

1927

KENYA

X. 10456

X. 10456

Development of funds between Lillian Hamner and Makindu,  
Substitution of land for that withdrawn  
from the Southern Game Reserve.

Previous

Apr. 10<sup>2</sup>/<sub>26</sub>

(Bu)  
 29 E. of B  
 Room  
 W. Allen

26/10

27/10

29/10

31/10

Subsequent

W. Allen  
 20/11  
 10/11  
 XEA

(Bu)	24/8
(S.O.)	22/8
Room	9/8
Strickland	20/9
Museum	21/9
Mr B. Stanley	22/9
W. Allen	
EA Dep	24/9
XEA	24/10
BA	
(Bu)	11/10
Room 4 of	19/11
W. Allen	
W. Allen	27/11
Room 3	24/10

DESTROYED

Northcote  
Aug 74

21 July 1927

State question of land to be set aside in substitution for that withdrawn from the Southern Game Reserve is still under consideration. Proposals are under discussion for including in the Game Reserve a portion of the Ngony Hills, but no decision has yet been reached.

Put (but time up in 3 months)

W. Miller

W/S

at all

J.K.

2) -- O.A.G. Denham, CONF. 84 ----- 19th Aug. 1927.

Submit particulars of scheme for the alienation of 150,000 acres in the Sultan Hamud area by a private company titled "The Kenya Wheat and Cattle Company," and requests approval by Telegram to the procedure suggested.

Please see note attached.

? All (Conf) approval of the Govt proceeding as proposed in para 10 as his understanding is that the inhabitants & traders will make clear his position as to water supply & the supply of labour for any agricultural purposes & that the Govt should follow the usual procedure when tenders have been received & awarded a contract.

W.S.

W.S.

proposal to allow an European to tender but  
that the Govt has strong objection to  
the possibility of any racial restrictions as  
regards the engagement of staff  
report that the further income as the game  
is made in some way & expedited

20/9/53

The financial position of this Group  
seems to depend upon that of an Argentine Coy.,  
and I gather from the marked passage on page 5  
of the Coy's. original proposal that the capital  
required for developing the Kenya area will  
only come available on the sale of their  
Argentine area. As a result of their inter-  
view with the Kenya Advisory Committee, however,  
Mr. Methven agreed to supply all reasonable  
financial guarantees that the Govt. might re-  
quire. I would suggest to the Kenya Govt.  
that no agreement with the Coy. should come into  
actual force until the Coy. prove that they have  
x pounds available in liquid capital for expendi-  
ture on the concession. The amount of x to be  
determined by the Kenya Govt. in the light of  
all the circumstances. I also think that we  
had better ask the Dept. of Overseas Trade if  
they could obtain a telegraphic report from the  
Argentine upon the standing and status of the  
"Sociedad Agrícola Ganadera y Colonizadora",  
I gather from par.9 of the Governor's  
despatch that he proposes to put up the whole  
of the block of 218,000 acres for disposal as  
one of the alternatives. Any large area of

land

land <sup>can</sup> ~~could~~ only be profitably alienated in so far as  
capital and labour are available for developing it,  
and as no application has been made, that I am aware  
of, for an area of over 130,000 acres, I should have  
thought it would have been better to limit the maxi-  
mum area disposed of in any block to that amount.  
That will still leave a choice of two different  
courses open to local applicants who may be  
interested in the area, or parts of the area.

R. W. Methven

21.9.53

Action on the line proposed by the  
Kenya Govt. seems to be  
that they are to lead some  
work of this - a parcel - under land

As to the land part of the concession  
I think I agree that we should ask the  
Govt. to consider whether there is sufficient  
ground for offering the whole 218,000 acres  
in one block.

As regards water, I am glad that  
the Govt. proposes to have the water on  
the lines. No doubt it will be a  
small amount, but it will afford  
some benefit, but it is better  
than having land on the edge of the  
country of the Govt. on being sold.

East

It is high time that the [unclear] plans  
[unclear] in the Northern Frontier

Province

Col. [unclear]

22-9-27

copy 23-9-27

3 Let. to [unclear] [unclear]

26 Sep 1927

4. 20 (N.U.) [unclear] 27 SEP 1927

5 Dept. Coercive Trade — 30000/7  
Draft of [unclear] exchanged with Mr. Shackley  
regarding standing of the Company.

Draft telegram to Kenya herewith.

When the telegram has gone a copy of 4 and 5  
should be sent to Governor Kenya, I.F.  
reference our telegram.

Each that D.O.T. say  
that the [unclear] contained therein  
is being communicated confidentially  
to Govt of Kenya.

at once R.M.  
5/7/27

6 2 to [unclear] — 5 Oct 27

File Govt Kenya [unclear] 12 OCT 1927

To D.O.T. [unclear] 21 OCT 1927

East

It is high time that the boring plant  
was used in the Northern Frontier  
Province.

C. G. M. M. M. M.

22 9 27

10/23/27

3. Tel to Gov. 26 Sep 1927

4. To W.C.J. 27 SEP 1927

Dept. Commercial Trade — 3621 37  
Draft of the exchanged with a check  
regarding standing of the company.

Draft telegram to Kenya herewith.  
When the telegram has gone a copy of 4 and 5  
should be sent to Governor Kenya, i.e.  
reference our telegram.

with that D.O.T. saying  
that the info contained therein  
is being communicated confidentially  
to Govt of Kenya.

atome R.M.  
5/7/27

6 2 26 — 5 Oct 27

To Gov. Kenya (copy 4/5) 12 Oct 1927

To D.O.T. (nos 2/3) 21 OCT 27

UNDER SECRETARY

Extract from Gov. despatch Conf 86 of  
24th August, 1927 (Para 3.) X 10472

In the meantime arrangements for making good  
the area which will be lost to the Northern  
Game Reserve are being explored. The  
Game Warden favours an addition to the  
Southern Game Reserve to compensate both  
for this and for the erosion from that  
Reserve referred to in my Confidential  
Despatch no. 74 of 21st July and previous  
correspondence. His proposals are now  
under consideration and a further  
communication will be addressed to you.

D O T — 14 October

Enclose copy memo received from the  
Commercial Secretary at Buenos Aires regarding  
standing etc. of the Sociedad Anonima Ganadera  
y Colonizadora.

This really says nothing

R.M.  
10/11/27

28/10/27

W. Allen

Please see last sentence in no. 3.  
We have had nothing from Kenya other than  
that noted on this page. Should we demand  
further?

10/29/27

Letter to Conf. dist. of ...  
of No 3 & ... of 10274/27

When a further ...  
... ..

City of ... to the ... 10274/27

1/1/11

30/12/27

Since 1/1/28

To Gen. Conf (2) Y Jan 28 cons.

See 15330/28 before  
... ..

~~1/1/11~~

Platte Falls Conf (2) of last conference  
of the 3rd & 4th Nov of 1927/28

When a further conference was held  
some progress was made

Ch. 1 up to the 1st of 1927/28

11/11/28

30/12/27

since 1/6/28

Talbot Conf (2) 1/6/28 cons.

See 15/2/28 before  
re-reading again

17/5/28  
~~17/5/28~~

All communications to be  
addressed to the Comptroller-  
General.

City Office  
73, Basinghall St., E.C.2.  
Telephone : London Wall,  
4715

RECEIVED

25 OCT 1927

COI  
DEPARTMENT OF OVERSEAS TRADE.

Telephone : Victoria 440  
Telegrams : Advantage, Post, London.  
Codes : Letters, A.B.C. of Int. Acc.

35, OLD QUEEN STREET,

LONDON, S.W.1

Ref No. 17232/1927

24th October, 1927.

Confidential.

Sir,

With further reference to your letter of the  
27th September (No. 10456/27) relative to a despatch  
received from the Officer Administering the Government  
of Kenya in regard to an application from the Sociedad  
Anonima Ganadera y Colonizadora for the alienation of  
a considerable tract of land in Kenya. I am directed by  
Mr. Arthur Michael Samuel to enclose a copy of a  
memorandum which has now been received from the  
Commercial Secretary attached to the British Embassy  
at Buenos Aires, in confirmation of his telegram dated  
30th September, the substance of which was communicated  
to you in my letter of the 3rd October.

I am, Sir,

Your obedient servant.

*W. B. S. S.*  
for the Comptroller-General.

The Under-Secretary of State.  
COLONIAL OFFICE,  
S. W. 1.



7  
Memorandum for the Director, Department of Justice  
Re: James A. Hines, Secretary of the Board of Directors of General Trade  
Company

James A. Hines  
2011 September 1928

With reference to the meeting of the Board of Directors of Hines the information regarding the financial and general standing of the General Trade Company is furnished as follows: It is noted that this is a limited company having been in the Province of Saskatchewan which is generally being retained, the principal object of the company being to dispose of the assets of the company and of this nature they have already met with considerable success. The capital of the company is \$100,000 paid, and there is a surplus of roughly \$20,000, whereas the liabilities are nil for the period. The directors, who are the only shareholders are Sir Frank G. Robinson, Frank H. Hall and Alfred D. Leeson.

Edward H. G. Shalvey.

7

Memorandum from the Commercial Secretary  
at Buenos Aires to the Department of Overseas Trade.

Buenos Aires,  
30th September, 1927.

With reference to the enquiry of the Government of Kenya for information regarding the financial and general standing of the Sociedad Anonima Cansera y Colonizadora "La Union", I have to report that this is a limited company owning land in the Province of Santa Fe which is gradually being colonized, the eventual object of the company being to dispose of the surplus property and in this respect they have already met with considerable success. The capital of the company is \$500,000 paper, and there is a mortgage of roughly \$450,000, otherwise the liabilities are unimportant. The Directors, who are the only shareholders, are Sir Frank B. Sanderson, James H. Ball and Alfred T. Lessner.

(signed) H. O. Chalkley.

Commercial Secretary.

68

X.10456/27. Kenya.

Mr. Wiseman *3/10 atome*

Mr.  
Mr. E. J. Harding.

Sir C. Strachey.

Sir A. Shuckburgh

Sir G. Grindle.

Sir C. Davis.

Sir S. Wilson.

Mr. Ormsby-Gore.

Lord Lount.

Mr. Amery.

*Collected & sent  
3.45 p.m. 7/10  
Gandy*

*CP*  
*T*  
*gc*



Confidential. My telegram

of 26th Sept. Sultan Hamud, satis-  
factory report has been received  
as to Argentine Company.

**DRAFT.** TELEGRAM.

GOVR.

KENYA.

*Fr. n. n. n.  
v. n. n. n.*

All communications to be addressed to the Comptroller:

(General)

RECEIVED

4 OCT 1927

COL. OFFICE



City Office:  
71, Whitehall, S.W. 1.  
Telephone: London Wall,  
4711

DEPARTMENT OF OVERSEAS TRADE.

Telephone: Victoria 9045.  
Telegrams: Advantage, Part, London.  
Cables: Hebers, A.B.C. & Co. Ltd.



35, OLD QUEEN STREET,

LONDON, S.W. 1

Ref. No. 17252/1927.

3rd October, 1927.

*Confidential*

Sir,

With reference to your letter of the 27th September (No. 10456/27) relative to a despatch received from the Officer Administering the Government of Kenya in regard to an application from the Sociedad Anonima Ganadera y Colonizadora for the alienation of a considerable tract of land in Kenya. I am directed by Mr. Arthur Michael Samuel to append the text of telegrams exchanged between this Department and Mr. H.O. Chalkley, C.B.E., the Commercial Secretary attached to the British Embassy at Buenos Aires:

To the Commercial Secretary, dated 29th September:

"Sociedad Anonima Ganadera y Colonizadora have applied for considerable land concession in Kenya to which country they propose to transfer their whole interests.

"Government of Kenya desire information by cable regarding financial and general standing of applicants."

From the Commercial Secretary, dated 30th September:

"Financial and general standing of company and of board of directors is good. They are disposing of their land gradually and successfully. Capital is about 240,000 with a mortgage of about 39,000."

I am, Sir,

Your obedient Servant,

*H. B. B. B.*  
for the Comptroller-General.

The Under Secretary of State,  
Colonial Office, S.W.1.

12 OCT 1927  
 copy to Gen Secy of  
 1 OCT 1927  
 copy to Gen Secy  
 in Divd

I saw Mr. Metcalf  
 today. While the  
 group is to be  
 one of the...  
 F. Lawrence...  
 He is...  
 R.P.  
 23/9/27

KENYA.

of Secretariat Dept.  
 29<sup>th</sup> August 1927

Dear Mr. Allen,

Enclose this paper but Mr. C.M.  
 Metcalf, the bearer of this letter, has  
 come in on the eve of his departure for  
 England when asked me to give him  
 a letter so that he can call at the  
 C.O. You will know he is interested  
 in a land proposal round Sultan Hamud  
 which has been referred here for consideration.  
 I hope you will excuse this illegible scrawl  
 but the clerks have all left & this is

X10455/27  
Kenya

Amud 4  
nos

- Mr. Cuffe 26/12/27.
- Mr. [unclear] 26/19
- Mr. Whelan 26/19
- Mr. E. J. Harding.
- Sir C. Strockey.
- Sir J. Shuckburgh.
- Sir G. Grindle.
- Sir C. Davis.
- Sir S. Wilson.
- Mr Ormsby-Gore
- Lord Lovat
- Mr. Amery.

RECEIVED  
26/12

~~SECRET~~

3c

27 Sept. 1927

DRAFT. (largely for comment)

Important and Confidential  
The Comptroller - General  
Dept. of Finance Trade

12 OCT 1927  
copy to En Port

Sir  
I am directed to  
~~inform~~ request you to

~~inform Mr. Arthur~~  
~~Michael Bennett that~~

a despatch has been  
received from the  
O. A. G.  
~~Kenya~~ ~~Kenya~~ ~~Kenya~~  
transmitting

an application for the  
alienation of a considerable  
tract of land to a  
Company which it is  
proposed to register in

20/10

NOTE.

(21479/24 and 49248/24).

As to the situation of this area, see Mr. Bottomley's minute on 28435/25, and the rough sketch therewith. The despatch in that paper asked that approval might be given to proceed with the scheme submitted in 1924. The S. of S. replied that while there is no reason why the scheme should be further delayed in connection with the question of Indian settlement, it raises an important question of the necessary supply of labour, and should, therefore, await Sir E. Grigg's arrival. In the despatch dated the 28th November, 1925, (402/26), Sir E. Grigg reported that the land in question is likely to be taken up as grazing land rather than agricultural land, and that the boring operations are unlikely to result in finding sufficient water for agricultural development, and that as stock raising makes no serious demand upon the labour market, the alienation of the lands would not appreciably affect the labour problem. He also asked <sup>at</sup> sanction to open the land for development on the lines previously proposed without race distinctions. The S. of S. approved by telegram on the definite understanding that the land would be offered for grazing purposes only, and in a confirming despatch made the point that by offering the land expressly for grazing purposes, the Govt. will be free from blame for misleading the lessees as to the supply of either water or labour. At the same time, the S. of S. asked for information as to the locality in which land could be set aside in substitution for that which, under the scheme, would be withdrawn from the Southern Game Reserve.

The present proposals, however, clearly contemplate agricultural as well as grazing purposes. As regards water, the position seems to be altered to some extent by the fact that the Govt. has now acquired water boring plant with a view to making experiments and that, see par.8 of the despatch, the Committee appointed to select the area most suitable for the working of the plant gave preference to the Sultan Hamud area.

As regards labour, we know from recent papers that the supply is expected to be <sup>adequate</sup> ~~adequate~~ at any rate to the end of 1929, and it will be seen from pages 21 and 22 of the Report of the Labour Commission below that the labour requirement for wheat (which <sup>may be</sup> ~~is~~ the main crop in view) is considerably less than for any other. The Committee also estimated an increase in the area under wheat in the Colony from 43,763 acres in 1926, to 60,000 acres in 1927, to 80,000 in 1928, and 100,000 in 1929. It will be seen from the end of para. 3 and 4 of the despatch that the provisional Indian Member of the Executive Council was opposed to the advice of the majority. Par.5(c) of the despatch repeats the intention that non-Europeans should not be excluded from the new proposals, but it should be noted that in the proposed scheme, enclosure 2, it is stated that to commence, and during the first few years, only highly skilled labour (and the necessary African black labour) would be employed. By this is meant

I don't know if wheat  
is to be grown in Kenya  
without irrigation  
I don't know if  
that is the case



The present proposals, however, clearly contemplate agricultural as well as grazing purposes. As regards water, the position seems to be altered to some extent by the fact that the Govt. has now acquired water boring plant with a view to making experiments and that, see par.8 of the despatch, the Committee appointed to select the area most suitable for the working of the plant gave preference to the Sultan Hamud area.

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*I don't know if it is  
in the report - Kenya  
without rotation  
2nd for 1929*

meant, white men, already in the Argentine, showing skill and aptitude in agriculture. But in the letter from the Advisory Committee (1st enclosure), it is stated that Mr. Methven is prepared to accept (for the Kenya Wheat and Cattle Company), the suggestion that the Managers and Employees are to be of pure European descent only. The definite proposal in par.9 of the despatch that tenders should be called for says that the terms are to be not less onerous than those accepted by the Company. But if this is to ~~include~~ <sup>exclude</sup> the racial distinction as to Managers and Employees, it is difficult to see how the Govt. can publicly advertise such an intention, or can really apply <sup>if the approved ~~manager~~ <sup>manager</sup> should ~~be~~ <sup>have</sup> to the Indian.</sup>

As regards the Game Reserve, the O.A.G. considers that this question, which is still under consideration, need not delay a decision as regards the proposals now submitted.

*2 to En Conf (2) 7 Jan 1928*



GOVERNMENT HOUSE,  
NAIROBI,  
KENYA.

KENYA

No. 84

CONFIDENTIAL.

19<sup>th</sup> August, 1927.

RECEIVED  
8 SEP 1927  
COL. OFFICE

1045

Sir,

*Copy  
40/26  
Kenya*

I have the honour to refer to your Confidential despatch (2) of the 1st of February, 1926, and to state that a proposal has been received on behalf of a private company which it is proposed to form under the registered title of the Kenya Wheat and Cattle Company, for the alienation under certain conditions of 130,000 acres in the Sultan Hamud area. I attach a copy of the scheme put forward by the promoters for the development of such a concession.

Scheme.

*10 Sept 1927*

2. The scheme was referred to the Kenya Advisory Committee whose observations thereon are submitted in the form of a covering letter, a copy of which is also enclosed. You will note that after interviewing the local representative of the Argentine Company, Mr. C. Methven, the Committee generally favoured acceptance of the proposals put forward subject to certain modifications and safeguards which it appears the Company would agree to.

3. The principles governing development and alienation of land in the area under reference together with the scheme outlined by Mr. Methven, were reviewed

in

Fr: Secretary  
Kenya Adv. Cttee.  
23.8.1927.

*Ans tel*

THE RIGHT HONOURABLE

LIEUTENANT COLONEL L.C.M.S. AMERY, P.C., M.P.,

SECRETARY OF STATE FOR INDIA

DOWNING STREET, LONDON, S.W.

2.

in Executive Council on the 26th of July, when the Acting Director of Agriculture made an explanatory statement to the Council, who had also an opportunity of questioning the Acting Commissioner of Lands and the Director of Public Works on the points at issue. The opinion was strongly expressed that the main desideratum was to expedite development on a large scale by persons who would invest considerable sums in an area which is at present practically undeveloped and that consequently private investment should be encouraged. Further, in view of the many other <sup>extensive</sup> areas, e.g., the Northern Frontier Province, where the Government water boring apparatus can be utilised it was considered that it would not be economical to refuse offers of private exploitation, more particularly in cases where the promoters were of substantial standing with experience of similar settlement problems in other countries. The provisional Indian Member of Executive Council dissociated himself from this advice and was of opinion that water boring should be undertaken in this area by Government capital before any scheme of alienation was proceeded with.

4. As regards the method of alienation certain members expressed the view that alienation by auction unduly benefited the man with capital who might at the same time not prove the best pioneer of development and that it was undesirable to discourage and prejudice enterprise by broadcasting the outlines of a definite proposition through the circulation of notices of tender. They therefore supported direct alienation in the case of this application subject to the formulation by the technical advisers of Government of stringent conditions

in regard to development, etc. They argued that it is of prime importance in a young Colony to foster the influx of capital and experience in areas where the success of agricultural operations depends upon substantial expenditure on such preliminary measures as water finding and work on cultivation and trials of crops.

The majority of the Council favoured immediate advertisement by tender of the 130,000 acres under application on the basis of the terms recommended by the Kenya Advisory Committee subject to such further conditions as might be considered necessary by the Acting Commissioner of Lands and the Acting Director of Agriculture; a time limit of three months was recommended as adequate in the circumstances and it was not anticipated that such a limitation would deter the promoters of the present proposal.

Mr. Varma, the Provisional Indian Member, was not in favour of either suggestion.

5. I am strongly opposed to any direct alienation in respect of the land. I favour therefore generally the advice tendered by the majority of the Council for the following considerations:-

- (a) the principle of direct alienation for a concession of this magnitude requiring substantial capital is undesirable until it has been ascertained that more favourable offers are not obtainable;
- (b) this is particularly the case in this instance where the land applied for forms part of an area in respect of which several applications have already been registered. As you are aware from the correspondence terminating with the despatch under reference alienation for agricultural purposes in this area has been deferred pending the initiation of water boring operations by Government; it may also be added that its opening for grazing purposes has not been proceeded with;

YV 102  
11

(e) although no specific delimitation of the "Highlands" has yet been made, there seems no reason to depart from the decision conveyed in paragraph 3 of Sir Edward Grigg's despatch Confidential No. 219 of the 28th of November, 1925, that steps should be taken to open this land for development without racial discrimination. This area is not included in the land which it was proposed should be specifically set aside for Asiatic development but it is equitable in the circumstances that Non-Europeans should be given an opportunity of tendering under the new proposals.

6. The modifications suggested by the Kenya Advisory Committee appear to ensure the provision of reasonable capital and suitable personnel for proper development which could be further watched by the Government nominee on the Board of the Company. Safeguards against undue speculation in land are also included.

7. An alternative proposal has now been put forward by the Acting Director of Agriculture that instead of putting the whole area up to one tender this area should be divided into three or more areas for separate tender and at the same time put <sup>up</sup> as a block so that opportunity will be afforded for smaller companies or individuals to take proposals for the development of <sup>the</sup> land. Such a course would give Government further opportunities of gauging the demand for this land and would guard against one company obtaining so large a holding as to exclude other enterprise from coming forward. If such a course is adopted I consider that it would be advisable to deal not with 130,000 acres only but with the whole area in the neighbourhood which could be immediately offered for development. This involves an extent of 218,000 acres which might be put out to tender in blocks or as a whole. It would then be for Government to consider ultimately whether the

area can be most suitably developed by a large scheme of settlement or by smaller schemes, or by both in conjunction.

8. Such a course as is now recommended by the Acting Director of Agriculture appears to me to be on the whole the fairest and most likely to benefit the country in the long run; it would not shut out the definite proposal now before Government and would obviate a charge that the basis of tender had been arranged strongly in favour of a particular individual or party.

It is known at present that a company is prepared to take up such a block of land and on terms which promise well for the development of the whole area. This company has further gone to the trouble and expense of inspecting the land, working out its possibilities and a scheme for its development. I have every reason to believe that this Kenya Wheat and Cattle Company would introduce capital into the country and also extend settlement in a useful direction.

It must not be overlooked, however, that a public announcement has been made that Government was intending to utilise the water boring plant which has now arrived in the country in this area and that the Committee which had been appointed to select the area most suitable for its successful working gave preference to the Sultan Hamud area. There is in the circumstances strong probability of other companies coming forward with offers of development.

9. I therefore submit for your approval that tenders be called for on the lines now proposed - that is to say

for

22

for each and every block into which the whole area of 218,000 acres may be advantageously divided, for a group of blocks approximately 130,000 acres in extent, and for the whole of the block, namely, 218,000 acres in extent. The terms not to be less onerous than those accepted by the Company and the sub-division to be of such nature as most likely to attract tenders.

The decision as to what tenders shall be accepted and on what terms to be left to the discretion of Government.

I think it unlikely that at the present time any other offers will be made for so large a block as 130,000 acres and consider that the Company should, if it so desires and, in view of the steps taken by it, have the advantage of being able to tender for such an area - the number of other applications received for smaller blocks will enable Government to determine whether by granting the application for 130,000 acres the effect will be definitely to exclude a large number of competitors for smaller areas. <sup>As it</sup> If it is found that there is such a demand that the grant of 130,000 acres to the Company rules out a large number of smaller enterprises it will then I think be shown that it is in the interests of the country and development as a whole ~~not~~ to make the grant applied for to the Kenya Wheat and Cattle Company.

10. The provision of lands for the Southern Game Reserve in substitution of the area now under discussion is still being considered, as you will be notified in Kenya Confidential despatch 30,74 of the 1st July, and a separate communication will be addressed to you in this connection. This question, however, need not delay a

decision

28  
7.  
decision in respect of the present application.

11. It is urgent that a decision be reached in this matter - there is a risk that investment of considerable capital in this country may be lost and I trust therefore that I may receive your approval by telegraph to the procedure suggested and your sanction to negotiate with the tenderers on terms most favourable to the much needed development of this portion of the country.

I have the honour to be,

Sir,

Your most obedient, humble servant.

*Walter Peckham*

ACTING GOVERNOR



H. H. EASTERN AFRICAN DEPENDENCIES.

Office of the Kenya Advisory  
Committee,

N. A. I. R. O. B. I.

KAO/82/27.

23rd June, 1927.

Sir,

I am directed to inform you that at its 12th meeting held on the 22nd instant the Kenya Advisory Committee had the following papers under consideration.

- (a) A draft application by a suggested Kenya Wheat and Cattle Company for a large block of land in the Sultan Hamud Area.
- (b) A covering note by the Acting Director of Agriculture.
- (c) A note by the Director of Public Works.

Copies of these papers together with a map of the area are attached.

The Committee were given to understand that parts of the area in question had formerly been the subject of individual applications which were apparently withdrawn for some reason of which the Committee is unaware.

I am now to inform you that subject to certain safeguards, as detailed below, the Committee is unanimously of opinion that the scheme is one that merits the favourable consideration of Government and that its acceptance is recommended. In explanation of this recommendation the Committee wishes to point out that the land in question is of low amenity value, and, therefore, not comparable with other areas of the highlands where individual settlement is, in the opinion of the Committee, more advantageous to the Colony than company exploitation. Further in the suggested scheme it appears that Government carries no risk whatever, whereas the operations of the Company will provide Government with a valuable indication as to the possibilities of a type of land that has so far hardly been exploited.

In recommending the scheme for acceptance in a slightly modified form, the Committee wishes to point out that certain safeguards are in its opinion most necessary. Mr. Methven was invited to appear before the Committee to discuss these points, of which a brief summary, together with Mr. Methven's comments, follows:-

1. Guarantee of capital of the Company. The Committee were of opinion that the nominal capital of £100,000 mentioned in the draft scheme should be altered to a subscribed capital of a somewhat similar amount. It is obvious that £100,000 would be insufficient fully to develop such a large amount of land, but the Committee consider that, if an initial subscribed capital of reasonable amount were guaranteed, both Government and the Company would be safeguarded.

to carry out the Committee's suggestion and

seeing that the Company would still have the right to call up such amounts of the capital as were required from time to time for their development programme, and, on the other hand, Government would possess a reasonable total initial financial guarantee of £100,000. It is understood that Mr. Mathven is agreeable to supply all reasonable financial guarantees that Government may require.

Defined and approved spending programme. The Committee recognises the difficulties in asking for such a programme, seeing that so much depends upon the preliminary survey of the land and the finding of satisfactory water supplies. The Company are ready to guarantee to engage first class men at early notice to report upon the property and to act upon their report with the least possible delay. The Committee consider that this promise, taken in conjunction with other safeguards, is reasonable.

Fixed area with option. The Committee is definitely opposed to a direct grant of 50,000 acres with an option over a further 100,000 as suggested by the Company. It recognises that any success obtained by the preliminary operations of the Company would inevitably raise the value of nearby land, but is definitely of opinion that it is a bad principle to have a large block of land held for a possibly long term under option. It is understood that Mr. Mathven is prepared to amend his application to meet the views of the Committee, and in fact that these views approximated to his first intentions. The amended application would be on the lines of a direct grant of the block of 150,000 acres, the Company then to take the risk of securing further Crown, or privately held, land.

Government nominee upon the Board of the Company. The Committee is of opinion that the presence of a Government nominee upon the Board of the Company would be of value to both the Government and the Company. Mr. Mathven is understood to accept this suggestion.

Managers and employees to be of pure European descent only. Mr. Mathven is prepared to accept this suggestion.

Initial development Staff. Much would depend upon the report of the preliminary survey, but Mr. Mathven is prepared to agree to the usual development conditions imposed by Government.

Safeguards against speculation. In the unlikely event of the Company wishing to dispose of any undeveloped portion of the property, it will agree to do so only upon such terms and conditions as Government may impose.

Proposals for tenant proprietorship. The Committee explained to Mr. Mathven the difficulties often experienced in the Colony when managers or others in estate employment suddenly desire to become landowners upon their own account. Mr. Mathven explained the methods adopted in the Argentine and stated that the Company would be prepared to arrange reasonable tenant proprietorship terms for its employees to be exercised after satisfactory probation.

Responsibility for employees. The Company would be prepared to undertake the usual immigration responsibility for its employees, though little difficulty need be anticipated under this heading seeing that the employees would be subject to a careful process of selection before being brought to the Colony.

The Committee considers that the above suggested safeguards are fair and reasonable to both parties, and subject to their inclusion in any amended application that the Company may put forward, is prepared in principle to recommend the scheme to Government for acceptance, leaving the details of any agreement to be settled between technical Officers of Government and the representatives of the Company.

I have the honour to be,

Sir,

Your obedient Servant,

(Signed) C. KEMP,

SECRETARY,

The Hon'ble,  
The Acting Colonial Secretary,  
The Secretariat,  
NAIROBI.

21

KENYA WHEAT AND CATTLE COMPANY

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PROPOSED SCHEME  
for  
DEVELOPMENT COMPANY.

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PREAMBLE:-

It is considered that a favourable opportunity has arisen for the development and settlement of a more or less little known area of Kenya.

This area is in the Sultan Hamud - Kiboko district, and is shown on a map which may be seen at the Secretariat.

In spite of the prejudice against this land, there is sufficient similarity to the Argentine, in the open treeless plains, to encourage an attempt at cultivation on Argentine lines.

To undertake this development, it would be necessary:-

- (a) To obtain - on economic terms - a sufficiently large area to compensate for the unequal distribution of water;
  - (b) To carry out an extensive series of surveys and water-bring operations;
  - (c) To provide agricultural experts, who have raised stock and grown crops under as nearly similar conditions as possible;
- and
- (d) To be possessed of adequate funds to test and try the commercial possibilities over a sufficient period of time.

FINANCE:-

Memorandum of Articles of Association are in preparation for a Company to be registered in Kenya and to be called:-

"The Kenya Wheat and Cattle Company, Limited."

This would be a private company, with a nominal capital of Shs. 2,000,000. (2,000,000.)

Sir Frank Sanderson, Bart., M.P., of 228, Abbey House, Westminster, has particularly interested himself in this project, and will probably seek an opportunity of seeing His Excellency Sir Edward Grigg, K.C.V.O., C.V.O., D.S.O., if this is possible, prior to His Excellency's return to Kenya.

OUTLINE OF PROJECT, AS DISCUSSED WITH MR. H.T. MARTIN, THE COMMISSIONER OF LANDS, IN JANUARY, 1927.

There is in the Argentine a Company called "Sociedad Anonima Ganadera y Colonizadora" (Cattle and Colonization). The capital is entirely British, and is unlimited. The principal object of the Company is to buy and develop virgin soil (on what is called in the Argentine the Colonization System.)

Two years ago the Company acquired a tract of land, on which it had been considered impossible to produce a crop. Within two years, thirty seven square miles of this land has been cultivated, excellent crops grown, cattle fattened, and nearly three hundred settlers established on the land. The Company is steadily increasing the development, and at present has an option on a further forty square miles of adjoining land. This option would already have been taken up had it not been for this Kenya proposition.

One of the Managing Directors leaves the Argentine early in February for Kenya. Before associating himself with this Company, this man was for many years Manager of an estancia of the Forestal Land Company - several hundred square miles in extent. On his recommendation, the whole interests of the Company will be transferred to this Country, a new Limited Liability Company being registered here, and ample funds being available.

The chief inducement is that of living under the British flag. Here the proposition is hazardous; in the Argentine it is a financial certainty.

Only a grant of sufficient suitable land on commercial

terms would make this transference of interests possible. The tract of land which is geographically most suitable is marked on the accompanying map.

To farm on Argentine lines large expanses of flat land are essential: water must also be available throughout at a reasonable depth.

There are without doubt in this area many thousand acres of eminently suitable land for maize, wheat and probably lucerne.

On the other hand, there is undoubtedly a large tract of land without any intrinsic value whatsoever. An area of one hundred square miles of suitable land is the minimum on which it would be economic to commence development. Up to one thousand square miles of suitable land would be taken up.

In the event of the selected area being available, immediate steps would be taken to start an experimental farm, and to bore for water throughout. The experimental farm would be under the immediate supervision of the Managing Director, supported by white English skilled labour from the Argentine, and the Argentine programme would be adjusted to local conditions. Thereafter, the land would be divided into other farms of five hundred acres each, in the charge of white men. All would be closely connected, under central management, and would work according to programme.

To commence, and during the first few years, only highly skilled labour (and the necessary African black labour) would be employed. By this is meant, white men, who had already in the Argentine shown skill and aptitude in agriculture.

After the initial stages, any white men of average intelligence could be employed - preferably of the mechanic class.

It is interesting to note from the Company's statistics that the best annual results were achieved by:-

1. a gang foreman, who had never previously handled a plough;

2. a team driver, who had handled neither horses nor plough.

and

3. a young Italian, born a farmer, whose only source of power was a Fordson tractor.

From this it may be assumed that unskilled labour has a reasonable chance of success by following the Company's fixed programme.

The Company's general scheme and programme would be in the hands of men who have made a life-long study of agriculture and cattle raising in all its branches.

Included in the area are several privately owned farms. It is not improbable that these might be acquired immediately. To safeguard against a gamble in land values, or the exploiting of these farms, a right of way might be granted to the South of, and parallel to, the Railway. By this means, the purchase of one of the farms 1745, 1746, 1749 or 1765, would give direct access from one block of unalienated land to the other.

Rather than buy all the individual privately owned farms, it is probable that the Company would put forward some co-operative scheme, which would be much to the advantage of all parties.

The boundaries shown on the map are subject to adjustment, but on paper appear to be well defined geographically.

To sum up - the Argentine Company is frankly eager to transfer its interests to this Country. In spite of indifferent and difficult territory, thirty seven square miles (23,580 acres) have been cultivated in a couple of years.

Given suitable land in Kony, progress would be even more rapid. Experimental work, and the importation of expert agriculturalists, would be of immense value to the Colony at large.

Arrangements/

Arrangements have been made for the registration forthwith of the Kenya Wheat and Cattle Company, Limited, with a nominal capital of Shs. 2,000,000/-.

The existence of the option previously referred to, and the fact that the Argentine area could today be sold at a handsome profit, necessitates a quick decision on the part of the Company. It is also important that access should be given for a preliminary survey before the commencement of the rainy season.

There is in the Argentine a large British Community, which only requires a lead, an example, and a little knowledge and confidence, before it will pour into Kenya, and populate it with the best type of settler.

.....  
May, 1927.

ADDENDUM TO THE ABOVE.

Since these notes were written, Mr. James Bell, Director of the Sociedad Anonima Ganadera y Colonizadora, has visited Kenya.

With the prospects, and with the country as a whole, he was favourably impressed.

Of unalienated and available land, few areas, he realised, were adapted to Argentine and Colonial methods of farming.

Of the country inspected, he agreed that the only area likely to appeal to the prospective settler from the Argentine was the flat open plain land, for which this application is made.

COLONIZATION, OR LAND SETTLEMENT:

Insufficient previous experience, and inadequate capital, have been undoubted handicaps to farming in Kenya.



It is intended to settle first-class - for the most part - with experienced farmers, with the necessary financial backing.

It must not be assumed that this land will be specifically available for British subjects from the Argentine. This is not the case, although it is probably from this source that the majority of experienced settlers would come.

Every facility would be given to the inexperienced, and to the man without capital. Under a co-operative scheme, popular in the Argentine, an approved applicant would be provided with land, a house, agricultural machinery, transport and seed. He would work according to a timetable, and would be under supervision. There would be no necessity for him to have initial capital, or experience, provided he was eager to learn, and introduced to the Company with first-class credentials. This scheme would no doubt appeal to newcomers to the country, whether they had capital, or not. Their income would depend on their production of wheat, butter, or other produce, of which the Company would take a proportion.

They would, in any case, be safeguarded against capital loss, and, before launching out on an enterprise of their own, they would have had the opportunity of learning something of their subject.

Before accepting and establishing settlers on the land, the Company would embark on the necessary work and expenditure involved in:-

- I. The finding of water.
- II. The storage and maintenance of adequate supplies of water.
- III. Establishing a central experimental and demonstration farm in the charge of experts.

URGENCY FOR IMMEDIATE GOVERNMENT DECISION:-

As indicated in the paragraph under the heading of "Outline of Project" as discussed with Mr. R.T. Martin, the Commission's

of lands in January, 1927, the time is suitable for liquidating assets in the Argentine.

Apart from the question of foreign exchanges, the values of land and cattle fluctuate acutely.

This fact, combined with the existence of the option, to which reference is made, accentuates the importance of an early decision.

In the Sultan Hamud area, July to October are normally dry months. During this period, a preliminary survey could be made, and experimental boring could be carried out.

A fully qualified water surveyor has been approached, and the sponsors for the Company are in a position to make all necessary arrangements - financial and otherwise - at the shortest notice.

APPLICATION AND TERMS:- The land for which application is being made is roughly 150,000 acres in extent. It is requested:-

- (1) That a block of, say, 50,000 acres of this should be granted, whereon immediate experimental work would be commenced: this block to be selected by representatives of the Company, after a preliminary survey.
- (2) That an option should be given to the Company to take up the balance of the land at the end of three years from commencement.
- (3) That, with the exception of rent, no obligations should be imposed with regard to the land under option.

PROPOSED OBLIGATIONS BY THE COMPANY:-

- (a) The Company would be liable to the full development conditions and rent (Crown Land Ordinance 1915), as applicable to the initial block of, say, 50,000 acres.

In view of the magnitude of any water scheme expenditure necessary to comply with development conditions would not be confined to that area.

- (b) For three years the Company would pay into a Suspense

Account/

account a sum equivalent to the rent on the area on which the option is held.

This sum would be forfeited in the event of the Company failing to exercise the option, or failing in any way in respect of conditions.

The drawing up and presentation of any programme of expenditure at the moment would only be misleading, as natural causes might prove it impracticable; it is obvious that any preliminary programme must be elastic, and made adaptable to local conditions and circumstances as they arise.

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