1935. Kenya. 1

No. 38041.

SUBJECT CO533/456

Assistance to European Agriculture Settlers.

Previous

Subsequent

1936.

FILE C.

(1711) Wt.55484/330 5,000—3/44
H.P.Co. G.682/10

C.S.
Agriculture.
Assistance to Europeans.
—
Annual

1. Copy of letter from Mr Wade to his brother in England.

2. Turner Barton (S.O) _____ 4th Jan. 35
Gives details of assistance which has been given to European settlers since 1930.

3. To C. J. T. Barton (S.O) — cons _____ 1st Feb 34

DM

4. Turner Barton (S.O) _____ 26th February 35
States that a memo. on aspects of public assistance is being submitted to the Governor.

5. A/Governor Wade 114 (Air Mail) _____ 21st March 35.
Furnishes details of statement by Lord F. Scott relative to the absence of Govt. assistance to farmers in Kenya & trans. a memo showing assistance which has been rendered to the European farming community.

6. A/Governor Wade 39 Conf (Air Mail) _____ 21st March 35
Trans a statement of misc. forms of assistance afforded by the Govt. other than assistance to the farming community.

These two memoranda are not quite what was hoped for. The essential facts are overloaded with a mass of irrelevant detail, and the data, while including much relating to 1930 and earlier years, are not always brought up to date, i.e. to the end of 1934.

If it is desired to rebutt Lord Francis Scott's charge (quoted by the Governor in No.5) the following particulars are pertinent:-

<u>Government Assistance to European Agriculture 1931-1934.</u>

A. <u>Direct Financial Assistance (Irrecoverable.)</u>

Refund

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Agriculture.
Assistance to European.
General

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Government Assistance to European Agriculture 1931-1934.

A. Direct Financial Assistance (Irrecoverable.)

Refund

	£
Refund of maize conditioning fees 1932/1933...	1,110.
Refund of duty on imported wheat 1932/1933..	47,268
Rebate on agricultural paraffin 1931/1933..	13,[illegible]
	£61,[illegible]

B. Direct Financial Assistance (Recoverable: i.e. loans on lower than commercial terms.)

	£
Land Bank.....	500,000
Agricultural Advances.....	113,000
	£613,000

C. Indirect Financial Assistance.

(a) Railways freights:- low rates are charged on produce for export, compensated by high rates on imports, which amount to protective rates on imported commodities competing with local produce.

(b) Customs concessions:-(i) free importation of practically all requirements (agricultural machinery, fertilizers, etc. etc.) (ii) Protective duties (over and above the 20% ad valorem revenue duties) amounting to 42% and 64% ad valorem in the case of wheat-flour and sugar respectively.

D. Diversion of burden from local producer to local Consumer.

Under certain arrangements endorsed by legislation, the producers of wheat and butter are enabled to charge an artificially high price to the local consumer which amounts to a subsidy on their export trade.

E. Other Assistance.

It can be deduced from the memorandum in No. 6 that State education of European children in the years 1932/1934 has cost about £1[illegible],000 in excess of the revenue earmarked to meet it. (This subsidy benefits all sections of the European

European community, not only the ~~foreigners~~ farmers; and children of Indians are similarly assisted, though not to the same extent.)

The cash value of the assistance under C, D and E above cannot, of course, be estimated with any approach to exactness. From A and B, however, it will be seen that the 2,364 Europeans employed on agricultural holdings have received, during the past four years, approximately £26 per head in ~~grants~~ refunds and rebates and £260 per head in cheap loans. There are, according to Whitaker, nearly 500,000 farmers in the United Kingdom; if one estimates one farmer to each farm, the corresponding totals for this country would be £13,000,000 and £130,000,000 respectively.

Such justification as exists for this subsidising of European agriculture rests on the fact that Kenya's economic stability depends almost entirely at present upon the volume and value of European agricultural exports. Moreover, if public attention is focussed on the facts and figures given in the memoranda, the question will almost inevitably be asked, "What is being done for native agriculturists?" If, however, the Secretary of State wishes to arrange for a question and answer in the House, something on the lines of the attached draft might meet the case.

3/4/35

The Economic Dept. have recently expressed their views on the Honours Officer of Kenya on another pp.

4-4-35

Such will interest. We shall no doubt be able to take the facts given here into account in considering the Economic Commission's Report.

As regards the particular question of tactics, if there is an arrangement question, the figures look much more impressive if you give totals not per head figures. I should have thought it would be better to say that the facts are the following. Out of the total population of Kenya of a little over 3 million there are approximately 2000 European farmers who between them employ another 200 Europeans on their estates. During the last four years from the Crown these 2000 farmers have received over £60,000 in irrecoverable grants & have been lent over £600,000 on easy terms. In addition with the assistance of a high protective customs tariff & a railway rates tariff which greatly assists exports & hinders imports they have been enabled to sell their produce in the domestic market at prices greatly in excess of world prices & to place their export goods on the world market on very advantageous terms considering their geographical position. The European farmers, together with the rest of the European community in Kenya also receive a number of other indirect benefits, for instance subsidised education for their children.

(Kindly 2 lines the [illegible] of the [illegible] [illegible] [illegible] [illegible] [illegible] [illegible])

G. L. M. Clauson
4/4/35

I agree with Mr. Freeston that the memorandum is not in the least what was expected and that it should have been made much shorter, much clearer and a great deal more useful with, at the same time, the avoidance of a lot of trouble to those in Kenya who drew it up. At the same time I suggest with some diffidence, that it might provoke awkward repercussions in Kenya

Kenya were a reply to be given on the lines suggested by Mr. Clauson. The facts are beyond dispute, and lead one to the conclusion that the entire white community of Kenya is a parasitic growth which is quite unable to stand by itself and has succeeded in sucking far too much nourishment out of the body politic. But is it advisable to say so, or to say anything in that direction? Mr. McGregor Ross and his friends have said it frequently and the Kenya settlers, who call themselves, quite wrongly, "the people of Kenya", are tending more and more to adopt the attitude of a Dominion, in that anything tending to the glory of the Dominion or of the people therein, collectively or individually, should receive the greatest possible publicity, while anything which tends to shew either that the country is not prosperous or that the individual people are incompetent, or worse, must be burked. At the present time, as we know, they are off once more on the cry of "Closer Union", and talking about setting up a white Dominion in East Africa, with, of course, themselves in control of it. If it is stated in Parliament that the Europeans get money on easy terms and that the railway rates tariff greatly assists exports and hinders imports, there will be nothing short of a squeal, and an organised campaign in the press and in Parliament to the effect that these statements are untrue. Once such a campaign is started, the statements that will be made are so varied and so wildly inaccurate, that it will be quite impossible to catch them up or keep them contradicted.

In my opinion, for what it is worth, what Kenya wants is less publicity in every direction, especially in the House of Commons, where little is

is to be gained in stirring up the continually smouldering embers of controversy.

So I venture to suggest that the information be kept in reserve and used as necessary. There may be questions and then we can answer them, but I would not go so far as to arrange a question because any publicity the answer gets will be the wrong sort, in either direction.

J.E.W. Flood
6.4.

8/4

S. of S. agrees with the Flood's minute.

E.B. Boyd
6/4/35
attice

Major A.G. Wade — 25 Sept '35

Draws attention to the articles in the Times entitled 'grievances in Kenya' & encls. letters from his brother Mjr A de V. Wade.

Major Wade is concerned by the "Times" articles of the 24th & 25th 2 September, but the ~~[illegible]~~ of letters which he encloses were written by Mr A de V. Wade 5 or 6 months ago. A copy of one of them is already on the file. (See No 1)

In view of the earlier minutes on this file? the letters may be returned to Major Wade in a brief letter of thanks from

from the P.S.
(A copy of the letter marked "Received by Air Mail 29.4.35" might be retained on the file).

No copy kept

C.A. Crossmith
20.9.35

30

(The recent "Times" articles, on which the Dept. is now preparing a note, can be added to this file when action on 7 is complete)
J.E.W.

The difficulty about things of this nature is that the press is, either by accident or design, always ignorant and always at the mercy of the loudest voiced and most ignorant correspondent. If any assertion is made in the press against the Govt. it is almost impossible to contradict it and, in any case, the lie gets a good start. We fully share Major Wade's feelings, especially as it is his brother who comes in for some of the abuse, but what can we do about it? If Major Wade wrote a letter to the "Times" saying what he thinks the "Times" would probably not publish it, or, if it did, would publish a garbled version. Then, even supposing it were published it would give a handle for the anti-settler and extreme pro-native body to abuse the settlers - with probably some measure of truth, and then they would go too far in the other direction and the settlers would come on the warpath on the ground that they were being misrepresented in turn. And so the shuttlecock would go on. Draft herewith.

J.E.W. Flood
1.10.

W.S.A. 1.10.35

Proposed

To Major Wade (Langata via Nairobi) 25.9.35

To Kenya - 519 (Jc. Q. A) No. 1 — 16/1 cons.

16 JUL 1936

on R.R. file

AIR MAIL 16/7/36

No reply yet received to No.9; ? wait another month, please.

Room 297.
16.9.36.

Copy regd. on 1936 file

Room 297 4/11/36

C. Evans
16-9-36

Still no reply to No.9;? now remind

L F.

Room 297.
16.10.36.

Major Wilson may return to the Charge shortly so ? Remind

C. A. Cromwell
30/10/36

NOW. SEE 1936 FILE

38041/35 Kenya.

6

C. O.

Mr. Flood. 1.10
Mr.
Mr.
Sir C. Parkinson.
Sir G. Tomlinson.
Sir C. Bottomley. 1.10
Sir J. Shuckburgh 2/10/35
Permt. U.S. of S.
Parly. U.S. of S.
Secretary of State.

For Mr Boyd's sig.

Downing Street,
2nd October, 1935.

Dear Sir,

Mr. Malcolm MacDonald desires me to ~~acknowledge receipt of~~ thank you very warmly for your letter of the 25th of September forwarding extracts from letters which you have received from your brother in Kenya. ~~Mr MacDonald~~ He fully appreciates that articles ~~which~~ have recently appeared in the Press ~~have~~ which show a tendency to misrepresent the actions and motives of the Govt. of Kenya, but he fears that no action ~~that~~ which can be taken by him could result in a similar degree of publicity being given to opposite views.

I return the extracts from your brother's letters as no doubt you will wish to keep them.

~~I am, etc.~~

Yours truly
(Signed) E. D. BOYD.

DRAFT.

MAJOR A.G. WADE, MC., F.S.A.

FURTHER ACTION.

17

25 Sept. 1935

Sir,

With reference to the articles in The Times of today and yesterday entitled "Grievances in Kenya" I hope Sir you will not think it impertinence on my part if I forward for your information the attached from my brother, your Colonial Secretary in Kenya.

The important paragraphs are the Treasurer's report on page 6 of my brother's letter and Sir para 4 on page 2 of Sir answers to my question put at the request of a member of the London Chamber of Commerce.

An important Banker in Kenya has just said "the settlers have

done more harm to Kenya than all the locusts and droughts.

I cannot imagine why The Times supports this defeatist policy. I do not think Kenya, nor do I know why the writer of the articles in question respects the lie "Government have done nothing", when the facts are as many better says. It is questionable whether Government has not done too much.

I send this communication Sir hoping you will be able to use it against that noisy minority who are doing so much harm to Kenya, aided by an unscrupulous Press.

I have the honour to be Sir
Your obedient servant
G. A. Wade
major

P.S. You will probably have all this information. If so please accept my apology for troubling you and if others, do not trouble to reply to this.

G.A.W.

Qut. regd. on 15201/12c/35 General. 9

6

AIR MAIL

KENYA
No. 39
CONFIDENTIAL.

GOVERNMENT HOUSE
NAIROBI
KENYA

21st March, 1935.

Sir,

No. 5

With reference to my open despatch No. 29 of the 21 March, I have the honour to transmit a statement of the Miscellaneous Forms of Assistance afforded by this Government during recent years, distinct from the assistance afforded to the farming community to which the memorandum enclosed in my despatch under reference relates.

This memorandum was reviewed by Sir Joseph Byrne before his departure on leave; and is transmitted under Confidential cover in that it does not relate to any public reference to the absence of assistance in respect of Education, etc. etc.

I have the honour to be,

Sir,

Your most obedient, humble servant

A. W. Wade

ACTING GOVERNOR.

MAJOR THE RIGHT HONOURABLE
SIR PHILIP CUNLIFFE-LISTER, P.C., G.B.E., M.C., M.P.,
SECRETARY OF STATE FOR THE COLONIES,
DOWNING STREET,
LONDON, S.W. 1

VII. MISCELLANEOUS FORMS OF PUBLIC ASSISTANCE.

(1) Education:

In 1927 the Memorandum on the Estimates, page 2, stated that a temporary head of Revenue had been inserted entitled "New Revenue" and that the amount was £51,200. Later in the Memorandum it was stated that the figure represented the estimated net cost of European and Indian education in 1927; less deductions for school fees and for boarding, but exclusive of all overhead expenditure included in the Administrative division of the Education Department, see page 23 of that Memorandum.

A Select Committee was appointed to advise how this new revenue should be obtained and the majority recommended -

	£
Consumption Tax on Wines and Spirits	32,500
Domestic Servants Tax	7,000
Poll Tax to Indians	12,000
	£51,500

The Select Committee also recommended that the £32,500 from the proposed Consumption Tax should be divided as follows -

	£
European	24,500
Indians	8,000
	£32,500

The Report was adopted in November, 1927, and in December, 1927, the Domestic Servants Tax was withdrawn. The final result was the Wines and Spirits Consumption Tax Ordinance, the European Education Tax Ordinance and a similar Asiatic Ordinance. This was the beginning of financing education

from

from special revenue; and it is open to the objection that the main sources of revenue in Kenya are indirect and are therefore liable to fluctuations which obviously makes the framing of departmental Estimates difficult.

Other objections are:-

(a) The more successful education becomes in training boys and girls into temperate men and women the less money would be spent on education.

(b) The method of allocation which is:-

Europeans	69
Indians	19
Goans	12
	100

is always open to dispute.

(c) The Wines and Spirits Consumption Tax Ordinance was repealed in 1931 and the tax has been merged in the general revenues of the Colony leaving the two Education Poll Taxes alone allocated. Both the allocation and the taxes are condemned as unscientific in Lord Moyne's Report, paragraph 53.

Assuming that the repealed Wines and Spirits Consumption Tax should still be regarded as allocated to education, as it is still so regarded by the Education Department, the following is the result for the last 5 years:-

EUROPEAN.

EUROPEAN

	Expenditure.	Consumption Tax.	Education Tax.	Fees	Total Revenue	Excess of Revenue over Expre.	Excess Expenditure over Revenue.
		Revenue					
	£	£	£	£	£	£	£
1929	49,992	25,850	10,971	14,126	50,947	955	-
1930	50,171	24,965	11,330	14,684	50,977	806	-
1931	49,600	21,997	11,399	16,548	49,944	344	-
1932	48,176	16,560	10,314	15,278	42,152	-	6,024
1933	42,400	17,305	10,309	17,077	44,691	2,291	-

INDIAN

	£	£	£	£	£	£	£
1929	26,241	7,118	15,188	3,878	26,184	-	57
1930	31,006	6,874	15,302	4,551	26,727	-	4,279
1931	34,339	6,057	14,481	6,194	26,732	-	7,607
1932	32,121	4,560	11,179	6,482	22,221	-	9,900
1933	31,281	4,765	9,677	6,481	20,923	-	10,358

The foregoing figures are, however, not exact because they do not include extraordinary expenditure on buildings, or expenditure on pensions, headquarters administration, housing charges, rents.

The following figures give the approximate position for 1933:-

	European	Indian
	£	£
Recurrent Expenditure	42,400	31,281
Special equipment and materials	84	-
Housing charges, say	4,434	3,079
Loan and Sinking Fund charges, say	13,440	3,206
Rents, say	44	767
	£60,402	£38,333
Revenue from Consumption Tax (now in the Customs Tariff), Education Poll Tax and Fees.	44,691	20,923
Apparent Deficiency	£15,711	£17,410

To which

4.

	European £	Indian £
B/Forward	£15,711	£17,410
To which must be added an estimate of the annual commitments in respect of pension liabilities, say	6,000	3,000
and a proportion of the cost of headquarters Administration expenses, which, if divided pro rata to Recurrent Expenditure would amount to, say	4,258	3,141
Total Apparent Deficiency	£25,969	£23,551

The position is further illustrated by the remission of fees in European Schools.

Figures of remission are not available for the years 1929, 1930 and 1931; for the remaining years they are:-

	European Boarding £	European Tuition £	Indian Boarding £	Indian Tuition £
1932	7,171	1,113	-	466
1933	6,380	1,043	-	500
1934	8,144	1,414	4	677
	£21,695	£3,670	£4	£1,643

In addition the arrears of unremitted fees actually written off in European schools are:-

	European Boarding and Tuition £
1932	561
1933	335 *
1934	325 (approximate)
	£1,221

(Note *. In 1933 an accumulation of arrears on account of pupils from Uganda and the Tanganyika Territory amounting to £244 was written off).

In

In December, 1934, the following were the relative numbers of pupils:-

	Boys	Girls	Boys & Girls
European Government Schools	683	473	-
European Assisted Schools	-	-	58
Indian Government Schools	2,476	499	-
Indian Assisted Schools	1,196	2,438	-

(2) East African European Widows and Orphans Pension Scheme:

Contribution by male European Civil Servants has been compulsory since 1921. The money paid in is shown as Revenue in the Colony's Annual Estimates. The Scheme is State guaranteed. The amounts paid in and out of the Scheme during the last five years are:-

	In £	Out £
1929	25,359	1,708
1930	25,029	1,801
1931	25,268	1,931
1932	24,412	2,022
1933	24,376	2,937

(3) Kenya and Uganda Railways and Harbours:

Mention has been made of the various import, export and country produce rates.

The Transport Administration is a separate administration and has the use of land adjoining the line and at the Ports of considerable value. It enjoys the position of a Government Department and it is statutorily stated to be conducted on business lines. It pays no Customs dues or other taxes to Government. The Governments of Kenya and Uganda are given substantial rebates on railway charges for Government traffic.

Although

Although the Governments of Kenya or of Uganda may have been advised by the Transport Administrat to build a branch railway, the Order in Council of 1925, Article 22, lays down that the Government concerned must undertake to pay the loss on such branches as are built against the advice of the High Commissioner for Transport. In the case of three branch lines:-

Narro-Moru - Nanyuki

Thomsons Falls

Kisumu - Butere

an agreement was come to that they would be built provided the Government of Kenya undertook to bear an agreed share of the losses. The other branch lines were constructed before the system of guarantees, and the loss therefore falls on the Transport Administration.

The losses on the various branches in Kenya to date have been:-

	Total Loss	Amount reimbursed by Govt.	Amount borne by Transport Administratio
	£	£	£
1929	66,815	3,178	63,637
1930	215,102	7,764	207,338
1931	205,198	19,871	185,327
1932	172,878	19,594	153,284
1933	137,653	19,928	117,725
1934	118,907	21,649	97,213

(4) Magadi:

Imperial Chemical Industries, Limited, which now control the soda deposits at Lake Magadi, have during recent years received substantial reductions in royalties and rates which it is not possible to calculate.

(5) Local

(5) Local Government - Non-Native:

The following is a summary for the last five years of the Revenue of Non-Native Local Government Authorities which were set up as a result of the Feetham Commission of 1927:-

	From Government £	From Other Sources £	TOTAL £
1929	116,595	99,145	215,738
1930	129,333	130,716	260,049
1931	101,751	143,301	245,052
1932	87,591	133,349	220,940
1933	85,987[x]	144,227[x]	228,214[x]

[x] unaudited.

Rates are levied in the towns of Nairobi and Mombasa by the Municipal Authorities and these are included in the above statement. Outside these towns only a hospital rate has been levied in the Uasin Gishu Plateau and Trans Nzoia Local Government areas.

(6) Local Government - Native:

Government does not contribute directly to Local Native Councils, but certain forms of revenue which were previously paid to the general Revenue of the Colony have been diverted to Local Native Councils. These Councils, which were inaugurated in 1925, levy rates in native areas and have other sources of revenue; they use their revenues for local purposes ancillary to the provision made in the Colony's Budget.

The following comparative table illustrates the position:-

Year

	REVENUE			EXPENDITURE			
	Rates	Rents	Other	Education	Medical	Agriculture & Veterinary.	Roads & Bridges
	1	2	3	4	5	6	7
	£	£	£	£	£	£	£
1929	41,480	14,528	5,764	6,884	5,087	6,009	4,372
1930	40,069	18,771	7,907	7,348	4,866	6,526	11,395
1931	39,952	14,070	8,669	17,000	6,915	8,496	9,510
1932	30,488	10,452	18,881	17,624	5,545	9,216	8,232
1933	35,095	11,112	9,906	10,447	4,575	8,120	7,745

	EXPENDITURE (Contd)				TOTAL	
	Water Supplies	Forests	Famine Relief	Other	Revenue	Expenditure
	8	9	10	11	12	13
1929	4,606	2,780	2,505	10,220	61,772	42,213
1930	4,890	See Col.6	729	11,234	66,747	46,978
1931	2,889	"	2,570	14,117	62,691	61,497
1932	2,485	"	9,539	21,875	59,801	74,316
1933	1,325	"	2,047	18,884	56,113	53,141

These Councils had surplus balances totalling £103,500 at the end of 1933.

(7) Sectional Taxation:

This is illustrated by the different methods of taxing the non-native and the native population, by the taxing of non-native adult males for education purposes and by a temporary tax on officials in the form of a levy on their salaries.

Non-Native Poll Tax: This is a rough form of income tax, without the usual statutory remissions, levied on male and female adults. It brought in £62,243 in 1933 and is estimated to bring in £68,222 in 1934.

Native

Native Hut and Poll Tax. This, by reason of a polygamous native society, is a crude form of income tax of uniform incidence in the tribe, but varied accordin to the tribe. The Revenue for 1933 showed £557,791; for 1934 the receipt is now estimated at £513,625.

Education Poll Taxes. This is an annual Tax of Sh.30/- and Sh.20/- imposed on all adult male Europeans and Asiatics respectively. During the last five years this tax has produced:-

	European £	Asiatic £
1929	10,971	15,188
1930	11,330	15,302
1931	11,399	14,481
1932	10,314	11,179
1933	10,309	9,677

The Financial Commissioner, Lord Moyne, in paragraph 53 of his Report stated:-

"..... The distinction between the expenditure to be covered by these special contributions and that left on Colonial charge (namely local expenditure, central administrative charges and cost of housing and pensions) seems to be drawn on no clear principle. I see no useful purpose in continuing this arbitrary arrangement and retaining a separate racial account (education) which does not in practice balance. The present taxation on which the arrangement was founded should remain in force, but the non-native poll tax and education taxes might now with advantage be merged...."

Levy on

Levy on the salaries of officials. This takes the form of a temporary percentage deduction for general revenue purposes from the salaries of officials without distinction of sex or race. It has been imposed since 1932. In the case of the Transport Administration the proceeds are not paid into the Colony's Treasury, but to the revenue of the Railways and Harbours. The receipts have been:-

	Colony	Transport Administration.
	£	£
1932	53,815	28,300
1933	49,177	24,442

Pub. regd on 15201/12/35
General

AIR MAIL

KENYA
No. 149

GOVERNMENT HOUSE
NAIROBI
KENYA

21st March, 1935.

Sir,

I have the honour to state that the following statement relative to the absence of assistance from this Government to the farmers of this Colony was made by the Member for the Rift Valley, Lieutenant Colonel Lord Francis Scott, D.S.O.:-

> "Every other country in the world, I believe, has helped her farmers by some measures. I admit we have no money with which to subsidize and we are debarred from devaluating the currency. At the same time more could be done to help the farmers than has been done in recent years. Actually, nothing has been done since 1930, except a small increase in the Land Bank, which is still absurdly under-capitalized, and a not very helpful Moratorium Bill which does not go nearly far enough to be of practical assistance. On the other hand, Railway rates have gone up again. To-day, Great Britain is subsidizing her farming industries to the tune of many millions. She is quite right, but at the same time it has the effect of adversely affecting the producers in the overseas part of the Empire and I should like to know - you told us the other day, Sir, that you had the report of the Economic Development Committee - I should like to know whether Government has formulated any definite policy for the economic development of the country",

and I transmit a memorandum showing the assistance which has in fact been rendered to the European farming community.

This memorandum was reviewed by Sir Joseph Byrne before his departure on leave.

I have the honour to be,

Sir,

Your most obedient, humble servant,

A. R. Lowe

ACTING GOVERNOR.

MAJOR THE RIGHT HONOURABLE
SIR PHILIP CUNLIFFE-LISTER, P.C., G.B.E., M.C., M.P.,
SECRETARY OF STATE FOR THE COLONIES,
DOWNING STREET,
LONDON, S.W. 1

ASSISTANCE TO EUROPEAN FARMING

IN

KENYA.

ASSISTANCE TO EUROPEAN FARMING IN KENYA.

I. VITAL STATISTICS.

(1) Population:

The last Census of the non-native population took place on the 6th March, 1951, the previous Censuses were in 1921 and 1926.

The 1951 Census gives, inter alia, the following figures relative to this memorandum:-

	Not Stated		Employer		Worker		Own Account		Unemployed		TOTAL	
	M	F	M	F	M	F	M	F	M	F	M	F
GENERAL.												
Europeans	x 2289	x 5749	700	57	4875	1585	1505	168	257	49	9404	7408
Indians	x 8309	x 13613	588	2	11815	155	4450	81	846	7	25808	13836
Goans	x 570	x 1158	48	2	1856	52	176	4	153	-	2803	1176
Arabs	2608	4435	123	4	2543	116	1852	242	273	6	7599	4767
Others	x 310	x 484	6	-	569	111	26	8	26	6	737	609
EUROPEANS:					**MAIN OCCUPATIONS.**							
Agricultural	15	1	589	25	950	55	977	55	56	1	2585	137
Industrial	3	-	102	6	689	22	88	21	58	2	940	51
Commercial	51	15	131	11	1166	467	159	29	109	52	1576	552
Government & Municipal	-	-	-	-	1529	206	-	-	-	-	1529	206
INDIANS:					**MAIN OCCUPATIONS.**							
Agricultural	5	-	8	-	120	-	82	-	7	-	220	-
Industrial	17	-	140	-	3768	5	719	6	121	-	4765	11
Commercial	219	12	393	2	5117	77	3433	66	706	7	9868	164
Government & Municipal	-	-	-	-	2175	4	-	-	-	-	2175	4

x Includes married women and children.

In the

In the following Table the numbers returning themselves in the 1931 Census under the various heads of employment in each race are compared with similar figures derived from the 1926 Census:-

Europeans	1926	1931	Percentage of Population 1926	Percentage of Population 1931
Employer	1036	757	8.3	4.5
Worker	4091	6258	32.7	37.2
Own Account	1279	1475	10.2	8.8
Unemployed, not gainfully employed, or not stated.	6125	8324	48.8	49.5

Indians	1926	1931	Percentage of Population 1926	Percentage of Population 1931
Employer	802	590	3.0	1.5
Worker	7287	11748	27.2	29.6
Own Account	4167	4531	15.6	11.4
Unemployed, not gainfully employed, or not stated.	14503	22775	54.2	57.5

Among the European males in 1931, 25% were employed in agriculture, 20% in industrial occupations, 16% in public administration, 7% in professions, 6% in commerce, 5% in clerical occupations. Male children constitute 21% of the total.

Among the Indian males in 1931, 1% was employed in agriculture, 40% in industrial occupations, 8% in public administration, 15% in commerce, 5% in clerical occupations. Male children constitute 30% of the total.

The number of European occupiers given in the Agricultural Census Report of 1934 is 2,027, a decrease of

decrease of 75 from the preceding year. The number of Europeans employed on agricultural holdings in 1933-34 was 2,364, a decrease of 425 on the previous year.

The native population for 1933 is estimated at 3,017,177, the occupation is overwhelmingly agricultural or pastoral.

(2) European Acreage and Development:

In February, 1934, the total area under occupation by Europeans was 5,138,324 acres, a decrease of 67,940 acres on the previous year. The figures for the last five years are:-

Year	Total occupied area	Total cultivated area.
1930	5,111,161	643,644
1931	5,315,483	650,965
1932	5,199,093	613,557
1933	5,206,264	593,988
1934	5,138,324	556,182.

The percentage of areas under the principal crops to total areas under cultivation are:-

Crop	1930	1931	1932	1933	1934.
Sisal	21.4	20.8	23.7	23.5	25.5
Maize	32.1	30.6	26.1	27.6	20.3
Coffee	14.9	14.6	16.1	16.9	18.4
Wheat	11.0	10.4	7.0	5.0	6.3
Sugar Cane	1.8	2.0	2.0	2.0	2.3
Other Crops	6.5	8.4	9.8	10.8	13.3
Land under cultivation, but not cropped.	12.3	13.2	15.3	14.2	13.9

The following

The following Table shows the acreage of Sisal and production of fibre:-

SISAL.

	Total area.	Production of fibre in Tons.
1929-30	138,012	17,321
1930-31	137,299	18,858
1931-32	145,660	14,674
1932-33	139,834	17,369
1933-34	141,495	20,127

Returns were received in respect of 75 Estates. The export rose to 19,850 tons, the previous highest being 15,994 tons in 1931. The value was declared at £249,868 as compared with £186,575 in 1932.

The maize position is as follows:-

MAIZE.

	Acreage	Yield in Bags.
1929-30	233,975	1,858,586
1930-31	200,926	1,649,728
1931-32	160,546	762,622
1932-33	164,018	1,139,616
1933-34	112,949	746,893

In 1933 the total number of maize growers was 816 as against 896 in the preceding year.

The comparative Table of acreage is:-

COFFEE.

	Acres.
1930	96,042
1931	96,689
1932	98,874
1933	100,387
1934	102,238.

In 1933

In 1955 there was a decrease of 68,989 cwt. of clean coffee. The export was 256,972 cwt. valued at £851,197 as compared with 275,916 cwt. valued at £1,215,715 in 1953. The number of coffee growers was 929. The value of coffee represented 43.7% of the total agricultural exports.

WHEAT. The area of wheat harvested in 1955 was returned as 55,001 acres, an increase of 4,887 acres over the preceding year. The total production of grain was 145,581 bags as compared with 63,498 bags in the previous year.

Exports of wheat flour from Kenya during 1953 amounted to 41,075 cwt. valued at £25,156 representing an increase of £6,379 over the previous year, but exports of wheat and wheat flour <u>outside</u> the East African Customs Union were valued at £10 and £1,590 only; this includes the export to the Belgian Congo worth £1,519.

SUGAR. Comparative Tables of sugar cane areas and the production of sugar are:-

	Area	Production: Raw Sugar Cwt	Production: Crystallised Cwt
1929-30	11,870	160	153,120
1930-31	13,493	680	181,820
1931-32	12,363	640	104,700
1932-33	12,088	540	106,320
1933-34	12,704	1,360	112,980.

The Agricultural Census Report, 1954, says the exports of Sugar from the Colony amounted to 82,214 cwt. valued at £66,755 as against 1952 figures of 15,568 cwt. valued at £17,617. The Commissioner of Customs says the value

value of the Kenya and Uganda Sugar exported outside East Africa at a loss in 1933 was £154,773, of which £65,591 represented Kenya production.

TEA. The following is the Comparative Table of Tea areas and production:-

	Area	Produced lbs.
1929-30	8,331	577,847
1930-31	10,052	950,209
1931-32	11,258	1,500,249
1932-33	12,054	2,421,056
1933-34	12,471	3,063,687.

During 1933, 17,462 cwt. of Tea valued at £76,667 was exported from the Colony as compared with 6,252 cwt. valued at £29,262 in 1932. The Commissioner of Customs, however, states the foreign export, i.e. outside the East African Customs Union, was valued at £66,151. The imports of Tea from overseas is now negligible.

ANIMAL PRODUCTS. The main statistics of dairy commodities produced by local creameries during the last five years are:-

	Butter lbs.	Cheese lbs.	Ghee lbs.
1929-30	999,240	119,961	114,478
1930-31	1,207,295	79,247	55,958
1931-32	1,069,043	69,782	19,416
1932-33	1,428,471	92,958	26,404
1933-34	1,233,019	124,922	55,822

See the relative Agricultural Census Reports.

In 1933 7,261 cwt. of butter, 473 cwt. of cheese and 2,337 cwt. of ghee valued respectively at £25,773, £2,186 and £7,184 as domestic products were exported.

exported. The principal destinations were:-

		£
Butter	United Kingdom	17,061
	Tanganyika Territory	4,722
	Mozambique	2,526
Cheese	Tanganyika Territory	1,278
	India	416
Ghee	Tanganyika Territory	5,584
	Zanzibar	1,945

II. TARIFF POLICY.

Various measures of assistance have combined greatly to limit the field of consumption brought under Customs levy.

Under the 1923 Tariff the following were the Customs dues on articles now subject to protective duties:-

Article	Duty
Bacon and Ham	.80 cents per lb.
Butter and Cheese	Sh.1.00 per lb.
Ghee	" 1.00 " "
Wheat	" 5.00 " 100 lbs.
Wheat Flour	" 6.00 " " "
Timber	50% ad valorem
Sugar	Sh.12.00 per 100 lbs.

These continued until 1930 when they became:-

Article	Basic Duty	Suspended Duty	Present effective rate of duty.	Ad Valorem equivalent.
Bacon & Ham	20% ad val.	10% ad valorem	50%	-
Butter & Cheese	20% " "	10% " "	50%	-
Ghee	Sh.0.30 p.lb	0.15 per lb.	45 Cents	45%
Wheat	Sh.3.00 "100 lbs.	-	-	50%
Wheat Flour	Sh.3.00 "100 lbs.	Sh.3.00 p.100 lbs	Sh.6.00	62%
Timber, other than Teak.	10% ad val.	20% ad valorem	50%	-
Sugar	Sh.6.00 p.100 lbs.	Sh.6.00 p.100 lbs.	Sh.12.00	84%

The general

The general rate of duty on foodstuffs under the present tariff is 20% ad valorem, the protective element in the above ratings is therefore:-

Article	Present rate %	Normal Rate %	Protection
Bacon & Ham	30	20	10
Butter & Cheese	30	20	10
Ghee	45	20	25
Wheat	50	20	30
Wheat Flour	62	20	42
Timber, other than Teak	30	10	20
Sugar	84	20	64

In the absence of figures shewing the expansion of local production and consumption it is not possible to assess the indirect subsidy which these protective duties have afforded to local industries.

The effect of this method is that it enables local producers to maintain a higher level of prices for competitive articles. The enhanced prices so gained represent a contribution by local consumers to local producers.

In addition, protection is afforded by the preferential rating of local as compared with imported articles on the Railway, which in up-country centres acts in much the same way as a Customs duty.

When a commodity is on an import basis, that is to say when imports exceed exports, or when local consumption exceeds local production, it may be expected that the price would be determined by import parity; when, on the other hand, more is produced than is consumed prices tend to be determined by export parity under conditions of free competition. But when competition between producers is limited, as with several important commodities in Kenya, monopolistic control can be exercised to increase the local

local price above export parity.

The commodities which have received protection during the last decade in one, or more, of the ways indicated above are as follows:-

	Value of 1953 Export outside East Africa.
	£
Wheat	10
Wheat Flour	1,590
Bacon and Ham	2,021
Butter	21,558
Cheese	908
Ghee	3,757
Beer	-
Sugar	65,591
Tea	66,151
Timber	16,546
Tobacco & Cigarettes	288
	£176,200

III. THE INDUSTRIES GIVEN TARIFF PROTECTION AND OTHER ASSISTANCE.

(1) Wheat and Wheat Flour:

Although since 1921 wheat has been exported from the Colony it cannot be said that at any time during this period local prices have been influenced by export parity. Importation of Wheat Flour has continued up to the present time and local prices at the Coast have been determined by import parity, in up-country markets the price has been considerably higher.

It seems fair to conclude that the wheat industry as a whole, including milling (some 97,000 bags in 1953-54) has been assisted to maintain a relatively high price for flour despite the fall in world markets.

Further protection is given by Railway rates. Imported flour travelling from Mombasa to Nairobi is charged Sh.8/14 a bag, local flour is carried to the

Coast

Coast at a maximum rate of Sh.2/80 per 200 lbs.

The following is an indication of the ruling prices:-

		Milling Wheat Shs. per bag.	Fine Flour Shs. per bag.
1931	Nairobi	17/50	35/00
	England	9/18	14/10
1951-mid 1954	Nairobi	16/00 to 19/50	35/00 to 37/00
	England	9/18 to 15/70	14/00 to 20/00

There is little doubt that in the absence of protection through the Customs tariff and Railway rates local wheat would not have been grown to suffice the local demand and that the cheaper Australian wheat or Bombay flour would have supplied the demand.

In 1953 the export of wheat and of wheat flour outside East Africa was worth £10 and £1,590 respectively.

The following figures show that there has been a progressive decrease in local consumption of wheat flour during the past five years. Contributory causes are thought to be a decline in the Indian population and a decrease in the consumption by natives owing to high prices:-

	Flour Milled Bags.	Imports of Flour Bags.	Export of Flour Bags.	Transfers to Uganda Bags.	Apparent Consumption Bags.
1929-30	110,892	52,782	17,927	14,222	111,525
1950-51	107,456	30,385	21,581	14,670	107,570
1951-52	84,819	52,171	15,726	11,853	89,411
1952-53	92,381	16,852	16,924	14,747	77,562
1953-54	92,275	10,962	25,006	15,950	71,519

In order

In order to maintain the wheat milling industry during a period when supplies of local wheat were short, a refund of the whole duty in 1932 and of five-sixths of the duty in 1933 was made on wheat imported under licence, the amount of duty refunded during 1932 and 1933 was £47,286. At the same time the Railway rate on wheat imported under licence was reduced to the country produce rate.

The margin of tariff protection given to wheat is 30% and to wheat flour is 42%, the preferential Railway rates have been quoted above. In 1933 there were 347 growers of wheat in Kenya and 20 mills.

(2) Bacon and Ham:

These commodities call for no particular comment. The margin of protection afforded is 10%.

(3) Butter, Cheese and Ghee:

The margin of protection afforded to butter and cheese is 10% and to ghee 25%. Butter has never been imported in appreciable quantities, though it is possible that at times local supplies barely filled local demand. Customs duty on margarine, lard, etc. has undoubtedly exercised some effect on the market for local butter.

The Butter Levy Ordinance, 1931, introduced a method of monopoly control. It utilised the circumstance that there existed an organisation in the Co-operative Creameries, which already held a partial monopoly. This partial monopoly was being weakened by competition from farmers making butter and the Levy had the effect of raising the costs of competing producers and of limiting their power of undercutting. The revenue is used to support the export price.

Quantities

Quantities of butter have been exported during the depression at a net realisation at times of less than 50 cents a pound, at the same time the price of butter for local consumption has remained generally well above Sh.1/- per lb. The local consumer has therefore paid a great part of the amount which has been paid over to the exporters of butter. Statistics of butter makers and of creameries in the Colony are not given in the Agricultural Census Report, 1954.

(4) Sugar:

The protection afforded through the Customs Tariff is 84%, the normal rate is 20%, the margin of protection is therefore 64%. There is an Excise Duty of Sh.1/- per hundredweight, equivalent to 6 per cent.

Since 1932 the increase of production, chiefly in Uganda, has necessitated export to areas outside East Africa. At the same time a pronounced fall in local consumption has taken place, the apparent consumption in Kenya being:-

	Cwt.
1928-29	178,386
1929-30	146,665
1930-31	195,021
1931-32	87,058
1932-33	94,668
1933-34	97,285

In the protection afforded to the sugar industry Railway rates have also played a part. The rate on imported sugar is Sh.51/52 per ton for 100 miles, the rate on sugar for export varies from Sh.20/- per ton (200-300 miles) to Sh.50/- per ton (over 700 miles).

Until

Until 1950 the fact that a local price considerably above world values has been maintained must be ascribed to protection through the Customs tariff and rail rates. The following figures give a comparison for the pre-1950 period, but the comparison is faulty in that Tate's Cubes are a high grade product and Kenya sugar is not:-

	Miwani Sugar Per Ton		Tate's Cubes (less duty) Per Ton	
	£	S	£	S
1924	38	8	50	14
1925	38	0	24	4
1926	29	0	20	2
1927	25	8	24	0
1928	25	10	21	0
1929	30	0	14	6

The present wholesale price of No.1 Sugar in Nairobi is £24 per ton, the value of local Sugar for export is £7 per ton.

(5) Timber:

The Customs duty on Timber other than Teak is 30%, the normal rate is 10% and the margin of protection afforded is 20% less the royalty. A royalty is payable on Timber cut in Forest Reserves, but assistance is given to producers by allowing a rebate of 60% of the royalty on Timber exported.

The following quantities of Timber were exported during 1933:-

	Quantity Cu.Ft.	Value £
Cedar pencil slats	46,010	12,476
Other timber	41,777	6,275

and the

and the following Table shows the total quantities of all Timber exported from the Colony during the last five years:-

	1929	1930	1931	1932	1933
Cubic Feet	156,105	159,554	68,945	99,496	87,787

The 1933 figure shows a 12% decrease on 1932.

The total imports of Timber in 1933 amounted to 50,593 cubic feet valued at £8,062 and show an increase of 20% compared with the 1932 figures. In addition, manufactured articles of wood and timber were imported to the value of £31,017. Of this sum box shooks accounted for £16,795 or 54%; 77% of the box shooks came from Japan and the rest from Scandinavia. These boxes are mainly used for packing petroleum products.

IV. THE INDUSTRIES SUBJECT TO EXCISE DUTIES.

In so far as Excise Duties fall short of the corresponding Customs Duties the local product receives protection. In the case of the East African excised products the element of protection is substantial. The relative figures are:-

Article	Import Duty	Excise Duty	Margin of Protection
		Approximating	
Beer	Sh.3/- p.Imp.gall	Sh.1/- p.gall	Sh.1/89 p.gall
Tea	50 cts.per lb.	10 cts.p.lb.	40 cts.p.lb.
Cigarettes	Sh.2/40 p.lb. or 62½% ad valorem	75 cts.p.lb.	Sh.1/65 p.lb.
Tobacco	- ditto -	50 cts.p.lb.	Sh.1/90 p.lb.
Sugar	84% or 13/44 per.cwt.	6% or 1/- per cwt	78% or 12/44 per cwt.

(1) Beer:

The margin of protection, which ~~has~~ was adjusted in 1930, represents Sh.1/89 per gallon. There has been

been a progressive displacement of imported beer by the locally manufactured article since the establishment of the industry. In 1933 127,000 Imperial gallons of local beer were consumed in Kenya and Uganda as compared with 76,000 gallons of imported beer. If locally manufactured beer paid Excise Duty at a rate equivalent to the Customs Duty assessed on imported beer receipts from Excise in 1933 would have been £19,002 instead of £5,758, an additional amount of £13,244, from which there would have been a set off of about £600 on account of Customs Duty on imported hops.

(2) Tea:

The difference between Customs and Excise is 40 cents per lb. This industry has pursued a price policy which has not taken full advantage of the fiscal protection given.

Assistance to local production is given by Railway rates. The rate on imported tea from Mombasa to Nairobi, 330 miles, is Sh.13/40 per 100 lbs., the country produce rate from Lumbwa to Nairobi, 191 miles, is Sh.4/21 per 100 lbs. Tea for export is given a preferential rate of Sh.2/64 per 100 lbs. from Lumbwa to Mombasa.

The Kenya and Uganda Customs receipts which amounted to £18,645 in 1929, fell to £443 in 1933, a difference of £18,202. This was set-off by Excise receipts of £5,584 only. If locally manufactured Tea paid Excise Duty at a rate equivalent to the Customs Duty on imported tea receipts from Excise in 1933 would have been £27,919 instead of £5,584, or an additional amount of £22,335.

(3) Cigarettes and Tobacco:

The tobacco industry is centred in Uganda. The margin of protection is Sh.1/65 and Sh.1/90 per lb. respectively. The combined Kenya and Uganda receipts in 1929 were £149,600 and in 1933 £104,600, a decrease of £45,000 attributable partly to a fall in consumption and partly to the progressive displacement of imported goods by the locally produced article.

If locally manufactured cigarettes and tobacco paid Excise Duty at a rate equivalent to the Customs Duty on imported cigarettes and tobacco the Kenya and Uganda receipts from Excise in 1933 would have been £52,727 instead of £13,058, or an additional amount of £39,669.

(4) Sugar:

See page 12. The tariff margin of protection is 84%, or approximately 58% if the Excise Duty is deducted. The suspended duty of Sh.6/- per 100 lbs. in force in Kenya is not applied in Uganda.

If locally manufactured Sugar paid Excise Duty at a rate equivalent to the Customs Duty on imported sugar, the Kenya and Uganda receipts from Excise in 1933 would have been £132,996 instead of £11,864, an additional amount of £121,132.

V. OTHER METHODS OF ASSISTANCE TO LOCAL PRODUCERS.

(1) The Free List:

The list of articles, etc. which may be imported free of Customs Duty contains such items as the following:-

Living animals

Living animals
Fresh Fruit
Poultry food
Rennet
Rock Salt
Curing salt
Seeds, bulbs, trees
Bags
Belting for machinery
Cloth, baize, gauze, matting for machinery
Nets for fruit trees and seed beds
Rope and cordage for machinery, for packing and binding produce
Agricultural wagons, wheelbarrows, etc.
Chains, etc. for other than motor or steam vehicles
Fencing materials, gates, hurdles, posts, staples
Machinery, apparatus, appliances and implements of agriculture
Hoop iron for baling produce
Metal signs and name plates
Motor and steam lorries of a capacity of 30 cwt and over
Farm tractors
Pipes, piping, tubes for industrial plant
Refrigerating machinery
Sprayers, sprinklers, etc. for the destruction of pests
Gauze and wire netting
Fencing and paling wire
Bottles and jars
Crude oil
Tar and soligmum
Sera and vaccines
Germicides
Fertilisers and manures
Animal dips, etc.
Hose
Beehives and incubators
Wooden appliances for dairy and agricultural purposes
Boxes and casks for packing the product of manufactures or agriculture in the Colony
Vats and tanks
Paper bags for packing produce
Cardboard boxes, cartons, discs
Blasting compounds.

No data are available for assessing the amount of assistance rendered to the farming community by means of this free list, but it is manifestly considerable.

(2) The Customs Agreements:

The existence of these Agreements has allowed a wide expansion of inter-territorial trade and, in particular, has provided an enlarged home market for Kenya wheat flour, sugar, dairy produce, tea, beer and timber,

timber. The total value of Kenya's inter-territorial trade in 1933 was:-

Exports	£ 155,000
Imports	£ 150,000
	£ 305,000

The Commissioner of Customs assesses the duty which would ordinarily have been payable on Uganda and Tanganyika imports into Kenya in 1933 at £90,745.

(3) Railway Rates:

Mention has been made of these in connection with various commodities. Protective rates are imposed on imports competing with local products, the effect being similar to that of the Customs dues except that these rates affect the markets in proportion to their distance from the Coast. Thus it is possible to charge the consumer higher prices at internal points.

Besides this, high Railway rates are charged on a wide range of imported goods, the revenue so obtained being used to allow low export rates on local produce.

(4) Refunds and Rebates:

In order to afford relief to grain growers of the 1929-30 crop a sum of £55,000 was appropriated from the Colony's Surplus Balances to enable a refund to be made of Railway rates and Port charges in respect of exported cereals. The Transport Administration contributed £55,000 in rates reduction and £25,000 in port storage charges, total £58,000.

The contribution from the Transport Administration was financed from revenue. Total £95,000.

A refund of four-fifths of the grading and conditioning fees was made on maize exported from the

the 1929-30 crop. The amount involved was £15,071.

In 1932 and 1933 conditioning fees were temporarily reduced by 15 cents a bag and regrading fees were reduced reduced from 5 cents to 1 cent per bag. The amount of revenue foregone in 1932 and 1933 was £478 and £632 respectively.

In order to maintain the wheat milling industry during a period when supplies of local wheat were short, a refund of the whole of the duty in 1932 and of five-sixths of the duty in 1933 was made on wheat grain imported under licence. The amount of duty refunded to the end of 1933 was £47,286. [Moreover, the rail rate on wheat grain imported under licence was reduced from import to country produce rate.]

A rebate on paraffin for agricultural purposes has been in force for some years, ~~the amount of the rebate for~~ and the last five years ~~is:-~~ has amounted to nearly £18000,

	£
~~1929~~	~~11,301~~
~~1930~~	~~11,757~~
1931	7,468
1932	5,687
1933	2,113
	~~£38,306~~

1934 (2253)
1935 (2200)
17,751

(5) Loans:

Cereal Loan. A loan subsidy on maize, wheat and barley exported from the 1929-30 crop was made by motions passed in Legislative Council in 1930 and 1931. An Ordinance, No.17 of 1931, provides for the repayment of the loan to the maize industry by way of a cess on

export

export when the price of maize for export exceeds the value of Sh.7/25 per bag of 200 lbs. f.o.r. Kenya main line stations based upon the ruling price of maize of K.2 grade on the London market. No legislation has yet been introduced providing for repayment of the loans by the wheat and barley industries.

The amounts outstanding in respect of these loans, which includes the loans made by the Colony in respect of Railway rates and Port charges referred to above, is:-

	£
Maize	111,460
Wheat	4,205
Barley	425
	£116,090

Agricultural Advances Ordinance. In 1930 provision was made for a sum of £100,000 at any one time to be made available for advances to farmers who were in temporary financial difficulties. By the end of 1933 the amount authorised against the fund had reached £115,000 and, allowing for £2,956 in bad debts, the amount owing at the end of 1933 was £110,244. Of the 103 farmers who participated in the scheme 23 had repaid the advances in full by the end of 1933. It is understood that further extensive losses are inevitable before the scheme can be wound up.

The Land Bank Ordinance. Under this Ordinance machinery was set up for the provision of long term credit to farmers. The present authorised capital of the Land Bank is £500,000 of which £240,000 was borrowed by the Colony in 1930 and £260,000 in 1933. Under the Ordinance there is a monetary limit of £3,000 imposed as an

advance

advance to any one farmer, and of £2,000 on a loan for discharging an onerous earlier mortgage. The following Table shows the proportion of applications approved to applications received:-

Year		Received		Approved
1951 June-Dec.	256	£417,300	90	£121,750
1952 Jan-June	119	£167,105	91	£116,250
1953 March-Dec.	239	£393,526	147	£187,250
	614	£977,951	328	£425,250

During the first seven months of 1954 105 applications have been received for £140,520.

(6) Monopolies:

By about 1930 the protected industries had made such advances under the shelter afforded by Customs tariffs, protective Railway rates and other forms of assistance that production had overtaken internal consumption. Export surpluses had appeared when the fall in the world prices began. It thus appeared possible in the case of commodities which had reached the exporting stage that local prices would fall to export parity.

In part this fall in prices was prevented by the operation of partial monopolies attained by the producers themselves, e.g. the case of sugar on the formation of the East African Sugar Distributors Organization and of butter after the amalgamation of the Creameries.

In 1930 the Sale of Wheat Ordinance was passed making monopoly control in this case complete. The measure was calculated to prevent the fall of local prices when an export surplus existed.

It was,

It was, however, continued when damage through locusts and disease reduced the quantity reaped locally so as to place East Africa once again on an import basis and the local prices laid down in 1930 have not shown a tendency to fall in conformity with world prices.

The Butter Levy Ordinance, 1931, introduces a different method of monopoly control. It utilised the circumstance that there existed an organisation in the Co-operative Creameries which held a partial monopoly and which kept prices above export parity even when an export surplus existed. The strength of this partial monopoly was being weakened locally by competition from farm butter makers and the Levy, of 25 cents per lb., was imposed to raise the cost of competing producers and to limit their power of local undercutting, the revenue so gained being entirely used to support the export price. During the depression quantities of butter have been exported at a net price at times less than 50 cents per lb., but the local price of butter has remained well above Sh.1/- per lb. The Levy is not applied to Kenya butter sold in Uganda and the Tanganyika Territory.

A partial monopoly is held by the Sugar Distributors Organization. The importation of additional milling machinery has been prohibited and a Quota Bill has been published which is designed to complete the control.

These monopolistic measures are usually expressed as measures designed equitably to apportion the loss on

"The butter of export"!

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loss on export. The Butter Levy Ordinance, the Sale of Wheat Ordinance and the Sugar Quota Bill enable the loss to be minimised by maintaining high prices on the local market. Thus these measures are essentially measures of price control, that is they are measures of assistance to the producers at the expense of the consumers.

(7) Expenditure on non-native and native Agricultural and Veterinary Services:

The comparative figures for the last five years are:-

	Recurrent Expendre.	Extraordinary Expenditure.	Direct Revenue	Nett expenditure.
	£	£	£	£
1929	147,257	74,585	46,658	175,201
1950	160,804	28,755	53,859	135,700
1951	144,511	21,578	31,905	133,984
1952	127,954	27,596	25,403	128,927
1953	123,741	2,516	17,527	108,730

VI. THE NUMBER OF PERSONS DIRECTLY AFFECTED BY MEASURES OF ASSISTANCE TO AGRICULTURE.

In 1931, the year of the last non-native Census, 2385 European males and 137 European females are shown as engaged in agriculture, a total of 2522 in a total European population of 16,812. For the 1954 Agricultural Census the number of Europeans employed on agricultural holdings was returned as 2,564, a decrease of 425 from the previous Agricultural Census year. In 1931 the percentage of European males engaged in agriculture was 52% of the total European male population over 18 years of age, the percentage is now perhaps a little lower.

Statistics are scanty and there is an evident need for more detail of the numbers engaged in the

the various forms of agriculture, but as regards the assistance given to maize and to wheat the following ar the numbers given by the Agricultural Census Reports:-

	Maize Growers	Wheat Growers
1930	971	398
1931	945	381
1932	803	273
1933	896	350
1934	816	347

The classification above is an overlapp one, 1,165 would not be the 1934 total of both of these classes of farmers engaged in cereal growing, it would b less than that number. No statistics are given in the 1934 Agricultural Census Report of persons engaged in the sugar, tea, dairying industries. There are some 689 farms classified as mixed farms and an unknown proportion of these would be concerned in maize, wheat and dairy production. The number of Europeans engaged in agricultu is about one quarter of the European population; and it doubtful if those engaged in the more generously assisted industries form the majority of the agriculturalists.

As regards the number of natives employed on European agricultural holdings the Chief Native Commissioner's Annual Report for 1933 gives 141,000 as the average number of registered male labourers in employment of all kinds. Of this number about 15,000 were employed by the Railway and Public Works Department, about 10,000 on the Mines, about 15,000 were domestic servants and about 10,000 miscellaneous, leaving some 90,000 agricultura employees. In addition a considerable amount of agricultu labour was supplied by casual (unregistered) labourers, by women and children (e.g. in coffee picking) and by "squatters".

C. O. 38041/35

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Mr. Freeston. 3/4/35
Mr. E. Edwards 4/4
Mr. Clauson
Mr. Hall — See minutes
Mr. Parkinson.
Sir G. Tomlinson
Sir C. Bottomley.
Sir J. Shuckburgh.
Perm. U.S. of S.
Parly. U.S. of S.
Secretary of State.

DRAFT.

QUESTION.

Mr. --- to ask the Secretary of State for the Colonies whether his attention has been drawn to the recent statement by the leader of the European Elected Members of the Kenya Legislative Council to the effect that little or nothing has been done by Government since 1930 to assist the European farmers in the Colony; and whether he has any comment to make.

REPLY.

Yes, Sir. I have read the statement referred to with some surprise. The facts are that during the past four years the Government of Kenya has provided from its own resources direct financial assistance to the European agricultural community to the average amount of £26 per head in irrecoverable payments and £260 per head in money lent on easy terms. In addition, the European producer has

FURTHER ACTION.

has continued to enjoy the benefit of a high protective tariff for many of his commodities, of a railway rating system so arranged as to lessen his costs of transport to the coast, and (in common with the rest of the non-native community) subsidised education for his children.

C.O.

Mr. Fearson 1/2 JS.

Mr.

Mr.

Mr. Parkinson.

Sir G. Tomlinson.

Sir C. Bottomley.

Sir J. Shuckburgh.

Permd. U.S. of S.

Parly. U.S. of S.

Secretary of State.

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3

OA.

L.D. for use

Answered by NOH

Air Dept

1/2/35

DRAFT.

C.J.G. Barton Esq. OBE
(Secretariat
Nairobi)

Dear Barton

The Secretary of State has asked for a list of "the definite benefits given to settlers in the last three or four years" by the Government of Kenya and the Railway. He wants it in a form which will stand the light of publicity. Something on the following lines would, perhaps, meet the case :-

FURTHER ACTION.

TO

	1930	1931	1932	1933	1934	Total
A. Direct grants to European Agriculture						
1.						
2.						
3.						
B. Direct loans						
1.						
2.						
3.						
C. Indirect Subsidies						
1.						
2.						
3.						

Under A. would come, e.g. the wage-conciliation refunds of 1930, - possibly the paraffin rebate; under B, the Agricultural Advances (? £400,000 by now) the Rural Bank issues, and (for Fiscal, only) the cereal loans of 1930. Under C, any appropriate relief such as subsidized education (so far as it benefits the farming community) etc. etc.

I hope I am right in conjecturing that you have the data ready to hand, and it is only a question of tabulating them. We could, no doubt, produce something of the kind required without troubling you, but I should not be happy about its completeness or accuracy.

Yours sincerely

HG.

	1930	1931	1932	1933	1934	Total
A. Direct grants to European Organisations						
1.						
2.						
3.						
B. Direct loans						
1.						
2.						
3.						
C. Indirect Subsidies						
1.						
2.						
3.						

Under A would come, e.g. the maize-controlling refunds of 1930, - possibly the paraffin rebate; under B, the Agricultural Advances (? £113,000 by now), the Rural Bank issues, and (for forest orders) the cereal loans of 1930. Under C, any appropriate estimate by way of such as subsidized education (so far as it benefits the farming community) etc. etc.

I hope I am right in conjecturing that you have the data ready to hand, and it is only a question of tabulating them. We could, no doubt, produce something of the kind required without troubling you, but I should not be happy about its completeness or accuracy.

Yours sincerely

HO

Mr. Freeston

Interesting.

I think it wd. be useful to list (at our leisure) the definite benefits given to settlers in the last 3 or 4 years, as shown in this letter & the one Wade's brother sent me.

P.Z. 31/1/35

It might not be a bad thing to have some questions in the H.C.

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53 2

Personal

The Secretariat. Hanoi.
7th January 1935.

My dear Preston,

A happy New Year to you, it seems quite the last thing even to experience in this country. It is difficult to describe things clearly — The trouble is really economic and fiscal. At no time does it seem that the position has ever been let out as it is and effectively. We have had hard measures very sketchily given in Kenya which has resulted in allocating 5.65312 of a Government Salary, allowances, pension, passage, leave & what not to one Scale in the Office of the Departmental Expenditure. In Tanganyika there has arrived Smith, who seems to have regarded that country as a supremely isolated atoll in the middle of the Pacific. In Zanzibar Pim, who dealt with matters which the local Government should have put to rights years ago. In Uganda nothing. In all three countries we have had a number of political reports which have not, when you come to think of it, done much to remedy our present discontents. I think the first inquiry of all should have been fiscal & Economic, that it should have been by Economic Expert, or Experts, from outside & that it is bound to come, and soon. It is quite clear

that it should be East African in its scope.

As I see it the position is :- After the Boer war we more or less initiated settlement at a time when we knew nothing of the country, its climate, its soil or its native inhabitants. The Governor had peculiar ideas, he favoured settlement because he believed an admixture of races was the proper and natural [illegible] of chaotic race trying to establish itself on the Equator. He paid heavily at the time, & are still paying, for pushing white settlement into almost unexplored country. The official cattle trouble began & continued under this rule.

After this has come the Soldier Settlement scheme of allotting large areas of almost unsurveyed land by lot, to men with little or no capital. It proved a failure & very soon the Grant premium had to be remitted, this must have cost about £1,000,000.

Next we had a Strong, Geddes Committee & so forth; and we added to our troubles by the currency affair which was more than partly political. We ended with a so-called "Indian Question" which was really a bluff as everyone today admits quite openly.

Then the Elizabethan age of Sir Edward Grigg; high prices for produce; lots of

bar funds; predominant partner in a new state domin
of Equatoria; issues with the Union of South Africa; and
a new form of parody to be invented by the Round Table
Group — it is a comforting thought to a Cambridge man
of how full hell will be of NPA men!!

So far we had successfully defied the economic
factors, but table from 1930 onwards:-

1. Population. In round totals 17,000 Europeans, 4,000,000
and 3,000,000 Indians. Of European males 25% in
agriculture, 20% in industry, 16% in public
administration & 6% in commerce; of Indian
males 1% in agriculture, 40% in industry, 8%
in public administration & 15% in commerce.
Of Indian women 100% in agriculture. Of the Europeans
engaged in agriculture about 4½% are employers
& of a total occupied European area of over 5,000,000
acres about 550,000 is cultivated.

2. Tariff Policy. Unfounded, preferential, duties on
barley & ham, butter & cheese & ghee, wheat &
wheat flour, timber & sugar. With the
additional result that local producers have
a higher level of prices for competitors
articles! Value of Exports of protected commod-
ities in 1933 £256,000 odd of of sugar, which
is exported at a loss, is deducted the figure is
£122,000. Not very successful, & the local consumer
pays.

3. Other forms of assistance. Monopoly control over bulk which is being exported, at times, at less than 6d a lb while the local price is well over 1/-. Wheat & wheat flour prices nearly double in the case of wheat, & more than double the English price in the case of flour; in 1930 £70,000 appropriated from taxation to enable railway rates refunded to cereal growers; in the same year £116,000 loan raised to cereal growers; in 1933 5/6 of duty on imported grain refunded to millers; very preferential railway rates; & monopoly control by 1930 Act of wheat industry; 1933 value of export £16 10s. value of growers 34/7 — a pretty picture to add to the gallery of protected industries. Sugar protected, & protection again by railway rates, costing £24 a ton in Hawaii & £7 a ton for export, a low grade product not to be compared with Tate's cubes in England & costing a great deal more in Hawaii. Timber protected and 60% of the royalty refunded to exporters & yet the import exceeds the export.

Then you have the 'necessary' commodities — beer, tea, cigarettes, tobacco, sugar all protected in Japan as the revenue falls short of the corresponding customs duties. I am not a Free Trader.

4 Still more forms of assistance. Practically every thing needed for farming on the free list of the customs tariff; a

beneficial inter-territorial customs agreement; heavily reducing rates on imports to pay low rates on exports; £16,000 given to maize growers in 1930 by refund of grading & conditioning fees; conditioning fees reduced in 1932 & 1933; rebate of customs on paraffin used for agricultural purposes which has cost about £40000 since 1929; the cereal loan than already mentioned in 1930 of £116,000; a perpetual £100,000 out on loan given 1930 by agricultural advances, 103 farmers only participating; £425,000 out on loan from the Land Bank to 328 farmers; £88,000 odd spent on European interests as against £39,000 odd on native interests by the agricultural department, according to Hertzog, in 1931 etc.

Most of this money has gone to the maize & wheat growers of whom there were 816 maize and 347 wheat, but the classification overlaps, in 1934. That is to a minority of the farmers who are themselves a minority of the population, let alone of the Indians & Natives.

5. Yet more forms of assistance. Continued excess of expenditure over revenue on European and Indian Education, which is about £43,000 & £28,000 respectively, short in 1933, add to that remission of fees to the tune of £22,000 odd between 1932 & 2000.

£3,203 in 1929 & in 1934 they are £21,549.

Contrast non-native local Government finance with native. Outside Nairobi and Mombasa there is only hospital rate at Eldoret & Kitale; in the native areas there are voluntary rates nearly everywhere & the trouble is to stop them going too fast ahead. In 1933 Government contributed £83,000 odd to non-native local Government institutions, in the native areas it has never contributed anything to such institutions. In 1933 the natives spent £52,000 odd on local educational, agricultural, medical & administrative & had a surplus of £103,000; in non-native areas nothing was spent & there has been a deficit. Can any colony of our financial standing show such a series of open-handed donations? Yet the decades in which we have done nothing for European development, it is repeated over & over again and there seems to be no way whatever of getting the country to realise the facts, or to answer the question who is paying. The reward of all this open-handedness you will by now know from the papers on the Budget session last month. I have not yet made up my mind what did happen or why it happened or how it could have been avoided.

18th January 1935

I put aside this letter until now partly because it was too long & I thought of tearing it up, partly because of the everlasting over-work & partly because I wanted to let things settle down a little so I might as well finish it & you may have time to read it.

As I see things the recent happenings are — First unofficial members spent most of their time trying to get financial control by means of a Statutory Committee. They obtained a Standing Finance Committee of 3 Officials, 3 unofficial members, 1 Native Christian member & 1 Indian member. At first we thought this Committee would be a Committee not under Statute but it is now a Standing Committee of Legislative Council. This does state that it is to deal with matters referred to it by the Governor and the 1935 Budget has not referred to it before it was presented to Council. How long it will be before this body receives the Budget before introduction remains to be seen, I scarcely see how this can now be avoided & I hesitate to say what will be the position if this is done. Very probably

the position would be quite control by the unofficials
in a complete deadlock in the Budget revenue
to time. This claimed by the unofficials as
a great constitutional advance. And I must
say I personally think it has all the
healthy effecting we although such an
advance was not intended.

Secondly the 1933 Budget. Here I am on
difficult ground because in its first stages I
had a good deal to do with its preparation. I
held the view that the machine should be kept
going, that all new expenditure however justifiable
on ordinary times, should be deferred & that
by pruning down to the actual expenditure
of the previous years a balance of
about £15,000 could be obtained. This is, of
course, pure "house keeping", but it seemed to
me the only course at a time as this when
every expert is confounded. But cutting
1d off the bread & 2d off the sugar is un-
pleasant especially when adds in under the
services need more money & every reduction
much can, of course, put up a good case for
not having reduced by small amounts. Thus £14-15000 balance
became £2,500 and so in treats to Council.

You will have read the very unfairly

The Budget debate

reported account in the newspapers, it will be some time before our "Hansard" is ready. I need say no more, save that I consider the threats made so much bluff.

The Budget then went to the Standing Finance Committee & the 3 European Elected Members, who had, it seems, made some arrangement with the Indians during the debate, walked out, they were not accompanied by the 1 Indian. The Budget went back to Council with a £10,000 balance attained by increasing the Licenses. More threats were uttered and somehow or other the impression got about that there would be passive resistance to the Cash-Hakin Poll Tax & that it would spread to the Hakins and so bring about chaos. I think that was genuinely held by some people. For myself – I have done 10 years work with Hakins & 10 years at headquarters – I am sure that the Hakins would be very chary of following the European lead, & I am sure that the Hakins would not be able to distinguish between action and passive, but I am also sure that no pure European would be such an ass – an antediluvian criminal fool as to throw

When followed such a lead –

the natives such a hellish example in a country like this. It could only end in ghastly murders on the farms, everlasting hatred growth and an end to whole settlement — what an example of truculent ship it would present! That is why I think the threats need bluff, but I have been writing to some Europeans. The devil of it all is that these idiots have lately talked of passive resistance, and have now, I understand, probably disavowed it — save as a very last resort. In this function the seed has been planted, if it should spread its evil fruit to the natives it is the trustees who are to blame. But in my opinion the natives will have none of it. It is still true that the Elected Members do not represent the country, compare the votes polled with the population.

The Third thing is the appointment of the Economy Committee. So far as I can make out the Elected Members hold that Government is committed to reduce by £100,000. That seems to me an impossible figure, & the whole tenour of the Government speeches in the Budget debate was that reduction was impossible. We spent most of last year dealing with the Expenditure Retrenchment Committee & now there is this Committee. The only result I can foresee is a deadlock, the

two Elected members on the Committee will press for retrenchment, stopping increments and a larger cut on salaries. But in order to enable Cavendish-Bentinck, the lowest type of local politician we have ever had, to say that he asked the proposal will be made that salaries below a certain limit should be untouched — that of the £800 or £600 people live in his constituency. Why the people on £600 – £1000 who have children who would be the most handicapped?

It is a pretty little affair & in my opinion the whole affair will blow up again about May or June. The Elected members hold they have left the Government on the run & have only to breathe passive resistance as a last resort to keep them in the run as long as they like.

Last night there was a large political meeting in the Theatre here. The two watchwords was:-

1. No more Government from Downing Street. Abuse of the S/S. Quotation of the unfortunate remark of Edwin Montagu when U.S. of S. about the Viceroy of India in the S/S — the former the leaders "agent".
2. Financial control within eight years when

that is attained closer union & more contact
twee our neighbours.

3. No more taxation. No income tax. Constitutional methods of resistance, but no passive resistance — save in the "last resort", and I doubt if this will be resorted to in the papers — because of the malaria.

4. Nothing done for the European. Sorry Sir Edward Grigg's time — I have decided with this pages back.

5. If the Indians march to Delhi the Europeans, 'tho' are no match for them, have the local P.C.O.'s, with Indian Militia, to deal with.

and nearly every picture misguided. Grogan, I am glad to say, missed his aeroplane on the way out, but I daresay he will have the storm when he arrives. It is no use gambling on rain to drown all the ills we suffer from.

In my view the great trouble is that there is no way that has precedent for letting at the people & telling them the plain political facts, let alone the economic ones, but the Governor's speeches in legislative council. The press is closed, we may not hold public meetings & we launch issue manifestoes like some South American Governments. Elected members will not get accurate information & deliberately falsify what they

know, or should know; and the average decent man loathes politics of your particular brand. Personally, I think a plain statement of the position long over due, & because it is not only racial, but fiscal & economic, I think there must be an authoritative outside inquiry, and for all East Africa. Income tax would then be difficult. ~~[illegible]~~ If this talk of passive resistance continued then the originator would have to be either tried or deported, preferably the latter & the sooner the better. It seems to me quite idle to play for time, we have done so for so long already, and I feel this issue can, & must be faced outright. I do not disbelieve in white settlement, but I do believe the economic white ~~[illegible]~~ general farming has seen its day out.

You once said something about my epistolographic style, this letter is uncomfortably in length but I hope you will have read it.

As for me I confess I am tired of the overlasting wrestling with beasts at Ephesus & never being able to get anything done in this country. In the deluge of work we have it is comforting to hear Milling

blasphemy on the differences between this country & the unthinkable places he has been in before. This is a world of pitiers we are as we are, for this is a very fine country.

I see my brother-in-law Clarence Buckler has been on the rampage, he is a curious fellow; he returns soon with Lady B whom he intends parading on as so far as I can make out — a remarkable lady, but very stupid. The Governors have been meeting at Entebbe and as they are all returning at different times there may have been a free fight — that M-M report nearly turned me grey. You may come across Glendaly from our Northern Frontier Area on leave, & if you do listen to him.

Both I have been reading are Bryant's Peepy, Nicholson's Curzon, Grant's Gordon & the Lord. If you have not read them you would, I think, like them.

I hope all goes well with you all. My love to Cliffe.

Yours, Laxon Barker.

69 1

Copy

NAIROBI.

6.1.35.

My dear Adolph,

Thank you very much for your air mail letter of the 28th Dec. I will try to deal with Hill's points seriatim.

1. A new loan for development purposes:- The trouble is that we have already borrowed so much that we are told by the City financiers that our credit is exhausted and we cannot borrow any more. Our loan debts (for Railway and Government) amount to £17,000,000.

2. Lighterage dues. I don't understand this as we have several deep water berths built at colossal cost out of loan where big steamers regularly come alongside and discharge. I haven't come ashore by boat for some years: we regularly come alongside.

3. Rail freights. These are high but without them the Railway could not pay its way. The gradients are steep and the track crosses the Great Rift Valley: it rises to about 8,000 ft. and then drops suddenly, then rises again and then drops to Lake

the producer - rates on produce for export are ridiculously low and these have to be compensated for by high import rates, e.g., my Cathedral Committee had to pay no less than £80 for transporting its new organ from Mombasa to Nairobi, although all the Railway costs (including loan charges, depreciation &c., &c.) would have been more than covered by £20.

4. Government has not done its fair share for the settler.

It is questionable whether Government has not done too much. The following are some of the ways in which Govt. has helped the settler -

(a) protection - i.e. prohibitive import duties on commodities which can be produced in Kenya, e.g., Bacon, Butter, Cheese, , Wheat and flour, Timber, Sugar, Tea. The result is that the consumer pays a very high price in the interests of the producer. e.g., the local price of sugar is about £24 per ton whereas the world price is about £7!

(b) the free list - anything for agriculture., e.g., machinery, stock, crude oil, wagons &c., &c., are imported free

free of duty.

(c) Railway rates - these have been mentioned above.

(d) Refunds and Rebates

(i) to help grain growers of the 1929-30 crop £70,000 was provided by Govt. and the Railway to refund rates and port charges.

(ii) £15,000 was refunded in 1933 in respect of grading and conditioning fees.

(iii) to help wheat millers in 1932 and 1933 nearly £50,000 was refunded on account of import duties on wheat.

(iv) during the last 5 years £36,000 has been refunded on account of paraffin used for agricultural purposes.

(e) Loans

(i) Over £100,000 has been lent to the Maize growers without much hope of getting it back.

(ii) £500,000 has been lent to farmers by the Land Bank.

In

In addition to the above there are many grants esearch institutions etc. and there is recurrent nditure on the Agricultural Dept. amounting to £88,000 European settlers. Besides all this, subsidization riculture the settlers are helped in other ways, e.g., rince of Wales' School (a sort of mixture of a ar school and a Public School) costs £10,000 p.a.: as are about 100 boys this amounts to giving every boy oes there a scholarship of £100 p.a!

5. Roads. Realising that development must depend on ications we have spent an enormous lot on roads - over 00 from Loan and about £70,000 p.a. from revenue to in them. We simply haven't got any more money to spend. 3 we had 4,000 miles of public roads at an annual main- e cost of £10 per mile, and now we have 10,000 miles at ual cost of £5.10. I know nothing of the particular entioned by Hill, but we have an elaborate system of oads and district roads and private farmers and groups ers have "roads of access" to them.

Apart

Apart from Hill's points our loan position of course onerous. It is hard to have to pay 6 per interest. But a bloke who bought £100 worth of our for £125 on the understanding that he was going to g 6 per cent. until 1946 isn't going to see his interes reduced to 3½ per cent. or 4 per cent. without a quid pro quo. and our present advice is that the "quid pro quo" would cost us more than we should gain. However financial advisers to the Colonial Office are on the and something may eventuate.

In my last letter to you I think I said tha our drink bill is "staggering". That perhaps was an statement. It is about a quarter of a million pounds, which is pretty big for a European population of about 17,000 (men, women and children) but it is not quite s when it is realised that we have no cheap drink here l draught beer or continental wine. We make a reasonabl good local bottled beer but it is fairly expensive, an

whisk

whisky costs about 13/- a bottle.

Best wishes for the New Year,

Yours affectionately,

(SD.) A. de V. WADE.