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Held at Headquarters, New York,
on Friday, 14 June 1957, at 2.30 p.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.815 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.

Economic advancement (continued)

Mr. BARGUES (France)(interpretation from French): I do not propose to tax the patience of the special representative since, in the excellent report of the Administering Authority and in the preliminary statement made by the special representative, we were provided with information which gives us a rather complete picture of the situation in the Territory. Moreover, Mr. Fletcher-Cooke, in his replies to various questions put by several of my colleagues, has provided some additional information. Therefore, all that remains is for me to ask for a few points of clarification on some problems which have already at least been partially touched upon.

The special representative informed us that the head tax for Africans and the personal tax for non-Africans had been replaced since 1 January 1956 by a single tax applicable to all taxpayers and paid by all men over eighteen years of age. This is a tax which is a progressive tax and is computed on the basis of the income of the taxpayer. I wonder if the special representative could provide us with some additional information on this new tax system. I should like to know in particular whether this is a tax which represents a percentage of the income of the taxpayer or whether this tax is what we call a gradual or progressive head tax with various tax rates, depending upon the income of the taxpayer. Is this based on a percentage or is it a specific tax rate applicable to a certain income tax bracket?

Secondly, I should like to know how the tax is collected. Do taxpayers have to file a declaration just as those who pay income taxes have to file a declaration?

Mr. FLETCHER-COOKE (Special representative): The personal tax is, as the representative of France has suggested, a graduated and not a percentage tax in the sense that, speaking from memory -- I do not have the figures before me -- the increased figures provide for a payment of ten shillings on an income of £100 a year, and so on up to a maximum of £9 a year on an income of either £300 or £400. There is, therefore, no question of a percentage.

As regards the collection of the tax for the African population, this is collected by the Native Authorities who are, of course, familiar with the income within sufficiently broad limits of those who are liable to pay the tax. They do not file any return. The vast majority of the non-African taxpayers have this tax, certainly all people in Government service, deducted at the source. There is no question, therefore, of making any return in respect of this tax.

Mr. BARGUES (France) (interpretation from French): I raised this question so that I might see whether this new tax system was adapted to the degree of evolution of the indigenous population. I have another question on this subject.

Did this change in the personal tax system have, as its only effect, the spreading of the burden more equitably among the various taxpayers, or did it also entail an increase in the revenue which was thus collected?

Mr. FLETCHER-COOKE (Special representative): The replacement of the original poll tax by the personal tax did not immediately lead to any increase in the revenue, but the increased rates, to which I have already referred as having been introduced in the current budget, will of course lead to an increase in the returns.

I should mention that there is nothing racial about this tax and that any member of any community who reaches the income tax level has to pay an income tax in addition to paying a personal tax.

Mr. BARGUES (France) (interpretation from French): I should like to go on to another type of question. This problem has already been mentioned by several members of the Council. I am referring to the question of the lack of a balanced budget during the past few years. I note that for the year 1955-56 the deficit

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amounted to approximately £850,000. The estimated deficit at the beginning of 1956-57 was also substantial. The special representative has told us that in February the deficit amounted to £1,371,000, but that it was hoped that this sum would be decreased before the end of the fiscal year. However the final deficit would still be approximately £680,000 for 1957-58.

It would seem, therefore, that in this three year period the deficit has been a chronic deficit. Perhaps the word "chronic" is not the correct one; I suppose that this is a temporary phenomenon, but it does seem to recur regularly. Does this reflect a situation which is less sound than the situation in the past, or does this deficit arise only from accidental circumstances? According to the information provided by the Administering Authority and the special representative, one part of the deficit of the current year was due to a decline in imports. In 1955 imports reached £49,000,000 and they declined to £42,000,000 in 1956. This probably represents only one cause for the decline in budgetary resources; there must be some other reasons. If this were the only cause, the decline in revenue would have affected only one fiscal year. Does this deficit derive from causes other than the decline in imports?

Mr. FLETCHER-COOKE (Special representative): Yes, I think to a certain extent it does derive from other causes. There is no doubt that during the past few years the Government of Tanganyika -- and it has been encouraged in so doing by the recommendations of this Council and by requests in its own Legislative Council -- has embarked on a considerable programme of expansion in the social services, in education and medical services in particular. These have been put forward in an attempt to meet the very real and lively demand for an expansion of these services.

At the same time, a certain amount has been spent on more productive forms of expenditure. I have already referred, for example, to the large sums being spent on irrigation, and there are many other comparable schemes. But the return on the productive schemes is likely to take some time before it becomes apparent. We have therefore reached a stage in which we are hopeful that the money that we have spent on these productive schemes, which cannot produce an immediate return within a matter of twelve months or possibly even of two years, will start showing a return within perhaps three or four years and that then the budget will be brought back again onto an even keel.

Mr. BARGUES (France) (interpretation from French): I want to thank the special representative for these interesting points. I note that in Tanganyika we find a situation which we have already encountered in other Territories where the implementation of an investment programme involves certain financial difficulties which naturally are only temporary, since the investments must be self-liquidating or profitable only after a certain lapse of time. The problem then is to meet the deficit during that lapse of time.

What are the resources which the Government can use to this end? It is of course possible to increase taxes, but this possibility may be a rather limited one. Is there a reserve fund in the budget which can be used by the Government to meet any deficits?

Mr. FLETCHER-COOKE (Special representative): There is a small reserve fund. I do not have the exact figure before me, but I can produce it later in connexion with the figures that I have undertaken to quote from the 1957-58 estimates. However, it would certainly be unwise to rely too much on that reserve fund, which is of no great magnitude.

We are therefore faced with the position that we may have to have, as I have already indicated, a second budget this year in which we might have to impose additional taxation. The only source of additional revenue without imposing additional taxation is this increased African productivity plan, to which I have also referred and which is of such a kind that it ought to be producing results within a matter of twelve months.

Mr. BARGUES (France) (interpretation from French): Among the various causes of the deficit is the decline in imports -- this was in fact pointed out by the special representative. There are many reasons for this decline in imports reasons which the special representative enumerated in his opening statement. The reasons are essentially temporary in nature. It does not seem -- and it is on this point that I should like some clarification -- that the decline in imports corresponded to a reduction in the purchasing power of the population, that is, to a decrease in the population's revenue. I note that, at the same time as a decline in imports was being recorded, exports were increasing substantially: from £39 million in 1955 to more than £48 million in 1956.

To the extent that it is possible to evaluate the revenue of a country with an economy like that of Tanganyika on the basis of the exports of that country's products, it would seem that the purchasing power of the population has in fact increased.

I therefore should like to put the following question: Was domestic consumption affected by the decline in imports?

Mr. FLETCHER-COOKE (Special representative): I shall reply first to the first part of the observations made by the representative of France.

In my opening statement, I pointed out that there were six possible reasons for the drop in import duties, and that the first three reasons could be regarded as essentially temporary in nature, whereas the last three were long-term considerations and might be expected to continue and even possibly increase. I pointed out that these last three reasons were all desirable tendencies -- that is, first, the increasing tendency of the African population to save; secondly, the tendency of the African population to spend their money on more durable rather than rapidly consumable goods; and, thirdly, the tendency to purchase goods manufactured in Tanganyika or in East Africa.

On the other hand, the figures which I quoted, and which went up to 1954, for the value of the domestic production of Tanganyika showed a steady increase. We believe that the figures for 1955, 1956 and 1957 will show a further increase. As I have pointed out, although we have this temporary gap between revenue and expenditure in terms of the Government's finances, all the other factors show that the country's internal economy has been very considerably strengthened over the past few years.

Mr. BARGUES (France) (interpretation from French): The special representative has anticipated one of the questions which I was going to put to him. I do want to return for a moment to a problem which was dealt with this morning -- namely, the financing of the second development plan, for 1956-1960.

According to the information supplied by the Administering Authority and the special representative, the Administering Authority intends, in order to finance that development plan, to tap various sources of revenue such as local loans and external loans. As regards local loans, the intention obviously is to turn to domestic savings. The special representative has just told us that there is an increasing tendency to save on the part of the population of the Territory. If I remember correctly, he gave as an example the increase of deposits in local savings banks. Could he tell us, in a general way, what investments are most attractive to local savers -- apart from putting their money in savings accounts, which are certainly increasing but at a relatively slow pace.

It appears that there is a desire among Africans with savings to limit their expenditure for consumer goods and to invest their money. That is the reason why I have asked what investments are the most attractive to them.

The special representative said this morning that it was not very likely that much money could be secured through local loans. He even added that some of the persons with savings accounts in the Territory preferred to invest their money abroad rather than in Tanganyika. I suppose that that observation applies primarily to the Europeans and Asians in the Territory. It appears that the Africans -- and I should like to know if this assumption is correct -- are more tempted to invest in the Territory itself, rather than to buy shares available on the spot. What does the African do with his money? Does he invest his savings in real estate?

Mr. FLETCHER-COOKE (Special representative): I think that the answer to that question has already been given in an answer which I gave to a question put by the representative of India.

I think that it is perfectly true, as the representative of France suggests, that such savings as the African members of the community in Tanganyika have at their disposal do not go out of the country, are not invested elsewhere. For the

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most part, those savings are invested in the Building Society, which offers higher rates of interest than the Government is able to offer and has attracted a very high proportion of the savings of the African community. As I also mentioned this morning, the Government regards investment in that Building Society, whose objective is to improve housing in the Territory -- an objective which it is fulfilling -- as a thoroughly worthwhile undertaking, although we regret that we have not been able to attract some of these savings to the Government's own coffers.

Mr. BARGUES (France) (interpretation from French): I turn now to another aspect of the financing of the development plan. Among the possible sources of funds, the Administering Authority has envisaged floating a loan abroad, especially on the London market. The special representative has indicated that the chances of floating such a loan -- at least in the near future -- are not too promising because of the competition offered by other financial operations of the same nature. Of course, that observation is based on an understanding of the psychology of a potential investor. If Tanganyika floats a loan on the London market and if that loan is in competition with other loans floated by other territories of the Commonwealth, investors wishing to introduce some variety in their portfolio will obviously be tempted to choose an investment which, although it may not be as secure, is different from the Tanganyika loan. The special representative cited the example of the Argentine loan.

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If an investor in London has just subscribed to a loan floated by Nigeria and Uganda, and then is offered a choice between Tanganyika and the Argentine, he will rather choose the Argentine because it is not in Africa and it opens new horizons for him.

We might envisage another hypothesis. The reasoning of an investor in London may be echoed by the reasoning of investors in other countries; let us take countries not represented in this Council -- Zurich or Amsterdam for example. Does the special representative think that a loan floated by Tanganyika in Zurich or Amsterdam might not have more chance than one in London because in the former places the competition with other similar loans would not be so great? If we forget about the European markets and think of the neighbouring areas, the South African Union or the Rhodesian and Nyassaland Federation, would there not be chances for a loan to be floated there? Could the special representative comment on that?

Mr. FLETCHER-COOKE (Special representative): I think that a distinction would have to be drawn between loans floated within the sterling area and loans floated outside. As regards those floated outside the sterling area, I believe -- and perhaps the representative of the United Kingdom might be able to elaborate on this point -- that it would in fact be very difficult for a Trust Territory of the United Kingdom to float a loan outside the sterling area.

As regards the other areas which are inside the sterling area, it is my understanding that they require all the capital they can get for their own development, and I doubt very much whether they would have any to spare for development in Tanganyika.

I can, however, assure the representative of France that we are always open to suggestions. We need capital desperately. The Government is always considering ways and means of raising it, and I will certainly see that the points to which he has referred are brought to the notice of the Government.

Sir Andrew COHEN (United Kingdom): I shall only add this, that our experience so far has shown that it is in fact very difficult to raise loans in the countries which the representative of France has mentioned. This is not for

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want of trying. I do not say specifically in relation to Tanganyika, but I know that, in connexion with certain other East African loans, particularly railway loans, which are of interest to Tanganyika, there have been attempts made in such countries; and -- this is not due to any lack of good will on either side -- they have not in fact succeeded so far. This is a subject to which the United Kingdom Government is, I know, giving very close attention and there is no doubt that every possible source of raising money will be explored. But I do not think that we ought to believe it would be very easy to raise loans in some of these countries outside the ¹sterling area.

Mr. BARGUES (France): (interpretation from French): I am wondering whether the same problem does not arise in connexion with the over-all plan of development designed to increase agricultural productivity, a plan which was drafted at the request of African members of the Legislative Council. The Administering Authority has told us that the implementation of this plan would be subject to the availability of funds. It is likely -- and this is where I am looking for a point of confirmation -- that the same problem arises here as in the case of the financing of the over-all development plan of the Territory. Has the Administering Authority already assessed the funds that would be required in order to carry out this agricultural productivity plan which was drafted at the request of the African members of the Legislative Council?

Mr. FLETCHER-COOKE (Special representative): I believe that a figure has been mentioned. I cannot recall it immediately, but I know that it is of comparatively small order -- certainly not in the terms of the hundreds of thousands of pounds that we have been talking about, because the purpose of this plan is, very largely, the dissemination, by a select and well-experienced staff, among African farmers of better methods of production. Those methods do not necessarily require large amounts of capital; they may in some cases require small amounts. I have been told, for example, that if, in the case of one or two crops, the Africans who are growing these crops were to adopt different methods -- methods advised by the Agriculture Department -- they could, without any addition of capital at all, to their holdings, increase their output by at least 50 per cent. That, of course, would be a substantial increase in the amount

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of the agricultural productivity of the Territory. Although capital is needed, of course, the difficulty is not so much shortage of capital, but rather in the overcoming of the conservatism of some of the African farmers, who hitherto have been reluctant to change the methods which they have followed for many generations. It is for that reason that the Government welcomes the admission of the African members who, we hope, will explain to the African farmers the urgent need for changing those methods.

Mr. DAVIN (New Zealand): At this stage the special representative has already cleared up most of the points in which I was interested and I have only some supplementary points on which I should like clarification.

The first deals with the taxation situation. When I look at the taxation system as set out on page 38 of the report, particularly direct taxation as described in paragraph 175, I am struck with the apparent complexity of the taxes -- the number of different taxes -- and I have the impression that taxation might indeed be heavy. I was interested to note in the opening statement of the special representative that the report of the Coates Commission on Income Tax in East Africa has been published and is now being studied. I have not seen that particular document myself, but I understand that one of the conclusions of the report is that taxation is already excessively high -- I think those were the words of the special representative -- in Tanganyika and that there is not much scope for further increases in taxation.

I have two points to mention. One is: does the report -- this may be a somewhat theoretical question in the circumstances of Tanganyika -- contemplate any system of "pay as you earn" taxation? The other point is: I am wondering whether excise taxes would offer any means of overcoming the deficiency in import duties. If, in fact, import duties have declined as a result of production on the local and surrounding markets, it may be possible to compensate for them by the imposition of some sort of excise tax on the articles produced which were formerly imported.

Mr. FLETCHER-COOKE (Special representative): As regards the first point, the report -- which is a lengthy volume and only appeared a comparatively

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short time, a matter of a week or two, before I left Tanganyika, and I cannot claim to have studied it in detail -- did make some recommendations, according to my recollection, for consideration by East African Governments of a "pay as you earn" system of taxation.

Secondly, as regards the possibility of introducing excise duties, I doubt, myself, whether the particular articles which are now being purchased locally rather than imported, as hitherto, would lend themselves to an excise duty. But I will certainly see that the observation of the representative of New Zealand is brought to the notice of the Government of Tanganyika.

Mr. DAVIN (New Zealand): My second question relates to the new development plan. First of all, it is stated in paragraph 202 of the report that for a variety of reasons it has been necessary to draw up a new development plan for the period 1955-60 before the revised development plan for the seven years ending 1956 had run its full course. I wonder if the special representative could tell me the reasons which made the new plan necessary. No doubt it was the failure of the original estimate to measure up to expectations, but perhaps his reply may throw some light on this.

Mr. FLETCHER-COOKE (Special representative): The original ten year plan did require revision, partly because it had to take account of the increased cost of capital works, building and so on, and also -- and quite substantially -- it had to take into account the fact that as a result of the Lidbury Commission all salaries in East Africa were substantially increased. Therefore, before embarking upon capital work, the Government had to consider not only the element of salaries of those capital works but also the element of salaries for those who would use those capital works. It was no use completing new schools if subsequently the Government could not afford to pay the teachers to staff them or new hospitals if it could not afford to pay the medical staff on the basis of the new salaries.

For those two reasons then the original plan required revision and similarly the new plan, that is, the five year plan, has already had to be revised I think twice and a revision is being considered now in the light of the financial position which we have been discussing.

Sir Andrew COHEN (United Kingdom): Perhaps I might make a general observation on this. We have found, not only in Trust Territories but in other Territories, that development in all forms is a continuous process and these plans have constantly to be revised both in the light of new needs and of any changes in sources of revenue available. I think that everywhere where we have administrative responsibility planning has now become a continuous process.

Mr. DAVIN (New Zealand): I am grateful to the special representative and the representative of the United Kingdom for their explanation, which is quite adequate from my point of view. I was interested, like other representatives who questioned the special representative this morning, in this question of raising capital, particularly external capital, but capital from any sources. The special representative first explained to us that they have contemplated an expenditure on development of £26 million; made up of £6.5 million to be raised on the local market, something over £4.5 million from the colonial development funds and about £12.5 million in external loans. He then added that this estimate would have to be revised in the light of the expected income, which would fall about £2.4 million short of that. Then later he mentioned a revised estimate and I think he said the income they could expect was only £20 million and the original revised programme of £24 million would fail to secure the necessary amount by at least £4 million. I am wondering how it is expected that £20 million would be realized. I think he mentioned earlier this morning that it is still hoped to secure a little over £4.5 million from colonial development funds and perhaps somewhat less than £6.5 million on the local market, but it seems that at least £9 or £10 million is still expected from external loans and it is that last item in which I am interested. I assume that this represents the best estimates of the Tanganyika Government, the Colonial Office and the Treasury in Whitehall on what can be raised on the London Market.

Mr. FLETCHER-COOKE (Special representative): I think the representative of New Zealand has put his finger on the point. At this stage it is impossible for any guarantee to be given by the Government of the United Kingdom as to the occasions and the amount for which Tanganyika will be permitted to go to the London Money Market because we are obviously dealing with a period which spreads over the five years ahead of us. Furthermore even if we could be told now the amounts that we are going to be permitted to ask for, there would not be any certainty that we would get those amounts in full, although I should point out that when we last raised a loan -- in February or March of this year -- we were very fortunate and it was heavily over-subscribed. I think this is a complement to the investors' faith in the long-term development of Tanganyika. Broadly speaking, I think the representative of New Zealand has answered his own question.

Mr. DAVIN (New Zealand): There is just one supplementary point arising out of the suggestion by the representative of France that the loans might be raised on the Amsterdam Market or other markets in Europe or neighbouring territories. Would there be any problem in servicing such loans? I assume there would be difficulty if dollar loans were raised and I am wondering if there would be any difficulty in servicing European loans, meeting the cost of capital and amortization?

Mr. FLETCHER-COOKE (Special representative): I am not in a position to give an authoritative answer on that because that is especially a matter for the United Kingdom Exchange Control, by whose regulation we are guided. But my understanding is that there would be some difficulties in servicing such a loan. At any rate, it is a factor which would have to be taken into account.

Mr. DAVIN (New Zealand): I pass on now to another question which relates to a statement on page 32 of the opening address by the special representative. It is mentioned there that the final expenditure figure for 1955-56 includes the cost of writing off losses on the grain storage account of £1 million. I wonder whether he could tell me how such a large loss came to be incurred.

Mr. FLETCHER-COOKE (Special representative): In 1948, against a background of world food shortages and high prices and also persistent territorial deficiencies in maize and difficulties about transport and storage facilities in Tanganyika, the Government decided that the existing control, which was of course a war-time control, for certain staple foodstuffs should be retained until self-sufficiency had been reached and therefore in the interim period, and in order to stimulate production in Tanganyika, producers should be assured of a market at a fair price for their marketable surpluses. In that period the surpluses were to be purchased and stored and, where possible, distributed through Government channels and adequate stores had to be constructed for this purpose, both for working stocks and reserves, and an organization had to be set up to implement this policy. This organization was

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set up in 1949 and initially handled maize, rice, sorghum, millet, cassava, beans and gunny sacks. In the course of 1954 it was quite obvious that circumstances had changed very considerably. For example, the guaranteed price for locally purchased maize in this Government organization was considerably higher than the value of locally grown maize as an export commodity and the same considerations applied as regards rice. The net result was that the Government found on its hand large stocks which it had to sell at a considerable loss overseas. But let us appreciate that this loss, although a loss to the general taxpayer, was not a loss to Tanganyika in the sense that the higher prices which had been paid -- as they were guaranteed prices -- did find their way back into the pockets of the producers and were still in circulation within the community. It is therefore really a transfer of wealth from one section of the community -- the taxpayers -- to another section -- the producers -- of these foodstuffs and at the time this scheme was introduced it was essential to encourage the latter class to produce as much food as possible.

Mr. DAVIN (New Zealand): I have one final question that relates to the reclamation of areas from the tsetse fly.

The special representative explained to the representative of India this morning -- it is also mentioned in the report, I think -- that the only certain remedy is to clear the bush in which the fly breeds, and he also gave an account of what is being planned in the areas which are being cleared of the fly. I do not know what are the long-range reafforestation plans for Tanganyika. But I was wondering if in fact there is any danger of the recrudescence of the tsetse fly if the areas are reafforested? Or is this a particular type of bush in which the fly breeds which would not be grown again?

Mr. FLETCHER-COOKE (Special representative): My understanding -- and I am not an expert in the battle against the tsetse fly -- is that the fly is very definitely limited to certain types of bush. I feel sure that the Government of Tanganyika would not in any afforestation programme plant the bushes in which the tsetse fly would thrive.

Sir Andrew COHEN (United Kingdom): I used to consider myself as an expert on this subject. I can assure the representative of New Zealand that there is not the slightest danger. Generally speaking, the main reafforestation schemes are in areas which are too high for the tsetse fly to live at all. I do not think that these two things could possibly conflict.

Mr. DAVIN (New Zealand): I just want to say that I did not expect the United Kingdom to replant the kind of bush in which the tsetse fly bred originally. I just wondered whether afforestation was taking place in this type of area and, therefore, whether the fly might transfer to the new growth. Those are all the questions I have, and I want to thank the special representative for his very clear replies.

Mr. ARAGAON (Guatemala)(interpretation from Spanish): A good deal of information has been provided to the Council with regard to the financing of the second development plan for the period between 1956 and 1960. I should like to bring the matter up again only to clarify some points.

(Mr. Aragon, Guatemala)

In connexion with the relation which may have existed between the revision of the figures for the financing of the plan and the amount of the public debt already in existence in Tanganyika, the figures which we have in the report indicate that local and foreign loans amount to 14.2 million, which are to be used for the financing of new projects. This figure is more than double the public debt, which is already £11 million according to one of the tables in the report. The servicing of the public debt places a rather heavy burden upon the budget of the Territory. Therefore, we should like to know what the Government of Tanganyika plans to do. What are its calculations with regard to the new figures for the public debt which would result from the financing of the economic development plans? If there is any recent information on this, I should appreciate hearing about it.

Mr. FLETCHER-COOKE (Special representative): As I have indicated, in the plan as it now stands -- and as the representative of the United Kingdom has said, this plan is constantly under review -- we do contemplate borrowing from overseas about £12.5 million. Quite obviously we must have that money, and we shall have to pay the service charges on it. If we do not obtain it, we cannot possibly develop these various schemes for which we have plans. We can only hope that we will be able to get the money at less cost than the money we borrowed in, I think, February or March. But that is quite obviously beyond our control, and we shall have to pay the market price for this money which we must have in order to carry out these plans.

Mr. ARAGON (Guatemala)(interpretation from Spanish): I should like to call the attention of the special representative to certain concepts which appear in paragraph 174 on page 37 of the report for 1955. Here reference is made to the public debt and its division into an internal and external debt. There is a sentence which reads: "The Territory has no foreign debt." What is the difference between these two elements? There is here a distinction made between external and internal creditors, and yet there is a statement that the Territory has no foreign debt. I am not clear as to the distinction drawn in this paragraph and I would appreciate some clarification.

Mr. FLETCHER-COOKE (Special representative): The only explanation I can offer on this is that the word "foreign" is used in the sense of outside the Commonwealth; that is, outside the relationship which exists between the United Kingdom and the Trust Territory of Tanganyika for which the United Kingdom is responsible. The wording might perhaps have been more happily phrased, but I think that that is the meaning. Certainly the Government of Tanganyika has no public debt with any party other than the United Kingdom.

Mr. ARAGAON (Guatemala)(interpretation from Spanish): I should now like to go on to another aspect of the economy of the Territory. This question refers to the coffee industry. We find that the coffee industry plays a predominant role among the export crops in which the indigenous inhabitants participate most widely. That is why we should like to have additional information on the degree or extent of participation of Africans in the coffee industry. How do these Africans sell the coffee crop? Do they sell the coffee bean or do they sell the coffee in a processed form?

Mr. FLETCHER-COOKE (Special representative): My understanding is that at the present time the coffee is sold as a bean very largely through co-operative societies. I have a list here of the various African co-operative societies which largely sell coffee produced in Tanganyika.

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With respect to the second part of the question asked by the representative with reference as to how the Africans participate in the actual milling of the coffee so as to prepare it for processing and for exporting, I should like to say that it is very largely done by the co-operative societies to which I have referred -- the largest of all is the Kilimanjaro Native Co-operative Union -- and Chief Thomas Marealle would I am sure be able to give a very detailed account of the activities of that organization when he appears before the Council.

I should mention as a sequel to the answer that I gave to the first part of the question, that there is a proposal on foot that the coffee should be processed locally so as to be put into soluble form; in other words there are various coffee interests outside Tanganyika who have in mind to establish a factory -- a manufacturing centre -- to process the coffee beans and put it into soluble form of the same kind as what I would describe as Nescafé. But that proposal is proceeding apace and has not yet been finalized.

Mr. ARAGON (Guatemala)(interpretation from Spanish): There is another question which I should like to bring up, and it is the following. In studying the report for 1955 we have come upon references, particularly in page 43, paragraph 206, and page 54, paragraph 245, to certain legal restrictions which apply to the granting of credit facilities to natives. We should like to know the nature of such restrictions -- what are the reasons for such restrictions and what purposes do these restrictions serve?

Mr. FLETCHER-COOKE (Special representative): The purpose of the restriction was of course to ensure that the African did not go heavily into debt, that he did not pledge his crops and other belongings to such an extent that if the debtor foreclosed on him, he would fall into very great financial difficulties. This particular provision has been on the statute books for some time, and as the representatives may recall there was a specific reference to it in the report of the Royal Commission which contended that it should be repealed. The Government of Tanganyika thereupon tabled a short repealing bill in the Legislative Council, the result of which would have been to repeal the old restriction on credit with effect from the present session. But very strangely,

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and much to the Government's surprise, a large number of representations were received from representatives of the African population, and indeed from African representative members of the Legislative Council, that this particular provision should not be repealed, that they welcomed it and that they considered that in present circumstances it afforded them a large measure of protection which they still felt they were in need of. At the very time that I left Tanganyika, two weeks ago, the matter had not been resolved in the sense that it was not yet known whether in view of this conflict of opinion, the Government would or would not proceed with the repeal of the bill which it believes to be the right thing to do, but which apparently conflicts with the wishes of those whom it is intended to benefit.

Mr. ARAGON (Guatemala)(interpretation from Spanish): Referring to this question of restriction of credit facilities, we were wondering whether Africans, active in the coffee industry for instance, would encounter any financial difficulties in harvesting their crops. We also thought that it would be difficult for these Africans to provide any guarantees to secure credit facilities. On the question of crop guarantees, we should like to know to what extent credits are granted on the basis of estimated crops and how does this affect the coffee planters?

Mr. FLETCHER-COOKE (Special representative): Almost all, I think I might say all, the successful African coffee planters are members of co-operative societies; and it is of course from those societies that they obtain their credit. Provided they are in good standing with their societies, that is to say they have paid off their previous loans and advances, the terms upon which this credit is extended are easy both in terms of repayment and in terms of security and so on, because the man is already a member of the organization which is lending him the money to finance him until he gets his return. I can safely say that as regards coffee farming in particular, no difficulty has arisen in connexion with credit facilities.

Mr. LOBANOV (Union of Soviet Socialist Republics)(interpretation from Russian): My first question refers to the youth development plan in the Territory. We know that according to this plan it is proposed to expend £26 million. Could we have some more data concerning the industrial development that is planned for the Territory in the following fields: mining, manufacturing plants, and in the production of consumer goods of primary necessities or of the processing of these primary necessities, and also what has been done about the development of hydro-electric power? If the special representative finds it difficult to give a list of these enterprises, he might be able to say how this £26 million is being allocated among the various headings of industrial development. If the special representative does not have the figures now, he might be able to give us this information at a later date.

Mr. FLETCHER-COOKE (Special representative): I think I can best answer the representative of the Soviet Union as follows. First of all, I must remind him that although the development plan as published talks in terms of £26 million, as I have already indicated, we have had to revise that by £2 million because of the present financial situation, but perhaps the figures which were included in the original plan will give him a sufficient indication.

The provisional allocation of this £26 million was as follows: the development of natural resources, very nearly £5 million; communications, just under £7.5 million; urban development, just under £3.25 million; electricity -- and I shall return to that in a minute because it will answer his question about hydro-electric schemes -- £2 million; social services, medical, nearly £1.5 million, and education, just over £3.75 million; broadcasting and films, £100,000; public buildings, that is, the actual physical buildings to accommodate Government staff, hospitals and schools, nearly £2 million; and African urban housing, just under £1 million.

The representative of the Soviet Union will therefore see that it was not proposed to spend any part of this money on the particular matters to which he referred, that is, the development of mining or of manufacturing or secondary industries, although of course all those industries would be more likely to start by private enterprise if there were better communications, if there were cheaper electricity, and so on, all of which is provided for in the plan.

As regards the specific reference to hydro-electricity, new electricity legislation was passed in February 1957, the result of which in brief was to amalgamate the two existing electricity companies in Tanganyika, the Tanganyika Electric Supply Company and the Dar-es-Salaam and District Electric Supply Company, and to permit these two companies united in a new company to receive a licence whereby they would construct a new power station at Hale on the Pangani river. The production of this power station, where the electricity would be produced by water power, was going to be conveyed partly into Dar es Salaam and the coastal regions of Tanganyika, and some of it was going to be sold, to the extent that it was not required immediately in that area, outside in the neighbouring territory.

Mr. LOBANOV (Union of Soviet Socialist Republics) (interpretation from Russian): We can see from the plans, as I have said, and from the subsequent explanations that there seems to be no provision for industrial development of the Territory over the period of the next four years, and my delegation would express some regret about this.

My next question relates to an indication in the report that some of these expenditures are financed from the enemy property fund. Could the special representative tell us who the custodian of this enemy property fund is, the total amount of this fund, and what the procedures are for its utilization?

Mr. FLETCHER-COOKE (Special representative): The position is that the fund has to all intents and purposes been wound up and that these amounts -- the exact figures and no doubt in the current estimates, to which I shall have an occasion to refer in giving some answers in the future, as I have undertaken to do -- are being distributed for various purposes, primarily for educational purposes. Some £800,000 has been set aside as the basis of a fund for the development of an institution of higher education in Tanganyika, and it is from that fund that part of the interest payments are being used to provide the bursaries to which I referred in my opening address -- an amount of £24,000 a year in addition to the £18,000 already contributed by the Government.

Another comparable amount has been made available for the construction of the St. George's and St. Michael's schools in the Southern Highlands, which are going to have places for some pupils of all races.

The total amount left in this fund was £2,600,000; that is the balance remaining after the disposal of enemy property managed by the custodian during the war. As I have said, £800,000 has been set aside for the higher educational institution, and the £600,000 has been set aside for the schools to which I have referred. I shall endeavour to find out where the rest of the money has been allocated and inform the representative on a later occasion.

Mr. LOBANOV (Union of Soviet Socialist Republics) (interpretation from Russian): I am quite satisfied with the data we have already received.

Now may I put a question which follows from the reply that the special representative made to a question by the representative of India? The special representative said that part of the capital from Tanganyika went to finance certain enterprises in Kenya. Is this being done by private individuals or is it being done by the Administering Authority? In this case, why can these investment funds not be used in Tanganyika, especially in view of the statement by the Administering Authority that there is a lack of funds and capital in the Territory itself?

Mr. FLETCHER-COOKE (Special representative): There is, of course, a completely free movement of capital in Tanganyika, in the sense that no restrictions are placed other than perhaps foreign exchange control restrictions on the places in which somebody with capital in Tanganyika can invest his money. Most certainly the Government of Tanganyika does not invest, nor does it encourage the investment of, any sums of money outside the Territory. But, short of preventing it by legislation, which I think would hardly be in harmony with the principles upon which the administration of the Territory is and should be conducted, it is difficult to see how we could prohibit those persons in Tanganyika who have capital at their disposal from investing it outside the Territory wherever they can find a place to invest it.

We would certainly welcome its investment in Tanganyika and we are always considering ways and means of encouraging this. Nor would I like to leave the Council with the impression that I have any official information as to the amounts of capital which are not being invested in Tanganyika although perhaps produced by activities there, for I have not. It is, however, a general belief that some capital emanating from work in Tanganyika is invested outside the Territory, although we should like to see it invested in the Territory.

Mr. LOBANOV (Union of Soviet Socialist Republics) (interpretation from Russian): I realize of course that you cannot prevent this movement of capital by legislative measures, but there are also patriotic feelings, which come into play here and which perhaps are more appealing than any legislation could be, especially if you take into account, for instance, the claims of the non-permanent population when you talk of electoral rights. If you feel that your fate is linked to a Territory, then I think that you should normally feel that that Territory should be developed and that the capital which you have available for investment should be invested in the Territory. I imagine that the investment of capital made outside of the Territory is not made by the indigenous inhabitants but by transient inhabitants such as the merchants or persons of that type. Could the special representative tell us the size of the investment of foreign companies in the Territory? What was the amount of the profits made by these foreign companies in the Territory during the last fiscal year?

Mr. FLETCHER-COOKE (Special representative): I am certainly not in a position to answer that question offhand, but I will do my best to find some figures in order to reply to it.

Mr. LOBANOV (Union of Soviet Socialist Republics) (interpretation from Russian): I would be grateful to the special representative if he could supply those figures.

Mr. FLETCHER-COOKE (Special representative): I should like to make this point clear: that there is considerable investment in Tanganyika by individuals who have their own businesses and concerns and whose activities will not appear in any company returns because they are not private companies. Many of those individuals have fairly considerable sums of capital at their disposal, but it would be very difficult to produce any figures because, not being companies, of course they do not have to make any accounts public or anything of the sort.

Mr. LOBANOV (Union of Soviet Socialist Republics) (interpretation from Russian): Could the special representative tell us the amount of the exports to the dollar area? Also what is the amount of the profits in terms of dollars the Territory?

Mr. FLETCHER-COOKE (Special representative): I do not have those figures at my fingertips, but I will produce them before the end of the questioning period.

Mr. LOBANOV (Union of Soviet Socialist Republics) (interpretation from Russian): I would be grateful to the special representative if he could also give me those figures.

I have a few brief questions. The report tells us about irrigation work in the Territory, and it is pointed out that this work is financed by the budget. What utilization is made of the irrigated land and what are the conditions for such utilization? Who are the beneficiaries of these irrigation works?

Mr. FLETCHER-COOKE (Special representative): As I think I indicated in a previous reply, the first beneficiaries of all these schemes are the Africans. The plan is that as these areas are developed and irrigated, the Tanganyika Agricultural Corporation, which is the organization doing this on Government's behalf, which operates on the basis of a tenant-farmer scheme, gives the Africans the first choice of these farms and, as I informed the representative of India, they are not normally given to persons of immigrant races unless there are no Africans available and ready to take them up.

Mr. LOBANOV (Union of Soviet Socialist Republics) (interpretation from Russian): I noted that mention is made in the report that during the budgetary year 133,000 acres of land were alienated. Could the special representative tell us what was the purpose of this alienation, and to what use this land has been put?

Mr. FLETCHER-COOKE (Special representative): I presume that the representative of the Soviet Union is referring to the year 1955. In 1955, if that is the year he is referring to, although the figures quoted in the 1955 report might of course be the 1954 figures -- perhaps it would be simpler if I just gave the figures for the last few years. In 1956, for example, 2,774 acres were alienated to Africans and about 124,000 to non-Africans. I cannot of course give the representative of the Soviet Union the details of these alienations to non-Africans. Every case is considered on its merits. I suspect that some of them were alienated for plantation production, sisal and so on and some of it for ordinary mixed farming.

Mr. IOBANOV (Union of Soviet Socialist Republics) (interpretation from Russian): I was referring to the data in paragraph 42 of the Working Paper of the Secretariat. I was interested mainly in the purpose of this alienation.

Because the hour is late I will only put one last question at this point. Over a year ago it was reported in the East African Standard that there were vast deposits of iron and coal in the Territory. Thus you have a very fortunate coincidence. Then there was also information on considerable deposits of copper and other non-ferrous metals. I was wondering whether anything has been done to plan the utilization of these resources especially in terms of setting up manufacturing industries within the Territory itself on the basis of these existing mineral resources.

Mr. FLETCHER-COOKE (Special representative): As regards the coal and iron deposits, these deposits are some 500 miles from the nearest railway over completely undeveloped country. The Government has been advised that it would not be economical in the present circumstances to contemplate working those deposits in the sense that by the time the coal and the iron had been taken out of the ground and transported over a railway which is not yet built, the price of these commodities would not be worth the effort from the viewpoint of the world market, and it would appear that private enterprise, which of course is the body most likely to develop these things, is also of the same opinion. It is quite clear that we are not going to be able to raise the money for a railway for the reasons which I indicated earlier, namely, that we could not raise the money for a railway which would only have been half as long as the one necessary to get the coal out.

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Special representative)

Furthermore, this coal and iron, although substantial in quantity, is certainly not of the highest grade although it is, however, of an average or medium grade. In short there are at present no plans for the development of these resources because there is no capital available.

Mr. LOBANOV (Union of Soviet Socialist Republics) (interpretation from Russian): I am grateful to the special representative for his explanation, but may I point out that the absence of roads or railroads is not a decisive argument against the exploitation of these resources. If there is a will to build a road, a road can be built. It is mainly a question of desire. After all, there was the desire to build a road for the development of the sugar industry. I think that the production of metallurgical items is more important to a country than the production of such items as sugar or raw materials that are shipped out of the country.

As regards the remarks of the special representative that transportation would make this prohibitive, I was thinking in other terms, not in terms of transporting this ore but in terms of processing it on the spot. Perhaps there could be the nucleus of a metallurgical industry or of a machine-building industry. I was not thinking of these deposits in terms of raw materials to be shipped overseas. I am trying to see how one can promote the establishment of an independent economy in the Territory. I think it is fairly obvious that without an adequate industrial basis, it would be rather difficult to think of any independent economy for the Territory. After all, we are trying to see how we can help the Territory achieve self-government or independence. For that it is necessary to have a sound industrial or economic foundation.

In conclusion, I should like to thank the special representative for his replies.

Mr. FLETCHER-COOKE (Special representative): Might I just make one comment on the remarks of the representative of the Soviet Union. The picture which he has drawn of exploiting these mineral resources and of establishing factories to work the products of these resources is undoubtedly an attractive one and one which, if it were practicable both in terms of communications and of the capital available, certainly the Government of Tanganyika would not overlook. But the plain fact is that in present circumstances it is not practicable. If the representative of the Soviet Union wishes to be persuaded of that fact, perhaps he might induce the forthcoming Visiting Mission to go to this very remote area and then they will see the justification for the statements which I have made.

Sir Andrew COHEN (United Kingdom): I should hate to enter into an economic argument with the representative of the Soviet Union, but I would like to point out that it would not help the progress of the country towards self-government to saddle it with an iron and coal industry which had to rely on a permanent subsidy. What we have to decide is whether in fact it is the best way of developing the economy of the country to develop an iron and coal industry in a remote area. It cannot be taken for granted that an iron and coal industry is a valuable thing just because iron and coal sound nice. This does not follow at all.

Mr. LOBANOV (Union of Soviet Socialist Republics) (interpretation from Russian): May I also make some comments in connexion with the remarks of the special representative and the representative of the United Kingdom. It seems to me that the economic development of this Territory is substantially a colonial development, since it is essentially geared to the exploitation of those resources which can be shipped overseas and which satisfy the needs of the metropolitan country more than anything else. That is my first inescapable conclusion.

As regards the comment of the special representative on the forthcoming Visiting Mission, I would like to say that our wish to help the Territory is so great that we are ready even to take part in the Visiting Mission and to go and see the situation for ourselves, if the Trusteeship Council would be so good as to consider our candidacy.

I wish again to thank the representative of the United Kingdom for the explanation which he has kindly given.

Sir Andrew COHEN (United Kingdom): There is one fallacy, I am afraid, in what the representative of the Soviet Union has said. He seems to assume that the sugar industry is for shipping overseas, but that is not so at all. Sugar is consumed locally.

The meeting was suspended at 4.5 p.m. and resumed at 4.30 p.m.

Mr. RIFAI (Syria): I would ask the special representative to forgive me if I ask any questions that have already been answered; most of the matters that I have in mind have probably been covered in other representatives' questions.

My first question relates to the raising of capital. This is a very important subject which we have been discussing this afternoon and during the Council's morning meeting. The problem is how capital for development in the Territory will be raised. I should like to ask the special representative whether the Administering Authority has given any consideration to requesting some kind of assistance from the International Bank, for example. I have not seen any reference to this in the remarks which the special representative has made, in his opening statement, or in the annual report. I should therefore be grateful for some information on this score.

Mr. FLETCHER-COOKE (Special representative): I am not aware that any application has been made to the International Bank, nor am I in a position to say why. I do recall hearing in Tanganyika, when this question of raising capital from outside sources was being considered, that -- for some reasons which I cannot remember -- it was regarded as unlikely that we would be successful in obtaining a loan from the International Bank. I shall certainly, however, take note of the point made by the representative of Syria and shall bring it to the attention of the Government of Tanganyika.

Mr. RIFAI (Syria): I should like some information on the following point. I know that it was the Administering Authority's intention, in connexion with its policy of encouraging industrial development, to appoint a Commissioner of Commerce and Industry. I have not found any information on whether or not that appointment has been made, and I should appreciate it if the special representative could clarify that matter.

Mr. FLETCHER-COOKE (Special representative): A Commissioner of Commerce and Industry has been appointed and is doing a great deal to stimulate private interest in industrial development of all kinds in Tanganyika. There are various concerns interested in establishing, for example, a cement works and various other undertakings of that kind.

Mr. RIFAI (Syria): My next question relates to the possibility of acquiring loans for the Africans. I have read in the Working paper prepared by the Secretariat -- which, I believe, is based on the report of the Administering Authority -- that the difficulty in securing loans for the Africans has been due, to a certain degree, to the fact that they were unable to provide adequate security for these loans. Could the special representative tell me what kind of adequate security is necessary from these people? Could he elucidate a little further on this point in order that we may know what difficulties were encountered in this regard?

Mr. FLETCHER-COOKE (Special representative): Yes, I can give the Council a little information about these loan funds. A fairly large number of loans have been approved for issue to Africans who applied; in particular, loans for maize mills have headed the list, with loans for general agricultural purposes a close second. In some cases it has been necessary to take legal action where there has been wilful default in the repayment of loan instalments, or where loan money has been used for purposes other than those for which it was granted. I think that my next remark will perhaps answer the question more specifically.

The Committee which grants these loans has been very generous in postponing repayment in cases of genuine distress. It is, however, essential that the borrowers should be made to understand their responsibilities. The object of these loan funds would be largely defeated if borrowers were led to believe that the loans are just money from heaven and divorced from the realities of economy. On the other hand, reports have continued to come in showing that many borrowers have genuinely improved their position with the aid of loan money. It is extremely difficult for the officers of this Committee to strike a happy mean between obtaining adequate security for the loan and yet not asking something which the African borrower is quite incapable of producing. I cannot myself indicate the exact form which the security offered or acceptable to the Committee takes, but I can assure the representative of Syria that the Committee offers a most sympathetic approach to this problem because it is anxious to spread these funds as widely as possible.

Mr. RIFAI (Syria): My next question relates to the production of cotton. We are happy to note that there has been a steady increase in recent years in the production of cotton in the area of the Lake Province. This year, apparently, according to the special representative, there has been a spectacular increase in this production. I should like to ask him whether this was due simply to a good crop, or to improvement of the methods, or anything else of that nature.

Mr. FLETCHER-COOKE (Special representative): I should say that it was almost entirely, but not wholly, due to an improvement of methods, and also to a certain extension of the area coming into production.

Mr. RIFAI (Syria): My next question relates to co-operatives. I should like to know from the special representative the reasons why the consumer co-operatives have so far been very few, while the producers co-operatives are so numerous.

Mr. FLETCHER-COOKE (Special representative): To some extent, I think, I covered that point in my opening address. The consumer co-operatives, which are very few in number, but which nevertheless have made a start, are, of course, in keen competition with the Commercial Community, which has been established in Tanganyika for many years and is highly skilled in the techniques of both wholesale and retail commerce and commercial methods, and an African co-operative society, despite a great deal of assistance from the Government Co-operative Department, finds it very difficult to compete in purchasing with the existing Commercial Community. It might also be worth making the point that the existing Commercial Community does not, of course, welcome the introduction of consumer co-operatives into its particular field.

Mr. RIFAI (Syria): My next question relates to prospecting for oil and radioactive elements in the Territory. I should like to enquire whether there has been any evidence of deposits of these materials in the Territory, or whether the prospectors have met with any success so far. I think

that it would be interesting to the Council to know what results have followed this intensification of prospecting in the Territory.

Mr. FLETCHER-COOKE (Special representative): The answer to that question is, I think, the following. So far as I am aware -- and the representative of Syria will no doubt appreciate that prospectors keep their secrets very closely to themselves -- the present position is that no actual deposits of either oil or uranium have been found, but that the geological conditions which suggest that there should be deposits of both those commodities have certainly been found.

Mr. RIFAI (Syria): I should like now to ask a question about the public debt; I notice that it has increased 50 per cent over last year. In the first place, I have not been able to find the figure with regard to the public debt in the appendices, although it may be there, and I would be extremely grateful to the special representative if he could indicate to me where it is to be found.

My question is this: is this tendency considered economically unhealthy by the Administering Authority? I have gathered from the opening statement of the special representative that this is the feeling of the Administration, but I should like some clarification on this point.

Mr. FLETCHER-COOKE (Special representative): It is certainly not our feeling that the public debt is something to be avoided. We would very much like to add to our public debt by borrowing further funds in the United Kingdom or elsewhere. At the present time, the public debt -- I have not the exact figure but it takes into account a loan which was floated in January 1957 of somewhere between £12 and £15 million -- is a very small figure for a Territory the size of Tanganyika which is at a stage of active development and which needs a great deal of capital in order to make the best use of its resources and which has an annual budget of the order of £19 to £20 million per year; this is a very small figure for the public debt.

This might afford me an opportunity of answering the representative who asked me about the changes in the debt charges; I now have the figures. In 1955-56, £542,000; in 1956-57, £560,000; and in 1957-58, £916,000; that is, they practically doubled between 1956-57 and 1957-58. But in reply to the representative of Syria, we would like to see our public debt much larger.

Mr. RIFAI (Syria): I am sure that that is the right conclusion which one would draw from any economic situation in any Territory. I think that the public debt, specially if it has not increased to very high proportions, is a healthy sign and not a bad sign. But I read in the statement of the special representative, when he was speaking about the balance of payments, the following: "... there are at present virtually no balance of payments difficulties" (T/PV.811, page 33-35) and he continued by saying: "... the public debt, although

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it has increased by 50 per cent in the last year, is still relatively small" (Ibid). I know that there is nothing specific in this statement to show that the Administration is fearful of the public debt or its increase, but in the context in which it appeared, it gave me the impression that it might have feared the possibility of such an increase and that is why I put my question. I quite agree with the special representative as to the fact that a public debt is not a bad sign in the economic life of any country.

Now I come to my last question. I want to ask the special representative about the question of the Meru settlement. In the first place, I notice in paragraph 266 of the annual report it is stated that about £5,000 was paid in compensation to some of the people who came to claim their compensation. I wonder whether the special representative could, in the first place, tell us whether the settlement of the Meru people's claims was in kind and in cash. It certainly appears that compensation was paid partly in cash and if so, what was the basis of the assessment of the compensation? I am probably not putting the question very clearly, but what I have in mind is this: the Meru people seem to have been receiving some compensation in cash; I would like to know whether the settlement did provide for a certain general sum or whether it is still in the process of being evaluated and this is just a partial contribution. I would like to have an explanation of this matter.

Mr. FLETCHER-COOKE (Special representative): On the question of compensation for the Meru, members of this Council will realize that the compensation took two forms: the actual finding of land elsewhere and also a cash payment. Two years ago, in 1955, the year of the report, I think only one member of the Meru tribe had come forward to claim the compensation which was available. By the end of 1955 it was possible to report that considerable progress had been made in establishing normal relations with the tribe and this had led to the disbursement of over £5,000 in compensation. Over the past year, further progress has been made and the total compensation now paid totals £7,437. Claims are still being received and a special sub-committee of the Meru Council itself has been set up to assist in the adjudication of claims and the making of final payments.

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representative)

That, I think, is the answer to the representative of Syria's question, namely, that it is not a question of a fixed sum. Although I cannot tell the exact basis on which the claims are drawn up, each case is considered on its merits and once the claim has been settled the money is found to meet it. I might also mention that other areas have been made available to the Meru tribe in the Sanya Juu area, which was the area originally in dispute, and a number of them have now returned to that area. Indeed, three out of four plots of land which have become available for occupation have been handed over to the Meru and one has been handed over to a member of the Chagga tribe.

Mr. CLAEYS BOUUAERT (Belgium)(interpretation from French): The very detailed replies of the special representative seem to cover all the questions on which my delegation wanted to ask for elucidation. I will therefore yield the floor to the next speaker.

Mr. DORSINVILLE (Haiti) (interpretation from French): I have only two or three questions to put, the answers to which will help me to get a broader view of these issues.

In his preliminary statement the special representative pointed out that there are certain trends which the Administration notes among the applicants. More especially he pointed out a growing trend towards savings. However, he added that if the figure of withdrawals was considered one might think that the opposite was the case. Fairly large amounts were withdrawn from saving accounts, but this was due to the fact that there seemed to be no alternate profitable investments. Could he tell us what was the trend after these withdrawals? Where was the money withdrawn from the savings accounts reinvested? How were these sums expended?

Mr. FLETCHER-COOKE (Special representative): The total deposits in the Post Office Savings Bank at the end of 1956 was £2,572,000, which was only very slightly less than the previous year's total of £2,605,000; in other words, it was only a matter of £30,000. But as I indicated on another occasion the number of accounts has increased very considerably. The reason is that although true small savings such as would find their way into the Post Office Savings Bank had increased, it was the larger savers who had previously put their money in the Bank because they could not put it anywhere else who had withdrawn their money. The reply to the question of the representative of Haiti is that they withdrew their money from the Post Office Savings Bank and put it almost exclusively, so far as one could check up, in the building societies which are operating very successfully in Tanganyika.

Mr. DORSINVILLE (Haiti) (interpretation from French): I thank the special representative for this clarification.

With respect to the purchase of durable goods, what are the durable goods in which these applicants are beginning to become interested?

Mr. FLETCHER-COOKE (Special representative): Hitherto the African who had a little money at his disposal to purchase goods tended to purchase minor ornaments, gaily coloured shirts and so on. But he is now going in for much more

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durable goods. He is saving up possibly for a refrigerator or a wireless set or better furniture -- goods which, as their name implies, are durable as distinct from the others. Of course, he is also exhibiting an interest in permanent housing, as is evidenced by his interest in the building societies. Having purchased his house he wants to equip it with durable furniture.

Mr. DORSINVILLE (Haiti) (interpretation from French): I have a third question which refers to the report of the Coates Commission which is now being studied. This bears on the income tax situation. Can the special representative give us a general idea of the conclusions of this report on income tax specifically specifically from the point of view of the Africans?

Mr. FLETCHER-COOKE (Special representative): I regret that I am not able to give a general picture of the conclusions, but it will give me great pleasure to send the representative a copy, which I have with me here in New York.

Mr. DORSINVILLE (Haiti) (interpretation from French): I thank the special representative for this explanation. I will be glad to read this report. I have no further questions.

Mr. HAMILTON (Australia): Page 1 of the annual report refers to certain rivers which flow into Lake Victoria. I think it is page 63 which gives us certain information about the irrigation schemes which are in existence, but none of these irrigation schemes seem to be related to the rivers which flow into Lake Victoria. Can the special representative give us some information on this subject?

Mr. FLETCHER-COOKE (Special representative): My understanding is that we should be on very dangerous ground if we did anything in the present circumstances which might affect the water in Lake Victoria, which, as we learned earlier this morning, is the subject of international agreement. Broadly speaking any irrigation scheme is likely to result in a diminution of the water which would ultimately flow, to the extent that any water at all does flow there.

Sir Andrew COHEN (United Kingdom): Am I not right in thinking that the only important river which flows into Lake Victoria has its sources in the Territory of Ruanda-Urundi?

Mr. HAMILTON (Australia): I certainly do not want to press this question, but can the special representative give us the titles of the agreements concerned or perhaps indicate which are the agreements, since I presume they are referred to in one of the annexes? If he is acquainted with this information, perhaps he can give us the main provisions of such agreements as preclude the use of these rivers by the population.

Mr. FLETCHER-COOKE (Special representative): I do not think there would be anything in the agreements, and I cannot detail them immediately. But I will see that the representative of Australia is given a list of them. I do not think the agreements would in fact say anything about irrigation. What they would say, indeed what they are really conscious of, is that we have an international obligation not to interfere with any water which is moving into the Lake because it may interfere with the level of the Lake. That being so, this is obviously a more difficult irrigation scheme to consider than those where this problem does not exist. As we have only a limited amount of money to spend on irrigation, we have taken the easiest ones first.

As I indicated this morning, the whole problem of the waters of Lake Victoria is under consideration.

Mr. HAMILTON (Australia): I thank the special representative for that information. I have a number of minor questions concerning the territorial budget.

Item 45 on page 203 of the annual report refers to "Transferred Revenue." I wonder whether the special representative can explain to us what transferred revenue is. I imagine that his explanation will probably cover the reasons why expenditure in respect of transferred revenue has decreased so remarkably.

Mr. FLETCHER-COOKE (Special representative): I think that is a question on which I shall have to have notice because I believe that the revenues have been transferred so far it no longer exists in the current listings as a heading. I shall try to provide that information.

Mr. HAMILTON (Australia): A distinction is made between Public Works Recurrent and Public Works Extraordinary. I wonder if that distinction could be explained.

Mr. FLETCHER-COOKE (Special representative): The normal meaning of the term Public Works Recurrent is, of course, the maintenance and servicing of existing installations: the maintenance of roads and bridges as distinct from the construction of new roads, new buildings and new schemes.

Mr. HAMILTON (Australia): I turn to page 205 of the report. Reference is made to Native House and Poll Tax and also to the Personal Tax. The Native House and Poll Tax, I understand, is gradually being discontinued and gradually emphasis is being placed on the personal tax; I am not clear on this matter. In 1954-1955 the Native House and Poll Tax was £1,873 whereas in respect of 1955-1956 the combined total of the Native House and Poll Tax and the Personal Tax is rather less than this figure. In the same period, I understand that the total income -- I have forgotten exactly what the phrase was which was used in the special representative's introductory remarks -- or total wealth of the population of Tanganyika, has increased appreciably. Is it therefore correct to assume that taxation is falling slightly behind the increase in wealth?

Mr. FLETCHER-COOKE (Special representative): The figures shown in the table to which the representative of Australia are, of course, somewhat confusing because they refer here to estimates for 1955-1956, whereas the actual figures quoted will only be for the part of the year during which this tax was collected, in the sense that the new system of personal tax replacing the Native House and Poll Tax and Non-Native Poll Tax came into force on 1 January 1956, that is to say, in the middle of the fiscal year. That still does not, of course, answer the fact that if you take these two together, there is a smaller amount shown under the personal tax under 1955-1956 than might have been expected to be found there. One of the reasons for that is that with a new tax it takes some time to get into stride, particularly in the backward areas which are not accustomed to the new tax, and I think you would find that the figures in the 1956 report will show a fairly substantial increase in the amount collected by means of personal tax.

Mr. HAMILTON (Australia): On the same table there are given figures¹ for export duties which have diminished very considerably, and excise duties wh² have increased appreciably. Could the special representative give us informati³ about the background of these two developments, and whether there is any relationship between these two trends?

Mr. FLETCHER-COOKE (Special representative): I should like to give that information at a later occasion, if I may.

Mr. HAMILTON (Australia): I have no more questions, and I should like to thank the special representative.

Mr. FLETCHER-COOKE (Special representative): If I may have a few minutes to answer some of the questions which were asked earlier today.

First of all, I think the representative of Burma asked for an indication of the import duty figures. They are as follows, the first two figures I give are actual figures: 1954-1955, £4,820,144; 1955-1956, £5,527,430. The next two figures are estimates because, of course, we have not as yet reached the end of the current financial year 1956-1957. The figure for 1956-1957, the original estimate was £6,400,000, but up to 31 March, only £4,500,000 had been collected, and it would therefore appear on the best estimate available in Tanganyika that the final figure for the year would be somewhere between £5 million and £5.5 million, which would be very nearly a million less than the original estimate. The estimate for 1957-1958 is £5,700,000, which is approximately the same, just a shade more than the revised estimate -- which may be as much as £5.5 million for 1956-1957.

The representative of the Soviet Union asked for some figures about exports from Tanganyika to the dollar area. In 1952 they amounted to £10,750,000; in 1953 they amounted to just over £6,250,000; in 1954 they amounted to just under £6 million; in 1955 they amounted to just over £4 million; in 1956 they amounted to £4,378,000. That is the last figure I had available.

(Mr. Fletcher-Cooke,
Special representative)

I The representative of the Soviet Union also asked for some investment figures. In the first place no figures are available as regards the investment of overseas companies in the Territory, nor are any figures available as regards their profits or indeed the profits of anybody operating in the Territory. But I can give him two figures which may be of some interest: the local public capital, that is to say, the local capital in local public companies in 1955 was £8,784,000, and the capital in local private companies was £32,048,000. But those amounts which total some £40 million were, of course, only in respect of local public and private companies and do not include the fairly considerable amount of capital invested in shops and other undertakings by people who are in business of one sort or another on their own account and who have not formed themselves into companies.

The only other point I should like to mention in addition to the observation of the representative of Syria, it is, of course, a fact that the weather conditions in Tanganyika this year were very favourable to the cotton crop -- the rains were good and that is obviously a factor which together with the other conditions I mentioned resulted in this record crop. But against that there is no reason to suppose that we shall not continue to have good crops in that area as the planting of cotton is doing very well there.

Mr. LOBANOV (Union of Soviet Socialist Republics) (interpretation from Russian): I am grateful to the special representative for the points he has just made in connexion with questions I put to him earlier. However, I should like to call his attention to the fact that I received a reply to only the first part of my questions and that the reply is not a complete one. I had asked to be told the percentage of dollar profits obtained by the Territory, that is, the extent of dollar investments in the Territory. I would ask the special representative whether he could possibly make the information more complete, if not now, at least at a later stage.

I did not receive a reply either to the question relating to the profits derived from investments in the Territory and the scope of such profits. On this point also I should appreciate some clarification.

Mr. FLETCHER-COOKE (Special representative): Perhaps the representative did not hear me, but I prefaced my remarks by saying that it was not possible, because the figures are not available, to give any account of the profits in the Territory either in terms of dollars or otherwise. I am not quite sure that I understand what the representative means by that, but, as I cannot give the figures, perhaps it does not matter. I cannot give any figures as regards profits, because they are not available.

Mr. LOBANOV (Union of Soviet Socialist Republics) (interpretation from Russian): This question seems to me to be so important that I really cannot pass it by. The special representative has told us that in 1952 exports from the Territory to the dollar area amounted to £10 million sterling. I should like to know what percentage of these dollar profits returned to the Territory. This applies to all the other years mentioned by the special representative.

Mr. FLETCHER-COOKE (Special representative): Perhaps there has been some confusion over the word "profits". If the representative of the Soviet Union means to what extent did the dollar receipts for these exports to the dollar area return to the Territory, the answer is, of course, that all dollars received from exports from areas within the sterling area, of which Tanganyika is one, go into the sterling area pool and that, to the extent that the people of

(Mr. Fletcher-Cooke
Special representative)

Tanganyika require dollars for the purchase of imports or for other approved purposes, they apply to the exchange control authorities. Equally well, therefore, I can tell him that all the \$10 million in dollars went into the exchange control pool, or at any rate I hope it did. As to the extent to which other amounts were issued, I am afraid I cannot give him the figures.

Mr. LOBANOV (Union of Soviet Socialist Republics) (interpretation from Russian): I should like to know what share of this dollar revenue reached the Territory itself rather than the sterling area in general. Of course, I understand that these dollars reached the sterling area, but it may be that these dollar earnings were directed to other Territories rather than to this specific Territory. I should like to know how many dollars were used, for instance, for the purchase of equipment which was then sent to the Territory. That is the specific question I wish to put.

I have another point. I am interested not only in the percentage of such profits returned to the Territory but also, if the Territory produced, say, \$10 million worth of export products, what part of this \$10 million was made available to the Territory. In other words, to what did the Territory devote this \$10 million?

The PRESIDENT: Is the special representative able to provide an answer?

Mr. FLETCHER-COOKE (Special representative) No, beyond saying that I am quite satisfied that Tanganyika has had its fair share, from the sterling area dollar pool of the dollars that it requires.

Social and educational advancement

The PRESIDENT: There is still time to make a beginning on the social and educational section of the report, and as an introduction I would call on the representative of UNESCO to make a statement.

Mr. SALSAMENDI (United Nations Educational, Scientific and Cultural Organization) (interpretation from Spanish): I am very grateful to you, Mr. President, for giving me the floor so that I might introduce document T/1304, which gives the observations of UNESCO on the Trust Territory of Tanganyika.

According to this report, no changes were noted in the educational policy followed in the Territory. The participation of the indigenous inhabitants in the educational programme of 1955 was more extensive.

The ten-year plan for the education of Africans is coming to its conclusion, and the results obtained in 1955, the year under review, were those which had been hoped for 1956. This is a cause for satisfaction. The primary educational facilities were tripled, and the curriculum for each cycle of education was defined.

The percentage of educational expenditure increased; in particular, the budget allocations devoted to primary and secondary education. For the first time, the annual report gives detailed figures on the financing of the various school systems. In the opinion of UNESCO, these figures and the publication of the statistical tables are of great interest.

Education is divided into three stages: primary, middle and secondary.

Thirty-six per cent of the children of school age graduated from schools, an increase of 13 per cent over the previous year. There is a possibility that one student out of five will continue with courses of higher education. The success of the policy of the Administering Authority in primary education may be found in the number of students completing such studies.

In the first grades of the next stage of education the situation is the same. Since 1951 we note a smaller number of students abandoning school during the first two cycles of education. The number of students enrolled in such courses is lower than had been hoped for, but there is an indication that this situation is being remedied. It is hoped that the number of boys and girls abandoning their studies will continue to decrease.

In 1955, in view of the existing circumstances, it was not possible to make education compulsory. However, provisions exist that allow Native Authorities to make education compulsory. For instance, once a pupil has received his diploma, he can be compelled to continue his studies. It is to be regretted that Government primary schools are beginning to charge for the education provided.

(Mr. Salsamendi, UNESCO)

The number of students graduating in secondary schools has constantly increased, although slowly during the period between 1951 and 1955. In 1955, however, enrolments increased by 14 per cent over those of the previous year, which means that secondary education is developing at the same rate as primary and middle education. When this fact is coupled with the large-scale building programme, it will be seen that the progress made has been satisfactory.

In vocational training there are no such indications of steady growth. In 1955, for instance, enrolments were below those of 1951. However, these figures must be interpreted cautiously, since they reflect only the courses coming under the Department of Education. We must bear in mind that other branches of the Administration provide specialized training in other fields.

(Mr. Salsamendi, UNESCO)

Taking the Department of Education figures alone, and bearing in mind the need of the Territory for qualified manpower, it might be well for the Administering Authority to act more vigorously in this field of education so as to meet local needs more efficiently.

The annual report provides figures as to the number of students continuing their studies abroad. This figure is certainly lower than the real figure since it does not cover the students going abroad at their own expense. The rise in the number of African students -- 25 per cent over 1954 -- is noteworthy, the more so since the majority of them are aided by scholarships.

There has been a substantial decrease in the number of non-African students continuing their studies outside of the Territory.

We should also point up the attempts to provide higher education inside the Territory.

With regard to teachers, the annual report does not give figures as to their number in service in 1955.

It is interesting to note the number of students who graduated in the twenty-five teacher training centres -- fourteen centres more than existed in 1954 -- and the number of these students increased by 12 per cent in 1955. The number qualifying rose by 22 per cent. This is a satisfactory trend.

UNESCO would like to point out that in 1955 the number of students who became teachers exceeded the target of the ten-year plan, and the number of teachers increased although not reaching the target contemplated.

With regard to adult education and community development, I hope to be able shortly to distribute to members of this Council a copy of a UNESCO publication called "Fundamental and Adult Education", a publication in which there is an article which will be of interest to the Council.

Our organization plans to publish a study this year on the materials produced for those who are beginning to learn to read. This study has been recommended to the Director of The East African Literature Bureau.

(Mr. Salsamendi, UNESCO)

The report also refers to scientific research in the Territory, and mention is made that native culture, folklore, art and indigenous music form part of the study programme. It is to be hoped that art education will be extended.

Musical and cultural societies have been active, and I specially wish to point out the work and aspirations of the Archeological Society of Tanganyika.

UNESCO would consider it useful if in subsequent annual reports more details would be given on libraries and their operations in this Territory.

As regards information media, the efforts undertaken by the Administering Authority to develop the Press in the vernacular language and in Swahili are interesting as well as the use which has been made of radio broadcasting in secondary education. On this point it would be of interest to have additional information with regard to the contents of these programmes and the languages in which they are broadcast, as well as additional details with regard to the role of radio in education and upon the problem of importing radio-receiving sets for the inhabitants of the Territory at low prices.

UNESCO is also following with great interest the efforts undertaken in the Territory to produce motion pictures, and we would be very pleased to receive details with regard to educational motion pictures and particularly motion pictures which are designed for adult education.

Document T/1304 also provides information on the visit made to the Territory by UNESCO's travelling library of visual aids for fundamental education.

I think that this is all that I have to say on document T/1304, and this represents UNESCO's comments on the annual report for 1955.

I am pleased to state that I have taken very close note of the very interesting statement made by the special representative in which some very useful and topical information on the Territory is given. I have already sent the text of this statement to our headquarters in Paris.

The PRESIDENT: We will continue with the questioning of the special representative in this field on Monday at 10.30 a.m. It is to be hoped that members of the Council will be ready to commence the general discussion of the report on this Territory also on Monday.

I think we should also try to find an opportunity on Monday to complete the consideration of conditions in the Trust Territory of Somaliland under Italian Administration as I understand that certain representatives in connexion with that Territory have fixed a date of departure which would make it convenient for them to attend the meeting of the Council on Monday.

Mr. FLETCHER-COOKE (Special representative): I merely wish to refer to a point raised by the representative of India yesterday in which he asked for the reasons why the Government had found it necessary either to close or to refuse the registration of certain branches of the Tanganyika African National Union. I have circulated a paper which includes all the reasons; that is to say, those which I gave yesterday and it is a self-contained document. But I should like to refer to a rather important misprint of sub-paragraph (a) on the last line of the first page which should of course read:

"In all these instances the branch displayed a contempt of or interference with the normal processes of the law;"

Mr. JAIPAL (India): I should like to express my gratitude to the special representative for having made this document available. We shall certainly study it most carefully.

While I am speaking, is it possible for the President to tell us when this petitioner from Tanganyika is likely to arrive and when he will be heard by the Council?

The PRESIDENT: I was about to add as a matter of fact that it was hoped that the two petitioners who sought an oral hearing before the Council will be available on Monday, but the information is not yet definite.

The meeting rose at 5.30 p.m.