

1936

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CO 533/475  
KENYA

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PRELIMINARY PRESS REPORTS

Previous																					
Subsequent																					
	R. 297																				
	Mr. Flood																				
	R. 30																				
	R. 80																				
	R. 297																				

*1/12*  
*1/12*  
*4/12*  
*7/12*

C.I.

PRESS  
TAXATION  
NOMINAL.

Mr. Flood

Here is the Times

2 Correspondent reminds to the  
Editor of the contents of  
this message - & which I  
attach a copy (the A of  
the Times letter) - the Bureau  
(acting for Blaker) in  
error in saying that I wrote  
to Blaker - I carefully  
obtained her writing but had  
all your points over  
the telephone.

Whisper  
7.11

*Mr. Eldon (please see made use of) R.*

Mr. Ridgway.

(2)

(301-13/4/36)

With reference to the letter from "The Times", I think you should see Sir Joseph Byrne's letter to Sir Cecil Bottomley of the 20th of October which is No. 10 on the file herewith. I have not been able to send this to you before because the papers have been in circulation.

It will be seen from the Governor's letter that the statement that the Colonial Secretary privately approached the Elected Members is a deliberate lie. The Governor says that Wade, the Colonial Secretary, was approached by Schwartz.

It is true that they arranged over dinner to have an interview with the Governor. The Government has never altered in the slightest its arrangements for dealing with the Budget and the Income Tax arrangement. The Finance Committee will, as it is bound to do, consider the estimates. If the Finance Committee recommends that the Income Tax legislation should be introduced, it will be introduced and will take its normal course.

It follows then that, with regard to "The Times" cutting of October the 19th, the statement that the Government had approached the Elected Members of the Council is untrue; the statement that the Government had proposed the reference of the Income Tax and Poll Tax Bills to the Standing Finance Committee is not true; I do not know what foundation there is for the statement that the Committee will adopt the course of taking evidence - they may, or may not, but that does not matter. There is no alteration whatever contemplated in regard to existing and usual procedure. The statement that the dispute has been referred to the Finance Committee is not true.

Further

Further, the statement that "opposition has swept the country like a grass fire" is, I think, a pretty deliberate lie. Mr. Anderson would, no doubt, like to believe that opposition has swept the place like wild fire, but, unfortunately, all our information is to the fact that the opposition has fallen frightfully flat. If you want any indication as to how things are engineered in Kenya, look at No. 11. This is a letter from the Governor's Private Secretary sending ~~all~~ the epistles which he has received. It will be seen that the Elected Members in Kenya are busy giving instructions to Major Cavendish-Bentinck, who is over here, and he, like an obedient puppet, dances to whatever strings they pull.

With regard to other passages in the letter from East Africa, there is no question, I think, of a struggle between the Colonial Office and the Colonial Resident. The Elected Members have in their foolish way asked for the appointment of a Commission to examine the whole fiscal structure, which is a transparent and child-like move to delay anything they don't like. The Governor of Uganda has informed the Governor of Kenya that he will take any measures that may be necessary to meet possible evasion of Income Tax in Kenya by transferring the businesses to Uganda, and the Governor of Tanganyika is quite prepared to give a similar undertaking. So much for the statement that Uganda is opposed to Income Tax.

Everybody knows in Kenya how you can get unanimity meetings. Half a dozen fellows

meet

meet in a bar and pass a resolution. This is spread to the world as a great public meeting. At other larger meetings when there may be 50 or 60 persons, unanimity is secured by the process of asking anybody who disagrees with whatever resolution is being moved to keep quiet, and votes to the contrary are not recorded. You can easily get unanimity by such means. But people in this country even on the staff of "The Times", are liable to be taken in.

I do not want to get into controversies with Mr. Deakin, but I think it might be just as well if you told him that, according to our information, his correspondent has been entirely mistaken in regard to the points which I have mentioned. At the same time, you might say that you recognize that he tries to be honest, but he can't help giving his partizan opinions and that anything that comes from Kenya must be taken with the whole salt cellar. I do not want "The Times" to start further correspondence with their representative in Nairobi, and I think it would be unwise to do so.

1.1.0.769

*See file*  
I have indicated to be included therein  
of R.A. Jones. He is the one who  
has been given. He seems very particular  
very cautious. Being there or you  
must.

This can be put by, but it's available for use

1.1.0.769

*Handwritten initials and scribbles*

25  
THE TIMES

1888

IMPERIAL AND FOREIGN DEPARTMENT

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RD/LP

November 6, 1936.

NOV 7 1936

Dear Ridgway,

ALGY

You may remember writing to me on October 19 about a dispatch from Nairobi. I embodied your criticisms, in confidence, in a letter to the Correspondent concerned, and have to-day received his reply, copy of which is enclosed.

Has he cleared the matter up satisfactorily?

You will see that the reply about Arab Rulers was used in a leader this morning.

With kind regards,

Yours sincerely,

Richard Burn

Ralph Deakin.

A. Ridgway, Esq.,  
Colonial Office,  
WHITEHALL. S.W.1.





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IMPERIAL AND  
FOREIGN DEPARTMENT.

I was worried when I received your telegram about the Colonial Office objections to the telegram on Income Tax but somewhat relieved when I received your airmail letter.

I have tried to be most scrupulously careful to avoid the charge of bias, difficult though it is in such a complicated controversy with so many personalities and hidden factors. It is obvious, however, that the Colonial Office did not know the full facts.

The suggestion that a compromise should be found to stop the agitation throughout the country was made by the Colonial Secretary who privately approached the Elected Members and, over dinner, arranged for them to see the Governor. That is the first and main point because everything else hangs on to it. The second point is that had not Government made no secret of its intention (and H.E. personally) to see Income Tax through, there would have been no storm. The first action taken on the Pin Report was the publication of the Income Tax Bill and Government then set about adjusting its force in the belief that the country would turn the Elected Members down and welcome Income Tax. What in fact happened was that everybody was annoyed by the indiscent haste to bring in Income Tax and simultaneously restore the Civil Service levy.

The third point is perfectly clear. In the letter sent by the Colonial Secretary to Lord Francis Scott on behalf of the Governor, it was explained that the taxation measures were being sent to the Finance Committee of the Legislature as by this means there would be the opportunity for the delay for consideration and enquiry which Government understood was the public desire.

The Government promised the Elected Members that the Finance Committee would be allowed to take evidence if desired.

The effect of the procedure is to delay the introduction of Income Tax. The Bills are drafted to take effect from January 1. The present enquiry may not be finished by that time and Government has said it will not unduly hurry the Committee.



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The reference to "a clever manoeuvre" was not intended as a reflection on Government; - The message said that some people held that view. That this is so is borne out by the fact that two days after the agreement with Government had been made Lord Francis Scott, in his own constituency, in a public speech had to defend himself against the charge that by accepting the Government proposal he had fallen into a trap!

The doubts regarding the views of individual members of the Finance Committee were expressed to the Governor by the Elected Members and were so widespread that the Convention of Associations, for that very reason, has urged the appointment of an independent Commission, leaving the Finance Committee to deal only with the Budget problem without prejudicing the taxation issue.

The point is that the three Officials and the three European elected members on the Committee cancel out, leaving the balance in the hands of two people who have already expressed themselves in favour of Income Tax - one an Indian, only three per cent. of whose community will pay, the other a rather bitter ex-official now nominated by Government to represent Native Interests. Income Tax means the possibility of granting relief to the African taxpayer and the representative in question does not love the Elected Members. These are the reasons why people said openly that the Governor, who is regarded as cunning rather than wise, had directed the controversy into channels which led to a "Constitutional" decision in favour of Income Tax, while apparently granting time for enquiry.

I have refrained from sending you many messages on this tax controversy because it savoured of propaganda for one side and because these controversies cannot do the country good. I was rather distressed to find that when I did sum up something definite and try to indicate the various factors and trends of opinion, that I was accused of doing the one thing I had tried to avoid.

On the general principle you are right of course. Perhaps it would be well to keep cabled messages to bare facts and let you have the background by mail. But it is difficult in a Kenya controversy which always has some relation to larger Colonial issues of the struggle between the Colonial Office



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and the Colonial resident impatient of the home control.

For your information, privately, I believe the Elected Members are urging the Secretary of State to agree to the appointment of an East African Commission to examine the whole fiscal structure of the three Territories and Zanzibar as they are now so bound up together that such a change as Income Tax cannot be made without upsetting the balance elsewhere. Uganda, I hear, is opposed to the tax and sees no need for it. If the Secretary of State agreed it would be a first-class enquiry of considerable importance so far as fiscal policy in the Empire is concerned and would be most useful. But it would mean delay in deciding Income Tax for a year. In any case the Elected Members will tell Ormsby Gore that such an enquiry will be the end of their opposition: they will accept its findings.

I took Lord Francis Scott into my confidence over the Colonial Office criticisms and I understand he is writing to Mr. Dawson.

Perhaps, privately, you can then correct the Colonial Office misapprehension.

I hope the matter is cleared up. If this Income Tax question was a straight economic and financial issue the question would be simple. But it is the determination of a stubborn Governor who is wrongly advised and sees things all wrong. People believe he thinks his prestige is at stake over this as the Secretary of State turned down his proposals in 1933 and said the people should be consulted.



Time  
Oct 19  
MES. MONDAY, OCTOBER

## INCOME-TAX IN KENYA

### INQUIRY GRANTED

FROM OUR CORRESPONDENT

NAIROBI, Oct. 18

With the object of averting a continuation of the bitter controversy over whether income-tax should be introduced in Kenya the Government have approached the European elected members of the Council and proposed the reference of the income-tax and poll tax Bills to the Standing Finance Committee of the Legislature, together with the draft Budget for 1937, under the provisions of standing orders.

The Government's intention is thereby to recognize the public demand for a proper examination of the financial position before the new taxation is imposed. The Committee will adopt the unusual course of taking evidence from the public. The Government do not intend that it should examine existing indirect taxes, such as the Customs duties which are common to all mainland territories, but otherwise it will be able to examine the whole Budgetary position and to report to the Legislature what revenue measures are necessary. The decision will then rest with the Legislature whether to accept or reject the Committee's report.

The effect of this procedure will be to delay the introduction of income-tax legislation, but there will be no difficulty in equalizing the expenditure side of the Budget before the end of the year, even if the inquiry continues into the New Year. The elected members of the Council do not expect the inquiry to be completed before the departure of the Governor, Sir Joseph Byrne, and hope meanwhile to be able to prove on the basis of the actual revenue of this year, and the indications for the early months of next not only that the Budget can be balanced without new taxation, but that some relief is possible to those with small salaries by a scaling down of the graduated poll tax.

Nevertheless, of the eight members of the Finance Committee five (three officials, one Indian, and one nominated member representing native interests) are known to be in favour of income-tax, leaving the three European elected members in the minority. The elected members, therefore, are depending on the Government's complete sincerity, though there is a tendency among sections of the public to believe that the reference of the dispute to the Finance Committee is merely a clever official manoeuvre to stem public agitation.

Since the tax Bills were published opposition has swept the country like a grass fire. Most of the protest meetings, however, while fully supporting the policy of the European elected members, have declared that they are not opposed to the principle of income-tax.