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Held at Headquarters, New York,
on Friday, 14 June 1957, at 10.30 a.m.

President:

Mr. HOOD

(Australia)

Examination of conditions in the Trust Territory of Tanganyika:
annual report on the administration of the Trust Territory of
Tanganyika [4a] (continued)

Note: The Official Record of this meeting, i.e., the summary record, will appear in provisional mimeographed form under the symbol T/SR.814 and will be subject to representatives' corrections. It will appear in final form in a printed volume.

EXAMINATION OF CONDITIONS IN THE TRUST TERRITORY OF TANGANYIKA: ANNUAL REPORT ON THE ADMINISTRATION OF THE TRUST TERRITORY OF TANGANYIKA (T/1286, 1304, 1317, 1318; T/L.772) /Agenda item 4a/ (continued)

At the invitation of the President, Mr. Fletcher-Cooke, special representative for the Trust Territory of Tanganyika under United Kingdom administration, took a place at the Council table.

Political advancement (continued)

Mr. FLETCHER-COOKE (Special representative): There are three points, arising out of the questioning yesterday, that I should like to clarify. The first relates to the question put by the representative of New Zealand with reference to page 8, paragraph 33, of the 1955 report. He referred to the passage dealing with the registration of persons and indicated, as is stated in the report, that the provisions of the Registration of Persons Ordinance, 1952, had "aroused the interest of some Native Authorities in the possibility of its extension for the purpose of more effective control over alien Africans wishing to settle within their jurisdiction,..." Then it goes on:

"...while the advantages conferred by the possession of a personal document of identity have begun to evoke a demand among the indigenous population in several areas for voluntary registration schemes."

There are in fact -- and this is the point I should like to make now -- two completely separate issues here. The first relates to the registration of alien Africans in the full sense of the word "alien", that is, coming from outside the Territory. The second relates to the voluntary registration of any person resident in Tanganyika, whether he is an African or a non-African.

To take the second point first, Law No. 11 of 1956 makes provision for the voluntary registration, in order to obtain an appropriate identity card, of any person in the Territory. Tanganyika is a large place, and many people find that it is useful to have an identity card if they are moving around, in order to establish their identity. This is a purely voluntary system. There is no reference whatever in the law to persons of any race. It refers merely to persons

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Special representative)

resident in Tanganyika, whatever their race may be. The law is now in force, and there is provision in the law for it to be introduced by areas because, of course, it does create certain administrative difficulties which have to be got over. It has already been introduced in Dar es Salaam, Arusha and Moshi, and it is proposed to extend it to Tukuylater this year; and no doubt it will be further extended subsequently. That is a purely voluntary registration in order to obtain an identity card for any person of any race inside the Territory.

As regards the first point which I mentioned, namely, the possibility of registering alien Africans, that is, Africans belonging to tribes not indigenous to Tanganyika, many of whom have been coming in from neighbouring Territories, that matter is now being considered, and Native Authorities who raised this point because they wish to exercise some control over these alien Africans coming into their areas are being consulted about the possibility of providing for some registration legislation to deal with those incoming Africans. I hope that I have been able to make the position quite clear now, namely, that there are two separate issues involved.

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The second point: The representative of Burma asked me about the United Tanganyika Party and I told him that 80 per cent of its members were Africans. I have checked on the figures and I find that 60 per cent of its members are Africans, the other 40 per cent being, as I indicated, Europeans and Asians.

My final point is a remark arising out of the observations of the representative of Haiti. The representative of Haiti referred to the existing system of parity in the Legislative Council and drew attention to the population figures. He indicated that he thought that somebody might well be surprised to find these arrangements being perpetuated, having regard to the relative proportions in terms of numbers of the population. I explained to him then that it is not merely a question of numbers; it is also a question of the contributions which the three communities have made to the development of Tanganyika to date. But there is another very important point and one which members of this Council, and more particularly those who went on the 1954 Visiting Mission to Tanganyika, will recall, namely that the existing system of parity is an immense step forward. In 1954, when the Visiting Mission last went from this Council to Tanganyika, the position was quite different in the sense that there were then -- that is before the Legislative Council as it now exists was reconstituted -- only fourteen unofficial members, and they formed, as it were, the representative side then. Of those fourteen, seven were Europeans, three were Asians and four were Africans. That was the situation less than three years ago.

I think, therefore, that the introduction of parity on the basis of 10-10-10 was a very considerable step forward, and I would like to emphasize that point.

The PRESIDENT: The representative of FAO has asked to make a statement, and I call upon him now.

Mr. ORR (Food and Agriculture Organization): I have asked to speak only for the purpose of thanking the special representative, on behalf of my Director-General, for the kind references which he made in his opening statement to the technical assistance activities of FAO in Tanganyika.

Economic advancement

Mr. ZADOTTI (Italy): I have a few questions to ask on the economic field. In order to facilitate the task of the special representative, perhaps he could just point out in reply to some of the questions the relevant reference in the report. My first point refers to the budget, and in particular to revenues. The special representative yesterday made a very general reference to the contributions of the various communities to the revenues of the Territory. I should like to call the attention of the special representative to page 205 of the annual report. I assume that it is not easy for him to give me the exact figures, but could he tell me the proportionate contributions of the three communities to the two items which appear to be the most important in the revenues of the Territory, namely the income tax and the personal tax.

Mr. FLETCHER-COOKE (Special representative): I am not able to answer that question immediately and I have some doubts as to whether it could be answered at all in the sense that, so far as I am aware, no distinction is made in the minds of the tax collecting authorities between persons of different races. In other words, from their point of view we are all taxpayers. Persons of all races pay both taxes. For example, I pay both the income tax and the personal tax. Indeed, all income tax payers pay a personal tax in addition to their income tax although, broadly speaking, the personal tax is intended to extract some contribution to the expenses of the Territory from the people who do not normally fall into the income tax brackets.

I shall, however, attempt to secure some information on this point, and if I can obtain anything satisfactory I shall certainly make the Council aware of it.

Mr. ZADOTTI (Italy): In asking my question, I was fully aware that it would be very difficult for the special representative to give exact figures. What I actually wanted was a rough indication of the percentage of contributions of the various communities. I thank the special representative for the information he has given me.

My second question relates to the public debt. In this respect, the special representative said the following in his opening statement:

"... the public debt, although it has increased by 50 per cent in the last year, is still relatively small". (T/PV.811, page 33-35)

I should like to draw the special representative's attention to the table entitled "Territorial Expenditure" on page 202 of the annual report. The first item of that table is the public debt, and we see that the expenditure in connexion with that item has decreased during the past year. I do not understand how one can reconcile the increase in the public debt with this decrease in the expenditure connected with that debt. I should be very grateful if the special representative could clarify that point.

Mr. FLETCHER-COOKE (Special representative): I quite understand the difficulty of the representative of Italy. It arises, of course, from the fact that the Council is now considering -- and the representative of Italy has been referring to -- the 1955 report, whereas in my opening statement I was taking into account the extent to which the Government of Tanganyika had borrowed during 1956 and the early part of 1957. If desired, I could without great difficulty produce the corresponding figure -- that is, the provision for the public debt as it is included in the 1957-1958 draft estimates; I have those estimates with me in New York, but they are not immediately available. I shall be glad to give this information at a later date.

Mr. ZADOTTI (Italy): I now understand the position: the figure in the annual report is an estimate which, of course, was made before 1957 and is therefore not up to date. In any case, I shall be glad to have the information which the special representative has offered to give us.

(Mr. Zadotti, Italy)

My next question relates to the same subject. In his opening statement, the special representative said that "there are at present virtually no balance of payment difficulties" (T/FV.811, page 33-35). Was he referring to the balance of payment in respect of trade or in respect of the movement of capital?

Mr. FLETCHER-COOKE (Special representative): I was referring to trade.

Mr. ZADOTTI (Italy): I believe that substantial investments are being made in the Territory, and the picture would of course be different if the reference to the balance of payment was based on the movement of capital.

I should also like to have some clarification on the following point, which relates to the economic development plan for 1956-1960. In this respect, we read the following in the outline of conditions prepared by the Secretariat:

"... the allocation of £18.3 million to basic development and £.75 million to other projects is envisaged". (T/L.772, para. 30)

There is then an indication of the sources from which this money is to come. One of the sources given is "external loans". Could the special representative tell me whether that means loans from private institutions -- private banks, and so forth -- or from public funds?

Mr. FLETCHER-COOKE (Special representative): I have only just seen the document to which the representative of Italy is referring. I am wondering whether the figure of £75 million given in paragraph 30 thereof as the contributions from Native treasuries is in fact correct; I should be extremely surprised if it were; I think that an error has been made.

On the more specific point raised by the representative of Italy, it would perhaps be of interest to the Council if I were to indicate that the latest over-all programme for capital development for the period 1955-1960 provides for an expenditure of £26 million. That amount is expected to be derived from three main sources, as follows: local resources, approximately £6.5 million; Colonial Development and Welfare funds, a shade over £4.5 million; and external loans, £12.5 million. Those external loans are purely Government loans -- that is to say, the Government goes to the London money market or anywhere else that it may be able to borrow money. I think that that answers the question.

Mr. ZADOTTI (Italy): Yes, it does, and I thank the special representative for that information. Is it correct to assume that the first part of paragraph 30 of the Secretariat's outline of conditions -- namely, the statement that £18.3 million will be devoted to basic development and £75 million to other projects -- reflects the true situation?

Mr. FLETCHER-COOKE (Special representative): I am somewhat at a loss because I have not seen this document before. In any case, the figure presumably is £0.75 million and not £75 million; perhaps that is where the error has crept in.

Perhaps it would be useful to indicate, broadly speaking, the present position as regards the development plan. As I have already stated, the plan as it now stands contemplates an expenditure of £26 million. Now, anyone who has made a rapid mathematical calculation will realize that the breakdown of figures which I gave totalled just over £23.5 million -- in other words, there is a shortfall of £2.5 million. For planning purposes, this shortfall has been accepted, in the sense that we do not at present see where we are going to get this additional £2.5 million. If we cannot get it, we shall of course have to spread our development plan over a longer period.

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The use of the term "development plan" generally covers three or four specific items, some of which I have already referred to. There is the plan for African education; there is the plan for the medical services; there are the proposals for increased African agricultural productivity. All of those are really included in the general term "capital development plan" for the period 1955 to 1960.

Mr. ZADOTTI (Italy): I am grateful to the special representative for his explanation, because I must confess that I was astonished to see from these figures that only £28.3 million was to be devoted to basic development, while the vast amount of £75 million was to be used for, so to speak, nondescript projects. I thought that the general idea of this development plan was to devote as much as possible to the development of basic projects. That is why I was obliged to ask for further clarification. The situation is now quite clear to me.

Mr. SEARS (United States of America): I have three simple questions. First, I should like to ask whether specific or serious thought has been given to the possibility of using the waters of the great lakes of Tanganyika or of Lake Victoria for the purpose of alleviating the water shortage in the Territory.

Mr. FLETCHER-COOKE (Special representative): I can assure the representative of the United States that a great deal of thought has been given to that matter and, indeed, nobody would be more pleased if the proposals and plans could be put into effect than the Government of Tanganyika. But, as the representative of the United States is no doubt aware, the waters of Lake Victoria are the subject of various international agreements, and the Government of Tanganyika is only, as it were, an indirect party to those agreements through the Government of the United Kingdom. If any further clarification of that point is required, I feel sure that the representative of the United Kingdom will be able to elaborate on it.

Mr. SEARS (United States of America): I am well aware that there are rights involving the Sudan and Egypt and other places, but my thought was merely

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that before the question of international negotiations on the adjustment of those agreements could be brought about, it would be necessary first to know whether it was physically possible to use that supply of water.

Mr. FLETCHER-COOKE (Special representative): Yes; as the representative of the United States is probably aware, the whole matter is being considered at the present time, and the Government of Tanganyika was invited to submit proposals to Her Majesty's Government. Very detailed proposals, based on technical advice of the highest order, have been submitted to Her Majesty's Government, which is fully aware of the interests and needs of the Government and people of Tanganyika in this matter. Thus, to use a term connected with tennis, the ball is now in the net of the British Government.

Mr. SEARS (United States of America): I had not been aware of that, but that is exactly the answer which I wished to hear.

My next question is not really far-fetched. Has any thought been given to the idea of using radio-active isotopes in the control of the tsetse fly? I should think that a study on these lines might contribute to tsetse fly control, or even extermination.

Mr. FLETCHER-COOKE (Special representative): I am not in a position to say whether such methods have been adopted, but I can give the representative of the United States assurance that I will bring his suggestion to the notice of the Government of Tanganyika.

Mr. SEARS (United States of America): In his opening statement, the special representative said:

"... it is clear that the paucity of known and exploited mineral deposits in Tanganyika is a factor which has had a great bearing on the comparative poverty of the Territory." (T/PV.811, page 17)

Does he mean by this that the Administering Authority has concluded that Tanganyika is barren of mineral possibilities except diamonds?

Mr. FLETCHER-COOKE (Special representative): By no means. I used the word "known" in the sense that the present position in Tanganyika could, I think, be summed up like this. There are certain deposits -- and I am including in that word for the moment the existing diamond deposits, which are known and are being worked -- particularly coal and iron ore in the southern part of the Territory, which are known to exist in fairly large quantities but which are in places so remote and inaccessible that, in the absence of very large amounts of capital, which would be necessary to open up communications to that area, it is not possible at the present time to work them. In addition to that, the Government of Tanganyika is always hopeful that there may be -- and of course the search for them is going on all the time, both by the Government and by private enterprise -- further deposits of minerals as yet unknown. Certainly, we would not say for one moment that we had exhausted the mineral possibilities in the sense of whether or not there are mines in Tanganyika.

Mr. SEARS (United States of America): I hope that the special representative, or his associates, will not be too discouraged about the future of the economy of Tanganyika. I have here a well-known publication which forecast that, within the next twenty-five years, it will be possible to ship pint-sized atomic reactors to many parts of the under-developed lands of the world, which may completely revolutionize the whole economy.

Mr. KIANG (China): I have only one question to put to the special representative, but that question is to be divided into a number of sub-topics. My question relates to the land problem.

First of all, I should like to ask the special representative whether land in Tanganyika is a barrier to an expanding economy.

Mr. FLETCHER-COOKE (Special representative): I must confess that I am not quite clear what the representative of China has in mind by that question. There is plenty of land in Tanganyika and, as I have indicated earlier, some 99 per cent of the population live on about one-third of the land -- which means that two-thirds is virtually unworked, uninhabited and unexploited.

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representative)

On the other hand, a great deal of capital would have to be spent on those two-thirds, which would have to be opened up with communications, and so on, all of which cries out for the capital development that Tanganyika so desperately needs. I would say, then, that the land is there. It is certainly not a question of lack of land. What we want now is the money to develop it.

Mr. KIANG (China): I think that the special representative will understand the meaning of my first question when I ask him the others which I have in mind.

My second point is: how well is land registration getting on in the Territory

Mr. FLETCHER-COOKE (Special representative): As the representative of China is aware, the Royal Commission's report on land in East Africa was published some three or four years ago and since that time a considerable study of this question of land registration has been proceeding in Tanganyika. Just before I left I saw the draft of a paper which has not yet been published in which the Government has recorded its preliminary conclusions on this question of registering individual ownership of land in African hands. That matter is still being discussed and it is the Government's hope and intention that these proposals will be laid on the table of the Legislative Council at its forthcoming meeting which will be held, as I mentioned earlier, on 17 September.

Mr. KIANG (China): I am very glad that in his reply to my previous question the special representative referred to the report of the Royal Commission on Land in East Africa, which I am going to ask him about later. My question now is: are individual tribes ready for land registration?

Mr. FLETCHER-COOKE (Special representative): As always in matters of this kind, there is a great divergence of view. In many of the more advanced tribes there is a burning desire for land registration on the basis of individual documents and titles, that is, individual tenure. In the less well-developed tribes there is still the idea of suspicion that if land becomes susceptible to registration in the name of an individual, it will only be a matter of time before that individual will lose it by having mortgaged it or given it as a pledge for some loan and that it will pass out of African hands.

I am sure the representative of China will realize that in this matter the Government must go forward with the support and understanding of the people most directly concerned, that is, the Africans who live and work on this land. And that, incidentally, is one of the reasons why Mr. Makwala, who was I think the only African member of the Royal Commission, has been offered and has accepted the appointment of Assistant Minister in the Lands Ministry so that, with his experience of what is necessary, he will be able to use his great influence to remove any of the doubts which may still exist in the minds of certain Africans as to the desirability of proceeding in this way.

Mr. KIANG (China): I would like to hear the views of the special representative himself -- this of course is asked against the background of the Royal Commission on East Africa's report. If I understand it correctly, the essence of the recommendations of the report with regard to land in East Africa is to take the land out of politics and tribalism so that it will become a commodity available for individual ownership. Will that "laissez faire" policy, if I may use an economic term, be too revolutionary a doctrine to be applied to the land problem in Tanganyika.

Mr. FLETCHER-COOKE (Special representative): I think the representative of China has put his finger on just the difficulty which is facing the Government, namely, that it is quite obviously desirable -- for the reasons given in the Royal Commission's report -- that a state of affairs should be reached in which there is a good, secure title to land in individual ownership; otherwise the owner of the land finds it extremely difficult to raise any capital. But against that, one cannot get away from the fact that in order to do so there is always the risk that land may be as it were a "laissez faire" commodity which may pass out of the hands which have enjoyed its use for many generations. It is just that dilemma which faces the Government -- which, incidentally, has been largely responsible for the, as it might appear, somewhat long delay in producing the government's policy on the recommendations of the Royal Commission. We are very conscious of the points which have been made by the representative of China and I can only hope that when he sees the proposals which the Government has in mind -- and they will be made public in September -- he will agree with the Government of Tanganyika that it has done its best to avoid the pitfalls on both sides.

Mr. KIANG (China): If I may go back to the Royal Commission on East Africa's report, if I followed the debates in the House of Commons correctly, I think both the Government's side and Opposition in the House of Commons actually did not want to put these recommendations of the report into effect and people have actually said that the report has been shelved. I wonder what effect the debates going on in the House of Commons are likely to have on the discussions which are to take place in September, as the special representative has just mentioned.

Mr. FLETCHER-COOKE (Special representative): I can only reply to that question that there are many hundreds and thousands of Africans in Tanganyika who are firmly persuaded that in order to get away from a subsistence agriculture based on the somewhat primitive conditions of the past, they must adopt a policy of individual land tenure, with individual titles to it, upon which they can raise the capital in order to progress and improve their land. And I feel sure that, if the Government of Tanganyika is persuaded, as I believe it will be, that the majority -- indeed I think in the end the unanimity -- of African opinion is in favour of this -- though it will not be a rapid matter -- that we shall proceed with the full support of the Legislative Council to some such scheme.

Certainly, as far as the Government of Tanganyika is concerned, the Royal Commission's report has not been shelved.

Mr. KIANG (China): May I at the present juncture make a passing remark in reference to the very first question I raised and on which the special representative asked for some clarification from me, namely whether land in Tanganyika is a barrier to an expanding economy. I have been going over these recommendations of the report and if I am right it is actually a very basic idea of the Commission's report that land should be taken out of politics and tribalism. The Commission developed its proposal to solve the political problems of the area -- I do not mean merely Tanganyika -- by breaking down the barriers to an expanding economy. That is why I raised the first question and I think the special representative may now understand it.

Mr. FLETCHER-COOKE (Special representative): I wondered when I heard the question originally whether that was in the representative of China's mind but I thought that if it had been, he would have specifically used the term "the system of land tenure". If he had asked me the question: Do I and does the Government of Tanganyika consider that the present system of land tenure in Tanganyika is a barrier to economic progress, the answer would have been a brief yes. But it was in fact formulated with the term land rather than the system of land tenure.

Mr. KIANG (China): If the recommendations of the Royal Commission are to be implemented, I do feel that they will turn the attention of Africans to the fact that they can participate in the wealth and betterment of the country to their individual profit. It is actually in this context that I asked several of the questions on the land problem.

(Mr. Kiang, China)

I should like to ask one or two questions arising from a statement which we heard at the last session of the General Assembly. The special representative may be aware of what took place in the Fourth Committee. I refer particularly to the statement made by Mr. Nyerere at one of its meetings on 20 December. I have this statement in front of me. It was circulated to the members of the Fourth Committee at the request of the Committee.

In his statement, Mr. Nyerere dealt at great length with the economic development of the Territory. He raised two very important questions with respect to which I should like to elicit such information from the special representative. With respect to the first question, Mr. Nyerere said:

"The African economic development is bound up with land. Our lands are still being alienated to non-Africans. The process of alienation is being speeded up. Of all the lands in Tanganyika which have been alienated since German times, about half has been alienated during the present governorship."

I invite the attention of the special representative to this statement. I wish to know how he feels about it.

Mr. FLETCHER-COOKE (Special representative): I have here some figures on land alienation with 1949 as the dividing year. Up to the year 1949, the total land alienated was 1,633,000 acres, of which nearly 1 million was freehold and nearly 683,000 was leasehold or right of occupancy. It will be appreciated that a very large proportion of those amounts was alienated before the British were responsible for the administration of Tanganyika. Since 1949, the total up to 28 February 1957 was an additional 1,802,000 acres. It is therefore perfectly true to say that slightly more than half of the total land alienated has been alienated during the last eight or nine years.

I might perhaps mention that of that amount of 1,800,000 acres nearly half a million was alienated to the old Overseas Food Corporation, which has now been taken over by the Tanganyika Agricultural Corporation. The latter, as the representative is aware, is a body set up by statute in Tanganyika and is developing the land in the interests of the people of Tanganyika. I can, if the Council wishes, give some account of what it is doing with the land, which is approximately one third of the amount.

Mr. KIANG (China): I thank the special representative for the information he gave to me. I now proceed to the second question raised by the President of the Union. In another place, he said -- I do not intend to quote all of his remarks, but only the relevant parts:

"Now Government is proposing to alienate 70,000 acres in the Kilombero Valley to a South African Company to grow sugar cane."

I am not going to describe this company, as he does in his statement. I will come directly to his point:

"...We are prepared to accept the proposed sugar scheme in the Kilombero Valley provided that the Africans shall participate in the scheme not as labourers providing cheap labour but as partners. This can be worked out in three ways:

1. Government can buy some of the shares in the scheme and hold these in trust for transfer to African investors in future;
2. African investors, either as individuals or through their co-operative societies or both should be able to buy shares in the scheme;
3. At least part of the sugar cane should be grown by Africans either as individual tenant farmers or co-operative farming societies or both. Some such scheme has worked well in the Gezira Scheme in the Sudan and we are sure it can work in Tanganyika."

I invite the comments of the special representative on my quotation from Mr. Nyerere's statement.

Mr. FLETCHER-COOKE (Special representative): I welcome the opportunity of offering some comments on this particular matter. In the first place, as the representative of China may or may not know, this scheme has not come to fruition very much to the regret of the Government of Tanganyika and, I may add, to the regret of the people of Tanganyika. The reason it has not come to fruition has nothing whatever to do with the proposals which were in course of negotiation between the Government and the company concerned, but simply and solely because the Government was unable to raise the £3 million to £4 million required to build the railway into this area, without which the company was not prepared to complete the negotiations. During the meeting of the Legislative Council just before

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representative)

I left Tanganyika the Government was under fairly heavy fire from the representative side, including, I might add, all the African members, who were very disappointed that this scheme had not come to fruition and who considered that the Government should have been able in some quarter or another to raise the capital for this railway, which was an essential prerequisite of the scheme.

That is the factual position at the present time as regards the scheme. I need only add that since these particular negotiations broke down because of inability to raise the money to build the railway, a very large number of other concerns from outside Tanganyika, some of whom are trying to associate themselves with Africans and others in Tanganyika in raising the necessary money, are attempting to undertake perhaps a more modest scheme which would not require a railway in the first instance, but under which the sugar products of the scheme would be taken out of this very remote area by road. However, there is no firm settlement on that.

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Special representative)

Now, as regards the circumstances of this area under the scheme, in the first place if the scheme had gone through or if another scheme goes through in the future, it will not involve the disturbance of any Africans, or practically no Africans, because the whole area -- or almost the whole of this area -- is at present in a game reserve and would be excised from that reserve in which of course there are no Africans.

As regards the specific points made by the representative in his reference to Mr. Nyerere's speech, I should like to make the following observations. As he will appreciate from his close study of the Royal Commission's report there is this dilemma: without the introduction of new capital into Tanganyika there cannot be very much progress because there is insufficient capital in Tanganyika and we must attract it from outside sources. On the other hand, the introduction of capital into Tanganyika inevitably means that those who are prepared to invest there want some security for their money -- want some title over the land that they are going to operate. They are not going to come to Tanganyika if they feel that any investment that they might otherwise make there is going to be insecure. At the present time there are many under-developed areas crying out for capital, and if the conditions are made too difficult for potential investors in Tanganyika -- we have a far greater need of them than they have of us -- there are many other places to which they can take their money. Therefore until we get more capital applied to the land in Tanganyika for the production of cash crops and the development of an exchange economy as outlined in the Royal Commission's report, the economic position of the Territory as a whole and of the African peasant cultivator, which comprise seven-eighths of the population, can only improve extremely slowly. In the statement referred to, it would appear at first that the President of the African National Union seemed to appreciate this. But the conditions which he lays down as the price of his union's co-operation for support for such a scheme, and which he would apparently wish to apply generally to all such schemes, are so unrealistic that however desirable they might seem to be in theory, they would in fact completely prevent any major capital investment from outside Tanganyika, because it is the investor and not the

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recipient who is in a position and indeed has the right to determine the terms and conditions on which he is prepared to lend his money. Those terms are bound to be more rather than less onerous for the receiving country -- and in this case Tanganyika is far from fully developed and lacks natural resources. Nor is the need for outside investment likely to be materially reduced as Mr. Nyerere suggests by what can be provided locally, because where the capital needed is of the order of millions of pounds, in this particular scheme I think it was of the order of £6 million, the Tanganyika Government most certainly is not in a position to participate financially in it. Indeed, as I have already indicated, we were unsuccessful, although we tried very hard, to raise the money for the railway. We have no money lying idle in which we could participate in a scheme of this nature as it were on behalf of the African community and subsequently sell the shares to them.

As this Council is well aware, the Government has only with difficulty raised money for such ancillary projects as improved communications and so on. Nor are there at the present time any African investors either individually or collective groups who are in a position to make significant contributions to a scheme of this size. On the other hand, and it is only fair to point out that the present Government of Tanganyika has initiated a particular investigation into the possibility -- and it is quite fruitful and hopeful in its outlook -- of encouraging Africans to take a share in what has been described as the equity of the Territory, that is to invest money in these undertakings.

There are a large number of other and much smaller undertakings to which I could refer in which African investors are participating by buying shares. But of course they do not approach anywhere near the order of several millions, and for that reason while it is our policy to encourage African investors to participate in these schemes -- in a major scheme of this kind requiring six odd million pounds it would be quite impossible either for the Government to find the money or to encourage the Africans themselves to find the money. In brief therefore, however desirable in theory the conditions, which Mr. Nyerere would like to attach to this and other possible projects in the Territory, may seem to be ideal, in practice the result is merely that the investor will not come in.

Mr. KIANG (China): I appreciate the very detailed answer to the question I put to the special representative. I have a side question which came to my mind -- he was talking about related capital. I recall that the special representative said that because of lack of capital they had to slow down some of the plans. This is a side question, it is not the main question, but since we are on this "capital" I should like to raise a point. I should like to know whether the new development plan as described in the annual report that there will be 7.5 millions to be devoted to other projects -- when you say "slow down some of the plans" I do not know whether that will affect some of the plans of the new development plan -- particularly will that have any bearing upon the other so-called projects?

The PRESIDENT: I should like at this point to revert to the document which was referred to in this connexion -- the Outline of Conditions in the Trust Territory -- in which there apparently has been two errors in the transcription of the figures. On page 13 in the third line £.75 million should be £0.5 million; and lower down "contributions from Native Treasuries (£75 million)" should be £0.75 million. These corrections should be drawn to the attention of the members and of course they will be corrected in the document.

Mr. FLETCHER-COCKE (Special representative): It might help the Council if I indicate what was meant by "slowing down". The original plan as I indicated contemplated an expenditure of £26 million in the period 1955-60. At the present time the only capital in sight is of the order of £23.5 million which leaves a gap of £2.4 million.

(Mr. Fletcher-Cooke,
Special representative)

Since many of these schemes, particularly the education scheme and also the medical scheme, are not susceptible of change once you have started on them -- and, of course, both of them are projections of the previous ten-year schemes -- we are committed to them. For example, it is useless to say suddenly that you do not have enough capital to build new schools, when you have spent a considerable amount of money training teachers who will be coming off the belt, as it were, in time to start those new schools. If you do not build the new schools, you will merely have a lot of unemployed teachers, which is obviously a waste of the investment in their training.

All these things hang together. It is almost impossible in one of these comprehensive plans, either educational or medical, to cut out anything, because each is interdependent on the other. The most you can do is to spread it out a little further, but even then you are taking a gamble because the picture originally foreseen was a short fall of £2,500,000 whereas in point of fact, in the light of a further review we have had to revise our figures from £26 million to £23,500,000 -- the figures I have just mentioned. We have cut down -- because there are a few things that can be cut out -- our £26 million to £24 million. That is, our estimated capital expenditure is £24 million. But now the revised figure of our estimated income for capital purposes is of the order of £20 million, so that we shall have a short fall of £4 million. It is for that reason that I mentioned in my opening address that both the educational plan and the medical plan are now being studied by a committee of the Legislative Council to allocate a system of priorities so that first things may be done first, and both the plans as plans will have to be spread over a longer period. Even then, we are gambling, as it were, on getting the capital from some source at some stage in the future.

Mr. KIANG (China): I have no further questions to ask, and I want to thank the special representative for his very adequate answers to all my questions.

U PAW HTIN (Burma): In reviewing the economic situation of the Territory, the special representative has most ably given us a very clear picture of it. One aspect to which he has drawn our interest and attention is the factors which may permanently affect the Territory's revenue from import duties. In this connexion he indicated the following three contributing factors. One was the increasing tendency of the African population to save; secondly, there was an increasing proportion of Africans spending more on durable goods and less on rapidly consumed goods; and, thirdly, there was a growing tendency on the part of Africans to buy less imported goods.

The third factor is a new and interesting development on the part of Africans. I should like to know from the special representative what factors have stimulated such a tendency on the part of Africans. Is it due to a change in the policy of the Government on imports or is it due to other reasons?

Mr. FLETCHER-COOKE (Special representative): As I understand it, the question by the representative of Burma is really: why is it that Africans are now tending, when buying durable articles to replace worn-out ones that they have, to purchase articles manufactured in East Africa rather than imports? The reason, of course, is that throughout East Africa and also in Tanganyika it is only gradually that these articles are coming on the market, with the progressive development of secondary industries. It is part of the production of goods in East Africa.

Hitherto, for the most part, these goods have not been available and, therefore they could not be bought. Obviously, they are going to be cheaper. They are produced locally, so that they will not have to pay any import duties and, broadly speaking, they will not have to pay any transport duties or freight charges. Therefore, they are cheaper and in many cases they serve the purpose for which they are required perfectly well. Obviously, not only the Africans but, I might say, the members of other communities in Tanganyika also are going for these local products in a big way, since they are infinitely cheaper and in most cases they are just as good as the imported article. However, it does mean a loss in the receipts from import duties.

U PAW HTIN (Burma): In other words, has it affected the importation of manufactured goods from abroad, that is, from the United Kingdom or from other foreign countries other than Africa itself?

Mr. FLETCHER-COOKE (Special representative): I would say very definitely yes, but it is very difficult to draw that conclusion from the figures, in the sense that, if imports of a particular product are increasing, one must not forget that if these goods had not been made, as they are being made, in Tanganyika the increase might have been very much greater. I do not, therefore, say that there is necessarily a falling off in imports but I can safely say that, because of the production of these goods in Tanganyika, imports are not as great as they would otherwise have been, and in many cases I think a falling off will be shown.

U PAW HTIN (Burma): In this regard, I should like to know from the special representative whether he could provide me with figures on the revenue from import duties for the year 1955-1956. I shall not insist on getting these figures if they are not readily available.

Mr. FLETCHER-COOKE (Special representative): I can certainly provide the figures for the year 1955-1956. I think that I can provide some figures for 1956-1957, although they will not, of course, be the final ones. I could also, if the representative of Burma wished, provide the estimated figures for 1957-1958 as included in the budget which is now being considered in Tanganyika.

U PAW HTIN (Burma): I come now to my third question. We have been told by the special representative that there has been a decrease in the revenue derived from import duties. I should like to know from the special representative whether it is the intention of the Administration to increase internal taxes to counterbalance to some extent the decreasing revenue from import duties.

Mr. FLETCHER-COOKE (Special representative): In view of the observations which have been made, I think, in the Royal Commission's report, and certainly in other reports, that Tanganyika is already, having regard to the stage of its development, one of the most highly taxed areas, the general policy of the Government of Tanganyika is not to increase taxes, if this can possibly be avoided. However, as I mentioned in my opening address, at page 33-35, the Government has looked at this problem in a rather different way and has in fact made some increases in taxation and has made fairly considerable increases, not all of which I have mentioned, in fees for services rendered. I said on that occasion:

"By increasing certain fees and charges and by increasing the personal tax, the tax on petrol and the stamp duty on cheques, the estimated deficit for the year 1957-58 is now of the order of £686,000." (T/PV.811, p. 33-35)

That is, those various steps were expected to produce between £600,000 and £700,000.

(Mr. Fletcher-Cooke
Special representative)

When we were faced with this prospective deficit, all heads of departments and all officers in Government were asked to review the charges which were made to members of the public for various services rendered and to bring them up to what could be, to the extent that it could be worked out, an equitable charge for the services rendered, that is for the registration of titles, the issue of travel documents and so forth. As a result of this scrutiny, quite a considerable amount of money was raised. I would not like to be positive about a figure, but it was two or three hundred thousand pounds as a result of increasing fees, not above the level which would represent the proper charge but to the level which would represent a proper return for the work done in performing these services to members of the public.

In addition, the personal tax has been increased, and I believe the increase is expected to produce about £200,000 a year. The tax on petrol has been increased and the stamp duty on checks has been increased. As I indicated, all these are expected to raise between £600,000 and £700,000.

But the Government is unwilling, at the present time, to increase the income tax, partly because the Coates report on income tax has just been received and there has not yet been time to study it. Such comments as are available suggest that the income tax on individuals, at any rate, is already excessively high in Tanganyika.

We are also very reluctant to raise import duties because that would only increase the cost of living.

U PAW HLIN (Burma): What has been the reaction of the native population to the increase in the various taxes which the special representative has just mentioned? Has there been any reaction, either slight or violent?

Mr. FLETCHER-COOKE (Special representative): I think that the representative of Burma will see that to the extent -- though it is something that we try to avoid in Tanganyika -- that one makes a mental distinction between taxpayers by races, all these taxes spread the load fairly widely. As regards the personal tax, it is of course true that the bulk of that is paid by the African population, which does not pay an income tax, although all other communities also pay a personal tax.

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Special representative)

In addition, the tax on petrol is likely to be borne by everybody because it will put the cost of things up one way and another. The stamp duty on checks is unlikely by and large to affect the people who pay a personal tax.

The general result in the Legislative Council when these taxation proposals were announced was one of relief, one of relief that the major items of taxation had not been substantially raised. Everybody, of course, dislikes any form of increased taxation, but the reaction was undoubtedly: "We shall be lucky if we get away with this". There were a number of requests from the representative side that there should possibly be, if circumstances required it, an additional autumn budget to see how the accounts were going and to see whether it was necessary to make more substantial and radical changes in increasing taxation.

I can safely assure the representative of Burma that there was no great outcry against these increases, but rather relief that they were as small as they were and a hope that we should not have to increase or impose additional taxes later in the year in order to meet this deficit.

U PAW HTIN (Burma): I am glad to receive this information from the special representative. Among other problems which the Administration is facing in the economic field, the special representative has indicated that the main problem is that Tanganyika needs more external capital. He added that there was a need to find increased revenue and that if this was not done, there would have to be some slowing down of development plans by curtailing capital expenditure. I would be grateful to the special representative if he would comment on how the Government proposes to obtain more external capital in order to avoid curtailing the development projects which are underway. In addressing this question, I am indeed aware of the earlier explanation given by the special representative with regard to conditions in Tanganyika which tend to discourage capital investment. I would appreciate some clarification on this matter.

Mr. FLETCHER-COOKE (Special representative): The Government of Tanganyika is of course only one of many governments and other public bodies which have occasion to go to the London money market for our capital requirements. I am

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Special representative)

quite sure that we would be prepared to borrow money as a Government from anybody who is prepared to lend it to us on reasonable terms. But our normal source of supply is the London Market. There we have to take our place in the queue for the disbursement of such capital as is available for overseas investment. Everytime we go to that queue we could probably do with at least two or three times the amount we actually get when we successfully float a loan.

The Government of Tanganyika is persisting in this matter and is always exploring opportunities of getting money into the country for both purposes, the one being for projects which do not produce any immediate financial return in the shape of roads, railways, communications and so forth, and we are also trying to encourage private investors to come and develop parts of the Territory or to make use of its raw materials in some way, which of course will add to the revenue of the Territory.

During the September session of the Legislative Council, it became clear to the members of the Council that the financial position was such that Government would have to scrutinize very carefully these development plans and might have to spread them over a longer period. On that occasion the African representative members themselves came forward and said that they fully appreciated the position, that they would be very grieved if there had to be any curtailment of these plans for the expansion of medical, health and other social services, and that wished to put a suggestion to Government. This they did and it was welcomed by Government. I may refer to it briefly as the Increased African Productivity Scheme, concerning which I should like to give the representative of Burma a few details.

The most important feature of this is that it was a spontaneous movement by the African representatives of Legislative Council, all of whom came as a group to Government with the suggestion, which was warmly welcomed. It was warmly welcomed in the sense that if Government itself had thought of this idea but had not been able to get the African representative members interested in it, it is certain that it would not have evoked the great interest which it has among the African community, coming as it has from their own representatives. Perhaps I might just briefly refer to one or two of the main points in a press communique on this subject which was released a very short time before I left.

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"Ways and means to increase African productivity on the land, now being discussed throughout the length and breadth of Tanganyika, are soon to be incorporated into a comprehensive plan based on proposals from each Province. This follows the suggestions made by the African members of the Legislative Council last September that plans should be prepared for increasing agricultural productivity in order to provide the revenue needed to expand the social services."

In other words, it was realized that, in view of the balance sheet, there would be no choice whatever but to spread these plans over a longer period, unless fresh sources of revenue could be found. Of course, if we can find fresh sources of revenue in Tanganyika itself, our financial position will become easier, and to that extent it may become easier for us to borrow the capital that we need for other projects. Again, therefore, it all hangs together.

The Press communique also states that:

"The Assistant Minister for Natural Resources, Chief Humbi Ziota, is proposing to concentrate particularly on this subject. He will travel extensively throughout the country to satisfy himself what the people really want, in order to help him in the final elaboration of the various proposals, and he will also endeavour to stimulate interest where it is lacking."

If the representative of Burma desires, I can give him a copy of this Press communique, in extenso, after the meeting.

U PAW HTIN (Burma): I should be most grateful for a copy of the Press communique, and I also thank the special representative for the detailed reply he has given to my question.

My last question is a rather general one. At the last session when the Council considered Tanganyika, we were informed that the Administering Authority had set aside £3 million for the development of important water resources during the next five years. I understand that projects are under way -- for example, on the Makonde plateau. I should like to know the extent to which the Administration has been able to use the above-mentioned sum to develop water resources in the Territory.

Mr. FLETCHER-COOKE (Special representative): I think that the reply to the question put by the representative of Burma can be broken down into three parts.

As regards water development generally, increasing emphasis is being placed on irrigation, the country's irrigation potential. There is, of course, the very large Rufiji basin survey scheme, in which, as I have indicated previously, the Food and Agriculture Organization is playing a very important part. This area covers approximately one fifth of the entire Territory of Tanganyika. The evidence available as a result of the surveys to date suggests that the area, if developed, would contribute very substantially to the Territory's economic progress and at the same time would benefit the Africans living in the area. It is thus clear that this work should be pursued -- as it is being pursued -- as rapidly as possible.

In addition to the Rufiji basin survey, which is of course the largest scheme, surveys of the Pangani and Ruvu basins are also being undertaken, with the assistance of Food and Agriculture Organization experts. There are various highlights in these schemes: two dams for the storage of storm water for use in irrigation schemes have been completed in the Central Province, experimental cropping under furrow irrigation has begun, and so forth.

On the irrigation side, therefore, considerable progress has been made.

The representative of Burma referred to the Makonde Water Corporation. Since this Council last considered the affairs of Tanganyika, a great deal of progress has been made in that respect. In November 1956, the Executive Council approved phase 2 of the scheme, which extends the water distribution system throughout the Makonde plateau. This means that when phase 2 has been completed -- and it is now in train -- 176,000 inhabitants of the plateau will be within one hour's walk of water. That sounds rather far, but it is quite an impressive scheme when one bears in mind that these inhabitants have had to walk for about a day to find water. The total expenditure on the scheme -- that is, phases 1, 1A and 2 -- will be of the order of £652,000. As members of the Trusteeship Council who have acquainted themselves with this problem will realize, the scheme has involved pumping the water up to the top of this enormous plateau. Phase 1A, which will provide water for 125,000 people -- that is, the great bulk of those ultimately to be served -- will be completed and opened in August of this year.

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The third major project is the Ruvu water scheme for Dar es Salaam, which is expected to cost £1.5 million. In looking at its development programme, the Government felt at the outset that this was one of the schemes which might be postponed. Subsequently, however, the increase in the population of Dar es Salaam and the increase in water consumption there led to a reconsideration of that preliminary decision, and we have reverted to the view that we cannot, as it were, hold that money up or divert it to something else. The scheme, therefore, is going forward straightaway.

Mr. JAIPAL (India): We do not propose to base our questions on the 1955 annual report, since it is somewhat out of date, and we are more interested in the immediate past and the present. Our questions will therefore be based largely on remarks made by the special representative.

In his opening statement, the special representative said that two thirds of the area of Tanganyika was infested with the tsetse fly. We should like to know what progress has been made in clearing that area of the fly. Also, could the special representative give us some information about the type of land that is being cleared of the fly? What could that land be used for? Could it be used for cultivation of food crops or industrial crops or for ranching purposes?

Mr. FLETCHER-COOKE (Special representative): Possibly the greatest single organization at work in Tanganyika at the moment ridding the country of the tsetse fly -- or, to put it another way, clearing the country so that the tsetse fly does not flourish -- is the Tanganyika Agricultural Corporation. That Corporation has a number of large schemes on hand at the moment. There is the Rufiji basin survey scheme, which, as I have indicated, is on a very large scale, covering one fifth of the area of Tanganyika. There is no doubt whatever that when the scheme has been completed -- and this will take some time -- there will be a considerable improvement. Three trial farms have already been established on the area in question, and the results obtained so far have been very encouraging indeed.

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Special representative)

There is, of course, the African tenant scheme, which has been introduced by the Tanganyika Agricultural Corporation at Nachingwea, at Urambo and at Kongwa. There, the African farmer is leasing a holding varying from thirteen to forty-eight acres. Mechanical operations are done for him on repayment, and he is required to conform with an approved rotation of crops and the principles of good husbandry. There are now increasing numbers of these tenants at all these places, and their clear profits have now reached the figure of, in some cases, as much as £250 a year. Animal husbandry has been introduced in the scheme at Kongwa and is popular there with the tenants, who are mainly Wagogo.

There is also, of course, the ranching scheme in the southern province, which is progressing very satisfactorily.

All these schemes, by clearing the bush, are perhaps the greatest contribution that can be made to the removal of the tsetse fly because, as the representative of India will know, it is because the bush is what it is that the tsetse fly is there. We have had instances in the past history of Tanganyika, to which I referred, that where the population was decimated by the German authorities, the tsetse fly regained footing in areas which had previously been freed from it.

I think that the real answer to the representative of India's question as to what types of agriculture are going to take the place of the bush is that they will vary in different areas. One can say that there will be almost every type -- in some places, ranching; in other places, grain, and so on.

Mr. JAIPAL (India): My question regarding the type or quality of the land was partly prompted by the statement made the other day that large tracts of Tanganyika -- in fact, two thirds of it -- are practically waterless, and I was wondering where the water would come from and whether any underground sources had been discovered.

Mr. FLETCHER-COOKE (Special representative): I think the answer to that is that it is waterless in the absence of the irrigation schemes to which I have already referred. That is why the Rufiji basin

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scheme and the two smaller schemes at Pangani and Ruvuma are vitally important because when they are in operation it will no longer be possible to say that, for the purposes of agriculture, etc., two thirds of the Territory is virtually waterless.

Mr. JAIPAL (India): When the fly is driven further in and land is made available for cultivation purposes, how is the land allocated between the tenants? I presume that the tenants have to be brought in largely from the neighbouring area. Has there been any instance of the tenants coming from some of the overcrowded parts of Tanganyika?

Mr. FLETCHER-COOKE (Special representative): The tenant farmers in these areas have been drawn from, in some cases, fairly wide distances, but there is a natural conservatism in people as regards moving. Perhaps I could give the representative of India a few details. At Nachingwea, at the moment, there are fifteen of these farms, totalling about 15,000 acres, available to tenants of all races. In addition, there is an African tenant scheme of 2,600 acres divided into holdings of from thirteen to forty acres each, and a further 10,000 acres held in reserve for this particular scheme. At Urambo most of the large farms -- that is, of the Tanganyika Agricultural Corporation -- are leased to tenants who are successfully engaged in the production of tobacco.

The African tenant scheme has been expanded, the tenants having proved themselves capable of growing high quality leaf tobacco for flue-curing. There are also two medium-sized farms, each providing for 100 acres under cultivation, being successfully farmed by former members of the African tenant schemes who proved capable of farming greater acreages than they originally had and have, therefore, graduated to bigger farms.

This picture as I have given it is a common pattern throughout all the area in which these various tenant-farming schemes are being opened up and developed by the Tanganyika Agricultural Corporation.

Mr. JAIPAL (India): I am grateful to the special representative for giving us an idea of the common pattern of these farming schemes. I presume that it is the exception to give the land cleared of the tsetse fly to foreign settlers -- Asian or European.

Mr. FLETCHER-COOKE (Special representative): It most certainly is the exception, and I think I am right in saying that it has been done only when it was quite impossible to find an African who was ready and willing to take it on. Having spent the capital to develop and clear the land, obviously it could not be left to revert to bush. But I can assure the representative of India that the first claimant in every case is an African tenant farmer, and the vast majority of them are African farmers.

Mr. JAIPAL (India): I should like to revert to the question of the drop in overseas imports. The other day we were told that this drop has caused a corresponding drop in the import duties as a source of territorial revenues, and I think the special representative suggested that this might well become a permanent tendency. He gave us three good reasons for it, two of which are of some interest to my delegation.

I think he said that one of the reasons was that articles were being manufactured locally which were replacing overseas imports. Could he give us an idea of the types of the articles that are being manufactured locally and which are replacing overseas imports?

Mr. FLETCHER-COOKE (Special representative): Some of those articles are those which are included in the licensing list of the East African Industrial Council, and I am sure that the representative of India is familiar with the list. Speaking from memory, I would say that it includes such things as glass bottles, enamelware, textiles, etc. In addition, there are a large number of industries which are not subject to the licensing system at all. An item which occurs to me in particular is furniture, which hitherto has been imported and is now produced in large quantities locally. There is also a scheme afoot -- and I think it may even have started -- for a boot and shoe factory, which is a good example of the tendency to which I refer. Minor household goods of all kinds are gradually being developed and manufactured in

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East Africa. It is, of course, true that at the present time the factories making some of these goods are not in Tanganyika; they are in Kenya. But in many cases the firms which make them have Tanganyika capital in them, although the factories are physically located in Nairobi. They are, in a sense, however, East African concerns, and the development of the secondary industries in Nairobi, although of no direct concern to this Council, is quite remarkable. It is, in part, from those sources that these products come.

Mr. JAIPAL (India): I suppose, then, that no import duty is levied on these goods manufactured outside Tanganyika but within East Africa. I take it that the answer is in the negative and that my presumption is correct.

I think the other reason which the special representative gave the other day for the drop in the overseas imports or rather a drop in the corresponding import duties, is that local production, generally speaking, has been increasing during the last year or two. It seems to me that this increase in general production in Tanganyika and the consequent increase in incomes might possibly make up indirectly for the drop in the revenues from import duties. This will be a more or less natural consequence in the sense that more of the existing taxes will become payable without the need to impose any new taxation. Would my reading of the situation be regarded as correct?

Mr. FLETCHER-COOKE (Special representative): Yes, I entirely agree with the representative of India. Indeed, I think he will find that the point was made in my opening address when I said:

"Although -- as purchasing power in Tanganyika is constantly increasing -- there is no reason to suppose that the revenue from import duties will necessarily decrease, it does mean that the revenue from this source may not increase as much as it might otherwise have done." (T/PV.811, page 32)

I think that is the exact point which the representative of India is making.

Mr. JAIPAL (India): I was prompted to ask these questions because I felt that a good deal had been said about the drop in the import duties and I was wondering whether it was going to have a permanent effect on Tanganyika's economy. Apparently it will not.

I should like to follow up briefly the line of questioning pursued by the representative of Italy regarding the financing of the development of this Territory. The special representative referred to several sources of finances and they are all referred to in the Secretariat document. If I am right, the special representative said -- in regard to the prospects of raising money on the London Market -- that the demand on that Market caused by overseas development generally is such as to limit Tanganyika's prospects of securing substantial loans. Am I right in this?

Mr. FLETCHER-COOKE (Special representative): That is a question which the United Kingdom representative might perhaps be able to answer better than I can. But it certainly is the understanding of the Government of Tanganyika that when it goes -- as it does -- to the London Market to ask for loans for these various purposes, it does have to take its place in the line with the many others who are seeking capital there for corresponding developments elsewhere.

Mr. JAIPAL (India): Since this is a free market, I wonder if the United Kingdom Government can do anything at all in it.

Mr. GIDDEN (United Kingdom): It would be foolish for me to pretend to be an expert on the operations of the London Market. It is of course the case that the United Kingdom itself, by virtue of its numerous overseas territories presents a large queue in which of course the Government of Tanganyika is one applicant; but to what extent the market is also crowded by others I do not know. I know, for example, that the sterling area as a whole makes use of the London Market but I can give no definition, off the cuff, as to the extent of the queue apart from the obvious requests from the United Kingdom dependent territories including Tanganyika; but I suspect that the position may be complicated by outside demands.

Mr. FLETCHER-COOKE (Special representative): If I may add a word in support of my colleague from the United Kingdom, I might say that during the debate in the Legislative Council about the inability to raise the loan of some £3.5 million for the railway into the Kilombero Valley, one of the representative Members read out from an English newspaper an item which said that on the very day, at approximately the time we were seeking our loan -- we had not actually gone into the Market but were negotiating and exploring the possibility of raising the money -- a comparable sum was borrowed in the London Market by Argentina for railway purposes. So there is certainly a great deal of competition for the money which is available there.

Mr. JAIPAL (India): I have no doubt that there is a great deal of competition. When I was in the West Indies a few years ago I think the Jamaica Government wanted to borrow some money from the London Market -- a sum of some £6 million -- which fortunately they were able to raise in the matter of a few minutes.

However, I will go on to my next question. The other source of financing the economic development of this Territory is the Colonial Development and Welfare Fund. I would be grateful if the special representative could tell us how these grants from this Fund are allotted to the various Territories. I see that Tanganyika will get about £4.6 million for the second development plan and I have no doubt that the demands made on this fund are considerable. What I should like to know in particular is when these various demands are being assessed and discussed by the authorities, does anyone representing Tanganyika advocate Tanganyika's case before the authorities who are making these various allocations, or is the allocation made on a fixed percentage basis?

Mr. FLETCHER-COOKE (Special representative): I can answer the first part of the representative of India's question in the sense that the Member or, as he will be soon, the Minister, for Finance and Economics, is a constant visitor to the Colonial Office in search of funds both from the Colonial Development and Welfare Fund and in connexion with these loans. But I am not in a position to indicate exactly how the loans are allocated, although perhaps my colleague from the United Kingdom might be able to do so. We merely ask for the money; they tell us whether we can have it or not.

Mr. GIDDEN (United Kingdom): I cannot of course give a precise answer to that question, but the money which is available to be shared out is apportioned very largely on the basis of need and it is quite obvious that there will be a good deal of healthy or perhaps unhealthy rivalry in presenting the case of need by the various claimants.

Mr. FLETCHER-COOKE (Special Representative): I might just add that there is a general feeling in Tanganyika that as the United Nations, through this Council and through its Visiting Mission, takes a lively interest in developments in Tanganyika, as it is required to do under the Trusteeship System, any capital contribution that the United Nations or one of the organizations could make to the development of Tanganyika would be most welcome. This has been said to me on many occasions both privately and publicly, and I think it has also been said on many occasions in letters to the Council.

Mr. JAIPAL (India): I might inform the special representative that the Indian delegation has been agitating for several years for the creation of an international fund for channeling international capital mainly to under-developed areas like his country, Tanganyika, and mine. I am afraid that we have not met with much success as yet.

While on this subject of foreign capital I wish to bring to the attention of the Council the table which appears on page 201 of the annual report and which refers to contributions from abroad. There are contributions from MSA, which I presume is of American origin. In 1952 the contribution was £114,000. In 1953 it was twice as much, and in 1954 it was even more. However in 1955 it was reduced to about £49,000, and in 1955-56 there was no sign of any contribution. I wonder if the special representative can tell us something about the nature of this contribution and the purpose for which it is being used in the Territory.

Mr. FLETCHER-COOKE (Special representative): I might perhaps be permitted to read a short statement on this which ends, it seems to me, on a rather pathetic note. With respect to the development plans and the gap to which I have already referred, the first item we looked at was 2.5 million. The next item we looked at was 4 million. The explanation of the varying figures was summed up as follows:

"It will be seen that no provision has been made for possible external grants from sources other than the United Kingdom, as with the exception of grants totalling 660,000 received between 1951 and 1954 from the United States Government" -- for which I would like to express once again the appreciation of the Government of Tanganyika -- "no grants from sources other than the United Kingdom have been received in the past, and there is no indication that any will be received in the future."

Mr. JAIPAL (India): I will go on to my next supplementary question on this issue.

In reply to the representative of Burma the special representative explained the chances of African participation in a financial sense in the development plan. I would like to know something about the prospects of increasing local borrowing from within the Trust Territory from non-African sources. I see that the contribution to the plan from local loans is only of the order of £1.7 million for the five year development plan, which seems to me to be somewhat low. I should like to know what special inducements are offered to utilize to the maximum the capital locally available. While on this subject I would like to know whether the profits realized by non-African investments are reinvested locally. Or do they go out of the Territory?

Mr. FLETCHER-COOKE (Special representative): On the general question of encouraging local savings chiefly from Africans, it is a fact that the first organization in the field has been a building society which now attracts a very considerable amount of African savings. As it is a building society which, of course, is encouraging the building of improved accommodations, Government naturally favours and encourages it and has no wish to prevent it from developing because it is obviously in the interests of the Territory that the population should become increasingly better housed. We therefore can go into the market for these savings only as a competitor.

It is a fact that offers with respect to local loans that we have made in Tanganyika have not been wholly successful. This is partly because the rate of interest offered is not as good as that of the building society, although I have no reason to suppose that their security is any worse, as it were, than ours. I would say that the building society's security is perfectly safe. Naturally, the large amounts are going to be attracted by the higher rates paid.

In terms of large scale local investment -- that is, from the various concerns which make large profits in the Territory -- I feel sure that the Government of Tanganyika would welcome the investment in the Territory of a much greater proportion of those amounts than is in fact being invested at the present time.

It is very difficult to see how Government can bring influence to bear on people. I know, for example, that some consideration has been given to the question of insurance companies and to the idea of possibly passing legislation, as has been done elsewhere, that at least a proportion of the income should be invested locally. Now some of the insurance companies do invest; others do not. There is, I believe, a great field here. If the investors who are in a position to invest on a fairly large scale could be encouraged to do so in Tanganyika instead of sending their money outside, I have no doubt whatever that this would be in the best interests of the Territory.

Mr. JAIPAL (India): So far I have been asking questions about the territorial plan. I know that the financial estimates for territorial plans always seem rather frightening, and investors inevitably become somewhat shy. Because of this, some countries, quite apart from the territorial plan and territorial development, prefer at the same time to develop also on a piecemeal and regional basis; that is, the planning is regional and the finances are also raised regionally. There is, as you can imagine, a direct relationship between the regional investor and the projects in question. I should like to know whether this method of development is being pursued in certain parts of Tanganyika, particularly in those parts where the town council and the county council can afford to finance such regional plans.

Mr. FLETCHER-COOKE (Special representative): I think the answer to that question must be that it is not done. The implication in the question that it would be a good thing if it were done is one with which I most certainly would agree. I would, however, draw attention once again to the Makonde scheme because it is a case in which just this sort of thing is being done. Government at that stage -- perhaps its financial position is a little better -- was able to put up the money. The intention is that all the 176,000 water users and inhabitants of this area will be in a position to buy -- and many of them have already done so -- 10 shilling or £1 shares in the scheme. Ultimately it will be entirely their scheme. Government capital will be wholly withdrawn and, of course, used for some other purpose. A development of that approach would obviously be highly desirable.

Mr. JAIPAL (India): I come to my last question, I might explain that I have been asking these questions in some detail because I find that only about £3.7 million are expected to be raised locally to finance the development plan which costs some £18.3 million over a period of five years. I should like to know to what extent the present political situation affects the investment of capital both external and internal for development purposes because I think that would be quite relevant to the consideration of this entire question.

Mr. FLETCHER-COOKE (Special representative): May I first of all revert to the representative's previous question about development on a local basis. He mentioned townships, municipalities and so on, and that very little is done at the moment in that field. But it must of course not be overlooked that the native authorities, some of whom are the recipients of fairly considerable amounts of revenue and who have themselves built up their own development funds, are using those funds for developing projects in their own areas -- and I think that that is an aspect of development in Africa on which members of the Council might well like to ask Chief Thomas Marealle who has been particularly associated with them as the paramount chief of Wachagga where this development in the economic field has perhaps reached its highest pitch.

Secondly, the representative said that as he understood it only £3 million I think he said, was coming from local resources. His figures and mine do not seem to tally, because my figures which are certainly the up-to-date ones are that, out of a plan which was originally expected to cost £26 million, £23.5 million was going to be raised from three sources -- local resources £6.5 million; Colonial Development and Welfare grants just over £4.5 million; external loans £12.5 million. Now, we have had to cut the £26 million because we could not see where we were going to get the capital. As a result the resources available are not likely to exceed some £20 million; but that reduction although it has some effect on the local resources' figure, because we hope the other two will remain the same, does mean that the amount to be contributed locally is to be a little larger than the representative referred to. Now the main part of the representative's question was the extent to which the political situation in

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Tanganyika is affecting capital investment there. This is a point which is made by members of all races in the Legislative Council, that is, all representative members of all races who are acutely conscious that some of the more irresponsible statements which have been made in certain quarters in Tanganyika have undoubtedly tended to keep capital out which would otherwise have come in. Some remarks were mentioned this morning by, I think the representative of China or it may have been the representative of Burma when he drew attention to a speech given to the Fourth Committee in support of it.

I should like to draw the attention of the Council to some remarks made by the Vice-President of the United Tanganyika Party. The Vice-President of the United Tanganyika Party is Sheikh Hussain Juma. I quote from The Tanganyika Standard of 12 April 1957 when Sheikh Hussain Juma had just returned from a visit to London and gave a press interview in Dar es Salaam:

"Making the positive assertion that 'political instability is frightening money away from Tanganyika! Sheikh Hussain Juma, vice-chairman of the United Tanganyika Party, has bluntly accused irresponsible political agitation of stopping the economic advancement of Tanganyika's African population and impoverishing Tanganyika itself.

"Just returned from a U.T.P. mission to Britain, Sheikh Hussain said that the answer to the mission's request for more capital development in Tanganyika confirmed the often-stated belief of the United Tanganyika Party that it was political instability alone which was preventing the development of the territory.

"During the mission's U.K. visit, Sheikh Hussain and other members of the U.T.P. had talks with Mr. A. Lennox-Boyd, Colonial Secretary, with Labour and Conservative M.P.s and with people with prominent business interests in Tanganyika.

"We have often been told that Britain is short of money for development in her dependent territories,' said Sheikh Hussain on his return to Dar es Salaam. 'This is true, but it does not mean that money cannot be found, for business firms in Britain are investing all they can afford in Canada and Australia.'"

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Then he continued for several columns on the same theme. And it is a theme which is widely held by responsible people of all races in Tanganyika that remarks have been made in Tanganyika and some of those remarks have been repeated here, which however unwittingly have in fact had a very, very serious effect on the prospect of Tanganyika attracting capital at the present time.

Mr. JAIPAL (India): I think I ought to explain to the special representative that my figures about the local contribution to the development plan were drawn mainly from document T/L.772, page 13. I realize now that those figures need to be brought up to date. On the other point, I do think that town councils and county councils could make larger contributions to regional development, and that is a possible source of finance which could be tapped without causing much consternation to those councils.

I am very grateful to the special representative for his reply to my last question. I do agree with him that Tanganyika is a sensitive territory in East Africa but we are to some extent facing the familiar vicious cycle: political stability affects economic advancement, and yet the lack of economic advancement in turn influences the direction of political thought. But I realize of course that this is an important problem and I have no doubt that members of the Council will keep this very much in mind in drawing their conclusions. I should like to thank the special representative once again for his very comprehensive and useful replies.

Mr. FLETCHER-COOKE (Special representative): If I could just make one comment on the last remarks of the representative of India, which are indeed of very great interest to me, it is that the Government of Tanganyika hopes and believes that the constitutional developments to which I referred earlier will represent a legitimate and reasonable response to the political demands which undoubtedly exist in Tanganyika at the present time; and therefore, taking account of the fact that political development, if it is to be well founded, must proceed gradually and not all at once over-night, that, while these political advances will meet the aspirations of those in Tanganyika who are interested in these matters, we hope that at the same time they will, by virtue of their nature, reassure those who may wish to invest capital from overseas that Tanganyika is proceeding along a controlled, gradual, well-founded path of constitutional development which, as we hope, will give satisfaction to both the parties in this political and economic problem.

The PRESIDENT: We shall resume the questioning of the special representative this afternoon.

The meeting rose at 12.55 p.m.