

1937

38173

CO 533/482

38173

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KENYA

5

SIR A. PIM'S REPORT

NATIVE TAXATION

Previous

1936

Subsequent

R. 297

2/13/37

R. 300

R. 297

7/1/37

M<sup>r</sup>. Hood

5.6

Sir C. Bottomley

10.6

Sir J. Mackay

1/1/37

R. 297

1936

~~R. 297~~

R

Taxation.

1. Extract from "Manchester Guardian" of 20.3.37
2. Extract from "Manchester Guardian" of 23.3.37

This correspondence between a native settler and Dr. Leys is quite interesting. The most interesting thing is the settler's statement that, in his opinion, and that of his friends, the taxation on natives ought to be reduced. If they did think so, why did they support people who invoke the "Moyné formula" and say that if native taxation is reduced, then the "native services" ought to be reduced also? As regards the proportion of cash income, see Mr. Wade's letter to me on 38173/2. That, I think, disposes of the underlying notion that the poor black man is being robbed of his last penny. I have mentioned this correspondence in my proposed reply to Mr. Wade, but no doubt he has seen it.

Put by

J. E. W. [Signature]

1.4.1937

Stone

111

3. Extract from 1/2 letter from Sir R. Brooke-Popham to Sir J. Haffey, dated 24.4.37 (copy of letter reg. on 1208 Promotion.)

We have registered this extract from Sir Robert Brooke-Popham's letter because it may be advisable to deal with it separately. In fact, while one cannot help agreeing with the Governor that there has been a good deal of investigation yet the position remains very much as stated in my letter to Sir A. Wade of the 12th of April (No. 3 on 38173/2) which the Governor had not seen when his letter was prepared.

The position about the thing is that Sir Alan Pim on top of Lord Moyné has recommended reduction

in the plural but tax and we now know from the Governor that they have appointed a small committee to consider that. As regards the general investigation I honestly do not know what to advise. The Secretary of State has expressed his own strong doubts whether it would be possible to get one individual to go round all Africa and make comparisons and for my own part, while fully sharing the doubts, I cannot see that any good would come of it. Any system of native taxation that has to be prepared for Kenya must have relation to the circumstances of the natives in Kenya and though happy ideas might be got from taxation systems elsewhere they would almost certainly have to be modified to suit the local circumstances. A Commission, even a Commission of one, to inquire into native taxation in our Tropical African Colonies would have a job that would last pretty well a lifetime and by the time the investigation was concluded conditions would have changed so much that a fresh one would have to be undertaken.

The only solution that I can see is for Kenya to get thinking, and I don't know who is to do the thinking. Mr. Montgomery and Mr. Walsh have their own views on the problem and their general attitude is not such as to make one think that any radical change would commend itself to them. Sir A. Wade is also an old Chief Native Commissioner and would probably be tarred with the same brush. I therefore do not think

think a formal investigation by any of these would produce much. What is wanted is a fresh mind on it, to look at native taxation from a detached standpoint without reference to what revenue Kenya wants and what proportion ought to be paid by whom. It may very well be that when Lord Hailey's great report comes out it will furnish the necessary ammunition and I think they had better wait till then, but the problem they have to approach in Kenya is how to devise a fair method of native taxation which will replace the present hand to mouth, rough and ready affair. Any such system of taxation will, of course, be criticised by the extreme settler on the ground that any reduction in native taxation only encourages the native in idleness and means that the white is being taxed largely in order to provide free medical services, etc. for the native. That won't make things any easier.

Perhaps a reply on the lines of the attached draft might help.

6.3.37

10.0.37

Sir J. Maffey.

I think that the draft might go and that we can then wait for Lord Hailey's Report. I do not expect, however, that he will deal directly with matters of Government administration and the most we can expect is some lead from the point of view of the economic position of the native.

I agree that if the question is to be investigated it should be investigated in vacuo -

without

*Received yesterday  
that members of the  
House of Lords do  
enact it. W.M.  
10.0*

without reference to the amount of money required and what it is to be spent on. At the same time this means in many cases, and especially in Kenya, that when we have found what the native can pay we should have to make him pay more in order to maintain the Native Services.

Personally I think that we shall have to deal with the question as we should have dealt with it before the age of Commissions and experts - condemn some bright young junior in this office to work out a skeleton of a scheme of inquiry and then make local governments add the flesh and blood as a matter of detailed investigation for every substantial group of people in the particular Colony. Possibly even a group would be too large a unit but in any case we should have to avoid generalisations - Probably plenty of Africans in Kenya can afford to pay their tax and buy articles of individual fancy for themselves and their families, but there must, on the other side of the scale, be many who cannot afford to pay anything for anything and there are probably (pace Mr. Flood's reference to the "extreme settler") a good many people who, but for the stimulus of taxation, would never do any work at all.

It is certainly a huge subject and I do not think that anyone on the spot could deal with it from a purely detached point of view.

By

By all means let us start by waiting for Lord Hailey's report.

The 5th may issue

Woods.

13.6.37.

Thank you for a fine ...  
can carry it out next ...  
idea for the ...  
his line on the ...

To Sir J. Brooke ... (2/11/37)

P.Q. BY MR. BARKFIELD, FOR ORAL REPLY ON 16.6.37.

(REP. NO. 22 ON P.Q. FILE)

Extract from Gazette No 20  
App of Committee to consider the ...  
4 May 1937

Y. B. ...  
State of work

R. ...

la

*Kenya Government Gazette*

No 20.  
4 in May, 1937

GOVERNMENT NOTICE No. 366

NOTICE

HIS Excellency the Governor in Council has been pleased to appoint a Committee with Terms of Reference:—

"To review and report upon the conditions which led to Sir Alan Pim's recommendation in paragraph 408.I of his Report for 'the reduction of the payment on account of extra huts', and to advise as to the adoption of this recommendation in the manner indicated in paragraph 76 of that Report, or in any modified form; due regard being paid to that part of paragraph 110 of the Walsh-Montgomery Report on Native Taxation which refers to the status of women as taxpayers."

The personnel of the Committee is as follows:—

The Chief Native Commissioner (Chairman)

The Acting Treasurer.

Mr. Conway Harvey.

The Rev. R. G. M. Calderwood.

Secretary: The Acting Clerk to Councils.

During the absence of the Rev. R. G. M. Calderwood from the Colony Mr. A. R. Barlow will serve as his substitute.

Nairobi,

This 1st day of May, 1937. -

A. DE V. WADE,  
Colonial Secretary.

G. O.

Mr Flood 5/8/37

Mr.

Mr.

For Sir John Maffey's signature.

Sir C. Parkinson.

Sir G. Tomlinson.

X Sir C. Bottomley. *W.L.*Sir J. Shuckburgh. *t*Permt. U.S. of S. *u/b FS*

Parly. U.S. of S.

Secretary of State.

Downing Street,

11 June, 1937.

**DRAFT.**AIR CHIEF MARSHAL SIR ROBERT BROOKE-  
POPHAM, G.C.V.O., K.C.B., C.M.G.,  
\*D.S.O.

I have not so far answered the last part of your letter of the 24th of April in which you discussed native taxation. I find that Flood sent a letter to Wade on the 12th of April which appears to have crossed your letter to me. Like you we are all rather at a loss. We realise that native taxation has been investigated ad nauseam in Kenya and further investigation on the old lines of approach in a formal way by the same people would probably not produce any result. At the same time there, we have Pim's recommendation that after the adoption of his two

**FURTHER ACTION.**

immediate palliatives, the raising of the age and the reduction of the tax on plural huts, the whole system should be thoroughly examined.

The age recommendation has been adopted and I am glad to see that you have appointed a Committee to examine the plural hut tax, but in view of public opinion here some reduction in <sup>that</sup> the plural hut tax will have to be made <sup>having regard to</sup> ~~in view of~~ Pim's strong opinion.

It would be impossible, I think, for any one man or for any one Commission to go all round Tropical Africa and investigate native taxation. It would take a <sup>long time</sup> ~~lifetime~~ to get really to the bottom of it and by then a new Commission would probably be required. On the whole we think here that something may come out of Hailey's report and when that is published it may produce some ideas which will bear fruit. As you recognise, what is wanted is some absolutely fresh person to bring a fresh mind to bear on the whole thing and above all not look at it from the point of view of trying to raise a particular amount

of

G. O.

Mr.

Mr.

Mr.

Sir C. Parkinson.

Sir G. Tomkinson.

Sir C. Bottomley.

Sir J. Shuckburgh.

Parlt. U.S. of S.

Parly. U.S. of S.

Secretary of State.

of revenue, but rather of seeing what payment it is equitable to require the black man to make, irrespective of how much or how little that payment may bring into the Exchequer, or of what services the black man is to get in return.

**DRAFT**

**FURTHER ACTION.**

DATED 24.4.37 (REGD. ON 1206/PROMOTIONS)

X X X X X X X

Another problem awaiting solution is that of Native Taxation. Your last letter on the subject was dated 25th February, 1937 and this was answered by a private letter from Wade to Flood dated the 10th March. I don't pretend to have made a thorough investigation of the problem, but one thing is quite obvious - that for the last ten years or more everybody in Kenya who is really competent to give an opinion on the subject has been going into the problem and trying to find a solution, so far without success. The last effort was by Walsh and Montgomery who prepared a useful Report dated the 27th August, 1936. The only officials I could put on to investigate the problem afresh would be these two, and I consider it an utter waste of time to repeat what was done less than twelve months ago. We have just appointed a small committee to go into the question of taxation of multiple huts but it is this bigger problem in which I can for the present see no useful step to take on our own resources. The Secretary of State indicated in an answer in Parliament on the 1st February, 1937, that he saw no object in appointing another Commission to investigate the whole system of native taxation and repeated this on the 17th February. I quite agree as regards the appointment of a Commission, but what I believe would be useful would be to find somebody of the calibre of Lord Hailey, or, better still, Lord Hailey himself, give him a Secretary, and let him prepare a report on the different systems of native taxation all over selected places in Africa and perhaps outside this Continent. The Report as I see it might take almost a tabular form, giving for each Colony the system of taxation and then any peculiar conditions that make any particular item of taxation applicable to that Colony, but not necessarily to any other, and also those items which would generally be applicable everywhere. Then it could end up with a short summary of all the different methods and of the conditions that make those methods particularly suitable or particularly unsuitable. It is not enough merely for us here to look up all the different systems of taxation and tabulate them, because we would not have knowledge of the particular conditions under which the taxation is applied, and I feel one could only do that by one individual making a complete tour round and being able to draw comparisons from first-hand knowledge. Is there any possibility of getting this done?

Yours sincerely, (R. BROOKE-POPHAM)



THE MANCHESTER GUARDIAN, TUESDAY.

LETTERS TO THE EDITOR

KENYA SETTLERS AND NATIVES

Their Taxation Burdens Compared

To the Editor of the Manchester Guardian

Sir, Mr. Davis approves my assertion that African family incomes in Kenya are less than £5 a year by citing the case of a family employed by himself for £8 1s. a year, which sum includes monthly wages of 3s. he pays a "small child" in a country governed by civilized ideas the child would be at school and it would be illegal to employ her. Mr. Davis further says that the only tax this man pays is 12s. He seems to be unaware that every labourer has to pay taxes in the Reserve to which his tribe belongs. The man whose case he cites seems himself to have no home in the Reserve, since he works on his employer's estate the whole year round, where, incidentally, the law gives him no security of tenure. But he is sure to have one or more dependent, such as an aged parent, in his Reserve, and so every but so impecunious must pay a 12s. tax. The latest figures show that his average labourer pays two and a half taxes, or 30s., which he gets by dividing the total sums paid by the number of able-bodied men in the country—officially estimated.

Mr. Davis also criticises my statement that relatively rich Europeans in Kenya pay too little and pay unwillingly. He will not deny that an income tax has only this year been imposed after twenty years of successful opposition by the settlers. The "Times" gives from its Nairobi correspondent, writing on February 19, these figures: "The scale of tax, after the usual deductions, is 1s. in the pound on the first £700. . . . The deductions permitted are £350 for residents and £150 for non-residents; £150 for a

wife." Thus a married but childless settler with £700 a year pays only £10 in tax. Readers will be able to compare that figure both with what tax the same income in this country would have to pay and with the figure of 20s., which is what the average African family pays in direct taxation—he pays indirect taxation, tax out of a cash family income which Mr. Davis gives as £6 1s.

An article in the January issue of the "Journal of the Royal African Society" gives the sums spent on educating Africans by the Governments of Uganda, Nyasaland, Tanganyika, and Northern Rhodesia. (The figures for Kenya were not available but may safely be assumed to be similar.) The authors show that during the last five-year period the sums so spent have actually declined, and that in 1934, the last year under review, the proportion of the total revenue of those countries so spent varied from 3.2 per cent in Nyasaland, and 3.5 per cent in Northern Rhodesia, to 4.5 per cent in Tanganyika and 4.7 per cent in Uganda. I leave the idea of any Africans being handed over to the Nazis. But I am bound to admit that even by 1914 the Germans had made a better showing in educating Africans in what is now Tanganyika than our Governments have made by 1937. The tragedy is that those Governments might, just by making African education their main aim, have made our country so trusted, even so beloved, that the cession of African territory to any foreign Power would be impossible.—Yours, &c.,

NORMAN LEYS  
9, Waverley Mansions, Kenton Street, London, W.C. 1.  
March 20

In the settler's letter it is clear that the child is a male child, the pretence of a girl?

March 21 1937

Extract from "Manchester Guardian" dated 20-3-37

## KENYA SETTLERS AND NATIVES Income and Taxation

To the Editor of the Manchester Guardian

Sir,—Dr. Norman Leys, in a letter on the subject of native taxation in Kenya in your paper, says that "the poorer section of the people have to pay at least a quarter of its cash income in direct taxation." The natives on my farm live average lives in every respect, earn average incomes, and pay average taxes. I will take an average family and go through their budget.

One man has one wife, one hut, and three small children. He himself earns £5 a month (plus a ration of maize meal every day) and works say ten months in the year. His wife cultivates vegetables, which she sells me, on my own land, and also runs hens and sells me the eggs, making therefrom perhaps 20s. in the whole year. One of the children picks yerba-mate for me at 2s a month which I must deduct 1s 6d or 8d below the average wage paid to children for this work—but he is a small child and unable to pick more than half the usual amount, and as he works for seven months he makes 21s. Thus the family income in cash is about 125s. which I compare with Dr. Leys's "certainly less than £5 a year." The man's taxation, however, amounts to 12s. and this is the total paid by the whole family. So we get income 121s., tax 12s. Is this Dr. Leys's "at least a quarter of its cash income"? In addition, the family get free first-aid treatment and medicines from me whenever needed, and I pay the bill if any of them have to be taken to be taken to hospital. They have at least an acre of land on which to grow maize, potatoes, and beans, either for their own consumption or to sell.

The statement to which I take most exception is this: "The settlers, on the other hand, who think Africans pay too little and get too much." I come into contact with a fair number of settlers in my own district and in others, and have not yet come across or heard of one who thinks as Dr. Leys says we do. I have talked to a great many of these, and in every case their opinion on this subject was that the Government ought to lessen the native taxes. Where Dr. Leys got hold of the opinion he expresses it is hard to imagine; it is most certainly not that of the average settler or of more than a very small minority at the most. And I must beg of him not to believe that we are so dog-in-the-mangerish as to think anyone gets too much for his taxes.

Dr. Leys says the settlers "pay income tax at rates varying from one-fifth to one-tenth of what income tax payers have to pay in England." What he does not explain is that we get benefit from the direct taxes we pay in about the same proportion—that is, we receive in public services about one-tenth of what people in England receive. He also omits to state that our indirect taxation in high railway rates (the railway is a Government institution), Customs duties, and so on constitutes a far more serious burden for the settlers than the admittedly small direct taxes.—Yours, &c.,

ARTHUR S. KENNARD DAVIS,  
Kianda, Subukia, Kenya Colony,  
February 9.