was not as cognizant, as I ought to be, of what was going on in the "educational world"! but I promised to make early enquiries and I have already mentioned the matter to you and to Sir J. Shuckburgh.

Both of you expressed the view to me that the Committee worked like any ordinary Committee and that the steps to implement its recommendations were taken by the Department in the ordinary way.

This file, which I had not time to deal with until tonight, illustrates to a certain extent what I meant when I said I had the feeling that I did not know as much as I ought to do about the work of the Education Committee, but I agree that it is the fault of the Department and nothing to do with the Committee.

You will observe that it is one year next week since you and I saw this file, and it is only now that all the details of the Commission and the actual itinerary has [sic] been worked out that the papers are sent to us!

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[1] Private secretary to Lord Passfield.

Unless you see any objection I propose to issue instructions that I should be kept informed of all the recommendations of your Education Committee, and of all steps being taken in the Department to deal with them.

There is nothing to show (on this file) that the Sec of State has ever heard of this Commission. I think, however, he was told about it when the Prime Minister wrote to him last summer or autumn about Dr. Morgan serving on it.

When I say I propose to issue instructions to the Department about keeping me informed as to what is being done in the way of educational matters, I don't mean that I want to see every minute that is written on the subject, but I want the Department to use their discretion in keeping me informed from time to time as to how proposals of this kind are progressing so that I can in my turn keep you and the Sec of State informed.

S.H.W.
14.5.31

As regards the actual Commission dealt with on this file I am inclined to agree with Sir G. Grindle that it is doubtful if this is an opportune time to embark on any "luxuries".

S.H.W.
14.5.31.

Sir G. Grindle
Sir S. Wilson
Sec of State

As I have explained on outside sheet, I am very sorry that the Sec of State feels that he has not been kept properly informed of the proceedings of the Educational Adv. Cttee. I did not know that the papers were not sent on to him, but I find, on enquiry, that the practice under the late Govt. has been followed, when Mr. Amery did not get such papers. I have arranged that, on the Cttee side, this shld be remedied, and I understand that Sir S. Wilson has given instructions to Depts accordingly. I am glad that Sir Samuel Wilson agrees that the Educ. Cttee is not to blame for its work and proposals not being known to the Sec of State. Indeed, they would be much disappointed, in view of the considerable work they do, if they knew.

I hope that the fact of this small commission to the West Indies not having been brought to the notice of the Sec of State will not result in its being turned down. It has been considered for a long time and was first proposed under the last Govt.

I believe it was understood, when the Educ. Secys were appointed, that one of their most important tasks would be to go on tour thro' the Colonies and advise the local authorities on educational matters.

Education in many parts of the W.I. is in a very backward and disorganised state. Recent reports we have had, including oral evidence from the Directors of Educ. in the W.I., show a very unsatisfactory condition of affairs. In view of the need for giving as much help to the W.I. as possible, we should not, I feel, deny them this help.

It would not be so much to advise schemes involving new expenditure as to stimulate the local authorities and teaching staff to new organisation and revision of methods and to give them the benefit of the comparison of their own procedure with modern ideas on the subject.

I am ashamed of many things in the W.I. Barbados and one or two others, I

believe, are wonderfully good. The others, educationally, are bad. I cannot think that education or the attempt to improve it can be described as "luxury".

I hope the idea of this small commission will be approved.

T.D.S.
19.5.31

If so, I fear that in the circumstances it will have to be as it were an instruction to the Commission that it is no use making any recommendations involving increased expenditure; their recommendations must be limited to the present totals—and it would be very useful if they could indicate possible reductions—i.e. say what could be lopped off with the least loss if reduction of expenditure becomes essential.

I presume Dr. Shiels has considered the point that a rather ungrateful task is being imposed on the Commissioners. They are to go, to see that more money is wanted, and for the lack of it to return without having affected much.

G.A.E.G.
20.5.31

Sec of State
The only chance I think of getting the money from the Treasury would be to say that you want to appoint the Commission to enquire into the possibility of reducing expenditure on education without loss of efficiency!

S.H.W.
21.5.31

We must ask the Treasury for sanction, minimising the importance of this Commission!, and making it merely a visit of the Sec of the Educ Cttee—not to lead to any immediate increases, and to consider possible economies etc etc.[2]

P.
23.5.31

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[2] A commission led by Mayhew and F C Marriott, director of education in Trinidad, visited the West Indies between Nov 1931 and Feb 1932 (see CO 318/405/9, *Report of a Commission to consider Problems of Secondary and Primary Education in Trinidad, Barbados, Leeward Islands and Windward Islands 1931–32*, Col No 79, 1933). In 1934 Marriott summarised the principal findings of the commission: 'In their Report . . . the Commissioners point out that backwardness and stagnation in educational work are due mainly to lack of expert advice and administration, and to the absence of facilities for the education and training of teachers, and they emphasise the risks that attend a continuance of the defects described, in view of the rapid growth in political consciousness, the moral and social problems, the low standard of personal and moral hygiene, and the economic weakness of most of these islands' (CO 318/414/1, no 26, note by Marriott on the new educational scheme for the West Indies, 10 Dec 1934). Marriott's note was written for the Carnegie Corporation in New York. To remedy the defects described in the report, the commission recommended (a) the appointment of two expert educational officers, to be called commissioners, and (b) the establishment in Trinidad of a Central Training Institute for teachers. In view of what he described as the 'precarious financial position' of the islands concerned and their inability to adopt any scheme involving extra expenditure, Marriott approached the Carnegie Corporation which awarded a grant of $90,000—$60,000 towards the establishment of the Institute and $30,000 over three years towards the expenses of the two educational officers (*ibid*, no 33, letter from K P Keppel, Carnegie Corporation, to Marriott, 31 Dec 1934). On the question of reducing educational expenditure, the commission's report (paras 94–104) expressed the view that in the prevailing economic conditions in the West Indies it was not justified to maintain for all children the current nine-year course of schooling between the ages of five and fourteen. The commission therefore recommended a six-year course of schooling between the ages of six and twelve. This particular proposal received a hostile reception in the West Indies and was not implemented.

129 CO 323/1117/5 11 May 1931

[Labour policy]: minutes by Dr T Drummond Shiels and Lord Passfield on labour legislation in the colonies

[*Secretary of State*]
You will see from the foregoing[1] that I have suggested going into the whole question of Labour legislation in the Colonies. You will remember the unsatisfactory position in regard to the West Indian Ordinances, into which we looked some time ago. We have recently had a draft ordinance from Seychelles which was very bad. We have also been sending circular despatches on Workmen's Compensation, Minimum Wages Boards, Trade Unions etc., and it is obvious that Colonial Govts have difficulty about these matters and find that they have no knowledge of how far these principles are or will be applied elsewhere, and what are the minimum requirements for less developed territories, where some of the more specialised ordinances may not be suitable.

I arranged a preliminary meeting of Dept reps. and Mr. Duncan, and I think it was felt that it was most desirable to clear up the chaos of the present position, and to establish certain general and minimum standards which would form the guide for all Geographical Depts in vetting the draft legislation and administrative orders received from their Colonies. At present, these are dealt with "ad hoc", and, while a certain co-ordination is effected by the Legal Dept., that is done on a somewhat narrow basis, and not necessarily from any standard of policy.

I feel that a Labour Govt. should give as its contribution the achievement of the coordination of Colonial Labour legislation, on a basis of which we need not be ashamed, and which will save us from the repeated face-saving devices to which we have to resort just now.

At the same time, while I consider this matter one of fundamental importance, it is a very big job, as, after the standards are set up, it will be necessary to review all existing legislation in the Colonies. In my opinion, that would mean the full-time services of an additional member of the staff, preferably one with legal qualifications. I appreciate Sir Samuel Wilson's view,[2] but I think this could be represented to the Treasury and, if necessary, to higher ultimate authority, as a matter of high policy and as duty incumbent on a Labour Govt.

I feel that the present staff of the Office is over worked, and that to put this on to them would increase their difficulty, and probably make the task, either impossible, or of indefinite duration.

The Cttee could work in the meantime while the matter was being considered.

I hope you will approve of the scheme.

T.D.S.
11.5.31

Dr. Shiels
There would be great difficulty—perhaps insuperable—in getting any addition to the

[1] Shiels had already advocated the appointment of an office committee to examine labour legislation.
[2] Wilson had approved the idea of an office committee but was unwilling to approach the Treasury for an additional principal.

C.O. staff at this moment, for any purpose, & especially for a purpose avowedly transitional.

But general lines of policy could be arrived at without much work by the staff. The application is necessarily a subsequent matter.

If Dr. Shiels would undertake the chairmanship of an office committee to lay down general lines, and would draft a rough outline under various heads for the committee to begin on, a start could be made at once; & possibly the chairman's outline could be built into a policy, by parceling out the subjects, within half a dozen meetings. (Would it be useful to invite someone from the H.O. (Factory Acts) and the M. of L. to collaborate?)

P.
11.5.31

130 CO 323/1117/5 2 Sept 1931

[Labour policy]: minute by J J Paskin[1] on the work of the Colonial Labour Committee

Before leaving, Dr. Shiels asked me to take an early opportunity of submitting to his successor the question whether the Colonial Labour Committee should continue its labours. The circumstances in which the Committee was set up are indicated in the minutes on No. 1; see in particular Dr. Shiels' minute and Lord Passfield's minute of the 11th of May.[2] Dr. Shiels expressed the hope very strongly that the change of Government should not be allowed to interrupt the Committee's work, which he regards as most important and very valuable.

The position is that the Committee has held eight meetings (minutes on sub-file 3), but has not yet reached a very advanced stage of its labours. In fact, the expectation indicated in the Secretary of State's minute of the 11th of May that the Committee would be able to make recommendations on general lines of policy without very much labour has been shown in practice to be unduly optimistic. At a very early stage in the Committee's proceedings (see the last paragraph but one of the minutes of the second meeting) it was decided that for the purpose of the Committee's work it would be necessary to consider Colonies in two groups, i.e., (a) the more primitive peoples (e.g. those in Africa and the Western Pacific) and (b) the more civilised peoples (e.g. in Malaya and the West Indies).

So far the Committee has only been able to produce provisional draft recommendations relating to (a) penal sanctions for the enforcement of labour contracts in the more primitive territories and (b) the recruitment of labourers in the more primitive territories (see documents 10 and 16 in sub-file 2); and has also reached provisional conclusions on the question of the desirability of setting up minimum wage-fixing machinery in the Colonies (see minutes of the eighth meeting—sub-file 3).

In other words, in spite of the expenditure of a very considerable amount of labour in the preparation of memoranda and in spite of having held eight meetings already, the Committee has done little more than touch the fringe of the programme contemplated by Dr. Shiels. There remains a very large field of labour legislation still

[1] Paskin was a principal in the General Dept in 1931.

[2] See 129.

to be covered. At the last meeting it was agreed that the next subjects to be tackled should be Workmen's Compensation legislation and Factory legislation.

As regards Workmen's Compensation legislation, we have now received replies from practically all Colonial Governments to a Circular despatch which was sent out last year, and the General Department is at present engaged in digesting the views expressed by Colonial Governments with a view to submission to the Committee.

As regards Factory legislation, we have done no more yet than to prepare a list of the legislation in force in the various Colonies. It will require a very considerable amount of labour to work this material up into a form in which it can be usefully considered by the Committee.

Apart from these there remain quite a large number of subjects still to be tackled.

My experience of the work of the Committee so far has convinced me that it would be quite impracticable to continue regular weekly meetings. Without proper preparation and documentation the proceedings of the Committee have shown signs of becoming hopelessly diffuse. Adequate preparation involves a very great deal of work, and I am quite certain that I cannot continue to do it unless I can be relieved of a great part of my other departmental work, which in present circumstances I imagine would be impracticable.

I therefore suggest that the Committee should meet again at a reasonably early date (either under the chairmanship of the new Parliamentary Under Secretary of State, or of Mr. Green, who deputised for Dr. Shiels as Chairman on various occasions) in order finally to clear up the subjects which have already been tackled.

After that, I suggest that the Committee should not sit in regular session, but should meet as and when subjects can be got ready by the Department for discussion. As indicated above, I hope in the near future to be able to submit the question of Workmen's Compensation, which I think could be dealt with very much more satisfactorily by the Committee than by minuting on the files.

In the course of the next two or three months General Department will be very busily engaged in reviewing the replies of Colonial Governments to a Circular despatch on the question of the applicability of a large number of International Labour Conventions. I am sure that a number of points will emerge in the course of that examination which could no doubt be more expeditiously dealt with by the Committee than by minuting papers. In fact, I anticipate that Workmen's Compensation and questions arising out of the International Labour Conventions will be quite enough to keep the Committee at work for some months, and that there will be no opportunity, for some time to come, to tackle such a complicated question as Factory legislation.

To sum up, I think it would be very useful to keep the Committee in being to deal with the sort of questions indicated above, which will in fact cover quite a large amount of ground; but that with present staffing arrangements it would be hopeless to continue with the idea of covering the whole field of Colonial Labour legislation in the course of regular weekly meetings of the Committee. If it were desired to continue on those lines, I should have to ask to be relieved of a large volume of my other work. It would not be sufficient merely for me to be relieved of my duties as Secretary of the Cmttee because, in any case, the responsibility for preparing a large proportion of the material for the Committee would still have to remain with me. If on the other hand the future work of the Committee were organised as I suggest, it could be fitted in with my normal departmental work without undue strain.

131 CO 323/1077/12, no 11 8 Jan 1932

[Trades unions]: despatch from Sir D Cameron to Sir P Cunliffe-Lister advising against trades union legislation in Nigeria. *Enclosure*: memorandum by C W Alexander, lieutenant-governor, Northern Provinces of Nigeria, 15 Aug 1931

I have the honour to refer to Mr. Hemmant's telegram of the 4th of March, 1931 on the subject of the introduction of Trade Union Legislation into Nigeria, and to inform you that a Bill which was drafted in March by Mr. Hemmant's directions to give effect to the proposals contained in Lord Passfield's Confidential Circular of the 17th of September, 1930,[1] has been under discussion since that date.

2. I had received the Circular when I was in Tanganyika and I had there no hesitation in recommending that the steps advocated by Lord Passfield should be adopted, that is, that legislation should be enacted on the lines of Sections 2 and 3 of the Trade Union Act, 1871, and I believe that such legislation has been enacted in that Territory. I found in Nigeria, however, that the two Lieutenant-Governors were strongly opposed to such a measure, and I forward copies of memoranda furnished by them.[2]

3. I do not agree with the view that Trade Union Legislation must necessarily have the effect of undermining the authority of the native chiefs—a similar argument might indeed be adduced if the proposal were to legalise Christian religious worship—as its effect in that respect will depend on whether the foundations of indirect administration in Nigeria are sound or not; that is, whether as in Tanganyika, it is a natural growth warmly esteemed by the people themselves, or merely a somewhat artificial system of administration which owes its existence to our presence in Nigeria.

4. I have, however, been greatly impressed during the last six months with the degree of ignorance and superstition in which most of the inhabitants of the Colony outside of Lagos and of the Southern Provinces of the Protectorate are steeped. A deplorable instance of this ignorance was a murder in the Colony the nature of which is described in the extract from the Chief Justice's report on the case which forms a further enclosure[3] to this Despatch and I consider, as at present advised, that it would be unwise to place another possible weapon in the hands of the nefarious persons who prey on the ignorant classes. I regret this advice, as for all practical purposes the only persons who would be affected at present by Trade Union legislation are employees of the Government.

5. Since forming this view I have learnt that the opinion in Lagos represented by the three elected members (all Africans as you will recollect) is adverse to the introduction of Trade Union legislation at this stage.

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[1] See 127.

[2] Only the despatch from the lt gov of the Northern Provinces is reproduced here.

[3] Not printed. One of the accused in the murder case was described as a member of the 'Eternal Sacred Order of the Cherubim and Seraphim'. He was said to 'test' people for witchcraft and to charge fees for so doing.

Enclosure to 131

The proposal to introduce a Trades Union Ordinance in Nigeria entirely neglects the principle that the laws of a people should be a natural growth developing to meet the conditions obtaining. A cursory study of the rise and progress of the trade union movement will convince the student that the conditions necessary for the growth of such trade combinations are not present in Nigeria. Trade Unions are a natural growth in a country in which industrial conditions are highly developed. Nigeria is an agricultural country in which the bulk of the people are comparatively primitive and the farmer is generally speaking a small holder working his farm by his own labour and that of his family.

2. It is suggested in this file that the bill though not required is harmless. The fact that it is not required should in itself be a sufficient bar to its adoption. What is served by loading the statute books further with superfluous legislation?

3. I disagree however entirely from the suggestion that such legislation is in fact harmless. There is first of all the fact of the menace to the policy of dependent rule. The combination which the people have and understand is that of their tribal organisation or a grouping from natural evolution of tribes in a larger system. The leading they understand is that of their headmen and Chiefs. Though the conditions do not admit of their being any real purpose in trades unions, the passing of a law allowing for their formation and official registration would undoubtedly encourage the more sophisticated for their own purposes, in the name of trades unions, to form officially recognised combinations which would be controlled by themselves and give them a position of authority. The Attorney-General considers that the formation of trade unions will undoubtedly lead to a weakening of the tribal system and the authority of the natural rulers, but suggests this may not in itself be a reason for hindering their establishment and development. My view is that it should be in itself a complete bar to the adoption of any measure on the lines of the draft ordinance. Our main aim politically in this country is to develop tribal and all natural organisation among the people and working on this sure foundation to lead the people so far as possible to administer their own affairs through their own institutions. It can hardly be suggested that anything which conflicts with this object can be considered for a moment, or that we can contemplate with equanimity the encouragement of a tendency to substitute rule of trades union leaders for rule through naturally developed institutions.

4. The second objection is the fear of the purposes to which trades unions would in practice be put. I share fully the views of the Lieutenant-Governor Southern Provinces. The passing of the ordinance would be an invitation to the unscrupulous to exploit their more primitive fellows by obtaining official recognition of combinations disguised as trade unions but not in reality designed to achieve anything but exploitation of the members, which would merely at the expense of the primitive fill the purse and serve to meet the particular political ends of those who formed them. Para. 2 of the Attorney-General's minute entirely ignores the enormously increased authority among unsophisticated people which accrues to those who can claim that they are acting under official sanction.[4]

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[4] The CO accepted Cameron's advice, as a result of which the governments of the Gold Coast and Sierra Leone also requested that they should be allowed to defer action. Permission was granted, leaving the

Gambia as the only one of the four West African governments to implement the recommendations on trades unions made in the CO despatch of Sept 1930. Nigeria and Sierra Leone eventually introduced trades union legislation in 1938 but legislation in the Gold Coast was delayed until 1941 (CO 323/1426/12 & CO 323/1539/2).

132 CO 847/3/2, no 3 Dec 1933

[Currie Report on higher education in Africa]: report of the sub-committee of the advisory committee on education appointed to consider the educational policy underlying paragraph 19 of the report of the conference of directors of education in East Africa held at Zanzibar in June 1932

Paragraph 19

'*Standard for Admission to Makerere College*
The Directors noted with satisfaction that it is intended to start at Makerere in January 1933 a course leading to Matriculation by means of the University of London's School Examination. It was suggested that a syllabus should be drawn up covering the last five years of this matriculation course, and that the first two years of this syllabus should be undertaken in Secondary Schools, and the last three years at Makerere. As soon as a sufficient number of students heave reached the stage of entering for the intermediate Arts Examination of London University, the Secondary Schools should undertake the whole matriculation course, and matriculation should become the standard for entry to Makerere.'

I In examining the question of University Education for Africans, we have considered it necessary to keep in mind the following considerations:

(a) The educational policy approved by the Secretary of State and followed in the various African territories is based upon the principle that the education provided must be of such a character as to encourage the development of the natural aptitudes of the people concerned to the fullest possible extent, having regard to specific background and needs of the African environment.
(b) The number of African Secondary Schools is increasing, and the standard of their attainment has improved and is continuing to improve. The schools now turn out annually a continually augmenting number of pupils, not only desirous but capable of continuing their studies up to a final University standard.
(c) Africans, more especially from the West Coast territories, are increasingly leaving their own country in order to undertake undergraduate courses at Universities in Europe and America. It is not disputed that most of these Africans do in fact follow those courses with profit and success.
(d) Women's education is retarded by the understandable reluctance of women to proceed overseas. Until there is in Africa provision for University Education in some form or other, it will only be very rarely that a woman will proceed beyond the Secondary stage.
(e) With the development of more and more reliable standards in African educational institutions, there is an undoubted tendency gradually to eliminate

external tests in favour of local ones. This tendency arises not only from the fact that external tests are unnecessary where local standards exist and can be relied upon, but also from the growing conviction that external European tests, devised, as they all are in the main, to test the attainments of pupils from a European environment, exert an actually harmful influence upon the development of indigenous education of the type best adapted to, and indeed urgently called for to meet local needs and in order to build up a true and genuine African culture. Pupils in many African secondary schools are in fact now taking courses which have been designed primarily with reference not to African, but to English conditions. In this connection, the paragraph remitted to us from the Report of the Conference at Zanzibar is of course illuminating; it shows in the most striking way how local schemes of education may be abandoned at the lure of an extraneous course leading to a degree.

(f) At the moment there are in tropical Africa three Government institutions which aim at providing educational facilities up to roughly a University standard, viz. Achimota in the Gold Coast, Yaba in Nigeria, and Makerere in Uganda. Of these three institutions, Achimota is possibly the furthest advanced. The Gordon College at Khartoum must additionally be borne in mind: here the instruction in engineering and medicine approximates closely to the standard of a European University (see for example, the Report on the Khartoum Medical School made in 1932 by the visiting Commission appointed by the Governor-General).

Besides these Government institutions Fourah Bay College in Sierra Leone, a missionary institution aided by Government, has for many years prepared pupils for the Durham B.A. Degree and has also a post-graduate course for the Educational Diploma.

II The present position, as we see it, is that, while the Colleges at Achimota, Makerere, Yaba and Khartoum do not yet as a whole approach a real University standard, inevitably and of their own momentum they tend towards this final point. At the same time the African thirst for higher education remains unabated; if this is not satisfied at home it can only lead to an increasing efflux of undergraduate African students towards the Universities of Europe and America. The social and intellectual undesirability of this procedure in the African's own interest needs no labouring here. But it does perhaps require some emphasis that under present conditions University education is practically debarred to all Africans, no matter what their ability unless they are able to raise the comparatively large sums needed to meet the cost of travel and University tuition and residence abroad. Moreover, the courses standard in European Universities are naturally enough designed with no regard whatever to the special needs and social and intellectual background of African students: they are seldom, therefore, anything like as helpful to them as they might be. There is something grotesque, for example, in the fact that an African wishing for higher training in agriculture should have to seek it in an English University situated in, and very often wholly concerned with the agriculture of, a non-tropical country.

III Quite apart from these educational grounds, the present position appears to us to be open to grave objections from the broad general point of view of British prestige and administrative efficiency. There is reason to think that the absence of any African institutions for adequate higher training already cripples to some extent the recruitment of properly trained natives for higher posts where they are wanted for

Government and private service and in Native Administrations and Judicial systems. It seems indefensible, for example, that the Gordon College should, at all events till very recently, have had to rely substantially upon the American University at Beyrut for the advanced training of natives needed for its own staffing. From another, and slightly different point of view it appears equally indefensible that intelligent Africans from the Gold Coast should most easily obtain further training of a University type by taking advantage of American bounty and American institutions. On the political difficulties and the economic disabilities inherent in such a position continuing, it is not necessary to enlarge.

IV There is a grave danger, as we see it, of the Africans' zeal for education being neglected and ignored by the Government to whom they ought to be able to look for its reasonable satisfaction. There appears no prospect—nor is it in any event a prospect that can in the least be wished or desired—that the present vehement demand for higher education will slacken off. It follows then, that, if that demand is not adequately met by a natural development in Africa itself under the wise control, which only British Government and experience can afford, it will spend itself in all sorts of individual and group educational enterprises, which can hardly fail to be eccentric, often self-defeating and sterile, and attended by social and political phenomena harmful alike to the prestige of this country and the true well-being of the Africans.

V Our conclusion upon these considerations is that the only right policy for the Government is to think out ahead a scheme of developing selected institutions in Africa up to a real University standard, and that this policy, as soon as decided upon, should be publicly announced as officially adopted. We are of opinion that such a University must almost necessarily proceed through the same stages by which the University Colleges in England (e.g. Birmingham, Leeds, Manchester, Liverpool, Reading) have gained University rank. This will involve any institution established being for a time dependent on some English University for the final examination necessary for the granting of degrees. It is suggested that, as the African students already have close relation with London University, and consider the degrees granted by London as the hall-mark they require, it might in the first instance be wise to approach London University, and find out whether it would be willing to make such modifications of its requirements as would suit the needs of Africa.

We envisage a stage when the African institutions in question would be recognised schools of the University of London, their teachers being recognised teachers, and working for the London internal degree. Careful negotiations with the University would no doubt be necessary, in order to obtain an arrangement which might fully recommend itself, but we are of the opinion that these ought to be undertaken.

VI In making any such announcement, we regard it as of the highest importance to avoid any action that might excite African suspicion. We think it should be made clear at the outset that the adoption of such a scheme does not involve the Government putting any hindrance whatever in the way of any Africans who might still determine to proceed to Europe for University training, though no doubt (in such a case) the Government might reasonably decline to grant any financial assistance. It should be emphasised too that nothing in the scheme is meant in the slightest to discourage post-graduate students from proceeding overseas: on the contrary the proposals would envisage a steadily increased stream of such students directed upon Europe from the new African Universities, though at a riper age, and

with a previous training better calculated to enable them to take advantage of European facilities than is the case at present. The immediately important point is that largely increased and improved facilities at infinitely lower cost would be made available to young Africans in their home country. Above all, it would be necessary to clear the native mind of any suspicion that the African Universities were a sham, designed merely to side-track native ambitions. This can only be effectively demonstrated in our view by a Government declaration that the degrees and diplomas granted by such Universities would rank equally with those of extra-African Universities in respect of Government employment, and by the full and continuous implementing of that declaration in administrative practice.

VII We are of the opinion that the gradual but publicly forecasted development of certain selected African institutions towards University status should be aided by assistance and advice of the British Universities and the Board of Education. The possibility of seconding teachers from British Universities, officers of the Board of Education or of Local Education Authorities, for periods of service in African University Colleges requires careful exploration; we are aware that there are many difficulties in the way, for example with regard to pensions and remunerations, but we think that the importance of the end in view makes it necessary for these to be overcome at least in some measure. Periodic inspection through overseas delegations in part composed of British University teachers and Educational officials appears to us to offer a valuable means of securing both that the Colleges develop upon the best lines, and that they adopt from the beginning a good and sufficient examination standard. It would of course be necessary to secure that the Universities and professional authorities concerned fully realised the African situation, so that such delegations did not function in any stereotyped or narrowly academic way, but so as to encourage to the full the free and fruitful development of all local possibilities to meet all worthy local needs. In the actual degree examinations, a combination of local and external examiners might well be found the best machinery, both for securing confidence in the results and consultative advice for the African University staffs.

VIII We are of the opinion that the claims of African women to University education ought to receive equal attention with those of the men. But we are aware—and some of our witnesses were particularly emphatic on this point—that the question is one of considerable though of varying local difficulty. We think, therefore, that in dealing with this particular phase of the problem, it is of the highest possible importance that no action be taken except with the closest possible co-operation and advice of the African communities concerned.

IX It is neither possible nor desirable at this stage to attempt any precise forecast of the number or range of the University institutions which Africa may require during the coming years. It appears that Achimota, Yaba, Makerere, and possibly the Gordon College, should be able to meet all the needs of their particular territories at present. These institutions might welcome the attendance of students from other parts of Africa, provided that suitable financial arrangements were made.

A general and a comprehensive view of education of university grade would have to take account of the position and contribution of Fourah Bay College.

X As regards the facilities to be provided in each University College, we are of opinion that medicine, engineering, agriculture, veterinary work, commerce and the applied sciences generally, have special claims for consideration together with law.

In making this suggestion, we do not ignore the importance of more purely academic studies. But we feel that, having regard to the situation in Africa as it exists today, the first essential is to attempt to secure for the country that reasonable degree of social and economic security, without which there can be no solid or lasting basis for any real cultural life. In the belief that the securing of such a basis is the first and essential step towards such a life, we do not hesitate to assign priority to these branches of study. But in addition the African University would supply courses leading up to a general degree and including the study of education, which would entitle the graduate to recognition by the appropriate African authorities as a trained certificated teacher. It is hardly necessary to say that it is undesirable to encourage the admission to any particular faculty in any one year of students in greater numbers than the needs and absorptive capacity of the various sources and professions in the territories served by the College seem to require.

XI In order to realise the aim of providing in Africa itself institutions at which Africans will have the opportunity of obtaining education equal in quality to that provided in European universities, co-ordination of effort between different territories is in our view indispensable. It is encouraging in this connexion that, in East Africa, Kenya and Tanganyika are looking definitely to Makerere to meet the need in higher education of the whole East African area. In West Africa similarly it is desirable that there should be every possible co-operation between the different areas in providing university education. It is doubtful whether any single territory will, within measurable time, be in a financial position to provide first-class facilities in every department of university education. Should an attempt be made to cover the whole field in each territory, it will be difficult to reach and maintain the desired standards in all departments. Only by co-ordination of effort can West Africa obtain the best university education that it is possible to provide. It is desirable therefore that from the first beginnings the problem of university education in West Africa should be envisaged as a whole, that there should be consultation between the different West African governments in regard to its development and that the Secretary of State should examine carefully all proposals for the extension of existing institutions in their relation to the largest good of West Africa as a whole.

XII In making this Report, we have abstained from any consideration of the financial issues involved. No doubt the policy advocated herein must involve considerable expenditure, in spite of the fact that in some cases (for example, those of natives who are now in a position to proceed overseas for graduate courses) tuition fees might be expected. And the question of finance must not be viewed from any narrow and exclusively educational angle; broadly envisaged, it is necessary to bring into the balance the important consideration that a system of higher education, which enables English officials to be largely replaced by natives, is a system which will effect a saving on the annual budget for Civil Service salaries and allowances. But finance apart, and in any case, we cannot too strongly emphasise our conviction that the present situation is one which cannot continue without danger, and which must be faced at all costs, if years of increasing strain and embarrassment and the growing alienation of enlightened African opinion are to be avoided. We believe that the passion of the African for higher education, properly guided, may prove a boon to the economic, social and cultural development of the country, and an advantage, support and ornament to British rule. Neglected it must create social and political confusion.

XIII We wish to record our gratitude to the gentlemen whose names follow for

their kindness in meeting the Sub-Committee and giving us the benefit of their views and experience.

Sir Edgar Bonham Carter, K.C.M.G., C.I.E., former Legal Secretary to Sudan Government, later Judicial Adviser in Iraq.
The Rev. J. Horstead, Principal of Fourah Bay College, Sierra Leone.
Mr. S.J. Hogben of the Nigeria Education Department.
Mr Ladipo Solanke, Solicitor, and a number of African graduates and students at present studying in this country.

We are additionally under obligation to various Universities, other institutions and persons for supplying us with valuable information.

133 CO 847/3/15 2 Oct–13 Nov 1934

[Education]: minutes by J E W Flood, H Vischer and Sir C Bottomley[1] on a report by the advisory committee on the education of African communities

[A conference of the directors of education in East Africa was held at Dar-es-Salaam in June 1933 and submitted a report. In response a sub-committee of the advisory committee on education was asked to comment on that section of the report which defined the aims of educational policy in East Africa. The outcome was the publication in 1935 of a further report by the advisory committee, *Memorandum on the Education of African Communities* (Col 103). These minutes comment on the report before it was published.]

The Advisory Committee on Education has appointed a sub-committee with Sir James Currie in the Chair to consider these various papers, and the sub-committee has produced a large and woolly report which is to be considered at 11 a.m. on Thursday. The report is, as might be expected, excessively general in its terms and is extremely cautious in its conclusions. It remains to be seen what action will be taken as a result of its consideration by the main committee and what its repercussions will be on the Governments of East Africa and also, to some extent, in West Africa as well, since the thing is quite general in terms, although I imagine the Committee would prefer to deal with it on the basis of East Africa alone.

All we can do is to wait and see what happens. But I may perhaps say at once that I do not feel at all happy about the assorted proposals. They either mean nothing or too much, and in particular they seem to envisage a state of affairs where the native teacher and his wife or wives would occupy a position in native communities which would put them inevitably very high up in the local organisation and might easily lead to friction and trouble with Chiefs and Leaders. There is one statement with which I do not agree and that is "The general progress of the people depends on a steady increase of highly trained African leaders in all walks of life". That is true, but it is only true as a goal to be aimed at, and what, at the present time, is wanted is not anybody highly trained, but an ordinary individual with some training, not too removed from the daily round and the common task to be unable to take part in local

[1] Assistant under-secretary of state, CO, 1927–1938.

life and local habits of thought. In other words, I do not think that we have got anywhere near the stage of the highly trained African leader. We do not want the Divisional Commander nor even the Platoon Leader. What is wanted is not even the Sergeant but something—which we are more likely to get—on the level of the Lance Corporal, i.e. men just a little removed from the common ruck who will be able to spread a bit of leaven among the very unresponsive lump. When such men have lived their lives and done their job, the time will perhaps be ripe for something a bit better and perhaps in three or four generations the highly trained leader might find scope. By too much insistance on leadership and high training, we are liable to make the old mistake of trying to run before we are even able to crawl and I do not want to see it. In my view education among most, at any rate, of the East African tribes, will have to be a slow growing plant, and it will have to grow in the open and not in a hot-house if it is to do any good to the country.

These be platitudes no doubt, but they are, perhaps, as well worth putting down on paper as some of those put down by persons of greater knowledge and expertise.

J.E.W.F.
2.10.34

Mr. Flood

I entirely agree that Education *must* grow slowly and grow in the open. The memorandum is long, I agree, but it seemed impossible to shorten it. It may be woolly but a good discussion at the Cttee meeting should remove all superfluous wool and then I think that it will be seen that it has a good deal of meat in it. I hope it will be possible for you to attend the meeting.

H.V.
2.10.34

I attach to this a copy of the Report[2] of the sub-committee in regard to African education in E. Africa to which I referred briefly in my previous minute. At the Committee meeting opportunity was taken to explain that Mr. Oldham had been largely responsible for the production and Mr. Oldham expounded at some length the general principles which had guided the sub-committee. It is not as dreadful as it appears on first sight and the sub-committee too have no desire to regard the Memorandum as anything but provocative. In other words it is designed to make people think a bit and perhaps cause them to alter or moderate their views on educational policy.

Various people spoke on it and blessed the Memorandum, including Mr. Morris, the Director of Education in Uganda and Director designate for Kenya. He did take my point that the position of the local teacher in a village might be very awkward with regard to native authorities if the teacher took too much upon himself but he did not stress it as much as I should have done.

There was so much talk that I did not get chance of getting a word in at all, though if I had I should like to have repeated what I have already stated in my minute of the 2nd October.

I don't see where it is going to end. If you have the village teacher running a sort of round-the-fire chat in the evening after his work is done then you will have the

[2] Not printed.

village dispenser doing ditto and/or you will have the situation where the importance of hygiene and elementary medical knowledge being taught in schools has been largely stressed—quite rightly too—and the teacher will be supposed to be a repository of elementary medical as well as elementary agricultural learning. That is all right as long as there is no dispenser about the village but if there is one what is to happen? Is the school teacher to be debarred from saying anything about the dispenser's subjects, or what? Are they both to run talk circles? If they differ on such points as the proper building of a hut or the proper construction of a drain which of them is to be believed? The tendency will, of course, be to do nothing pending an authoritative settlement and then to do less. Add to this a native veterinary officer or two and possibly a native agricultural officer and the position of the village will get into confusion worse confounded. Also if a school teacher, or more especially his wife, takes too much on himself he will inevitably tend to get the wrong side of the elders and leading men in the village and I don't know what the result of that is likely to be in East Africa but I could name places where it would tend to a high mortality amongst school teachers!

Nobody at the meeting seemed to suggest my view that education in Africa and especially in East Africa (apart possibly from Buganda) would have to be a plant of very slow growth. All that is required is something very small, just sufficient to put a stirring into the dry bones. I am quite sure in my own mind that from a very gradual beginning, if we can only begin right down at the bottom, a demand for "education" will grow up, at first slowly and then gathering impetus. For the next generation or two the demand will probably be fully met by quite lightly-trained personnel of what I have described as the Lance Corporal type. After that, something better will be wanted, but, with two generations to work upon, there should be the material available for producing the necessary better class teacher.

There is nothing to do with this but to wait for the Report of the Committee which will take the form of blessing the sub-committee's Report and recommending its issue with, perhaps, some minor modifications which will be suggested by different members to the Chairman, and then it will probably be printed and issued not only to the E. African Dependencies but to an admiring world at large. I agree that it is a good Memorandum in the sense that it is quite a good general essay on educational policy, but in my mind it starts too far off the ground and it is too far divorced from reality as I see it. I may be wrong and luckily it doesn't much matter whether I am or not because I think everyone will agree that whatever happens the Memorandum will produce food for thought among those who have to read it.

J.E.W.F.
10.10.34

Mr. Flood

I quite agree. Especially with your last sentence and that really is the gist of the whole thing: to make our directors of Education and responsible people look at the matter as a whole and note the many issues involved and this I think will help them and the whole development of Education and guard them from shooting off in any one particular direction whenever the situation of the moment brings one need or another to the fore.

As I have always said we must aim at something like the old tribal education, where children were not merely instructed in many matters but "Educated" for the

tribe, for indirect rule to succeed we must have "indirect = tribal" Education and I think the ideas in the memo aim at that. I find it difficult to write on Education without being "woolly", but I think the memo will have a good effect.

The difficulty with the various native teachers—school, health, agriculture—etc and the village headman will solve itself. In N. Nigeria the "school" has taken its proper place in the native Emirate & without trouble.

H.V.
12.10.34

It is quite likely that Governors may not share my hesitation over the report. My point is that I am not so happy about the effect on native administration as the Sub-Committee are in para. 14.[3] I think the tendency will be to push the elders into the background as ignorant fossils. No doubt many of them are, but as a class they represent the most stable element in our framework.

W.C.B.
13.11.34

[3] Para 14 of the report read: 'Where the school is maintained in whole or in part by Native Administration funds it may be expected that the chief and elders will take a special interest in it, and by visiting it and consulting with the teacher insensibly absorb some of the ideas for which it stands. Some mission schools also have succeeded in enlisting the interest of chiefs and elders in their work and have provided that the representatives of the local community shall have a voice in the management of the school, so that the people feel that it is not a foreign institution but something belonging to themselves.'

134 CO 847/4/3, no 28, enclosure 29 Oct 1934
[Higher education in Africa]: memorandum by A T Lacey (Nyasaland) on the Currie Report

[Lacey was director of education in Nyasaland. His memo was forwarded to the CO by the governor, Sir H Kittermaster, who commented in a covering letter: 'So far as Nyasaland is concerned the subject is really only of academic interest since it will be some years before any natives of this Protectorate are sufficiently advanced to contemplate the need for a university training' (CO 847/3/2, no 18, Kittermaster to Cunliffe-Lister, 1 Nov 1934).]

I attended last year in London a meeting of the Colonial Office Advisory Committee at which the subject of this Report, namely the higher education of Africans, was discussed.

2. The main arguments of the Report are that (a) the provision of facilities for university education is a logical and necessary development in our educational and administrative policies; (b) it is highly desirable that such education should be provided by establishing universities for Africans in Africa specially adapted to African needs but in no way "inferior" to universities in Great Britain, America or elsewhere; (c) at present there are only three or four institutions in British Tropical Africa which approximate in any way to universities; (d) it is essential therefore "to think out ahead a scheme of developing selected institutions in Africa up to a real university standard" and to announce publicly that this policy has been officially adopted.

3. As I stated before the Advisory Committee in London, I am in complete

agreement with these arguments as applied generally to British Tropical Africa. My only fear is that we in East and Central Africa may be rushed into university education long before we are ready for it. On the West Coast, owing largely to economic conditions, education generally is far more advanced than in East and Central Africa.

Achimota and Fourah Bay Colleges approximate to university standard; a fair number of West Coast Africans proceed to Great Britain and elsewhere for university education; Africans hold senior posts in Government service and can, in private practice as doctors, barristers etc., earn high incomes.

4. The situation is very different in East and Central Africa generally. The Report states, for example in paragraph (1) b. . . . "The number of African Secondary Schools is increasing and the standard of their attainment has improved and is continuing to improve." I pointed out to the Committee that in Uganda, Kenya, Tanganyika, Nyasa[land] and Northern Rhodesia combined, there were only two African schools which could possibly be called "secondary"—namely Makerere College in Uganda and The Alliance High School in Kenya—and even these two had not yet reached Matriculation standard, which is the normal standard of a secondary school.

5. Furthermore, except possibly in Uganda, the economic conditions of the vast majority of the African population in East and Central Africa are such that only in Government service could Africans with a university education find a career which offered financial remuneration proportionate to the expenses incurred in their education. In Nyasaland, for example, an African who qualified at any university as a doctor, barrister or engineer could not possibly in private practice earn a living.

6. Our most urgent need at present and for some years to come will be secondary education—and even this is impossible for financial reasons until the earning and spending power of the man in the village has increased considerably.

7. Having emphasised this danger of haste in our own local circumstances, I would endorse entirely the general argument of the Report.

135 CO 318/422/9, no 25 July 1936

[Warning from the West Indies]: review by C C Skeete of *Warning from the West Indies: a tract for Africa and the empire* by W M Macmillan. *Minute* by A J R O'Brien

[Skeete was a Barbadian and assistant commissioner of agriculture at the Imperial College of Tropical Agriculture in Trinidad. His review, which was published in *Tropical Agriculture* (vol XIII, no 7, July 1936) was circulated in the CO, together with a copy of the book itself. O'Brien was chief medical adviser to the CO.]

The title of Mr. Macmillan's book suggests that it deals with a subject of pressing concern to Africans and to those responsible for the organisation and direction of African development but it would seem to be of more concern, at least in the present generation, to the inhabitants and to those responsible for the welfare of the inhabitants in the West Indies.

The subject of the book is, in general, the past and present condition of the masses of the people—the descendants of the slaves—in the British West Indies, their

relation to the so-called dominant minorities, and the reconstruction and re-organization urgently required to achieve and maintain a better standard of living among the lower classes of the black inhabitants. The book is of especial interest from the agricultural point of view, for on agriculture and agriculture alone rests not only the future prosperity but almost the entire existence of the West Indies.

Mr. Macmillan apparently possesses only a superficial knowledge of the subject—the people, their psychology and customs, local conditions, &c.—and this has led to the expression of certain important misconceptions and to the omission from consideration of certain vital factors, but on the whole the case has been fairly reasonably stated and many useful arguments have been put forward which those concerned with the welfare and future of the Islands would do well to study carefully.

The author describes in brief the "West Indian Scene"—the Islands, their social conditions, colour relationships, political and legal rights—and claims to show how Crown Colony rule has failed to carry its burden of responsibility for the unrepresented masses.

A chapter is devoted to a discussion on the health of the inhabitants, and a generally poor standard of health among the people is claimed. The relative effect of the climate on the Europeans, Creoles, and Blacks is outlined. The inadequacy and weakness of the arrangements for public sanitation are exposed, and housing conditions are described. The question of health is claimed to be greatly influenced by chronic diet-deficiency and malnutrition which are declared to be the two prime causes of low power of resistance to disease among the majority of the people. A significant fact is mentioned—"even if good feeding were available and understood, agricultural wages would not buy it". This has considerable bearing on future agricultural development and on the prosperity or otherwise of agricultural industry, for on the measure of prosperity the standard of wages depends.

Another chapter deals with various aspects of education in the West Indies. The usual reference to the difficulty of placing the educated boys in suitable occupation is repeated. The main difficulty is ascribed to the weakness of agriculture and the low level of economic life in the islands. "Agriculture everywhere will continue to offer too little reward and too low a status to attract the ambitious until it is re-organized to give more scope for the use of hard-won learning." No indication however is given as to how that "re-organization" is to be brought about in Islands with very limited space and resources. Favourable criticism is in some measure devoted to certain school gardens in the West Indies, but the suggestion is made that more attention should be paid to the organization of schools as community centres.

The author discusses at some length the plantation system of agriculture and the possibilities of peasant proprietorship. Although the references to these systems is in many instances correct and fair, yet there is much confusion, owing no doubt to lack of detailed knowledge, in representing their relative advantages and disadvantages, and there is little definitely helpful for the formulation of a constructive policy of future development and maintenance of agricultural industry. The plantation system has been somewhat harshly and perhaps unfairly criticised, and its 'failure' has been attributed entirely to its internal defects without reference to such external factors as the smallness of the total quantities of produce for export distant markets, transport difficulties and low market values. It must not be overlooked that any system of agriculture which replaces the plantation system will be faced with the same external factors, which are in reality the real factors affecting the prosperity and social

standard of the inhabitants in the Islands. It is noteworthy that the author has failed to make reference to these factors of such fundamental importance.

In the final chapter of the book the author discusses the possibilities of social and economic reconstruction in the West Indies. It is here that the author presents various aspects of the problem which might usefully be studied by those immediately concerned. He strongly favours trying out "the fuller possibilities of peasant proprietorship", which, he states with much satisfaction, "has at last come to be the avowed aim of the Island Governments". The impression is given that the substitution of peasant agriculture for the plantation system will go a long way to solve the problem and to place the poorer classes of the inhabitants on a better social level. Several important internal factors are however passed over without mention. For instance, the relatively small amount of suitable cultivable land, in the smaller Islands especially, compared with the size of the populations. Another is the question of the cultivation of food crops. It is questionable whether the people can be suitably fed all the year round and whether economic stability can be maintained by the cultivation of the type of food crops that can on the average be grown. The limit in the usefulness of food crop production might be reached much sooner than expected. It is useless, for example, advocating the production of corn in these Islands when the producers themselves buy and eat in *preference* corn imported from Argentine.

The author describes the several forms of peasant agriculture in the Islands, namely peasant proprietorship, tenancy, metayage[1] and cane-farming. They all have their advantages and disadvantages. The author has not overlooked the fact that "social and economic issues are inextricably interwoven". He states that "the social independence of small-holders is a real gain", and that "the justification of peasant proprietorship as it is now is definitely social rather than economic". It is important that he has realized some of the dangers and difficulties of promoting and effecting peasant settlement schemes and has sounded a real "warning *to* the West Indies" in the following—"But if the West Indian revenues are ever to suffice to make up the deficiencies of the administration, and especially to provide essential social services, the resources of the Islands must be more fully developed. By this economic test peasants and small tenants alike fall short. On any showing the quality of their agriculture is second-rate, often deplorable". The author has done well therefore to conclude that peasant development by itself inevitably becomes "an inferior thing apart from the agriculture that matters". Then for the future. He states that agriculture has become a science, and marketing an art, and that it is not to be tolerated that a handful of landowners should be maintained unconditionally whatever the quality of their work. "The more enlightened planters are ready to co-operate for the reconstruction of agriculture—and the weak individual must inevitably submit to some collective organization which will eliminate the incompetent". The author now comes face to face with the inevitable difficulty of *finance*, but he does not overcome it. He merely states "the great Banks could help if they would", and suggests liberal donations from Imperial funds—"to meet this problem more is needed than the Colonial Development Fund as now restricted". The author therefore leaves us, assuming apparently that the financial difficulty *can* be overcome, with the ideal or Utopian situation which is suggested in the following

[1] Metayage is a system of land tenure in which the farmer pays a proportion of the produce as rent to the owner, who furnishes the stock and the seed.

quotation:— "The industry itself, organized in all its branches, should fix its own standards, decide for example who have or who have not qualified for financial help and, in the spirit of a guild of master craftsmen, exclude the incompetent. Then, and only then, it may be economically possible to absorb peasants and small tenants in the system and to use effectively the labour of which there is now a superabundance".

Minute with 135

. . . I agree with a great deal that Professor Macmillan has to say about the West Indian Islands and his chapter on Health conditions is a true statement of facts and in no way an exaggeration. I disagree in the method of treating all the Islands as the same, and Mr. Stockdale rightly points out the varying conditions in each Island. We need not be alarmed that African Colonies will fall on to the same slate as those in the West Indies. The African Colonies are much larger and better off financially, and as they can afford to pay higher salaries are able to obtain the services of competent administrators and technical officials who are responsible for the Government of those Colonies. The great difficulty with the West Indies is the large number of small Islands each with its own political entity. I trust that local government to the extent existing in the West Indian Colonies will not be given to the West African Colonies until the natives themselves are in a sound economic position and have been educated up to the responsibility of partial self-government.

When I visited the West Indies in 1930 (I did not go to Jamaica or British Guiana), I was much impressed with the low standard of competence of the average Government official compared with that obtaining in West Africa. This was obviously due to low salaries, resulting in recruitment being almost solely confined to local candidates. Conditions vary very much in each Island. St Lucia can be considered the most backward and Trinidad the most progressive. The reason for this is obvious, it is a question of finance. Our policy in the past has been to try and ensure that each of these small administrations shall have a balanced budget; and pay its own way & that funds for improvement should come from local resources. It has not been possible to maintain such a state of affairs in every case & it will not be possible for some time to come if a decent standard of health is to be maintained.

Much progress has been made in recent years in public health in some of the Islands—particularly in Jamaica and Trinidad. Jamaica has been largely helped by the Rockefeller Foundation, who have been instrumental in educating and demonstrating to the public the value of the prevention of disease etc. We are trustees of these Islands, and while considerable help has been provided during the last five years from [the] Colonial Development Fund for health schemes we should continue to provide such help. It is important however to ensure that there is a competent personnel available to supervise and advise on the expenditure of any money provided for improvement schemes.

A.J.R.O'B.
22.9.36

136 CO 866/29/1166/1936, no 1 24 Sept 1936

[CO labour adviser]: letter from Dr T Drummond Shiels to Mr Ormsby-Gore urging the appointment of a labour adviser. *Minutes* by J E W Flood, Lord De La Warr and J G Hibbert[1]

I thought of writing to ask for an interview, but I know you are very busy and I thought perhaps you would prefer if I put my little thought on paper.

I am sure you have been concerned about the increase in Labour difficulties in the Colonies. The Northern Rhodesian trouble is an example of the kind of thing we may get more of unless expert knowledge at the Colonial Office, as well as locally, is available.

I consider the introduction of the medical, agriculture, education, etc., advisers in the Colonial Office with which you had a good deal to do when you were Under Secretary, marked the greatest forward development which the office has had for many years.

I feel very strongly that an adviser on Labour questions, especially dealing with recruiting of native labour and including within its scope, for this purpose, the South African Protectorates, would be of tremendous value. The matter has impressed itself on my mind perhaps more lately because I have seen a good deal in various Committees and otherwise of Major Orde Browne, who was formerly in charge of the Labour Department in Tanganyika. I am sure you know him well, but he does strike me as having the breadth of outlook and sound judgment as well as accurate local knowledge which would be invaluable in an adviser on this subject. He also knows the French Colonies and is giving us a very useful paper at the forthcoming Conference of the Institut Colonial International.

He has not asked or hinted that I should do this and I am writing solely in what I consider the interest of the Colonies and the welfare of the Office. I hope you will not mind my doing so and I am sure you will agree that a consistent and wise Labour policy in our Colonies is of some importance in these difficult times.

I am awaiting with interest the announcement of Lord Lugard's successor at Geneva. Orde Browne would have done this well as he speaks French fluently and is familiar with Geneva as Deputy for Lord Lugard on the Committee of Experts, but I presume you would need an ex-Governor, as a final and permanent appointment.

I sympathise with you and the difficult Palestine situation which caused me much suffering in former days.

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The suggestion is based on the idea which Dr Shiels held fixedly that the Colonies are governed from here and that the policy of the S. of S. should be to distrust the Governor and his staff and be guided by his own inner light and the help of advisers. Now an Adviser is all right in places. As Mr. Downie says sugar is sugar wherever it is, also law is law and disease is disease.

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[1] Principal, CO, from 1936, serving in the General Division and then the Social Services Dept.

But labour conditions differ and are essentially matters for local Governments. No person who does not know a Colony and its people can give any real advice, and no one knows all the Colonies or ever can. When the last convention (about recruiting) was on the tapis we could not get people to see that a place like Kenya differed from Nigeria and both from Ceylon. But there is no uniformity and can't be, and no amount of 'advice' from here can be of any real value to Colonies except to lay down general rules which in most cases will be unsuited to local conditions.

As far as my places are involved[2] Kenya is the only one where 'labour' is at all a live issue. The people there would I think resent the idea of a labour adviser—and I'm fairly sure they would resent Major Orde Browne—and talk about 'more Downing Street control' with a little more justification than usual. I question whether any E.A. Govt. would be willing to contribute anything.

By all means let Govts have labour officers in each place where 'labour' is a live issue. But don't try to run it from here.

J.E.W.F.
3.10.36

The policy of Trusteeship is going to be more difficult in labour questions than in any other sphere, and on grounds of Imperial Policy it seems desirable that there should be an Adviser here who would throw his influence on the side of fair wages and better conditions whenever they are involved in questions under consideration. He should, among other things, scrutinise the annual estimates and comment upon the provision made for native government employees, especially for casual or unestablished labour. There is a special labour point of view in all projects for education, health, taxation and economic enterprise.

The appointment would arise from Imperial Policy, and the expense should be met from Imperial funds. Although every item of additional expense needs very careful consideration, I cannot feel that on a matter of such importance the cost of one official should prevent us from doing the right thing.

It has been suggested in the minutes that Labour is different in each Colony, and that there is no technique in labour matters which is common to all. I disagree. To mention only a few subjects, Workmen's Compensation, Regulation of Hours, Safety Regulations, Recruiting, Labour contracts (especially where illiterates are involved), and the health and diet of compound and plantation labour, all possess a technique of their own which has common features wherever it may be applied. I agree that we could scarcely expect one Labour Adviser to deal with all the Colonies: but while this might be an argument for having two advisers (cp. the Medical, Agriculture and Education Advisers) it is no reason for having none at all. If it is a fact that the Eastern Dependencies have good Labour Departments, I doubt whether it is true of Africa. Could the proposal not be discussed with reference to the appointemnt of an Adviser on African Labour matters in the first place? A good man holding such a position would surely have detected, earlier, the appalling state of affairs revealed in the recent Report on Emigrant Labour in Nyasaland.[3] Incidentally, we may be sure

[2] In 1936 Flood was head of the East Africa Dept which dealt with Kenya, Uganda and Zanzibar. A separate department dealt with Tanganyika and Somaliland.

[3] *Nyasaland Protectorate: Report of the Committee appointed by His Excellency the Governor to enquire into Emigrant Labour, 1935* (Zomba, 1936). The report estimated that approximately 120,000 males or more than a quarter of the total adult male population were absent from Nyasaland. Southern Rhodesia

that after the unfortunate publicity which that report received, we shall hear of it in Parliament. It would help if we could say that an Adviser is being appointed.

The Adviser could do valuable work in making Colonial conditions of labour known in this country (where they are generally misunderstood) and in representing the Colonies at the I.L.O. . . .

D.[L.W.]
16.10.36

The question of the appointment of Labour adviser was again raised last August (arising out of an inquiry made by Mr Creech Jones M.P. as to the composition and function of the Col. Labour Cttee).

The S. of S. minuted on the 31st August; "I am inclined to agree with Mr. Hibbert" (i.e. on the point that a Labour Adviser would be more valuable than a reorganised Cttee. containing retired Col. officials) "but until the Education Staff are paid by the Treasury, I don't want to fight the inevitable battle with the Treasury over a Labour Adviser, useful as he would be".

J.G.H.
25.9.37

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and South Africa were the main destinations for the majority of migrants. 'Economic pressures and the love of travel' were identified as two of the main causes of the exodus. Economic pressures included payment of tax, communal obligations and the desire for a higher standard of living than could be obtained by working for wages or by selling surplus produce. In the north of Nyasaland especially, there were 'large areas of undeveloped land and the inhabitants cannot meet even tax obligations unless they go away for work'. The report also emphasised the importance of two further causes. First, the immigration into the southern half of Nyasaland of migrants from Portuguese East Africa. Secondly, the spoliation of land caused by shifting methods of agriculture. Both had led to a shortage, in certain districts, of fertile land. It was estimated that between twenty-five and thirty per cent of the migrants from Nyasaland became the 'Machona' or 'lost ones' who never returned and the report dwelt at length on the effect on village life. Deserted women were said to suffer most. Unless the causes of migration were counteracted and the migration itself controlled, the report concluded that 'in no far distant future the Protectorate will have reached a desperate condition'. The economic entity of the country would be 'imperilled' and large tracts of land rendered 'unfit for cultivation of any sort'.

137 CO 323/1426/13, no 4 20 May 1937

[Trades unions in Kenya]: despatch no 80 from Sir A de V Wade[1] to Mr Ormsby-Gore explaining the background to the introduction of trades union legislation in Kenya. *Minute* by J E W Flood

With reference to your confidential telegram No. 121 of the 19th May, on the subject of Trade Union Legislation, I have the honour to make the following observations on the circumstances which render it desirable to introduce in this Colony a Bill on the lines of the Tanganyika Territory Trade Union Ordinance, 1932.

2. In June 1935, an organization called the Labour Trade Union of Kenya was formed by Indians at Nairobi. A copy of a manifesto issued by the promoters, setting out the aims and constitution of the Union, is attached.[2] The Union is said now to

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[1] Acting gov, Kenya.

[2] Enclosures not printed.

number some 3,000 Indians, and at present, has no native members, although racial restrictions on membership are not imposed. There is reason to believe, however, that the organisers are anxious to extend the movement to Africans, and in this connection it may be observed that a strike of native stone-cutters, which has now been settled through Government intervention, occurred recently in Nairobi. So far as can be ascertained there is no relation between this strike and the Indian Union, but it is becoming apparent that fertile ground for propaganda of this nature among Africans exists, the dangers of which, unless properly controlled, need no emphasis.

3. From the time of its inception until early this year, the Labour Trade Union was comparatively inactive, but in January, a campaign was started with a view to obtaining a 25 per cent increase in wages and an eight-hour working day for Indian artisans employed by European and Indian building contractors in Nairobi. Recognition of the Union, which had then changed its name to the Labour Trade Union of East Africa, was also demanded. A few of the smaller Indian firms capitulated within the course of a week, and the Union then turned its attention to two prominent European employers; these were prepared to negotiate, but the Union leaders would not agree to anything less than the complete acceptance of their demands, and proceeded to call a strike of the artisans employed by the two firms in question.

4. No settlement of the strike has yet been possible, as all attempts at negotiations on the part of the employers have met with a flat refusal by the Union representatives to allow the workers to consider any compromise, and the situation may become serious from the point of view of trade, unless steps to meet it are taken without delay. To this end, representations have been made to the Government by a deputation of employers, for the early introduction of legislation on the lines of the Tanganyika Territory Trade Union Ordinance, 1932, and the view was expressed, with which I agree, that the publication of a Bill may react beneficially by inducing the artisans themselves to negotiate with their employers, rather than adhere to a Union which, in its present form, would probably not be registrable. It is recognized that the formation of Trades Unions is a natural and legitimate consequence of social and industrial progress, and in the present case, the employers would not only be prepared to consider sympathetically a request for some increase in wages, but would welcome properly constituted Unions. The Labour Trade Union of East Africa cannot be placed in this category; although certain of their demands appear to merit consideration and the strike is being conducted in a generally orderly manner, the methods adopted by the Union are not such as to commend it. Furthermore, there is reason to believe that the organisers of the movement are disaffected persons whose influence and activities it would not be desirable to encourage, particularly when the possibility of their obtaining a following of Africans is borne in mind.

5. The latest development occurred on the 11th May, when a meeting, said to have been attended by about 1,500 Indians, was held and resolutions were passed supporting the action taken by the Union and approving the formation of a committee to collect funds for the strike.

6. It is possible that events subsequent to the enactment of the Tanganyika Ordinance may have rendered necessary some modifications in the Bill to be introduced in this Colony, and I shall be glad to receive your advice on this point. The Bill is being published in the Gazette of the 25th May, and a copy is enclosed in this despatch.

7. Copies of this despatch are being forwarded to the Governments of Tanganyika

Territory, Uganda and Zanzibar. Information is also being sought from the Government of Tanganyika Territory, regarding the number of Trades Unions registered since the introduction of the Ordinance, and also regarding any proposals for amending the Ordinance, and action taken in this connection.

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This has its disquieting side. An Indian-run Union which got at the workmen on farms might easily lead to trouble. The African is not the kind of man who knows how to run a strike, nor is the Indian the man to lead him. On the other hand the white settler might easily, in some instances, do something which would be regretted.

N. Rhodesia is aiming at *European* Trade Unions which exist there, and I would not stress what they are doing but we should clearly. . . .

As long as the union is confined to Indians it won't be much danger because the Indian will be afraid of losing his job to the African. But, for that very reason, he'll be bound to try to bring in the African and is clever enough to use him as a tool. Extravagant wages demands can only kill the goose because there are no golden eggs in Kenya.

J.E.W.F.
21.6.37

138 CO 323/1429/9, no 3 24 Aug 1937

[Labour policy]: circular despatch from Mr Ormsby-Gore to colonial governments requesting a review of arrangements for the supervision of labour conditions

I have etc. to refer to Mr. MacDonald's circular despatch of the 9th of November, 1935, in which he requested the Governments of Colonial Dependencies to review their arrangements for the supervision of conditions governing the employment of labour in the territories under their administration.

2. In the opening paragraph of his despatch, Mr. MacDonald referred to the interest which is taken by Parliament in this question, and, as will be seen from the Official Report of the debate in the House of Commons on the 2nd of June, 1937 on the Colonial Office Vote (a copy of which was sent to you under cover of my circular note of the 21st of June), some anxiety was expressed by a number of speakers as to whether the position in the Colonial Empire was generally satisfactory at the present time.

3. I have given careful consideration to the replies which have been received from Colonial Governments to Mr. MacDonald's despatch. (In the case of a few Colonies a reply is still awaited.) While I feel that the establishment or re-establishment of separate labour departments should be the ultimate aim in the larger and more important Dependencies, and while I note with satisfaction that certain Governments contemplate recommending this, I nevertheless appreciate the representations which have been made by other Governments that the time has not yet arrived

for this step to be taken; and I have no desire to insist on the application of a uniform system to varying conditions, or to press the establishment of a separate department of labour on Colonial Governments against their will. What I do however feel strongly is that, now that there has been, generally speaking, a definite improvement in the financial position of the Colonies and that Colonial enterprises, whether concerned with mineral or agricultural production, are to a large extent reaping the benefit of enhanced prices, it is only right that Colonial Governments should take all steps in their power to ensure that a fair share of this benefit is passed on to the workers in their territories.

4. I am of the opinion that relations between employers and employees, which constitute the main function of any Government labour organisation, can hardly be dealt with efficiently if they are merely left to the Secretariat or the Native Affairs Department in a large Colony, nor do I think that they can be effectively covered in district administration by an administrative staff which is primarily occupied with other interests or duties. I observe from the replies received to Mr. MacDonald's despatch that a certain number of Dependencies appear to be under the impression that this question is only to be regarded as of importance in what are generally termed industrial areas, that is to say areas in which there are to be found developed industries with modern power-driven machinery such as manufactories or mines. I desire to emphasise the point that the relations between master and servant are equally important in a purely agricultural Colony and only sink into insignificance where the prevalent state of society is one of small peasant holders working on their own account. I am therefore anxious that in all territories where there is a substantial wage-earning community, Colonial Governments should forthwith consider the desirability of setting up a labour organisation consisting of officers whose sole duty shall be to inspect and examine labour conditions generally and make suggestions for their improvement, and whose services can be called upon when necessary by the district administration. I consider that it would generally be advisable that these officers should be under the control of a chief labour inspector who would act as an adviser to Government. Whether he should form part of the staff of a Secretariat or of a Native Affairs Department, where such a Department has been established, is a matter for consideration in the light of particular conditions in each Dependency.

5. The duties which these officers should perform have been briefly outlined in Mr. MacDonald's despatch and I have little to add to these recommendations. I desire however to mention the following matters.

6. I would remind Colonial Governments that the question of the regulation of written contracts of employment, to which reference was made in Mr. MacDonald's circular despatch of the 1st of November 1935, will come up for examination by the International Labour Conference next year; and I would invite special attention to the concluding section of the recommendations of the Committee of Experts on Native Labour enclosed in that despatch, which deals with the desirability of eliminating penal sanctions from masters and servants legislation.[1] Another impor-

[1] Two further sentences were added to the original draft of this despatch at this point but they were subsequently deleted. They read: 'I am not satisfied that all has been done that should be done to remove from the statute book provisions which are no longer in accord with public opinion as to the proper regulation of the conditions of labour by the law of contract. I have already addressed despatches on this subject to certain Colonial Governments.'

tant matter which it should be the principal duty of any Colonial labour organisation to survey is the legislation relating to workmen's compensation. Here again I find that there is a tendency on the part of certain Colonial Governments to assume that such legislation is only necessary where industrial communities exist. I am also anxious that the question of the recognition of trades unions to which attention was drawn by Lord Passfield in September, 1930, should be reviewed by those Colonial Governments which have not yet dealt with this question. It should be realised that the prohibition of trades unions or the subjection of them to disabilities which used to be imposed by the Common Law in England, but which are now altogether obsolete, is almost certain to encourage the formation of illegal organisations which may easily develop into "secret societies" and extend their operations into the political field. A policy of restriction in this respect may therefore give direct encouragement to the formation of extremist associations. One of the functions of any Colonial labour organisation should be to report to Government on the developments which may have taken place in the direction of the formation of trades unions, their general conduct and tendencies and their relations with employers.

7. The position in any Colonial Dependency in regard to very lowly paid workers calls for urgent examination. In a considerable number of Dependencies power already exists for the setting up of courts or commissions to investigate cases of such labour. It seems probable that cases of the kind are to be found in almost every Colonial territory and I am anxious that, where it does not already exist, legislation should be enacted enabling inquiries to be held and that effective use should be made of such legislation.

8. Other matters which should be the concern of Colonial labour organisations, in co-operation with the medical and health services, would be questions relating to housing conditions especially of plantations, transport of workers who come from a distance, and the provision of facilities for the education of children of workers employed on estates. As you are aware, there are a number of international conventions dealing with the employment of women and children, minimum age for employment in industry, etc., which have been ratified by His Majesty's Government, and I am anxious that all Colonial Governments should consider whether any of these conventions which have not already been applied to their territories can now be so applied, and that the necessary steps should be taken to introduce legislation to give effect to the conventions in question.

9. I should be obliged if you would furnish me with a report not later than the 30th of June, 1938, stating the action which it has been found possible to take to give effect to the suggestions made in this despatch.

139 CO 822/83/11, pp 204–207 Sept 1937

[Higher education in Africa]: report of the De La Warr Commission on Makerere College; introductory comments on 'Africa in transition'

[Extract]

. . . The experience of missionaries, traders and employers has shown that the African profits by education, and the standards of learning and judgment attained by individual Africans demonstrate the potential qualities of their race. Apart from any

comparison with other peoples, we are convinced that there are undeveloped powers in the African which should be cultivated, not for his good alone, but for the benefit of the world.

It is no longer possible to segregate the African as a museum specimen, permitted to depart from his tribal surroundings only when his labour is required on the farms or in the mines of Europeans. Western civilization has irrevocably impinged upon the old tribal organization, and former habits of life and conduct have been blurred beyond recognition.

The African has been taught that European ways of life are superior to his. He sees that European methods and education give control over the forces of nature and the circumstances of life. He is not impressed by those who now disparage Western standards and extol the indigenous culture which existed before the advent of the European.

The African demands education as a right. Neither coercion nor cajolery is required to induce him to attend school. There are those indeed who believe that steps should be taken to curb this passion for education and to dispel the African's pathetic belief that learning is the panacea for all ills. Yet it is not by restrictive or reactionary measures that a saner sense of proportion can be induced; that sense of proportion can be acquired only through those habits of reason and comparison which are created by a sound educational system.

The education of the African is therefore inevitable. It is also right. The policy of Trusteeship has been proclaimed as the policy of His Majesty's Governments. It is a policy which will have to confront inconvenient problems and which already inspires young energies and fresh ambitions. Yet if the concept of Trusteeship, if the method of Indirect Rule, are to be anything more than glib evasions of responsibility they must assert that the African shall in due course reach full maturity and take his place among the peoples of the world. That aim can only be achieved through education.

The problem is thus not whether the African should be educated, but what type of education is best adapted to his past, his present and his future.

2.

At present there is a welter of conflicting aims which leads to over-lapping and even friction between those who share in the education of the African. The Governments concentrate mainly upon the improvement of the material and social conditions under which the people live; the missions, while not ignoring the purposes of the Governments, claim the moral and spiritual welfare of the population as their main concern; the commercial public and the employers lay emphasis upon technical efficiency and standards of honesty; the younger African attaches the greatest importance to cultural development and to what he imagines to be its economic and political rewards; the older African may regard Western education with suspicion and sigh for the days when the elders of the tribe commanded uncritical respect.

None of these diverse objectives is to be decried; nor are they necessarily incompatible. Education should be able to conciliate these varying motives, and to reconcile these diverse aims, by entwining what is best in each of them into an ordered design. Yet if co-ordination is to be achieved there must be agreement regarding the aims and nature of education. In our opinion that agreement can be found only in the conception of education, not as sectional or departmental activity,

but as something essentially organic covering the welfare of the African community as a whole.

Such a conception is to-day moulding educational theory in Europe and the United States. No longer is education limited to the mere absorption of facts. More and more is emphasis being thrown upon the school as a community centre; as a vital organ of society through which are developed moral values and social attitudes; as the surest means by which the individual can be adapted to the community and the community to the individual.

One of the chief difficulties which hamper co-operation between the African school and the African community is that much of the education of the African is unavoidably in non-African hands. African communities are little informed of the technique of education and as a result it will be many years before solidarity can be achieved betwen the trend in the schools and the views of the community, or even between the ambitions of the school-boy and the wishes and traditions of his parents.

In these circumstances the qualities produced in the pupils, while welcome to their teachers, may not commend themselves to the people among whom the pupils have to live. If the teachers are out of touch with the community as a whole, then it is illogical and unconvincing for them to teach children to respect their own people and their own culture. Yet without such respect, education will fail to become an organic growth and will remain a foreign imposition.

We emphasize this by quoting a statement made by you, Sir, [ie, the secretary of state] in a recent address:— "One of the essential aims", you said, "not only of every university, but of every school, should be to preserve and enhance indigenous local tradition and culture. What mankind has done for himself is always better in the long run than what has been imposed upon him by others. We must develop local pride in achievement; and this achievement if it is to last and contribute to the richness and variety of human experience must not be merely imitative. Education in effect must always aim at being creative."

3.

Such considerations raise the question whether the education of the African must lead (to use a term suggested by His Highness the Kabaka) to "foreignization"; or whether, and if so to what extent, it can remain indigenous. Should we take the existing needs of African society as the foundation upon which the educational system is to be built and by which it would in effect be limited? Or should we assume that European education is the most perfect yet devised by the ingenuity of man and impose that education upon the African without considering whether in fact it is the form best suited to his capacity or his needs?

The opponents of Westernization contend that while it is essential to change much in the social system of a primitive people, such change is brought about most easily and with least harm if the advanced ideas are grafted onto the deeply-rooted stock of what already exists. They argue that the process of "civilizing" the African by first destroying all faith in his own institutions and traditions creates in him a sense of permanent inferiority and an unfortunate belief that everything which is peculiarly his own is worthless and an obstacle to progress.

The opposite school believe that the African should assimilate as rapidly as possible the European attitude towards life. Such people argue that the one great hope of progress in Africa lies in the application to African conditions of European

knowledge, experience and skill. Only, they contend, from non-Africans can the African people obtain the education which will enable them to advance to higher levels of civilization and to turn to advantage the natural resources of their land.

The conceptions upon which this report is based are not expressed in terms of either of these two extremes. They are relevant to the report since they illumine the spirit of its recommendations. It is necessary, therefore, that they should, in this introductory session, be defined with some precision.

It is customary for Europeans to regard African civilization as static. It is often forgotten that change was a factor in African development long before the advent of the white man. Throughout the history of Africa there has been a slow but constant evolution of political, economic and social organization. Some of these changes have been scarcely perceptible. Others have been cataclysmic and have brought much suffering in their wake. Many were due to contacts with more advanced tribes, and many to the emergence within the tribal circle of outstanding personalities.

The African background to-day comprises not the native alone, and not the European alone, but the interaction between the African theory of traditionalism and the European theory of progress. The infiltration of European culture, whether good or bad, has irretrievably occasioned a new and additional state of mind. These two supplementary and complementary systems are already interlocked; it is no longer possible to sunder their union.

It is not, therefore, the task of African education to prevent the Europeanization of the African. The task, rather, is to interpret to the youth of Africa, the higher values of the present world and to assist Africans in a difficult process of adjustment so that they shall be able to live without strain in the composite conditions which have been created.

4.

How can this assistance be afforded? Africa is entering upon a period of rapid transition and major changes will take place. There is no reason, however, why these changes need be haphazard and therefore hazardous; they can be in part at least foreseen, controlled and planned.

Our present epoch, fortunately, is attuned to such experiments and to such prevision. New principles are being realized in human relationships and in the working of the individual mind. Agencies such as the International Institute of African Languages and Cultures enable scholars and officials to co-operate in understanding the mind and social institutions of Africa. The education of the African is being subjected to informed scrutiny; and the Colonial Office, through its Advisory Committee on Education, is able to avail itself of the services of men and women of long experience and trained knowledge. Is it optimistic to believe that this enhanced awareness of the nature of our difficulties, this increased utilization of prudent experience, may enable Governments to plan an educational system which will give to Africa the opportunity to fashion an indigenous culture which would be no less African because it represented a synthesis of both African and European elements?

The African is emerging from his primitive traditions, and a new Africa, with a new type of society, is being evolved. This new society will possess its own moral and other sanctions which in some respects will be partly Western and partly African, and in other respects neither African nor Western.

Beneath the apparent predilection of the ordinary African for the superficial allurements of European civilization, there exists a real desire on the part of the intelligent African to distinguish and to incorporate within his own culture the highest meaning of the forces impinging upon him from without. He knows that Europe can teach him a scientific temper, habits of industry, the discipline of accuracy, the standards of fair dealing and of honesty. Such lessons are in no way inconsistent with the realization that nothing in indigenous culture should be destroyed or condemned unless it can be proved that it does in fact obstruct the progress of that culture.

We believe that it should be feasible to devise a system by which primary education could produce a sound and prosperous rural population: and by which European culture could be canalized in such a manner as to become available, in its purest form, to intelligent and adventurous Africans.

The principles we have in view can never be carried into effect so long as the general conception of African education remains exclusively denominational or departmental. Even in Europe the mistake has been made in the not distant past of forcing every child or group through the same educational mould. This defect has characterized much of the education of the African. Courses of study in African schools are sometimes identical with those prescribed for European schools or are abbreviated modifications of such courses. Account has not always been taken of the peculiar needs of the African communities; provision for the future life-work of the pupils has sometimes been neglected: much that is of doubtful value to the African has been, and still is, taught and much that would be of great value to him has been, and still is, omitted. Unless a teacher can illustrate his lesson by analogies drawn from his pupil's own experience, he is cramming and not teaching; nor is it possible to disregard the Africans' dangerous facility for memorizing facts. In the United Kingdom, wood-work and metal-workshops are being provided in boys' schools; kitchens, sewing rooms and laundries for the girls; gardens and agriculture for both; and all this with no intention of creating vocational schools, but with the simple desire to relate education to the concrete as well as to the abstract, and to train the whole child through hand and eye and mind. In a predominantly rural Africa the education of the child must be based upon the facts of that rural life in which he will participate. . . .

140 CO 822/83/11, no 1 — 6 Dec 1937

[Higher education in Africa]: letter from J E W Flood to the Treasury stating the case for a UK contribution to an endowment fund for Makerere College

I am directed by Mr. Secretary Ormsby Gore to enclose, to be laid before the Lords Commissioners of the Treasury, a copy of the report of a Commission on Higher Education in East Africa, which has recently been issued, and to request that their Lordships' attention may be invited to the Commission's proposals as a whole, and in particular to the financial recommendations contained in Chapter 29. The Report was considered by the Secretary of State's Advisory Committee on Education in the

Colonies at a meeting on the 25th of November, and a copy of a resolution passed at that meeting is enclosed.

2. Their Lordships will observe that one important feature of the Commission's proposals is that when the Higher College has been established an endowment fund shall be created so as to enable its financial position to be assured independently of annual grants from the Governments of the East African Territories. The Uganda Government is prepared to undertake the responsibility for the construction of the necessary buildings, which are estimated to cost £170,000, and the question to which Mr. Ormsby Gore desires to draw attention is that of the sources from which the proposed endowment fund of £500,000 can be built up.

3. The problem of providing adequate facilities for the higher education of the native populations in the British Tropical African Dependencies is one which, since the war, has assumed great importance and increasing attention is being paid to it, not merely in the African Dependencies themselves, but in this country and throughout the world. It is continually urged that the British Government fails to show sufficient interest in the education of the native populations entrusted to its care, and it cannot be denied that where educational facilities are available they are mainly of an elementary nature and contain very slight provision for higher education for the professions. It is claimed that Imperial policy is based upon the principle of Trusteeship for Native races. If this claim is to be upheld it is fair to contend that there is a definite obligation upon the British Government to contribute, wherever possible, towards the education of the native races of Africa, and in Mr. Ormsby Gore's opinion a substantial grant from British funds towards a specific object, such as the proposed Higher College in East Africa, would have an outstanding value. Quite apart from the sum contributed, the grant would be a definite indication that Parliament is not unmindful of its responsibility towards the backward races of the Empire. The provision of substantial financial assistance would therefore be invaluable from a propaganda point of view, and would provide a striking answer to the charge of neglect, a charge made not only by Native races themselves but by Foreign observers.

4. One of the most pressing needs of the Tropical African Governments is to increase the provision of public health, public works, and agricultural services, the last of which has now a special importance owing to the increasing need for conserving the fertility of the land and encouraging more scientific methods of production. In all these fields of activity the greatest difficulty which confronts the Governments is to find the necessary trained staff to fulfil the demands of these public services. European medical officers, agricultural experts, engineers, and technicians are necessarily very expensive, requiring high salaries, frequent leave, and the provision of houses and other accommodation on a scale far in excess of that which is needed by the native population. Accordingly the amount of work which can be accomplished is all too frequently limited by the number of the trained European staff who can be employed within the financial limits allowable. It has therefore been obvious for some time past that the only remedy lies in the employment of trained African personnel, with proper cultural and technical qualifications, who can replace or supplement the European officer at much less expense and thereby enable the development of the Native areas in British territories in Africa to proceed with greater rapidity and over wider areas.

5. To secure this end, facilities for higher education must be provided, and it is

essential that such facilities should be available in British Africa. At present a number of African students come to study at Universities in this country, or in the United States of America, and it is necessary to bear in mind the probability that facilities and inducements will be established for British Africans to attend courses in Italian Africa. Those who proceed abroad frequently engage in studies which are not of particular value. There is also a tendency for them to lose touch with their own people and to form most undesirable acquaintances and habits outside Africa, with the result that on their return they are not suitable for employment in the public services, find themselves estranged in their habits from their own people and in some cases become a positive danger to the ordered progress of their race. It is therefore considered inadvisable as a matter of high policy to attempt to secure University education for Africans by a system of scholarships to enable them to come to Universities in this country, and Mr. Ormsby Gore strongly supports a proposal to establish such a college in East Africa as is suggested by the recent Commission.

6. At the present time, there is nothing approaching a University anywhere in the whole of the British possessions in Eastern Africa, and the establishment of an institution such as is proposed will do much to take away what is undoubtedly a long standing reproach to British administration. The need for higher education is already felt, and, since the existing facilities for secondary education are rapidly extending, the need will continue to increase. Accordingly, on the broadest grounds of Imperial policy it will be, in Mr. Ormsby Gore's opinion, desirable to establish in East Africa a college on the lines recommended by the Commission.

7. Their Lordships will observe that the endowment fund suggested by the Commission is £500,000, and out of this large sum it is possible that the Government of Uganda may be able to find half, say between £200,000 and £250,000. The other East African Governments will be invited to contribute according to their resources, but it is doubtful whether any capital contributions which they may be able to produce will reach as much as £100,000, the sum for which the Commission hoped, though it is certainly possible that those Governments will be prepared to accept a liability for making some capital contribution and, until they can produce a large lump sum, may be ready to contribute annually a sum equivalent to the interest which might be expected on their capital contribution. Mr. Ormsby Gore would, however, submit for their Lordships' approval, that a sum of at least £100,000 should be provided from British funds on the grounds set forward in the foregoing paragraphs.

8. It is particularly desirable that an announcement of the intentions of His Majesty's Government in this direction should be made as soon as possible, partly for the general reasons already mentioned, and partly to assure public opinion in East Africa and throughout the African world that the British Government is in earnest in supporting the proposals of the Commission. Mr. Ormsby Gore would therefore wish to make, at an early date, an announcement that Parliament will be asked to vote a sum of £100,000 towards the endowment of the Higher College in East Africa. It will not be necessary for this amount to be actually provided at once, indeed it might seem premature to do so until the College has actually been established, but it is advisable that a public announcement of the intention should be made.

9. If their Lordships are prepared to agree to the submission of a vote for such a sum to Parliament, it will be made clear that the money in question will not be regarded as belonging to any particular administration. The endowment fund will be

managed by a special body of independent trustees, and it is intended that from the very first the finances of the college as is proper in the case of any body aspiring to University status shall be kept separate from those of the Government of Uganda. For this reason any grants which may be made by the Government of Uganda and by the other Governments in East Africa to the endowment fund will not appear as assets of Government, though it is the Secretary of State's intention that the Governor of Uganda under his direction shall exercise effective control over the policy and administration of the college, at any rate for some time to come.

10. This application for assistance from British funds is based primarily on the grounds that the object to be secured is an important matter of Imperial policy which vitally affects the whole of the Colonial Empire in East Africa, but there are other important considerations which Mr. Ormsby Gore trusts will be borne in mind in considering the application.

11. Foremost among these is the effect on the minds of Africans themselves which would undoubtedly follow the tangible recognition by the British Government of their hopes and needs. The authorities in Uganda are anxious that native opinion in the Protectorate and throughout East Africa should be left in no doubt on that point, but should be made aware that the proposals have the unqualified support of His Majesty's Government and are indeed an object of its especial care. Mr. Ormsby Gore is advised that in no way could the desired effect be achieved more surely than by an announcement that the British Exchequer is prepared to assist in the endowment of the Higher College proposed by the Commission. It is the one way in which we can convince the Natives of Africa that it is not part of our policy to debar Africans from reaching the higher professions or to keep them from obtaining the type of education which we require from those of our own race who are now sent out to perform functions which Africans through lack of educational facilities are unable to perform.

12. It is considered also that an early announcement of the intention of His Majesty's Government to contribute would increase the effectiveness of the appeal which will have to be made to the Governments, other than that of Uganda, and to outside bodies for financial support. Further, it would do more than anything else could to rally unofficial opinion, both in this country and abroad behind a project which, in the Secretary of State's considered view, is of profound Imperial significance.

13. Mr. Ormsby Gore therefore trusts that their Lordships may find themselves able to entertain favourably his request that a free grant of £100,000 may be made towards the endowment fund of the Higher College of Uganda and that they will agree to his taking an early opportunity to announce in the House of Commons that he will in due course submit a vote for this purpose.

141 CO 822/83/11, no 19 18 Dec 1937

[Higher education in Africa]: letter from E Hale (Treasury) to J E W Flood on the endowment fund for Makerere College. *Minute* by J E W Flood

I should like to discuss with you the proposal that we should give £100,000 to the

proposed Higher College for East Africa (your papers 46613/37).[1] It may facilitate matters if I put down the main points that trouble us.

2. If we contribute to this service where will it lead us? You regard the British taxpayer as being under an "obligation to contribute, wherever possible, towards the education of the native races of Africa", and you describe this obligation as "definite". It seems to us alarmingly indefinite, and one that might lead to almost unlimited commitments.

3. You appeal to the analogy of the trustee; but in private life the trustee does not have to supplement from his own pocket the trust funds he administers, and if our position were really comparable with that of the trustee we should have to do no more than the best we could with the Colonial revenues available. In any case, with whatever function in private life our position may be analogous, our duty has not in general been held to require us to do more than assist, and that commonly by loan, in cases where a Colony's revenues are insufficient to enable it to meet the necessary expenses of administration. I do not overlook the Colonial Development Fund or the B group of Subheads in the Colonial and Middle Eastern Services Vote. But the motives that inspired the creation of the Colonial Development Fund were far from disinterested; and the B group of Subheads are in the main Empire Marketing Board remanents, and it has to be remembered that, as the Empire Marketing Fund was set up to provide the Empire with a quid pro quo for the preferences which we did not then fully reciprocate, the grounds on which these grants were previously made no longer exist in present fiscal conditions, and therefore the grants themselves do not in our view form a valid precedent for further such grants today.

4. It follows that, when you ask us to contribute to the Higher College for East Africa, not because the Governments interested are unable to meet a necessary expense—I imagine that even Kenya would have no undue difficulty in providing the annual equivalent of her share of the proposed Endowment Fund—but on other grounds, we feel that we are being launched upon an almost uncharted sea. If it is our duty to contribute to the cost of a particular service in colonial territory, irrespective of the budgetary condition of the Colonies concerned, how are we to distinguish those services to which we have duty to contribute from those, if any, to which we have no such duty?

5. If you were to tell us that the only service to which you will expect us to contribute (in the case of Colonies not "on the dole") is higher, i.e. post-secondary, education, we should even then have to ask whether other similar developments are contemplated in other parts of the Colonial Empire, and if so, where and when; since we should presumably be asked to give similar help, e.g. to West Africa if it were decided to found a Higher College there.

6. We also note that the main effect, if not the purpose, of the College will be to provide the East African Governments with trained African personnel. It will thus presumably lead to a saving, in comparison with the cost of the European personnel that would otherwise be necessary, which may considerably exceed the net annual cost of the College. If the existence of the College were on balance to result in a saving to the Governments concerned, this fact would considerably diminish the force of any obligation there might otherwise be on general grounds to contribute.

7. Assuming now (for the purpose of argument only) that we are to contribute,

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[1] See 140.

we have to consider the form as well as the amount of the contribution. It is certainly unusual, if indeed precedents could be found, for a Government to assist an educational institution by means of a capital grant in a case where the grant is not required to meet capital expenditure but is to be invested. A Government commonly assists recurrent expenditure by a recurrent grant, and we should like to hear the case for the unusual form of assistance which you propose explained more fully. At this point I must warn you that the budgetary position here will be one of exceptional difficulty as long as armament expenditure continues at the present level, and strong justification would be required if we were to ask the taxpayer to find a capital sum for a purpose which could be met equally well by voting annually the equivalent income.

8. As regards the amount of the contribution you propose, we cannot help thinking that, while the contribution expected from Uganda is adequate, the other Governments ought to do better than you expect. We appreciate that Kenya cannot be expected, and indeed should not be asked, to find a capital sum at present. But we see no reason why she should not find her fair share in the form of an annual grant. Of the 1,004 recruits for Government service required from the Higher College in the next ten years, Kenya will want 331—say one third. On this basis she ought to contribute about £5,000 a year, and this should not be beyond her capacity, particularly in view of the benefit she will derive from the College. This in itself would reduce by over £100,000 the Endowment Fund required.

9. When you are ready to discuss, will you let me know.

Minute on 141

. . . So far as I can see, nothing like it is liable to come up ever again—certainly not in Africa. In West Africa there are facilities for higher education which the West African colonies with their more satisfactory revenues have been able to supply, and in the case of East Africa it really boils down to inviting His Majesty's Government to recognise that they have some responsibility and ought to show in a tangible fashion that they realise it. Uganda's finances are, it is true, fairly satisfactory. One can't say more than that. Uganda has got a surplus of £1½ millions, which would be easily eaten up by half-a-dozen bad years. Kenya has no money at all, though it is doing better and Tanganyika certainly has not any. Surely an Imperial nation which is busy spending £1,500,000,000 on rearmament and spends about £350,000,000 a year on "social services" in this country could afford to make a grant of £100,000 as a sign of interest in its very childish wards in East Africa.[2]

J.E.W.F.
23.12.37

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[2] The Treasury relented on this issue at the beginning of 1938 and agreed to contribute £100,000 to an endowment fund 'as a wholly exceptional measure without prejudice to the normal incidence of expenditure upon administrative services in Colonial territories' (CO 822/83/11, no 22, Treasury to CO, 15 Jan 1938). The endowment fund totalled £500,000, of which Uganda contributed £250,000, Kenya £50,000 and Tanganyika £100,000.

142 CO 950/1 20 May 1938

[Social and economic conditions in the West Indies]: memorandum by the CO West Indian Department for the Moyne Commission

[This memorandum appears as the first item in the voluminous papers of the West India Royal Commission in the series CO 950. The departmental copy from the files of the West Indian Department is in CO 318/433/1.]

I. *General*

The Colonies dealt with by the West Indian Department are:—

Colony	*Area* (in square miles)	*Population* (Estimated: 1936) Approximately
Bahamas	4,375	66,000
Barbados	166	188,000
Bermuda	19	31,000
British Guiana	90,000	333,000
British Honduras	8,598	56,000
Leeward Islands	726	140,000
(Windward Islands)		
Grenada	133	87,000
St. Lucia	233	65,000
St. Vincent	150	58,000
Jamaica	4,540	1,139,000
Dependencies of Jamaica		
Cayman Islands	between 140 and 90 sq. miles (Est.)	6,700
Turks and Caicos Islands	166 (Est.)	5,300
Trinidad and Tobago	1,862	448,000

Strictly, the term "West Indies" does not cover Bermuda, British Guiana (South America) and British Honduras (Central America) and its applicability to the Bahamas has sometimes been disputed.

II. *Constitutional*

The Constitutions of the Colonies vary widely and only the very briefest outlines can be given here. In the Bahamas, Bermuda and Barbados financial control is in the hands of elected Houses of Assembly with the effect that the Governor and the Secretary of State have no control. In British Guiana, British Honduras, the Windward Islands and the Leeward Islands there is in any case a majority of Unofficial Members in the Legislative Council (with the exception of the General Legislative Council of the Leeward Islands) but in each case the Governor has reserve powers of varying extent by which a decision on important matters can be forced if necessary.

In Trinidad there is a bare official majority but recourse to its use is practically unknown. Business is really done by consultation with the Elected Members in Finance Committee.

In Jamaica the official members with the nominated members (who are expected to vote with the Government) are in a majority over the elected members, but a vote

of 9 out of the 14 elected members effects a financial veto and their unanimous vote can veto any proposal. The Governor can only override such veto by declaring the matter to be one of paramount importance—a power very rarely exercised.

In general it may be said that even where Government has the power to carry measures against the opposition of elected members great deference is paid to the opinions of the latter.

III. *Financial*

Despite the most rigid economies during the years of depression, various Colonies have found it impossible to balance their budgets, and are or have been in receipt of assistance from Imperial Funds. Their finances are accordingly under Treasury control. These are:—

British Guiana
British Honduras
Leeward Islands (Federal, Antigua, Dominica and Montserrat only)
Windward Islands (St. Lucia only)

St. Kitts (Leeward Islands) provides the only instance of recovery. It paid off its debt to the Treasury and has now a balanced budget.

IV. *Unrest*

While the populations of the West Indies are, so far as one can generalise, very patient under conditions of hardship, they are highly inflammable when they feel a sense of injustice. Riots are no new thing in the West Indies, but in recent times there has been such a series of disturbances that considerable parliamentary attention has been focused on the group. Perhaps it should not have been so great but for the sending of troops to Trinidad and the subsequent recall of Sir Murchison Fletcher,[1] who did everything he could to obtain parliamentary discussion of his own case. But in any case the reports of the Trinidad and Barbados Commissions contain sufficient matter of public interest, and this has been kept alive by the recent outbreak in Jamaica. The following is a list of the more recent disturbances:—

Date	*Colony*	*Killed*	*Wounded*
January, 1935	St. Kitts	3	8
May, 1935	Jamaica	1	14
October, 1935	St. Vincent	6	37
June–July, 1937	Trinidad	14	59
July, 1937	Barbados	14	47
August, 1937	Jamaica	–	7
August, 1937	Bahamas	2	–
May 1938	Jamaica	4	10

(The disturbance at Inagua, Bahamas were entirely different in character from the others, and amounted to little more than a local brawl, two of the protagonists in which were able to terrorise the island in the absence of adequate police.)

In August, 1935, sporadic but more or less continuous disturbances on sugar estates began in British Guiana, and, spreading to other parts of the Colony,

[1] See note 2 below.

continued intermittently till the end of October. No persons were killed and no other casualties reported but a large number of prosecutions for assault were brought before the courts.

V. *The British Guiana Commission*

There were disturbances arising out of labour disputes in British Guiana in September and October, 1935, which did not result in any loss of life. A local commission of inquiry was appointed which recommended:—

(1) The regulation of hours of labour by legislation,
(2) The amendment of the provisions of the Employers and Servants Ordinance; and
(3) The setting up of machinery for supervising conditions of labour and for mediating in labour disputes between the employers and the employees.

The committee considered the question of a general increase in the rates of wages paid in the sugar industry, but came to the conclusion that the industry as a whole could not afford at that time any general increase in rates of wages, and that an addition to the labour cost of production would seriously prejudice the economic position of the industry and might possibly result in the closing down of some of the smaller estates.

A labour department has since been set up in the Colony under an officer holding the dual post of Assistant Colonial Secretary for Local Affairs and Labour Commissioner. The precise functions of this officer have not yet been definitely settled. They are under consideration by the Governor in the light of observations made by the Government of India (who are interested in view of the large proportion of East Indian (formerly indentured) labourers involved). The Governor has also under consideration the revision of labour legislation.

VI. *The Trinidad Commission*

This Commission was appointed by the Secretary of State "to inquire into and report upon the origin and character of the recent disturbances in the Colony of Trinidad and Tobago and all matters relating thereto, to consider the adequacy of the steps taken to deal with those disturbances, and to make recommendations." This report was published on the 1st of February, 1938 as Cmd. 5641.

2. The Commission was composed of five members, three selected from the United Kingdom and two nominated by the Governor of Trinidad from within the Colony, as follows:—

Mr. J. Forster (Chairman)	Deputy Umpire, Unemployment Insurance, and an Acting Chairman of the Industrial Court of the United Kingdom. A Barrister (Gray's Inn).
Sir Arthur Pugh, C.B.E., J.P.	Formerly General Secretary, Iron and Steel Trades Confederation and British Iron, Steel and Kindred Trades Association.
Mr. T. Fitzgerald, C.M.G., O.B.E.	Formerly Postmaster General, Kenya, Uganda and Tanganyika. Has since been selected for the Rhodesia Royal Commission.

Mr. Justice Vincent Brown	Third Puisne Judge, Trinidad. Comes of a distinguished Trinidadian family: educated in England and called to the Bar (Gray's Inn).
Mr. G. A. Jones	Commissioner of Agriculture, Imperial College of Tropical Agriculture, Trinidad.

3. The Commission found that the true origin of the disturbances must be traced to the more or less general sense of dissatisfaction for which there was no adequate means of articulation through the recognised machinery of collective bargaining. This sense of dissatisfaction reached its culminating point when, the cost of living having risen, the earnings of the work people were not adjusted with sufficient promptitude to offset its effect. The immediate cause of the outbreak was the activities of Uriah Butler[2] and his unruly followers. As regards the handling of the disturbances, the Commission found that, within the limits of their authority, the Police and Volunteers handled the situation well, though there is one case where firing continued beyond the moment when it had ceased to be necessary. They found, however, that the Government should have taken more energetic steps and should not have negotiated with Butler when he was a fugitive from justice. They also

[2] A former employee in the oil industry, Uriah Butler acted as a spokesman for the grievances of labour in Trinidad and was active primarily in the oilfield area. A police attempt to arrest him during a strike in the Forest Reserve Field of Trinidad Leaseholds Ltd in June 1937 led to rioting which then spread to other oilfields, sugar estates and to the capital, Port of Spain (CO 295/599/13/1 & CO 295/599/14/2). Butler went into hiding and did not give himself up until Sept. The first concern of the local government was to restore order. This was achieved at the end of June 1937 when two cruisers arrived from the Bermuda station but workers in the oilfields and docks remained on strike. The governor, Sir Murchison Fletcher (1936–1938), and H V Nankivell, the acting colonial secretary, maintained that the strikers had legitimate grievances. A mediation committee was appointed and an attempt made, through an intermediary, to negotiate with the fugutive Butler. Simultaneously, and in an effort to persuade private employers to follow suit, the government announced increases in the wages of government employees. Matters came to a head on 9 July during an extraordinary meeting of the Legislative Council which had been summoned to consider a government resolution that a commission should be appointed to investigate the disturbances. Fletcher reiterated his views about the legitimacy of labour grievances and suggested that labour relations could be improved by a change of attitude on the part of white employers towards their workers: '. . . I am certain that the white employer class in Trinidad will find in tact and sympathy a shield far more sure than any forest of bayonets to be planted here' (CO 295/599/14/2, no 152). Nankivell spoke in similar terms and both speeches outraged the local business community which viewed the strikes as the work of agitators and urged the use of force to protect property. Within the CO, J H Emmens of the West Indian Dept commented: 'The speeches may have been warranted, but it was not the kind of food on which to feed excitable negroes' (CO 295/600/6, minute, 19 Oct 1937). Through their representatives in London, the oil companies lobbied the CO. They found Ormsby-Gore and his officials more concerned to secure a peaceful settlement because of the importance of the Trinidad oilfields to the Admiralty and the Air Ministry. Supplying just over three per cent of total UK fuel imports, Trinidad was the principal all-British source of oil fuel. The c-in-c, America and the West Indies, informed the Admiralty in Jan 1937 that 'in the event of sea communications in the Mediterranean being threatened, and the United States disallowing exports of oil fuel in excess of normal peacetime quantities, [Trinidad] would provide the only safe source of oil fuel supply; also, the comparatively short distance from the United Kingdom would render a smaller number of tankers necessary than if the Cape route to Persia were used' (CAB 50/6, no 198). Towards the end of 1937, Fletcher began to change his colours. He distanced himself from Nankivell and now supported the demands of the oil companies for troop reinforcements. Troops were sent but not before Fletcher's behaviour had come under scrutiny in the CO. His fitness as a governor was now in question. He was recalled in Nov 1937 and resigned, not without protest, on medical grounds in Dec (CO 295/606/10). Nankivell was also dismissed and committed suicide in France in 1939.

condemn speeches made by the Governor and Acting Colonial Secretary in the Legislative Council on the 9th of July as being "unfortunate in their substance and untimely in that they tended to pre-judge the matters which the Commission was subsequently to investigate".

4. The principal recommendations of the Commission are to be found under the heading "Labour", and consist of a recommendation for the establishment of a Labour Department under a Secretary for Labour who must be a person with wide practical experience in dealing with industrial and labour questions; and for the establishment of an Industrial Court. As regards the Labour Department, this would be responsible, among other things, for the conduct of conciliation work, for the compilation of cost of living indices and unemployment returns, the establishment and maintenance of labour bureaux (i.e. labour exchanges) and the registration of trade unions. The Secretary for Labour would have Conciliation Officers working under him. The Industrial Court recommended by the Commission should consist of a President appointed from outside the Colony and two Assessors representative of employers and employees respectively, the decision of the Court to be the decision of the President alone.

The other recommendations of the Commission are devoted to tightening up the Public Health administration of the Colony and improvement of housing under four headings "Individual Housing", "Agricultural Estates", "Oil Companies" and "Existing Villages". Under "Education" the Commission makes certain recommendations, mostly designed to give a more practical turn to the curriculum, including a system of apprenticeship in cooperation with the Oil Companies and other industrial concerns. The Commission also recommended an extension of land settlement schemes, and certain modifications of the Workmen's Compensation Legislation.

5. So far action on the recommendations has not for the most part advanced beyond consideration by the Government of Trinidad. This is partly due to the fact that Sir Murchison Fletcher retired in December and that the new Governor, Sir Hubert Young, has not yet assumed office. (He is due to sail on the 8th of June, arriving on the 19th). Action has, however, been taken on what are probably the two most important recommendations. With a view to the establishment of a proper Labour Department, Mr. A.G.V. Lindon, one of the Ministry of Labour's Conciliation Officers, has been sent to Trinidad as Industrial Adviser. His duties are in fact those of a Secretary for Labour, but the title, Industrial Adviser, was chosen for this particular appointment as Mr. Nankivell had previously been appointed Secretary for Labour before the Commission set out. He is not really qualified for this job, and is in effect acting more as a Secretary for Social Services. It is hoped to appoint a permanent successor to Mr. Lindon from the Colonial Administrative Service in time for him to go out to study under Mr. Lindon for about six months before taking over.

The recommendation for the establishment of a permanent Industrial Court has had to be modified somewhat, partly because it is doubtful whether there would be a full time job for a President from outside the Colony and also because Mr. Lindon has come to the conclusion that something rather more elementary is required at this stage. An Ordinance has just been passed under which arbitration tribunals can be set up from time to time as required. We have not yet received a copy of the Ordinance, but it is understood that it follows in most respects the provisions of the Industrial Court Act, 1919, of the United Kingdom, except in regard to the establishment of the standing Industrial Court itself. The existing trade dispute in

the oil industry is to be referred to arbitration under this Ordinance shortly. The dispute in the sugar industry is in a state of uncertainty as the principle of arbitration has not yet been agreed on both sides. The rest of the recommendations are still under consideration, though it is believed that considerable progress has been made with preparing land settlement schemes.

6. There are two features of the Trinidad report not mentioned above which have been criticised publicly a good deal and which may be mentioned here. The first is an alleged recommendation of the Commission for the formation of "certificated company unions," thus preventing the men from free combination. This is a misrepresentation. What the Commission recommended was that the Secretary for Labour should have a discretionary power to refuse registration of trade unions where the credentials of persons seeking to register a union are unsatisfactory, or where such registration would lead to unnecessary duplication of unions in the same trade or calling, and so lead to competition and friction. This recommendation was made entirely in the workers own interests, since the surest way of killing the trade union movement in Trinidad would be to allow it to start on wrong lines and incur the ridicule of the employers, but it is a far cry from this discretionary power to withhold registration to a recommendation that only unions approved by the employers, consisting of men as leaders selected by the employers, than which nothing was further from the Commission's mind.

The second feature which has been criticised is a recommendation for the infliction of corporal punishment in cases of praedial larceny, which has roused Lord Olivier's[3] opposition. The power to inflict corporal punishment for praedial larceny has existed for many years, and the crime has reached such stages in Trinidad that it is now no longer a case of hungry men stealing to eat, but of malicious damage to crops on a large scale. This is having a deadening effect on any proposals for land settlement schemes or development of peasant agriculture. People will not grow food when they know that just as it comes to ripeness it is likely to be stolen in the night, very often by persons who are not nearly as badly off as the growers. The Commission merely recommended that the existing powers should be used on the occasion of a second or subsequent conviction. It may be added that corporal punishment in Trinidad may mean either a flogging with the Cat o' Nine Tails or a whipping with the birch. The Commission made no recommendation as to the use of any particular instrument, and the policy which has been laid down for the last twenty years in this respect is that the Cat should not be used for corporal punishment for praedial larceny.

VII. *The Barbados Commission*

This Commission was appointed by the Governor of the Colony to enquire into any circumstances or representations connected with the causes of the disturbed conditions prevailing in this Island on the 27th July, 1937 and on subsequent days, to report thereon, and to make recommendations. The Commission's report was signed in November, 1937.

2. The personnel of the Commission was entirely Barbadian though two of the

[3] Formerly Sir Sydney Olivier and a Labour peer from 1924, Olivier had considerable experience of Caribbean affairs. He was a colonial official in the Caribbean at the turn of the century and served as governor of Jamaica, 1907–1913 and as a member of the West Indies Sugar Commission, 1929–1930. In 1924 he was secretary of state for India during the first Labour government.

members had had long public service outside Barbados. The members were:—

Sir George Deane (Chairman)	Retired from Chief Justiceship of the Gold Coast in 1935.
Mr. E.R.L. Ward	Ex-Member of the House of Assembly. Subsequently Magistrate in Barbados (1931) and now Judge of the Bridgetown Petty Debt Court (since 1936).
Mr. M.A. Murphy, C.B.E., M.I.C.E.	A retired Colonial Civil Servant with service in the Public Works Departments of St. Lucia, Grenada, British Honduras and Trinidad. Retired as Director of Public Works, Trinidad, in 1933.

3. This Commission, like the Trinidad Commission, traced the origin of the disturbances to underlying social and economic causes, the actual outbreak being occasioned by the trial and deportation of a man named Payne, who had been born in Trinidad of Barbadian parents and had spent the early years of his life in Trinidad. The Commission were forced to the conclusion that the actual outbreak might have been smothered by stronger police measures but assert emphatically that it was not a "mere flash in the pan, a spark of revolt which might have been extinguished for ever by such measures". In their view the root cause of many, if not all, of the economic ills in Barbados is overpopulation, complicated by a drift from country to town and unemployment.

4. The principal recommendations of the Commission are not summarised or classified in the Report itself but may be considered under the following heads:—

Labour legislation and machinery

(i) Appointment of a Labour Officer.
(ii) Legislation to provide for compulsory arbitration.

Overpopulation and drift from country to town

The recommendations under this head are for housing programmes, slum clearance and emigration. As regards the latter a suggestion is made for a Royal Commission "to investigate the whole question of emigration and settlement throughout the West Indian Colonies, British Guiana and British Honduras."

Particular trades

Certain detailed suggestions are made for improving the lot of the peasant cultivators and workers in a number of trades, e.g.—

Lightermen and Longshoremen	Seamstresses
Bakers	Garage Proprietors.
Engineering apprentices	

These do not seem to require individual comment in this note.

Miscellaneous

Recommendations are made for relief works; a food Watch Committee; relief to landowners in respect of roads, sanitation and social services; reductions in handling charges of sugar; encouragement of dairy farming, etc., etc.

5. Action on the Report is under consideration by the Colonial Government. A bill for the creation of a post of "Assistant Colonial Secretary and Labour Officer" was rejected by the Legislature; not, apparently, from reactionary motives, but because they felt a whole time labour officer was necessary. A new bill is to be introduced on this basis.

Legislation is also under consideration to provide for the creation of minimum wage fixing machinery, arbitration tribunals, slum clearance in Bridgetown, protection of cane farmers in the sale of their canes, and control of food prices. The other recommendations are for the most part still under consideration by the Executive Committee or by special *ad hoc* Committees or by the Departments concerned.

VIII. *The Jamaica Commission*

In view of the labour troubles that have been experienced in Jamaica, the Governor, with the approval of the Secretary of State, appointed early in April a commission consisting of Sir H.I.M. Brown, formerly a Puisne Judge in Jamaica, and Sir Charles Doorly, late Administrator of St. Lucia, and both at present members of the Jamaica Privy Council, to enquire into wage rates and conditions of employment throughout the Colony. The recent disturbances broke out while they were pursuing their enquiries, and on the 7th of May the Governor reported that he was appointing Sir H.I.M. Brown, Sir Charles Doorly and Mr. H.E. Allan, a member of the Legislative Council, to be special commissioners "to investigate and report on the causes of the disturbances at Frome and the steps taken by the Police to deal with the disorders, and the general position regarding wages and conditions on this estate". The commissioners have been asked to furnish a report with all possible expedition consistent with the fullest enquiry.

IX. *Security*

The question of public security has given cause to considerable anxiety. The matter is now before the Oversea Defence Committee and no attempt will be made to summarise the position here, beyond saying that in certain colonies steps have been taken to strengthen the local forces. The Secretary of State will no doubt wish to see the Oversea Defence Committee papers.

X. *Proposals for a West Indian Commission of Enquiry*

1. The last Royal Commission on the West Indies was in 1897 and consisted of Sir Henry Norman, Sir Edward Grey, and Sir David Barbour with the then Mr. Olivier, of the Colonial Office, as Secretary.

In 1929–30, a Commission, known as the West Indian Sugar Commission, consisting of Lord Olivier (who in the interval had been Governor of Jamaica from 1907 to 1913) and Mr. D.M. Semple, covered the general economic ground pretty fully. It recommended:—

(a) that His Majesty's Government should make a resolute endeavour to eliminate in concert with other Powers, the disturbing factors of high tariffs and subsidies.

(b) that, meanwhile, a single purchasing agency should be set up to purchase all sugar for the United Kingdom, buying Imperial sugar at £15 per ton c.i.f., corresponding to a price of £13.10. per ton f.o.b. (The Commission estimated that the average total cost of production of West Indian sugar, including an allowance for the depreciation of capital might be put at £13.7.6.)
(c) that by way of an immediate moratorium, the British preference on Imperial sugar should be raised as quickly as possible to 4/8 per cwt.
(d) that pending the conclusion of any international agreement as contemplated in their first recommendation, or the establishment of a single purchasing agency, the duty on sugar should not be reduced below 4/8 per cwt. (under which tariff Imperial sugar would be admitted free) provided the total price obtained did not exceed £15 per ton.

A statement of Policy on the report was issued as a White Paper. It was pointed out that it was clear that no early result could be expected from any action designed to eliminate tariffs and subsidies, and stated that His Majesty's Government would consider what steps could usefully be taken. An Import Board with a guaranteed price of £15 per ton would require the United Kingdom to contribute some millions of pounds annually to the sugar industries in the Colonies concerned and His Majesty's Government were not prepared to ask Parliament to impose on the community a burden of this magnitude.

As regards the proposed increase in the British import duty on sugar, attention was drawn to a previous statement in the House of Commons in which the Chancellor the Exchequer had said that the Government would not deal with the difficulties of the sugar industry by way of preference, but that so long as there was a duty on sugar, the existing preferences would be maintained.

The preference on Imperial sugar in the U.K. still remains at a basic figure of 3/8d. per cwt., but in addition the U.K. grants a special extra preference of 3/– per cwt. on 360,000 tons of Colonial sugar, making the average preference on all Colonial sugar about 4/9d.

2. In the debate on the Colonial Office vote on the 2nd of June, 1937, Mr. Lunn[4] said that there were problems in the West Indies which called for attention, such as population, economic conditions, the plight of the sugar industry, education, health and the extension of self-government. He felt that the situation was so serious in many of the islands that a commission ought to be sent out to enquire into these problems. Mr. Ormsby Gore was non-committal in his reply. He said that there had been many commissions and enquiries into the West Indies and it might be that there would be more.

3. As will have been seen, the Trinidad disturbances broke out very soon afterwards—a fact which Mr. Lunn did not fail to mention in opening the debate on Trinidad on 28th February, 1938. Since then there have been various Parliamentary Questions suggesting the appointment of a Commission, many of them suggesting that the basic cause of all distress in the West Indies is the insufficient price of sugar. In reply to questions on this basis the late Secretary of State took the line that there was no need for such a Commission as the future of sugar depended on the international situation. It is only fair to point out that this is not the whole story. *If* a

[4] W Lunn, Labour MP from 1918; parliamentary under-secretary of state, CO, 1929, and DO, 1929–1931.

case could be made out which would persuade the Chancellor of the Exchequer to subsidise the Colonial Sugar Industry yet further (it already costs the U.K. and Canadian Treasuries approximately £4¾ million a year of which the greater part is borne by the U.K.) it would be possible to take more money out of the industry for the amelioration of conditions among workers in it. Barbados owing to its constitution would need specially careful handling—but the Legislature seems to be in the right mood at present. But it is doubtful if such a case could be made out, and still more doubtful if, however it were presented, the Chancellor would listen to it. Past concessions have been hard enough to win.

4. The Barbados Commission of Enquiry recommended a Royal Commission to investigate the whole question of emigration and settlement throughout the West Indian Colonies, British Guiana and British Honduras.

With regard to this the line taken by the late Secretary of State in the House of Commons has been that a Royal Commission is out of the question; the matter is one entirely for technical examination and that he did not think that a Commission could possibly help.

5. The Governor of British Guiana has suggested a Commission on different grounds. After debates in the Legislative Council on motions calling for approval of a loan for development purposes he has suggested a Commission of Enquiry of a purely economic character in British Guiana and the neighbouring British Colonies. It should be noted that in his view big interests like oil and sugar can be left to look after themselves, but the position of the peasant proprietor (particularly the East Indian especially concerned in the rice industry, so far as British Guiana goes) is crucial.

6. Finally, it should be mentioned that the late Secretary of State undoubtedly contemplated that some sort of a Commission might be necessary in view of the demands from various sources. So far as is known he had not considered what would be its terms of reference, but he certainly had in mind the working of the constitution of Jamaica, which is admittedly cumbrous and unsatisfactory. Proposals for its reform originated in the report of the Wood (Halifax) Commission of 1921–22 of which he was a member, but proved abortive owing to the refusal of the Elected Members to part with their peculiar privileges. Another constitutional problem is the intransigeance of Bermuda in regard to International Conventions, particularly as affecting labour: but this can hardly be said as yet to have reached a stage demanding drastic action, and the consequences of such action would be very far-reaching indeed.

The view of the West Indian Department is that so far no case for any general commission has been made out. The idea is attractive politically, but it is felt that large-scale improvements in the West Indies could not be effected without very heavy further expenditure from United Kingdom funds, which present financial conditions would not be likely to permit. The appointment of such a Commission would therefore be likely to raise hopes doomed from the outset to disappointment: and the consequences in the long run might be most unfortunate.

XI. *What is wrong with the West Indies? And what is being done about it?*

At this stage it will be best to take the Colonies in order.

Bahamas
This Colony is doing very well financially, mainly on the tourist traffic. Conditions in the "out-islands" are not very good. Life there is primitive and the administration "sketchy". Industrialisation by a United States firm (West India Chemicals, Limited), in Inagua, was a contributory cause of the outbreak of disorder in August, 1937. The Bahamas Government is doing its best to encourage industries and agriculture in out islands, and a spread of tourism is to be anticipated.

Bermuda
Depends wholly on the tourist trade. So long as this goes on, the only problems are constitutional.

Barbados
Depends almost entirely on sugar—though a little sea-island cotton is grown. (See also under Head VII).

British Guiana
In British Guiana, like other West Indian Colonies, the main problem is that of finance. The Colony is at present in a more favourable financial position than it has been for some time, with a surplus balance of some 1½ million dollars, built up mainly from adventitious or abnormal receipts, including grants from Imperial funds. Of this surplus about ½ million dollars is required for working balance, and, so far as can be foreseen at present, there is likely to be a deficit on this year's budget which will further reduce the balance available. In this connection it may be mentioned that the Governor has strongly represented that the whole of the balance should be regarded as available to meet additional expenditure on social services and public works which is urgently required, a view which has not so far been accepted here.

2. The difficulty of securing a balanced budget is due mainly to the heavy public debt charges, which in 1938 represent approximately one-fifth of the total revenue of the Colony. About one-third of the Loans represented by these charges was raised for expenditure on sea defences for the protection of the coastal belt which is the only fertile area in the Colony. The possibility of relieving the Colony of some of its public debt, in particular that in respect of sea defences expenditure, was raised by Sir Geoffry Northcote who was then Governor of British Guiana in 1936 and was considered here in conjunction with the Treasury. The Secretary of State was, however, unable to offer any prospect of material relief. As opportunity occurs, the various Loans are being converted at a lower rate of interest, and there is a possibility of past Loans from Imperial funds in aid of administration (for which no charges are paid at present) and for certain of the Colonial Development Fund Loans being converted into free grants.

3. The present position with regard to the development of the resources of the Colony may be briefly summarised under the following heads:—

Sugar. This is at present the main product of the Colony. It pays on the basis of big estates, co-operating with cane farmers. But the industry may soon be faced with demands for higher wages, etc., to produce more satisfactory conditions of living. No appreciable expansion of production can be hoped for in the near future.

Rice. This is the subsidiary crop, but the conditions in the industry are unsatisfactory. Land settlement schemes which were started some seven or eight years ago mainly with a view to the production of rice have proved a failure, and the Governor has recently represented that substantial assistance must be granted from Government funds to assist the rice growers in the Essequibo district.

Minerals. Geological surveys have been carried out with assistance from the Colonial Development Fund and every effort has been made to develop gold, but though it provides some employment, large scale development seems unlikely to succeed. There has been a material increase in the production of bauxite but there seems to be no real prospect for diamonds.

Forestry. The commercial possibilities and the development of the timber resources of the Colony were enquired into by Mr. Oliphant[5] last year, and his report is now under consideration. There is already an export trade in Greenheart, and consideration is being given to the question of developing a local and export trade in other kinds of timber. As a first step in this direction a grant has recently been obtained from the Colonial Development Fund for the provision of a timber seasoning ground in Georgetown.

As stated above, the coastal belt is the only fertile area in the Colony. Lord Olivier himself has accepted the view that the interior does not offer any encouraging prospect for agricultural settlement.

4. The principal immediate problem appears to be that of the development of peasant agriculture, and while the Economics Branch of the British Guiana Agricultural Department is taking steps in that direction, e.g. by carrying out economic surveys of cane farms and rice farms, it seems inevitable that large scale expenditure on sea defences work, irrigation, and drainage will be necessary in order to render the coastal lands suitable for peasant settlement.

5. The unemployment problem in British Guiana is not so acute as it was in 1931 when it was found necessary to undertake unemployment relief works financed from Imperial funds. There is, however, still a measure of unemployment in the Colony and no obvious means of reducing it by ordinary economic measures can be seen. On the other hand, increased expenditure on public works will presumably absorb a certain number of the unemployed.

British Honduras

This is a Colony on the mainland of Central America, about the size of Wales; it is bounded on the North by Mexico, on the West and South by Guatemala and on the East by the Atlantic. Its population of 56,000 (approximately) is very mixed—Spanish, Maya Indians, Caribs, "Creoles", Syrians, Chinese, etc. The principal products are Timber (especially mahogany) chicle, grapefruit, bananas, sponges and miscellaneous minor agricultural produce.

The Colony has not been prosperous for some years: its difficulties were intensified by two simultaneous misfortunes in 1931—the onset of the world depression, and a hurricane and tidal wave which did extensive damage to Belize necessitating heavy capital expenditure from Loan funds. The Colony has required assistance from the Treasury since then, but last year for the first time managed again to balance its

[5] G N Oliphant, director of the Imperial Forestry Institute.

budget. Revenue is now more or less fully recovered, but there are indications that even so it is not sufficient to provide more than a skeleton administration.

Considerable assistance has also been given to the Colony from the Colonial Development Fund, especially for the improvement of communications by road and river.

The Colony has so far been free from serious labour unrest; but the Governor is anxious to have a labour officer in the Colony.

Jamaica

Jamaica is by far the biggest of the West Indian Islands. Trinidad (on account of its mineral wealth) is alone comparable. It is purely agricultural and its chief industry is the growing of bananas. This industry has a long history. Recently, difficulties arose as to the prices paid to growers and as to the marketing arrangements both locally and elsewhere, and these were investigated by a commission in 1936. So far as can be seen the industry is now on a satisfactory basis, but it is threatened by the ravages of panama disease and (more recently) leaf spot. In the circumstances, attention is being directed to alternative products. The natural tendency is to revert to sugar, but expansion is not possible owing to the recently imposed quota system. Jamaica can also be described as the home of rum but here again the market is limited. Messrs. Tate and Lyle, Limited, have recently acquired sugar estates in the Colony and are erecting factories which should help to place the sugar and rum industries on a better footing. (See section IV as to disturbances and Section VIII as to the Jamaica Commission).

The position as to education, nutrition and housing may leave much to be desired, but the fact appears to be that apart from overcrowding and unemployment in Kingston the general population is not badly off.

Trinidad

See Section VI of this memorandum. A special problem is cocoa. From 1870 to 1920 was the golden age of the cocoa industry but the precipitous fall in the price of cocoa in 1921 revealed fundamental weaknesses in the financial structure of the industry. Cocoa planting had been extended to unsuitable soils, and little attention had been paid to scientific cultivation and care of trees, land was mortgaged and little effort made to redeem the mortgages. Since 1936 a subsidy scheme has been in operation to assist rehabilitation and the substitution of alternative crops. The best Trinidad cocoa commands a higher price than most other varieties but deterioration and disease have worked havoc in the industry which is unlikely to be really prosperous again. It employs about 34,500 persons, and some 100,000 persons in all are dependent on it. It accounts for about 8.8% by value of the Colony's trade, compared with 23.8% (sugar) and 62.6% (oil and asphalt).

Agricultural labour is about ⅔ East Indians and ⅓ West Indian, while 'industrial' labour (oil, asphalt and sugar *factories*) is about ⅔ West Indian and ⅓ East Indian. The West Indians are generally much more virile and healthy than the East Indians, who suffer much from malaria, hookworm, and probably malnutrition.

The Leeward Islands

The chief products are sugar, cotton, limes, oranges, grapefruit, bananas, cocoa and table vegetables. Three of the five Presidencies are under Treasury control, and two

of them (Dominica and Montserrat) are actually in receipt of assistance from Imperial funds. Antigua is, we hope, just emerging from Treasury control, while the other two Presidencies, St. Kitts and the Virgin Islands, are for the moment at any rate self-supporting.

Generally speaking, revenue in all the Presidencies is insufficient to enable them to make full social and economic progress, although, as regards the latter, full advantage has been taken of the Colonial Development Fund from which grants have been obtained in the past for such projects as land settlement, housing schemes, road construction, and the development of peasant agriculture. The housing and land settlement schemes have not been altogether successful, and in this connection it must be remembered that, as indicated above, the standard of administration is regulated by the revenue. The general standard of living in the Leeward Islands is undoubtedly very low, and this has adversely affected the housing schemes which provide houses at a moderate cost, which was nevertheless probably beyond the means of the people for whom the houses were originally intended. There is little doubt that further expenditure on a scale beyond the financial resources of the Colony is desirable on social schemes, such as housing, health, education (the pay of the teachers is pitifully small and will probably have to be remedied in any case). It may fairly be stated that the Governor is doing everything possible to ameliorate the conditions and to develop the economic resources of the Colony with the somewhat limited means at his disposal.

The Windward Islands

Unemployment exists in all three Colonies, and agricultural methods are not satisfactory.

Grenada. The principal products are cocoa, nutmegs and mace. Conditions on the estates are serious. The majority of the properties are financially involved owing to loans having been raised on the basis of valuations which would at the present time require to be reduced by as much as 50%. The result is that estates are neglected and employment is reduced to a minimum. Discussion is at present proceeding with the Governor as to the best means of providing a remedy. It is not possible in Grenada, as in Trinidad, to subsidise cocoa.

St. Lucia. Sugar is the principal product. Certain of the estates are not well managed, mainly owing to lack of capital, and the Governor states that the recent increase in the minimum wage of labourers (which even now hardly represents a *living wage*) may have the effect of speeding the drift towards bankruptcy. Of the four estates two are sound, but one is very shaky and the other already bankrupt. The last is now being purchased for peasant settlement by Barbadians and the third may also have to be purchased for settlement.

St. Vincent. Arrowroot and sea island cotton are the principal products; the market for both is small but at present satisfactory. Neither the market nor the available land permit of large expansion. The soil is often badly eroded and most estates are inefficiently cultivated. There is a good deal of unemployment, and, as in the case of St. Lucia, land settlement is considered to be the proper policy.

Dependencies and smaller islands

In such a review as this it is not possible to give any account of these. But Jamaica has the Cayman Islands and the Turks and Caicos Islands: in the Windwards there are

the Grenadines: in the Leewards various islands and in the Bahamas the "out-islands". In all of these, generally speaking, the conditions of living are primitive compared with those in the larger or more populous islands and politically they are not very vocal. But they all have their problems. It is very rarely that parliamentary attention is drawn to these, but Inagua is an exception (see section XI).

XII

The preceding paragraphs are necessarily only an outline and can give little idea of the immense variety of schemes for the betterment of conditions in the Colonies in one way or another which are constantly being put forward by Governors and considered here. It is piecemeal work but any impression that "nothing is being done" would be rapidly dissipated by a short acquaintance with the work of the West Indian Department.

A great deal of play is being made with alleged low-wage rates. If Members of Parliament would compare the rates paid in the West Indies with those paid in other tropical dependencies they would find them among the highest in the Empire. Indeed one of the difficulties of the West Indies in competing in world markets is the relatively high wage rates. Not that we wish to suggest that they might not with advantage be higher, if the industries could afford it. But Members seem to labour under the idea that conditions in tropical agricultural communities are analogous to those in this country. They are not. The same idea is behind a lot of questions about Trade Unionism. Trinidad is the most industrialised of the Colonies, but compare what is said in paragraph 294 and 295 of the Trinidad Commission's report.

> "294. In the two main industries (oil and sugar) the employers were themselves organized, although not in the form of registered Trade Unions, and were able to act collectively. It is only since the strike that labour has made a serious attempt to organize itself along Trade Union lines, and a number of Unions, including two which embrace workers in the oil and sugar industries, have been registered.
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> 295. It is clear to us, however, that Unions of so recent a growth and lacking the traditions of those English organizations upon which they are modelled will not for some considerable time be able to undertake unaided collective bargaining as that term is generally understood. The extent and nature of some of the demands made immediately after the strike indicate a lack of balanced judgment and of a sense of responsibility. Such an attitude, if persisted in, could only prejudice the Unions as serious mediums of collective bargaining and tend to defeat their legitimate aims. While, therefore, every encouragement should be given to the growth of authorized Unions along recognized Trade Union lines, some means must be found to protect such Unions from the errors of inexperience during the transition stage between their inception and the time when they are fully capable of negotiating unaided direct with employers".

Undoubtedly there must come considerable Trade Union development in the West Indies, but the fact is that at present Trade Union leaders of the English type do not exist and it is a little dangerous to force the pace unduly.

143 CO 847/16/9, no 2 18 Apr 1939

[Medical policy]: minutes of a meeting of the Colonial Advisory Medical Committee on issues raised in Lord Hailey's *African Survey* [Extract]

. . . The Committee then proceeded to consider Lord Hailey's stricture that ". . . British territories have hitherto normally relied on a system of hospitals with their outlying dispensaries, rather than on the more elastic method of mobile medical detachment . . .".[1]

Sir Wilson Jameson[2] said that in Nigeria hospitals were apt to be too centralised, and it seemed true that in former years Medical Officers remained fixed at their stations and were more concerned with hospital work than with public health. In visiting the hospitals in the Northern provinces one found that the majority of the paatients were being treated for tropical ulcer, venereal disease and the like, and it would inevitably strike Lord Hailey as a layman that on a broad view the country was not benefiting much from this sort of treatment. Without wishing to minimise the health work that was being done, Sir Wilson thought that Lord Hailey's criticism that public health activities were not being carried into the less accessible parts of Nigeria was a just one. This was also true in the case of certain other Colonies. A health programme was being carried out at no greater cost in the Sudan and Uganda and some attempt in this direction had been made in the Southern Provinces of Nigeria, particularly round Lagos, where natives were being trained in clinical work in the hospitals thereby releasing Europeans for inspection and supervision in outlying districts. Uganda, however, had a definite policy for co-ordinating curative and health work and this was what was wanted elsewhere in Africa.

Sir William Prout[3] observed that where one was concerned with the administration of a vast area such as Nigeria it is obviously impossible to have a complex sanitary organisation such as existed in the United Kingdom. Whilst agreeing generally with Sir Wilson Jameson he emphasised that progress must of necessity be slow and would in any case be costly.

Mr. Pedler[4] said that it was within his knowledge that Lord Hailey had found it difficult in his criticism of policy not to appear to belittle the excellent work being carried out in dispensaries and hospitals with which he was very favourably impressed.

Colonel James[5] thought that if Lord Hailey had prefaced his criticisms with a brief statement of what was the correct policy to pursue in attempting to cope with the health problems of a continent like Africa, no exception could have been taken to them. It was obvious that in an area as vast as Africa, hospital treatment must be the first step and it was not until much later that the health problems of the people as a whole could be considered.

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[1] *African Survey*, chapter XVII, section IX, p 1197.

[2] Dean and professor of public health, London School of Hygiene and Tropical Medicine; medical adviser, CO, from 1940.

[3] Consulting physician to CO.

[4] F J Pedler, secretary to medical advisory committee (see part I of this volume, 57).

[5] S P James, formerly Indian Medical Service; member of Malaria Commission of League of Nations; conducted research on behalf of CO in East Africa, 1929.

Sir Wilson Jameson pointed out that the question of public health and the problem of meeting the needs of the people had its roots in the system of medical education in the United Kingdom which had in the past been designed to fit a doctor for clinical work but not for preventive medicine. He would like to see every doctor who was sent out to Africa (apart from a specialist) qualified in public health.

The Chairman[6] agreed that medical education was the root of the trouble, but from what he had seen during his visit to East Africa he thought that the Medical Officers now going out realised the great importance of health work and this would to some extent help to make good the shortcomings of the earlier generation.

Sir Arthur Horn[7] observed that there were already specific units for dealing with sleeping sickness, small-pox and other prevailing diseases and he thought that Lord Hailey had wished only to stress the view that instead of waiting for natives to go into hospitals, dispensaries should be set up in the rural areas and an effort made to reach people in their homes. In reply, the Chairman said that it was already the policy of every African Colony to train natives for dispensary work which should be supervised by European Officers.

Dr. Mary Blacklock[8] said that taking the Colonies generally, she felt that there were many that had no clearly defined policy and she would welcome a conference of administrative Medical Officers from all Colonies to consider this question.

The Committee then proceeded to discuss the merits of the mobile medical detachments referred to by Lord Hailey.

Sir Wilson Jameson expressed the view that the chief value of a mobile medical unit rested in its capacity to carry out first-aid and emergency work. For work of a more permanent nature he thought that it was better to wait until dispensaries could be established and maintained.

Dr. Smart[9] pointed out that such units were of considerable value as propaganda agents.

The Chairman agreed that the employment of these units was not generally a success. *Colonel James*, however, thought that the Committee could not subscribe to the view that they were useless, and *Sir Wilson Jameson* instanced the case of rural Penang where a unit was achieving much valuable work.

Further discussion ensued as to what Lord Hailey actually had in mind in his reference to the method of mobile medical detachment. *Mr. Pedler* said that what he understood to be envisaged was a body of European personnel with qualified native subordinates moving into an area, working there as a team for a period of perhaps a few years and then moving on to a fresh area, leaving behind hospitals, dispensaries, houses and roads capable of being maintained under the supervision of a much smaller staff than that of the unit itself.

The Chairman commented that this method was not always successful; as the history of the Rockefeller Foundation showed hookworm could not be eradicated merely by conducting a campaign. *Dr. Mary Blacklock* thought that yaws and venereal disease could be combatted in this way.

Sir Wilson Jameson interpreted Lord Hailey's remark as meaning that instead of concentrating on hospital work in a small area, it was better to clear a larger area and

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[6] A C C Parkinson.

[7] Consulting physician to CO.

[8] Of the Liverpool School of Tropical Medicine.

[9] Colonial Medical Service, Malaya and West Indies, 1912–1938; medical adviser to CO from 1938.

set up permanent institutions; the *cadre* would move on and deal with section after section of the country, but would in each section leave behind a permanent institution.

Colonel James mentioned that the plan in India was to have a chain of dispensaries each unit being within five miles of the next.

The Chairman pointed out that in the more advanced areas of East Africa the urgent need was for hospitals and maternity centres; with necessary training the Africans could themselves provide the staff for the latter. There was also a need for African agricultural officers and sanitary inspectors who could go into the villages and teach and advise the natives on questions relating to crops, elementary sanitation and the protection of water supplies. Lord Hailey envisaged developments such as these over the whole of Africa.

Sir William Prout took exception to the remark that "it is difficult not to desire to see in some of the British territories more evidence of the spirit which shows itself in a direct attack on the health problems of the people". He thought that such evidence had been apparent for many years. The Chairman, however, considered that Lord Hailey's stricture was true enough when applied to certain Colonies.

The Committee agreed with the extract generally. . . . On the question of policy they remarked that the lines of developments in the more advanced Colonies followed closely those envisaged by Lord Hailey. In their view, however, the initial stage in the development of medical services must unquestionably be the establishment of hospitals and curative centres; afterwards, when the confidence of the people had been gained, health units should be established and multiplied in the country with emphasis on preventive rather than on curative measures. The Committee wished to emphasise that a comprehensive health policy could only emanate and be developed through a widespread system of native education. Progress depended upon the extent to which it was possible to educate and train natives for work in hospitals, dispensaries and welfare and health centres, since it was only by this method that European personnel could be released to undertake the wider duties of supervision, inspection and propaganda on the lines envisaged by Lord Hailey. The Committee endorsed the view that at no time would it be possible to dispense with hospitals. . . .

144 CO 554/121/2, no 17 Aug 1939

[Higher education in Africa]: report of the proceedings of the first West African Governors' Conference held at Lagos, 10–18 Aug 1939; item 5 'Higher education in British West Africa'. [Extract]

. . . 159. *Sir Bernard Bourdillon* said that it was evident that it would be a waste of time to attempt to draw up a detailed scheme. The Conference agreed that it would be necessary to appoint a Commission, or Committee, of experts to examine the whole question in detail as soon as the general lines of development had been decided upon.

160. Sir Bernard Bourdillon referred to the report of the Makerere Commission on Higher Education in East Africa, and gave it as his own opinion that West Africa must aim at something much more gradual in its growth. They were, he thought, agreed that the prospect of establishing a West African University was remote. The

Sierra Leone memorandum went so far as to suggest that it was an eventuality which might never in fact materialise. Even if this were true there was no harm in regarding it as a goal since the earlier stages of building must necessarily be similar whether a University was actually created in West Africa, or whether the West African educational institutions never progressed beyond the point at which they became University Colleges affiliated to a British University. Even if in course of time, it should be found preferable to stop at the latter stage, the development during the intervening years would not have been in any way wasted or misdirected.

161. He went on to say that the Sierra Leone memorandum had suggested that there was at this stage no necessity for the Conference to express an opinion as to whether we should in fact aim at establishing a University in West Africa. He thought, however, that an expression of opinion on this point would be expected of the Conference and suggested that they might agree somewhat in the terms of his opening remarks. *Sir Douglas Jardine*[1] agreed that it was preferable to give an expression of opinion on this point.

162. *Sir Arnold Hodson*[2] said that he would like to regard the creation of a University in West Africa not only as a desirable object, but as one which might be achieved in the not too remote future. A University of its own would be a source of pride and encouragement to the inhabitants of West Africa. *Sir Bernard Bourdillon* thought that one obstacle lay in the attitude of the people themselves. He thought that there were many who felt that they would always prefer a degree of a British University, and feared that a West African degree would always be something inferior, created solely to meet their particular requirements. *Sir Arnold Hodson* appreciated Sir Bernard Bourdillon's point and said that it was in order to counteract this very tendency that he liked to think of a West African University as not being beyond the horizon of present contemplation. We should endeavour to make the peoples of West Africa proud of their own countries and their own culture rather than content to accept European standards as their own. He did not however wish to force the pace unduly.

163. *Sir Bernard Bourdillon* agreed that there was considerable force in Sir Arnold Hodson's argument and agreed that the advantage of a West African University would be that while it would give degrees equivalent in standard to those of British Universities it would have a definitely African character. If the Conference felt that the ultimate establishment of a University was desirable on this account they should say so, and he himself inclined to this view.

164. *Sir Thomas Southorn*,[3] after explaining that the Gambia Government had found it impossible to submit a memorandum containing their views, owing to the fact that the initial memorandum was not received until a few days before he left the Gambia, and other memoranda and the Fourah Bay College Report not until after he had left, informed the Conference that he was in general agreement with the first ten paragraphs of the Nigerian memorandum. He agreed with the other Governors that we must be careful not to force the pace, and quoted the example of India as revealing the pitfalls to be avoided.

165. The Conference recorded agreement that the establishment of a West African University was an ideal at which they should aim. They considered that it would be some time before this ideal could be achieved but agreed that in the interim

[1] Gov of Sierra Leone, 1937–1941. [2] Gov of Gold Coast, 1934–1941. [3] Gov of Gambia, 1936–1942.

such steps as might be taken to expand the scope of higher education in the respective Institutions should always be compatible with that ultimate object.

166. The Conference recorded whole-hearted agreement with the proposal to establish an Institute of West African Culture at Achimota.

167. The Conference also agreed that the best method of progress towards the goal of a West African University was to establish the closest possible general co-operation between the three existing Institutions of Achimota, Yaba and Fourah Bay, with the object of avoiding wasteful duplication and of establishing the various courses of study upon a common basis. While duplication in courses up to the intermediate Arts and Intermediate Science stages was unobjectionable, and in some cases even desirable, duplication of higher or degree work should be avoided at all costs. Further, when classes were duplicated, it was particularly important that the work should be carefully co-ordinated in order that a student who had undertaken preliminary work at one Institution should, when he proceeded to one of the other Institutions for higher work, find himself as well equipped for that higher work as was the student who had completed the earlier stages at the same Institution. . . .

145 CO 318/443/6 16–17 Jan 1940

[Moyne Commission]: minutes by Sir C Parkinson and Sir A Burns on the question of the publication of the Moyne Report

[In Jan 1940 the CO sent two telegrams to the governors of the West Indian colonies. The first explained that it would take a long time for the recommendations of the Moyne Commission to mature and asked what amount of money over the next twelve months would be of assistance to the individual governments. The second requested an assessment of local reactions if publication of the report was postponed until the end of the war. The governors were firmly of the opinion that the full report should be published immediately. Sir A Richards (later Lord Milverton), governor of Jamaica, maintained that there could be 'no half-way house' between full publication and complete suppression (CO 318/443/6, no 17, tel from Richards to CO, 18 Jan 1940).]

Sir A. Burns

The Secretary of State is getting more and more uneasy about the publication of the West India Royal Commission Report. He has asked me to consult you and then put up a telegram to West Indian Governors on the lines of the attached draft. I have not been able to look through the draft since I dictated it, as I am out of the Office for a large part of the afternoon. Would you please discuss with Mr. Beckett, and then you and he and I can talk about it here at, say, 5 o'clock this afternoon if that time suits you, and I will get Mr. Carstairs to join in the discussion too.

A.C.C.P.
16.1.40

Sir C. Parkinson

We have discussed this and you have asked me to minute.

If this proposed telegram had been sent to me when I was Governor of British Honduras I should have replied urging in the strongest terms that the Report should be published as soon as possible in order to prevent undesirable local reaction. I feel that the people of British Honduras would be very disappointed by non-publication,

and would consider that they had been deceived, as they certainly understood that publication was to proceed in spite of the war. They would imagine that the Report had been suppressed (a) because it was too severe a criticism of the local administration, and (b) because His Majesty's Government were not prepared to accept all the recommendations of the Report. The people have patiently endured unemployment and its attendant evils during the past year, firmly convinced that the publication of the Report would herald better times: the disappointment might well lead to rioting.

I should not be surprised if the reaction throughout the West Indies were the same.

It may be assumed that the Secretary of State's assurance given in reply to a supplementary Question on the 22nd of November (see 12 in 71168/39 P.Q.) was published in the West Indian Press.

If the Report is withheld it will be difficult to persuade the people that the Commission did not recommend more than is contained in the summary published as an alternative. It will be particularly difficult to make them believe that no immediate relief was recommended. (I have minuted separately on the need for immediate relief, and a telegram has gone to the West Indian Governors on the subject).

I am strongly of opinion that, from the West Indian point of view, the Report should be published, and I cannot believe that the Germans will be able to make more propaganda out of publication than they can—and will—make out of non-publication. A few riots in the West Indies will provide them with the best propaganda of all.

A.C.M.B.
16.1.40

[*Secretary of State*]
Sir A. Burns argues that, if this enquiry is to be made, the dft. telegram meets the case. But you will see from his minute his own reaction as Governor of British Honduras, and his strong view generally on the subject.

I agree that, despite the disadvantages, publication is the right thing. Of course the Nazi propaganda machine will make use of this opportunity. But will it really matter? We shall take the line that we do not hush up things in this democratic country and—subject to Treasury playing up—we shall counter with the Government statement on Colonial economic development and welfare, as well as other matter which the Ministry of Information will be putting out. I was much impressed by the fact that Sir Frederick Whyte[1] was in favour of early publication, when you had your talk with the Ministry officials—his opinion should carry much weight. But there is no need to write a long minute. The fundamental consideration is that honesty is the best policy—and certainly quâ West Indies that is also the expedient thing.

If the Report is not to be published till the end of the war, I find it most difficult to suggest what you can say in defence of non-publication. The only reason I can think of is the need to economise paper: I hate it because (1) it is not true; (2) even if it were true, it would not be believed, although I would not so much mind (2) if in fact that were the reason. . . . I admit that in our discussion I mentioned that as a

[1] Head of the American Division in the Ministry of Information, 1939–1940.

possible excuse, but it was only a despairing attempt to make some suggestion to meet the difficulty.

A.C.C.P.
17.1.40

146 CO 318/443/6, no 51, WM 27(40)2 30 Jan 1940

'West Indies: publication of the report of the Royal Commission': War Cabinet conclusions. *Annexes* 1 & 2: extracts from the report on housing and social needs and services

The Secretary of State for the Colonies said that he wished to consult the War Cabinet as to whether the Report of the Royal Commission on the West Indies should be published. The investigations of that Commission had revealed deplorable standards of health and housing, and in social conditions generally, among the working population in the West Indies. The working population themselves were now very conscious of this. Serious disturbances would probably have taken place in the Islands if the Royal Commission had not been appointed, and were liable to break out if the Report were now withheld. The Report contained some very strong passages on this subject. The Report was unanimous, but there would have been a minority report if the Chairman (Lord Moyne) had attempted to secure the deletion of the paragraphs condemning present conditions.

The Secretary of State handed round copies of two sample passages.

In peace there would have been no question of withholding publication of the Report, however severe its criticisms of British administration. It was obvious that publication of such a Report in war-time would be fastened on by our enemies, who would make the fullest use of the strong criticisms, while ignoring passages which dealt with the favourable side of the question. Notwithstanding these developments he had reached the conclusion that publication was better than suppression.

The chief arguments which weighed with him were as follows:—

(1) The advice he had received from the West Indian Governors. Opinion in the islands, where much of the evidence before the Commission had already been published, was in a state of ferment and would become intensely suspicious if the reports were suppressed. Riots might ensue.
(2) The pressure on behalf of publication which might be expected from some members of the Royal Commission itself, and particularly from Sir Walter Citrine. An added difficulty was the fact that Sir Walter was now on a visit to Finland.
(3) The probable attitude of the Opposition Parties and of the Press.

The Secretary of State apologised for having brought this question before the War Cabinet at such short notice. He had been engaged in preparing a paper when his hands had been forced by a leakage in the Press. The Newspapers in question had insinuated that the Government were considering the non-publication of the Report. Would the War Cabinet authorise a démenti being issued?

The Prime Minister pointed out that the consequences of the publication of the Report might be much more serious than the consequences of publishing the evidence. The Report would be regarded as quasi-judicial.

The Secretary of State for the Colonies explained that he had in mind the publication, simultaneously with the Report, of a White Paper containing a statement of policy by His Majesty's Government. The White Paper, indeed, might cover a wider field than the West Indian Colonies, the Colonial Empire as a whole. It would have to be made clear, however, that in general the recommendations of the West Indian Commission would be accepted by the Government and would be implemented.

The Report and the White Paper might be published, say, on 20th February. This would give time:—

(a) for his proposals for remedial action to be put into final shape. He was already in consultation with the Chancellor of the Exchequer.
(b) for the Ministry of Information to create in the United States and other neutral countries an atmosphere favourable to the reception of the two documents. Every endeavour would be made to place the main emphasis on the White Paper, rather than on the Report.

The Minister of Information[1] said that he and his Departmental Advisers had seen advance copies of the Report. The general view of his Advisers favoured publication, subject to the announcement of definite and immediate remedial action, and subject also to time being allowed for the preparation of opinion in neutral countries.

The assessment of the possible dangers resulting from publication was a matter which was more for the Foreign Secretary and the Colonial Secretary than for himself. Subject to their views, he was prepared to support publication.

In discussion, it became clear that the general view of the Cabinet was strongly opposed to publication during the war.

The Prime Minister said that when he had discussed the matter previously with the Secretary of State for the Colonies, he had not seen the extracts which were now before the War Cabinet. These convinced him that it would inflict serious damage on our war effort to publish such a Report at a time when the German Ministry of Propaganda was ready to take advantage of any material made available for it. In neutral countries publication of the Report might well have the effect of leading to a general revision of opinion among those who had hitherto thought of Great Britain as a leading Colonial power that paid due regard to its responsibilities as trustee for the welfare of the natives. Opinion in the United States was at the present time very much on the look out for items of information that were damaging to the British case and publication of the Report would have a very bad effect in that country.

Discussion then turned on the various points which must be dealt with if publication of the report were withheld.

(1) *The members of the Royal Commission*

It was natural that they should wish for publication, but no great difficulty was anticipated in persuading them to agree to the opposite course, if it were put to them clearly that this was the decision reached by the War Cabinet after considering the probable effects of publication on the course of the War. *The Prime Minister* suggested that the Secretary of State for the Colonies should convey the view of the War Cabinet at once to Lord Moyne but should stave off the answers to any questions

[1] Mr Duff Cooper.

in regard to publication until he had been able to see Sir Walter Citrine on his return from Finland.

(2) *The opposition in the House of Commons*
It should be possible to persuade members of Parliament not to make trouble by representing to them the disastrous consequences of publication from the point of view of the war. This was no party matter.

(3) *Opinion in the West Indies*
The position here was particularly difficult, but the real anxiety about the publication of the Report arose from the fear that non-publication would mean the postponement of remedial action. If we could make it clear that such action would be taken quickly, the agitation about publication of the Report would probably die down. In his communications with the Governors, the Secretary of State would make it clear that the Government intended to make a statement in about three weeks' time of their intentions to set on foot remedial measures.

The War Cabinet:—
(i) Decided to withhold approval to the publication of the Report of the Royal Commission on the West Indies.

As at present advised, it was not contemplated that His Majesty's Government would be able to sanction publication until after the end of the war.
(ii) Invited the Secretary of State for the Colonies to communicate this decision to Lord Moyne and to the Governors of the West Indian Colonies.

Every endeavour should be made to secure the adhesion of Lord Moyne and his colleagues on the Royal Commission and of the Governors to this decision, but no hope was to be held out that it could be reversed.[2]
(iii) Invited the Secretary of State for the Colonies, in consultation with the Prime Minister, to make a similar communication to the Leaders of the Opposition Parties.
(iv) Invited the Secretary of State for the Colonies to circulate to the War Cabinet the text of the recommendations of the Royal Commission, with a view to consideration being given to the question whether these recommendations should be published.
(v) Recorded the view that the real solution to the present difficulties lay in taking remedial measures at the earliest opportunity, and invited the Secretary of State for the Colonies to circulate to the War Cabinet a draft of the proposed White Paper on the measures to be taken.

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[2] Members of the Moyne Commission were clearly unhappy about the decision not to publish the full report. One of them, Sir Percy Mackinnon, wrote to MacDonald: 'Much of the value of our Report is that it would have given to the West Indians a feeling that the Commission had been able to give a true and understanding picture of the conditions in this distressed area of the British Empire. Financial help will of course be welcome, but I believe the psychological effect of our Report would have been valued as much or even more than money grants. Most of the poorer and least educated negroes that we met had an almost pathetic faith that we would give the King a true picture of their conditions, and now if the Report is not published they will feel that we have failed them. It was generally well known that conditions in the West Indies are bad. That was the reason for the appointment of the Royal Commission. I believe that the suppression of the Report will give rise to suspicion in other countries which will do much more harm than the publication' (CO 318/443/6, no 59, Mackinnon to MacDonald, 4 Feb 1940).

(vi) Suggested that the Secretary of State for the Colonies should give a non-committal answer to any Parliamentary Questions until steps had been taken to communicate the War Cabinet's decision, and the reasons therefor, to the members of the Royal Commission, and to the Leaders of the Opposition Parties.

Annex 1 to 146: Extract from Chapter IX (Housing)

. . . In both town and country the present housing of the large majority of the working people in the West Indian Colonies leaves much to be desired; in many places it is deplorable; in some the conditions are such that any human habitation of buildings now occupied by large families must seem impossible to a newcomer from Europe. It is no exaggeration to say that in the poorest parts of most towns and in many of the country districts a majority of the houses is largely made of rusty corrugated iron and unsound boarding; quite often the original floor has disappeared and only the earth remains, its surface so trampled that it is impervious to any rain which may penetrate through a leaking roof; sanitation in any form and water supply are unknown in such premises, and in many cases no light can enter when the door is closed. These decrepit homes, more often than not, are seriously overcrowded, and it is not surprising that some of them are dirty and verminous in spite of the praiseworthy efforts of the inhabitants to keep them clean. In short, every condition that tends to produce disease is here to be found in a serious form. The generally insanitary environment gives rise to malaria, worm infection and bowel diseases; leaking roofs, rotten flooring and lack of light encourage the spread of tuberculosis, respiratory diseases, worm infections, jigger lesions and rat-borne diseses; overcrowding, which is usually accompanied by imperfect ventilation, is an important agent in contributing to the high incidence of yaws, tuberculosis, venereal diseases and, to a certain extent, leprosy.

Two examples—one from a town, another from a rural area—may help to form a picture of these conditions at their worst. In part of Smith's Village, on the outskirts of Kingston in Jamaica, we found large areas covered by ruinous shacks, none of which could have escaped instant condemnation in this country even under standards long since abandoned. The conditions of squalor almost beyond imagination are accentuated by appalling overcrowding. Whole families—father, mother and numerous children—have the meals and sleep in one small room; such is the pressure of poverty that when a second room is available, it will often be sub-let for the sake of the few shillings which are thus to be obtained each month. Often the only available source of water supply for large numbers of these dwellings is cut off for long periods of each day. Not unnaturally many of these "properties" are focal centres of disease and crime, and all of them appear to be neglected by their owners who spend nothing on even the crudest maintenance.

In the island of Anguilla—one of three comprising the Presidency of St. Kitts-Nevis in the Leeward Islands—we came across a "trash" house (i.e. one constructed of leaves and other vegetation intertwined with rough poles) which covered about 200 sq. ft. divided into two sections by a similar construction. Gaps in these rough walls were filled by iron, the galvanising of which had long since disappeared, and by torn strips of blanket; the floor was earth and light penetrated only by the doorway. Sanitation is unknown in Anguilla; all the water supply is

brackish and the nearest well was some miles distant from this house, which, we were told, was occupied by five adults and 15 children.

It has been said by previous Commissions which visited the West Indies that the low standard of housing there, especially in agricultural districts, can be traced to historical conditions and in particular to the system under which indentured Indian immigrants, employed as labourers on sugar and cocoa estates, were accommodated in long ranges of single rooms, the floors of which in many cases rested on the ground. That there is justification for this view is shown by the present condition of many of the old ranges or barracks which are still occupied. Some of the worst examples are to be found in British Guiana where, both near estates within a mile of the capital and along the Essequibo Coast, once the centre of a thriving sugar industry which has now deserted that area, East Indians are closely crowded in ranges on the verge of collapse, lacking every amenity and frequently almost surrounded by stagnant water. These people either themselves are, or are the descendants of, immigrants whose contracts of indenture entitled them to free housing as part of their conditions of service and, although that system of employment has long since lapsed, the feeling of the people that employers should continue to bear this obligation makes it difficult—and in present circumstances impossible—to eject them from these dilapidated buildings.

Annex 2 to 146: Extract from Chapter XI (Other social needs and services)

Little can be said for the social conditions which exist in the West Indies to-day. The child, so often reared in an ill-built and overcrowded home, passes from it to what is, all too-frequently, an overcrowded school. If he has been fortunate enough to continue his eduction until school-leaving age, which is usually 14 in the towns and 12 in the rural districts, he enters a world where unemployment and under-employment are regarded as the common lot. Should he find work as a manual labourer, his wages often provide only for bare maintenance and are far from sufficient to enable him to attain the standard of living which is set before him by new contacts with the outside world. If he is fitted by education and intelligence for clerical posts, competition for which is intense, he will have the prospect, at best, of a salary on which, even in Government employment, he will find it a serious struggle to keep up the social position and appearances which he and his friends expect. He will have leisure hours but few facilities for recreation with which to fill them.

The position of women is more unfortunate. We deal later with the status and conditions of female employment. At this point we are concerned only to give a picture of the daily life of the woman in the home. Generally she has a large family and, whenever employment is available, must work to support them or to eke out the slender earnings of her man. Most commonly her work is in the fields; after feeding her family she must start out from her home in the early morning, often leaving little or no food in the house for her children, whose main meal may have to wait for her return in the evening. Her difficulty in securing work is at least as great as that with which the West Indian man is faced. If she alone is responsible for the support of a family, her position is indeed difficult and there can be little cause for wonder that a combination of economic circumstances and natural irresponsibility so often leads a woman, even if she already has the sole responsibility for several illegitimate children, to seek the uncertain help afforded by association with yet another man,

although she must realise only too well the temporary nature of that assistance and that eventually, perhaps after her responsibilities have been increased, she may again be abandoned. . . .

147 CO 859/80/18, no 1, enclosure 2 Oct 1940
[Offensive passages in school textbooks]: memorandum by B E Carman (British Honduras)

[Carman was director of education in British Honduras. His memo was forwarded to the CO in July 1942 by the governor, Sir John Hunter, with a covering letter which explained that, beyond an abortive discussion of the possibilities of a local censorship of school books, no action had been taken because 'I did not feel myself able to make any useful recommendations for dealing with the problem presented'. Still confronted by what he described as 'that unhappy situation', Hunter continued: 'The chief trouble is that these deplorable passages occur in books, published by the most reputable publishers, which are otherwise unobjectionable and of a high standard as books of instruction. You will notice that one of those, to which particular reference is made by Carman, was published by the Cambridge University Press. It may be possible, I do not know, for someone in the Colonial Office to circularize the principal publishers and ask that readers may be instructed to keep an especial look-out for this sort of thing in manuscripts submitted to them' (CO 859/80/18, no 1, Hunter to H F Downie, 10 July 1942).]

A thorough examination of text books used in secondary schools in British Honduras has revealed that, apart from very occasional passages definitely offensive to the quite natural sensitiveness of colonial populations in the West Indies at any rate, passages are quite common, usually in geography and history books, which, though not necessarily actually offensive, are yet irritating to local people; I refer to such passages as the following:—

The Southern Lands by Laborde. (Cambridge University Press)

Page 60: "The most interesting feature of these islands is the natives. They are small and have ape-life faces and huge mops of hair on their heads".

Page 87: "The original people were negroes of a backward type, who believed in magic and took sticks and stones as their gods. But they have mixed to some extent with the better tribes farther north and so have been improved".

Philip's *Human Geographies* for Secondary Schools by Fairgrieve and Young, Book III (Philip & Son)

Page 36: ". . . the Gonds cruel and revengeful barbarians resembling the African negroes . . ."

Page 83: "The people of Burma and Siam are Mongols—like those of China, Tibet and Japan. They have yellowish-brown or olive complexions, broad flat faces, obliquely set, deep sunken eyes, lank black hair, little beard, and broad square frames."

Also such phrases as "the blacks" commonly used in reference to dark-skinned people.

2. It is clear that if books containing such passages are used in the Colonies, native peoples are bound sooner or later to take offence, in fact they can scarcely be blamed if they do; such countries as would be likely to use such books would be

among the more 'grown up' dependencies, where people learn either directly or by implication that the aim of British rule is that eventually their lands shall be co-equals with the Mother Country. A corollary of this policy is the belief that the backwardness of the colonial peoples as judged by 'western' standards is due to an accident of geography, not to any inherited racial incapacity, and it must be a bitter blow to people bred in this belief, with all the warm regard for Britain that this and the many other solid benefits of her rule engender, to find by implication that they are still looked upon as some strange inferior species, to be described in cold print with as little regard for their feelings as if one were referring to a lower creation.

3. It might be argued that steps should be taken to keep the books complained of away from the Colonies though this, even if it met the problem, would scarcely be practicable: in only the larger Colonies is the preparation of special books for the territories in question economically possible, while books prepared for one Colony or group of Colonies are not as a rule suitable for another; thus books written for West Africa cannot be used in the West Indies since the people here rightly regard themselves as being more advanced than their African relatives, particularly if they happen to be comparatively fair-skinned. Again, without the exercise of a strict censorship of all text books, undesirable as tending to overmuch rigidity and on account of the large amount of work involved, English text books must inevitably find their way into the Colonies; the very fact that the Colonies look to the Mother Country for leadership and inspiration implies that they will use her books sooner or later. Moreover, students going to Britain from the Colonies are bound to see these books. It is therefore clear that a different solution to the problem must be sought.

4. What appears to be necessary is to expunge all such unfortunate passages and references from future text books; this may at first appear a somewhat tall order but I consider that the very existence of such passages at all shows that British public opinion lags a long way behind British Colonial Policy and that the passages reveal a deplorable lack of consideration for others, born either of carelessness or ignorance—I think the former—on the part of their authors. I therefore conclude not only that authors should be more careful of what they write but that it is high time that British public opinion was brought up to date on this matter, so that it may be realised that the appearance of a white man is no less strange to a black man than is the opposite, that negroes have feelings just as have white people, and that often these feelings are even more sensitive because of the 'inferiority complex' from which colonial peoples inevitably suffer, owing to their being subject peoples and more backward according to western standards—the only standards which unfortunately count in the world to-day. Further, I would add that, it appears to me that if British public opinion were moulded on the right lines in this respect, the unfortunate colour prejudice which is already developing in England, and is already having unhappy repercussions in some dependencies, would be checked and probably even killed, and in so far as the complete smothering of this absurd prejudice, at once unreasonable, un-British and un-Christian, is an urgent necessity, the whole matter becomes cloaked with urgency.

5. Two remedies appear obvious to me: firstly for British publishers to be approached with a view to their refraining from publishing all matter in the least likely to hurt the feelings of colonial peoples, their books rather tending to display a more enlightened attitude in this respect; secondly, for a positive and energetic attempt to be made through articles in the press, addresses by Colonial Office

officials and so on, to bring British public opinion up to date and in harmony with British Colonial Policy.[1]

[1] The CO consulted the Oxford and Cambridge University Presses over the issues raised in this memo. The OUP responded that it was impossible for publishers to check every word of every book published and they did not feel that a general case could be made from the examples cited by Carman, 'bad as they are'. They suggested that if 'sufficient bricks to make an impressive pile' could be added from further examples, the details should be forwarded by the CO to the Publishers' Association. An article on the subject, written as a review for the *Times Educational Supplement*, the *Journal of Education* or *Oversea Education* 'might do good'. The CUP argued that the issue could only be addressed as a matter of long-term policy since, on the one hand, colonies would not be able to replace the existing textbooks either during or for some time after the war, and, on the other, publishers would not be able to prepare new editions. They suggested that a 'census' of existing books should be undertaken, preferably by publishers in consultation with geography and history specialists chosen by the examining boards and inspectors from the Board of Education. They advised against CO involvement as this might lead to charges of 'political or bureaucratic censorship'. The CO endorsed the idea of vetting by experts but considered that it would be more appropriate if the office itself asked colonies to submit lists of books: 'There will be a considerable number of new books after the war, when paper restrictions are removed, and these will have to be the subject of careful editing' (CO 859/80/18, no 9, K W Blaxter to Hunter, 6 Apr 1943).

148 CO 859/45/2, no 1 Jan 1941

'Some observations on the development of higher education in the colonies': memorandum by Professor H J Channon [Extract]

1. A visit to Malaya, considerable discussion with the Vice-Chancellor of the University of Hong Kong regarding the problems of that University, a few hours spent at University College, Colombo, attendance at meetings of the Advisory Committee on Education in the Colonies and the reading of various reports represent my limited experiences of Colonial Education. These experiences leave me perplexed about many things, and in order to clear my own mind, I have thought it worth while to piece together my thoughts on the various problems to see if they would fit together to give a composite whole, or if any of them were in conflict with each other. I begin by reviewing what seem to me to be current thought and practice in Higher Education in the Colonies, and try to point out what seem to be the weaknesses; later, suggestions regarding future policy are made.

2. In the first place, the attitude of mind often found in government and commercial circles regarding university development in the Colonies appears to be a somewhat reluctant recognition that universities must ultimately be created; but this is usually combined with a hope that the day of achievement may be postponed for as long as possible. There is, in fact, a genuine fear of the political and economic consequences of the production of a highly educated class among the native populations, and in this connection the example of India is usually and understandably quoted.

While the fears of the ill-effects of the possible mass production of so-called university men by colonial universities are understandable, I believe them to be largely groundless, for they are based on a misconception. They arise from a failure to realize that the difficulties in the past have arisen because the fundamental principles underlying the conception of university education have not been adequately appreciated. A university should not be, as it has so often and dangerously

been, a mass production vocational machine through which are passed, regardless of their future livelihoods, students of indifferent mental calibre but of great capacity for memorising facts; it should be a place where carefully chosen young people of adequate mental attainments are fitted to take their places in the different professions, but at the same time are given the outlook necessary for them to play their part as citizens in the much wider sense. Failure to appreciate this elementary principle inevitably gives rise to political fears, and institutions of university type are then established only when it is imperative to produce men vocationally trained for some particular type of government post. Very rapidly entry to the institution comes to be regarded as entry to government service; there follows the pressure for more admissions and, later, the discontent of those who, because of lack of vacancies, fail to obtain the posts which the rapidly established tradition has led them to expect. Even if the institution was conceived at the start on a more enlightened basis, in the shortest of time it becomes a vocational training centre and little else. Once this idea of its functions has arisen, there is little or no hope of recovery; the university institution exists in no more than name, for the real justification for its existence has been forgotten. The very danger which it was sought to avoid has been brought into being.

3. The absence of a realisation of the true value of properly conceived and developed university education is necessarily reflected in many ways, all of which contribute to impeding rather than helping its progress. Firstly, the financial policy is a stringent one in which the apparent material gains in the output of professionally trained men and women are balanced against the expenditure involved. Since any university institution is necessarily costly, the belief that university institutions are undesirable is further strengthened. Thus we frequently hear comparisons made between the cost per head of elementary, secondary and university education. The much greater cost of giving a child a secondary as compared with an elementary education is often stressed, and the stress does not always seem concerned with the financial aspect alone; it sometimes has its root in the doubt as to whether this secondary education is really desirable; the fact that the value of an article is usually reflected in its price tends to be overlooked. The anticipated dangers of university education being even greater, the financial aspects of university development are yet more brought to the front; for instance, on a number of occasions in Malaya my attention was drawn to what was considered the excessively high cost of the production in Singapore of a doctor, dentist or teacher, and the comparative cheapness of sending a relatively few selected students for training in England was often emphasised; that there could be any gain to the country other than that resulting from professional attainment was rarely contemplated.

4. Secondly, the importance of research work in university institutions is not understood. Research is regarded as a luxury, unjustifiably expensive both in time and money, unless it be directed to the solution of a problem, the results of which are of immediate practical application. This attitude towards research provides yet another factor calculated to prevent the university from achieving its purpose. Like the wider results of university education on the people as a whole, results of academic research cannot be materially assessed and therefore research is given but slight moral or financial encouragement. It is not realised that immediate public utility is not, and cannot be the standard by which universities measure the value of researches conducted within them, nor is the fact understood that teaching in any

university institution becomes sterile, unless the inspiration of the teacher is maintained by some form or other of original investigation. This failure to realise the importance of research is well illustrated by a statement in the Annual Report of the King Edward Medical College, Singapore, for 1938. Here it is stated that the College Ordinance has just been revised and that among the other changes worthy of mention is the fact that "post graduate work and research are included in the purposes of the College". This is mentioned not to detract from the value of the research work already done in that institution but to illustrate the belated recognition of the value of research, for this College was founded as long ago as 1906 and has provided the Empire with an opportunity of creating a centre of Tropical Medicine which should be of outstanding importance not only for Malaya but for the world as a whole.

5. Thirdly, at least in Malaya, the scope of the duties of members of the academic staffs is too narrowly defined. In reference to the staff of Raffles College I often heard such statements as "those people have too little to do". Further, the one section of the Malayan Report with which our secretary disagreed was that in which proposals were made to try to provide intellectual stimulation for the members of the staff by changes in the practice regarding leave and the provision of substitutes; he regarded such a proposal as impossible, because it would result in the staff of Raffles College receiving treatment different from that of government officers. This attitude of a man of considerable seniority in the Malayan Civil Service is indicative of Malayan administrative opinion as a whole.

Every one of these points, all of which have a cumulative effect in impeding the wise and fruitful development of Higher Education, has its origin in the real concern which is felt as to the wisdom of providing university education at all, and the failure to realise that a university can serve any purpose other than that of a centre for vocational training.

6. There is, in addition, a further problem which is only indirectly concerned with the matters just discussed, namely the difficulty of recruiting adequate staffs for colonial university institutions. It is unnecessary to dwell on the reasons why colonial universities do not attract the best men. Men of 45 years or more who have achieved distinction in their own subjects are by this time deeply committed to their universities, learned societies and other bodies, and they are too old. The able young men of an age from 25 onwards who have hopes of achieving academic distinction are understandably unwilling to surrender this hope by leaving the first class facilities available in this country and by losing all contact with their fellow workers in their own subjects on whom they must depend in part for help in their advancement.

As a result, the men who are appointed to posts in colonial universities often have neither the outlook nor the experience necessary for the carrying out of their work. There are, of course, exceptions to be found in occasional men who possess either the spirit of adventure or something of the missionary spirit which is most frequently found among members of the medical profession. Speaking generally, however, the men appointed are relatively young graduates of our universities; they have perhaps obtained a Ph.D degree after pursuing two or three years of post-graduate study and during this time they will have carried out a certain amount of lecturing, and in science subjects, of laboratory teaching, while some few will be men of more experience. They are, however, as a body ill-equipped for the work which will fall to

them. Amid the novelty of their new environment they spend the first two or three enthusiastic years partly in making changes in their departments, but mainly in learning the subject matter which they have to teach and in building up their lecture courses. During this time the thought may or may not occur to them that research is part of their job. Here an obstacle arises however, for while they may have carried out a piece of research under the direction of the professor of their own university, they are usually insufficiently mature to initiate independent research. Combined with the further difficulty that the facilities to which they were accustomed in this country are not available, this soon leads to the importance of research being forgotten and there follows the defensive attitude that it is impossible to carry on research because there are inadequate facilities. There is an almost complete failure to realise that it is not the function of a colonial university to attempt at this stage to compete with the highly equipped universities of Europe and America in the study of the basic problems of Science, Medicine or other subjects. Equally there is failure to appreciate the wealth of new material and the new problems available for study in the Colonies themselves—material often completely unavailable to the universities of the western world. Study of some of these problems would give results of great importance for a fraction of the time, energy or money required to obtain similar rewards for labour along the well trodden tracks of research in Europe and America. The minds of these people remain in the atmosphere of their parent university in Great Britain; they themselves are resident in the particular colonial territory, but they do not, as they should, become part of it.

Admittedly the professor in a colonial university has many difficulties to face. He has almost certainly no post-graduate students who in these days play such a big part in research in the western world. Because of the poor standard of the undergraduate student and perhaps of a limited staff, he may have to devote more time to teaching activities than is usual in this country. His desire that his students shall pass their examinations may lead to too great an emphasis being laid on teaching and almost inevitably to the adoption of too narrow a basis of instruction. Increasingly teaching dominates his life, and the other functions of the university fade into oblivion. . . . Not for one moment do I wish to suggest that the failings are the sole responsibility of the staff, for their mental isolation and their difficulties deserve our sympathy. My desire is to emphasise the weaknesses of the present system and to suggest that we try to improve it.

7. Leaving aside the questions of teaching and research there is an equally important aspect of the work of the staff to consider. If we are to develop universities in the colonies, their vital objective at this stage must not be the production of large numbers of men and women with no more than a highly specialised technical knowledge; it should be the production of smaller numbers who, while they must be adequately prepared for their future professional livelihoods, must go further and be prepared for wider service.

The young native graduate has within his grasp the priceless opportunity of leading his people to a full realisation of their civic and social responsibilities and to a wise development of the material and cultural resources of their country. But technical knowledge alone will not equip him for this. He himself needs guidance in the development of his own character. His facile learning must be given depth and breadth, his personal and racial interests must be led along paths of national service and responsibility and he must be given integrity of purpose. His natural guides are

the staff of his university, who should be available both within and without the classroom or laboratory. This staff can only help him if it is adequate both in numbers and in outlook, for this aspect of the work demands men of high quality and breadth of vision. It is an outlook which can only be obtained if the members of the staff have served in a university in this country long enough to have acquired an intimate knowledge of the aims and ideals of university education, and some idea as to the approaches necessary for its ordered development and administration. Such an appreciation cannot be possessed by young men leaving their universities before they have held for a sufficient period posts of some responsibility in them.

Thus from whatever point of view we regard the development of our colonial university institutions, the importance of an adequate staff appears overwhelming. Yet it has to be confessed that with the exception of the relatively few whose mental make up differs greatly from the average, it is probably true to make the harsh statement that the men who take posts in colonial universities are not good enough to obtain appointments carrying the same or even approaching the same status in this country. This question of staffing is a fundamental problem which with all its difficulties must be solved. Without its solution, there can be little hope of our colonial educational system developing in the way which is desirable, and the colonial universities will not contribute to the ordered advancement of the territories and their peoples in the way they should. If we continue on our present lines it seems to me likely that we may be laying the foundations of future unhappiness and, not improbably, of political discontent.

8. Failure to take a long enough view of educational development is another factor impeding wise development. Too often decisions have been made on the spur of the moment without adequate thought of the future, and inevitably a proportion of these decisions proves to be wrong. Later it falls to the lot of a Commission or an individual to endeavour to make the best out of the mistakes of the past, and it is usually found that many of them should not have been made and that some of them can never be rectified. The explanation of this is not far to seek: firstly for the reasons stated earlier, education tends, in some cases, to be regarded as a wayward and difficult child in colonial government circles; secondly, only in exceptional circumstances can the administrative officers of the educational service have a broad enough view or the necessary personal experience to lay adequate foundations for the future, since they were recruited to the service at a youthful age.

9. Our policy of providing some form of elementary education for the mass of the colonial peoples is a most enlightened one and our achievement in carrying it out remarkable, even though we must all recognise that much indeed remains to be done and wish to see it done as quickly as possible. But it seems to me important that we should not forget the equally vital task of creating slowly but surely an highly educated section of the communities. This is a process which cannot be unduly accelerated, but there is a big difference between enlightened encouragement and help grudgingly given, between far sighted planning and disordered growth. It must be remembered that in contrast to this country in which education began at the top and spread downwards, in the Colonies education is beginning at the bottom and spreading upwards. The real progress of the peoples and their ability to stand on their own feet will only be ensured by early and active help and encouragement in the development of the top of the educational structure, in order that an educated section of the community may emerge as soon as possible. This demands the

development of university institutions as soon as their creation can be justified. I have already stated that we must endeavour to find among the students of these universities, men, who, besides becoming fully adequate for their future professional activities, go much further and develop into citizens exerting, by their powers of leadership, a real influence in the promotion of the happiness and welfare of their own people. But apart from the few who develop as leaders, all the students, irrespective of their professions, will influence the development of their people, not only by virtue of the official positions which they may hold, but also in their private lives. If they be teachers, their power to help their race is obviously great, and for this reason the importance of the provision of adequate teachers cannot be too greatly stressed. We should recognise fully that secondary education of poor quality given by teachers of the wrong outlook is not only of little value but may be as unhappy in its results as wrongly conceived university education itself.

This plea that we should do all we can to strengthen our existing university institutions does not run counter to our desire to provide elementary education for all; rather does it help to further this desire. It seems to me that we need the help of the educated native in planning the elementary education far more than we have been able to have it in the past, and we shall greatly improve the quality of the elementary education by raising the standard of teaching generally. Indirectly too, another factor will come into play. In the course of time public opinion will be developed and will be reflected in the Press. This public opinion will in the first place be that of those who have passed through the universities, and if it is an enlightened one, it will exert a powerful influence for the good and provide great stimulus for the peoples. Later too, the children who have passed through the schools will contribute to it and here their teachers have a great part to play. While we rightly lay much emphasis on the importance of education for all, it seems to me that we may not have realised fully how best to achieve this aim and that we have overestimated the importance of immediate education for all rather than realised that we shall ultimately serve our purpose better by paying greater attention for the time being to adequate higher education for the few.

10. Apart from the problems already mentioned, there are many matters of policy which ought to be determined now, for the lead can only come from us if our own minds are clear on the objectives we seek. The absence of definite objectives not only undermines the enthusiasm of the staff but also hampers the early development by the students of the nationalist pride in their own institution which is so essential for its future success.

All these matters of policy ultimately resolve themselves into the single question of how our colonial university institutions are to achieve university status, with all that this question implies. . . .

17. I now turn to discuss the question of staffing. For the reasons stated already, I regard the question of attracting the right men to colonial university posts and the maintenance of their enthusiasm as the outstanding problem to be faced. It must be solved in spite of its many difficulties and great complexity, and I do not believe that we can achieve what we set out to do unless we change our methods. We must clearly abandon such customs as that at Raffles College of introducing schoolmasters to take the place of the members of the staff who proceed on leave. We must also realise from the start that methods which will ensure that the staffs are adequate will require further expenditure and that the justification for any extra expenditure cannot be

materially assessed.

It is clear that merely increasing the existing relatively high salaries already offered for posts in colonial university institutions will have no effect in increasing the number of suitable candidates. Progress can only be made by a more radical method. In my opinion, hopes of success lie in one direction and in one direction only, and that is in our obtaining the willing help and co-operation of our own universities in building up a system by which members of their staffs may become available for service in the colonies for suitable periods and under appropriate conditions.

18. The system which I believe could be established is that members of the staffs of the universities of this country would be seconded to our colonial university institutions; they would serve there for periods of up to three years when they would return to their home universities. This system would, in effect, be the introduction of visiting lectureships of an extended type and it could be applied to various categories of the academic staff. Perhaps the most valuable category from our point of view would be that of the senior lecturer who, apart from his professional attainments and his teaching experience, would have a considerable background of university administration and would be a man of wide outlook; he would bring his experiences of university life in this country to bear on the development of our colonial institution in just those ways which are so necessary. A second category, fulfilling another purpose, would be the junior lecturer, a young man who, after taking an M.A. or Ph.D. Degree, has served as a Grade 3 lecturer for the usual period of three years. He too might be seconded for a three year period, and apart from the good effects of his bringing his new enthusiasm to bear on the institution, it is likely that in some cases he would find such satisfaction in his new work that he would wish to remain abroad permanently; if this were so, it would aid the problem of recruiting the permanent staff for he would be making his choice in the full knowledge of all that the step entails. This question of seconding lecturers is not the only way in which our universities might help. The practice of granting sabbatical years to senior members of the staffs is practised little in modern universities, largely because these members are financially unable to make profitable use of such a respite from their normal duties. It would clearly be a great advantage if suitably chosen professors from our own universities could, from time to time, be granted sabbatical years in order that they might visit two or three of our colonial institutions and take a serious part in their work for a period of one academic term each. Much help would be given by visits such as these and the stimulus would be great. These are only indications of some of the avenues to be explored, and it has also been pointed out to me that apart from the home Universities, the question of the Dominion universities taking part in such a scheme should not be forgotten, for the lecturer in a Dominion university may tend to be more adaptable then one in a university of Great Britain; some months spent in the University of Toronto lead me to share this view.

The scheme which I would like to see evolved is one in which perhaps three quarters of the staff of any colonial institution would be permanent members and the remaining one quarter would consist of these visiting lecturers. As time progressed we should slowly appoint to the permanent staff local graduates who have pursued post-graduate study in Great Britain. By these two methods a long term policy of fruitful development would be established. The University of Liverpool has a School of Tropical Medicine with a station in Sierra Leone, and members of its staff spend

varying amounts of time here and at this African station; it is not a very great extension of this principle to make it apply in some form or other to the colonial universities. . . .

[20.] . . . The recent enlightened departure regarding the Colonial Development Fund has already done much to awaken in the educated people of this country a consciousness of our responsibility to the colonial peoples, and after the war there will be an auspicious atmosphere of Empire unity. There will be great opportunities of making use of the impulses for development which will certainly occur at the end of the war, but we shall be unable to seize these opportunities unless we are fully prepared. We ought to prepare now.

There is one particular direction in which the difficulties of establishing close contact with this country are far more simple; I refer to the question of medical research. Clearly the Medical Research Council, a Committee of the Privy Council, which increasingly dominates the development of medical research in this country, is in an adequate position to apply its organisation to the problems of medical research in the Colonies and to arrange for this research to be carried out by men of adequate attainments and experience.

21. If some such scheme could be ultimately achieved, the gains would be even greater than those which are apparent at first sight. Instead of being struggling institutions of obscure mediocrity, the colonial universities would become an integral part of an imperial university system; in the course of time this system would exert a profound unifying influence on the Empire as a whole and would bring nearer the achievement of the aims of its members for the development of all its peoples. The widely varying conditions of the Colonies and Protectorates—the different stages of development of the peoples, the variations in their economic, social and religous backgrounds, the diversities of climate—provide so many vivid contrasts, that it is extremely difficult to see how each may become a member of a family working for a common end rather than the adopted child of a somewhat unenthusiastic foster parent. It seems to me that in the realm of higher education, the universities provide a common ground for all the peoples; nothing but gain can result if advantage is taken of this fact. These views are in no sense imperialistic in the old and selfish sense. If we are sincere in our belief in the value of education and in our professed wish to help the colonial peoples to maturity, one step of the greatest value would be to endeavour to bring university institutions of the Colonies into active relationship with the university system of this country.

22. Let us consider some of the results of the scheme in more detail. In the first place, it is certain that the colonial university itself would receive nothing but benefit. Its staff would lose their sense of intellectual isolation, for they would be continually stimulated by fresh minds; they would begin to know something of what is happening in the different universities in this country and they would acquire a sense that their own work was something which really mattered; they would receive further stimulus too from the knowledge that transfer to universities in Great Britain was now more possible; their whole outlook would be vitalized. Apart from the obvious gain to the institution in these effects on its personnel, there would be the further raising of the standard of work because of the influx of men from the universities of this country. These men would bring not only their technical knowledge but also their experience to bear on the problems of development of the colonial university; the mistakes which are now made from lack of knowledge and

experience would rapidly decrease in number and should ultimately disappear; the institution for the first time perhaps would be on the road to achieving something of the aims which alone can justify its existence.

23. Secondly, in the course of time, important benefits to the Colonies would result in other directions. As knowledge of the colonial institutions became increasingly widespread in university circles in this country, so would knowledge of the countries themselves, and this would have an important effect in greatly widening the field of recruitment for the colonial services generally. A newspaper advertisement or a circular sent round to our universities at home cannot in general attract the best men for service abroad. If a post-graduate student is thinking of applying for a particular post in this country he consults his professor, and if the professor knows his job he will treat the problem of the suitability of the student for the post as one of importance; the professor will know the make-up of the individual well and he will almost certainly know much of the nature of the post; the whole approach is a personal one. We need then men in our universities at home who know the conditions in the Colonies. If this knowledge were then made available to students by personal contact with their teachers, and doubts and fears of the unknown could be so dispelled, I am certain that the effect would be both rapid and beneficial. Speaking personally for a moment, both my wife, who is a doctor, and I independently formed the opinion after our visit to Malaya that if we had had our present knowledge of that country some twenty years ago, both of us would have found our way there in some capacity or other. Once our students realise the opportunities that exist, I feel certain that they will not only accept but seize them. In consequence, recruitment will not only be greatly improved for the colonial university institutions themselves, but equally for all the services; we shall begin to get better men for education, for medicine, for dentistry, and for the administrative services generally. Nor would the good effects be limited to the Colonies, for the return of their men would enrich the life of the universities at home.

24. This knowledge of the Colonies in our universities would have another important effect in that ultimately it would make the Empire a living reality to the people of this country as a whole. It is sad to reflect that while the man in the street is familiar with the names of the Dominions and their geographical positions, in general he only hears of the names of our Colonies and Protectorates when in time of war these countries make contributions either in money or in man power. This is not surprising, for until recently at least, there has been little opportunity for him to acquire information even if he wished it. The relatively few residents in this country who are familiar with the overseas colonial possessions consist under present conditions of those who have spent their lives abroad and have come home to retire; naturally they tend to seek seclusion in areas in which no opportunity is available for making available their knowledge for the benefit of the people generally; in addition, the various societies and clubs which have been founded to serve those interested in distant lands, fail on the whole to touch any but the people who have served in those lands. Knowledge in any country spreads from the universities through different channels, including the schools; if our universities here become familiar with the Colonies, in the course of time they would indirectly ensure that this knowledge became available to the people as a whole. . . .

149 CO 859/80/13 9 May 1941–27 Aug 1942

[Racial discrimination]: minutes by C J Jeffries, J J Paskin, Sir G Gater and Lord Cranborne on the question of colour prejudice in the colonies and allegations of discrimination with regard to appointments in the Colonial Service

[These minutes from a file of the CO Social Services Dept arose originally from a letter sent to Hall, parliamentary under-secretary of state, by Dr H Morgan, a Labour MP born in Grenada, which made allegations of discrimination and cited examples of West Indian officials having been passed over for promotion in the labour and legal depts of a number of West Indian governments (CO 859/80/13, no 3, Morgan to Hall, 10 April 1941). Assistant under-secretary Sir A Burns minuted: 'This bitter letter is typical of the coloured West Indian point of view which is becoming more and more serious' (*ibid*, minute by Burns, 22 Apr 1941). Jeffries responded in the first of the minutes reproduced here and then Parkinson asked Paskin, head of the Social Services Dept, to consider how the secretary of state might give 'a strong lead' in the manner suggested by Jeffries. Moyne made no decision before he left the CO and it was Cranborne who approved the suggestion that Chatham House should be asked to examine the problem. For subsequent papers on this issue, see CO 859/126/4–6.]

I can assert with confidence that there is not, and has not been, in my time, any colour prejudice in the Colonial Office with regard to appointments in the Colonial Service. Where, in practice, we have given effect to what might be described as a colour bar, it has been due solely to considerations of efficiency. If we do not send a coloured West Indian to a senior appointment in Kenya, it is not because we have any prejudice against coloured West Indians, but simply because we know that the environment in which he would find himself in Kenya is one in which he could not be happy or do his work effectively. If we can be fairly criticised, it is not on the ground that we have refused to appoint coloured people to posts in which they would not be happy or efficient, but on the ground that we have not done enough by precept and example to break down the colour prejudice in those Colonies where it exists. Although this is not at all an easy matter, or one which can be dealt with in a hurry, I am not sure that we have done all that we might to give a positive lead to senior officers of the Colonial Service (who, after all, in many cases have the power to determine the tone of local society) to make an intensive attack upon this colour problem. In conversations with Colonial officers (and their wives) I have come across many deplorable and even ridiculous instances of colour prejudice. On the other hand, I have generally found that such prejudice is markedly absent in Governors and other really responsible officers, and I believe that, if the Secretary of State were to give a strong lead and make it clear that he wanted this colour problem tackled, this would be welcomed by the best and most responsible elements in the Service.

There is, of course, the difficulty that Drs. Moody, Morgan and company do not want equality for the coloured man; they want him to have preferential treatment. Considering the generally backward state of the Colonial populations and the limited opportunities open to coloured people for obtaining education in the wider sense, it is not unnatural that, when it comes to filling a post on the strict basis of appointing the best available candidate, the best available candidate will, in 99 cases out of 100, prove to be a white man. The fact is that there are two opposing tendencies at work. The first rests on the assumption that the Colonies need the most efficient and highly qualified staff they can get to enable them to develop satisfactorily. The second rests

on the assumption that the Colonial peoples are being trained in the art of self-government with a view to eventual responsibility for the management of their own affairs. It may very well be true that they can only obtain this training by being given responsibility and allowed to make mistakes; and that we have been inclined to go too far in putting efficiency first. The danger of this is that the time is bound to come when political pressure forces the grant of responsible powers to people who have no training or experience in administration. From this point of view, those who agitate for the coloured man to be given preference over the imported officer in his own country are very likely in the right, even though the adoption of the course which they advocate would involve a reduction, for the time being, in the standards of efficiency to which we are accustomed.

C.J.J.
9.5.41

I am afraid that we have had this file in the Social Services Department for rather a long time, but the question of what can be done about colour prejudice and "colour bar" *in the Colonies* is a thorny question which requires a good deal of consideration. Amongst other things, I wished to read Dr. Norman Leys's[1] book "The Colour Bar in East Africa" before minuting this file; but this book has been in great demand and I have only recently had an opportunity of reading it.

If the problem of colour prejudice in the Colonies were similar to the corresponding problem in this country, i.e., the purely social problem which finds its manifestation in a disinclination on the part of white people to be brought into close association, socially, with coloured people, the problem would not be nearly so intractable as it is. In many colonies, of course, (e.g. the West Indies) the problem is mainly a social one, and can be tackled by the process of educating public opinion by the same sort of means as we have in mind in relation to the problem in this country.

X Even in cases where this "social" manifestation of colour prejudice has reached the length of setting aside residential areas for occupation only by Europeans, where it is enforced (as in Accra, Nairobi, Mombasa and other towns in Africa) by the imposition of "restrictive covenants" on residential plots in those areas, it ought not to be very difficult for the Colonial Governments concerned to set their faces against this form of prejudice, and to substitute for the restrictive covenants a strict enforcement of sanitary rules which would at any rate remove the dangers to health of the European residents which would arise from the presence in those areas of numbers of Africans with primitive ideas of sanitation, etc.[2]

There are other manifestations of colour prejudice in the Colonies which ought

[1] Leys had served as a medical officer in East and Central Africa before the First World War. In 1910 he was instrumental in persuading the Maasai of the northern reserve to take legal action against the government of the East Africa Protectorate on the grounds that the latter had acted unjustly and broken its solemn word in urging the Maasai of the north to move their herds of cattle to an extended reserve in the south to make way for European settlers. The affair led to Leys's dismissal from the service of the East African Protectorate in 1913. In subsequent years he became a trenchant critic of colonialism, publishing *Kenya* (1924) and *The colour bar in East Africa* (1941). For published correspondence between Leys and Dr J H Oldham, see John W Cell, ed, *By Kenya possessed: the correspondence of Norman Leys and J H Oldham* (Chicago, 1976). The editors are grateful to Michael Twaddle for these references.

[2] Paskin added the marginal comment: 'This is the ostensible reason for these measures. But it is certain that the white populations concerned have been glad of this excuse.'

similarly to be susceptible of treatment. For example, I understand that no native is allowed into the European township at Ndola [in Northern Rhodesia] at night except with a special pass, and I understand that natives walking on a pavement are liable to be chivvied off by the police. There are, no doubt, many other similar practical manifestations of colour prejudice in many of the Colonies of which we have no knowledge in the Colonial Office.

As I have said, if we only had these "social" aspects of the matter to cope with, we could tackle them by insisting on Colonial Governments doing all they can by propaganda, by lessons in European schools, by requiring Government officials to set a good example, and by removing all administrative sanctions, such as those mentioned at 'X' above. The missionary societies are now embarking on a campaign against these social aspects of colour prejudice in the African Colonies.

Unforunately, however, this is not the only side of the picture. There is, for example, the economic aspect which is already becoming a thorny problem, e.g., in regard to the employment of natives on the Copperbelt where the European miners would undoubtedly like to see the South African and Southern Rhodesian ideas established.

Mr. Keith,[3] in his minute, has touched upon the fact that among educated coloured people from the Colonies, there is a very strong and bitter feeling (which has not been removed by the correspondence—which has now been published—in No. 8[4] on this file) that it is largely owing to racial prejudice that such a small proportion of higher appointments in the Colonial Service go to persons of colour; and it is difficult to avoid the conclusion that the unification of the Colonial Services must necessarily restrict the opportunities for the advancement of coloured people in those Services. There is, in fact, a school of thought which holds that, on a long view, it would be to the greater advantage of the Colonies to relax our high standards in regard to the qualifications required of candidates for the admission to the Colonial Services, if thereby we could admit to those Services an ever increasing number of educated members of the local communities.

But, however difficult are the issues raised by such considerations as those which I have already mentioned, they seem to me to be insignificant by comparison with the problems which arise from such policies as the reservation of the Kenya Highlands for European occupation, to mention only one instance of the kinds of discrimination which involve questions of high politics.

It seems to me that it would be difficult in the extreme for the Secretary of State, or for the Government of such a Colony as Kenya, to take a strong line in relation to the more ordinary manifestations of colour prejudice without laying themselves open to the charge of hypocrisy, so long as such policies as the preservation of the Kenya Highlands are allowed to persist.

In "Colour Bar in East Africa" Dr. Norman Leys has drawn attention to various other forms of racial discrimination in East Africa which are similarly bound up with questions of high politics, such as (to take a simple case) the fact that in Kenya the cost to Government of the education of European children works out at £23. 13. a

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[3] See 56, note 3. Keith's minute, dated May 1941, is at CO 859/80/13, no 9.

[4] No 8 on the file refers to a newsletter issued by The League of Coloured Peoples (No 23, Aug 1941) which contains papers and correspondence between the president of the League, Dr Harold Moody, and Moyne relating to appointments in the Colonial Service, Mar–June 1941.

head, whereas the amount of Government money spent on African education works out at about 12/- per registered child and about 4/3d per child of school age.[5]

Dr. Norman Leys's book is full of unfair distortions—conscious and otherwise—both of facts and policies; but, when full allowance is made for these, there still remains a case which is very difficult to answer (without laying itself open to charges of hypocrisy) by a Government which attempts to take its stand against colour prejudice and racial discrimination in the Colonies. Moreover, I feel that Dr. Norman Leys is right when he says (p. 152) that "The enforcement of the policy of equal rights in British Tropical Africa will arouse opposition from European minorities in Africa that will be more bitter and violent than any measure of reform has met with since Emancipation, of which that policy is our age's counterpart."

I come now to the direction in Sir C. Parkinson's minute of the 12th of May—that we should consider how we might implement the suggestion that the Secretary of State should give a strong lead for the colour problem to be tackled in the Colonies.

Dr. Norman Leys has suggested that nothing very effective would emerge from any attempt to tackle this problem piecemeal, at any rate in the African Colonies, unless the attempt starts with a Resolution by the Parliament at Westminster decreeing that "In all the Dependencies of the Crown that are under its authority, discrimination on the ground of race, colour or religion must cease, whether in law or in administrative practice, and whether it takes the form of disabilities resting on some but not on others of a country's inhabitants, or of privileges enjoyed by some but not by others". And he suggests that such a Resolution should then be followed up by the issue of a circular despatch in the terms set out in No. 11 on this file. Dr. Leys has explained that one of the purposes which he had in mind in preparing this draft despatch was to make clear what would be the practical consequences of such a Parliamentary resolution as he has suggested.

I am similarly inclined to think that the Secretary of State would be ill advised to come out with a strong public condemnation of colour prejudice and racial discrimination in the Colonies without very careful consideration of the logical consequences of a determined attempt to do away with racial discrimination, especially in such Colonies as Kenya and Northern Rhodesia, and without facing squarely the question of the length to which he is preparing to go in insisting on the implementation of those consequences. Purely as an example, I have mentioned above the policy of the reservation of the Kenya Highlands, and I need hardly draw attention to the kind of storm that would be created in Kenya by any attempt to go back on that policy. I imagine that in Kenya it would be almost equally difficult to go back on the policy of reserving township areas for European occupation. There must be many other instances where an attempt to reverse present policies or practices would raise controversial questions on the high political plane, and I am disposed to think that the time has come when we should squarely face up to these issues. For this purpose, the first step would seem to be a dispassionate review of every form of colour or racial discrimination in the Colonies; but I am rather at a loss to suggest how such a review could best be undertaken. I am doubtful whether we could reasonably expect Colonial Governments (at any rate those in East Africa) to furnish

[5] Paskin added the marginal comment: 'I quote *his* figures which are probably inaccurate. He also states that in Kenya "Govt. expenditure on roads is 300 times more per head of the European population in the European owned-areas, than what is in the Reserves".'

a completely objective review of these matters as they are manifested in their own territories, and I am inclined to agree with Miss Richards that it might be useful to ask Chatham House (with such help as we are able to give them) to undertake the review in the first instance. It will be seen from No. 12 that they already have something of the kind in hand.

I hope that I have not given the impression that I am not in favour of everything possible being done to do away with colour prejudice and racial discrimination in the Colonies; but I have thought it right to draw attention to some of the possible dangers that might arise from an ill conceived approach to the question.

Moreover, there is another entirely different aspect of the matter, which is ignored (so far as I have been able to see) in Dr. Norman Leys's book. I refer, of course, to the fact that a great deal (if not the bulk) of the racial discrimination which is embodied in legislation and in administrative practice (especially in the African Colonies) is intended to be, and is, in the interests of the natives themselves. It arises from our declared policy of trusteeship towards peoples who are not yet in a position to stand by themselves. One example will perhaps suffice. If all the present restrictions on the transfers of land from persons of one race to another were removed there would be nothing to prevent African individuals or tribes from disposing of their lands to the highest bidder, and one might see vast areas of fertile land, which is necessary for the subsistence of the natives, being converted into European or Indian owned plantations. It is no answer to say that Africans are or ought to be so attached to their lands that this would not happen. We have seen it happen in Palestine by the sale of Arab lands to Jews.

In any general pronouncement, therefore, in regard to the desirability of doing away with such racial discrimination as is embodied in legislation or administrative practice, care should be taken to make it clear that the pronouncement does not relate to the various forms of discrimination which are necessary for the protection and welfare of the native populations concerned. . . .[6]

J.J.P.
26.9.41

. . . (2). I am in hearty agreement with the desire generally expressed in the minutes that colour discrimination should be eliminated, and in the words of Mr. Jeffries that the "absolute equality of all men before the law" should be established. I do not agree, however, with the proposal that a declaration of policy should be made before a careful review of the present situation in reference to the colour bar. It seems to me that an essential preliminary to any declaration should be a very careful examination of the present position which would disclose the full facts and difficulties to be encountered. A declaration which was not followed by action would do more harm than good.

(3). When the results of the investigation are available, we shall be in a position to consider what is the best method of achieving our objective. I am not entirely convinced that a declaration constitutes the best method. It must be remembered

[6] Responding to Paskins's comments, Jeffries argued that HMG should issue an unequivocal declaration opposing discrimination in any form before the end of the war. He was supported by Parkinson and George Hall. Moyne was considering the issue when he left the CO. Gater continued the discussion in the next minute reproduced here which he addressed to the new secretary of state.

that there is not only legal discrimination, but also social and economic discrimination, and these last two are far more difficult to handle. It is only necessary to refer to Mauritius and Kenya as two Colonies in which serious repercussions would arise on the issue of any declaration. I think a great deal can be done by personal example on the part of Governors and the Colonial Civil Service. I will not say more as I would prefer to reserve judgment until the investigation is completed.

(4). I think perhaps I ought to draw attention to file 11001/9, which I have attached. It includes a note of a discussion which I had with the Adjutant-General at the War Office in reference to colour bar difficulties arising from the presence of American white and coloured troops in the U.K. This is, of course, a special problem arising out of war conditions. Its existence perhaps provides a further reason for not making any public declaration on the general question at the present time.

G.H.G.
20.8.42

Since the earlier minutes on this subject were written, the question of the Colour Bar has been raised in an acute form by the arrival of large numbers of American negro troops in this country. The full implications of this most unfortunate development of the war cannot yet be gauged. They are likely to be formidable. But one conclusion we may already reach. A public declaration, at the present juncture, by H.M.G. that they are opposed to any form of colour bar is likely to be interpreted by white American troops in this country as a direct rebuke, indeed, insult to them, and can only have the result of exacerbating an already sufficiently difficult situation.

In any case, I agree with Sir G. Gater that an essential pre-requisite of any such general declaration is "a careful examination of the present position, which should disclose the full facts and the difficulties to be encountered". Spectacular declarations are dangerous things. They are apt to arouse the maximum of opposition. It may well be that it would be wiser to work away quietly, removing discrimination when and where it can be done. This is a decision which we shall perhaps be in a better position to take when we are in possession of the full facts. I, therefore, support Dr. Richards' suggestion that we should ask Chatham House to undertake an examination of the problem.

C.
27.8.42

150 CO 859/49/14, no 9 — 12 July 1941

[Trades unions]: circular despatch from Lord Moyne to colonial governments explaining the meaning of 'reasonable facilities' for the establishment and activities of trades unions under the 1940 Colonial Development and Welfare Act

[Colonial governments had already been informed in a despatch issued by Lord Lloyd in Sept 1940 that legislation on trades unions would be required under the 1940 Act. The despatch issued by Moyne which is reproduced here defined what was meant by

'reasonable facilities'. Before it was issued Sir H Moore, the gov of Kenya, had attempted to mobilse the other East African governments in support of his view that union legislation raised a controversial issue which was undesirable in wartime. The government of Tanganyika wavered but those of Uganda and Zanzibar disagreed. J G Hibbert, who drafted the Moyne despatch, expressed the views of Zanzibar in the following terms: 'No damn fear; we are not going to risk getting stymied on the Colonial Development and Welfare Act because we have not got something in our law which the Secretary of State considers necessary for the purposes of that Act' (CO 859/49/14, minute by Hibbert, 11 June 1941). When he received the details of the required legislation in Moyne's despatch, Moore reacted strongly and wrote to the CO: 'Frankly I am afraid this would create an uproar and would be regarded as blackmail and arouse suspicions, which are still latent in some quarters, that the provision of funds under the Colonial Development and Welfare Act conceals a sinister design on the part of the Colonial Office to dictate policy and exercise greater control on local administrations that it has done in the past. It may perhaps be within your recollection that even under the old Colonial Development Fund arrangements it took a very long time to convince Lord Delamere and his supporters that by accepting grants under the Colonial Development Fund we should not be further strengthening financial control from Downing Street, and as a result for quite a long time no applications in fact were made from Kenya' (*ibid*, no 23, letter from Moore to Moyne, 7 Oct 1941). Adding that 'Kenya cannot afford to be cut off from prospects of financial assistance offered under the Act', Moore pleaded, but to no avail, that Kenya should be allowed to be exempt from the provisions on trades unions.]

I have the honour to inform you that I have been giving consideration to the meaning to be attached to the words "reasonable facilities" in Section 1 (2) (a) of the Colonial Development and Welfare Act, 1940, copies of which were transmitted to you with the late Lord Lloyd's circular despatch of the 10th September, 1940. The sub-section in question reads as follows:—

> "Before making any scheme under this section as respects any colony, the Secretary of State—
>
> (a) shall satisfy himself, in a case where the scheme provides for the payment of the whole or part of the cost of the execution of any works, that the law of the colony provides reasonable facilities for the establishment and activities of trade unions, and that fair conditions of labour will be observed in the execution of the works. . . . . ."

2. The existing Trade Union and Trade Disputes legislation in the Colonial Empire varies very considerably, according to the measure of development reached by the trade union movement. In a number of colonies (for example, Ceylon, Mauritius, Cyprus and several of the West Indian Colonies) the movement has developed with much rapidity during the last few years and many unions have been formed; in others (for example, Nigeria and Sierra Leone) the movement is beginning, and several trade unions have already been formed and registered; and in a number of other territories the formation of unions is likely to take place at a very early date. On the other hand, there is a small number of Colonies where no such development is likely to occur and where no specific legislation on the subject has been enacted.

3. The desirability of Colonial Governments giving attention to this question and to the problems likely to be created by the formation of trade unions in the Colonies was pointed out by Lord Passfield in his confidential circular despatch of the 17th September, 1930, in which he asked Colonial governments to consider the extent to which it might be desirable or expedient to adopt the provisions of the legislation enacted in the United Kingdom, and expressed the view that legislation should at

least be passed declaring that trade unions are not criminal or unlawful for civil purposes and providing for the compulsory registration of trade unions.

4. With the exception of certain of the smaller Colonies, practically every Colonial government has enacted legislation of some kind to regularise the position of trade unions. In nearly every case the Colonial laws have been based upon provisions taken or adapted from those of the United Kingdom:—the latter consisting of the Trade Union Act, 1871; the Conspiracy, and Protection of Property Act, 1875; the Trade Union Act Amendment Act, 1876; the Trade Disputes Act, 1906; the Trade Union Act, 1913; the Trade Union (Amalgamation) Act, 1917; and the Trade Disputes and Trade Unions Act, 1927.

5. As already stated, the Colonial legislation varies very much according to the measure of development attained by the trade union movement, and consideration has been given to the question whether the existing legislation should not suffice in many cases to meet the requirements of the section of the Colonial Development and Welfare Act referred to above. I am, however, advised that, while the phrase "reasonable facilities" can to some extent be construed in relation to the social and other conditions in a particular territory, there must be an irreducible minimum obtaining in all territories to which the section becomes applicable.

6. In these circumstances it will be necessary for any Colonial government, which desires to apply for assistance from the moneys provided by Parliament under the Act for the purpose of carrying out any scheme involving the employment of local labour, to conform to the requirements of the Act, and to satisfy me that the law of the Colony provides the facilities stipulated therein. I have given very careful consideration to what should, for this purpose, be regarded as essential provisions, and I have reached the conclusion that, in addition to those advocated in paragraph 2 of Lord Passfield's circular despatch mentioned above, there should be provision for the recognition of the rights of the members of trade unions to combine and to bring pressure upon employers; the recognition of the right to strike; the immunity from civil proceedings of persons who do certain acts to the prejudice of the business interests of others in furtherance of a trade dispute; and the protection of trade union funds against civil proceedings in respect of torts committed by or on behalf of a trade union. In the United Kingdom law these requirements are covered by Section 3 of the Conspiracy Act, 1875, as amended by Sections 1 and 5 (3) of the Trade Disputes Act, 1906, and by Section 3 and 4 (1) of the Trade Dispute Act, 1906.

7. It is true that my predecessors and I have "made schemes" under the Act, involving expenditure on the execution of works, in respect of Colonies in which the Trade Union legislation does not include all these provisions. But I have now come to the conclusion that these are essential requirements for the purpose of Section 1 (2) (a) of the Colonial Development and Welfare Act. Even the governments of those Colonies should therefore proceed forthwith with the review of their Trade Union legislation as suggested in this despatch.

8. It is also desirable, unless there are cogent reasons to the contrary, that Colonial legislation should include provision legalising peaceful picketing on the lines of Section 2 (1) of the 1906 Act, although many Colonial governments will no doubt wish to couple this provision with that contained in Section 3 (1), (2) and (4) of the Trade Disputes and Trade Unions Act, 1927, and also to include provision on the lines of Section 7 of the Conspiracy Act, 1875, as amended by Section 2 (2) of the Trade Disputes Act, 1906.

9. In a few cases (Jamaica, Nigeria, the Gold Coast and Sierra Leone) the Colonial Trade Union and Trade Disputes legislation contains all the requirements specified in paragraph 6 of this despatch, and in many cases it contains some of them. I would suggest that all Colonial governments (other than the four mentioned above), which have Trade Union and Trade Disputes legislation on their Statute Books, should cause it to be reviewed forthwith in order to determine what amendments are necessary to cause it fully to comply with those requirements, and that all Colonial governments which have not yet enacted Trade Union and Trade Disputes legislation should prepare bills forthwith embodying those requirements. In order to assist governments in the last-mentioned category and governments whose existing legislation consists of a simple ordinance on the lines suggested by Lord Passfield eleven years ago, my legal advisers have prepared a draft Ordinance, the text of which is enclosed.[1] It will be noted that provision is made in Clauses 10 and 11 for an appeal to the Supreme Court of the territory from a refusal of the Registrar of Trade Unions to register a trade union, or from a decision by him to cancel the registration of a trade union. My legal advisers have provided for this form of appeal because it would appear to them to be more satisfactory in many ways than an appeal to the governor, but in the event of any Colonial government preferring the latter procedure as being less complicated, less expensive, and more expeditious than an appeal to the Supreme Court, I should raise no objection.

10. During the period in which this matter is under consideration by Colonial governments I do not propose to suspend consideration of applications for financial assistance under the Colonial Development and Welfare Act, and such applications may continue to be submitted to me. In suitable cases I shall also, during this interim period, be prepared to approve proposals, even if the Trade Union legislation does not contain all the provision mentioned in paragraph 6 above. But in such cases, my approval will be given on the assumption that, subject to reference to me, legislation embodying these provisions will be enacted as soon as possible. In any case, therefore, in which, after perusing this despatch, any Colonial government may see difficulty in the enactment of such legislation, I should be glad to be informed by telegraph. In such a case, it would be necessary for me to defer further consideration of any application from the government until I had had an opportunity of fully considering any representations as to the unsuitability of the enactment of such legislation in the territory concerned.

11. It will, of course, be appreciated that the stipulations of Section 1 (2) (a) of the Act apply only in cases "where the scheme provides for the payment of the whole or part of the cost of the execution of any works". It will be possible for financial assistance under the Act to be granted for other purposes, even though the Trade Union legislation does not include these provisions.

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[1] Not printed.

151 CO 795/123/45109/12/1942, nos 1–3 7–18 February 1942

[Forced labour in Northern Rhodesia]: inward telegrams nos 43 and 62 from Sir J Waddington[1] to Lord Moyne on a proposal to use compulsory labour to increase production of maize and wheat. *Minutes* by Dr H Tempany[2] and S Caine

No. 43 [7 Feb 1942]

I recently appointed a committee to make recommendations for the maximum production of foodstuffs, especially maize and wheat. I much regret the necessity for asking this year for the release to Northern Rhodesia of South African maize intended for export, and a shortage in neighbouring territories has now become so acute that native maize rations in Southern Rhodesia have had to be decreased by 25%. This experience makes it unwise to rely on Southern Rhodesia for any part of our supplies and South Africa is also unlikely to be able to assist owing to bad season. We have contracted for 100,000 bags from the Belgian Congo together with any surplus they may have, but after taking this into account the country may be without maize for a period of six weeks at the end of the year unless strenuous efforts are made to increase our production. Committee has reported that a limiting factor in increasing relief may be labour supply on farm areas. I referred this matter to the Labour Advisory Board which recommended that the Government should assist in the following manner:

(a) Native authorities in reserves to be informed by the Government that the production of foodstuffs is essential for war work and that more labour is required on farms for that purpose.

(b) Labour Officer to be detailed for special duties of ensuring that conditions of employment on farms are fair and equitable. I realize that special appeals to native authorities may result in some cases in a measure of compulsion by them. I much dislike any action by the Government which may be interpreted as countenancing compulsion for work on farms, but if essential food requirements are endangered I may find it necessary as an emergency war measure to take action on the lines indicated and I shall be glad to know how you would regard such action. In addition I have approved:—

(1) Guaranteed minimum price for maize and wheat up to and including 1944–45 season.

(2) The setting up of a Standing Committee with the Director of Agriculture, the Chairman, Director of Supplies and a representative of the farmers as a member, in whom I propose to vest power to enable it to turn idle land, implements and stock to best use.

(3) An emergency loan scheme to be administered by the above Standing Committee providing for loans in suitable cases where adequate security was not forthcoming to enable the loans to be made under scheme approved by your confidential telegram No. 323 of 9th October, 1941 with the following conditions:—

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[1] Gov of Northern Rhodesia, 1941–1948.

[2] Agricultural adviser, CO, 1940–1946.

(a) Maximum loan to any individual of £250.
(b) Loan for payment of normal farm labour to be repaid within one year.
(c) Loan required for approved capital works to be over a period of three years.
(d) Where possible instalment of the loan to be issued after the completion of the work.
(e) Interest to be charged at the rate of 5% per annum.
(f) Bill of sale to be secured on growing crops.
(g) Maximum total loans of £5,000.

I recognise that this scheme entails speculative risks which in normal times would be regarded as unjustifiable but they must be taken now if every endeavour is to be made to increase production and ensure the food supplies of labour employed mainly in copper-producing industries. I shall be grateful to receive your covering approval.

No. 62 [18 Feb 1942]
My confidential telegram No. 43.

Food production.

After very full investigation by the Agricultural and Labour Departments, I am advised that unless further supply of labour is forthcoming during the next few days, it will be too late to prepare land for planting additional areas of wheat and maize on the farms. Labour Department and District Administrations have done all they can to persuade labourers to volunteer for work, and have failed to obtain the necessary numbers. I have therefore decided that there is no alternative to the use of compulsory powers for limited period of two months to deal with immediate necessity. Labour so conscripted would be paid wages and receive rations as directed by the Government, and would be under the general supervision of the Labour Department. I regard the food position for the next year as very serious, and, much as I dislike taking the proposed action, I see no alternative. If action is to be taken, it must be done at once. I shall be glad to know earliest possible that you have no objection in principle to my proposal, provided that the Government imposes suitable safeguards as to the conditions of employment.[3]

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I am thoroughly distrustful of the whole of this. It is most noteworthy that no reference at all is made to the possibility of increasing production of maize by native growers. I know that it is argued that native maize growers by the methods they adopt lead to increased erosion, but as I have said on more than one occasion in other papers I find it hard to credit that the native maize grower in Northern Rhodesia is so very much worse in this respect than are natives in other parts of Africa where native maize growing (as well as the cultivation of other crops such as cotton which are equally conducive to erosion) are encouraged, nor do I believe also that the Northern Rhodesian farmer is such an angel of light in his cultural methods that the same objection does not apply.

[3] Waddington sent a third tel (no 63) on 18 Feb which read: 'I should have stated that the number of labourers required for work that is immediately necessary is about 600. It is only in regard to this work that I propose to use compulsory powers.'

It seems to me that advantage is being taken of this emergency to expand the cultivation of maize on European owned farms and to enable the farmers to if necessary use compulson to secure the necessary labour to increase their cultivation, while at the same time so far as I can see nothing is to be done to enable the native grower to expand maize cultivation also.

I agree that it is a shocking thing that at a time like this Northern Rhodesia should have to import large quantities of a food product that can well be grown in the territory; I also agree that it is a matter of urgency that production should be encouraged, but I do not agree that the extension of production should be left entirely to the European.

I also must point out that judging from the telegram it seems highly probable that what is intended is the breaking up of large areas of land with tractors and ploughs and cultivation by implements. This may be all right as an emergency measure but when things are done all in a hurry like this one of the first things that is likely to happen is the intensification of erosion, vide for example the dust bowl in the western plains of the U.S.A. In such a case how will the Government of N. Rhodesia stand if it is shown that they have been allowing the use of forced labour to extend the cultivation of maize under conditions that conduce to erosion damage, and at the same time prevent the natives growing maize themselves for fear of alleged risk of erosion?

I would suggest that the latter part of the telegram [in reply] might be expanded and that much greater stress should be laid on the need for encouraging increased production of maize by natives subject to such safeguards as may be possible to lessen erosion, and that in areas in which it could be shown that natives were growing maize reasonably adequately there should be no question of removing them from cultivating on their own account in order to make them work on farms.

I have an uncomfortable feeling that the present position may have been to an extent engineered. I hope I am wrong but the feeling remains.

In regard to the terms I am at a loss to understand the reason why it is necessary to maintain a guaranteed price for maize until 1944–45, nor can I understand what is the nature of the capital works alluded to in (3) c. of the telegram. An enquiry on these points may be desirable.

H.T.
13.3.42.

I share Dr. Tempany's doubts about the whole approach to this matter in Northern Rhodesia. It certainly looks as if the European farmers regard this as an opportunity to develop European production of maize and other cereals with something very like compulsory labour and to get all sorts of other help from the Government. It is very noticeable than nothing is said about expanding native production and I have commenced altering the last sentence of the draft to emphasise that importance is attached to this aspect. I think, however, that it really requires a complete new approach. For one thing I imagine that natives at present in the reserves are to some extent engaged in growing maize themselves and if labour is taken out of the native reserves for employment on European farms it may well be that the aggregate production of the protectorate will not be substantially increased. I suggest therefore that we should telegraph as in revised draft.

S.C.
14.2.42

152 CO 859/67/1 7 May 1942

'Nutrition in the colonies': minute by J J Paskin on possible deficiencies arising out of war conditions

Arising out of our discussion with the deputation from the Fabian Colonial Bureau,[1] Mr. Macmillan asked Dr. Smart,[2] Dr. Tempany and myself to discuss with him yesterday the question whether all is being done that can be done to ensure that the nutritional requirements of the peoples in the Colonies will not be unduly affected by war conditions. Mr. Macmillan explained that what he had in mind was that in places where the cost of living has risen substantially, people may no longer be able to buy the same quantities or varieties of food as they bought in peace time and that, therefore, there is a danger that the nutritional position in the Colonies which, even in peace time, has been unsatisfactory, would deteriorate still further. He recognised that progress along the lines indicated in the report of the Nutrition Committee[3] must necessarily to a great extent be held up until after the war; but he was anxious that at least everything possible should be done to prevent the situation deterioriating during the war. He referred in particular to the steps taken in this country to prevent a serious rise in the cost of living by such measures as price control, bulk purchase by Government of foodstuffs, etc.

Mr. Macmillan also referred to such disturbing factors as the enlistment of large numbers of Africans for the armed forces and for pioneer battalions, and the conscription of further large numbers of Africans for production purposes. What was the effect of these measures on the production of food in native areas? Were we satisfied that enough men were being left in the native areas to produce adequate quantities of food for consumption in those areas?

It was suggested that a further factor which might tend to raise the cost of living, even in native areas which were on a self-supporting subsistence basis, might be the increase in the cost of essential tools such as hoes.

It was agreed that the problem presented different features, which would require separate consideration, in four main types of society:—

(a) Areas where the people themselves produced practically the whole of their food requirements for their own consumption;
(b) Native areas where, through the intermediary of native markets, etc., there is a certain amount of local exchange of foodstuffs;
(c) Large Colonies, such as Nigeria, where there is exchange of foodstuffs, in considerable bulk, between widely separated districts in the same Colony (e.g. palm oil from the districts where it is produced, to other parts of the territory).
(d) Places which necessarily rely, to a considerable extent on the *importation* of foodstuffs in bulk (e.g. rice.)

It was suggested that, in so far as the problem is one of measures of control to prevent an increase in the cost of living, it will affect chiefly such areas as those at (c) and (d). Controls such as bulk purchase and distribution of foodstuffs by Government

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[1] The meeting with the Fabian Colonial Bureau is recorded in a minute by Paskin (24 Apr 1942) in the same file.
[2] See 143, note 9.
[3] See 158.

would be very much more difficult to organise in areas in categories (a) and (b), though it was suggested that such measures taken in areas of the kinds (c) and (d) would, no doubt, have stabilisation repercussions in areas of the kinds (a) and (b) in the same Colony.

On the other hand, it is no doubt in areas such as (a) and (b) where the effects would be principally felt of such factors as a rise in the price of implements or the withdrawal of large numbers of men either for the armed forces or for essential war work in other parts of the Colony.

Mr. Macmillan then raised two further questions; whether enough is being done (a) to ensure that workers who are conscripted or moved from one part of the country to another are adequately provided for in the way of food, etc., (b) for the feeding and welfare of such wartime agglomerations of labour as are occurring in such places as Freetown.

In this connection, Mr. Macmillan referred to what was being done for war workers in this country. For example, if the Ministry of Supply wanted a large number of workers transferred to a place 'X', the Ministry of Labour made it a condition that adequate steps would be taken for the welfare and for the provision of amenities for the labour which was to be transferred to 'X'. Mr. Macmillan enquired whether in the Colonies, the Labour Departments (or other authorities) were similarly taking adequate steps for the welfare and for the provision of amenities for bodies of labourers transferred to, or attracted to, such places as Freetown for war work.

It was agreed that the Advisers and the Social Services Department would consider these problems in collaboration with the Economic Department.

153 CO 859/49/4 14–23 May 1942

[Trades unions]: minutes by J G Hibbert on co-operation with the Trades Union Congress in the UK

Mr. Victor Feather, who is an official of the T.U.C. at Transport House, called this afternoon and saw Major Orde Browne and me.

We understood that he had come to discuss his proposed broadcasts, and he rather electrified us by stating that he had been selected by Sir Walter Citrine as a suitable person to visit the West Indies and to talk informally to the various Trade Unions on the virtues of Trade Unionism. I pressed for further information about this, and it appeared that when Sir Walter Citrine returned from his visit to the West Indies as a member of the West Indian Royal Commission, he had informed the General Council of the T.U.C. that, in his opinion, West Indian Trade Unionism was sadly in need of enlightenment and assistance and that a visit of this nature by a competent Trade Unionist would be very desirable. It will be remembered that shortly after he came to this Office as Parliamentary Under Secretary of State, Mr. Hall raised the same suggestion, and in the summer of 1940, he had Sir Walter Citrine to see him and discussed with him this idea and the other project of appointing Trade Unionists from this country as Labour Officers in the Colonies. With regard to the first project, Sir Walter Citrine subsequently informed Mr. Hall that he was unable to proceed with the suggestion as no one suitable could be spared. I gave Mr. Feather a brief

account of this and he confirmed that Sir Walter Citrine had in fact felt constrained not to pursue the idea further, because of the increased need in the country for the services of competent Trade Unionists, but that he had not forgotten it and intended to put it into effect at the earliest opportunity. I asked Mr. Feather when that was likely to be, and he seemed to think that Sir Walter Citrine would propose to send him as soon as the end of the war appeared in sight. He agreed. I remarked that in my opinion the visit would fail in its object if there was the slightest impression in the West Indies that it was sponsored by the local Government or by the Colonial Office. I suggested that if it could possibly be engineered, much the best way would be for the Trade Union Councils in Jamaica, Trinidad and British Guiana to ask the T.U.C. to send them someone to advise them, rather than that the T.U.C. should send them somebody without being asked to do so. He thought that this was a sound idea.

Mr. Feather mentioned that the General Council of the T.U.C. had agreed in 1939 to the emissary to the West Indies going there for a year, but that Sir Walter Citrine had in mind his being away for this purpose for a period of about 2 years. I said that the Colonial Office would wish to be informed immediately any decision to send Mr. Feather on such a visit was taken at Transport House. He promised that this would be done. He was aware that Trade Unionists from this country had recently been appointed to the Labour Departments of Trinidad and British Guiana.

Major Orde Browne gave Mr. Feather a long account of the mentality and outlook of the West Indian Trade Unions and certain idiosyncrasies of their more prominent members, including Mr. Bustamante, Mr. Manley, Mr. Jacob and Captain Cipriani, and I supplemented this with various other bits of information. He evidently knows a lot about these and other W.I. labour leaders.

Mr. Feather thanked us warmly for what we had said to him, and remarked that he had come with quite a different impression of Colonial Office officials.

With regard to his broadcasts, he understood that all arrangements for these had been made and that the Colonial Office would receive the script in due course.

He was a man of about 36, very intelligent and a nice chap, but with one of the strongest Yorkshire accents I have ever struck, and I should not be surprised if his hearers cannot understand a word he says!

I think that higher authority should see this minute.

J.G.H.
14.5.42

I had a long talk yesterday with Mr. Andrew Dalgleish, who is a prominent member of the Transport and General Workers' Union, was on the Commission which investigated the Northern Rhodesia 1940 Copper Belt disturbances, and is a member of the new Colonial Labour Advisory Committee.

Mr. Dalgleish said that ever since he had returned from his visit to Northern Rhodesia, he had felt that he would much like again to go there, to see if there was anything he could possibly do to improve the attitude of mind of the European mineworkers towards the African workers on the Copper Belt, and in particular, to try and get them to regard more favourably the idea of African workers being permitted to advance to positions at present not open to them (as was advocated in the Copper Belt Commission's report). He thought it was possible that the T.U.C. might be prepared to send him on such a mission.

I at once said that I was quite convinced that a mission of this kind at the present

time would do far more harm than good. The Northern Rhodesia Mine Workers' Union under its present leadership was not in a mood to accept advice or suggestions from anyone connected with the trade union movement in this country, and while I sympathised entirely with Mr. Dalgleish's feelings, I was quite sure that it would be very much better for any project of this kind not to be envisaged until the end of the war, by which time it was possible that some of the more extreme elements might have left the Copper Belt and returned to South Africa. A visit at the moment would only embarrass the Northern Rhodesia Government, which was contending with a very difficult situation. Mr. Dalgleish then said that it was probable in any event that his union would not be able to spare him until he reached the retiring age in two years' time; he could then, of course, insist upon being released, even if they wanted him to continue his work. I asked him what age he was, and to my great surprise he said he was 58,—I should have put him at almost 10 years younger.

I said that the Colonial Office would welcome any assistance which the T.U.C. could give towards helping the young and inexperienced Colonial trade union movement to develop on sound and useful lines. There were two areas in which they might be able to help in this respect. One was the West Indies, the other was West Africa. In the West Indies, the trade union movement had been developing for the last 3 or 4 years. Like the recent West African movement, it had started off with a burst of enthusiasm, but of late the numbers of members in the small craft unions had tended sadly to fall away, and it was evident that the workpeople belonging to them had been attracted to join the large unions of a general character, such as the Man-Power Citizen's Association in British Guiana and the Bustamante[1] Industrial Trade Union in Jamaica, which now claimed a membership of over 20,000 and 10,000 members respectively. The Colonial Office was anxious that the small craft unions should not be driven out of existence in this way, and they were still more anxious that the unions should be got out of the hands of irresponsible and opportunist individuals, such as politicians, lawyers, journalists, etc., who were running them at present and who had no previous connection with the trade or occupation which the union purported to represent, and no conception of the true aims and functions of trade unionism nor any desire to learn this. In two of the West Indian Colonies (Jamaica and British Guiana), the big unions mentioned had entirely stultified the "Trade Union Councils" which had been formed in imitation of the United Kingdom T.U.C. by refusing to be associated with them, and in the third Colony (Trinidad), where a Trade Union Council had been formed, the Council was also at present weak and ineffective. What we wanted to do was to create trade unions which the employers in the Colony would feel they could respect and trust, and which could be relied upon loyally to keep an agreement for the term for which it was made and not so long as it suited their convenience. All this was very difficult. To help matters, we were trying the experiment of appointing trade unionists as Labour Officers in Trinidad and British Guiana, but on account of their being Government servants, these officers could only be expected to help to a limited extent. There was accordingly a great deal to be said for the scheme which Sir Walter Citrine had propounded to the Trades Union Congress in 1939 after his return from the West Indies, of sending experienced trade unionists to the Colonies to give the local

[1] W Alexander Bustamante, labour leader in Jamaica; later minister for communications (Executive Council) and Labour member of House of Representatives in Jamaica.

unions, and especially members of them who were true working men and ought to become the future leaders of the union, some idea of how trade unionism was conducted in this country, and the part it played in the settlement of disputes, etc. Mr. Hall had also advocated this project, but, so far, circumstances had prevented any effect being given to it, although we had recently learnt that Mr. Feather, an official of the T.U.C. at Transport House, was one of the men whom Sir Walter Citrine had in mind for a visit of this kind. In this connection see the copy of the minute which is registered as (5) in this file.

With regard to West Africa, the position in Sierra Leone was rather like that in the West Indies. A number of small unions had been formed, one or two of which were at loggerheads with each other, and, although no big union of a general character had been formed, we knew that an attempt to form one had been made and that this project was likely to be revived either in a similar form, or in the form of a collection of small unions under the control of one man (Wallace Johnson).[2] The position was accordingly not very healthy. In Nigeria, on the contrary, the movement was much healthier. It had started with great enthusiasm after the passing of the Trade Unions Ordinance, and during the 26 months since January, 1940, nearly 50 unions had been registered. All these were smallish in size, and included various unions formed from the workers in the Government Railway and a certain number of unions formed from the workers of the big industrial concerns in the Colony. There was at present no sign of the development of a big counter attraction in the form of a union of a general character. The movement was therefore in a much more receptive state so far as advice and guidance were concerned, and it seemed to me that a visit by an experienced trade unionist at an early date to this Colony would be a very good thing, in order that he might assist in getting the unions inculcated with sound and sensible ideas, before any evil influences in the shape of politically-minded leaders got to work. The same applied to a different extent to the Gold Coast. Rather surprisingly, no unions had yet been registered in that Colony, but we had every reason to suppose that this would happen before long, and the sooner the good seed was sown in virgin soil, the better.

Reverting to the West Indies, I said that we did not wish a trade unionist from the T.U.C. to cramp the style of the trade unionist labour officers, who had either only just started or were about to start their work, and that I thought that the Colonies where a T.U.C. man could do most good were (a) Jamaica, whose Governor we knew favoured the idea of such a visit, and where there was no trade unionist labour officer, and (b) Barbados, where the first trade union had just been registered and where there was also no trade unionist labour officer, but where the Labour Officer (Mr. Perrin) had done a lot of good preliminary work in the form of setting up Conciliation Boards with representatives of employers and workers on them. With regard to Jamaica, the ideal expedient would be for the local Trades Union Council itself to be inspired to write to the T.U.C. with the man of Macedonia's request, but it would be very difficult to get that idea across.

It was very important indeed that no impression should be created in the Colonies visited that the T.U.C. representative was coming at the instigation of the Colonial Government or of the Colonial Office.

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[2] I T A Wallace-Johnson, founder of the West African Youth League and union organiser in Sierra Leone, interned under wartime emergency powers.

Mr. Dalgleish said that Sir Walter Citrine was at the present time in America, but that he would speak to his deputy (Mr. Tewson) about all these things.

J.G.H.
23.5.42

154 CO 847/23/9, no 1 1 June 1942

[Colonial Service in Uganda]: despatch from Sir C Dundas[1] to Lord Cranborne. *Annex*: memorandum by Dundas on 'The post-war attitude towards social and administrative policy in Africa' (21 May 1942)

[D C Watherston (see part I of this volume, 66, note 3) commented on Dundas's minute: 'I think Sir Charles Dundas is to be congratulated on producing this minute. So far as we can judge from here—and we hear very little of Uganda in the Colonial Office—I think life in general in the Protectorate is uneventful and, as Sir Charles Dundas says, even the war seems to have done little to disturb the even tenor of existence. It has already been remarked in other connections that it is most unfortunate that Colonial Service officers cannot get home on leave to this country during the war. This applies to the whole of East Africa and probably to nowhere more so than Uganda, which, on account of its geographical position, is distinctly a backwater. It stands to reason that a Government officer (or anyone else for that matter) cannot be expected to appreciate to the full the change of outlook which has taken place in this country during the last two to three years, unless he actually comes home and absorbs it by everyday contacts with all and sundry. It is greatly to the credit of Sir Charles Dundas that he has summed up the situation and has taken steps to shake the official hierarchy out of its complacent lethargy' (CO 847/23/9, minute by Watherston, 24 June 1942). Other officials shared these views but regretted that Dundas had made a reference in his memo to British reverses in the Far East.]

I have the honour to transmit as a matter of interest copies of a printed Minute I have thought fit to circulate to the Provincial Administration and to Heads of Departments. It is intended only to stimulate a more liberal spirit and broader outlook in preparation for future developments and is, of course, addressed only to the responsible heads of the local Civil Service. As such, I trust that in its general terms, it will commend itself to Your Lordship.

2. I have observed a rather too narrow and unimaginative attitude in certain local quarters, as is perhaps only to be expected in a territory in which administration and development have gone on evenly, by no means unprogressively and certainly fruitfully, but with resulting somewhat ultra-conservative outlook which threatens to be ultimately stultifying. Having myself witnessed the far reaching reactions of one war on Africa and African mentality, I am apprehensive that the new post-war situation may come as a shock to some who, having lived long in the undisturbed atmosphere of Uganda, so far little flurried even by conditions of war—may not be prepared for changes that I regard as inevitable and I have desired to rouse their attention to a situation with which they may be confronted and of which they should be forewarned.

Annex to 154

It is inevitable that in the preoccupations of War the ordinary problems of Civil

[1] Gov of Uganda, 1940–1944.

Administration somewhat recede from mind and for lack of staff and means progress is halted. On the other hand we are asked to plan ahead for post-war conditions and I have myself held that this is the time to study affairs and examine projects for betterment of conditions so that we may go ahead as soon as restored peace permits. I must confess, however, that when I attempt to do this I often seem to be confronted with so much uncertainty as to the future factors to be taken into account as to feel that one is baulked in tackling many, though not all, of the issues that suggest themselves for attention.

There is, however, one presumption on which, to my mind, we can proceed with a good deal of certainty, and for which we ought to prepare ourselves. It is in respect of the post-war attitudes to be expected towards social and administrative policy in Africa. Several forces will combine to impose in these respects reforms that will be in harmony with the spirit of the time. In the first place there is what I might call the Atlantic Charter spirit, the universal resolve that there shall, so to speak, be no under-dogs, a humanitarian doctrine that is the direct outcome of desperate resistance to tyranny. There is also the growing sentiment, born in England already before the war, for betterment of all conditions in our Colonies, and elimination of poverty, ignorance and subservient status among backward peoples. It is more than probable that post-war governments in England will be of a very liberal, not to say socialistic, possibility ultra-socialistic character, and we know from previous experience that the Colonial policy of such Administrations is always in the direction of abolition of racial inequalities and emancipation in all directions. But even the most conservative elements look forward to a new social era and will not overlook its extension to Africa. More than ever we shall have to justify our retention of so large a portion of the globe by impeccable and progressive rule over backward races. Finally our native races, by their fidelity and helpfulness in the war will have a claim to the reward of greater effort and consideration in their behalf. And it will be surprising if the thousands of Africans who have served in many lands remote from their own, and who have seen much and gained many new ideas, will not exert a new influence which will result in demand for new methods and treatment. Even the stay-at-home African has had liberty and equality of opportunity dinned into his ears day in and day out.

All this we must prepare for, not perhaps so much in action as in mind, and we shall do well to shape our present methods so as to fit in with a new order prevailing not so long hence.

It is not easy to cite with clarity and confidence specific instances of the sort of reforms that are to be expected. For myself I should expect general education to be one of them, combined therewith more of rural betterment and improvement of urban native dwellings. I do not believe that existing labour legislation with its penal sanctions can be retained; on the other hand I should expect to see legislation for workmen's compensation and other forms of protection for labour. I think we shall have demand for higher wages, because no housing, education or health service can really raise standards of living in conditions of extreme poverty. I shall expect to hear insistent claims for free admission of educated Africans to higher and better paid positions in public service. The cry for African representation, but not by an European, in the legislature, or at least participation in one form or another in the framing of legislation and administrative controls and for membership in public bodies will be voiced. The younger generation will expect a place in Native

Administrations, with a freer hand in their control. The long standing problem of native land tenure must be tackled and a system of ownership devised even if it be still subject to reservations. The system of native taxation will need to be overhauled, and the present burden lightened or its proceeds placed at the disposal of the Native Authorities. In short, the demand will be for more equality and less restraint, for larger scope and fewer barriers, for better conditions of life and the means to make such possible. And it will not come only, and probably not most forcefully, from Africans, nor only from our own nation, it will be universally voiced.

I am convinced that none of these demands, and more of the like, will be regarded as extravagant and to be set aside by arbitrary decision. They must be met at least in a spirit of accommodation. And herein lies the fundamental change to be expected. We can no longer determine according as it seems best to us, in other words dictatorship cannot be perpetuated and if we look for the inner reason it is because we have been waging, and have called upon the coloured races to wage with us, war against dictatorship. Hitherto we have always been actuated by honest belief that what we think good for the African is so. It is an honest well-intentioned motive on the part of the ruler but not always contenting to the ruled. To quote the old saw "Good government is no substitute for self-government".

We shall do well to adjust our minds to these coming changes so that those of us who in due course will have to cope with them will not be intellectually behind the spirit of the times. A new attitude towards Africans and relationship between the two races is distinctly observable even where in the past policies have been most rigid, for example in South Africa. Rightly or wrongly there has been condemnation of British relationship with the people in our Eastern possessions, and our reverses there have been attributed to some extent to that defect. But if there is one region where it should not, and need not be so, and where in fact it is not pronounced, it is in Uganda. Yet I have felt that here and there Uganda is backward in some respects, and just in these directions of liberal spirit, for example, in the way of labour legislation, in equitable taxation and direct African representation.

In some of these matters I would already take action, but conditions are hampering and it may be so while the war lasts. But I have expressed myself in very general terms as above because it seems to me necessary that even now we should think ahead in terms of post-war policy, and keep that before us whenever present practice is under review.

Those of us who knew Africa before and after the last war saw great changes resulting therefrom, chiefly a remarkable awakening of the African, keen desire to advance and appreciation of education, medical service and economic earning power. It is my opinion that the present war will have an even more rousing influence, chiefly political and social, and it will be sheer blindness not to foresee the logical consequences. Unless we are prescient there is a danger that it will be not the Africans but ourselves who are backward and that our outlook and methods will be based on premises that since long have ceased to be valid. It is none to [sic] early now to reflect and consider whether we are up-to-date in our methods and conceptions of Administration.

155 CO 859/52/8 29 Aug 1942

[Labour policy in Uganda]: minute by J G Hibbert on local opposition to the abolition of penal sanctions in labour contracts. *Annex*: extract from the report of the Labour Sub-Committee of the Ugandan Development and Welfare Committee (9 Feb 1942)

[This minute by Hibbert refers to a despatch from Sir C Dundas, the gov of Uganda, which explained the basis of local opposition to an ILO convention of 1939 calling for the elimination of penal sanctions in labour contracts (CO 859/52/8, no 23, Dundas to Cranborne, 6 Aug 1942). Dundas forwarded with his despatch a report by a Labour Sub-Committee of the Development and Welfare Commitee in Uganda which had been appointed to consider the abolition of penal sactions. As Hibbert's minute indicates, in their evidence to the committee representatives of local European employers advanced eighteen reasons in support of their view that it would be premature to abolish sanctions. The labour committee commented in its report: 'Even if, as may be the case, our witnesses attached exaggerated importance to the deterrent effect of penal sanctions, we feel bound to take note of the fact that there is genuine apprehension among them of the effect which the removal of these sanctions might have. . . . In view of these considerations, we do not think that it would be advisable to dismiss the apprehensions of the employers as baseless. To do that would be to assume a serious responsibility. Our general view is, therefore, that Government should move cautiously in this matter.' That part of the committee's report listing the eighteen reasons is attached as an annex to Hibbert's minute.]

Sir Charles Dundas has been in Uganda for two years or so, and during that time he has made very commendable efforts to see what can be done to improve the machinery for the supervision of labour, and the Labour laws of the Colony, in accordance with the various recommendations which have been made by the Colonial Office from time to time in circular and other despatches. This was not in one sense a difficult task for Sir Charles to undertake, because his immediate predecessor did virtually nothing in this direction, although in 1938 he did appoint a Committee of Enquiry to take stock of the labour situation. Sir Philip Mitchell constantly assured us that everything in the garden was lovely.

Sir C. Dundas last year appointed a Standing Labour Sub-Committee of the Development and Welfare Committee, which he subsequently turned into an independent body and called the Labour Advisory Committee. He decided that it should first be asked to deal with the question of the abolition of the penal sanctions for breaches of contract by workers from the Masters and Servants Ordinance,—the breaches in question being those specified in the recent International Labour Convention on the subject. When the Committee had finished with that, he proposed that they should go into the question of the introduction of Workmen's Compensation legislation. He also caused an Ordinance amending the Trade Union Ordinance to be introduced, containing provision which would put Uganda on the right side of the fence so far as the requirements of Section 1(2)(a) of the Colonial Development and Welfare Act were concerned. There was a little local grumbling about this, which was transmitted here in a letter from Colonel Ponsonby to the last Secretary of State, but it soon died down. He is also proposing to strengthen the staff appointed to deal with labour questions.

The text of the International Labour Convention on penal sanctions, which really consists of two very simple Articles, will be found on pages 28/29 of Cmd. 6141. It

will be seen that the Convention provides for the immediate abolition of certain specified sanctions in the case of juveniles, and for the progressive abolition of the same sanctions in the case of adults. Sir C. Dundas fired straightaway at his new Labour Committee what he and his Executive Council considered should be the minimum action taken by the Uganda Government for the purpose of giving effect to this Convention. The Governor and his Council were more royalist than the King, and proposed to amend the law not only to abolish the sanctions in question immediately for juveniles, but immediately also in the case of all adults, except for adults engaged on written contracts, for which they felt that the retention of the sanctions for refusal or failure to commence work, and for desertion, were still desirable. The Committee in their report state that the employers were not consulted by the Governor before this plunge was taken, but this appears to be untrue. The footnote to page 8 states that such consultation did take place in 1939.

The Governor's proposals didn't receive the reception he expected, and which the Report of the 1938 Committee of Enquiry (paragraphs 242–250) might have led him to expect. The Labour Advisory Committee at that time was composed practically entirely of representatives of the employing interests; there was no representative of native interests. It is, therefore, perhaps not surprising that the proposals were met by the awful oafish attitude which is adopted by one section of the community when proposals affecting the welfare or benefit of what they regard as an inferior class are made. This attitude of mind is by no means unique to Uganda or East Africa, although it is very marked there. It occurs everywhere, and most people will remember the awful outcry that was raised in this country when Mr. Lloyd George and the Liberal Government of the day introduced far-reaching measures of social insurance during the first two decades of the present century. Everybody, of course, now realises that those hotly-debated measures were absolutely right. This obstructive attitude of mind has been immortalised by England's only great cartoonist in "Colonel Blimp", and "Colonel Blimp" is to be found where Mr. Low depicts him as being found, i.e. very often in positions of authority and influence. The "Blimps" of this world regard the protagonists of social reform as simple-minded evangelists, whose good intentions can be pooh-poohed. Mr. Low has typified this further attitude of mind in two further creations entitled respectively "'S'no use" and "'T'aint necessary".

But I digress.

Sir C. Dundas's Labour Committee reached the conclusion that his proposals for the amendment of the Masters and Servants Ordinance were premature. In support of their attitude they referred to no less than 18 specified reasons, which are set out in pages 8 and 9 of their report, and which had been put forward by the employers. The Committee admitted that some of these reasons were clearly of varying weight, and that some also were highly controversial. No one will dispute that statement! I am pretty sure that one of the most cogent reasons for the opposition to the Governor's proposals was that they emanated first from Geneva, and secondly from Whitehall! But what blew out 90% of the objections, as the Committee themselves had to admit, was that during the last few years practically no use had been made of the penal sanction provisions in question. That unfortunate discovery threw them back upon the only reason which could be advanced for demurring to the Governor's proposals. That was that, although the provisions in the law were hardly ever invoked, and many of the natives didn't know what they were, they still were of value

as a deterrent against desertion, etc., because the native had a vague idea that there was something in the law by virtue of which something frightful could be made to happen to him, if he deserted or was absent from his work, and that if the news got about that these mystic powers were no longer operative, it might result in far worse desertion and absence, which might imperil the contribution which the Protectorate was making to the war effort. I don't think that there is very much in this contention, but there is something, and the last page of the despatch shows that the Governor is conscious of this.

The Committee, however, feeling that they were even in this on a rather bad wicket, suggested in paragraph 19 of their report that if the Government decided to give effect to the proposals of the Governor and his Executive Council, the amending Ordinance should contain an enabling section under which the Governor-in-Council was empowered to suspend by Order any of the provisions of the Ordinance. This would enable time to show whether the penal sanctions in question could safely be abolished altogether. This impresses me as being rather a good idea, and the Governor says that he at first thought so too. If it were adopted, the Governor would be in a far stronger position, because he would in fact be giving effect to what was recommended by his own Labour Committee.

We must in any event stick out for the abolition of the penal sanctions for juveniles.

I have prepared a draft.

Annex with 155

. . . The main reasons advanced by the witnesses in support of their attitude may be summarised as follows:—

(a) The difficulty of maintaining discipline and ensuring a proper output of work was already great and would be increased if there were any relaxation of the present penal provisions.

(b) Employers would, undoubtedly, in the next few years, be required to provide better housing and better rations at considerable expense, and it is proper that they should receive in return such support from Government as would help to ensure that the workers do a fair day's work both in quantity and quality.

(c) The International Labour Convention had been conceived in a spirit of idealism by persons detached from the realities of the African scene and in conditions existing before the war.

(d) It was inadvisable to relax any existing controls of labour in wartime when the maximum production of economic products had become a vital war necessity.

(e) Consideration of the question should be deferred until after the war when it might be considered in relation to other labour questions, particularly conditions of employment.

(f) Indiscipline, slackness, addiction to drink, absence without leave and negligence were already prevalent and would probably become more so if penal sanctions were removed.

(g) The Labour Enquiry Committee of 1938 had regarded penal sanctions as "both necessary and mutually beneficial to both employers and workers", and had held

that this would continue to be so for a considerable time to come.
(h) The Inspectorate of Labour Report for the year 1939 had stated that the general abolition of penal sanctions was not then practicable in Uganda.
(i) If effect is given to the International Convention, the result will be that certain penal sanctions against workers will be removed, while those against employers will still stand; this is one-sided.
(j) The distinction drawn between oral contract labour and written contract labour in the decisions taken by the Government is artificial and will lead to difficulties. The workers themselves do not distinguish between oral and written contracts, and those on written contract will not understand why penalties will still apply to them which do not apply to workers in the other category.
(k) The Convention provides merely that penal sanctions for the prescribed breaches of contracts shall be abolished *progressively* and *as soon as possible*. There is thus no imperative need for a change during the present critical times.
(l) The League of Nations which was responsible for the International Labour Convention can hardly be said to exist at present and the Convention is "now no more than a historical relic".
(m) In Kenya steps are being considered to increase production by the legal compulsion of labour; it is inappropriate for a neighbouring territory to take measures of an entirely opposite nature.
(n) A special difficulty is created for non-native employers of labour by the attractions which employment on African farms and gardens in Buganda offer.
(o) Changes of this nature might be faced with less apprehension if there existed a fully staffed Labour Organization with Labour Officers to investigate complaints on the spot.
(p) The average cost of recruiting West Nile labour on written contract was Shs. 25/20 and the cost of recruiting Banyaruanda labour was Shs. 18/85 (figures supplied by the Uganda (Kakira) Sugar Works, Ltd.). The employer who has incurred such appreciable expense in recruiting his labour should be protected against the loss which is caused by the desertion of workers or their failure to begin work.
(q) The African worker has not reached a stage in which he appreciates the binding character of a contract and he does not appreciate the obligation to do diligent work which the acceptance of paid employment entails. He is, moreover, generally speaking, under no economic necessity to work. These are factors which make it necessary to apply to him legal provisions which in more advanced countries would be unnecessary.
(r) Although little use is made of the penal provisions of the Masters and Servants Ordinance, the fact that they exist is known to the African worker and, in consequence, they act as a valuable deterrent against breaches of contract and other irregularities. . . .

156 CO 968/75/2, no 169A 3 Oct 1942
'Recruitment of Africans for service in the Middle East': memorandum by the CO Defence Department

The War Office wrote to the Colonial Office on the 15th April, 1942 stating that they had received a letter from G.H.Q. Middle East representing the urgent importance, in view of the limited numbers of British personnel, of increasing their non-European man-power by about 130,000 men. It was proposed that these should not be fighting troops but used for Lines of Communication and ancillary duties. The main categories required were as follows:—

Clerks	3,000
M.T. Clerks	700
Checkers and issuers	4,300
Storemen	2,200
Motor Drivers	23,000
Other Tradesmen	22,000
Medical Orderlies	900
General duties	24,000
Pioneer and Garrison Units	50,000

G.H.Q. Middle East suggested that the most fruitful sources of supply would be East and West Africa and the High Commission Territories in South Africa: but that Palestine, Cyprus, Mauritius, Seychelles and Ceylon might also be able to contribute. In the course of examining the manpower position of the various territories suggested, it became clear that the last five territories would have to be disregarded as possible sources of supply: and as the High Commission Territories of South Africa fall under the Dominions Office the problem so far as the Colonial Office was concerned thus became one of considering what Middle East requirements could be met from East and West Africa. Telegrams were accordingly despatched to the East and West African Governors' Conferences explaining the urgent needs of G.H.Q. Middle East and asking for an indication of the extent to which it would be possible for the Governments concerned to contribute towards these needs whether by voluntary recruitment or by conscription, having regard to the claims on manpower occasioned by local production and local military requirements.

2. The West African reply showed that the Gambia and Sierra Leone would be unable to contribute any additional recruits but that considerable numbers would be forthcoming from Nigeria and the Gold Coast. It was reckoned that these two territories had a total manpower still available for military purposes of 132,000 made up of 100,000 from Nigeria and 32,000 from the Gold Coast: that the present military requirements for West Africa totalled 68,000, thus leaving 64,000 available for service outside West Africa. (This did not take into account further possible requirements of G.H.Q. West Africa viz. 1,600 tradesmen for safeguarding railway communications and (say) eight battalions for the defence of aerodromes). As regards East Africa, the figures received were confusing but they showed that while East Africa was already contributing largely to the requirements of G.H.Q. Middle East by raising Auxiliary African Pioneer Corps it would nevertheless be possible for some at any rate of the East African territories to raise appreciable additional numbers.

3. With these preliminary data the question was discussed between the Colonial Office and the War Office, the principal discussion being attended by Mr. Harold Macmillan and Major General Scobie (Deputy Adjutant General, Middle East). Several points were cleared up during the discussions, the most important being the following:—

(a) General Scobie confirmed that in asking for 130,000 additional recruits, G.H.Q., Middle East had included in that figure the units which were already being raised in East and West Africa. As East Africa was already committed to raising 20,000 A.A.P.C. and West Africa to raising Military Labour Corps numbering 8,000 the target figure for new Middle East recruitment could be reduced to roughly 100,000—a more manageable figure.
(b) It was agreed by the War Office and General Scobie that in the event of the manpower resources of East and West Africa being found insufficient to meet the requirements both of the local military commands in East and West Africa and also the requirements of the Middle East, priority should be given to local requirements.

As a result of the discussions in London it was decided to ask West and East Africa together to produce the total numbers required by the Middle East viz. 100,000, and in the light of the manpower potentialities of the two areas, as shown by the replies to the original enquiries, it was decided to ask East Africa to set itself a target figure of 40,000 and West Africa one of 60,000. The Governors' Conferences were asked to arrange, in consultation with the Governments, a suitable sub-allocation of the total target figure for the area and, after that had been done, to notify the two G.O.C.'s in C. in order that the latter might then obtain direct from G.H.Q. Middle East all the necessary details regarding numbers and types of recruits for each unit, nature of duties, conditions and terms of service and the dates at which the various units should become available. The Conferences were informed that the method of recruitment, whether by voluntary methods or conscription would be left to the discretion of the Colonial Governments concerned. Provisional sub-allocations were made as follows:—

Nigeria	50,000	
Gold Coast	10,000	
WEST AFRICA		60,000
Kenya	5,000	
Uganda	10,000	
Tanganyika	15,000	
Northern Rhodesia and Nyasaland (together)	10,000	
EAST AFRICA		40,000

4. The following special points arose in the course of discussion:—

(a) The West African Governors' Conference stated that the Nigerian Government had given the Chiefs an undertaking that men recruited from their areas would not be required to serve outside Africa and it was considered essential that this undertaking should be fulfilled. General Scobie said that it would be more convenient for G.H.Q. Middle East if the undertaking could be dispensed with. It was suggested that the Chiefs might be willing to agree to the proviso being waived if it were explained to them that this course was necessary in the interests of the

Imperial war effort and if it were pointed out to them that units of the K.A.R. were already serving in the Far East. Further, while it might be necessary to retain the proviso in the case of men already serving, new recruits who voluntarily joined up without being given such an undertaking would have no grievance if it were decided to send them outside Africa. The Colonial Office (a) confirmed that no similar undertaking had been given to Chiefs in the Gold Coast; (b) asked the Nigerian Government to reconsider the matter in the light of the above considerations. It was made clear that full consideration must be given to any serious political difficulties which might be anticipated from a departure from the undertaking. The Colonial Office would not, however, wish to oppose the despatch of Nigerian troops outside Africa provided that (i) local political considerations had been fully taken into account and (ii) medical and welfare arrangements received every attention.

(b) *Separation allowances.* The Gold Coast Government represented that recruitment was being affected by the failure to pay separation allowances to the dependants of Africans serving in the forces. This was followed by a strong recommendation from G.O.C. in C. West Africa to the War Office that payment of such allowances should be made at certain specified rates. The War Office considered the question in consultation with the Treasury and Colonial Office and it was decided to approve the grant of allowances at the rates recommended by General Giffard. The arrangements will apply to West Africans already serving as well as to new recruits: and is to be extended (though not necessarily at the same rates) to East Africans since it was considered necessary to avoid discrimination.

(c) *Gold production in the Gold Coast.* It was pointed out by General Scobie and the military authorities in West Africa that additional European and African manpower would be made available if gold production in the Gold Coast could be placed upon a care and maintenance basis and that even a minor relaxation in output would be of help. 800 Europeans (who would be most useful for training and commanding Africans) and 35,000 Africans are at present employed. Plant and accommodation would also be freed. The arguments against closing down gold production are that gold is much needed by the U.K. Treasury for exchange purposes and that the internal economy of the Gold Coast would be completely upset. Provisional conclusions have recently been arrived at which should lead to the closing down of some of the mines and will go at any rate some distance to meeting the War Office desiderata.

(d) *Size of units.* G.H.Q. Middle East stressed the importance of getting the African Governors to agree to employment of recruits in small sub-units of a strength as small as 25 each. Objection had previously been felt to this course, and was expressed by the Colonial Office in the course of discussion, on the ground that if Africans are employed in larger units it is possible to make better welfare and medical arrangements and to provide them with officers familiar with the African and his language. General Scobie pointed out, however, that the welfare of the African soldier was carefully watched and that the policy of division into sub-units had only been approved in static units and that the Company organisation would persist with the Company Commander remaining administratively responsible. In view of this assurance the Colonial Office withdrew their objections subject to confirmation that the two Governors Conferences saw none.

(e) Nyasaland, and to a lesser extent Northern Rhodesia, provided a special

problem because of the dependence of Southern Rhodesia agriculture and industry upon migrant labour from these territories which also supply labour for the Rand mines. It is understood that the permit under which the Rand authorities recruit labour for the mines has been suspended by mutual agreement and that exit permits to natives of Nyasaland in certain areas are also being suspended. This will mean that they will be unable to proceed to Southern Rhodesia. Any general suspension of these permits would, however, require careful consideration and probably an approach by H.M.G. to the Southern Rhodesian Government.

(f) Kenya is also in a rather special position in view (i) of the high recruitment which has taken place in that territory since the beginning of the war both of Europeans and Africans, and (ii) of the great importance of increasing agricultural production which is dependent on European supervision and African labour. Kenya has agreed to raise 5,000 of the additional men required by the Middle East, but it is extremely likely that this represents the limits of possible recruitment. Even this figure may prove difficult to attain, in which case some re-arrangement of the allocation made between the East African territories might be possible.

(g) One of the biggest problems in connexion with this question is to find a sufficient number of suitable European Officers and N.C.O.'s to train and command the new units. This problem is a military one and the War Office have circularised commands in this country in an endeavour to secure officers possessing suitable qualifications including a knowledge of Africa and the African. It seems likely that officers will have to be found both from the U.K. and the Middle East and that West Africa will depend mainly on the former and East Africa on the latter. A kindred problem is provision of training facilities and accommodation, since existing local resources have been severely strained and Technical schools in the Gold Coast, for example, have already been taken over for military purposes. Colonial Government have nevertheless been asked to give as much help as possible in the provision of additional accommodation.

(h) Nyasaland stressed the importance of securing the release of Nyasaland officers at present serving in the East African and Middle East Commands in order that they might return to their territory to train and command the new units. This problem is no doubt arising in other territories and the War Office have asked the East African and Middle East Commands to meet the Colonial Governments' request to the fullest possible extent.

(i) One serious problem is the provision of shipping from West Africa to transport new recruits to the Middle East. The shortage of shipping has latterly been such that some thousands of Pioneers have been detained in West Africa after their training has been completed and several battalions are understood still to be awaiting transport. This holds up the whole recruiting programme and it is hoped that the War Office will make such arrangements as are possible with the Ministry of War Transport to overcome the difficulty.

(j) The importance is now recognised—but there is no harm in mentioning it again—of the military authorities presenting Colonial Governments with a complete programme of requirements extending over a period in order that the Governments may know exactly what numbers of units they are expected to produce at various dates. This enables them to make due preparations, ensure a steady flow of recruitment and reduce the strain on local training and accommodation resources to the minimum.

(k) The figures of 60,000 and 40,000 which West and East Africa are aiming at producing are figures which it is expected they can produce without serious disturbance of local production programmes. The economic importance of these territories has, however, greatly increased since the loss of our Far Eastern sources of supply: it has already been pointed out that Kenya manpower position is acute: and any proposal to increase the figures at a later date would have to be carefully examined from this point of view.

5. It was proposed to hold a conference at Cairo commencing on the 18th August between representatives of the M.E., W.A. and E.A. Commands and the West and East African Governors' Conferences. This conference was to consider the detailed working out of arrangements and covered no doubt many of the points mentioned above. No report of the conference has, however, yet been received in the Colonial Office.

6. It is understood that in addition to the 100,000 recruits which territories under the administration of the Colonial Office have undertaken to produce, it is being found possible to recruit some 15,000 additional men from the High Commissioned territories of South Africa and that some recruitment from non-British countries in the Middle East may also be possible.[1]

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[1] Further manpower conferences were held at Nairobi and London in May 1943, by which time the end of the campaign in North Africa and the surrender of Italy had modified the urgent demand for labour. Claiming in June 1943 that Kenya, Northern Rhodesia and Nyasaland were 'virtually dry' of men, the East African Governors' Conference urged that 'the time has come to call a halt to this Middle East drain on East African manpower' (CO 968/3/13, no 1, Moore to Stanley, inward tel no 562, 12 June 1943). Thereafter, although East Africa continued to provide military labour to North Africa, the main source of supply was drawn increasingly from West Africa, the latter area also providing the bulk of the military labour requirements in South-East Asia.

157 CO 859/44/3 7 Dec 1942–22 Nov 1943

[Mass education]; minutes by C J Jeffries, Sir A Dawe, G F Seel and O G R Williams

[These minutes refer to the report on mass education by the advisory committee which was published in 1944 as *Mass Education in African Society* (Col 186).]

I agree as to the importance of this document. I must confess, however, that I have found it stiff going, and that a study of it in its present form has not left me with any very clear cut notion of the conclusions, especially in the political sphere. This defect—if it is a defect—will no doubt be corrected when the Introduction and Part II have been added.

As for the political implications, as I understand them, they can be summarised as follows:

1. Mass education of Colonial peoples is desirable, and indeed necessary, not only as a good thing in itself, but as offering the best hope of saving the people from becoming the prey of the exploiter and demagogue.
2. In those countries (China, Russia, Turkey) in which a plan of mass education of a backward population has been carried through with success, it has been a

co-operative effort of the Government and the people. The Govt. has both stimulated and responded to popular demand. However authoritarian in form the Govt. may have been, it was a native institution, and drew its strength from the patriotism of the people.

3. In the Colonies, a comparable source of strength is needed as a condition of success. But the Government is not the people's Government, but an alien, if benevolent, institution. An alien Govt. cannot make the same appeal as a national Govt. to the enthusiasm of the populace. It has to find a different line of approach. It can, of course, appeal to economic motives; but to do this, and to ignore the spiritual side, is to ask for disaster. It can, in some places, put before the people the ideal of responsible self-government as a practically realisable objective; but in many, perhaps most, Colonial territories such an idea is too unrealistic to serve as an immediate inspiration.

4. The report envisages a possible solution in the conception of "common citizenship" within the British Commonwealth. Unhappily, although in para. 38 the report seems to promise a discussion of this topic in Section E, when one comes to that Section there is very little to show what precisely this term is to be understood as implying in the shape of concrete political developments.

On the whole, I am inclined to think that we should not trouble higher authority with the report at this stage, but wait and see whether discussion of the remaining parts results in a document of which the implications are clearer.

C.J.J.
7.12.42

This is one of the Education Committee's *magna opera*. It has been produced after a long period of gestation. In its origin the enquiry had rather a political character. It was strongly pressed on us by Mr. Creech Jones, who felt that a large-scale attack on mass illiteracy in the Colonies was overdue. It has been computed that, at the present rate of progress in some of the backward Colonies, it will take hundreds of years before elementary education is available for every child. The question therefore is what practical means are available to accelerate progress. What have we to learn from foreign nations, e.g. Russia, with regard to the technical methods which can be employed to speed up the diffusion among masses of people of elementary education? . . .

A.J.D.
2.10.43

. . . I have not had time for long study of the report. It is a most difficult document to follow, diffuse in wording and in places obscure. For example, I have read paragraph 8[1] several times without being sure that it has any substance. If I may say so I have

[1] Para 8 of the report read: 'Another phenomenon perhaps not unrelated to the changes of which we have just spoken [ie the acceleration of social change] is the changing attitude in the face of evil conditions. In the past that attitude might be described as one of social fatalism which led the people to tolerate with patience conditions of misfortune and even of injustice. They were accepted with the same fatalistic resignation as fire and flood and earthquake. So marked is the change that a mass consciousness seems to have developed which actually exaggerates the responsibility of groups or individuals, especially those in authority, for these happenings, even going so far as to ascribe material calamities to such a source. Such

got a clearer idea of what all this is about from Sir Charles Jeffries' minute of the 7th December, 1942, than from all the pages of this Report.

The lay-out of the report, which is surely below standard, even for war-time, does not help matters. The foreword, or blurb, could well have been dispensed with. The annexure on page 11 would be all the better for a little more spacing off from the main report, and for a descriptive sub-heading. The word "annexure" ought not to be in bolder print than the heading on the report itself. The three appendices should be numbered consistently either in Roman or in Arabic style, and there should be consistency also in the printing of the sub-headings. These are details, but they all help to whittle away any virility the report might otherwise have.

The report itself is packed with observations on which I would rather not pronounce finally before seeing what the Governors have to say. For example, paragraph 12, (to which I have already drawn attention in the file about the demand of the Conference of Missionary Societies for a statement of policy), emphasises the part which Missions will have to play in mass education. Without dissenting from this general proposition, I must point out that in places like Uganda it will be by no means simple in its application.

Finally, we must not forget that in a Colony like Kenya mass education of the aborigines may, to the immigrant communities, seem to mean the undermining of their own economic position. Again, without disputing the need for mass education, I suggest that it would be tactless if the Secretary of State's despatches on the subject, (especially if they are to be published) make it too obvious that they are given no consideration. Mass education, like most other things in Kenya, is not likely to go very far without the co-operation of the non-native communities.

I apologise for this long minute, designed to explain why I think judgment should be to some extent suspended. The general lines of the despatches have been laid down in earlier minutes, but I have modified the Central African Department's draft for application to East Africa; though for some reasons I should have thought it better at this stage to address all the African Governments in the same terms. . . .

G.F.S.
20.11.43

. . . Although I have read a large part of this report and its annexure with considerable interest and sympathy, I must confess to being rather disappointed and puzzled. If its main object is to focus the interest of the authorities in Africa on the problem of mass education, and particularly of adult literacy, then I should have thought a much briefer and simpler document would be likely to be equally, if not more, effective.

If, on the other hand, the object is to give Colonial Governments some guidance as to the best way of attaining the object in view, then I should have thought that more definite and detailed suggestions, especially regarding the spread of literacy amongst adults, would be desirable. Considerable emphasis is laid in the report and annexure

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a change of attitude is, no doubt, related to changes in the distribution of social and political prestige and to changes in the conception of what power can do particularly in recent times by the application of scientific knowledge. The explosive temper which may result from such a change can only be controlled and guided by wisely directed mass education with particular stress on the development of social and civic responsibility.'

on the spread of literacy amongst adults, and there are references to the progress attained in this movement by China and Russia, but it is difficult to see how the Colonial Governments could get any very useful hints from the annexure, long though it is, as to the best way of setting about the very difficult problem of tackling adult illiteracy.

If this were a problem of which the West African Governments were up to now unaware, there might perhaps be some point in rubbing in the importance of it as is done in the report and annexure, but this is not the case so far as the West African Governments are concerned. In the outline programme of educational development recently submitted by Sierra Leone, there is a specific reference to mass education, and in particular the problem of dealing with mass illiteracy has already received a good deal of attention, if not by the Education Departments, at any rate by the Information Departments in West Africa, which are, of course, in close contact with the Education Departments. In the paper of the Overseas Planning Committee of the Ministry of Information at 80C on 6281/70P, there is a section III (3) dealing with propaganda to illiterates as a matter primarily concerning the Governments in West Africa. In connection with this, it may be noted from 93 on that file that no action is being taken at this end until a decision has been taken upon the general policy of the Colonial Office with regard to mass education.

On the whole, I think it would only lead to confusion if in transmitting the mass education report to West African Governments, any reference were made to the West African propaganda plan. No doubt the Information Departments of the West African Colonies will be used in any mass education programme which is devised there as part of the machinery for carrying it out. Public Relations Department had better, however, see with reference to this point.

O.G.R.W.
22.11.43

158 CO 859/67/1, no 14 Mar–Apr 1943

'Nutrition in the colonial empire': memorandum by the CO Social Services Department

Nutrition in the Colonial Empire is a subject which, if it aroused little interest in the past, had come into prominent notice during the few years immediately preceding the war. For practical purposes the story may be said to start with a circular despatch which the Secretary of State for the Colonies (Mr. J. H. Thomas) addressed to all Colonial Governments on the 18th April 1936. The despatch purported to deal with "the important subject of nutrition, its relation to public health and especially the bearing which it should have upon agricultural, veterinary, educational and general policy in the Colonial Empire."

Mr. Thomas took as his text certain reports recently published under the auspices of the League of Nations, and referred in particular to a debate that had taken place in the assembly of the League in the previous September. In that debate the Australian delegate (Mr. Stanley Bruce) had taken a leading part, and had dealt in particular with the inter-relation of health and agriculture. At the conclusion of the debate, the assembly adopted a resolution in which "having considered the subject of

nutrition in relation to public health and the effects of improved nutrition on the consumption of agricultural products" it "urged the Governments to examine the practical means of securing better nutrition" and requested the Council to set various further enquiries into motion.

It was as a first step towards giving effect to the assembly's resolution that Mr. Thomas wrote his circular despatch asking for a "comprehensive survey of the position in each dependency". The survey was to cover a review of all the present knowledge of human nutrition in each dependency, the further researches that might be required, the practical measures taken in the past to apply scientific knowledge to the improvement of nutrition, the further measures of this kind to be taken in the future and the probable consequences of improvements in nutrition upon the economy of each dependency.

Mr. Thomas pointed out that while the planning of future research was primarily a matter for medical departments, it also concerned many other branches of Government, as, for example, the educational, agricultural and veterinary departments, as well as the administrative services. If effective action was to be taken there must be close co-operation between them all. He threw out the practical suggestion that standing nutrition committees should be set up in every Colony (some were already in existence) containing representatives of all the interested departments, whose duty it would be to co-ordinate and inspire the policy of the Colonial Government on the whole question.

The immediate result of this despatch was that Nutrition Committees were set up in the great majority of territories. In some cases they were appointed as standing Committees, in others as *ad hoc* Committees to conduct the survey prescribed by the Secretary of State. Replies from the various territories reached Downing Street in the course of the succeeding months. The next step was taken on the 23rd October, 1936, when the Prime Minister appointed a Committee of the Economic Advisory Council "to survey the present state of knowledge in regard to nutrition in the Colonial Empire" in the light of the replies to the Secretary of State's circular despatch, and "to advise from time to time as to the measures calculated to promote the discovery and application of knowledge in this field." It was known as the Committee on Nutrition in the Colonial Empire. Its Chairman was Lord De La Warr, then President of the Board of Education. It included a number of agricultural, scientific and educational experts besides representatives of the Colonial Office, the Board of Trade and the Ministry of Health. Its report was presented on the 12th June, 1939, and was published as a Parliamentary paper with connected documents (including the text of Mr. Thomas's despatch) in the following month, that is to say a few weeks before the outbreak of the war.

The report revealed a situation that left much to be desired. "The effects of mal-nutrition", said the Committee, "are seen not only in definite disease but also in general ill-health and a lowered resistance to infection, inefficiency of labour in industry and agriculture, maternal and infantile mortality and a general lack of well-being." In particular they saw no reason to doubt that wrong feeding was "one of the principal causes of the very high infantile mortality which prevails in most Colonial territories."

A few figures may help to emphasise this last point. The rate of infant mortality per thousand births, according to Whitaker's Almanack for 1942, was 39 in Australia, 56 in the United States, 57 in England and Wales and 70 in Canada. The figures for the

Colonial Empire, as printed in the Appendices to the Nutrition Committee's report, are very much higher. In many cases no exact returns were obtainable, but the following may be quoted:— Jamaica 118, British Guiana 120, Mauritius 142, Ceylon 166 and Malta 190. The Gambia return gave the terribly high figure of 369.

Special points to which the Committee drew attention were the almost complete absence of milk from most tropical diets, the predominantly vegetarian diet in most territories and the fact that in many cases the population depended upon a single crop for their main supply of food. They summed up as follows:— "Few of the constituents considered necessary in Europe for the nutritionally adequate diet are generally available in sufficient quantities in the Colonial Empire. Diets are frequently insufficient in quantity, and still more frequently insufficient in quality. Judged by European standards they lack variety and protective value."

The two main causes of Colonial mal-nutrition were, in their opinion, first, that the standard of living was often too low and secondly, that there existed great ignorance coupled with prejudice, both with regard to diet and to the use of land. In other words, the twin bogies of poverty and ignorance.

The Committee made a number of recommendations for remedying the situation. They urged that as many people as possible should be encouraged to grow a part at least of the foodstuffs that they consumed; that every facility should be given for the import of condensed milk and milk products; and that employers should be required to make adequate arrangements for feeding their labourers. They attached great importance to the teaching of agriculture as well as the elements of hygiene in rural schools and pressed for the better training of teachers in agriculture, health and domestic science. They strongly endorsed the Secretary of State's view on the need of securing co-ordination between the different Departments of Government. "Local Nutrition Committees" they wrote, "should be capable of exercising an important influence in this direction, and we hope that they will continue as active bodies and full use will be made of their services."

But the point on which the Committee laid most emphasis was the need for further knowledge. What the situation demanded was, in their opinion, not so much elaborate laboratory research as field survey work including studies of the diet of both rural and urban peoples. The object should be to provide as complete a knowledge as possible of the elementary facts in regard to the diet, health and physique of the peoples studied. The work of field surveys could be carried out satisfactorily only if steps were taken to secure a proper uniformity, both in the methods to be adopted and in the standards to be applied. It was equally important that those engaged in the work should be kept in touch with the latest findings of experimental research. To secure these objects they advocated the appointment of a small whole-time staff to act as a scientific nucleus for the purpose of co-ordinating the survey work carried out in the field; and they welcomed the action of the Medical Research Council who, in accordance with the recommendations submitted to the Committee and with financial assistance from the Colonial Development Fund, had appointed a central staff to undertake the scientific co-ordination of nutrition surveys in Colonial territories.

It has been recorded that the De La Warr Committee was appointed for a dual purpose: not only to consider the material furnished by Colonies in reply to the Secretary of State's despatch, but also to serve as a standing advisory body on nutritional questions. The Committee was never formally dissolved. Theoretically it

might be regarded, in view of its terms of reference, as still in existence or at least as capable of being called out of abeyance; but in fact it has held no meeting, and has shown no sign of activity, since its report was presented in June 1939.

That describes in brief outline how the question stood at the outbreak of the war. The war inevitably impeded progress with field work on the lines recommended by the Committee. To take one example: Dr. B.S. Platt of the Medical Research Council was deputed in 1938 to carry out a detailed survey in Nyasaland to determine the state of nutrition in certain selected areas. The original intention was that this survey should form only the initial stage of a more extensive investigation for the whole of East Africa; and that, when that had been completed, Dr. Platt would be able to visit other Colonies for a similar purpose. The war prevented this programme from being carried out, and Dr. Platt's researches were in the event confined to Nyasaland. In that one Colony his work was conducted with great thoroughness, and though his investigations were completed in 1940 his final report has not yet been presented. It is understood that it may become available during the next few months and that it will be accompanied by a handbook indicating the lines on which similar surveys can best be carried out. The handbook should prove a most useful guide for post-war investigations in other parts of the Colonial Empire.

On the other hand, the local Nutrition Committees have remained in existence, and have been carrying on their work within the limits imposed by war-time conditions. Some Committees, originally appointed *ad hoc*, have been converted into standing committees. Others have been incorporated into Social Welfare Committees already in existence. In a few cases, Mauritius for example, individual Nutrition Officers have been appointed. Interim reports have been submitted from time to time by most of the Committees, dealing with various aspects of nutrition. Two general points that have come to the front are (1) increased interest in food production in all its aspects and (2) interest in school meals and the nutritional aspect of maternity and child welfare work. On this latter point it is worth recording that Jamaica provided 3,000 school meals daily in 1941; 40 per cent of them were free. But broadly speaking, activity has been of the hand-to-mouth order. Wider plans for investigation and research have necessarily had to be postponed.

Dr. Smart, Principal Medical Adviser to the Colonial Office, gave an address in February 1943 to the Royal Society of Tropical Medicine and Hygiene, in the course of which he dealt with the question of nutrition in the Colonies as affected by the war. He pointed out that, in one direction at any rate, the war had had a beneficial effect on food production. Under the stimulus of war exigencies, many territories had become largely self-sufficient, while others showed a much greater tendency to make the best use of local resources, and to examine the value of local products.

Looking at the Colonial Empire as a whole, his view was that the effects of the war upon nutrition had been less serious than might have been expected. Nevertheless there were undoubtedly cases where enemy action interfered directly with the import of foodstuffs, and others in which the food supply suffered from the general disturbance of economic conditions. Ceylon affords an obvious example. The supply of rice, the staple diet of the people, was gravely affected when Burma fell into enemy hands. Efforts to make good the deficiency by the import of wheat from Australia encountered great difficulty, not so much because the quantity of wheat available was insufficient as because the Ceylonese were slow to accommodate themselves to a changed diet. Other islands in the Indian Ocean, as well as Palestine and parts of East

and West Africa, were all affected and are still affected in varying degrees of seriousness. Freetown (Sierra Leone) is reported to be suffering severely from lack of vitamins. In many territories the cost of living rose and foodstuffs had to be rationed. Much has been done—though much still remains to be done—to educate people as to the best ways in which articles in short supply could be employed or substituted so as to secure a proper balance of diet.

Dr. Smart had some interesting remarks to make about the position in Malta. Malta was an altogether exceptional case seeing that it had been under what amounted to siege conditions since the middle of 1940. Dr. Smart pointed out that though Malta's investment had not deprived the people of the essentials needed to maintain life, many of the articles of diet to which the inhabitants were accustomed had been cut off and the balance of nutrition was seriously upset. Nevertheless, at the end of 1942 there was not much evidence of gross mal-nutrition among the people. There had been adverse repercussions, as for example the heightened death rate and some increase in tuberculosis. There was perhaps a lower state of resistance to disease, but he did not consider that matters had reached a point at which they could not be remedied now that easier conditions had happily been restored.

Dr. Smart also referred to the West Indies where, in spite of war preoccupations, Sir Frank Stockdale's special organisation (set up in 1940 as an outcome of the West India Royal Commission) had been working steadily through the past two years, collecting information about the various problems and sounding and influencing public opinion. Sir F. Stockdale, when recently in England, had been able to report what Dr. Smart described as a "considerable revolution in agricultural methods and policy" giving fair promise of better feeding and better conditions of social welfare in the future. The funds available under the Colonial Development and Welfare Act (1940) have largely solved the question of finance, and there seems no reason why now that co-ordination of action on suitable lines has been established, lasting results should not be achieved. As a point of minor interest, it may be mentioned that in the Leeward Islands the experiment was tried in 1940 of setting up a Nutrition Committee of ladies.

There is not a great deal to report from other parts of the Colonial Empire. In the African Colonies as elsewhere it is broadly true to say that war conditions brought research plans to a temporary stoppage. Dr. Platt's survey in Nyasaland has already been mentioned. A similar survey was about to start in Tanganyika when the war intervened. The members of the survey party had to be diverted to other duties. The chemical laboratory at Dar es Salaam (Tanganyika) carried on nutritional investigations until staff difficulties and pressure of urgent war work prevented further progress after the end of 1941. One of the laboratory's achievements was to produce a vegetable oil mixture, said to be of high vitamin value, as a substitute for ghee. Large quantities of this mixture were produced in 1941 to meet the urgent demands of the East African Army Supply Board. In West Africa a Fishery Expert was appointed in 1942. Much has been done in the West African Colonies to develop food production and an efficient distribution system, but there has been little specialised nutrition work since 1939. The general position leaves a good deal to be desired. There is serious mal-nutrition in Gambia, and widespread indications of lack of vitamins in Freetown (Sierra Leone). In Ceylon there is an active nutrition division of the Medical Department, which produced reports in 1940 and 1941. A proposal made in 1940 for setting up a Co-ordinating Nutrition Committee was rejected by the

Ceylonese Board of Ministers. In Fiji the Standing Nutrition Committee has held regular meetings and has effected reforms in institutional diets besides carrying out food education work. In Palestine the view was held that a regular suvey must precede the appointment of a Nutrition Committee. A survey of limited scope was approved in June 1942.

159 CO 859/45/3, no 15 29 May 1943

[Higher education]: circular letter from Mr Stanley to the vice chancellors of universities in Britain inviting co-operation with a proposed commission of inquiry on higher education in the colonies

I am troubling you with this letter in the hope of enlisting your sympathy towards a project for furthering higher education in the Colonial Empire.

As you will be aware from public announcements, His Majesty's Government is deeply committed to quickening the progress of Colonial peoples towards a higher level of social well-being and towards the ultimate goal of self-government. It is essential to the success of this policy that the supply of leaders from the indigenous people themselves should be rapidly increased. There is, therefore, an urgent and fundamental need to enlarge our facilities for higher education without which these leaders cannot be created.

The Colonial Office Advisory Committee on Education have been working at this problem for some time: and they have recently advised me that an authoritative Commission of Enquiry should be established to deal with certain aspects of the subject. I feel bound to attach great weight to this advice and I am accordingly considering the suggestion that I should appoint a Commission with some such terms of reference as the following:—

> "To consider the principles which should guide the promotion of higher education, learning and research, and the development of Universities in the Colonies; and to explore means whereby Universities and other appropriate bodies in the United Kingdom may be able to co-operate with institutions of higher education in the Colonies in order to give effect to these principles."

The essentially Colonial aspects of the enquiry are inevitably placed in the forefront of this proposed mandate to the Commission. The second part focuses the important question of the contribution which Universities and other appropriate bodies in this country might be able to make towards the progress of our dependencies overseas.

As the correct solution to the problem will affect deeply and far into the future the lives of some sixty million of our fellow subjects, I naturally feel an obligation to comply with the advice which after so much thought has been urged upon me by my Committee. But one aspect of the enquiry touches closely the question of co-operation with the Universities here, and I feel that it is right that I should let the Vice-Chancellors of the United Kingdom Universities know of the proposal which is before me and seek some expression of their sympathetic interest in the Committee's plans.

It appears to me that there are two phases in the development of the project at

which some assurance of interest among the home Universities would be of great encouragement.

There is first the preliminary task of investigation. The Commission itself must, of course, include the amplest representation of the United Kingdom Universities; and I should certainly not feel disposed to launch it unless I felt assured that I could include in its membership some men of high distinction in our University life who would command confidence as exponents of University opinion upon the subjects at issue. But apart from this I should hope that it would be possible to count upon the assistance of the Universities in giving evidence to the Commission and in placing at its disposal the knowledge which it would require on those particular matters falling within the scope of the enquiry on which we must look for counsel from our Universities at home.

The second phase will arise after the Commission has reported. It is obviously impossible to anticipate what suggestions the Commission might put forward for eliciting the aid and interest of the Universities in the cause of higher education in the Colonies. But it would be heartening to know that the Universities would feel disposed to examine sympathetically any practical suggestions which the Commission might make. On this head, as it is necessarily too early for concrete proposals, I naturally could not expect more than an expression of general goodwill and a readiness to approach any suggestions which the Commission put forward in a helpful desire to assist if possible the achievement of the wider aims in view.

I have already indicated these aims and they are so obvious to us at the present time that I doubt whether I need underline them. The war has greatly stimulated the aspirations of the Colonial peoples towards fuller means of self-expression both in the political and the cultural regions of life. When the story of their contribution to the war effort is told, it will place beyond question their right to receive the best contribution towards their future advancement which this country can offer them. They are looking to us to provide them with that background of education and knowledge which will be required if their growing political consciousness is to be turned to wise and creative purpose in the furtherance of our declared policy.

The acceleration of the wise development of Universities in the Colonies is therefore in my view one of the most important steps which we have to take in the post-war years. Our ultimate aim should be to ensure that each of these Universities, some of which have yet to emerge from their present collegiate stage, should develop into an active centre both of teaching and of research and that its development should be so guided that it may eventually be recognised as a real centre of learning of standing equal to that of a University in the United Kingdom. We shall not otherwise obtain from these Universities and University Colleges men and women fitted by their professional qualifications and by their education for wider service as leaders of their own people.

The Universities of this country have in the past made their vast contribution to the successful growth of the overseas dependencies by themselves training and nourishing the administrators and specialists on whom their progress has depended. We are now entering on an era when this contribution may become more indirect but no less vital by taking the form of assistance in the development of Colonial Universities which will rear the local leaders of the future. I have little doubt that the Universities here will be prepared to cooperate in these new tasks as they have in the old. I therefore venture to hope that I shall be fortunate enough to secure your

favourable response to this invocation of the goodwill and assistance of your University towards the work of the suggested Commission of Enquiry.

I am writing in similar terms to the other Vice-Chancellors and I am asking all to whom I address this letter to keep the matter confidential until I am in a position to make an announcement about the Commission in the House of Commons. My hope is that it will be feasible for me to do this towards the end of June.

160 CO 859/65/8, no 14 July–Aug 1943

[Medical policy]: summary by CO Social Services Department of *Medical Policy in the Colonial Empire: Memorandum submitted to the Secretary of State for the Colonies by the Colonial Advisory Medical Committee, 19th May 1942* (CO, Misc No 505, Jan 1943). *Minutes* by G L M Clauson, K W Blaxter[1] and S Caine

Although much progress has been made in the organisation of medical and public health services in the Colonies, no formulated plan has hitherto been laid down, and progress has been too much at the mercy of fluctuations in revenue and changes in personnel. While specific problems of public health vary in different places, the fundamental needs are the same and are governed by these principles.

Governing principles

2. The first principle is that the medical services should not be thought of by themselves, but should be conceived as part of a co-operative effort for improving the well-being of the community. In this effort all available agencies, unofficial as well as official, should be organised to play their part. The work of a Government medical department should therefore be co-ordinated both with the work of other departments (Agricultural, Veterinary, Education etc.) concerned with social welfare, and with the activities of voluntary bodies, such as missionary societies, who are at work in the medical field. There should also be close liaison with professional colleagues in neighbouring territories.

3. Particular stress is laid on the necessity for consolidating and following up the results of any special "campaign" against particular diseases.

4. The second principle is that "prevention is better than cure". Curative work has, of course, great importance, but the primary aim of the medical services should be to raise the general standard of health by eliminating preventable disease and controlling the transmission of disease. Special attention should be paid to the health of mothers and children, and to the general education of the adult population in health matters by all available means.

5. The third principle is that, if the benefits of preventive medicine are to be brought to the mass of the people, the necessary personnel should be drawn from the people itself. It is only thus that a sufficiency of staff can be obtained; and it is only thus that the staff can succeed in really gaining the full confidence of the public.

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[1] CO principal.

Practical suggestions

6. The training of medical workers should be organised so as to relate it specifically to the conditions in which the work has to be done. Staff recruited from outside the Colonies should be given training in the social background of the life of Colonial people. Staff recruited in the Colonies should be trained on text books and demonstration material adapted to local circumstances, and the facilities available for local training should be such that there is no inducement for students to go abroad for the main part of their education.

7. Apart from qualified medical staff, there is need for a considerable increase, both in quantity and quality, in the provision of skilled auxiliary workers, who are essential both to relieve the medical staffs of unnecessary work and to carry health and welfare activities throughout all parts of a country. In these activities there is scope for much more employment of women.

8. The basis of training of nurses, both at home and in the Colonies, should be broadened so as to equip them not only to care for the sick but to promote health education and general improvement of standards of living.

9. With the increasing proportion of locally recruited medical staffs, the role of the Colonial Medical Service will to a greater extent be of an administrative, educational or specialist character. In order that the higher possible type of candidate may be attracted for this important work, the unification of the Service should be made more of a reality and existing divergencies of salaries etc. should be cleared away. The interchange of officers between the Colonial Medical Service and medical establishments in the United Kingdom and the Dominions should be facilitated. In particular, there should be close contact and interchange between the staffs of medical teaching schools.

10. It is suggested that a Colonial Medical Magazine would be a valuable means of encouraging a wider outlook and a sense of a common vocation in the medical staffs of the various Colonies.

11. Private practice on the part of government medical officers (whether recruited locally or from outside the Colonies) should be discouraged and, where possible, abolished.

12. There is a need for more central guidance and control of research. Research should be closely associated with the medical training institutions.

13. Finally, it is considered most important that close contact should be maintained between the Colonies and the Colonial Office by means of frequent visits overseas by the Secretary of State's Medical Advisers.

Minutes on 160

Mr. Blaxter

I have now had an opportunity to read the print on Medical Policy in the Colonial Empire.

I cannot help expressing my regret that it contains no discussion of the financial implications of Medical Policy.

These are such an integral part of the whole, or rather, on a long view, are such dominant limiting factors on the development of policy that it seems essential that some reference should be made to them.

Without suggesting that the following should be the final wording employed, (that would obviously be a matter for very careful consideration) it does represent the kind of approach which I have in mind.

> The Medical Service of a country, like the other Social Services, is one of the charges on the national income of the community, and although the Colonial Dependencies are fortunate in being able for a time to call upon the United Kingdom Exchequer for some assistance in building up and maintaining Medical Services more costly than could at present be supported by local resources, ultimately there must be created in each Colonial Dependency a Medical Service which is at the same time adequate for the needs of the community and within its means. The needs of the community are expressed in terms partly of personnel, and partly of buildings, equipment, expendible stores and other material objects (the term "equipment" will be used in future as a convenient abbreviation for this list); the means of the community are expressed in cash.
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> The needs of the community can be worked out, at any rate theoretically, over a fairly long period of years, by making assumptions as to the number of fully qualified medical practitioners, less qualified medical assistants, qualified nurses, other medical personnel, hospital beds, dispensary accommodation and so on required by each conventional unit of, say, 25,000 of the population. In most Colonial Dependencies it must unfortunately be admitted that the personnel and equipment at present available falls short by a large margin of their needs calculated on any reasonable assumption and that large increases are required.
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> The total means, or, in other words, the national income, of Colonial communities cannot be calculated with anything like equivalent precision or for more than a limited number of years in advance. It depends on the skill and competence of the Departments of Government responsible and the good will of the Legislatures whether the right proportion of that national income is secured through taxation for the public revenues of the Central Government and local authorities of various kinds, and what part of those public revenues is set aside for the Medical Service, having regard to the competing claims of the other Social Services and other calls upon the public purse. It should however, be possible for Colonial Governments to frame plans over a relatively short period, say five years to come, for the allocation of a more or less fixed sum to be devoted annually to the Medical Service, and there should be a reasonable prospect that the amounts available in subsequent periods, though they will no doubt depart widely as time goes on from the initial figure, will in each succeeding year be not very far from the amount available in the preceding year.

Having thus determined its needs in terms of personnel and equipment, and the amount available to meet them in terms of cash, the Government is faced with the problem of conciliating the two. Having regard to the enormous divergence between the level of national incomes in advanced countries like the United Kingdom, where the national income is of the order of £150 per head per annum, and that in the Colonial Empire (where it is roughly calculated to be of the order of £3 a year in Tropical Africa and £10 a year elsewhere with a good deal of variation between various territories) it is obvious that Colonial Governments cannot provide a Medical Service on the United Kingdom scale if the unit cost is to be the same as that in the United Kingdom. The practical alternatives are either to give a service on something

like the United Kingdom scale, at something like the United Kingdom unit cost, to very restricted sections of the population, or to give a more modest scale of service at a much lower unit cost to the population as a whole. There can be no doubt that the second alternative should be adopted.

This will no doubt involve a different distribution in the sums allocated to the various items from that prevailing in the United Kingdom. Certain essential items of equipment will have the same unit costs in both places. Standard drugs and surgical instruments are cases in point. The remaining items of equipment will have to be provided at a lower cost in the Colonial Empire, if the total provision is to be adequate. For instance it would be impossible to provide an adequate number of hospital beds if the cost per bed of building and equipping a hospital in the Colonies was the same as it is in the United Kingdom, or anywhere near that figure.

The widest divergence in unit costs, however, must be secured in the case of personnel. It would obviously be quite impossible for the Colonial Dependencies to maintain an adequate number of fully qualified medical practitioners, nurses, dispensers, sanitary inspectors and so on, if these had to be paid salaries equal to those paid in the United Kingdom and other similar countries (or indeed even higher salaries to compensate them for living abroad).

So long as a Colonial Dependency is entirely dependent for its qualified personnel on staff available from overseas, that staff will be entirely inadequate and it must be one of the first objects of medical policy to build up an educational system for the production of qualified men and women, who will be content to work for salaries bearing the same kind of relation to their patients' income as that borne by the salaries of similarly qualified personnel to their patients' incomes in the United Kingdom.

Obviously it will be many years before it will be possible to dispense entirely with personnel from overseas, but it must be an object of policy to reach as soon as possible a state of affairs in which such personnel is employed only for educational and administrative functions and the actual work of the Department is performed entirely by local personnel. It is important, in the interests of establishing a scale of cost in the Medical Service which the country can afford, that, as and when local personnel take over functions previously performed by personnel from overseas, they do so at salaries calculated with reference to the scale of salaries which it is ultimately intended to establish (that is one in which there is a reasonable relation between the salaries of the staff and the income of the patients) and not with reference to the salaries of the personnel whom they are replacing.

G.L.M.C.
19.7.43

In his minute Mr. Clauson discusses the desirability of including in our statement on medical policy paragraphs which deal with the financial aspect and in his minute at No.55 Dr. Smart has made some comments upon this.

The question discussed in Mr. Clauson's minute applies, of course, not only to our statement on medical policy but to other reports upon developing the social services. A draft report on juvenile welfare in the Colonies has been sent out to Colonial Governors for their comments, and this report contains no discussion of the financial aspects. The report upon mass and adult education, which is shortly coming forward, also does not discuss at all fully the financial considerations which

arise, though there are, it is true, references to the financial aspect and a recognition of the importance of it. In the case of our education plans the financial aspect is even more important and difficult, I think, than in respect of other reports, since the cost of putting into operation large scale plans for extending education are likely to be very costly indeed. The same considerations arise as in the case of medical plans and medical staffs, viz: the cost of salaries and the question whether our plans should envisage a higher standard of education for a limited number of people or a lower standard for a very large number.

Another document which is in course of preparation is a statement about social security which it is hoped to send out to Colonial Governments for their consideration. This statement discusses not only the social but the economic and financial aspects, but in this case the considerations are rather different since it is, I think, inevitable that any document on the subject of social security should cover all these aspects.

In the case of our statements of policy on education, health, and juvenile welfare, however, it hardly seems to me suitable that the Committees which draw up these reports should concern themselves with the financial side. The Colonial Advisory Medical Committee, the Colonial Advisory Education Committee, and the Committee which reported upon juvenile welfare, are all bodies of experts, many of them from outside the Office whose business, as I conceive it, is to draw up for us a scheme for developing these services on lines which they regard as adequate and suitable in their particular spheres. They can hardly concern themselves with the effect of such plans upon the financial structure of Colonial Governments about which many of them can know very little. I suggest, therefore, that the right course is not to attempt to cover the financial problems involved in reports of this kind but to discuss those problems in the despatches or letters with which we send out such reports to Colonial Governments. It is true that we have not done this in the case of the medical policy memorandum nor in the case of the juvenile welfare report. We can however, do it, I think, when we come to send out the mass education report, and we can also do it when we send to Colonial Governors some further communication on medical policy which will be necessary when we have received and considered all their comments. We could also do this later on in the case of the juvenile welfare report when we have received the comments of Governors and are ready to send some further communication.

K.W.B.
13.8.43

I agree with Mr. Blaxter that the important point raised by Mr. Clauson is not confined to medical policy. It is of very considerable importance in all Colonial development, and I hope that it may be possible to say something on it if and when it becomes permissible to address Colonial Governments on the general financial and economic implications of Colonial development.

S.C.
17.8.43

161 CO 859/80/8 6 Aug–17 Sept 1943

[Racial discrimination in the UK]: minutes by J L Keith and C J Jeffries on the case of Learie Constantine

[Learie Constantine was a famous West Indian cricketer who worked between 1942 and 1947 in the Ministry of Labour as a welfare officer with special responsibility for West Indian workers in the UK. In 1944 he won a legal case against the Imperial Hotel in London over the incident described in these minutes. He recalled the incident in his book, *Colour bar*, published in 1954 (pp 137–138).]

Sir C. Jeffries

Mr. J.J. Taylor of the Ministry of Labour telephoned me yesterday to say that his Department were concerned about the refusal of the Imperial Hotel, Russell Square, to give accommodation to Mr. and Mrs. Leary [sic] Constantine and their daughter, who had come with some other friends to stay in London for a cricket match last weekend.

Mr. Constantine had booked rooms for his party at the Imperial Hotel, but on arrival, was told by the Manageress that she could not accept the coloured members of the party in the hotel, as the presence of "niggers" would cause trouble with the Americans who frequented the place.

Protests were made by Mr. Arnold Watson of the Ministry of Labour and by the white members of the party, but the management refused to give way, and eventually, alternative arrangements were made for the accommodation of the party at an inferior hotel, called the Bedford.

The incident has caused a good deal of comment amongst Colonials, of whom there happen to be quite a number in town, and the residents of Colonial Centre had to be restrained from making a demonstration against the hotel, which might have led to very unpleasant complications. Mr. Byrne, who manages Colonial Centre had already told me about the matter.

Mr. Constantine is employed by the Ministry of Labour, and Mr. Taylor has sent a report about the incident to higher authority in his Ministry. I gather that the papers will go to Sir Frederick Leggett,[1] who may approach Sir George Gater asking what action, if any, the Colonial Office can take in such a matter. Mr. Taylor himself suggests that we ought at least to make a formal protest to the Management of the Hotel on the grounds that refusal to admit coloured Colonials is against the general interests of Colonial people in this country.

I understand that the General Manager of the hotel is an Austrian-Jew, Harold Walduck, 11 Gloucester Gate, S.W.1., who owns quite a number of these second-rate hotels such as the Royal, the Bedford, etc. I do not think we will get very much change out of him by writing, but on the other hand, we can hardly allow an incident of this sort to remain unchallenged. I had a talk with Mr. Constantine before he returned to Liverpool. He was very sore about the matter, and said that he would consult his Solicitors in Liverpool about suing the hotel for breach of contract.

I suggested that I should write to Mr. Walduck, but Mr. Taylor is inclined to think that the matter should be taken up on a higher level. I would like to discuss this with you.

J.L.K.
6.8.43

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[1] Permanent under-secretary of state, Ministry of Labour.

I have discussed this with Mr. Keith. I am quite clear that it would be unwise for an approach to be made to the management of the hotel by any high authority in this Office. The result would almost certainly be a snub, and the prestige of the Office would be impaired. In other cases Mr. Keith as Welfare Officer has himself written to the people concerned, and this has occasionally done some good. If anything is to be sent from the Office to the Manager, I think it should take the form of a letter from Mr. Keith; but in this particular case it seems very unlikely that any useful result would be achieved by such a procedure.

If we want to make a test case this is about as good a one as we shall get. In the first place Mr. Constantine is a cricketer of international reputation and public opinion would undoubtedly be on his side to a greater extent than it would be on the side of the ordinary unknown coloured man. Secondly, the Imperial Hotel is, I understand, in the legal position of an inn, and is therefore under an obligation to accommodate any person who applies for rooms. Much of our trouble in the past has been caused by the fact that any places refusing accommodation to coloured people have turned out to be private hotels or boarding houses which are not subject to the legislation applicable to inns.

It seems worth serious consideration therefore whether, if legal advice confirms the impression that there is a good case against the management, Mr. Constantine should not be encouraged and if necessary financially assisted to bring an action. The only objection I can see is that it may be undesirable to have the attitude of Americans towards coloured people discussed in open court. If Mr. Constantine wishes to bring an action we cannot of course prevent him, but I suppose the possible repercussion on Anglo-American relations should be taken into account before we decide to encourage and support him in taking proceedings.

C.J.J.
7.8.43

Since the minutes within were written there has been a conference at the Home Office at which Sir Alexander Maxwell[2] presided over representatives of the various departments concerned. Mr. Duncan, Mr. Keith and I represented the C.O.

It is now established that Mr. Constantine is taking legal proceedings, and it was agreed that in view of this development, it would not be proper for any comment to be made in reply to these Questions[3] on the incident which is now *sub judice*. There is of course no reason why Ministers should not express in general terms strong condemnation of acts of racial discrimination against Colonial people.

On the question of Government action to prevent such incidents, I put forward at the conference the Colonial Office view that while admittedly the practical effect of legislation would be limited, nevertheless it would have a good effect on public opinion both here and in the Colonies if the Government's disapproval of colour discrimination could be placed beyond doubt by the enactment of a law which would make it an offence for an innkeeper to refuse accommodation to any person merely on the ground of that person's race.

Sir Alexander Maxwell did not exclude consideration of this suggestion, but he felt that legislation presented considerable difficulties which would require careful consideration, and that in any event the outcome of Mr. Constantine's legal

[2] Permanent under-secretary of state, Home Office.

[3] In parliament.

proceedings should be awaited. He thought that Ministers should be advised in replying to these questions to avoid any commitment, even to consider the possibility of legislation. He felt that any such commitment might prove very embarrassing for Ministers if, as seemed on the whole probable, legislation should be found in the end to be impracticable.[4]

C.J.J.
17.9.43

[4] The question of legislation had been considered earlier, in 1941, over a similar case involving Sir Hari Singh, an Indian nobleman. The Home Office argued then that it would be impossible to devise watertight legislation. Hotel managers wishing to refuse admission on grounds of race would always find some other excuse (CO 859/80/7, no 17, record of meeting between CO, Home Office, India Office, Scottish Office, Lord Advocates Dept, 14 July 1941).

162 CO 318/459/2, no 67 — 26 Aug 1943

[Education in the West Indies]: despatch no 67 from Sir F Stockdale (Barbados) to Mr Stanley explaining the financial implications of implementing in full the recommendations on education made by the Moyne Commission

When I was in London in December–January last, one of the matters which came up in our discussions was the estimated cost of education in the West Indies, if the recommendations of the West India Royal Commission were carried out in full. It was stated that the Royal Commission had recommended (Cmd. 6174 of 1940, pages 10 and 11) that steps should be taken to eliminate the pupil–teacher system and that steps should be taken to ensure that all teachers had an adequate training at some properly organised training college. It was further mentioned in the discussions that if development of education on traditional lines were followed in the West Indies the cost for the salaries of certificated teachers for elementary schools would amount to approximately £2,000,000 per annum as against the 1941 expenditure of £641,000. Whilst I felt that the West Indian Governments might reasonably be expected to be in a position to provide up to £1,000,000 per annum for teachers' salaries, I expressed the view that it was very unlikely that this figure could be exceeded for some years to come. A subvention of at least £1,000,000 per annum would be required from Imperial funds if education in the West Indies were developed along its present lines and effect given in full to the recommendations of the Royal Commission.

2. I further expressed the view that a subvention for teachers' salaries was undesirable because it was likely that it would have to be permanent and would tend to jeopardize the growth of self-responsibility in the West Indian Colonies. I felt that in principle adequate provision for elementary schooling is a duty for the community which it is designed to serve and I explained that whereas the estimates given in the preceding paragraph were based upon estimated minimum requirements on the average of a minimum scale of salaries which could be recommended at the present time, there was a constant demand from teachers for higher salaries and for better conditions of service. There were equally constant demands from certain members of the local legislatures for better salaries for those teachers at present in the service, without a full recognition of the financial implications of the present educational

policy. These demands would undoubtedly be more insistent if subsidies for recurrent expenditure were forthcoming from Imperial funds.

3. Whilst I have endeavoured to avoid any recommendation for recurrent subsidies to salaries of elementary school teachers I have found it necessary to recommend subventions for recurrent educational expenditure as a whole in the Leeward Islands and especially in the Virgin Islands. I have also agreed in certain cases to support applications for grants to cover (for the life of the existing Colonial Development and Welfare Act) the full cost of teacher training, school books and equipment in elementary schools and of the housecraft and handicraft departments which it is proposed to develop in the senior schools or senior departments of elementary schools.

4. The general policy recommended for adoption in regard to education is set out in paragraphs 248 to 311 of my report for 1940–42 (Cmd. 184 of 1943).

5. The financial implications of this policy were recognised as a serious problem in our discussions in London and you informed me that anything in the nature of a perpetual subvention from Imperial funds for teachers' salaries could not be agreed to. The most serious consideration of the issues involved would be necessary before any final decision was reached. You asked me to have prepared a full statement of the expenditure which might be involved if the Royal Commission recommendations regarding education were put into full effect in the West Indies and I now enclose for your consideration a memorandum [not printed here] which has been prepared at my request by my Educational Adviser, Mr. S. A. Hammond, C.M.G.

6. From this memorandum it will be noted that if full provision were made on the lines indicated in that document, the total cost of education would have been £2,417,000 in 1941 as against an actual expenditure in that year of £971,000 throughout the West Indies. The cost of elementary education alone would have been £1,898,000 and of teachers' salaries in elementary schools £1,126,000 in place of the actual cost of about £640,000. Further, the estimates on which the calculations have been based are actually at lower average salaries than those already provided for teachers in elementary schools in Trinidad and Tobago.

7. It is clear that expenditure of the order above shown cannot be contemplated unless the Imperial Government is prepared to provide heavy subsidies. Further, such subventions for education would be unlikely to diminish by reason of increasing prosperity in the West Indian Colonies because, as is shown in paragraph 69 of the memorandum now submitted, an increase of expenditure by reason of population increase must be contemplated within the next twenty years of 50% of the amount calculated for 1941.

8. I consider that the issue should be faced now and that it should be recognised that it will not be sound public policy to accept an obligation for perpetual subvention for teachers' salaries in the West Indies and that the recommendations made by the Royal Commission in regard to education cannot be fully carried out. It is true that Mr. Hammond's calculations are based upon an attendance at school of 90% of the children of 6 to 12 years of age and 50% of the children aged 12–15, whereas the present figures are between 60% and 70% of the whole enrolment. I anticipate increases in the proportion of attendances, especially in the urban areas, but it will be some years before the proportion of 90% will be reached. On the other hand, the calculations assume an attendance of 50% of the children between 12 and 15 years of age, and this proportion after the schools have been reorganised may well

be expected to increase. Provision has also been made for inequalities in the distribution of teachers and it might be felt by some that the margin of 25% is too high. It is, however, lower than that which is found to be necessary in England and Wales with a more compact population and better distributed schools, and it is lower than the present margin in the West Indies.

9. Whereas it should be possible for West Indian Governments to increase their budgetary provisions for elementary education, it is clear that they would not be able to keep pace with the increases in the attendances expected or with the increasing population. If teachers are to be provided for a much increased number of children, at salaries which will enable them to live as teachers should, and at a cost within colonial resources, it is also clear that the proportion of teachers to children must be reduced, and hence that a radical reform is needed in the basis of their provision. This is necessary also for sound development aided by grant under the Colonial Development and Welfare Act, for it would serve little purpose to provide buildings and equipment for the children of school age without prospect of a sufficiency of teachers for them.

10. Reform may be directed towards the age limits of school attendance, the size of the classes, the division of the children of school age into groups occupying the school at different times, or the "dilution" of the teaching force. A reduction of the school age, sufficient for the purpose in view, would have to be so drastic as to render it wholly unacceptable on grounds of educational development, and the reception given to the proposals of the Education Commission of 1931–32 (Colonial No. 79) indicates that no reduction, however small, would find favour in the West Indies.[1] An increase in the size of classes, already too large in many instances, would be vigorously opposed by educationalists, and would largely invalidate expenditure on the proper training of teachers for class teaching, besides much other developmental expenditure. The division of children by the use of "half-time" or "dual" schools, as I understand is practised in parts of Nigeria, Ceylon and Bechuanaland, would be similarly opposed and cannot be advocated, except perhaps for the youngest children, since the only useful discipline of youth in the West Indies is in the schools. There thus remains the possibility of "dilution".

11. Dilution is already in force in the West Indies, in the pupil teacher system, although, through causes which I need not detail, it has developed into the use of pupil teachers as class teachers often in full-time charge of large classes, their work as pupils being relegated to the spare time both of the pupil teacher and of the teacher instructing him. For the purpose in view and to secure the assent and support both of the public and of the teachers, the advantages of development from an existing and familiar system are clear.

12. It is to be remembered also that a dilution system can offer a means of continuation schooling to a considerable number of young people who would not otherwise obtain it. Pupil teachers can be engaged in organised and supervised study for half their working day and can be genuinely pupils as well as teachers, and if those who are not likely to be required permanently as teachers are dismissed before the age of 19 they would then be in a better position to obtain employment than if they had left the elementary school at 15. The expansion of secondary schools in the West Indies cannot be very rapid, whether on account of their resources, the

[1] See 128, note 3.

necessity of maintaining recognised standards in their branch of education or the absorptive power of suitable occupations. A method of part-time continuation schooling for selected elementary school pupils, serving at the same time the necessities of the elementary schools, would therefore have much to commend it. All the other systems mentioned above of reducing the necessary number of fully qualified teachers involve a restriction of opportunity, whereas a method of part-time continuation schooling for selected young people would provide an opportunity to them which does not at present exist. It is also the only system which can be flexible to the number of children independently of the number of qualified teachers.

13. The financial and administrative advantages of a fixed cadre of teachers revised at regular intervals are sufficiently evident. The adoption of such a system would further be of advantage to the teachers themselves.

14. It is suggested therefore that instead of taking steps to eliminate the pupil teacher system as the West India Royal Commission recommended, the initial objective should be to expand it, to make it a sound working instrument and a means of continued education to the young people engaged in it. It could be expanded in two ways (a) by the employment of more pupil teachers to the extent that none has to teach large classes or for more than half of the day, the other half being spent in supervised study; (b) by the use of pupils as group leaders in projects of study and in practical occupations. The latter may well approximate in the senior schools or senior departments of elementary schools to the conditions of 4-H Club work, though the organisation of club work proper should be free and not too closely associated with existing school conditions.

15. Pupil teachers would be paid maintenance allowance on a scale suited to the conditions of each colony. There is reported to be difficulty in some quarters in obtaining satisfactory pupil teachers under present conditions, but I believe that in the real desire for education that exists, this will be overcome if the work offers the opportunity for continued education, part-time but genuine, and not directed only to passing a pupil teacher's examination. It is emphasized that it should not be blind alley employment but education with a view to other employment at the age of 18 if the pupil teacher is not likely to be permanently employed as a teacher. There would be every reason that those who show particular ability should become certificated teachers, but the normal method of recruitment to the teaching body itself would be that the best of those offering as pupil teachers each year should be given the opportunity of a course in the secondary schools, in preparation for student teachership and teacher training, as I have already proposed elsewhere.

16. The use of pupils as group leaders is, I am advised, in accordance with advanced educational practice and it is worth recalling that, in young people at least, having to teach is an effective incentive to learning.

17. Such an organisation does not of course preclude direct class teaching by the trained teachers of the school. It enables such teaching to be applied where it is most effective and to all the children in turn.

18. I need not here detail the necessary accompaniments to such a system, such as the employment of supervising teachers, or the modification of building design, for which the initiation of large building programmes gives a favourable opportunity. Nor is it necessary to treat in detail other means of increasing teaching resources, without increasing the number of teachers, such as the use of broadcasting, films and film strips. There are useful accessories, but are not in themselves answers to the

main problem which has to be faced in the West Indies. The answer to that problem in my opinion, if the quality of education is not to be sacrificed to the quantity required, must be to build up a corps of well educated and well trained teachers in such numbers as each Colony can afford to pay well, and to dilute them in the schools to the extent rendered necessary by the numbers of children.

19. If the above view finds acceptance I would strongly recommend liberal provision of aid through Imperial funds for the adequate provision of school buildings, for houses for teachers, for the equipment of schools, for the establishment of handicraft and housecraft centres or departments and for the training of teachers. I am satisfied that less will be heard of the need for increased salaries of teachers (provided the scale recommended for the Leeward Islands is regarded and adopted as a minimum) if the teachers can be provided near their schools with satisfactory and comfortable housing and I am also satisfied that at the present time Imperial funds cannot be better utilised than for the improvement of school accommodation (at present inadequate and in a deplorable state of repair), for the satisfactory equipment of schools and for the training of teachers. Recurrent liabilities would thereby be reduced to a minimum and the several communities encouraged to appreciate that the Imperial Government is desirous of assisting them to provide an efficient educational service within their capacity to pay. Local votes for education will have to be increased without a doubt, and this should not be unduly burdensome as colonial revenues are still capable of expansion without hardship and the provision for education is generally below what can reasonably be expected from a community which is desirous of fitting its youth satisfactorily for a full life, according to modern standards.

20. Staffs of publicly aided secondary schools also require improvement and in certain cases salaries of the teachers will have to be increased. I consider that there is still room for increases of school fees and for an increase in the numbers of "special places" for pupils from public elementary schools. These "special places" should entitle the scholars, as in England, to total or partial remission of fees according to their parents' means and should not, in every case, be free. The aim should be (as in England) to the recovery of expenditure in publicly aided schools to an extent which is not less than approximately one third of the gross cost of the education in these schools. The remainder of the cost should be met, except in exceptional cases, from colonial revenues. Assistance from Imperial funds should be mainly in the nature of grants for capital expenditures, for the provision of "special places" for prospective teachers in elementary schools as part of teacher training, for equipment and for limited periods for strengthening staff for special purposes such as for the development of natural science and domestic science training.

21. Vocational training might be assisted liberally from Imperial funds for the next few years and similarly grants for higher education and for adult education should be as liberal as the special circumstances permit.

22. I would welcome your instructions on the issues set out in this despatch as early as possible.

23. I am sending a copy of it and its enclosure to Governors of West Indian Colonies for information.[2]

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[2] Stanley approved Stockdale's recommendations (despatch no 102, 23 Nov 1944). Both despatches were published in Apr 1945 by the office of the comptroller, bulletin 15, 'The Cost of Education: Development and Welfare in the West Indies' (CO 318/459/2).

163 CO 859/45/9 6 Sept–7 Oct 1943

[Education]: minutes by K W Blaxter and T I K Lloyd on a proposal that the advisory committee should appoint a sub-committee to examine the question of a 'central core' in education

This minute is by way of an interim report on the progress which has been made with working out our future education policy.

Mr. Davidson's[1] minute at No. 3 shows that as long as three years ago, Mr. Cox[2] was considering whether a memorandum on education policy in the Colonies could be produced somewhat on the same lines as the memorandum on medical policy, but the time was not ripe then and the matter has been left over. Actually I think it is clear that the time is not ripe even now to consider whether this task should be undertaken.

During the last two or three years, however, a large amount of important work has been done by way of working out our future plans. In the first place, the report of the Sub-Committee on Higher Education has been presented and the Secretary of State has appointed two Commissions to go into the questions of higher education in the Colonies and in West Africa respectively. Secondly, the report of the Sub-Committee on Mass and Adult Education is just being presented and it will be sent forward in the Office in the near future as soon as it has been possible to study it and make the necessary recommendations for action upon it. The reports of the two Commissions when received, (this can not of course happen for some considerable time) and the Mass Education report will together cover a very wide field of our future education plans.

At the discussions which took place with Sir Frank Stockdale early this year, when education policy in the West Indies was examined, it was agreed that it would be necessary for the whole problem of education in the Colonies, together with its financial implications to be reconsidered, including the question whether it is desirable to spend millions of pounds on education rather than on other social welfare or development projects. The first steps in the further examination of our policy must, I think, be the consideration of the report of the Sub-Committee on Mass and Adult Education, the recommendations in which, if put into operation, must involve the expenditure of a large sum of money, and secondly the consideration of the report which Sir Frank Stockdale is making upon future education policy in the West Indies. . . . As I have said above the Mass and Adult Education Report[3] has just been received but Sir Frank Stockdale's despatch is still awaited. Meanwhile despatches on future planning in which all aspects of this important question are dealt with, have been recently sent to the West African colonies.

But even after consideration of the Mass Education Report and Sir Frank Stockdale's despatch,[4] we shall still need to wait for a further period before we can regard ourselves as having canvassed the whole field. The Reports of the two Commissions must be awaited. Furthermore, at the last meeting of the Advisory Committee on Education in the Colonies a proposal was made to set up a sub-committee of the main committee to consider the question of a "central core" in

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[1] R A M Davidson, assistant educational adviser.
[2] C Cox, educational adviser from 1940.
[3] See 157.
[4] See 162.

education. This arose out of the report of the sub-committee which has examined the ten-year plan for education in Nigeria. Very shortly the position envisaged is that it may well prove an almost impossible task, owing to the length of time required and financial commitments involved, to organise a system of education for all based upon the present layout. The suggestion has, therefore, been made that the best results might well be achieved by organising a system of education under which there would be primary education from say the ages of 7 to 11 or 12 for all children. This course would be complete in itself but only those who showed the necessary aptitude would continue their education beyond that point. A system of this sort might enable general literacy to be achieved in a much shorter time and at a reasonable cost. This is what is meant by the "central core" and it is suggested that a sub-committee of the main advisory committee should be appointed to examine and report upon this proposal. The sub-committee has not yet been appointed and it may be better to await Mr. Cox's return from his tour before this sub-committee sits since he will bring back with him much fresh information. But whether it is appointed immediately or not, it will be essential to have the report of this sub-committee before us before any clear idea can be formed of future policy.

Our education plans are, I think, going ahead as fast as is possible, but the time has not yet arrived when we can reach any final conclusions on these complex questions. Indeed, I think it may not be at all an easy task to draw up a statement of education policy. Financial considerations must loom very large, and any statement of policy could hardly be prepared which did not take very full account of these considerations; and it hardly seems to me possible for the Advisory Committee on Education to deal with financial questions, which are matters for the Secretary of State and Colonial Governments. This difficulty would not, of course, arise if the statement were drawn up by the Colonial Office after consultation with the Committee. The time for drawing up any such statement has, however, clearly not arrived yet and this could in any case not be undertaken in Mr. Cox's absence.

I do not suggest, therefore, that any action is required upon this file at present. The previous paragraphs are only an attempt to summarise the position as it now stands.

K.W.B.
6.9.43

I have read these papers and am prepared to discuss them as suggested by Mr. Blaxter.

The question of what is called the "central core" in education is one which the Advisory Committee should, I think, be allowed to consider, through a Sub-Committee, if they so wish. It links up with the other enquiries which they have recently undertaken, and if they wish to pursue it we could hardly object.

But the preparation of a statement of educational policy seems to me to be on quite a different footing. The Advisory Committee ought not to be let loose on this save at the express request of the Secretary of State. I feel very doubtful whether they should be asked to embark on any such undertaking. The trouble with any statement of policy which has to cover territories with conditions so diverse as those of the Colonial dependencies is that the effort to make the document fit the circumstances of them all is apt to result in a string of platitudes or at best the widest generalisations. That is true up to a point of even the medical statement which has

had quite a favourable reception so far from Colonial Governments, and was, I believe, the principal ground of criticism of the first draft of the agricultural statement.

At present, therefore, I do not favour the idea, but I realise that as two other advisory bodies have been allowed their say on general policy, it may be difficult to counter the wish of the Education Committee, if they should express one, to be granted the same indulgence.

T.I.K.L.
10.9.43

The questions arising in the previous minutes on this file were discussed yesterday in Sir Arthur Dawe's room, Mr. Lloyd, Mr. Blaxter, Mr. Rowell, Mr. Foster[5] and Mr. Davidson being present.

The suggestion that the Advisory Committee on Education in the Colonies should appoint a Sub-Committee to examine the "central core" of education was first discussed. Mr. Rowell mentioned that the Educational Research Group with Sir Fred Clarke[6] as Chairman, which was examining the question of educational research with a view to making a report to the Colonial Research Committee, was reviewing the question of the years in a child's life during which a short intensive school course could best be given. This was much the same question as the Sub-Committee of the A.C.E.C. would consider. After some discussion it was agreed that a suitable statement should be drafted which could be given to the next meeting of the A.C.E.C. This statement would make it clear that the suggestion of appointing a Sub-Committee had not been overlooked, but that it was thought better to let the matter wait in any case until Mr. Cox's return from his tour. Sir Arthur Dawe mentioned that the personnel of any such Sub-Committee would need careful consideration.

As to the question of framing a general statement of Colonial education policy, discussion took place of the advantages and disadvantages of attempting to produce a statement of this kind. Mr. Rowell suggested that in view of the recent statement of policy which had been produced by the Board of Education in this country, we might be pressed from various quarters to produce a statement for the Colonies. Mr. Foster felt that no good purpose would be served in producing a statement which would merely be a restatement of policy on the lines of the 1925 document and referred to the danger that any attempt to prepare a general statement which would be applicable to all territories might result in nothing more than a collection of clichés and platitudes.

It was generally agreed that the Advisory Committee should not be invited, at present at any rate, to take this matter up. In any case the Committee could not be given any such invitation without the Secretary of State's approval. Furthermore, we could hardly attempt to pursue the matter until Mr. Cox's return from his tour.

K.W.B.
7.10.43

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[5] T R Rowell and R S Foster were assistant education advisers.
[6] Director of the Institute of Education in the University of London.

164 CO 859/79/11, no 3 27 Oct 1943

[Colonial research]: memorandum by A I Richards summarising the recommendations of the social science group reports for the Colonial Research Advisory Committee (CRC 65). *Appendix* 1

[The Colonial Research Advisory Committee established in 1942 set up eight groups of experts from the social sciences, each under a convener. By Oct 1943 six of the groups had prepared reports. They were: Social Research (convener, A M Carr-Saunders, director of the London School of Economics, 1937–1956); Demography (convener, J H Hutton, William Wyse professor of social anthropology, Cambridge, 1937–1950); Economic (conveners, Sir H Henderson, economic adviser to the Treasury, 1939–1944 and later professor of political economy, Oxford, 1945–1951, and S Caine); Legal (convener, A H Goodhart, professor of jurisprudence, Oxford, 1931–1951); Colonial Administration (convener, E Walker, Vere Harmsworth professor of imperial and naval history, Cambridge, 1936–1951); and Linguistics (convener, R L Turner, director of the School of Oriental and African Studies, 1937–1957, and professor of Sanskrit in the University of London, 1922–1954). The groups on Education and Psychology had yet to submit reports. Reproduced here is a summary of the findings of the six groups, together with an extract from Appendix 1 of their recommendations to the Colonial Research Advisory Committee defining priority research needs.]

Common features

The recommendations made by the six advisory groups show that there are certain features common to the different fields of social research required in the Colonies.

(a) *Basic data required in all fields*

The most striking impression made by the reports as a whole is the lack of basic data in the social and economic field, and of the necessary machinery for securing such information.

The Social Research and Demography groups report on the absence of accurate statistics as to the size and composition of Colonial populations, and of ethnographic and social surveys.

The Economics group reports the lack of basic statistics in all fields and recommends the appointment of statistical officers in the Colonies.

The Legal group points out that no comprehensive studies of African law and native court procedure have been made.

The Linguistic group gives priority to a handbook of African languages based on a summary of existing information.

The Colonial Administration group reports on the absence of straightforward histories of many Colonies.

In other words social and economic research is in its infancy as far as the Colonies are concerned. For this reason the reports are largely devoted to the discussion of machinery for collecting the basic data required in different fields, and give precedence to general surveys of existing information (Paper II, Paper IV, 6; Paper VI, 8) and field surveys of social and economic conditions (Paper I, Appendix I; Paper III, 3; Paper IV, 5; Paper VI, 8–12).[1]

(b) *Social and economic data in relation to post-war policy*

All the reports stress the need for social and economic data as a basis for planning

[1] These papers refer to the individual group reports which are not printed here.

Colonial welfare and development. In fact most of the groups have considered it their duty to concentrate on schemes of practical importance in relation to programmes of this sort, and emphasise the need for setting up machinery for organising research in the social sciences before the war ends.

The Social, Linguistic and Colonial Administration reports indicate a priority order of research projects from the practical point of view (Paper I, Appendix I; Paper VI, page 7; Paper V, VI). Other reports have planned research in relation to policies known to be under consideration, e.g. economic development (Economic report and Social Research report paragraphs 5–7); political development (Social Research report 7, Appendix I and Colonial administration VI); mass education (Linguistic in 4); and higher education (all reports).

The value of individual research is emphasised in several reports, but the need for co-ordinating such research is also stressed, especially in view of the present shortage of trained investigators.

(c) *Research in social science closely associated with government machinery and policy*

By its nature research in the social sciences is more closely connected with Government machinery and policy than is the case with the natural sciences. Some of the basic data discussed in these reports must be collected by Government officials e.g. census and vital statistics and some economic statistics. The co-operation of Government officials is specifically mentioned in the case of social surveys (Paper I, 11 and 17a and legal research (Paper IV, 7c)), and the large-scale surveys recommended at this initial state of Colonial research will inevitably have to be made with Government co-operation. Attempts to arrange priority orders for research projects must be related to Government policy. Lastly the report of the Colonial Administration group is mainly concerned with research on administrative machinery itself.

Several reports emphasise the special need for freedom for research workers in the social field, and the groups are unanimous in wanting Universities and research institutes actually to carry out most of the work, but the most important recommendations provide for Government co-ordination and in some cases initiation of research. For instance three groups recommend the appointment of specialist research officers to the staff of the Colonial Office (Social, Economics, Law). Two recommend central committees or councils to be attached to the Colonial Office (Social and Legal). The Social, Economic and Legal groups seem also to contemplate the setting up of either regional or local research organisations in the Colonies themselves, either under Government auspices or those of the local centres of higher education (Paper I, 9c; Paper III, 3; Paper IV, 9c).

(d) *Need for extended provision for colonial research in the social sciences*

It is clear that most of the groups do not consider that a special type of research is required in the Colonial field. The economic and social problems of the Colonies are mainly those common to young developing countries, situated for the most part in tropical regions and inhabited largely by peasant cultivators. The groups conclude, however, after examining the work already done in their special fields, but [? that] additional provision may have to be made in the Universities and research institutes of this country for the following kinds of research—(a) the extension and application

of social and economic theory and methods developed in the older industrial countries to the particular conditions of the Colonies. (b) the extended study of comparative data i.e. data from other countries such as India, and the Dutch East Indies, or as between different Colonies. It is noteworthy that nearly all the reports make recommendations as to the importance of comparative data of this type (Paper I, 9c; Paper IV, 5g; Paper V, vi; Paper VI, 14–16).

However, where cultural differences between Colonial peoples are the object of investigation, as in the case of anthropological or legal studies or linguistics, special provision for research is needed, and this provision is inadequate at the moment. Departments of Anthropology exist at several British Universities, but there is only one Fellowship in Colonial law in any University in this country, in contrast to the much greater provision made in South Africa[2] and the Dutch Colonies. Provision for the teaching of African linguistics also compares unfavourably in some respects with that made formerly in German, French and Polish Universities. For this reason recommendations for research fellowships or studentships are made in the case of African law and Linguistics.

Besides these special studies, the reports indicate a need for a new type of collaboration between the different social sciences. The types of community existing in the Colonial Empire vary so greatly that social scientists with very varying types of experience are needed (Paper I, 1–4). Social institutions are also less specialised in young countries, as are the indigenous institutions of primitive peoples. Hence the recognition in most of the reports of a considerable overlap as between the fields of social, legal, economic and Colonial administration research. The Social Research Council recommended in Paper I, 10, is an attempt to provide this type of collaboration.

(e) *Shortage of personnel*

Research has so far been carried out by three types of investigator (a) specialists from the universities or research institutes of this and other countries; (b) members of the Colonial services; (c) inhabitants of the Colonies concerned. All the reports make it clear that there is a great shortage of workers belonging to the first category and a lack of training facilities for those belonging to the second and third group.

In the case of the specialists, the study of Colonial administration and Colonial economic problems is of recent origin. The position of the anthropologist, the lawyer or linguist specialising in African or Pacific studies is particularly difficult, because the qualifications he acquires in the course of his field research fit him only for further work in the same territory, for which there has been hitherto little opening,

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[2] The contrast with South Africa was arguably still greater in the area of research in the natural sciences. In Apr 1943 Sir B Schonland (Bernard Price Institute of Geophysics and Carnegie-Price professor of geophysics, University of Witwatersrand, Johannesburg, 1937–1954) explained to the Colonial Research Advisory Committee the nature and organisation of scientific research in South Africa (CO 859/79/8, no 1, minutes of 12th meeting of CRC, 21 Apr 1943). Schonland indicated that South African scientists were anxious to co-operate with those working in the colonies and the advisory committee welcomed a suggestion that Smuts should be approached on the question of co-operation with South African universities. CO officials recommended against such an approach, see *ibid*, minutes by Caine, 13 May 1943, who commented that the proposal carried the 'implication of a special position for South Africa in relation to the African colonies'; Dawe, 14 May 1943; and O G R Williams, who commented: 'As usual politics threatens to hamper progress in other fields.'

or for an academic post in this country of which there have been exceedingly few. Hence the numbers of such students had begun to dry up before the war. During the war no others have been trained. To meet this difficulty the Social Research group recommends the planning of short training courses and the recruitment of research students from other countries as an emergency measure as well as the consideration of special inducements to students to enter this field (Paper I, 17). The Linguistic group proposes similar steps including the endowment of linguistic research fellowships and studentships. The Legal group has some similar proposals (Paper IV, 7c).

In the case of members of the Colonial services, who have carried out political surveys, cost-of-living inquiries, land-tenure studies, etc, these have always worked under difficulties. They have been for the most part untrained and have usually lacked the guidance of any expert in social investigation. Several groups recommend consideration of short courses of training for such officers, and the setting up of local centres of research preferably attached to centres of higher education in the Colonies.

The Social, Economic and Linguistic reports suggest that considerable use might be made of the Colonial peoples themselves in different types of social and economic research. To provide the necessary training, the Social Research group recommends the setting up of local schools of social studies, e.g. at Achimota and Makerere; the Legal group recommends the setting up of local schools of African law; and the Linguistic group recommends the granting of special studentships for African scholars.

Main recommendations. These can be divided into two types:—

Machinery. In order to deal with these special difficulties in organising research in the social sciences in the Colonies the following recommendations are made:—

(a) *Demography*. Central organisation for dealing with matters affecting Colonial population and vital statistics to be attached to the Colonial office (Statistics section), and possibly regional organisation for the tabulation of census results.
(b) *Economics*. The appointment of a specialist officer, possibly called Director of Colonial economic research, to be attached to the Colonial Office to undertake direct responsibility for some research, to co-ordinate work to be undertaken with Government grants, and to maintain relations with Universities and other Research institutes. Close touch with the work of the Economic Advisory Council is envisaged and collaboration with the other social sciences, and the Advisory committees of the Colonial Office.
(c) *Social research*. The appointment of a Social Research Council to advise Colonial Governments on the organisation of research projects, to maintain continuity of research, to co-ordinate research as between Colonies and Foreign powers, between Colonies themselves, and to maintain contact with Universities and Research institutes carrying out research, to advise the selection and training of research personnel; and to arrange for the publication of material. The Council to have a full-time specialist officer at its disposal, and to fulfil for the social sciences some of the functions performed for other sciences by the Colonial Products Research Council.
(d) *Legal*. The appointment of a Central Legal committee to review material

collected, to institute inquiries, to maintain contact with Colonial Governments, to advise as to the selection and training of research personnel, and to maintain contact with Universities and Research institutes in this and other countries. The committee to be assisted by a full-time Research Secretary who would be in charge of organising research. A representative of this central committee to serve on any general Social Research Council that might be appointed.

(e) *Colonial administration.* No organisation needed, but the subject to be represented on any general Social Research Council that may be appointed.

(f) *Linguistics*. A small sub-committee to be attached to the School of Oriental and African Languages [? Studies] and a representative to serve on any general Social Research Council that may be appointed.

It would appear from the above that there are several possible ways of combining these different recommendations, of which the two most obvious are:—

1. A Social Science Research Council representing all the social sciences involved with sub-committees, e.g. legal, linguistic, etc. where necessary. This would resemble in many ways the organisation of the American Council of the Social Sciences.
2. A Social Survey and Anthropology Council and a separate Legal Committee at the Colonial Office with a linguistic committee attached to the School of Oriental and African Studies. The Economics officer would then presumably work closely in touch with the Economics Advisory Council).

Local

(a) *Demography.* Regional organisation of tabulation of census results to be considered.

(b) *Economics*. Statistical officers to be attached to Colonial Governments. Economic advisers also possibly to be attached and to have the supervision of economic research.

(c) *Social*. Regional or local organisation of research under Government auspices or those of the centres of higher education envisaged.

(d) *Legal*. Regional or local organisation of research under Government auspices or those of the centres of higher education envisaged.

(e) *Colonial administration.* No recommendation.

(f) *Linguistics*. No recommendation.

Teaching and research provision

(a) *Demography.* No recommendations.

(b) *Economics.* Further provision for research desired, but no specific recommendations made.

(c) *Social research*. No specific recommendations made but additional provision for teaching will be necessary if short courses of special training are required to make good the shortage of trained investigators after the war.

Setting up of Social Studies departments to be attached to centres of higher education in the Colonies recommended.

(d) *Legal*. Research fellowships in African law to be attached to Universities where African studies most developed.

Departments of law to be attached to centres of higher education in the African Colonies.

(e) *Colonial Administration.* Research lectureships and fellowships to be attached to Universtiies.

Provision for teaching Colonial history and administration to be made at centres of higher education in the Colonies.

(f) *Linguistics.* A Chair in African languages to be attached to the School of Oriental and African Languages [? Studies] and three or four lectureships.

Research fellowships and studentships in order to provide research workers in connection with the mass education campaign in Africa.

Studentships for Africans to enable them to provide the necessary literature in the vernacular.

Linguistic departments to be attached to Makerere and Achimota.

(It will be noted that the application for funds for African research studentships has some urgency, since Dr. Ida Ward[3] has now left for the Gold Coast with a grant from the Research fund to study the Akan languages and would be able to select suitable students during her tour there).

Appendix 1 to 164: Types of social research likely to be needed in colonial territories

. . . IV. *Priority needs*

It is not easy to arrange these different types of research in any definite order of priority, but it is at any rate possible to lay down certain general lines of precedence and to mention schemes of social research that are of urgent importance in relation to post-war development in the Colonies, e.g.

(a) *General social and economic surveys*

If there is to be any substantial raising of the standards of living in the Colonies after the war, general surveys of the social and economic resources of Provinces or Territories will be necessary in relation to the development of secondary industries, the expansion of peasant production, land settlement and the absorption of men returned from military duties. Such surveys will have to be carried out by team work in which the social research workers will be responsible for providing data on the economic organisation and incentives of peasant communities, standards of living and land tenure, or for special community surveys, while the economists, agriculturalists and soil scientists will contribute the other relevant information. It is realised that general surveys of this type cannot produce quick results if they are to have scientific value, and it is suggested therefore that they should be planned as soon as possible. Detailed surveys of sample communities or studies of special aspects such as mass education techniques, should then be planned in relation to them, and not by the almost fortuitous selection of individual investigators as has usually been the case in the past.

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[3] Lecturer, reader and professor in West African languages, School of Oriental and African Studies, University of London, 1932–1948.

(b) *Political surveys*

Present plans for the rapid expansion of local Government and of different forms of political representation in the Colonies would seem to necessitate general surveys of political organisation, both traditional and of European origin in a number of Colonies. Lord Hailey recently reported on some of the general political tendencies in African Colonies, but surveys of this type do not exist in the case of other Colonies, and the Hailey (unpublished) Report needs to be completed by different comparative studies of present developments, of different forms of Chieftainship in individual Provinces. This is particularly the case in West Africa, where the demand for increased political powers by Africans is very badly voiced at present.

(c) *Urban studies*

Towns are inevitably centres of political and economic development, but in the West Indies, West Africa and East Africa the differences in education and standards of living between the town dweller and the peasant are particularly marked. The migratory character of labour in most African towns have made urban areas centres of clashing moral values and rapid changes in social organisation. The war has increased these difficulties. At present there have been no detailed investigations of the composition of the population of these town or of their family organisation, their changes in marriage form or the evolution of new classes. Cost of living studies have only been made in a few cases. Urban surveys seem to be an urgent need in relation to political and economic development in the post-war period.

(d) *Surveys in relation to mass education programmes*

The Education Advisory Committee has recently approved a report recommending large scale plans for mass education in the Colonies and there is evidence that a number of Colonial Governments are themselves planning big educational advances after the war. The mass education report recommends literacy surveys in relation to plans for mass education, and the sociological mapping of particular areas chosen as the centre for educational experiments of this sort. Such social surveys would give information as to the social groups likely to play a leading part in the adult education, whether they were found to be churches, native authorities, village councils, etc. Such surveys should also have precedence if they are to be the basis of post-war education plans.

(e) *Ethnographic surveys*

In Colonies for which no ethnographic surveys exist, (Sierra Leone, Gambia, Cameroons, parts of Kenya, Nyasaland and Northern Rhodesia, and some Pacific Islands), such preliminary work will be necessary as a basis for programmes of political development as well as of increased welfare. Such regional surveys should be planned in collaboration with demographic and linguistic experts, and should aim at providing ethnic maps of the region, with the names, approximate numbers and languages of the people concerned, the outline of their political organisation and systems of political grouping, their general economic organisation and production, the legal systems and religious beliefs.

In some Colonies detailed investigations of the social organisation of particularly important tribes, or sections of a community, may also be found to have a high priority value and could be carried out by individual anthropologists.

165 CO 554/139/6, no 1 [Mar 1944]

[Wartime conscription in the tin mines of Nigeria]: report by Major G StJ Orde Browne on a tour in West Africa, Nov 1943 – Mar 1944

[Extract]

. . .

45. The application of conscription in Nigeria was first decided upon in February, 1942; a preliminary tentative start was made on a small scale but this dwindled away until operations were renewed in August, the fresh batches of recruits arriving in September. I had been instructed to make a detailed examination of the progress of conscription, in view of the unfortunate developments which ensued; a full account is desirable not only for record purposes, but in order to indicate the mistakes and omissions involved, and the extent to which these might have been avoided. I, therefore, investigated the whole course of conscription in Nigeria up to the present and I set forth my conclusions in some detail.

46. Although conscription had been approved in February, it was not until August, that Mr. Emberton, who was then appointed Administrative Director of Minerals Production, produced a report on the general situation. In this he refers to the earlier arrangements and says "No adequate organisation had been set up to deal satisfactorily with such a large influx of labourers unaccustomed both to the cold climate and the type of work". He goes on to specify future requirements such as rations, firewood, blankets, women cooks, etc.

47. This report was the first attempt to survey the problem as a whole and to set up machinery to deal with it; Mr. Emberton's recommendations were appropriate as far as they went, but preparations on a much wider scale were really required, and an experienced organiser thoroughly familiar with all the various complications involved in the moving of large bodies of African labourers was needed to carry out essential preliminary arrangements. The total number of conscripts employed at the time amounted to some 18,000 drawn from various provinces, necessitating in some cases journeys of several hundred miles. This constituted a recruiting and transport problem of some complexity, requiring a capable and experienced staff for an adequate performance.

48. To secure really satisfactory conditions the first requirement, immediately on the introduction of conscription, was a detailed survey of the whole position; this would have included estimates of the numbers coming forward from the various areas with the routes to be followed, details being shown on a map. Consideration should then have been given to the nature of the country from which the various contingents were to be drawn, and the particulars of their diets; obviously, where the changes involved were too great, recruits from these sources should have been ruled out altogether. It would then have been necessary to push on with siting and building of rest camps en route; provision of the lorries and railway trucks for the transport of the conscripts; arrangements for the essential cooked food during travel; enquiries into the availability of local products; the erection of stores and general organisation of supplies including fuel, clothing, and blankets; the adoption of a suitable diet scale; the prompt erection of hospitals and field posts; the arrangements for medical inspection and supervision; provision of housing on an approved standard according to local possibilities; together with an estimate of the European

staff to supervise and manage the whole system, and the African subordinates to oversee rest camps, check numbers and condition of conscripts on arrival and departure, supervise the cooking and issue of food, conduct each batch of recruits who were travelling, and generally attend to the various wants of the labourers. Above all, there was the need for promptitude in expediting all these arrangements, and authority to see them carried out without reference to distant departmental headquarters. (If comparison be made with the preliminary arrangements which would normally be set up by the military authorities in the case of the movement of 18,000 troops, the magnitude of the undertaking will be apparent).

49. Unfortunately the resources of Nigeria were quite unequal to this formidable task. Neither the Administration nor the Medical Department could provide any officer of experience in such matters; no Labour Department existed and no organisation had been established for the supervision or assistance of large bodies of migrant labourers. The European staff of the Colony had already been depleted to meet service requirements, whilst those remaining were overstrained in their efforts to meet all the fresh demands due to the war. There was thus no possibility of finding more than a fraction of the essential staff, while even those officers who were with difficulty provided, lacked appropriate experience and could, therefore, only proceed by method of trial and error. Against this, however, may be put the fact that Mr. Emberton and his officers had an intimate knowledge of the country and natives concerned, which was of the greatest value in controlling the labourers and encouraging them to do their best. Nigeria was called upon for a great effort to assist war production on lines for which she was very ill equipped; the response of all concerned, from the officers of the Government down to the primitive tribesmen, was in my opinion highly creditable. The regrettable features which I must describe were thus attributable to lack of staff and experience, and my comments should, therefore, in no way be regarded as reflecting upon the strenuous and skilful work of officers called upon to attempt an impossible task.

50. Owing to those handicaps there was throughout a lack of attention to essential preliminaries; reports and correspondence dealing with developments indicate an absence of informed direction and an ignorance of established practice in such matters. Thus, while conscription had become a live issue in February, 1942, Mr. Emberton in August was asking for elementary necessities; the ration scale was the subject of constant discussion and alteration and as late as December, 1942, and even after that, the Director of Medical Services was still recommending alterations. It apparently occurred to no one to consider a local adaptation of the well-proved diet scales of the mines of the Rand, the Rhodesian Copper Belt, or the Belgian Congo. In January, 1943, the Administrative Director writes "I referred to the necessity for stricter medical examination in the report forwarded with my letter of the 11th of November, 1942". In January, 1943, the Chief Secretary writes to the Administrative Director with reference to the latter's proposal to reduce occupants to a maximum of 4 to a 10 foot hut, with the comment of the Director of Medical Services "such an allowance of floor space equivalent to under 20 square feet per man is far below the minimum floor area of 50 square feet per adult laid down by the Public Health regulations". In February, 1943, His Excellency the Governor, referring to the conditions on the Plateau, minuted ". . . the *really urgent* matter is the medical side of the business which is hopelessly weak . . .". Even as late as September, 1943, a meeting held under the chairmanship of Mr. Emberton at Jos, to consider the

circumstances leading to the heavy mortality at the Tenti Dam, still found it necessary to recommend a number of improvements in medical inspection, supervision in transit, and provision of blankets and food. Eventually, the widespread effect of conscription upon the normal production of the country was so conspicuous that a memorandum by the Resident Minister dated the 11th of October, 1943, convincingly demonstrates the wasteful nature of this conscript labour and the disproportionately great objections to it in comparison with the output secured; the Minister recommends termination in April, 1944.

51. In connection with actual construction there were similar delays; the ponderous machinery of inter-departmental communication and discussion was involved in the adoption of plans and the allocation of responsibility. The Secretariat, the Administration, the Medical authorities, the Public Works Department and the Mines Management, were all concerned in considering what were really urgent requirements; elaborate plans for permanent construction were produced in place of the rapidly built temporary accommodation which was the immediate need. An instance of this is the central hospital now being erected principally to serve the labour on the Plateau. This is a group of fine permanent buildings well designed and equipped, which should fully meet requirements; the out-patient department was in use at the date of my visit—December 28th—but completion is not expected before the end of April. The construction of this hospital, though a most valuable asset for the future, cannot be considered as any contribution to the conscription problem, since its opening will coincide with the termination of the latter. The lack of the equivalent temporary accommodation to meet the immediate needs of the conscript was an important contributory factor to the unfortunate features of the episode. Similarly, the siting, building, and equipping of the twelve "field posts" intended as dispensaries, is not yet on a permanent footing. The conclusion is inescapable that the magnitude of the task, and the need for rapid decisions and action, were not realised.

52. Mr. Emberton's staff for the control of the conscripts consisted of:—

At the start:	2 Administrative Officers (seconded) 1 Superintendent of Prisons (looking after feeding at reception camps).
In January, 1943:	Add 1 Administrative Officer (seconded).
In March, 1943:	Add 2 Administrative Officers (seconded).

while the medical staff was:—

At the start:	Senior Medical Officer, Jos[†] Medical Officer, African Hospital, Jos[†] 1 Medical Officer, Minesfield[ø] 1 Medical Officer of Health, Jos 1 Sanitary Superintendent.
In July, 1943:	Add 1 Medical Officer, Barakin Ladi.
In October, 1943:	Add 1 Assistant Medical Officer of Health, Minesfield.

A handicap was the lack of experienced African subordinate staff to manage the

[†] Both almost entirely preoccupied with hospital work.
[ø] For several months engaged principally in building Field Posts.

supervision, feeding, accommodation, etc. needed at the transit camps, distribution centres, medical field posts, and other important points throughout the system.

53. Construction eventually consisted of:—

1 New Hospital at Barakin Ladi.
Additional beds at the existing hospitals at Jos and Kafanchan.
8 New Field Posts.

Provision for the sick was furnished by:—

African Hospital, Jos.
S.U. Mission Hospital, Vom.
African Hospital, Kafanchan.
20 Field Posts and Dispensaries.

Medical examination was arranged until latter half of 1943 by Dr. Lester (on behalf of the Director of Medical Services); subsequently by the Senior Medical Officer in charge of the particular area.

54. No staff was available for the supervision and management of rest camps en route, so no statistics can be produced to show the desertions or disappearances from parties in transit. No figures for in and out-patients among the labourers on the Plateau are to be had, though admissions to the base hospitals were recorded as usual. The death rate shown in the Appendix[1] is compiled from figures supplied by the employers, and may, therefore, not cover all casualties. For these reasons, any detailed analysis of the general efficiency of this labour, and the output in proportion to the numbers involved, is impossible.

55. In spite of all handicaps, however, large numbers of men were assembled, forming a valuable addition to the labour force engaged in the production of the essential tin; all accounts go to show that the conscripts worked willingly and well and made a valuable contribution to the war effort. All concerned were learning by experience and the whole organisation was being steadily improved.

56. A new development arose with a decision to construct the important dam at Tenti in order to provide a large increase of water storage for the hydro-electric undertaking. The dam is located in an isolated and exposed area of the Plateau with very few inhabitants for a number of miles around; trees are almost entirely lacking and vegetation is restricted to coarse scanty herbage. Food is consequently very scarce, and the usual market is non-existent. On the sunny day on which I visited it, the dam and its surrounding camps looked not unattractive; they would, however, assume a very different aspect in the heavy rains, piercing winds, and constant clouds of the wet season. Owing to these characteristics, no voluntary labour was available, and the construction had to be undertaken by conscripts. These were drawn from the provinces of Benue, Bornu, Niger, and Sokoto; at one time the numbers assembled amounted to something over 4,000. Preliminary consideration by an experienced organiser would have indicated certain important factors in the plan; in particular, the men from Benue would be leaving a hot, humid climate for a cold and exposed locality; furthermore, their normal diet consists of yams, which (like bananas and sweet potatoes) renders the eater peculiarly susceptible to any change of diet, particularly one consisting of grain and meat. (This characteristic is, of course, well

[1] Not printed.

recognised in those countries such as Tanganyika where important sections of labourers normally subsist on these staple but inadequate foods, and thus require special treatment and additional elements of diet when employed away from their own country). To guard against widespread sickness and mortality, it would have been necessary to construct a typical conditioning camp where they could have been well housed and clothed, subjected to close medical inspection, and fed upon a regulated diet calculated to wean them gradually from their normal food, the bulky and perishable yam. This would have required at least a month which, in view of the fact that the conscripts only serve for four months, would have been more trouble than it was worth. In other words, experienced preliminary consideration would have altogether ruled out the employment of Tivs in the climatic conditions existing on the Plateau; but the urgent need for production being the prominent consideration, the conscripts were duly assembled, including the contingent from Benue.

57. At first, results were not unsatisfactory, but as the season became more unfavourable, sickness and deaths rapidly increased. Cerebro spinal meningitis made its appearance though not in the devastating form which it sometimes assumes, while dysentery and diarrhoea became increasingly common.

58. The wet season set in at the end of June and produced a rapid increase in illness and mortality; among the Tivs, 28 deaths occurred in May, 29 occurred in June, 42 in July, and 31 in the first half of August—this in a labour force of 1,500. So grave was the situation that Mr. Emberton and his officers recommended the immediate repatriation of all the Tiv labourers. This was accordingly begun on the 11th of August.

59. The journey involved was a trying one for men already in poor health. Lorry transport was necessary from Tenti to the nearest railway station at Kuru (some 15 miles) where the men had to be entrained in waggons for a journey of at least 12 hours, though this might be greatly extended by railway delays en route. Only some rudimentary hospital arrangements had been provided at Tenti, the nearest accommodation being the Government hospital at Jos, some 35 miles by road, or the already overcrowded Missionary hospital at Vom which is rather nearer. It was, therefore, necessary to despatch as many men as possible even though already ill. The arrangements for food en route consisted of the payment of a ration allowance for purchase of food by the way, which was clearly insufficient provision for the needs of men, many of whom were already invalids; the usual practice of issuing food cooked or ready to eat, to travellers, is specially important in the case of invalids. The type of experienced man employed as conductor of such gangs in countries where movement of labour is common, is, of course, non-existent in Nigeria.

60. With the decision to evacuate the Tivs I am in full agreement; the African in such circumstances becomes depressed and resigned and succumbs without a struggle, the one step affording hope being a prompt return to his home; but the absence of any adequate hospital where serious cases could at least have been restored sufficiently for the journey, was most unfortunate; the consequences were immediately apparent.

61. The Medical Officer, Kafanchan, reported on August 14th to the Senior Medical Officer, Jos, as follows:— "At 1 p.m. on the 1st instant the Station Master, Kafanchan, reported the death of a mines labourer in a waggon at Kafanchan Railway Station; this was not the first occurrence of a mines labourer being found dead whilst in transit. . . . I made rapid examination of all the labourers, 11 were too ill to

continue the journey and were admitted to Kafanchan Hospital. The majority were very emaciated and ill looking. Most seemed to have only loin cloths and scanty wrappers. 1 died few hours after admission into hospital, 3 died on the 3rd instant and 1 died on the 7th instant. Of the remaining 6 in hospital 2 are still hopeless. . . . It was discovered that many of them had not [sic] substantial meal since they entrained". Similar incidents were taking place elsewhere. Mr. Mant, Labour Officer, reported that 2 Tivs had been found dead on the road about 1½ miles from Kuru on the night of the 11th–12th of August, and there were other reports. It appears certain that there must have been an appreciable unknown mortality which will never be ascertained with accuracy, in addition to that occurring later among those men who arrived home permanently weakened.

62. The Appendix gives the recorded statistics of the deaths at Tenti from March to August. It will be observed that the death rate for the Tiv labour force amounting to 1,500 was 134 for rather less than 6 months; this, however, includes a considerable turnover, the total number of Tivs involved being 3,780. The figures of the men from the other 3 provinces are decidedly better although also serious; the Sokoto labourers alone furnish a figure that might be considered just permissible. The Appendix also gives the total mortality reported by employers among the conscripts on the Plateau between October 21st, 1942, and December 23rd, 1943. No statistics of sickness not resulting in death are available—so the figure for absenteeism due to illness cannot be ascertained. The note at the foot of the Table draws attention to the difference between total numbers and the average in employment, but it is necessary to point out that the death rate per thousand, as shown, is inaccurate, since it takes account only of the total numbers employed and the deaths, disregarding the additional factors of the average number employed, and the length of time—four months—worked by each man. Exact conclusions are further complicated by the necessity for taking into consideration the additional time spent on the journey each way, and the casualties arising in this connection, for which figures are not available. Some comparison with these results may be found in the historical disasters which have occurred elsewhere in Africa. The very similar circumstances attending the original recruiting of labour in the low lying country around the Zambesi for work on the high cold Rand, produced a death rate of 64 per thousand, which entailed the imposition of the long-maintained ban on recruiting north of 20° south; the lifting of the ban 7 years ago was followed by a death rate of about 18 per thousand, subsequently reduced to less than 9. The construction of the Mau railway in Kenya did not involve any high death rate, since the early repatriation of lowland labour forestalled serious developments. The public enquiry into the circumstances of the notorious French Equatorial railway construction produced no reliable figures, though rumour affirmed that the death rate touched 100. Instances of successful acclimatisation are afforded by the recruiting of Tamil labourers for employment in the highlands of Ceylon, and the importation of lumbermen from British Honduras for work in the Scotch forests since the outbreak of war.

63. The foregoing account shows the deplorable results likely to follow any attempt to undertake the movement of formidable numbers of African labourers with inadequate and inexperienced staff. I have already affirmed my considered opinion that no blame should be attached to the officers called upon to struggle with an overwhelming task; rather, I consider that they did all that could have been expected in the circumstances.

64. A depressing feature of the story lies in the fact that the dam subsequently developed grave defects (perhaps owing to inclement weather or undue haste during construction), which not only largely reduced its value, but represent a threat to important structures lower down the river. A choice between repair or partial demolition had, therefore, to be made; the precise plan to be adopted had not been decided upon at the time of my departure from Nigeria. The conscript labour employed was, however, to be completely disbanded and repatriated by the end of April. . . .

166 CO 927/7/4, no 16, CHR19 31 Mar 1945

'Housing research in the colonies': report by the Colonial Housing Research Group

[The Colonial Housing Research Group was established in July 1944. It gathered information regarding colonial building problems, but in view of the diversity of conditions to be found in the colonial empire and the fact that some governments had already conducted inquiries of their own it was considered that the group could not serve as an advisory body for the colonies. Nevertheless, it was suggested that the creation of a permanent central organisation for the collection and dissemination of material would help militate against 'the tendency to start "de novo" everywhere, neglecting the accumulated experience of other places' (CO 927/7/4, no 2, 'Suggestions for discussion at forthcoming meeting on the future of the Colonial Housing Research Group', CHR16 by F Longland, 18 Jan 1945). This proposal was incorporated in the report reproduced below. The editors are grateful to Susan Parnell for the reference to this document.]

We were constituted as an informal study group in the summer of 1944 to consider by what means research and investigation could best be brought to bear on the problems of housing in the Colonies. A list of those who have taken part in the deliberations of the Group is annexed.[1] We have held seven meetings, in the course of which we have had the advantage of discussion with Sir Frank Stockdale, then Comptroller for Development and Welfare in the West Indies, Mr. Walker, Deputy Director of Public Works, Nigeria, Mrs. Maxwell Fry, Assistant Town Planning Adviser for Nigeria, Mr. A.V. Thomas, Malayan Forest Service, Captain J.J. Bryan, Malayan Planning Unit, and Miss Edith Clarke, Secretary, Board of Supervision, Jamaica and a member of Jamaica Welfare Limited.

2. In order to assist us in our review of the problem, arrangements were made to enable one of our number, Mr. F. Longland, ex-Provincial Commissioner, Eastern Province, Tanganyika Territory, to devote his whole time to the scrutiny of documentary material available in the Colonial Office regarding housing in all its

[1] The Colonial Research Housing Group was chaired by I G Evans, director of building research, Dept of Scientific and Industrial Research. The other members of the group were: Prof D B Blacklock and Dr Mary Blacklock of the Liverpool School of Tropical Medicine; R W Foxlee, Crown Agents; S J Johnstone and Dr S E Chandler of the Imperial Institute; Dr Audrey Richards; Messrs F Longland, Pott and Butterworth of the Building Research Committee. The CO was represented by Dr W H Kauntze, chief medical officer; Major G StJ Orde Browne; W A Robertson, forestry adviser; Dr R Firth, secretary, Colonial Social Science Research Committee; C Y Carstairs, secretary, Colonial Research Committee; J D Bates, Social Services Dept; and Miss M W M Robertson, secretary to the group.

aspects. We are very much indebted to Mr. Longland for this work, and to the members of the staff of the Building Research Station of the Department of Scientific and Industrial Research who have co-operated in it.

3. The problem of housing in the Colonies constitutes an enormous field for enquiry. The Colonies include great diversity in climate, materials, sociology of the local populations, state of economic development and many other factors all of which have a direct or indirect bearing on housing. We cannot claim to have made a full review in the time at our disposal. We have moreover, come to the conclusion that it would not have been appropriate or useful for us to have attempted such a review. The position is far from static. Enquiry is being pushed ahead very actively in many parts of the Colonial Empire, and much valuable work is being done, so that any lengthy and detailed study on our part would almost certainly be found to have been overtaken by events. Our studies and discussions have, however, led us to certain general conclusions and suggestions for further action which are set out below.

4. In our view the importance of a deliberate scientific and co-ordinated study of the needs of housing in the Colonies can scarcely be exaggerated. If Colonial peoples are not adequately and suitably housed, many other measures for their health and welfare will fail of their full effect. Economic changes are in progress which involve substantial movements of population, in particular a drift to the towns in response to the attraction of industrial and commercial developments there. This drift, on the desirability or otherwise of which we do not feel called upon to comment, is clearly recognised, and much thought is being devoted to the problems of urban housing to which it gives rise. The problem of rural housing requires equal attention if there is to be preserved a proper balance of attraction as between town and country, and this in turn depends very largely on questions of the supply and cost of materials and the cost of construction and maintenance, which must be related to the economic status of the people themselves. Finally, most Colonies are faced with very substantial housing programmes which will involve heavy expenditure, some part of which will no doubt fall on United Kingdom funds provided under the Colonial Development and Welfare Act. If those large sums are to be wisely and economically spent, a sure foundation of knowledge of all the factors involved will be essential. We would add that we have had it in mind that general economic development must be pursued concurrently with improved housing as being, in the long run, a condition of improved housing.

5. Housing research, in the sense in which we regard it, is not a mere matter of materials and construction. It involves medical and physiological investigations, to determine the conditions for health in given circumstances; knowledge of social and domestic habits and the reasons for them; knowledge of the economic status of the populations concerned, to which costs must be closely related—all these in addition to research into the use and sources of materials and questions of design to which it is commonly apt to be limited. Without a broad medico-sociologico-economic background of knowledge, house design and the planning of housing schemes are bound to suffer. This point has a direct bearing on a suggestion which we make below. (Paragraph 16).

6. Our first step was to examine the present position. We have had much evidence of invaluable work being done by individuals and Departments in many Colonies, but it was early borne in upon us that up to the present the difficulties in the way of acquainting workers with information accumulated in different parts of the world

were so great as to be in practice insuperable. There is no established centre to which a Colonial Department can at present refer with the certainty of being put in touch with all the relevant information which it may require on housing and housing research matters, on the broad interpretation which we have placed on this term. In the circumstances, it is most difficult for Departments to be sure that they are not reduplicating work already adequately done elsewhere, and there is not nearly enough of the encouragement and stimulation which comes from knowledge of the approach and achievement of other workers in the same field.

7. We have consequently considered how the necessary improvements in the situation can best be brought about. The first need is, in our view, for the establishment of a centre for the collection and dissemination of information concerning housing activities in the Colonies. At such a centre or Bureau, data such as type plans, reports on various materials and on the performance, cost and suitability from various points of view of various designs might be accumulated and be available for consultation by all Colonial Departments, and which might also be responsible for the issue of periodical digests or bulletins on housing matters of general or special Colonial interest. Such a Bureau would probably be the best repository for the information requested in paragraph 5(b) of the memorandum (C.H. No.1) on "General Aspects of the Housing Problem in the Colonial Empire" recently circulated to Colonial Governments.

Following the practice successfully adopted in connection with the Imperial Agricultural Bureau, we consider that the proposed Housing Bureau should be attached to some existing institution dealing with the same or some closely kindred subject, in order to secure the advantage of access to good library facilities and workers in the same field of enquiry. The staff for such a Bureau need not initially be large, but it should include among its senior staff at least one member with personal experience in the Colonial field. Adequate clerical and technical assistance would be required, and also suitable cabinets for the storage of type plans etc., library accommodation, and equipment for the reproduction of plans and diagrams. In addition to serving as a centre for the receipt and dissemination of information, the Bureau would also, we feel, prove most useful as a centre of consultation for Colonial officials and others home on leave.

8. The second major need, in our view, is for the setting up of research establishments in the Colonies themselves. The soundness of such a proposal hardly needs argument today, for it is recognised that scientific research is an essential element in the formulation of sound policy, and it is certain that there are many problems which cannot adequately be studied except on the spot. It is obviously impracticable to contemplate one establishment in each Colony, and we therefore suggest a regional grouping for this purpose, such as is contemplated, we understand, for others. We tentatively suggest that establishments might be set up for the West Indies, East Africa, West Africa and, after the war, Malaya. Consideration might also be given to the desirability of similar establishments in Ceylon and the Pacific Dependencies. These establishments need not be large; and expenditure of the order of £20,000 a year for each might be adequate in the first instance. In suggesting this figure we have in mind ordinary laboratory expenses only. Doubtless there will be considerable scope for large scale field trials, but we contemplate that such trials should be undertaken with the co-operation of the Public Works and other Departments concerned. Moreover, while we have emphasised that medical and

sociological investigations form an integral part of housing research, properly understood, it is our contemplation that such work should be undertaken under the auspices of specialist medical and sociological organisations, and that it would be the primary business of the research establishments we now propose to contribute, from study of the more physical and material aspects of the general questions, to the general pool of information. It would be important to ensure that the establishment should be regarded as serving all the Colonies in the region concerned equally with that in which its headquarters were located and to this end it might have attached to it a Field Officer in each Colony who would be responsible for local work and for the maintenance of liaison between the local Departments and the establishment itself. All officers should of course travel as much as possible and familiarise themselves with the problems of the whole area, as well as keeping themselves in this way in touch with developments in the United Kingdom and abroad.

9. The general functions of the establishments would be to act as local centres of information, and to carry out these investigations which must necessarily be done on the spot, though they might in time come to specialise in certain directions for the benefit of the Colonies as a whole. Certain other investigations of a specialist character or of a more long-term or general nature might well be undertaken in this country. For instance, the Imperial Institute has great experience in the examination of the possibilities of various raw materials. The Building Research Station itself has acquired a considerable background of experience on building problems which might usefully be brought to bear on the solution of Colonial problems. The Forest Products Research Laboratory has an extensive mass of information regarding the performance of various timbers. It appears to us that the establishments while initially concentrating on housing problems, might in the course of time be drawn into problems of building generally, and possibly into certain aspects of civil engineering and public works, e.g. road construction.

10. We recognise that there are several Colonies which do not fall within any clearly-defined regional grouping, and whose needs would thus not be directly met by the network of establishments which we have proposed. The existence of facilities both here and in the Colonies should, however, be made known to them, and special arrangements made, by secondment of staff and otherwise, to assist them to deal with their problems.

11. The terms of service of the personnel of the proposed establishment will require to be very carefully considered. While we would like to see preserved the present possible interchange between them and existing Departments of Colonial Governments (e.g. Public Works and Medical) we consider that the terms should approximate rather to the F.S.S.U. system recommended for the proposed Agricultural and Medical Research Services, rather than the normal pension arrangements for the existing Colonial Services. By this means an interchange of staff with institutions in this country would be greatly facilitated.

12. Questions of policy would clearly arise both in the operation of the Bureau and in the development of the Colonial Research establishments. We therefore recommend that the Colonial Office should appoint a Committee representative of administrative experience and technical knowledge in the various relevant fields to advise on them.

13. While we attach the greatest importance to the early establishment of regional centres on the lines suggested, it is clear:—

(1) that at the present time it would be very difficult to find the personnel;
(2) that results would not be immediately forthcoming: organisations of this kind must be regarded as essential preparation for the future rather than as bringing immediate solutions for the problems of today.

14. This brings us to the third need, which is for an immediate review of all information and experience bearing on Colonial housing. The data necessary for this purpose is not, and cannot in its nature, be available in this country in present circumstances, as Mr. Longland's review has demonstrated to us. In considering methods, we have been greatly impressed by that employed in connection with Colonial nutrition, which we understand to have been most successful, and we feel that this same technique might be applied with but minor modifications to the problem of Colonial housing. We would propose, therefore, that Colonial Governments be asked to constitute *ad hoc* Housing Committees, where such do not already exist, to consider and report on the matter under the following heads, which are closely modelled on those proposed for nutrition in Mr. J.H. Thomas's circular despatch of the 18th of April, 1936:—*

(a) a review of present knowledge as regards housing, both urban and rural, including the sources from which it is drawn, under the following categories

(i) *material and physical*
raw materials
designs
public health requirements

(ii) *Social and economic*
relation to social and family structures
" " land tenure and agricultural systems
costs in relation to standards of living
social habits in regard to construction e.g. degree of collaboration.

(b) a review of the further studies required under these various heads in order to elicit the knowledge necessary for the formulation of sound housing policies, and of the agencies through which these further studies might most profitably be conducted;
(c) a review of the practical measures which have been taken in the past to apply available knowledge, from whatever source, to the improvement of housing and the better foundation of housing policies;
(d) a review of the additional measures of this kind which should be taken in the future.

15. In making this recommendation, we have not failed to take note of the fact that the staffs of Colonial Governments are now, in the sixth year of war, subject in many cases to overstrain and overwork, and we do not lightly suggest that this additional task be placed upon them. We do, however, recommend that early action be taken on these lines as soon as possible for the following reasons. In the first place, the housing problem will not wait, and is of necessity already engaging the

* Appendix 1 in Part I of the First Report of the E.A.C. Committee on Nutrition in the Colonial Empire (Cmd.6050 of 1939).

urgent attention of many Colonial Departments. What we propose would thus in fact amount to little more than asking Departments to review together a problem with which many of them are having already to deal separately. Further, we have formed the impression that the whole problem of attaining a co-ordinated approach to housing matters is one which causes concern to many of those engaged in this work, and we believe that a lead from the Secretary of State calculated to bring together for conjoint study and discussion all the parties concerned would in fact be welcomed and have a wholly salutory and stimulating effect.

16. If this procedure is to have its full effect, we consider that all Departments in any way concerned should be invited to join in the proposed studies. That is to say, apart from Secretariats, Medical and Public Works Departments, the Labour and Welfare Departments, should play a part, and also Departments concerned with the utilisation of the agricultural and other resources of the territories concerned, e.g. Agricultural, Forestry and Geological Departments. The Committees would doubtless need professional advice on the legal aspects of town and village planning, and particularly on land tenure matters, unless Land Departments exist which can deal with them. We would not confine the Committees to official representation only, but open them to any other organisations, or individuals, likely to make a useful contribution to their work—e.g. missions, municipalities, employers of labour where they have housing responsibilities and, not least, representatives of the people themselves.

17. We expect that valuable results would flow from the mere creation of such Committees, in that there might thereby be created a real sense of the indivisibility of the problem of housing in all its aspects, and improved arrangements for co-ordinating inter-departmental action. But if full advantage is to be drawn from their work, the Reports of the Committees should be collected and scrutinised in this country by an appropriate body. Here again, we follow the procedure adopted with success in the case of Colonial nutrition. If this suggestion is adopted we would recommend that, in order that the maximum benefit may be drawn from this work, the Report of the collating committee should be prepared with a view to eventual publication.

18. We would emphasise that we would not wish our recommendation for a review by local Committees to stand in the way of early implementation of our recommendation for the setting up of regional housing research establishments. This will necessarily be tentative to begin with, and they could readily be modified as necessary in the light of the results of the more general enquiry.

19. To sum up, we recommend:—

(1) that there be established in this country a Colonial Housing Bureau (paragraph 7);
(2) that housing research establishments be set up as soon as possible on a regional basis in suitable areas (paragraph 8);
(3) that Colonial Governments be invited to set up Housing Committees on a very broadly representative basis to consider the research needs of Colonial housing (paragraphs 14–17);
(4) that the Colonial Office appoint a Committee to advise on the work of the Bureau and on the development of the research establishments in the Colonies (paragraph 12).

Biographical Notes: parts I–II

Amery, Leopold Stennett, 1873–1955
MP (Unionist) 1911–1945; assistant secretary, War Cabinet and Imperial War Cabinet, 1917; on staff of War Council, Versailles, and personal staff of S of S for war, 1917–1918; parliamentary under-secretary of state for colonies, 1919–1921; parliamentary and financial secretary to Admiralty, 1921–1922; first lord of Admiralty, 1922–1924; S of S for colonies, 1924–1929; S of S for dominion affairs, 1925–1929; S of S for India and Burma, 1940–1945

Attlee, Clement Richard (1st Earl cr 1955) 1883–1967
MP (Lab) from 1922; member of Indian Statutory Commission, 1927; leader of Labour Party in House of Commons from 1935; S of S for dominion affairs, 1942–1943; lord president of the Council, 1943–1945; deputy prime minister, 1942–1945; prime minister 1945–1951 and minister of defence to 1946; leader of the Opposition, 1951–1955

Bourdillon, Bernard Henry, 1883–1948
KCMG, 1934; military and political service in Mesopotamia and Iraq, 1918–1929; colonial secretary and chief secretary, Ceylon, 1929–1932; gov of Uganda, 1932–1935; gov of Nigeria, 1935–1943; (gov-gen-designate, Sudan, 1940); member, Colonial Economic Development Council

Burns, Alan Cuthbert, 1887–1980
KCMG 1936; Colonial Service from 1905 (Leeward Islands, 1905–1912, Nigeria 1912–1914); colonial secretary, Bahamas, 1924–1929; deputy chief secretary, Nigeria, 1929–1934; gov, British Honduras, 1934–1940; assistant under-secretary of state, CO, 1940–1941; gov, Gold Coast, 1941–1947; acting gov, Nigeria, 1942; permanent UK representative, UN Trusteeship Council, 1947–1956

Caine, Sydney, 1902–1991
KCMG 1947; Harrow County School and London School of Economics; transferred from Inland Revenue to CO, 1926; secretary, West Indies Sugar Commission, 1929; financial secretary, Hong Kong, 1937; CO assistant secretary from 1940 (head of Economic Dept, 1940–1942); member, Anglo-American Caribbean Commission, 1942; financial adviser to S of S for colonies, 1942; CO assistant under-secretary of state from 1944; joint deputy under-secretary of state, 1947–1948; 3rd secretary, Treasury, 1948

Cameron, Donald Charles, 1872–1948
KCMG, 1926; Rathmines School, Dublin; Colonial Service in British Guiana and Mauritius, 1890–1907; transferred to Southern Nigeria, 1908; central secretariat, Nigeria, from 1914; chief secretary, Nigeria, 1921–1924; gov of Tanganyika, 1925–1931; gov of Nigeria, 1931–1935

Churchill, Winston Leonard Spencer, 1874–1965
KG 1953; MP (Con) 1900–1904, (Lib) 1904–1918, (Constitutionalist) 1924–1929, (Con) 1929–1964; under-secretary of state, CO, 1906–1908; president of Board of Trade, 1908–1910; home secretary, 1910–1911; first lord of Admiralty, 1911–1915; chancellor of Duchy of Lancaster, 1915; minister of munitions, 1917–1919; S of S for war and air, 1919–1921; S of S for colonies, 1921–1922; chancellor of Exchequer, 1924–1929; first lord of Admiralty, 1939–1940; prime minister and minister of defence, 1940–1945; prime minister, 1951–1955 and minister of defence, 1951–1952

Clauson, Gerard Leslie Makins, 1891–1974
KCMG 1945; Eton and Corpus Christi, Oxford; oriental scholar; CO from 1919 (from Inland Revenue and army); assis-

tant secretary from 1934 (head of Economic Department, 1934–1940); assistant under-secretary of state, 1940–1951; chairman, International Wheat Conference, 1947, and International Rubber Conference, 1951; retired, 1951; chairman, Pirelli Ltd, 1960–1969

Cohen, Andrew Benjamin, 1909–1968
KCMG 1952; Malvern and Trinity, Cambridge; transferred from Inland Revenue to CO, 1933; served in Malta, 1940–1943; assistant secretary, CO, from 1943 (head of Tanganyika Dept, 1943, Central Africa Dept, 1944, East and Central Africa Dept, 1945–1947); assistant under-secretary of state, 1947–1951 (head of Africa Division); gov, Uganda, 1952–1957; permanent UK representative, UN Trusteeship Council, 1957–1961

Cranborne, Viscount, *see* **Salisbury, 5th Marquess of**

Dawe, Arthur James, 1891–1950
KCMG 1942; Berkhampsted and Brasenose, Oxford; CO from 1918; secretary, Malta Royal Commission, 1931, and mission to Malta, 1933–1934; assistant secretary, CO, from 1936 (head of Pacific and Mediterranean Dept, 1936–1938, East Africa Dept, 1938); assistant under-secretary of state, 1938; deputy under-secretary of state, 1945–1947

De La Warr, 9th Earl 1930 (Herbrand Edward Dundonald Brassey Sackville) 1900–1976
Parliamentary under-secretary of state, WO, 1929–1930; parliamentary secretary, Ministry of Agriculture and departmental minister of fisheries, 1930–1931 and 1931–1935; parliamentary secretary, Board of Education, 1935–1936; parliamentary under-secretary of state, CO, 1936–1937; chairman of Commission on Higher Education in East Africa, 1937; lord privy seal, 1937–1938; president of Board of Education, 1938–1940

Eastwood, Christopher Gilbert, 1905–1983
Eton and Trinity, Oxford; CO from 1927; seconded as private secretary to UK high commissioner, Palestine, 1932; secretary, International Rubber Regional Committee, 1934; principal, CO, 1935; private secretary to S of S for colonies, 1940–1941; seconded as principal private secretary, Cabinet Office, 1945; assistant under-secretary of state, CO, 1947–1952 and 1954–1966; commissioner for crown lands, 1952–1964

Eden, (Robert) Anthony (1st Earl of Avon cr 1961) 1897–1977
KG 1954; MP (Con) 1923–1957; parliamentary private secretary to S of S for foreign affairs, 1926–1929; parliamentary under-secretary of state, FO, 1931–1933; lord privy seal, 1934–1935; minister without portfolio for League of Nations affairs, 1935; S of S for foreign affairs, 1935–1938; S of S for dominion affairs, 1939–1940; S of S for war, 1940; S of S for foreign affairs, 1940–1945; leader of House of Commons, 1942–1945; S of S for foreign affairs and deputy prime minister, 1951–1955; prime minister, 1955–1957

Flood, John Ernest William, 1886–1940
Portora Royal School, Enniskillen and Trinity, Dublin; CO from 1910; principal, 1920; vice-chairman, Colonial Advisory Medical and Sanitary Committee, 1924–1926; assistant secretary from 1926 (head of Nigeria Dept, 1927–1929, West Africa Dept, 1929–1931, Middle East Dept, 1932, Pacific and Mediterranean Dept, 1933, East Africa Dept, 1934–1938); crown agent for the colonies, 1938; director of colonial scholars, 1939

Gater, George Henry, 1886–1963
Kt 1936; Winchester and New College, Oxford; local government from 1912; CO permanent under-secretary of state, 1939–1947 (seconded to Ministry of Home Security and Ministry of Supply, 1940–1942)

Gent, Gerard Edward James, 1895–1948
KCMG 1946; King's School, Canterbury and Trinity, Oxford; CO from 1920; assistant secretary, Indian Round Table Conference, 1930; assistant secretary from 1939 (head of Eastern Dept, 1939–1942); assistant under-secretary of state, 1942–1946; gov, Malayan Union, 1946–1948; high commissioner, Federation of Malaya, 1948; killed in air crash

Hailey, William Malcolm (1st Baron cr 1936) 1872–1969
KCSI 1922; ICS from 1895; member, gov-gen's Executive Council (Finance and Home Depts), 1919–1924; gov, Punjab, 1924–1928, United Provinces, 1928–1930 and 1931–1934; director, African Research Survey, 1935–1938; member, Permanent Mandates Commission of League of Nations, 1935–1939; head of Economic Mission to Belgian Congo, 1940–1941; chairman, Colonial Research Committee, 1943–1948

Hankey, Maurice Pascal Alers (1st Baron of the Chart cr 1939) 1877–1963
GCMG 1929; Rugby School; secretary, CID, 1912–1938; secretary, Imperial War Cabinet, 1917–1918 and Cabinet, 1919–1938; chancellor of Duchy of Lancaster, 1940–1941; paymaster-general, 1941–1942

Harlech, 4th Baron cr 1938 (William George Arthur Ormsby-Gore) 1885–1964
MP (Unionist) 1910–1938; parliamentary private secretary to Viscount Milner and assistant secretary, War Cabinet, 1917–1918; assistant political officer, Palestine, 1918; parliamentary under-secretary of state for colonies, 1922–1924 and Nov 1924–1929; chairman, East Africa Parliamentary Commission, 1924; visited UK West African colonies, 1926 and Malaya and Ceylon, 1928; post-master general, 1931; first commissioner of works, 1931–1936; S of S for colonies, 1936–1938; UK high commissioner in Union of South Africa and high commissioner for Basutoland, Bechuanaland Protectorate and Swaziland, 1941–1944

Jeffries, Charles Joseph, 1896–1972
KCMG 1943; Malvern and Magdalen, Oxford; CO from 1917; assistant secretary from 1930 (establishment officer and head of personnel, Colonial Service, 1930–1939); assistant under-secretary of state from 1939; joint deputy under-secretary of state, 1947–1956

Lewis, William Arthur, b 1915
Kt 1963; economist; recruited to CO, 1941; temporary principal, Board of Trade, 1943; chairman, Colonial Economic Advisory Committee, 1943–1944 (resigned); professor of political economy, University of Manchester, 1948–1958; part-time member, Board of Colonial Development Corporation; 1951–1953; UN consultancies, 1952–1958; principal, University of West Indies, 1959–1962, vice-chancellor, 1962–1963; chairs at Princeton University, 1963–1983

Lloyd, Thomas Ingram Kynaston, 1896–1968
KCMG 1947; Rossall, Gonville and Caius, Cambridge; transferred from Ministry of Health to CO, 1921; secretary, Palestine Commission, 1929–1930; secretary, West India Royal Commission, 1938–1939; assistant secretary, CO, from 1939 (head of Colonial Service Dept, 1941–1942, Defence Dept, 1942–1943); assistant under-secretary of state from 1943; permanent under-secretary of state, 1947–1956

MacDonald, Malcolm John, 1901–1981
Son of J Ramsay MacDonald; MP (Lab) 1929–1931, (Nat Lab) 1931–1935, (Nat Govt) 1936–1945; parliamentary under-secretary of state for dominion affairs, 1931–1935; S of S for dominion affairs, 1935–1938 and 1938–1939; S of S for colonies, 1935 and 1938–1940; minister of health, 1940–1941; UK high commissioner in Canada, 1941–1946; gov-gen, British territories in South-East Asia, 1946–1948; commissioner-general in South-East Asia, 1948–1955; subsequently gov/gov-gen/UK high commissioner, Kenya, 1963–1965

Macmillan, (Maurice) Harold (1st Earl of Stockton cr 1984) 1894–1986
MP (Unionist) 1924–1929, 1931–1945, (Con) 1945–1964; parliamentary secretary, Ministry of Supply, 1940–1942; parliamentary under-secretary of state, CO, 1942; minister resident at Allied HQ in North-West Africa, 1942–1945; secretary for air, 1945; minister of housing and local government, 1951–1954; minister of defence, 1954–1955; S of S for foreign affairs, 1955; chancellor of Exchequer, 1955–1957; prime minister, 1957–1963

Melville, Eugene, 1911–1986
KCMG 1965; Queen's Park School, Glas-

gow and St Andrews; CO from 1936; secretary to West Africa Cocoa Commission, 1938; private secretary to parliamentary under-secretary of state for colonies, 1939; Colonies Supply Mission, Washington, 1941–1945; assistant secretary, CO, 1946; financial adviser, Control Commission for Germany, 1949–1952; assistant under-secretary of state, CO, 1952; FO and Diplomatic Service, 1961–1971

Moore, Henry Monck-Mason, 1887–1964
KCMG 1935; King's College School and Jesus, Cambridge; Colonial Service in Ceylon, Bermuda, Nigeria and Kenya, 1910–1934; gov of Sierra Leone, 1934–1937; assistant under-secretary of state, CO, 1937–1939; deputy under-secretary of state, 1939; gov of Kenya, 1939–1944; gov of Ceylon, 1944–1948; gov-gen of Ceylon, 1948–1949

Moyne, 1st Baron cr 1935 (Walter Edward Guiness) 1880–1944
MP (Unionist) 1907–1931; minister of agriculture and fisheries, 1925–1929; Financial Mission to Kenya, 1932; chairman, West India Royal Commission, 1938–1939; parliamentary secretary, Ministry of Agriculture, 1940; S of S for colonies, 1941–1942; deputy minister, Cairo, 1942–1944 (Jan); Cabinet minister-resident in Middle East, 1944 (Jan–Nov); assassinated by Stern Gang

Orde Browne, Major Granville St John, 1883–1947
Kt 1947; Wellington College and Royal Military Academy, Woolwich; commissioned in Royal Artillery, 1902; served in Zulu rising, 1906; assistant district commissioner, East African Protectorate from 1909; military service in East Africa during WWI; senior commissioner, Tanganyika, 1921; labour commissioner, Tanganyika, 1926–1931 (retired); labour adviser to S of S for colonies, 1938–1947

Ormsby Gore, William George Arthur, *see* **Harlech, 4th Baron**

Parkinson, Arthur Charles Cosmo, 1884–1967
KCMG 1935; entered Admiralty, 1908, transferred to CO, 1909; assistant secretary from 1925 (head of East African Dept, 1928–1931); assistant under-secretary of state, 1931; permanent under-secretary of state, 1937–1940; permanent under-secretary of state, DO, 1940; acting permanent under-secretary of state, CO, 1942–1944; seconded for special duty in colonies, 1942–1944; retired, 1944, re-employed as adviser on reorganisation of Colonial Service, 1945

Paskin, Jesse John, 1892–1972
KCMG 1954; King Edward's, Stourbridge and St John's, Cambridge; transferred from Ministry of Transport to CO, 1921; assistant secretary from 1939 (head of Social Services Dept, 1941, Eastern Dept, 1942–1947); assistant under-secretary of state, 1948–1954

Passfield, 1st Baron cr 1929 (Sidney James Webb) 1859–1947
Social historian and social reformer; served in CO, 1881–1891; with his wife, Beatrice Webb, founded the London School of Economics in 1895 where he later became (1912–1927) professor of public administration; founded socialist periodical *The New Statesman*, 1913; MP (Lab) 1922–1929; president of Board of Trade, 1924; S of S for dominion affairs, 1929–1930; S of S for colonies, 1929–1931

Richards, Dr Audrey Isabel, 1899–1964
Downe House School and Newnham, Cambridge; field work in Northern Rhodesia, 1930–1931, 1933–1934, 1957, in Northern Transvaal, 1939–1940, in Uganda, 1950–1955; lecturer in social anthropology, London School of Economics, 1931–1933, 1935–1937; senior lecturer in social anthropology, University of Witwatersrand, 1939–1941; principal, CO, 1942–1945; secretary, Colonial Research Advisory Committee; reader in social anthropology, University of London, 1946–1950; director, East African Institute of Social Research, Makerere College, Uganda, 1950–1956; director, Centre for African Studies, University of Cambridge, 1956–1967

Salisbury, 5th Marquess cr 1947 (Robert Arthur James Gascoyne Cecil) 1893–1972
Viscount Cranborne 1942; MP (Unionist)

1929–1941; parliamentary under-secretary of state, FO, 1935–1938; paymaster-general, 1940; S of S for dominion affairs, 1940–1942 and 1943–1945; S of S for colonies, 1942; lord privy seal, 1942–1943; leader of House of Lords, 1942–1945; S of S for Commonwealth Relations, 1952; lord president of the Council, 1952–1957; resigned over Conservative colonial policy

Shiels, Dr (Thomas) Drummond, 1881–1953
Kt 1939; MP (Lab) 1924–1931; member of special commission on Ceylon constitution, 1927; parliamentary under-secretary of state, India Office, 1929 and CO, 1929–1931; member of Colonial Economic Development Council

Stanley, Oliver Frederick George, 1896–1950
MP (Con) 1924–1950; parliamentary under-secretary of state, Home Office, 1931–1933; minister of transport, 1933–1934; minister of labour, 1934–1935; president of Board of Education, 1935–1937; president of Board of Trade, 1937–1940; S of S for war, 1940; S of S for colonies, 1942–1945

Stockdale, Frank Arthur, 1883–1949
KCMG 1937; Wisbech Grammar School and Magdalene, Cambridge; director of agriculture, Mauritius, 1912–1916 and Ceylon, 1916–1929; member of Legislative Council, Ceylon, 1912–1929; agricultural adviser to S of S for colonies, 1930–1940; comptroller for development and welfare in West Indies, 1940–1945; co-chairman of Anglo-American Caribbean Commission, 1942–1945; adviser on development planning, CO, 1945–1948

Swinton, 1st Earl cr 1955 (Philip Cunliffe-Lister) 1884–1972
1st Viscount Swinton, 1935–1955; president of Board of Trade, 1922–1923 and 1924–1929; S of S for colonies, 1931–1935; S of S for air, 1935–1938; Cabinet minister-resident in West Africa, 1942–1944; minister for civil aviation, 1944–1945; chancellor of Duchy of Lancaster and minister of materials, 1951–1952; deputy leader of House of Lords, 1951–1955; S of S for Commonwealth relations, 1952–1955

Vischer, Hanns, 1876–1945
Kt 1941; born and educated in Switzerland; Emmanuel, Cambridge; political service, Northern Nigeria, 1903–1908; director of education, Northern Nigeria, 1908–1918; secretary and member of ACEC, 1923–1939; represented CO on Phelps-Stokes Educational Commission, East Africa, 1924; honorary secretary-general, International Institute of African Languages, from 1926; member, Gordon College Commission of Inspection, 1929

Williams, Owen Gwyn Revell, 1886–1954
Inland Revenue, 1910; transferred to CO, 1911; assistant secretary from 1926 (head of General Dept, 1926–1929, Middle East Dept, 1930 and 1933–1937, West Africa Dept, 1938–1946)

Wilson, Brigadier-General Samuel Herbert, 1873–1950
KCMG 1922; entered army, Royal Engineers, 1893; served in South Africa, 1899–1900; General Staff, WO, 1906–1910; assistant secretary, CID and secretary of Overseas Defence Committee, 1911–1914; General Staff officer, 2nd grade, 1914, 1st grade, 1915; brigadier-general, General Staff, 1916–1918; principal assistant secretary, CID, secretary of Overseas Defence Committee and secretary of Imperial Communications Committee, 1918–1921; gov of Trinidad and Tobago, 1921–1924; gov of Jamaica, 1924–1925; permanent under-secretary of state, CO, 1925–1933 (retired)

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War Cabinet Committees on the Middle East and Africa: CAB 95
Africa Committee: CAB 95/10 (1942)
Suez Canal Committee CAB 95/18 (1944–45)
War Cabinet Miscellaneous Committees: CAB 98
Policy in Malaya and Borneo Committee: CAB 98/41 (1944–1945)
War Cabinet Reconstruction Committees: CAB 87
Armistice and Post-War Committee: CAB 87/66–69 (1944–1945)

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War Cabinet memoranda: CAB 66/10 (1940), 14 (1940), 20 (1941), 33 (1943), 52 (1944), 65 (1945)

(iii) *Other papers*
Hankey papers: CAB 63/38 (1926), 51 (1936)
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CAB 64/29: dominion co-operation in defence; South Africa (1936–1938)
Reconstruction Secretariat files: CAB 117
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War Cabinet Commonwealth and International Conferences: CAB 99
CAB 99/5: British-United States staff conversations (1941)

2. *Committee of Imperial Defence and Chiefs of Staff Committee*

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CID Oil Board: CAB 50/6 (1936–1938)
COS minutes of meetings and memoranda to 1939: CAB 53/12 (1923–1926), 22 (1930–1932), 44 (1938–1939)
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3. *Colonial Office*

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Africa, West: CO 554/72/4, 85/72, 121/2, 128/16, 132/10, 132/20, 139/6
Ceylon: CO 54/894/10, 916/10
Cyprus: CO 67/227/4, 247/10
Eastern: CO 825/35/2, 35/4
Gambia: CO 87/229/12, 230/2
Gold Coast: CO 96/76/2, 668/8, 770/4, 673/3, 782/1
Iraq: CO 730/151/5/5, 151/10/6
Kenya: CO 533/442/1
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Straits Settlements: CO 273/667/1

Tanganyika: CO 691/174/41254/1/1939
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Defence: CO 968/3/13, 75/2, 96/7, 161/1
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Personnel: CO 850/135/12, 137/10
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Research: CO 927/7/4
Social service: CO 859/5/13, 19/18, 11/11, 39/5, 41/3, 44/3, 44/5, 45/2, 45/3, 45/9, 49/4, 49/14, 52/8, 65/8, 67/1, 75/13, 78/21, 79/8, 79/11, 79/13, 80/7, 80/8, 80/11, 80/13, 80/18, 81/10, 126/4–6
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Defence in East-Central Africa: DO 35/187/4 (1935–1936)
Relations with Irish Free State: DO 35/398/3 (1933), 399/2 (1935), 891/1/72 (1937)
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Overseas settlement officer: DO 57/72 (1928)

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A – appendix, annex or enclosure
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