

1935.

Kenya.

1

No. 38041.

SUBJECT C0533/456

Assistance to European Agricultural Settlers.

Previous
Subsequent

1936.

C.I.
Agriculture
Assistance to
Europeans
Annual

1 Copy of letter from Mr. Wade to his brother in England.
2. Jason Barton (S.O) _____ 4th Jan. '35

Gives details of assistance which has been given to European settlers since 1930.

3. To C. J. L. Barton (S.O) _____ 1st Feb. '35

4. Jason Barton (S.O) _____ 26th February '35

DESTROYED UNDER STATUTE that a memo. on aspects of public assistance is being submitted to the Governor.

5. A/Governor Wade 1149 (A.M. Mail) _____ 21st March '35.

Provides 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 59 (Conf) (A.M. 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:-

Government Assistance to European Agriculture 1931-1934.

A. Direct Financial Assistance (Irrecoverable.)

Refund

C.S.

Agriculture

Assistance to

Europeans

Financial

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

2. Jenson Barton (S.O) _____ 4th Jan. 35

Gives details of assistance which has been given to European settlers since 1930.

3. To C. J. J. Barton (S.O) _____ 11th Feb 35

4. Jenson Barton (S.O) _____ 26th February 35

DESTROYED UNDER STATUTE

States that a memo. on aspects of public assistance is being submitted to the Governor.

5. A/Governor Wade 1149 (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 59 Govt (Air Mail) _____ 21st March 35

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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..	13,255
	646
	£61,681
	=====

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 £125,000 in excess of the revenue earmarked to meet it.

(This subsidy benefits all sections of the European

at any rate in Kenya; and some of the figures will have to be written off as bad debts

(ii) absence of low rate of excise on various commodities. Tea, sugar, tobacco, beer.

X as the majority of the European farmers in Kenya are small holders I think the 2027 figures are correct.

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 ~~subsidies~~ ^{rebates} 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.

L. B. ...
2/4/35

The Economic Dept. have recently expressed their views on the numerous appeals of Kenya on another pp.

C. J. ...
4-35

Such with 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 tariffs, if there is an average custom, the figures look much more impressive if you give totals not per head figures. I should have thought it would be better to say "The facts are the following: out of the total population of a little over 3 million there are approximately 2000 European farms & who between them employ another 2000 Europeans on their estates. During the last four years these 2000 farms have received over £6,000,000 in unrecouped 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 farmer, 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.

G. S. 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

(Korovon 2
think the
basis of the
the head cities
the head is wrong)

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 show either that the country is not prosperous or that the individual people are incompetent, or worse, must be buried. 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 way, in either direction.

J.S.W. Flood

64.

J.S.W.
8/4

S.S. agreed with him.

Flood's opinion

Ed Lloyd
6/24/35
since

7. Major A.G. Wade _____ 25 Sept 35

Draws attention to the article in the Times entitled "Inquiries in Kenya" & encls. letters from his brother of 4 de 1. Wade.

Major Wade is concerned by the "Times" article of the 24th & 25th 2 September. But the ~~original~~ letters which he encloses were written by Mr A.G. 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 the file? the letters may be returned to Major Wade in a brief letter of thanks from

from the P.S.

No copy kept

(A copy of the letters marked "Received" by Air Mail 29.4.35 might be retained on the file).

Ct. Prosser
20.9.35

Amatic
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)

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.S.W. Flood

1/10.

to Major Wade (Yand) of 25.9.35

AIR MAIL
16/7/36

To Kenya - 519 (16/7/36) ^{cons.} (J. R. A) No. 1 - 16 JUL 1936
on R.R. file

Copy reqd on
1936 file
D.R. 297
4/11/36

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

Stt.
Room 297.
16.9.36.

Still no reply to No. 9; ? now remind

L.F.

Stt.
Room 297.
16.10.36.

Major Wilson may return to the
charge shortly ? Remind

*A. Brown with
30/10/36*

NOW. SEE 1936 FILE

C. O.

For Mr Boyd's sig.

Mr. Flood, 1-10

Mr.

Mr.

Sir C. Parkinson.

Sir G. Tomlinson.

X Sir C. Bottomley, 1-10

Sir J. Shuckburgh

Parly. U.S. of S.

Parly. U.S. of S.

Secretary of State.

2/10/35

Dear Sir,

Downing Street,

2.1 October, 1935.

Mr. Malcolm MacDonald

thank you very warmly for
desires me to acknowledge receipt of
your letter of the 25th of September

forwarding extracts from letters
which you have received from your

brother in Kenya. ^{He} Mr. MacDonald

^{is full} fully appreciates that articles
^{which appear} which appeared in the Press ^{have a} a

tendency to misrepresent the actions
and motives of the Govt. of Kenya, but

he fears that no action ^{which} that 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, etc.

as no doubt you will wish to
keep them.

Yours truly
(Signed) E. J. BOYD.

DRAFT.

MAJOR A.G. WADE, M.C., F.S.A.

FURTHER ACTION.

14

25 Sept. 1935

R

RECEIVED

20 SEP 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 to you information the attached from my brother your Colonial Secretary for Kenya.

The important paragraphs are the Treasurer's report on page 6 of my brother's letter and his para 4 on page 2 of his answer to my questions put out 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 Wanga
than all the locusts and drought.
Why "The Times" supports this
defeatist policy I do not know,
nor do I know why the writers
of the articles in question repeat
the lie "Government have done
nothing", when the facts are as
my letter says. It is questionable
whether Government has not done
too much.

I send this accompanying P.S.

hoping you will be able to use it
against that noisy minority who
are doing so much harm to
Wanga, aided by an unscrupulous Press.

I have the honour to be Sir
your obedient servant
A. C. Wada.
~~Wada~~

P.S. you I'm probably have all
this information, if so please accept
my apology for troubling you and
if you do not trouble to reply to this

Yours
A.C.W.

AIR MAIL

KENYA

No. 39

CONFIDENTIAL.

Dep. reg. on 15201/124/35
General: 9



6
GOVERNMENT HOUSE
NAIROBI
KENYA

RECEIVED

29 MAR 1935

C. O. FEGY

21st March, 1935.

Sir,

No. 5

With reference to my open despatch No. 49 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. Wood

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
	<u>£51,500</u>

The Select Committee also recommended that the £52,500 from the proposed Consumption Tax should be divided as follows -

	£
European	24,500
Indians	8,000
	<u>£32,500</u>

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	<u>12</u>
	<u>100</u>

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

	Expendi- Ture.	Consump- tion Tax.	Educa- tion Tax.	Fees	Total Revenue	Excess of Rev- enue over Expre.	Excess Expen- diture over Revenue.
	<u>R e v e n u e</u>						
	£	£	£	£	£	£	£
1929	49,992	25,850	10,971	14,126	50,947	955	-
1930	50,171	24,963	11,330	14,684	50,977	806	-
1931	49,600	21,997	11,399	16,548	49,944	544	-
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:-

	<u>European</u> £	<u>Indian</u> £
Recurrent Expenditure	42,400	31,281
Special equipment and materials	84	-
Housing charges, say	4,454	3,079
Loan and Sinking Fund charges, say	13,440	3,206
Rents, say	44	767
	<u>£60,402</u>	<u>£38,333</u>
Revenue from Consumption Tax (now in the Customs Tariff), Education Poll Tax and Fees.	<u>44,691</u>	<u>20,923</u>
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	£25,551

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	1,115	-	466
1933	6,580	1,045	-	500
1934	8,144	1,414	4	677
	<u>£21,695</u>	<u>£3,670</u>	<u>£4</u>	<u>£1,645</u>

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

	European Boarding and Tuition £
1932	561
1933	555
1934	525 (approximate)
	<u>£1,221</u>

(Note a. In 1935 an accumulation of arrears on account of pupils from Uganda and the Tanganyika Territory amounting to £344 was written off).

In

EUROPEAN

Year	Boarding	Tuition	Other	Total
1929	10,000	1,000	500	11,500
1930	11,000	1,100	500	12,600
1931	12,000	1,200	500	13,700
1932	13,000	1,300	500	14,800
1933	14,000	1,400	500	15,900
1934	15,000	1,500	500	17,000

INDIAN

Year	Boarding	Tuition	Other	Total
1929	10,000	1,000	500	11,500
1930	11,000	1,100	500	12,600
1931	12,000	1,200	500	13,700
1932	13,000	1,300	500	14,800
1933	14,000	1,400	500	15,900
1934	15,000	1,500	500	17,000

The following 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 1934:-

Category	1934
Recurrent expenditure on school equipment and materials	£1,000
Housing charges, rent, board and stationery charges, say	£1,000
Arrears, say	£1,000
Total	£3,000

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

	<u>Boys</u>	<u>Girls</u>	<u>Boys & Girls</u>
European Government Schools	685	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:-

	<u>In</u> £	<u>Out</u> £
1929	25,559	1,708
1930	25,029	1,801
1931	25,268	1,931
1932	24,412	2,022
1933	24,576	2,957

(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 Administration 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

Thomson's Falls

Kisumu - Batere

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 Administration
	£	£	£
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	157,655	19,928	137,727
1934	118,907	21,849	97,058

(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 Peetham Commission of 1927:-

	From Government	From Other Sources	TOTAL
	£	£	£
1929	116,595	99,145	215,738
1930	129,555	150,716	260,049
1931	101,751	145,501	245,052
1932	87,591	153,549	220,940
1935	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 Nzola 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

Although the Government of Kenya is not to build a branch railway, the Order in Council of 1932 Article 22, lays down that the Government is under a duty to pay the loan on such railway in the full in the case of three special cases:—
 (a) Nairobi - Mombasa
 (b) Kisumu - Nairobi
 (c) Malindi - Mombasa
 An agreement was made that they would be built by the Government of Kenya under a lease for 99 years. The other branch lines were constructed before the state of emergency, and the Government falls on the Transport Administration.
 The losses on the various branches in Kenya to date have been:-

Year	Total loss incurred by Govt.	Amount repaid by Govt.	Amount still due
1931	90,815	2,178	88,637
1932	101,100	7,700	93,400
1933	103,100	10,000	93,100
1934	123,500	12,500	111,000
1935	123,500	12,500	111,000
1936	123,500	12,500	111,000

Industrial, Commercial, and other taxes which now control the rate of development in Kenya have been reviewed and revised in order to make the rates and taxes which are payable to the Local (5.)

8.

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	5,027	4,572
1930	40,069	18,771	7,907	7,548	4,866	11,395
1931	59,952	14,070	8,669	17,000	6,915	9,510
1932	50,488	10,452	18,881	17,624	5,545	8,252
1933	55,095	11,112	9,906	10,447	4,575	7,745

EXPENDITURE (Contd)				TOTAL		
Water Supplies	Forests	Public Relief	Other	Revenue	Expenditure	
8	9	10	11	12	15	
1929	4,606	2,760	2,505	10,220	61,772	42,215
1930	4,890	See Col. 8	729	11,294	66,747	46,976
1931	2,889	"	2,570	14,117	62,691	61,497
1932	2,485	"	9,559	21,875	59,801	74,516
1933	1,525	"	2,047	18,884	56,113	55,141

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 £62,245 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 according 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 \$\$.30/- and \$\$.20/- imposed on all adult male Europeans and Asiatics respectively. During the last five years this tax has produced:-

	<u>European</u> £	<u>Asiatic</u> £
1929	10,971	15,188
1930	11,530	15,502
1931	11,399	14,481
1932	10,514	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 this arrangement was founded should remain in force, but the non-native poll tax and education taxes might now with advantage be merged...."

Levy on

REVENUE

Year	Native Hut and Poll Tax	Education Poll Taxes	Total
1929	£557,791	£21,159	£578,950
1930	£557,791	£21,159	£578,950
1931	£557,791	£21,159	£578,950
1932	£557,791	£21,159	£578,950
1933	£557,791	£21,159	£578,950
1934	£513,625	£21,159	£534,784

These figures are subject to audit and may vary slightly from those shown above. The figures for 1934 are estimates.

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:-

	<u>Colony</u>	<u>Transport Administration.</u>
1932	55,815	28,300
1933	49,177	24,442

AIR MAIL

Sub. regd on 15201/120/35
General

22
5

KENYA
No. 149



GOVERNMENT HOUSE
NAIROBI
KENYA

RECEIVED
23 MAR 1935
C. O. REGY

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. M. 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



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:-

	<u>Not Stated</u>		<u>Employer</u>		<u>Worker</u>		<u>Own Account</u>		<u>Unemployed</u>		<u>TOTAL</u>	
	<u>M</u>	<u>F</u>	<u>M</u>	<u>F</u>	<u>M</u>	<u>F</u>	<u>M</u>	<u>F</u>	<u>M</u>	<u>F</u>	<u>M</u>	<u>F</u>
<u>GENERAL.</u>												
Europeans	x 2289	x 5749	700	57	4875	1385	1505	168	257	49	9404	7408
Indians	x 8309	x 13618	588	2	1815	185	4450	81	848	7	25808	15836
Goans	x 570	x 1158	48	2	1856	52	178	4	153	-	2805	1176
Arabs	2808	4485	125	4	2543	116	1852	242	273	6	7598	4767
Others	x 310	x 484	6	-	569	111	26	8	26	6	737	609
<u>EUROPEANS:</u>												
<u>MAIN OCCUPATIONS.</u>												
Agricultural	15	1	589	25	950	55	977	55	56	1	2585	157
Industrial	5	-	102	6	689	22	88	21	58	2	940	51
Commercial	51	15	131	11	1168	467	159	29	109	52	1576	552
Government & Municipal	-	-	-	-	1529	206	-	-	-	-	1529	206
<u>INDIANS:</u>												
<u>MAIN OCCUPATIONS.</u>												
Agricultural	5	-	8	-	120	-	82	-	7	-	220	-
Industrial	17	-	140	-	5768	5	719	6	121	-	4765	11
Commercial	219	12	593	2	5117	77	5453	66	706	7	9868	184
Government & Municipal	-	-	-	-	2175	4	-	-	-	-	2175	4

x Includes married women and children.

In the

In the following Table the numbers returning themselves in the 1951 Census under the various heads of employment in each race are compared with similar figures derived from the 1926 Census:-

	1926	1951	Percentage of Population	
			1926	1951
Europeans				
Employer	1056	757	8.5	4.5
Worker	4091	6258	52.7	57.2
Own Account	1279	1475	10.2	8.8
Unemployed, not gainfully employed, or not stated.	6125	8524	48.8	49.5

	1926	1951	Percentage of Population	
			1926	1951
Indians				
Employer	802	590	3.0	1.5
Worker	7287	11748	27.2	29.6
Own Account	4167	4551	15.6	11.4
Unemployed, not gainfully employed, or not stated.	14505	22775	54.2	57.5

Among the European males in 1951, 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 1951, 1% was employed in agriculture, 40% in industrial occupations, 3% in public administration, 15% in commerce, 5% in clerical occupations. Male children constitute 50% of the total.

The number of European occupiers given in the Agricultural Census Report of 1954 is 2,027, a decrease of

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 1931. The 1951 Census was, therefore, the following figures relative to this memorandum:-

TOTAL	Development		Unemployed		Own Account		Worker		Employer		Not Stated		
	M	F	M	F	M	F	M	F	M	F	M	F	
<u>GENERAL</u>													
3041	1408	1633	49	387	168	1305	1385	1385	1385	1385	1385	1385	Europeans
3308	1389	1919	7	316	81	450	133	133	133	133	133	133	Indians
3803	1798	2005	-	4	133	4	133	133	133	133	133	133	Goans
4739	2157	2582	6	275	242	116	133	133	133	133	133	133	Arabs
577	209	368	6	26	8	36	111	36	111	36	111	36	Others
<u>MAIN OCCUPATIONS</u>													
137	333	470	1	56	52	27	25	25	25	25	25	25	Agricultural
61	240	301	3	58	21	38	32	32	32	32	32	32	Industrial
22	106	128	3	109	29	139	49	139	139	139	139	139	Commercial
30	123	153	-	-	-	206	133	206	206	206	206	206	Government & Municipal
<u>INDIANS</u>													
320	11	309	-	7	-	33	-	33	-	33	-	33	Agricultural
475	11	486	-	181	6	181	6	181	6	181	6	181	Industrial
101	38	139	-	69	3	69	3	69	3	69	3	69	Commercial
215	10	225	-	-	-	215	-	215	-	215	-	215	Government & Municipal

includes married women and children

decrease of 75 from the preceding year. The number of Europeans employed on agricultural holdings in 1953-54 was 2,564, a decrease of 425 on the previous year.

The native population for 1955 is estimated at 5,017,177, the occupation is overwhelmingly agricultural or pastoral.

(2) European Acreage and Development:

In February, 1954, the total area under occupation by Europeans was 5,158,524 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.
1950	5,111,161	645,644
1951	5,315,433	650,365
1952	5,199,095	615,557
1953	5,206,264	595,998
1954	5,158,524	556,182

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

Crop	1950	1951	1952	1953	1954.
Sisal	21.4	20.8	25.7	25.5	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	6.5
Sugar Cane	1.8	2.0	2.0	2.0	2.5
Other Crops	6.5	8.4	9.8	10.8	15.5
Land under cultivation, but not cropped.	12.5	15.2	15.5	14.2	15.9

The following

In the following table the numbers return...
 the number of Europeans employed in...
 the number of Europeans employed in...
 the number of Europeans employed in...

Percentage of population	1951	1952	1953	1954	1955
Employers	1.2	1.3	1.3	1.3	1.3
Workers	2.5	2.5	2.5	2.5	2.5
Own Account	2.8	2.8	2.8	2.8	2.8
Unemployed	4.0	4.0	4.0	4.0	4.0

Percentage of population	1951	1952	1953	1954	1955
Employers	1.2	1.3	1.3	1.3	1.3
Workers	2.5	2.5	2.5	2.5	2.5
Own Account	2.8	2.8	2.8	2.8	2.8
Unemployed	4.0	4.0	4.0	4.0	4.0

Among the European population in 1951...
 employed in agriculture, 30% in industrial occupations,
 18% in public administration, 7% in professions, 3% in
 commerce, 3% in clerical occupations. Male children
 constitute 21% of the total.
 Among the Indian population in 1951, 12% were
 employed in agriculture, 30% in industrial occupations,
 3% in public administration, 23% in commerce, 3% in
 occupations. Male children constitute 30% of the total.
 The number of European occupations in
 the Agricultural Census Report of 1953 is 2,564, a decrease

4.

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

<u>SISAL.</u>	Total area.	Production of fibre in Tons.
	1929-30	138,012
1930-31	137,299	18,858
1931-32	145,660	14,674
1932-33	159,834	17,569
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:-

	<u>Acreage</u>	<u>Yield in Bags.</u>
1929-30	235,975	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	746,895

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

The comparative Table of acreage is:-

<u>COFFEE.</u>	<u>Acres.</u>
1930	96,042
1931	96,689
1932	98,874
1933	100,587
1934	102,258.

In 1933

3.

decrease of 73 from the preceding year. The number of persons employed on agricultural holdings in 1933-34 was 2,364, a decrease of 433 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 acreage occupied by Europeans was 3,138,334 acres, a decrease of 27,900 acres on the previous year. The figures for the last five years are:-

Year	Total occupied	Total available
1929	3,177,161	3,490,536
1931	3,313,333	3,600,000
1932	3,192,038	3,513,333
1933	3,203,234	3,500,000
1934	3,138,334	3,561,181

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

Crop	1930	1931	1932	1933	1934
Cocoa	21.4	20.8	20.1	20.8	20.4
Maize	1.9	1.8	1.7	1.8	1.8
Coffee	14.9	14.6	14.1	14.1	13.4
Wheat	11.0	10.7	10.0	10.0	9.8
Sugar Cane	1.8	1.8	1.8	1.8	1.8
Other	4.8	4.8	4.8	4.8	4.8
Land under Crops	13.3	13.3	13.3	13.3	13.3
Land under Crops but not cropped	13.3	13.3	13.3	13.3	13.3

The following

The following Table shows the acreage of

- Cacao and production of fibre -

Year	Total area Production of fibre in Tons	Area
1931-32	138,018	17,331
1930-31	137,313	18,838
1929-30	145,830	14,974
1928-29	138,334	17,368
1927-28	141,488	20,124

Retains were received in respect of 78
 bales. The export rose to 19,850 tons, the previous
 highest being 15,904 tons in 1921. The value was declared
 at £242,863 as compared with £186,875 in 1922.
 The main position is as follows:-

Year	Area	Value
1931-32	232,972	1,838,388
1930-31	200,938	1,649,738
1929-30	160,346	752,833
1928-29	164,018	1,138,818
1927-28	112,948	748,893

In 1932 the total number of maize growers
 was 818 as against 888 in the preceding year.
 The comparative Table of acreage is:-

Year	Area
1930	26,042
1929	26,374
1928	26,874
1927	100,207
1926	100,252

In 1932

In 1932 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 1931. 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 1932 was
 returned as 35,001 acres, an increase of 4,887 acres over
 the preceding year. The total production of grain was
 145,581 bags as compared with 65,496 bags in the previous
 year.

Exports of wheat flour from Kenya during
 1932 amounted to 41,075 cwt. valued at £25,156 representing
 an increase of £6,579 over the previous year, but exports
 of wheat and wheat flour outside 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:-

Year	Area	Production	
		Raw Sugar Cwt	Crystallised Cwt
1929-30	11,870	160	155,120
1930-31	15,495	680	181,820
1931-32	12,563	640	104,700
1932-33	12,088	540	106,520
1933-34	12,704	1,560	112,980.

The Agricultural Census Report, 1934, says
 the exports of Sugar from the Colony amounted to 82,214 cwt.
 valued at £66,755 as against 1932 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 1935 was £154,775, of which £65,591 represented Kenya production.

TEA.

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

	Area	Produced lbs.
1929-30	8,551	877,847
1930-31	10,052	950,209
1931-32	11,258	1,500,249
1932-33	12,054	2,421,056
1933-34	12,471	5,065,687.

During 1935, 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	114,476
1930-31	1,207,295	79,247	55,958
1931-32	1,069,045	69,782	19,416
1932-33	1,428,471	92,958	26,404
1933-34	1,255,019	124,922	55,822

See the relative Agricultural Census Reports.

In 1935 7,261 cwt. of butter, 475 cwt. of cheese and 2,557 cwt. of ghee valued respectively at £25,775, £2,186 and £7,184 as domestic products were exported.

In 1933 there was a decrease of 88,888 cwt. in coffee. The export was 286,978 cwt. valued at £321,133. The number of coffee growers was 929. The value of coffee represented 48.7% of the total agricultural exports.

WHEAT

The area of wheat harvested in 1933 returned as 35,001 acres, an increase of 4,887 acres over the preceding year. The total production of wheat was 145,581 bags as compared with 133,488 bags in the previous year.

Exports of wheat from Kenya during 1933 amounted to 11,078 cwt. valued at £25,133 representing an increase of 26,279 over the previous year, but exports of wheat and wheat flour outside the East African Customs Union were valued at £10 and £1,300 only; this including the export to the Belgian Congo worth £,312.

SUGAR

Comparative tables of sugar cane areas and the production of sugar are:-

Year	Area	Raw Sugar Cwt.	Production Cwt.
1929-30	11,370	160	125,120
1930-31	12,425	680	121,880
1931-32	12,325	600	101,700
1932-33	12,085	540	108,320
1933-34	12,704	1,100	112,280

The Agricultural Census Report, 1931, states the exports of sugar from the Colony amounted to 86,214 cwt. valued at £66,785 as against 1932 figures of 12,588 cwt. valued at £14,614. The Commissioner of Customs states the area and amount of production are:-

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	5,384
	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	\$1.00 per lb.
Ghee	" 1.00 " "
Wheat	" 5.00 " " 100 lbs.
Wheat Flour	" 6.00 " " 100 lbs.
Timber	50% ad valorem
Sugar	\$12.00 per 100 lbs.

These continued until 1950 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	\$0.50 p. lb	0.15 per lb.	45 Cents	45%
Wheat	\$3.00 "100 lbs.	-	-	50%
Wheat Flour	\$3.00 "100 lbs.	\$3.00 p.100 lbs.	\$6.00	62%
Timber, other than Teak.	10% ad val.	20% ad valorem	50%	-
Sugar	\$6.00 p.100 lbs.	\$6.00 p.100 lbs.	\$12.00	84%

The general

value of the Kenya and Uganda exports... Africa in 1933 was \$14,775, of which \$3,331 represented Kenya production.

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

AREA

Year	Area (sq. miles)	Production (tons)
1930-31	1,000	10,000
1931-32	1,100	11,000
1932-33	1,200	12,000
1933-34	1,300	13,000

During 1933, 12,000 tons of tea valued at \$2,000,000 were exported from the colony as compared with 8,000 tons valued at \$800,000 in 1932. The Commission of Enquiry, however, states the foreign export is outside the East African Customs Union, was valued at \$2,000,000. The increase of tea from overseas is now negligible.

The main statistics of dairy commodities produced by local enterprises during the last five years are:-

DAIRY PRODUCTS

Year	Butter (lbs.)	Cheese (lbs.)
1929-30	1,000,000	100,000
1930-31	1,200,000	120,000
1931-32	1,400,000	140,000
1932-33	1,600,000	160,000
1933-34	1,800,000	180,000

See the relative Agricultural Census Reports. In 1933 7,351 cwt. of butter, 735,000 lbs. and 3,331 cwt. of ghee valued respectively at \$2,000,000 and \$7,184 as domestic products were produced.

8.

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	50	20	10
Butter & Cheese	50	20	10
Ghee	45	20	25
Wheat	50	20	50
Wheat Flour	62	20	42
Timber, other than Teak	50	10	20
Sugar	84	20	64

In the absence of figures showing 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

The principal destinations were:-

Value	Country	Article
17,081	United Kingdom	Butter
4,733	Tanganyika Territory	
3,838	Mozambique	
1,378	Tanganyika Territory	Cheese
418	India	
2,384	Tanganyika Territory	Ghee
1,948	Sansibar	

II. TARIFF POLICY

Various measures of assistance have combined greatly to limit the field of competition under the 1938 tariff the following were under Customs levy.

Duty	Article
80 cents per lb.	Bacon and Ham
\$1.00 per lb.	Butter and Cheese
" " " "	Ghee
" " " "	Wheat
" " " "	Wheat Flour
20% ad valorem	Timber
\$1.25 per 100 lbs.	Sugar

These continued until 1930 when they became:-

Present Ad Valorem	Present Effective Equivalent Rate of Duty	Proposed Duty	Article	Basic Duty
80	100	100	Bacon & Ham	80% ad val.
80	100	100	Butter & Cheese	100
45	100	100	Ghee	60% ad val.
50	100	100	Wheat	50% ad val.
50	100	100	Wheat Flour	50% ad val.
80	100	100	Timber other than Teak	100 ad val.
84	100	100	Sugar	84% ad val.

The general

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 1935 Export outside East Africa.

	£
Wheat	10
Wheat Flour	1,590
Bacon and Ham	2,021
Butter	21,358
Cheese	908
Ghee	5,757
Beer	-
Sugar	65,591
Tea	66,151
Timber	16,548
Tobacco & Cigarettes	288
Total	£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 1935-34) 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 \$3.5/14 a bag, local flour is carried to the Coast

The present tariff is 30% ad valorem, the protective element in the above tables is therefore:-

Articles	Present rate	Normal Rate of Protection
Bacon & Ham	30	30
Butter & Cheese	30	30
Ghee	45	30
Wheat	30	30
Wheat Flour	30	30
Timber, other than Bark	10	30
Sugar	30	30

In the absence of figures showing 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 pricing of local goods as compared with imported articles on the Railway, which in up-country centres sets in much the same way as a Customs duty.

When a commodity is an import duty 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

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.
1951	Nairobi	17/50	35/00
	England	9/18	14/10
1951-aid 1954	Nairobi	18/00 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.
1929-50	110,892	52,782	17,927	14,222	111,525
1950-51	107,456	30,525	21,581	14,670	107,570
1951-52	84,819	52,171	15,736	11,855	89,411
1952-53	92,581	16,852	16,924	14,747	77,562
1953-54	92,275	10,822	25,006	15,950	71,519

In order

local price above export parity.

The commodities which have received protection during the last decade in one, or more, of the following:-

Value of 1953 Export outside East Africa	
Sh. 1,230	Wheat
2,030	Wheat Flour
2,335	Wheat and Flour
308	Wheat
3,775	Wheat Flour
2,282	Wheat
2,811	Wheat Flour
1,648	Wheat
288	Wheat Flour
21,282	Tobacco & Cigarettes

III. THE INDUSTRIES GIVEN TARIFF PROTECTION AND ASSISTANCE.

(1) Wheat and Wheat Flour.

Although since 1951 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 enabled 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.2/80 a bag, local flour is carried to the Coast

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 \$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 \$1/- per hundredweight, equivalent to 6 per cent.

Since 1952 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
1929-50	146,665
1950-51	195,021
1951-52	87,058
1952-53	94,668
1953-54	97,285

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

Until

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 \$4,282. 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 noted above. In 1933 there were 247 growers of wheat in Kenya and 30 million

(3) Bacon and Ham:

These commodities will for no reason comment. The margin of protection afforded is 100%

(2) Butter, Cheese and Cream:

The margin of protection afforded to butter and cheese is 100% and to cream 85%. 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, 1951, introduced a method of monopoly control. It utilized the circumstance that there existed an organization in the Co-operative Creameries, which already held a partial monopoly. This partial monopoly was being widened by competition from various making butter and the new and 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

Until 1930 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-1930 period, but the comparison is faulty in that Tate's Cubes are a high grade product and Kenya sugar is not:-

	Miwani Sugar	Tate's Cubes
	Per Ton	(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	50 . 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

Quantities of butter have been exported during the depression at a net realization 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 10/- per lb. It is shown that the export price of butter has been maintained at a level which has been equal to the export price of butter and of cereals in the Colony are not given in the Annual Report 1933.

The protection afforded through the Customs Tariff in 1933, the normal rate is 30% the margin of protection is therefore 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. Since 1927 the increase of production of sugar in Kenya, the 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:-

1933-34	27,385
1932-33	34,888
1931-32	38,031
1930-31	41,031
1929-30	44,038
1928-29	47,038
1927-28	50,038

In the protection afforded to the sugar industry Railway rates have also played a part. The rate on imported sugar is 4/- 6d per ton for 100 miles, the rate on sugar for export varies from 2/- 6d to 3/- per ton (300-500 miles) to 2/- 6d to 3/- per ton (over 700 miles).

Until 1933 the fact that a local price considerably above world values has been maintained and has been attributed to protection through the Customs tariff and not to other factors. The following figures give a comparison for the 1930-1933 period, but the comparison is faulty in that the 1933 figures are a high price product and have been at

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	68,943	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
			<u>Approximating</u>
Beer	\$.5/- p. Imp. gall	\$.1/- p. gall	\$.1/89 p. gall
Tea	50 cts. per lb.	10 cts. p. lb.	40 cts. p. lb.
Cigarettes	\$.2/40 p. lb. or 62% ad valorem	75 cts. p. lb.	\$.1/65 p. lb.
Tobacco	- ditto -	50 cts. p. lb.	\$.1/90 p. lb.
Sugar	84% or 15/44 per cwt.	6% or 1/- per cwt	78% or 12/44 per cwt.

(1) Beer:

The margin of protection, which has been adjusted in 1930, represents \$.1/89 per gallon. There has been

Year	Value	Quantity
1929	20.0	38.8
1930	24.0	38.0
1931	24.0	38.0
1932	24.0	38.0
1933	24.0	38.0
1934	24.0	38.0

The present wholesale price of local sugar in Nairobi is \$24 per ton, the value of local sugar for export is \$24 per ton. 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 50% of the royalty on timber exported. The following quantities of Timber were exported during 1933:-

Value	Quantity	Description
13,140	49,010	Cedar pencil slabs
8,740	77,770	Other timber

been a progressive displacement of imported beer by the locally manufactured article since the establishment of the industry. In 1955 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 1955 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, 530 miles, is \$.15/40 per 100 lbs., the country produce rate from Lumbwa to Nairobi, 191 miles, is \$.4/21 per 100 lbs. Tea for export is given a preferential rate of \$.2/64 per 100 lbs. from Lumbwa to Mombasa.

The Kenya and Uganda Customs receipts which amounted to £18,645 in 1929, fell to £445 in 1955, 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 1955 would have been £27,619 instead of £3,584, or an additional amount of £24,035.

and the following table shows the total quantity of timber exported from the Colony during the last five years:

1951	1952	1953	1954	1955
130,103	130,103	130,103	130,103	130,103

The 1955 figure shows a 1% decrease on 1954. The total amount of timber in 1955 amounted to 10,332 cubic feet valued at £5,000 and shows an increase of 30% compared with the 1954 figure. Timber manufactured in the Colony and timber imported for the value of £21,000. Of this sum for hops received for £10,000 or 47% of the total value. These hops are used and the rest from Scandinavia. These hops are used for bedding petroleum products.

VI. THE INDUSTRIES SUBJECT TO EXCISE DUTY.

In so far as an Excise Duty falls short of the corresponding Customs duties the local producer receives protection. In the case of the East African excise products the element of protection is substantial. The relative figures are:-

Articles	Import Duty	Excise Duty	Protection
Beer	2/6 - p. Imp. Gall.	2/6 - p. Gall.	0
Tea	50 cts. per lb.	10 cts. p. lb.	40 cts. p. lb.
Cigarettes	2/6 p. 100 or 2/6 p. 1000	10 cts. p. 100 or 10 cts. p. 1000	1/6 p. 100 or 1/6 p. 1000
Tobacco	-	-	50 cts. p. lb.
Sugar	84 cts. or 13/4A per cwt.	84 cts. or 13/4A per cwt.	0

(1) Beer:

The margin of protection which has been adjusted in 1950, represents £1.89 per gallon. There has been

(5) Cigarettes and Tobacco:

The tobacco industry is centred in Uganda. The margin of protection is \$1/65 and \$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 £15,058, or an additional amount of £37,669.

(4) Sugar:

See page 12. The tariff margin of protection is 64%, or approximately 58% if the Excise Duty is deducted. The suspended duty of \$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 £152,996 instead of £11,864, an additional amount of £141,132.

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

been a progressive displacement of imported beer by the locally manufactured article since the establishment of the industry. In 1923 125,000 Imperial Gallons of local beer were consumed in Kenya and Uganda as compared with 78,000 Gallons of imported beer. If locally manufactured beer paid Excise Duty at a rate equivalent to the Customs Duty would have been £19,000 instead of £5,738, an additional amount of £13,262, from which there would have been a set-off of about £300 on account of Customs Duty on imported beer.

(3) Tea:

The difference between Customs and Excise is 40 cents per lb. This industry has received a tariff protection which has not taken full advantage of the local protection given.

Assistance to local production is given by railway rates. The rate on imported tea from Mombasa to Nairobi, 330 miles, is \$15/40 per 100 lbs. the country produce rate from Mombasa to Nairobi, 191 miles, is \$4/40 per 100 lbs. The tea for export is given a preferential rate of \$2/84 per 100 lbs. from Mombasa to Mombasa.

The Kenya and Uganda Customs receipts which amounted to £18,945 in 1929, fell to £445 in 1933 a difference of £18,500. This was set-off by Excise receipts of £2,584 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 £27,327 instead of £2,584, or an additional amount of £24,743.

timber. The total value of Kenya's inter-territorial trade in 1955 was:-

Exports	£ 185,000
Imports	£ 150,000
	<u>£ 305,000</u>

The Commissioner of Customs assesses the duty which would ordinarily have been payable on Uganda and Tanganyika imports into Kenya in 1955 at £90,745.

(5) 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 ones 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 1929-50 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

Having animals
Fresh fruit
Poultry food
Fenest
Rock Salt
Curing Salt
Seeds, bulbs, trees
Bags

Belt for machinery
Clutch, gears, setting for machinery
Parts for fruit trees and seed bags
Rope and cordage for machinery, for packing and
binding produce

Agricultural wagons, wheelbarrows, etc.
Cables, etc. for other than motor or steam vehicles
Leaning materials, gates, handles, gears, shafts
Machinery, spindles, pulleys and pulleys
of agriculture

Hoop iron for binding produce
Metal signs and name plates
Piston and steam valves of a capacity of 30 cwt
and over

Iron rods
Iron pipes, tubes for industrial plant
Refrigerating machinery
Sawmills, grinders, etc. for the destruction of
weeds

Game and wire netting
Fencing and paling wire
Bottles and jars
Cane oil
Tar and solignum
Gears and axles
Germicides
Fertilisers and manures
Animal dips, etc.
Hose

Bees and incubators
Wooden appliances for dairy and agricultural purposes
Boxes and casks for packing the product of manufacture
uses on 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 list
but it is manifestly considerable.

(2) The Customs Arrangements:

The existence of these Arrangements 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.

the 1929-50 crop. The amount involved was £15,071.

In 1952 and 1953 conditioning fees were temporarily reduced by 15 cents a bag and regrading fees were reduced from 5 cents to 1 cent per bag. The amount of revenue foregone in 1952 and 1953 was £478 and £652 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 1952 and of five-sixths of the duty in 1953 was made on wheat grain imported under licence. The amount of duty refunded to the end of 1953 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 the last five years is -

	£
1929	11,501
1930	11,767
1951	7,468
1952	5,687
1953	2,115

1934 2253
1935 (2200)

(5) Loans:

Cereal Loan. A loan subsidy on maize, wheat and barley exported from the 1929-50 crop was made by motions passed in Legislative Council in 1950 and 1951. An Ordinance, No.17 of 1951, provides for the repayment of the loan to the maize industry by way of a cess on export

17,751

The total value of Kenya's international trade in 1953 was:

Exports	£ 157,541
Imports	£ 230,000
	£ 74,459

The Commissioner of Customs assesses the duty which would ordinarily have been payable on goods and foreignlike imports into Kenya in 1953 at £30,000.

(3) Railway Rates:

Attention 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 duty except that these rates affect the market in proportion to their distance from the Coast. Thus it is possible to have the consumer prices at inland points besides this, high railway rates are charged on a wide range of imported goods, the revenue obtained being used to allow low export rates on local produce.

(4) Rebates and Refunds:

In order to afford relief to grain growers of the 1929-50 crop a sum of £35,000 was appropriated from the Colony's Savings Bank to enable a refund to be made of Railway rates and port charges in respect of exported cereals. The Transportation Administration contributed £25,000 in rate reduction and £28,000 in port rebate charges, total £53,000. The contribution from the Government Administration was financed from revenue. Total £82,000. A refund of four-fifths of the training and conditioning fees was made on maize exported from the

The amount involved was £1,070,000. In 1933 and 1935 conditional fees were temporarily levied on wheat and barley exports at a rate of 1 cent per bushel. The amount of revenue from these fees was £1,070,000 in 1933 and £1,070,000 in 1935 respectively.

In order to maintain the wheat and barley industries during a period of low prices, the Government has granted a subsidy of £1,070,000 in 1933 and £1,070,000 in 1935. The amount of the subsidy was £1,070,000 in 1933 and £1,070,000 in 1935. The amount of the subsidy was £1,070,000 in 1933 and £1,070,000 in 1935.

A report on the wheat and barley industries has been prepared for the Government. The report is available to the public.

1931	108,111
1932	117,787
1933	148,884
1934	188,387
1935	211,387
1936	268,884

(3) Loans

The Land Bank Ordinance provides 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 1935. Under the Ordinance there is a monetary limit of £3,000 imposed as an advance

export when the price of maize for export exceeds the value of \$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
	<u>£116,090</u>

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 1935. 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.	259 £595,526	147 £187,250
	<u>614</u> <u>£977,951</u>	<u>328</u> <u>£425,250</u>

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

(6) Monopolies:

By about 1950 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 1950 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,

...the price of wheat in export exceeds the value of 2.75 per cent of 100 lbs. of wheat... The following table shows the proportion of applications approved to applications received:-

...the price of wheat in export exceeds the value of 2.75 per cent of 100 lbs. of wheat... The following table shows the proportion of applications approved to applications received:-

...to any one firm, and of 25,000 on a loan for...
...the following...
...the proportion of applications approved...

Year	Applications received	Applications approved
1931 Jan-Dec	288	117
1932 Jan-June	218	118
1933 Jan-Dec	338	118
1934	388	118
1935	388	118

During the first seven months of 1935...
105 applications have been received for...
(6) Monopolies

By about 1930 the protected industries...
had made such advances that the matter...
Customs duties, protective duties and other...
of assistance that production had...
consumption. Export surplus had...
in the world prices... it thus...
the case of commodities which had...
state that local prices would fall to...
In part this fall in prices was...
by the operation of partial monopolies...
producers themselves, e.g. the case...
formation of the East African Sugar...
tion and of butter after the...
In 1930 the Sale of Wheat...
passed...
measure was...
When an export surplus...
If...

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, 1951, 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 \$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

loss on export. The latter levy Ordinance, the sale of West Ordinance and the Sugar Cane Bill enable the loss to be minimized 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.

(A) Expenditure on Non-native and Native Agricultural and Veterinary Services

The comparative figures on the last five

Year	Non-native	Native	Total
1954	17,371	2,284	19,655
1953	25,408	2,700	28,108
1952	21,908	2,700	24,608
1951	23,732	2,700	26,432
1950	14,311	2,700	17,011
1949	14,311	2,700	17,011
1948	14,311	2,700	17,011
1947	14,311	2,700	17,011

IV. THE NUMBER OF EUROPEAN MALES AND NATIVE MALES ENGAGED IN AGRICULTURE

In 1951, the year of the last non-native Census, 2325 European males and 177 Native males are shown as engaged in agriculture, a total of 2502 in a total European population of 16,812. For the 1954 Agricultural Census the number of Europeans employed on agricultural holdings was returned as 2,364, a decrease of 488 from the previous Agricultural Census year. In 1951 the percentage of European males engaged in agriculture was 22 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 are the numbers given by the Agricultural Census Reports:-

Year	Maize Growers	Wheat Growers
1950	971	398
1951	945	381
1952	803	275
1953	896	350
1954	816	347

The classification above is an overlapping one, 1,165 would not be the 1954 total of both of these classes of farmers engaged in cereal growing, it would be less than that number. No statistics are given in the 1954 Agricultural Census Report of persons engaged in the sugar, tea, dairying industries. There are some 699 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 agriculture is about one quarter of the European population; and it is 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 1955 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 agricultural employees. In addition a considerable amount of agricultural labour was supplied by casual (unregistered) labourers, by women and children (e.g. in coffee picking) and by "squatters".

Mr. Freeston. 3/14/35

Mr. E. ... 4/4

Mr. Parkinson - Sec. ...

Sir G. Tomlinson

Sir C. Boltonley

Sir J. Auchburgh

Parly. 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} fact 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)
of subsidised education for his children.

C.O.

Freeman 1/2 J.

Mr.

Mr.

Mr. Parkinson.

Sir G. Tomlinson.

Sir C. Bottomley.

Sir J. Shuckburgh.

Permt. U.S. of S.

Parly. U.S. of S.

Secretary of State.

W.D. for me Answered by No. 4
Air Mail

30
3

1/2/55

DRAFT.

C.S. Barton Esq. OBE
(Secretary
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.

10

	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 maize conditions
 refunds of 1930, - partly, the paraffin rebate; under
 B, the Agricultural Advances (? £115.00 by now),
 the Rural Bank loans, and (for farm, only) the
 cereal loans of 1930. Under C, any
 appropriate subsidies by ^{such as} ~~way of~~ 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

	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 maize-conditioning refunds of 1930, - partly the paraffin rebate, under B. the Agricultural Advances (? £115,000 by now), the Rural Credit issues, and (for forest, only) the cereal loans of 1930. Under C. any appropriate elements by way of subsidised 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

Mr. Freestone

Interesting.

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

M. L. 31/1/35

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

Mr. Freestone:

Interesting.

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

M.H. 31/1/35

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

Normal

53 2

The Librarian. Harbin.
7th January 1935.

Dear Preston,

A happy New Year to you, it seems quite the last thing ever 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 set out as it is, and objectively. We have had hard bargains very sketched in here, which has resulted in allocating 5.65312 of a Lord Curzon's salary, allowance, pension, gratuity, leave & what not to one side of the other of the Department's expenditure. In Tanganyika there was Ambassador Smith, who seems to have regarded that country as a supremely isolated spot in the middle of the Pacific. In Zanzibar Pin, who dealt with matters which the local Government should have put to rights years ago. In regard to 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 an expert, or experts, from outside & that it is bound to come, and soon. It is quite clear

1844. ...
1841 ...

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that it should be Part African in its people.
As far as the position is - After the Boer war we
more or less civilized settlement at a time when we
knew nothing of the country, its habits, its soil
or its native people. The Governor had peculiar
ideas, he favored settlement because he believed
an administration of Mass was the proper ^{and} ~~method~~ ^{method}
shorter race trying to establish itself on the
frontier. We paid heavily at the time, & are
still paying, for making white settlement into
almost unexplored territory. The Official -
settlement began & continued under the war.

After the war came the Indian settlement scheme
of allotting large areas of almost unoccupied land
by lot, to men with little or no capital. It
proved a failure & very soon the Indian premises
had to be resented, their value had lost about
£1,000,000.

Next we had a Stamp, Landless 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 Quarter" which was really a bluff
every one today admits with openly.

Then the Elizabethan Act of Sir Edward
Giles; high prices for produce; lots of

2

Financial position of the Province

The Province of Ontario has a long and varied history of financial management. It has been a pioneer in many respects, particularly in the development of a public debt and the establishment of a public service. The financial position of the Province has been characterized by a steady increase in the public debt, which has been used for a variety of purposes, including the construction of roads, bridges, and public buildings, and the provision of social services. The Province has also been a leader in the development of a public utility industry, and has been successful in maintaining a high level of public service. The financial position of the Province is a reflection of its long and varied history, and it is a testament to the wisdom and foresight of its leaders.

5

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beneficial inter-Territorial Customs Agreement; high
 duty rates on imports to pay for low rates on
 exports; £15,000 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 £40,000 since 1929; the cereal loan
 than already mentioned in 1930 of £116,000; a
 perpetual £100,000 out on loan since 1930
 by Agricultural Advances, 103 farmers only
 participating; £425,000 out on loan from
 the Land Bank to 328 farmers; £99,000 still
 spent on European interests as against £39,000
 still on hand interests by the Agricultural
 Department, according to Lord Macmillan, in 1931. What
 part of this money has gone to the maize
 & wheat growers of whom there were 816 maize
 and 347 wheat, but the classification stops
 in 1934. That is to a minority of the
 farmers who are themselves a minority
 of the ^{European} population, let alone the Indians & Eskimos.

5. Yet more forms of assistance. Continued work of expenditure
 over revenue on European and Indian Education,
 I make it about £43,000 & £28,000 respectively,
 short in 1933 add to that remissions of fees
 to the tune of £22,000 odd between 1932 & now.

18th January, 1935

I put with the letter until now partly because it has too long a I thought of clearing it up, partly because of the understating over-hall a partly because I wanted to get things into perspective. I might as well finish it & you may have time to read it.

As I see things the recent happenings are - First unofficial members speak about of their fees trying to get financial control by means of a statutory Committee. They obtained a Standing Finance Committee of 3 officials, 3 unofficial members, 1 help of which member & 1 Indian member. ^{some of the} Though this committee would be a committee not under the state but it is now a standing committee of the legislative council. This is true that it is to deal with matters referred to it by the Governor and the 1935 Budget was not referred to it before it was presented to Council. How long it will be before this body receives the Budget before ~~present~~ introduction remains to be seen, I naturally see how this can now be avoided & I hesitate to say what will be the position if this is done. Very probably

[Faint, mostly illegible handwritten text, possibly bleed-through from the reverse side of the page.]

18th January 1934

I had been thinking about the Budget for some time and was very much interested in the possibility of having a great deal of the Government's expenditure cut. I had been thinking about this for some time and was very much interested in the possibility of having a great deal of the Government's expenditure cut. I had been thinking about this for some time and was very much interested in the possibility of having a great deal of the Government's expenditure cut.

the position would be quite controlled by the unofficials in a complete deadlock in the Budget every year to time. This is claimed by the unofficials as a great constitutional advance and I must say I personally think it has all the makings of becoming so although such an advance has not happened since the beginning of the 1934 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 justified at ordinary times should be deleted & that by pruning pots down to the actual expenditure of the previous years a balance of about £15,000 would be obtained. This is the same "pure house keeping" but it seemed to be the only course at a time as this when every expert is confounded. But cutting 10% off the bread & 2% off the sugar is unpleasant especially when roads & docks & services need more money & every Republic must call for course, put up a good case for more. ^{Essentially} This Budget £14-15000 balance had reached by ^{the end of} completion became £2,500 and so it went to total. You will have read the very unfairly

[Faint, mostly illegible handwritten text, possibly bleed-through from the reverse side of the page.]

[Vertical handwritten note:]
If the Indian part to which
the Government, right to "we are
so ready for them as we
have in 1923" have P. 1000
by probably he will not
be reported.

5.

that is attained closer union + more cordial
ties our neighbours.

3. no more taxation. no income tax. Con-
stitutional methods of resistance, but
no Spanish Alzarama — none in the
"last revolt", and I doubt if this will
be reported in the papers — because the
the Indian.

4. nothing done for the European Council
Edward Gifford Time — than dealt with
this paper ~~was~~ back.

and nearly was ~~miss~~ mislaid. Gifford, I
am glad to say, missed his aeroplane on the
way out, but I believe he will have the
storm when he arrives. It is no use gambling
to 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 getting at
the people & telling them the plain political
facts, let alone the economic ones, for the
Governor's Speeches in legislative Council. The
Press is closed, we may not hold public
meetings & we cannot issue manifestos
like some South American Governments.
Elected members will not get accurate in-
formation & deliberately falsify what they

Copy

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1
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 serially.

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. Lighthouse 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 then rises again and then drops rises to about 8,000 ft. and then drops suddenly 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 £80.

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

It is questionable whether Government has not done 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

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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
research institutions etc. and there is recurrent
expenditure on the Agricultural Dept. amounting to £88,000
European settlers. Besides all this, subsidization
agriculture the settlers are helped in other ways, e.g.,
Prince of Wales' School (a sort of mixture of a
primary school and a Public School) costs £10,000 p.a.; as
there are about 100 boys this amounts to giving every boy
there a scholarship of £100 p.a!

5. Roads. Realising that development must depend on
communications we have spent an enormous lot on roads - over
£100,000 from Loan and about £70,000 p.a. from revenue to
maintain them. We simply haven't got any more money to spend.
When we had 4,000 miles of public roads at an annual main-
tenance cost of £10 per mile, and now we have 10,000 miles at
an annual cost of £5.10. I know nothing of the particular
system mentioned by Hill, but we have an elaborate system of
main roads and district roads and private farmers and groups
of farmers have "roads of access" to them.

Apart

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Apart from Hill's points our loan position
is of course onerous. It is hard to have to pay 6 per
cent interest. But a bloke who bought £100 worth of our
bonds for £125 on the understanding that he was going to get
6 per cent. until 1946 isn't going to see his interest
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
our financial advisers to the Colonial Office are on the
safe side and something may eventuate.

In my last letter to you I think I said that
our drink bill is "staggering". That perhaps was an
overstatement. 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 so
big when it is realised that we have no cheap drink here like
draught beer or continental wine. We make a reasonably
good local bottled beer but it is fairly expensive, and

whish

whisky costs about 13/- a bottle.

Best wishes for the New Year,

Yours affectionately,

(S.D.) A. de V. WADE.