



1) Govr Grigg, telegram Secret ----- 25th Novr. 1926.

Reports that the Indians are agitating against the proposed new tax; and in circumstances would be glad to learn, by cypher telegram, whether the tax is approved. Strongly urges approval.

As for clearness it seemed desirable to collate the information in the various telegrams, I attach a note.

At X on page 5 I have suggested that if the Secretary of State is not prepared at present to commit himself to the Governor's proposals Mr. Feetham, who is so far as I am aware still in the Colony, might be asked to give an independent report on the matter, if he is willing to do so and the Union Government, who could perhaps be consulted direct by the Governor, have no objection. In view of the Indian question in South Africa, the Union Government might, however, feel some difficulty in agreeing. ? Doms. Office should be consulted.

If this suggestion is approved ? it should first be put to the Governor by telegram for his views, and if he concurs for submission of draft terms of reference which ? should embody the assumption at O on page 5 of the note.

As Mr. Feetham is a South African, there is a possibility that the Indians might be prejudiced against him, but in view of his high standing and record such a prejudice would not do their case much good. This point came up in connection with his proposed employment as Chairman of the Local Government Commission - see page 3 of the minutes on 4446/25 Kenya.

The Indians object to the "Ces" because it <sup>is</sup> only levied on Indians. 3

I have no objection to the enquiry by Mr. Feetham proposed by Mr. Allen, but I fear that it would not dispose of the argument as to "racial discrimination".

The Governor does not seem to have offered the Indians the alternative of cutting out the £12,000 altogether & saying that if they won't pay then the expenditure must be postponed.

We might put the Feetham suggestion to the Governor & ask him also if he has considered the alternative mentioned above.

*[Signature]*  
29.11.26

2. Gov. Grigg. telegram. 29 Nov.

Transmits message from E.A.  
Indian National Congress

Bis C. J. Davis

Do you see any objection to Mr Feetham being asked for his views? I am personally of opinion that the question is one which Bis E. Jeff should decide for himself, but in case the Sec of State decides to suggest a reference to Mr

By Sir C. Buckley, ask him if he has considered the alternative of cutting out the £12,000 and saying at the same time that if they want pay the expenditure must be postponed.

G.H.C.

1.12.26

Sir

To ask for Mr Justice Feetham's independent views as against Sir E. Grigg's is in my opinion impracticable in view of the personal relations between the two individuals. My regret is that the European unofficials won't accept an increased European poll tax or "cess". The small share of "direct" taxation borne by the European community is always being pointed out, & while it is true that the Europeans bear the heaviest share of indirect taxes on liquor & luxuries, it is politically unfortunate that they resist all forms of income or other direct taxation, while Native and Indian direct taxation is making up so large a share of the revenue of the Colony. I agree with Sir S. Wilson, but if you could write privately to Sir E. Grigg as to

117449/26  
If the suggestion is put to the Governor, there would seem no reason to communicate with the India Office at the present stage, especially as the Government of India has already communicated direct with the Governor.

There is also the point whether the bill should be a reserved bill under Clause 34 of the Royal Instructions September, 1920, but ? this can be left for the local Government. The point raised in the last sentence as to coin telegrams becoming public property is being taken up separately but ? whatever reply is sent to this telegram should in the circumstances be sent in cypher as the Governor wishes.

J. N. Allen

29/11/26

The Governor wants to raise £51,000 for European & Indian education combined - The populations are, £31,000 for European education and £20,000 for Indian. The plan is to make the Europeans pay their (£31,000) share by

a liquor consumption tax estimated to bring in a total of £32,000, payable by Europeans and Indians alike, and of which the portion payable by Europeans is estimated at £24,000  
Alcohol on male servants, probably Europeans only £7,000  
£31,000

The Indians are to provide their £20,000 thus:—  
Estimated portion of liquor consumption tax: (£32,000) £  
minus: European share of (£24,000) 8,000  
12,000  
Poll education tax, on Indians only £20,000

117449/26  
The Indians object to the "cess" because it <sup>3</sup>/<sub>3</sub> is only levied on Indians.

I have no objection to the enquiry by Mr. Feetham proposed by Mr. Allen, but I fear that it will not dispose of the argument as to "racial discrimination."

The Governor does not seem to have offered the Indians the alternative of cutting out the £12,000 altogether & saying that if they won't pay then the expenditure must be postponed.

We might put the Feetham suggestion to the Governor & ask him also if he has considered the alternative mentioned above.

J. N. Allen  
29/11/26

2. Gov. Gregg. telegram 29 Nov  
Transmits message from EA  
Indian National Congress

Bis C. J. Davis

Do you see any objection to Mr. Feetham being asked for his views? I am personally of opinion that the question is one which Bis C. J. Davis should decide for himself, but in case the Sec of State decides to suggest a reference to Mr.

157449/26  
See them, I would like to be  
able to tell him whether, or  
not, if an see any objection.

G.H.C.

30.11.26

Sir S. Wilson.

I have, you need be any  
case, & ~~perhaps~~ see difficulty  
in approaching the Queen for the  
Eve of her own Conference with the  
Govt of India.

(P) 1.12.26

Mr Amosby Jones

Sec of State.

I think this is a matter  
which we must leave to the  
Governor, and that he should  
be told that if he decides to  
press through the poll tax  
or Indians you will support  
him. In telling him this, I think  
we might also, as suggested

54  
XF7449/26  
By Sir P. B. Buckley, ask him if he  
has considered the alternative  
of cutting out the £1,000 and  
saying at the same time that if  
they want pay the expenditures must  
be postponed.

G.H.C.

1.12.26

Sgt.

To ask for Mr Justice Fickens independent  
views as against Sir E. Grigg's is in  
my opinion impracticable in view of  
the personal relations between the two  
individuals. My regret is that  
the European officials won't accept  
an increased European poll tax or  
"cess." The small share of "direct"  
taxation by the European community  
is always being pointed out, &  
while it is true that the Europeans  
bear the heaviest share of indirect  
taxes in liquor & luxuries, it is  
politically unfortunate that they  
resist all forms of income or  
other direct taxation, while  
native and Indian direct taxation  
is making up so large a share  
of the revenue of the Colony. I  
agree with Sir S. Wilson, but if you  
could write privately to Sir E. Grigg as to

XF 7449/26

the impression that this will  
give in Parliament & elsewhere  
he might be able to ream  
further into L<sup>d</sup> Delamare. The  
Indians would have no leg  
to stand on, in India, or  
elsewhere, if the Europeans  
would agree to an increased  
European poll tax.

W.S.H.  
2.12.26

W.S.H.  
I am sure you will do the best, &  
hope so for my country?  
Dm 2

W.S.H.  
I gather that in case of this fact  
that the Leg Council is to be dissolved  
in a moment a letter is no good -  
my desire for suggesting it without  
reimbursement the election - so  
the proposed telegram may increase?

W.S.H.  
6.12.26

XF 7449/26

3/5

H.C.

30 Nov. 1926

41. Mr. Lansbury. - To ask the Secretary of State for the Colonies, whether it is the  
intention of the government of Kenya to make any increase in the poll tax levied on  
members of the European and Indian communities in the Colony; and, if so,  
whether the increase is to be borne equally by the two communities. [Thursday 2nd  
December.] Labour - Bow & Bromley

For written reply.

Mr. C. Strachey

Has this registered on this  
separate sheet in order not to  
introduce it in the main file  
results on Nov 1 & 2

oft reply given to the person  
(make to this packet  
on Nov 10)  
Dm 2

W.S.H.

1/12/26

C.S. 1/12

P.H.B.

4 - Gov. tel 12.26. W.S.H. 2.12.26  
5 Tel. to Gov. Kanga Reminds tel. 2 Dec., 1926.  
7 Dec. 1926.

KENYA COLONY (POLL TAX).

Mr. LANSBURY asked the Secretary of State for the Colonies whether it is the intention of the Government of Kenya to make any increase in the poll tax levied on members of the European and Indian communities in the Colony; and, if so, whether the increase is to be borne equally by the two communities?

Mr. AMERY: The Government of Kenya has under-consideration proposals for raising additional revenue from each community, European and Indian, to be wholly devoted to education for the benefit of the respective communities. These proposals include a tax on male servants in European employ, in excess of two at the rate of 24s. a year, and a poll tax on Asiatic adults of 20s. on the understanding that the poorer members of the Indian community will be allowed generous exemptions. The Governor has expressed his willingness to consider any suggestions from the Indian community for an alternative to the poll tax which would not fall disproportionately on the other communities.

copy to Mr. G. A. 21/12/26

7 - G. A. 975 - 12 Nov., 1926.

State appointed a ~~Mr.~~ to investigate

means by which revenue for education purposes could be found. State goes to difficulty in obtaining unanimity between Europeans and Indians and comments on "spirit of disagreement". Poll tax seems best solution, but G. A. has been informed that Govt does not consider "half-bond" by it.

8 - Hofe - 7 Dec., 1926.

54. Mr. Lansbury - To ask the Secretary of State for the Colonies, if he will state what increase in revenue is estimated to accrue from the proposed addition to the poll-tax on the Indian community in Kenya, and from the tax on male servants, in excess of two, in European employ. [Thursday 9th December.] WRITTEN REPLY. (S. B. BOW & BROMLEY.)

A flawed answer waves a course for a totally wrong impression & as a written reply is required, I submit draft giving more details than those asked for. On 7 I just received news that the Govt is proposing to obtain further info as to consultation as to views & spirit - see (ag) in paper 4 of the press statement. If the Government is to deal with no 2 & 7.

Reply attached to No 10

CS 8/12

11/12/26

9 - Indians Overseas Assn - 8 Dec 21/12  
In minutes copy on attn No 16. Mr. Allen  
10 - Questions of Col. Wedgwood for 13 Dec  
via R. Hamilton (oral reply)  
Mr. Johnson

Mr. B. Strachey

There are still four papers in the file to be disposed of.

No. 10 I submit draft combined reply to the questions for 13th December by Col. Wedgwood, Sir Robert Hamilton and Mr. James Hudson.

No. 2. This is the telegram from the Governor embodying the representations to the Secretary of State from the East African Indian Congress. The Governor has already been informed in a secret telegram that if he ~~proposes to increase the poll tax~~ the Secretary of State will support him, and as in that case legislation will apparently be introduced about the middle of this month, it seems necessary to send some reply, and I have ventured to draft for conson.

No Page 7. This is an explanatory despatch from the Governor which has been very useful in dealing with the recent question in Parliament, but in view of the telegraphic correspondence it does not seem to call for any direct reply.

No Page 9. A letter from the Indian Overseas Association forwarding a telegram from the Indian Citizen Membership of Mombasa making representations very similar to those received from the National Congress. This has only just come in and I think action on it

might



is to be referred. The form of the reply can be decided later when a decision has been taken on the other outstanding papers on the file.

Nothing has yet been said to the India Office, and we have heard nothing from them, but we know from the file that the Governor has had an enquiry from the Government of India direct by telegram.

I, therefore, the action proposed is approved I send <sup>Office</sup> a short draft for information a copy of the Governor's message (No. 7), his telegram of the 10th inst. and the message from the National Congress (No. 2) and the reply, i.e. the draft herewith.

J.N. Allen  
10/12/26

G.H. 6  
10.12.26  
13.12.26

11) INDIA OFFICE ----- 10.12.26.

Trs copy telegram from the Indian Citizens Association.

See end of minutes, affli No 16

P.H.  
J.N. Allen  
20/12  
at end

12) India Office (Mr R.H.A. Carter S/O) --- 10.12.26.  
Raises question of consulting I.O. before replying to telegrams about the Education Cess; and asks for information.

S. C. Strachey

S. S. Wilson

Please see letter from Private Secretary India Office. You will see from my minutes of 26/11/26 a file 2684 that I recorded the telephone message as it was conveyed to me - it did not include any reference to prior consultation.

But in view of this letter I must raise the matter with the S.O. who sees the telegram was authorised before it goes. If so & as it is desirable to let the tel off as soon as possible I think the best expedients way would be for the P. Sec to send a copy of his 2 in the file to the P. Sec India Office together with a copy of the off tel saying it is proposed to send it unless they see any objection & asking for an exp. reply. Later the Com. can go on officially as proposed in the minutes.

I agree  
C.P.  
13/12

G.H. 6  
13.12.26  
at end proposed in the minutes  
J.N. Allen 13/12/26

14 — From P. Secretary, I.O. — 15 Dec

15 — From I.O. — 15 Dec

After speaking to Sir C. Strachey I  
arranged s.o. with Mr. Walton for a discussion  
here. A reply as an off. despatch had better  
get off to reach the I.O. before the discussion.  
I have sent it under cover to Mr. Walton

V.M. Allen

16/12/26

at once

16 — To India Office — 16 Dec

Sir C. Strachey,

We discussed this matter to-day with Sir  
Louis Kershaw and Mr. Walton of the India Office. It  
was arranged that Mr. Walton should bring over to-  
morrow the draft of a reply which the I.O. have pro-  
posed to return to the Govt. of India's telegram in  
No.15 from which it is clear that that Govt., not being  
fully informed, does not correctly appreciate the posi-  
tion. The draft telegram in reply to the message  
from the Indian Congress in No.2 was approved by the  
S. of S. but in view of the semi-official correspon-  
dence with the Private Secretary, India Office, it was  
considered necessary to let the I.O. see the draft be-  
fore despatch. This also was discussed at the meet-  
ing to-day when the I.O. representatives made it clear  
that they did not of course wish even to appear to  
interfere with the discretion of the S. of S. as to  
the

A/S No 24

It is answered

It is merely a  
statement of the position  
that any law can be  
amended if a good reason  
is shown

the reply which should be made to the Congress, but  
on the question of principle they suggested that it  
might be considered whether it was necessary at this  
juncture to telegraph as in the first sentence. You  
thought that the first half of the sentence which re-  
fers to the question of principle and to uniformity  
might be omitted but that if the second part dealing  
with the point of racial discrimination were left  
out one of the main points represented to the S. of S.  
by the Congress would not be dealt with.

It was also suggested that if it were possi-  
ble to do so it might be useful to add to the telegram  
a sentence suggesting to the Governor that he might  
consider the possibility of making it clear that the  
Colonial Govt. would, even after the passing of the  
legislation, be open to receive proposals from the  
Indian community. I put up an alternative draft  
accordingly and in order to show clearly how it com-  
pares with the original telegram I have revised the  
approved draft in red ink. If the revised draft is  
approved, I think it would be sufficient to send a  
copy to the I.O. If - ~~but~~ it is quite clear that they  
don't want to be put in the position of either con-  
curring or disagreeing.

There are two other papers in the file to  
which reference ought to be made :- No.9 letter from  
the Indians Overseas Association. This encloses a  
local protest somewhat similar to the one dealt with  
above and ? the reply should be an acknowledgment and  
a reference to the reply given in the recent ques-  
tions in the House of Commons (I gather you were in-  
clined to think that this might be the best course).  
If so, a copy of No.9 and the reply should go to the  
I.O.

I.O. 1f. No. 11, this is merely a letter from the I.O. forwarding representations that they have received by telegram from the Indian Citizen Association. This does not call for action and I <sup>may</sup> put by.

Copies of all the House of Commons' questions and replies, including supplementaries in this file, should go to the Governor in M.3.

J.H. Allen

16/12/26

I agree. The I.O. reports

were most anxious not to appear to be interfering in a matter between the S. A. S. & the Governor, & adopted a sympathetic attitude.

(The changes in the I.O. telegram are not substantial)

J.H. Allen

J.H. Allen  
17/12

- 17 To Gov tel 17 Dec 26
- 18 To I.O. (chris 17) 21 Dec 26
- 19 To Indian Overseas Assoc (Grand) 21 Dec 26
- 20 To I.O. (chris 9/19) 21 Dec 26
- 21 To Gov Nya 22 DEC 1926 M/3

- ① M/3 to Gov reqd.
- ② If to I.O. reqd.

22-----Gov Grigg-----28th Dec 1926  
(Tel)

Reports that Bill was introduced on certificate of emergency and passed all three readings. Poll Tax for Indian Education passed at the same time. Believes that both taxes will prove to be the best means of collecting necessary revenue.

It may be hoped that this may turn out as satisfactory as it seems: but one always wanders (the point was mentioned in Gov's minutes) over the Gov's decision.

\* 29 page 3 of this note. The points were made by J.H. Allen 17/12/26

that with a poll tax on both sides a first instance having each man make alternative proposals for itself if criticism developed.

Advisors will come along later & any objection of satisfaction might be deferred until it is seen whether it is justified or events.

For the present shall be sufficient to send a copy of this to the I.O. etc.

J.H. Allen

30/12/26

This comes as a relief. Is proposed?

J.H. Allen  
30.12

Yes

J.H. Allen  
at once

1.1.27.

23 To I.O. (w/Chris 22) JAN 1927 B/a

24 To I.O. 29 Dec, 1926

Two copy tel. from Govt of India after discussion between chiefs of the two departments on 16 Dec.

This is the copy referred to in my minute below to the draft was brought over by a waiter & handed it to Sir (Strachey). Copies of the letter to Gov. Governor of 22.

G. D. J.  
R-12 JAN  
D

J.H. Allen  
8/1/27

start with a full bar on both sides in the first instance leaving each side to make alternative proposals for itself if criticism developed.

Independent come along later & any expression of satisfaction might be deferred until it is seen whether it is justified by events.

For the present state the sufficient to send a copy of this to the I.O. etc.

J. Allen 30/12/26

This comes as a relief. As proposed?

Jes. B.H. 6 at once 1.1.27.

23 To I.O. (w/ copy 22) JAN 1927 B/A  
24 ——— I.O. ——— 29 Dec, 1926  
Two copy tel. from Govt of India after discussion between offices of the two departments on 16 Dec.

This is the copy referred to in my minute below. I have brought out a balance sheet to Mr Strachey. Copy of the Bill to Govt of India of 22.

G.D. R 12 JAN D J. Allen at once 8/1/27

I.O. lf. No. 11, this is merely a letter from the I.O. forwarding representations that they have received by telegram from the Indian Citizen Association. This does not call for action and I would put by.

Copies of all the House of Commons' questions and replies, including supplementaries in this file, should go to the Governor in M.3.

J. Allen 16/12/26

I agree. The I.O. reports were most anxious not to appear to be interfering in a matter between the S. A. & the Governor, & adopted a sympathetic attitude. (The changes in the I.O. telegram are not substantial) J.A. 17/12

B.H. 6 17/12

- 17 To Govt tel 17 Dec 26
- 18 To I.O. (copy 17) 21 Dec 26
- 19 To Indian Overseas (copy) 21 Dec 26
- 20 To I.O. (copy 9/19) 21 Dec 26
- 21 To Govt Raja 22 DEC 1926 M/B

- 1) m/p to Govt reqd.
- 2) If to I.O. reqd.

22-----Gov Grigg-----28th Dec 1926  
(Tel)  
Reports that Bill was introduced on certificate of emergency and passed all three readings. Poll Tax for Indian Education passed at the same time. Believes that both taxes will prove to be the best means of collecting necessary revenue.

It may be hoped that this may turn out as satisfactory as it sounds. I have always wondered (the point was mentioned in Govt's minute) why the Govt did not

4. 29 page 3 of this note. The Govt's note is minute of 2/1/27 2/1/27

I.O. 1f. No. 11, this is merely a letter from the I.O. forwarding representations that they have received by telegram from the Indian Citizen Association. This does not call for action and ~~it would~~ <sup>may be</sup> put by.

Copies of all the House of Commons' questions and replies, including supplementaries in this file, should go to the Governor in M.3.

W Allen  
16/12/26

I agree. The I.O. reports

were most anxious not to appear to be interfering in a matter between the S. A. S. & the Governor, & adopted a sympathetic attitude.

(The changes in the S. A. S. telegram are not substantial)

G. H. G.  
17/12

- 17 To Gov tel 17 Dec 26
- 18 To I.O. (copy 17) 21 Dec 26
- 19 To Indian Overseas (copy) 21 Dec 26
- 20 To I.O. (copy 17, 19) 21 Dec 26
- 21 To Gov Nya 22 DEC 1926 1/3

- ① m/3 to Gov reqd
- ② 1/3 to I.O. reqd

22-----Gov Grigg-----28th Dec 1926  
(Tel)  
Reports that Bill was introduced on certificate of emergency and passed all three readings. Poll Tax for Indian Education passed at the same time. Believes that both taxes will prove to be the best means of collecting necessary revenue.

It may be hoped that this may turn out as satisfactory as it seems: but all things considered (the point was raised in the Govt's minute) the Govt did not

\* e.g. page 3 of this note & the Govt's minute 21/12/26

9  
that with a full bar on both sides in the first instance having each made alternative proposals for itself if criticism developed.

Adoption come along later & any expression of satisfaction might be deferred until it is seen whether it is justified by events.

For the present shall be sufficient to send a copy of this to the I.O.

W Allen  
30/12/26

This comes as a relief. As proposed?

Yes  
G. H. G.  
at once  
11.27.

23 To I.O. (w/ copy 22) JAN 1927 13/1a

24 I.O. 29 Dec, 1926.  
Two copy tel. from Govt of India after discussion between offices of the two departments on 16 Dec.

This is the copy referred to at A in my minute to the Govt. The draft has brought out a Walter & I heard it to Sir Strachey. After 21/12/26 the doc to Govt Governor is ref 22

C. D.  
R. 12 JAN  
D.

W Allen  
8/1/27

25 to Gen 39 (22 answd) 14 JAN 1927 G. HA.

~~26 — Colonial — HA~~

26. Copy of the Domestic Servants Licence  
and Tax Order, 1926, — subsequently  
withdrawn vide no. 22 — attached. HA

7999

1115a 24  
10

Any further communication on this subject should be addressed to—  
The Under Secretary of State for India,  
Economic Department,  
& Overseas India Office,  
London, S.W. 1,  
and the following reference quoted:—  
E. & O. 8385/26.



INDIA OFFICE,  
WHITEHALL,  
LONDON, S.W. 1.

29<sup>th</sup> December, 1926.

Telephone:—  
Victoria 8920. I.O. Ext. No. \_\_\_\_\_  
Telegrams:—  
Alexandria, London.

RECEIVED  
30 DEC 1926  
COL. OFFICE

Sir,

With reference to your letter of 15th December No. 7999/26 regarding the proposed Indian education cess in Kenya, I am directed by the Secretary of State for India to transmit for the information of the Secretary of State for the Colonies copy of a telegram despatched to the Government of India after the discussion which took place between representatives of the two Departments on 16th December.

I am, Sir,

Your obedient Servant,

*Keelson*

for Secretary,

Economic & Overseas Department.

The Under Secretary of State,  
Colonial Office.

14 JAN 1927  
-20.12.26  
copy to Gen 39

Copy of Telegram from Secretary of State to  
Viceroy, dated 20th December, 1926.

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X

3482. Education, Health and Lands Department.

Your telegram 10th December. Indian and European education in Kenya. After consultation with Colonial Office I am able to communicate following additional information. Expenditure to be met by special taxation is exclusive of charges for administration and for interest and sinking fund on buildings erected out of loan moneys. Special taxes are to be paid into general revenues amount of yield being ear-marked for education of the respective communities. Indian minority of select committee agreed to principle that each community should be responsible for financing cost of its own education other than general charges mentioned above. In these circumstances it scarcely seems possible to object to this principle.

As regards your main objection viz. to the character of proposed taxes, it seems necessary to acquiesce in proposals for year 1927 as liquor taxes have already been passed by Legislative Council and decision regarding bills for levying domestic servants tax and poll cess must be taken before forthcoming dissolution of Council. Kenya Government will obtain statistics of incidence of liquor taxes during 1927 in light of which proposed allocation may be subsequently adjusted. Moreover they do not consider themselves committed to education cess levied in this form and would adopt any practicable alternative which Indian community may suggest. Question of precise method of levying amount required is therefore open to reconsideration if Indian community can present any constructive proposal.



22

Telegram from the Governor of Kenya to the Secretary of State for the Colonies.

Dated 28th December, 1926.

(Received Colonial Office 9.7 p.m., 28th December, 1926)

-----

439. 28th December.

My despatch of 12th November No.975. Your telegram of 17th December. Education Taxation. Grateful for support given me in this matter. In order to avoid any appearance of racial discrimination I have withdrawn the domestic servants tax on Europeans and substituted European adult's poll tax on precisely the same lines as the Asiatic Education Poll Tax except that Europeans pay 30 shillings while Indians pay 20 shillings. Bill was introduced on certificate of emergency and passed all three readings voting being 25 for and 7 against. Poll tax for Indian Education passed at the same time by 30 for to 3 against. It was explained that exemption would be granted to the poorer members of both communities who could show grounds for exemption. Believe both taxes will be collected without hardship and under the circumstances prove the best means of collecting necessary revenue. The argument put forward by Indians of racial discrimination no longer exists as both communities will be paying for the education of their children partly by direct taxation and partly by taxation on a luxury. Fully explained that the taxation whilst in force in 1927 may be modified later by alternative proposals if reasonable ones can be submitted.

104  
1014

18 JAN 1927

3 JAN 1927

Copy to P.O. Award 39

21 December 26

*W.F.*  
I.F.7999/26.

K  
Sir,

I am directed by Mr. Secretary Amery to acknowledge the receipt of your letter of the 8th of December, regarding the imposition in Kenya of additional taxation to meet the cost of European and Indian education in the Colony.

2. In reply I am to refer you to the replies returned to questions on the subject in the House of Commons on the 2nd, 9th. and 13th of December.

I am, Sir,

Your obedient servant,

*sd/ 4.7 Allen*

THE HONORARY SECRETARY

INDIANS' OVERSEAS ASSOCIATION.

Mr. ~~Whitmore~~ 20/12/26  
Mr. Allen 21/12/26  
Mr. ~~...~~ 21/12/26  
200  
XF 7999  
Kenya

- Mr. E. J. Harling.
- Sir C. Strachey.
- Sir J. Shackburgh.
- Sir G. Grindle.
- Sir C. Davis.
- Sir S. Wilson.
- Mr. Ormsby-Gore.
- Earl of Clarendon.
- Mr. Amery.

Sir,  
21 Dec. 1926.  
C. D.  
DEC  
21/26

I am etc. to ack. the

DRAFT.

The Hon. Secy.,  
Indian Overseas  
Association  
9.12.26  
21 Dec '26

recd. of your letter of the 5th. of  
Dec. regarding the <sup>implication</sup> proposal  
~~in Kenya, legislation to provide for~~  
~~to subsidize new taxation~~  
in Kenya & <sup>equal</sup> taxation  
in Kenya to meet the

J.D.  
Chy

cost of European & Indian  
education in the Colony &

2. In reply I am  
sorry to refer you to the  
replies given to questions  
on this subject in the  
House of Commons on the  
2nd., 9th. & 13th. of Dec.

36FF

H.T. etc.

I.F.7999/26.

Telegram from the Secretary of State for the Colonies  
to the Governor of Kenya.

Sent 8.20 p.m. 17th December, 1926.

17 December

Your telegram 29th November No.411 in the particular circumstances I do not consider that the difference in method of raising revenue can reasonably be objected to on the ground of racial discrimination provided that the revenue raised from each community is limited to the requirements and spent solely on education on behalf of that community. I am, therefore, not prepared to interfere with your discretion as to proceeding with the necessary legislation failing agreement as to an alternative but I concur with you that it should only be passed on the understanding that poorer members of the Indian community will be allowed generous exemptions and that the allocations between the two communities of the proceeds of the additional taxation imposed on spirits and wines should be subject to readjustment in the light of the statistics which the Government propose to obtain for that purpose. You will no doubt reply to Congress in the sense of this

telegram

telegram. If you have not already done so I suggest you should also consider desirability of making it clear that even after passing of legislation Government will still be ready to consider with a view to substitution when practicable by amendment any reasonable alternative proposal from Indian community which fulfils the conditions you have already laid down.

AMERY.

Mr. Allen 16/12/26

Mr.

Mr.

Mr. E. J. Harding.

Si C.

Mr. Strachey 17-12

See Munt.

Sir J. Shuckburgh.

Sir G. Grindle.

Sir C. Davis.

+ Sir S. Watson. *PH 6* 17.12.26

Mr. Ormsby-Gore.

Earl of Clarendon.

\* Mr. Amery. *SM 17*

C. 5/  
R 20 DEC  
1926

*Redraft of tel. below.*  
*8-20 PM*  
*17/12/26*  
*BB*

17 Dec 26

Your telegram 29th November No. 411

in the particular circumstances I do not consider that <sup>the</sup> a difference in method of raising revenue can reasonably be objected to on the ground of racial discrimination provided that the revenue raised from each community is limited to the requirements and spent solely on education on behalf of that community. I am, therefore, not prepared to interfere with your discretion as to proceeding with the necessary legislation failing agreement as to an alternative but I concur with you that it should only be passed on the understanding that poorer members of the Indian community will be allowed general exemptions and that the allocation between the two communities of the proceeds of the additional taxation imposed on spirits and wines should be

DRAFT. Tel.  
Gov. Nairobi.

*17 Dec 26*

*Conson: see*  
*minutes off*  
*below*  
*CPM*

subject

Mr. Allen 10/12/26

Mr.

Mr.

Mr. E. J. Harding.  
Sir C.

Strachey. 10

Sir J. Shuckburgh.

Sir G. Grindle.

Sir C. Davis.

Sir S. Wilson.

Mr. Ormsby-Gore.

Earl of Clarendon.

Mr. Amery. sm 17

Tel

**DRAFT** for consen.

Gov. Nairobi (see minutes.)

No 2 in File

See alternative for H

Your telegram 29th November No.411

[On the question of principle I am unable] in the particular circumstances [to regard it as essential that method of raising the revenue required from the two communities should be uniform and]

I do not consider that <sup>the</sup> difference in <sup>of raising revenue can occasionally</sup> ~~the~~ method ~~is~~ open to objec-

*be directed to* tion] on the ground of racial discrimi-

nation provided that the revenue to be raised from each community is

limited to the requirements and spent <sup>in Education</sup> solely on behalf of that community

I am, therefore, not prepared to interfere with your discretion as to proceeding with the necessary legislation failing agreement as to an alternative but I concur with you that it should only be passed on the understanding that poorer members of the Indian

community

To be considered with 20. repress

(Off. ref. to No 2 in the File)

(Reproducible)

not up to staff questions.

community will be allowed generous exemp-  
tions and that the allocation between the  
two communities of the proceeds of the  
additional taxation imposed on spirits and  
wines should be subject to re-adjustment  
in the light of the statistics which the

Government propose to obtain for the purpose of

You will no doubt refer to Congress  
in the sense of this telegram.

~~Have you considered keeping  
alternative of not raising the  
£12000 for Indian education  
and telling Congress that if  
they don't want to pay the  
expenditure must be  
postponed.~~

Amery

Had sentence  
added to original  
draft

Don't as  
this has  
already been  
said in  
telegram of  
7/12/26

WJG  
Jm



IMPORTANT

7999/26.

Downing Street,

16 December, 1926.

Sir,

I am directed by Mr. Secretary Amery to acknowledge the receipt of your letter of the 15th December (E. & O. 8120/26) enclosing a copy of a telegram from the Government of India regarding the proposed poll tax on Indians in Kenya for purposes of Indian education and requesting full information regarding the origin and scope of the proposal.

2. A full account of this matter is contained in the despatch from the Governor of Kenya No. 975 of the 12th November, a copy of which has been communicated to your Department semi-officially in advance of this letter in order to save time. The Earl of Birkenhead is no doubt already aware of the replies returned to recent questions on this subject in the House of Commons.

3. I am also to refer to the telegram from the Governor No. 411 of the 29th November embodying representations received from the East African Indian

National

National Congress. A copy of that telegram has also been sent to your Department semi-officially together with a draft of the reply which Mr. Amery proposes to return to it. It would seem desirable that the answer should not be delayed as it is understood that the matter is to be dealt with in the Legislative Council in the middle of this month and it appears from the enclosure to your letter of the 10th December (E. & O. 8046/26) that the proposed legislation is to be introduced on the 17th December.

4. I am to enclose a copy of an earlier telegram from the Governor embodying a resolution passed at a meeting of Indians at Mombasa.

22 Nov. 1926.

5. Mr. Amery is of opinion that it is desirable that the matter should be discussed at a meeting of members of the two Departments and he would be glad if the Earl of Birkenhead would be so good as to nominate a representative or Representatives of the India Office for the purpose.

I am, Sir,

Your most obedient servant,

*Harold Wilson*

Mr. W. K. Lee 16/12  
f.p.

x.p. Kenya  
7999/26

C. D.  
16 DEC  
16

- Mr.
- Mr.
- Mr. E. J. Harding.
- Mr. Strachey.
- Sir J. Shuckburgh.
- Sir G. Grindle.
- Sir C. Davis.
- Sir S. Wilson.
- Mr. Ormsby-Gore.
- Earl of Clarendon.
- Mr. Amery.

Important

C. D.  
16 DEC  
16

16 Dec 1926

Sir

14 JAN 1927

Sir,

I am to be ack: the

receipt of your letter of the

15th Dec. (R. 10. 8120/26)

Enclosing a copy of a letter

from the Govt of India

regarding the proposed toll

tax on Indians in Kenya

for purposes of Indian

education & research

Full info regarding the

main scope of the

proposal.

Full account of this

2. In reply I am to

matter is contained in

refer to the despatch from

the Govt of Kenya No 975

DRAFT.

The U.S. of

Economic & Overseas  
Dept

India Office

copy to Govt  
39

22 Nov 1926

(1926)

(Para 2 enclosed after  
referring to Sir C. Strachey)

(ERO Dec 6/26) that the  
has proposed Casakata 5.6  
be introduced on the  
17th Dec.

- Mr.
- Mr.
- Mr.
- Mr. E. J. Harding.
- Mr. Strachey.
- Sir J. Shuckburgh.
- Sir G. Grindle.
- Sir C. Davis.
- Sir S. Wilson.
- Mr. Ormsby-Gore.
- Earl of Clarendon.
- Mr. Amery.

DRAFT.

of Jan 6/26  
a copy of an order let from  
the Govt embodying a  
Kedukhai passed at a  
meeting of Judges at  
Mantasa.

S. by Amery: of  
opinion that <sup>it is</sup> ~~the best course~~  
~~is~~ desirable that the  
matter should be  
discussed at a meeting  
of members of the two  
Depts. He has been told  
of the E. Chamberlain  
was to go to the  
representative

(Cro. Dec 1841) that the

has proposed Cascadia & G  
to introduced on the  
17th Decr.

- Mr.
- Mr.
- Mr.
- Mr. E. J. Harding.
- Mr. Strachey.
- Sir J. Shuckburgh.
- Sir G. Grindle.
- Sir C. Davis.
- Sir S. Wilson.
- Mr. Ormsby-Gore.
- Earl of Clarendon.
- Mr. Amery.

of Jan 1842  
a copy of an order let from  
the Govt embodying a  
Resolution passed at a  
meeting of Indians at  
Nanassa.

DRAFT.

S. W. Amey is of  
opinion that <sup>it is</sup> ~~the best course~~  
~~would~~ desirable that the  
matter should be  
discussed at a meeting  
of members of the two  
Sects. He has been told  
of the P. U. (Union) and  
was to go to the  
annual representative

Any further communication on this subject should be addressed to—  
The Under Secretary of State for India,  
**Economic and Overseas** Department,  
India Office, London, S.W. 1,  
and the following reference quoted:—  
**E & O. 8120/26.**



INDIA OFFICE,  
3 WHITEHALL,  
LONDON, S.W. 1.

Telephone:—  
Victoria 8929. I.O. Ext. No. \_\_\_\_\_  
Telegrams:—  
H. Exandum, London. [

15 December, 1926.

Sir,

I am directed by the Earl of Birkenhead to transmit for the information of Mr. Secretary Amery, copy of a telegram which has been received from the Government of India regarding a proposed poll tax on Indians in Dated 16th December, 1926. Kenya to meet part of the expenditure on Indian education.

2. Lord Birkenhead has no doubt that the views expressed in the Viceroy's telegram will receive Mr. Amery's careful consideration. The information which has been received in this department regarding the proposed tax is not sufficient to enable His Lordship to offer any observations on the telegram, and he would be glad if he might receive full information regarding the origin and scope of the proposal.

I am, Sir,  
Your obedient Servant,

J. Walton

The Under Secretary of State,  
COLONIAL OFFICE.

copy to Mr. 39 14 1721 1927 ag

8120

## COPY OF TELEGRAM.

(COPIES  
CIRCULATED)From Viceroy, Department of Education,  
Health and Lands, to Secretary of  
State for India.

Dated Delhi, 10th December, 1926.

Received 10th December, 1926. 3 p.m.

In reply to our request for information, as a result of newspaper criticism in India and strong representations made to us regarding proposed increase in Indian poll-tax in Kenya to pay for expenditure on Indian education, following received from Colonial Secretary, Nairobi, Kenya. It was agreed by representatives of both communities early in this year that nett cost of European and Indian education should be borne respectively by each community by specially raised new revenues. This has been so devised that each community can increase this specific contribution without affecting the taxation paid by the other. About half the total required will be raised by imposition of liquor consumption tax, proceeds of which allocated to the two communities by the Government. Remainder (sic) were £7000 for European and £12,000 for Indian education. Select Committee recommended by majority that the former sum be raised by domestic servants tax, and the latter by a specific poll-tax. The Non-Native Poll-Tax Ordinance 1912 remains unaffected. In absence of any constructive proposal by Indian members, Government accepted this report, which was subsequently adopted by Legislative Council but at the same time Governor made plain his willingness to consider alternative

suggestions

suggestions if made. This offer still holds good. New legislation will be introduced shortly before Christmas with the object of coming into operation on the 1st January. Indians explain that they appreciate the necessity of education cess, but are opposed to distinctive form of taxation. Governor has told leaders here that he is prepared to consider any alternative form of education cess which they may propose, but that he cannot allow Indian community, by opposing all practical proposals on one pretext or another, to plant cost of Indian education on European, Arab and African tax-payers. Ends. Whatever may have been the views of Indian Members of Council earlier in the year, it appears that these have now changed, and that the Indian community generally, so far as information is available, is now opposed to the measure. We are much perturbed at the implication of the policy underlying the proposed legislation, at possible extension of the principle implicit in this policy and its probable effect, if carried through, on Indian community in East Africa, at a time when we had (? omission) cause of friction had receded into the background and truce had been established which promised to ripen into permanent peace between the two communities, British and Indian. We could have no objection if, under Section 32 of Education Ordinance, 1924, Kenya Government were prepared to provide only elementary educational facilities at the cost of general revenues, leaving further development to be financed by voluntary education cess on communities for their own benefit provided these facilities were the same for all and provided that cess was voluntary. In view of present proposals, it appears that Colonial Government apparently repudiate all responsibility for financing from general revenues education of Europeans and Indians, as apart from the other sections of the community. We view with uneasiness the repudiation of state

responsibility



responsibility in the field of education so far as it concerns Indians, because it is novel departure from ordinarily-accepted practices, because it introduces principle of exceptional treatment for certain communities, and because it may be extended to other spheres. We further consider allocation of proceeds of a tax for expenditure on a particular community, on the ground that it contributes the bulk of that tax, dangerous in principle. Our main objection to the present proposals, so far as we are able to understand them, however, is unjustifiable nature of discrimination in the character of the proposed taxation of the two communities. The money for European education is to be found from the proceeds of an indirect luxury tax and a small tax on domestic establishments above a certain class, thus ensuring that taxation will be modulated to the capacity of the individual to pay. On the other hand, the bulk of the cost of Indian education is to be supplied by a poll-tax of 20 shillings a head, an imposition which must bear unequally on different ranks of the community, and impose unjustifiably heavy burden on its poorer members. We venture to ask you, therefore, to urge the Secretary of the State for the Colonies to secure postponement of proposed legislation to enable us to obtain full information, which we do not yet possess, regarding present position, and to place our considered views before you.

---

21  
14

INDIA OFFICE,  
Whitehall, S.W.1.

15th December 1926.

Dear Edgcumbe,

Thank you for your letter of 14th December and its enclosures relating to the proposed Indian education poll tax in Kenya.

We do not wish to make any observations on the question what reply should be conveyed to the Indian Congress, but I see that the draft telegram, which you enclosed, covers also the question of policy. As regards this, we are hardly in a position to concur or to offer any observations in our present state of official knowledge. And our difficulties have increased as we have received an official telegram from the Government of India representing various reasons against the proposed tax from their point of view. We are sending this telegram to-day to the Colonial Office.

We

A. Edgcumbe Esq. CBE.

We are as anxious as you are to avoid any revival of agitation in Kenya, and when we receive full information, it may be that we would, with or without further consultation with your Department, be able to satisfy the Government of India. Would it not, therefore, be possible to postpone the issue of this telegram for a few days until this information is supplied and until consultation takes place?

Yours sincerely,

R.H. Harkis

14th December, 1926

Dear Carter,

In reply to your letter of the 10th December we certainly passed on to the department your request that we should keep in touch with the India Office on the subject of the two telegrams which you mentioned.

The Department did not understand this as meaning that the India Office should be consulted before replies were sent and thought that it would be sufficient to send you copies of the replies as and when sent. This point was specifically considered in the minutes which were submitted to our Secretary of State.

In the circumstances you should see the enclosed telegram from the Governor of Kenya and the proposed reply which has been approved by Mr. Amery but has not yet issued. It is proposed to send this telegram off as soon as possible unless you see any objection. Will you let us know by telephone whether it may go off.

Yours sincerely,

A.E.

his Autrotus

The necessity for keeping the J.O. info has not been overlooked in either case, as you will see from the minutes in the papers.

As regards his representation a letter was sent to the J.O. on 10 Dec.

In the case of the poll tax I have proposed in a minute in the file now in circulation that when it comes: this may be sent to the J.O. Officially, including an explanatory despatch from the Governor.

The constant succession of stop-go and Eustace's withdrawal before has made it extraordinarily difficult to carry out other action quickly.

W. V. W. 11/12/56

Confidential

INDIA OFFICE,

Whitehall, S.W.1.

10th December 1926.

My dear Edgcumbe,

You will remember that when the copies of two telegrams from the Governor of Kenya

- 1. Secret No.C.O.284, dated 22 November 1926. Indians and the Kenya Election.
- 2. Secret No.C.O.291, dated 25 November 1926. Indian Educational Poll Tax. (Secret and personal)

to the Secretary of State for the Colonies, which are noted in the

margin, were circulated to the Cabinet, I mentioned to you that the Secretary of State was anxious that your Department should get into touch with ours before these telegrams were answered. Copies

\* The last of the message never reached me  
J.A.P.

- 1. Secret No.C.O.296, dated 6 December 1926. Indians and the Kenya Election.
- 2. Secret No.C.O.297, dated 7 December 1926. Indian Educational Poll Tax.

of replies to these two telegrams were circulated to the

Cabinet yesterday, as noted in the margin.

There

J.A.P. Edgcumbe Esq. CBE.

There has not; I think, been any consultation between the departments. Lord Birkenhead sees nothing in the reply on the subject of Indians and the Kenya Election from which he would wish to differ. He would be much obliged if any available information bearing on the Indian Educational Poll Tax could be supplied to this department, particularly in view of the fact that the Governor of Kenya has already had an enquiry from the Government of India on the subject. We have at present practically no information here.

Perhaps I may recall that the question of the reciprocal supply of information between the departments on all matters concerning Indians in the Colonies and Protectorates was discussed in C.O. letter dated 16th February 1922, No. 61066/21, and connected correspondence.

Yours sincerely,

*R. H. Porter*

*90. / Goal  
61066 / 21 Feb.*

Communications on this subject should be addressed to—

THE UNDER SECRETARY OF STATE,  
Economic & DEPT.,  
Overseas INDIA OFFICE,  
LONDON, S.W. 1,

and the following number quoted—

E & O. 8046/26.

Reference to previous correspondence: 11

Letter ~~to~~ from the India Office of the 26

INDIA OFFICE,

10<sup>th</sup> December 1926.

RECEIVED  
11 DEC 1926  
INDIA OFFICE

The Under Secretary of State for India presents his

compliments to The Under Secretary of State for the Colonies and begs to transmit to him copy of the papers noted below.

~~94~~  
The Under Secretary of State,  
Colonial Office.

14 JAN 1927

Origin.	Date.	Subject.
Indian Citizen Association, Mombasa	Received 8.12.26	Revenue for educational purposes in Kenya.

copy to Gen 39

Copy also sent to—



COPY TELEGRAM FROM INDIAN CITIZEN ASSOCIATION,  
TO SECRETARY OF STATE FOR INDIA, LONDON,  
DATED 7TH DECEMBER 1926.

Kenya Government accepted last Council dangerous principle dividing liquor revenues unequally for educational purposes, three fourth for Europeans, one fourth Indians. Distribution unwarranted. Consumption liquor equal. Principle of segregation between races offensive. State throwing off educational burden on different communities. European further taxed only if luxurious to engage more than two domestic male servants. Asiatic compulsorily taxed shs twenty, poll tax already paying thirty. Racial discrimination in taxation penetrating Kenya. Bill introduced seventeenth December operative January. Pray move Parliament. Colonial Secretary, Educational cess unnecessary. Budget surplus equal new tax. Poor crushed Arabs, Goans, Indians resent. Situation Grave. Principle dangerous.

Mr. Allen 10/12/26.

Mr.

Mr.

Mr. E. F. Harding.

Sir C. Strachey. 10/12

Sir J. Shuckburgh.

Sir G. Grindle.

Sir C. Davis.

X Sir S. Wilson. 5/11/26

Mr. Ormsby-Gore. W.S. 13.12.26

Earl of Clarendon.

Mr. Amery. Jan 17

*Amery*

I will reply together to this question and the later questions on the same subject by the hon. members for Orkney and Shetland and Huddersfield. Legislation for raising additional revenue from wines and spirits was passed on the 5th November. I have not yet received the Ordinance, but I see no reason to suppose that it will be necessary for it to be disallowed. As regards the allocation of the proceeds of the taxes, I would refer to the reply returned to the question by the hon. member for Bow and Bromley on the 9th December.

**DRAFT. REPLY**

To Questions by

Col. Wedgwood, Sir Robert Hamilton and Mr. J. Hudson.

Oral Reply - Monday 13th Dec.

*Consideration*

*(Rescind)*

*1/11/26*

\* 5. Colonel Wedgwood, — To ask the Secretary of State for the Colonies, whether he has sanctioned the proposal of the government of Kenya to earmark liquor revenues for education, and to divide three-quarters for Europeans and one-quarter for Indians.

ORAL REPLY 13 DEC 1926

I will reply together to this question and the later questions on the same subject by the hon. members for Orkney and Shetland and Huddersfield. Legislation for raising additional revenue from wines and spirits was passed on the 5th November. I have not yet received the Ordinance, but I see no reason to suppose that it will be necessary for it to be disallowed.

As regards the allocation of the proceeds of the taxes, I would refer to the reply returned to the question by the honourable member for Bow and Bromley on the 9th December.

HOUSE OF COMMONS

\* 6. Sir Robert Hamilton, — To ask the Secretary of State for the Colonies, whether he is aware of the proposal of the Kenya legislative council to allocate a liquor tax in varying proportions racially for educational purposes; and whether such proposal has the approval of His Majesty's Government.

ORAL REPLY

13 DEC 1926

- \* 9. Mr. James Hudson, — To ask the Secretary of State for the Colonies, whether he is aware that the government of Kenya Colony proposes to divide the liquor revenues for educational purposes in the proportion of three-quarters for Europeans and one-quarter for Indians; and whether he proposes to take any steps to prevent the proposed division.

ORAL REPLY

13 DEC 1926

2/ Colonel Wedgwood.— To ask the Secretary of State for the Colonies, whether he has sanctioned the proposal of the government of Kenya to earmark liquor revenues for education, and to divide three-quarters for Europeans and one-quarter for Indians. [Monday 18th December.]

ORAL REPLY.

LABOUR. NEWCASTLE UNDER LYME

8th Dec. 1926

HOUSE OF COMMONS

6 Sir Robert Hamilton.— To ask the Secretary of State for the Colonies, whether he is aware of the proposal of the Kenya legislative council to allocate a liquor tax in varying proportions racially for educational purposes; and whether such proposal has the approval of His Majesty's Government. [Monday 18th December.]

ORAL REPLY.

LIBERAL.

ORKNEY & SHETLAND

Hofe

9 Dec., 1926

9 Mr. James Hudson.— To ask the Secretary of State for the Colonies, whether he is aware that the government of Kenya Colony proposes to divide the liquor revenues for educational purposes in the proportion of three-quarters for Europeans and one-quarter for Indians; and whether he proposes to take any steps to prevent the proposed division. [Monday 18th December.]

LABOUR HUBBERSFIELD.

OFFICIAL REPORT 13-12-26

ORAL REPLY.

LIQUOR REVENUES AND EDUCATION.

6. Sir ROBERT HAMILTON asked the Secretary of State for the Colonies whether he is aware of the proposal of the Kenya Legislative Council to allocate a liquor tax in varying proportions racially for educational purposes; and whether such proposal has the approval of His Majesty's Government?

5. Colonel WEDGWOOD asked whether he has sanctioned the proposal of the Government of Kenya to earmark liquor revenues for education, and to divide three-quarters for Europeans and one-quarter for Indians?

9. Mr. J. HUDSON asked whether he is aware that the Government of Kenya Colony proposes to divide the liquor revenues for educational purposes in the proportion of three-quarters for Europeans and one-quarter for Indians; and whether he proposes to take any steps to prevent the proposed division?

Mr. AMERY: I will reply to these questions together. Legislation for raising additional revenue from wines and spirits was passed on the 5th November. I have not yet received the Ordinance, but I see no reason to suppose that it will be necessary for it to be disallowed. As regards the allocation of the proceeds of the taxes, I would refer to the reply returned to the question by the hon. Member for Bow and Bromley on the 9th December.

Sir R. HAMILTON: Are we to understand that the right hon. Gentleman approves of this allocation?

Mr. AMERY: I understood that the allocation is in proportion to the actual amount of taxation paid, but the Governor informs me that he is going over the figures again in order to make sure that the allocation is a fair one.

Sir R. HAMILTON: My question refers to the allocation of taxation for educational purposes out of a special source of revenue.

Mr. AMERY: I see nothing to object to.

OFFICIAL REPORT 9-12-26  
(Answer to 8)

EDUCATION AND TAXATION.

Mr. LANSBURY asked the Secretary of State for the Colonies what increase in revenue is estimated to accrue from the proposed addition to the poll-tax on the Indian community in Kenya, and from the tax on male servants, in excess of two, in European employ?

Mr. AMERY: The additional amounts required for the education of European and Indian children in Kenya are approximately £31,000 and £20,000 respectively. The tax in respect of servants in European employ is estimated to yield £7,000 and the poll-tax on Asiatic adults £12,000. The balance is to be raised by special consumption taxes on spirits and wines the incidence of which is at present estimated as follows:—

	£
Europeans ... ..	24,000
Indians ... ..	8,000

thus providing the totals of £31,000 and £20,000 to be contributed by the respective communities. It is recognised that their shares in the incidence of the consumption taxes may be subject to readjustment and the Government proposes to obtain consumption statistics next year in order to determine more precisely the allocation of these taxes.

Copy to Gen. Nya 2 DEC 1926

Copy to Gen. Nya 2 DEC 1926

Chairman of Executive Committee:  
H. H. THE AGA KHAN.

Deputy Chairman:  
Sir M. M. BHOWNAGGREE,  
K.C.I.E.

Hon. Secretary and Treasurer:  
Mr. S. L. POLAK.

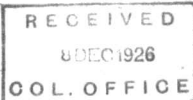
1F.7449/26 40  
9  
Indians Overseas Association

42, 47 & 48, Danes Inn House,  
265, Strand, London, W.C.2.

Telegrams: Kaloph, Estrand, London.  
Cables: Kaloph, London.  
Bentley's Code.  
Telephone: Central 2832.

December 8th 1926.

The Under Secretary of State for the Colonies,  
Colonial Office,  
Downing Street,  
S.W.1.



Sir,

My Committee has just received a telegram from the Indian Citizenship Association of Mombasa, of which I enclose herewith a copy for the information of the Secretary of State for the Colonies. I am to urge that the Secretary of State will be pleased to direct that the legislation complained of by the Association, be postponed pending the fullest enquiry and an opportunity for the Association, and the Indian community generally, to make adequate representation thereon to His Majesty's Government.

I am,

Sir,

Your obedient servant,

*S. L. Polak*  
HON. SECRETARY.

ENCL.

*See 26  
Amend 1  
copy 20/12*

COPY.

RECEIVED  
196  
OFFICE

KENYA GOVERNMENT ACCEPTED LAST COUNCIL DANGEROUS PRINCIPLE  
DIVIDING LIQUOR REVENUES UNEQUALLY FOR EDUCATIONAL PURPOSES  
THREEFOURTH FOR EUROPEANS ONEFOURTH INDIANS DISTRIBUTION UNWARRANTED  
CONSUMPTION LIQUOR EQUAL PRINCIPLE OF SEGREGATION BETWEEN RACES  
OFFENSIVE STATE THROWING OFF EDUCATIONAL BURDEN ON DIFFERENT  
COMMUNITIES EUROPEAN FURTHER TAXED ONLY IF LUXURIOUS MO(?) ENGAGE  
MORE THAN TWO DOMESTIC MALE SERVANTS ASIATIC COMPULSORILY TAXED  
SHS TWENTY POILTAX ALREADY PAYING THIRTY RACIAL DISCRIMINATION IN  
TAXATION PENETRATING KENYA BILL INTRODUCED SEVENTEENTH DECEMBER  
OPERATIVE JANUARY PRAY MOVE PARLIAMENT COLONIAL SECRETARY  
EDUCATIONAL CESS UNNECESSARY BUDGET SURPLUS EQUAL NEW TAX POOR  
CRUSHED ARABS GOANS INDIANS RESENT SITUATION <sup>R</sup> GAVE PRINCIPLE  
DANGEROUS.



# HOUSE OF COMMONS

11. Mr. Lansbury, — To ask the Secretary of State for the Colonies, if he will state what increase in revenue is estimated to accrue from the proposed addition to the poll-tax on the Indian community in Kenya, and from the tax on male servants, in excess of two, in European employ.

WRITTEN REPLY

9 DEC 1926

The additional amounts required for the education of European and Indian children in Kenya are approximately £31,000 and £20,000 respectively. The tax in respect of servants in European employ is estimated to yield £7,000 and the poll tax on Asiatic adults £12,000. The balance is to be raised by special consumption taxes on spirits and wines the incidence of which is at present estimated as follows:—

Europeans £24,000

Indians £ 8,000

thus providing the totals of £31,000 and £20,000 to be contributed by the respective communities. It is recognised that their shares in the incidence of the consumption taxes may be subject to readjustment and the Government proposes to obtain consumption statistics next year in order to determine more precisely the allocation of these taxes.

Mr. H.T. Allen 8/12/26

Mr.

Mr.

Mr. E. J. Harding.

X Sir C. Mr. Strachey. 8/12

Sir J. Shuckburgh.

Sir G. Grindle.

Sir C. Davis.

X Sir S. Wilson. *B.H. 6*

X Mr. Ormsby-Gore. *8.12.26*  
*okras wly 9.12.26*  
Earl of Clarendon.

X Mr. Amery. *ms*

**DRAFT.** Reply to

Mr. Lansbury for Thursday  
9th December (written  
reply).

Conson. v. minute.

*Contributed  
to be provided by the respective  
communities. It is recognised  
that their shares in the incidence of  
the consumption taxes may be  
subject to readjustment, and*

*Copy*

The additional <sup>amounts</sup> ~~resources~~ required

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and £20,000 respectively. The tax in  
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is estimated to yield £7,000 and the  
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of which is at present estimated as  
follows:-

Europeans £24,000

Indians £ 8,000,

*thus providing the totals of £31,000 and £20,000  
but the Government proposes to obtain*

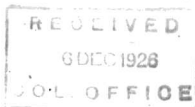
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*more precisely to*  
to determine the allocation of these  
taxes.



144  
 GOVERNMENT HOUSE,  
 NAIROBI,  
 KENYA.

KENYA.

No. 975



12<sup>th</sup> November, 1926.

Sir,

*Sp. 7622/26*

I have the honour to refer to my telegram No. 379 of November the 8th and to transmit a copy of the majority and minority reports of the Committee of Legislative Council appointed to make recommendations in regard to the means of raising new revenue to meet the cost of European and Indian education other than overhead and loan interest charges.

2. In my address to the Legislative Council on October the 28th, 1925, I put forward the suggestion that each race in the Colony should finance its own education by a separate rate or cess, levied in such a way as Government might approve and each community prefer. During the past year this proposal has been widely discussed and before the draft Estimates for 1927 had been framed it had been generally agreed that the European and Indian communities should be called upon to contribute to the Colonial revenues a sum equal to the estimated cost of their respective education services during 1927 exclusive of the expenses of administration and of interest and sinking fund charges on buildings

/erected

THE RIGHT HONOURABLE  
 LIEUTENANT COLONEL L.C.M.S. AMERY, P.C., M.P.,  
 SECRETARY OF STATE FOR THE COLONIES,  
 DOWNING STREET,  
 LONDON, S.W.

- 2 -

erected out of loan monies; these latter being regarded as legitimate contributions from the State.

3. The draft Estimates for 1927 were prepared on the assumption that new revenue to an amount sufficient to cover the cost of European and Indian education would be forthcoming, and I made an announcement to this effect in my address to the Legislative Council at Mombasa on August the 10th, 1926.

4. On the presentation of the draft Estimates for 1927 to the Legislative Council on the 12th of October, I appointed a Committee of the Council to investigate in detail the means by which this new revenue should be raised. The Committee was fully representative of the communities concerned.

5. Many alternative suggestions for raising this additional revenue were examined, but it was clear from the outset that unanimity between the European and Indian members would be difficult to attain. Both sections agreed to accept the principles underlying this proposal, namely:

- (1) that all monies derived from the new taxation should be spent on education and on education only, and,
- (2) that each community should be responsible for financing the cost of its own educational requirements.

6. It is clear from the Minority Report presented by the Indian members of the Committee that the objection taken by those members to the Majority

/Report

Report rests partly on the difficulty of making any satisfactory allocation of money derived from indirect taxes. The allocation suggested in the Majority Report appears to me to concede a very fair share of the indirect revenue to the Indian community. I have, however, undertaken that the Government will obtain statistical information during next year as to the consumption of the two communities and when this information has been collected I do not anticipate that any further objection on this score will be raised.

7. The second point of disagreement disclosed in the Minority Report is that the Indian members are opposed to any differentiation between the taxes imposed on the two communities. This contention is at variance with that ~~advanced~~ <sup>put forward</sup> in the Minority Report to the effect that each community should find the money required for the education of its children by means of a direct tax. The Indian members were asked to put forward suggestions which appeared to them to be preferable to those recommended in the Majority Report, but they were unable to do so. They were prepared in Committee to recommend that the whole amount should be levied by a poll cess on the Indian community provided a similar poll cess was applied to the European community also. The majority of the ~~European~~ members of the Committee were, however, unable to agree that the methods of taxation of each community must necessarily be similar in kind or in degree; and I myself am convinced that any such /arrangement.

arrangement would have placed far too large a share of the burden of Indian <sup>Education</sup> ~~taxation~~ on the poorest class of Indian taxpayer, whereas the liquor taxes provide that the wealthier members of that community shall pay at least a little more in proportion to their means and way of living. In accepting the Majority Report as to the manner in which the balance of new revenue should be collected from the Indian community, I caused the Legislative Council to be informed that while the poll cess appeared to be the best solution for the present, the Government would not consider itself bound by it. If the Indian members came forward with alternative suggestions that appeared preferable, they would receive full consideration.

8. I have given careful consideration to the possibility of raising a certain portion of the new revenue by a general revision of the fees charged for tuition and board at Government schools, but I have come to the conclusion, with the majority of the Committee, that the issue should not be complicated by a factor which has in the past proved to be highly contentious and which might very easily adversely affect the course of education in this Colony. I propose to bear in mind the advisability of varying the fees in such a way as would ensure a greater proportion of the cost of educating a child <sup>being</sup> borne by the parent, but I consider that this issue should not be raised until the contribution made by the community towards the education of children belonging to that community

/has

has been placed on a satisfactory footing.

9. The legislation necessary to carry out the first recommendation of the Majority Report was introduced into the Legislative Council under Certificate of Emergency and passed all three readings on the afternoon of November the 5th. Authenticated copies of the Wines and Spirits Consumption Tax Ordinance will be sent to you at the earliest opportunity. Bills for the imposition of a domestic servants' tax and of a poll cess are in course of preparation and it is intended, subject to your approval, to introduce them into the Legislative Council at its next session which will be held towards the end of December.

Cutting.

10. I enclose a cutting of the Press report of the debate in Council, which includes my own observations on the Indian attitude.

I have the honour to be,

Sir,

Your most obedient,

humble servant,

*Edward Gigg*  
 GOVERNOR.

COMMITTEE ON NEW REVENUE FOR  
EDUCATIONAL PURPOSES.

REPORT:

The Committee of Council appointed to make recommendations in regard to the means of raising new revenue to meet the cost of European and Indian education other than overhead and loan interest charges desires to recommend that the following taxes be imposed:-

	<u>Rough Estimate.</u>
1. Consumption Taxes on	
(a) Spirits at the rate of Shs. 7.50 per Imperial Gallon.	£.25,000.
(b) Wines other than champagne at the rate of Shs.3.00 per Imperial Gallon.	£. 7,000.
(c) Champagnes at the rate of Shs.15.00 per Imperial Gallon.	£. 500.

The above taxes to be imposed upon all potable spirits and wines released from Customs control for consumption in the Colony and Protectorate.

2. A Domestic Servants Tax.	£. 7,000.
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The general intention of the Committee is that this tax is to be paid at the rate of two shillings per mensem on every male domestic servant above the apparent age of sixteen in European employment in excess of two per household, but the Committee has not entered into details regarding clubs, hotels, boarding houses, married and bachelor establishments which it considers should be dealt with when the necessary legislature is before the Legislative Council.

3. A Poll Cess.	£.12,000.
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This tax to be paid by Asiatics only at the rate of Shs.20.00 per adult male.

Total.	<u>£.51,500.</u>
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The rates suggested for the two latter proposed taxes are based on the assumption that the incidence of the consumption taxes will be as follows:-

	<u>Europeans</u>	<u>Indians.</u>
Spirits	£. 18,000	£. 7,000.
Wines	£. 6,000	£. 1,000.
Champagne	£. 500	£. ---

The Committee has put forward the above recommendation on the understanding that all monies derived from the sources suggested shall be spent on education and on education only.

A minority report by the Indian members of the Committee is attached.

Captain Schwartz and Mr. Conway Harvey, while not disagreeing with the report, wish to express their opinion that fees and charges for tuition and board are much too small and that therefore the amount to be raised by extra taxation is conversely too large and wish to recommend that such fees and charges should be increased and placed on a more equitable basis.

G.A.S. NORTHCOE.  
CHAIRMAN.

DELAMERE.

H.E. SCHWARTZ.

W. MACLELLAN WILSON.

CONWAY HARVEY.

THOS. J. C'SHEA.

H.L. BAYLES.

W.C. HUGGARD.

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MINORITY REPORT.

we the undersigned regret that notwithstanding our willingness to help the Committee to find money for the education of European and Indian children respectively, we find it impossible to agree to the majority report of the Committee as to the method of raising the revenue required for the education of European and Indian children.

The amounts required for the education of European and Indian children is respectively

Europeans      £32,000 for 960 children

Indians         £20,000 for 2,318 children

Although this disparity in distribution of the amounts allocated to the two votes respectively is obviously pronounced we have throughout the discussion in the Committee agreed to either of the following two principles being adopted:-

- (1) either that each community should find the money required for the education of its children by means of a direct tax
- (2) or that the money required for the education of the children of both the communities should be found by means of an indirect tax and that unless absolutely reliable statistical figures are available to ascertain the amount collected from each community, no allocation of the amounts should be made.

Although this pooling of the newly collected revenue would give the advantage to the European Community of getting for their education three-fifths of the amount as against the Indians who would only get two-fifths of the sum, we do not wish to force the general issue as to whether all communities get their proportionate share out of the general revenue in accordance with their respective contributions to the revenue of the Colony.

We are entirely opposed to any differentiation amongst the different communities in the imposition of taxation.

we would therefore submit that the sum of £32,500

estimated.....

estimated to be collected by new taxation on spirits, wines and champagne should go towards the common vote for education of both the communities, and the balance of £20,000 should be raised by one uniform tax applicable to both communities based on a calculation so that the amount ~~required for this~~ collected from each community will be in proportion to the amount required for the education of the children of that community.

The proportion will be that in order to make up the sum of £20,000, £12,000 will have to be collected from Europeans and £8,000 from the Indian Community.

We wish to lay a special stress on the fact that there are at the present moment 338 European children who do not receive any education against 2,547 Indian children who also have no means of receiving education.

(Signed) Shams-ud-Deen.

" J. B. Pandya.

# DEBATE ON TAX PROPOSALS.

## Governor's Reply to Indian Criticisms and Alternatives.

### MAJORITY AND MINORITY REPORTS.

#### Official Assurance That Money Will only Be Spent on Education.

#### DRINK STATISTICS TO BE COMPILED.

Following is the debate in Legislative Council on the new taxation, and the majority and minority Reports of the Select Committee. Government gave a ready assurance that the money would only be spent on education.

His Excellency the Governor replied very fully to the criticisms and proposals of the Indian community and stated his opinion that the proposals were more than fair to the Asiatics. To enable Government to allocate the money from the liquor taxes, consumption statistics of Europeans and Indians will be taken next year.

In the Legislative Council on Friday afternoon the Colonial Secretary moved the suspension of the Standing Orders to introduce business not on the Orders of the Day.

The Colonial Secretary said that he wished to lay on the table of the House the reports—he regretted he had to say reports—of the Select Committee appointed by the Council to advise as to how fresh revenue should be obtained to meet the educational needs of the Colony.

These two reports having been presented at so late a stage, it was not possible to have sufficient copies made to put before each member. The majority report however had been circulated, and later he would read the minority report.

As the Hon. Members had not had an opportunity of studying the majority he would read it. It was worded as follows:

#### THE MAJORITY REPORT.

The Committee of Council appointed to make recommendations in regard to the means of raising new revenue to meet the cost of European and Indian education other than overhead and loan interest charges, desires to recommend that the following taxes be imposed:—

	Rough Estimate.
1. Consumption Taxes on	
(a) Spirits at the rate of Shs. 7/50 per Imperial Gallon.....	£25,000
(b) Wines other than champagne at the rate of Shs. 3/- per Imperial Gallon .....	£7,000
(c) Champagnes at the rate of Shs. 15/- per Imperial Gallon. ....	£500
The above taxes to be imposed upon all potable spirits and wines released from Customs control for consumption in the Colony and Protectorate.	
2. A Domestic Servants Tax.	£7,000
The general intention of the Committee is that this tax is to be paid at the rate of two shillings per mensem on every male domestic servant above the apparent age of sixteen in European employment in excess of two per household, but the Committee has not entered into details regarding clubs, hotels, boarding houses, married and bachelor establishments which it considers should be dealt with when the necessary legislation is before the Legislative Council.	
3. A Poll Cess .....	£12,000
This tax to be paid by Asiatics only at the rate of Shs. 20/- per adult male.	
Total .....	£51,500

The rates suggested for the two latter proposed taxes are based on the assumption that the incidence of the consumption taxes will be as follows:—

	Europeans.	Indians.
Spirits ...	£18,000	£7,000
Wines ...	£6,000	£1,000
Champagne	£500	£—

The Committee has put forward the above recommendations on the understanding that all monies derived from the sources suggested shall be spent on education and on education only.

A minority report by the Indian members of the Committee is attached.

Captain Schwartz and Mr. Conway Harvey, while not disagreeing with the report, wish to express their opinion that fees and charges for tuition and board are much too small and that therefore the amount to be raised by extra taxation is conversely too large and wish to recommend that such fees and charges should be increased and placed on a more equitable basis.

The report was signed by Mr. G. A. S. Northcote; Chairman, Lord Delamere; Capt. H. E. Schwartz; Mr. W. Maclellan Wilson; Mr. Conway Harvey; Mr. Thos. J. O'Shea; Mr. H. L. Bayles and Mr. W. C. Huggard.

#### THE MINORITY REPORT.

The minority Report signed by the Indian members of the Committee was as follows.

We the undersigned, regret that notwithstanding our willingness to help the Committee to find money for the education of European and Indian children respectively, we find it impossible to agree to the majority report of the Committee as to the method of raising the revenue required for the education of European and Indian children.

The amounts required for the education of European and Indian children is respectively.

Europeans £92,000 for 960 children.

Indians £20,000 for 2,618 children.

Although the disparity in distribution of the amounts allocated to the two votes respectively is obviously pronounced, we have throughout the discussion in the Committee agreed, to either of the following two principles being adopted:—

(1) Either that each community should find the money required for the education of its children by means of a direct tax.

(2) or that the money required for the education of the children of both the communities should be found by means of an indirect tax and that unless absolutely reliable statistical figures are available to ascertain the amount collected from each community, no allocation of the amounts should be made.

Although this pooling of the newly collected revenue would give the advantage to the European community of getting for their education three-fifths of the amount as against the Indians who would only get two-fifths of the sum, we do not wish to force the general issue as to whether all communities get their proportionate share out of the general revenue in accordance with their respective contributions to the revenue of the Colony.

We are entirely opposed to any differentiation amongst the different communities in the imposition of taxation.

We would therefore submit that the sum of £92,500 estimated to be collected by new taxation on spirits, wines and champagne should go towards the common vote for education of both the communities, and the balance of £20,000 should be raised by one uniform tax applicable to both communities based on a calculation so that the amount collected from each community will be in proportion to the amount required for the education of the children of that community.

The proportion will be that in order to make up the sum of £20,000, £12,000 will have to be collected from Europeans and £8,000 from the Indian community.

We wish to lay a special stress on the fact that there are at present moment 398 European children who do not receive any education against 2,547 Indian children who also have no means of receiving education.

The report was signed by Messrs. Shams-ud-Deen and J. B. Pandya.

#### THE POLICY.

The Colonial Secretary proceeding said he very much regretted that there was a minority report. All the members of the Committee strove hard to find a basis of agreement. There was no disagreement as to the basic principle involved, it was only as to the methods to be adopted in finding the revenue.

The Education Ordinance of 1924 had advanced the devolution of Government a step forward in appointing Central Committees to assist in controlling the education of each community. Both reports pointed towards a further step in this process, and endeavoured to provide an escape from what he might describe as the annual scramble of the Estimates. The Reports also aimed at the steady progress on one line of contribution towards education. All members had expressed the hope that the main governing factor of the future life and success of the Colony would

be removed from the mere and scope of conflicting interests. The Government had given much thought as to the way of raising new revenue and had put before the Select Committee a list of alternative ways and means worthy of consideration which were added to by members of the Committee.

The majority report did put forward the solution that appeared to be best to the majority of the members. The Indian members contended that the taxation should be direct and indirect and that the indirect should be equally divided between both communities. The European finding £12,000 to the Indians £8,000. The members could see neither logic, equity or feasibility in this view.

#### NOT BOUND.

He would say, however, with the fullest confidence that while the poll-tax was the best solution visible the Government would not consider itself bound by it. If the Indian members came forward with another suggestion that appeared more worthy of consideration it would receive full consideration. The underlying principle however was that ~~taxes~~ and individuals have been taxed to provide for education. The tax on wines and spirits had been accepted by the Government completely, and the Domestic Servants' tax was aimed at luxury with the hope that in a minor degree it would assist in the labour question.

As hinted in the report, the actual tax would require considerable working out. The interpretation of the expression "domestic servant" would not be easy, but these difficulties could be overcome.

#### ENHANCED REVENUE.

All moneys were to be spent on Education and education only. There was at a first sight a difficulty in earmarking revenue in this way, but the Treasurer had said it was feasible, and members wishing to have his views could obtain them. He gave the assurance that was asked for in this respect and he had His Excellency's authority for giving it.

He reiterated his regret that unanimity had not resulted, but if the majority report were adopted he would move a Bill that would implement the proposal.

#### A MIXED ISSUE.

Mr. Pandya (Indian nominated member) said he was very sorry to oppose the motion for the rea-

sons given in the minority report. Although he was agreed to the policy of an education cess on a question of principle, he understood that the contribution was to fall on the communities from direct taxation for educational purposes only. It was only at the Select Committee that there was also a proposition of Indian Taxation. He found that the principle was not observed in the majority report. Every community should undoubtedly make an effort to pay for education but the only way to bring it home to the individual was by the imposition of direct taxation. It was not their fault if the members of Select Committee were not agreeable to adopt a measure of direct taxation. They were still prepared to pay for the education of their children, but the policy of indirect taxation was a dangerous principle. The proportions allocated to each community were not correct. The figures were only guess work which should not be accepted in a scheme of that sort. The majority report mixed the issue. The community should only be called upon to pay £8,000 instead of £12,000. It was not equitable for them to be called upon to find the larger sum.

#### INEQUITABLE TAX.

Mr. Shams-ud-Deen (Indian nominated member) followed. He said he would like to view the matter from another point. His Excellency's instructions that the tax should be found from luxuries had been departed from in the majority report. It amounted to this that the Committee said the Indians had no luxuries to tax so they were going to tax them out of existence. That should not have been the spirit of the tax. If, for argument, Indians did not contribute anything, they would be required to find £20,000, but Europeans could get their contribution from a luxury tax. The Indian members had shown their willingness to raise the amount as far as possible, but their constituents would ask why poll tax had been raised to Shgs. 50/- and their only answer could be that Shgs. 20/- was required from each of them while Europeans were obtaining their tax from the consumption of wines and spirits by the whole community.

#### SHOULD BE DEBATED.

Capt. Kennedy (W. Kenya) said he found a little difficulty in agreeing to the report as tabled. The principle of the tax had been agreed to but the whole question should have been debated in the House before the report was adopted by the Legislature. There was a similar instance in the money voted for Nairobi and Mombasa

for local government. Besides, it must cost something to collect the tax which was a clumsy and ineffectual way of raising money and would have to be altered later. With regard to the Servants' tax, he thought this should be based on quality and expensive servants should be taxed more than others. Agreement could probably have been reached by an open debate.

#### PURELY TEMPORARY.

Mr. O'Shea (Plataau) said he had hoped that one of his senior colleagues would have outlined his attitude towards the proposals. His personal attitude was this. That Council had agreed to increase the education services, and it had got to be paid for, each community finding the cost. For this purpose further revenue was necessary, and he agreed that if it were raised by taxation on a luxury basis he would accept it. As a member of the Committee, he used his influence to have the revenue placed on this basis, and the proposals put forward were as far as possible on a luxury basis.

With regard to the Poll tax this was especially put in to meet the requirements of the Indian community, as it was felt that the Indian community did not spend its spare money in the country on luxuries like European did, but sent it out of the country. He regarded the proposals of a purely temporary nature. There were so many shortcomings that he thought it would hardly stand the test of time, and he hoped that later on they would have an education tax on a rateable basis and so obviate measures of this nature.

In some quarters it had been said that revenue for education should be raised from increased boarding and tuition fees. He must raise his objection to this. In his view, the poorer section of the community bore a larger proportion of taxation than they should, and he wanted to see the richer

class take up the burden.

#### THE SCALE OF FEES.

Capt. Schwartz (Nairobi South) said there were two matters he would like to mention. It had been suggested that a full agreement would have been arrived at by an open debate. He did suggest that the principle of an education cess had been agreed to by the country. It had been debated and discussed right through the country, and members had discussed it for hours until the principle had been thoroughly agreed upon.

Again, as to the note embodied in the report he wished to make it

perfectly clear that he was the last person in the world to wish that poor people should pay more than they could afford for the education of their children. The taxation should assist them but he did say that it was entirely wrong that people who could afford to pay should not do so.

There was another point he wished to dwell on. Mr. Shams-ud-Deen had said that His Excellency had indicated that the taxation should be derived from luxuries and they had agreed to that and the Indian member characterized the poll cess as a breaking away from that principle. There were two answers to that. The only luxury that could be discerned from Asiatic sources was that of wines and spirits. It was not quite true to say that they did not agree to treat the poll cess as a luxury, seeing that they were prepared to find £8,000 in some way.

#### THE GOVERNOR'S VIEW.

His Excellency the Governor said: I am glad the Honourable Member raised that point. He will be glad to know that the Noble Lord, the member for Rift Valley has signified his acceptance of the Majority Report by telephoning.

As I have approved the Majority Report, I wish, before putting it to the vote, to say a word in explanation to the Indian members of Council as to why I believe Council can endorse that Report without unfairness to them or any other community. I find it a little difficult to deal with the arguments which they have advanced against the Majority Report because they took conflicting and contradictory grounds. My honourable friend, Mr. Pandya, said that the understanding was that this cess should be raised from direct taxation. All I can say is that I never heard of that understanding. Any such idea is entirely contrary to the intention in my own mind. When my honourable friend, Mr. Shams-ud-Deen, rose to deal with the matter, he took the opposite point of view and said that the understanding had been that the whole amount should be raised by indirect taxation of luxuries. It is a little difficult to know on which of these bases they were really

proceeding in discussing the subject before the Select Committee. With regard to my honourable friend Mr. Shams-ud-Deen's remarks, I definitely said on the last occasion on which I dealt with this matter in Council that I hoped and believed that a considerable part of the money required could be raised from luxuries. But I did not say the whole, and the reason why I did not say the whole was that I recognised that it would be difficult to find that amount of taxation from luxuries consumed by the Indian community.

ANSWER TO INDIANS.

Now I come to the alternative suggestions put forward by the Indian Members in their Minority Report. The first is that this cess should be raised by direct taxation entirely. As I say, there was no understanding of the kind suggested by my honourable friend Mr. Pandya. To my mind such an arrangement would be entirely inequitable, and particularly inequitable to the Indian community, because it would place the greater burden for Indian education upon the poorest class of Indian taxpayer. So far as I am concerned, I would never have sanctioned a scheme of that kind.

The second suggestion made was to raise the money by indirect taxation entirely. I can only say that in my opinion that would be extremely unfair to the European taxpayer. The greater part of the Indian community is very simple and frugal in its way of life. It could never, by indirect taxation alone, contribute to the revenue in proportion to the expenditure required for Indian education. I have no doubt therefore that, if this second alternative were adopted, the European taxpayer could say with justice that he was not only paying for European education but for a considerable part of Indian education as well.

There remains the third alternative, which was that the indirect taxes proposed should be put to a common fund, that the balances required should be met by a suitable cess, and that this cess should be divided between the European and Indian communities in the ratio of £12,000 for the Europeans and £8,000 for the Indians. It

honourable members will look at the figures, they will see what that would mean. It would have meant adding £4,000 more to the Indian consumption of spirits, thus raising it from £7,000 to £11,000, and deducting £4,000 from the European figure of £18,000, thus reducing that to £14,000. I do not believe there is any honourable member prepared to go on to a public platform in this Colony and say that the European and Indian communities consume spirits in the ratio of 14 to 11. I do not believe that the Indian Members of Council would really argue that, and for that reason I could not possibly accept their third solution any more than the first or the second.

FAIR TO ASIATICS.

One word more on the actual solution proposed. I am satisfied that these proposals are not only fair to the Indian community, but more than fair. I am satisfied for this reason—that in the division of direct taxation between the two communities the Europeans, who are raising £7,000 by the domestic service tax, will pay that tax at an average of Shgs. 30/- a head. That is the calculation. The Indians, on the other hand, are only asked to pay a poll cess of Shgs. 20/- a head, and the direct taxation will fall less heavily—far less heavily—upon Indians than upon Europeans. Since the ratio of expenditure on education between the two communities is 3 to 2. The European members agreed upon a method of collecting this revenue, which falls so far as they are concerned, entirely upon luxuries. But they have conceded a very fair share of the indirect revenue to the Indian community, and are, I am convinced, carrying if anything, a little more than their proportion of the new revenue required. It is for these reasons that I have accepted the Majority Report, and in doing so I am convinced that I am acting with complete fairness to the Indian community.

DRINK STATISTICS.

Mr. Shams-ud-Deen intervened on a point of explanation. At one time he did not think the Indian community consumed much liquor but after enquiries he found that it was considerably more than he thought.

His Excellency: I accept the honourable member's point, but I do not think it in any way minimises the force of my argument

and it does not alter my conviction. Whether he is right or wrong in his calculation, the difference can hardly amount to more than a very few hundred pounds, a thousand pounds at the most, and that is not enough seriously to affect the argument. But I can say this to him. In the course of next year the Government will obtain statistical information as to the consumption of the two communities, and there will then be no question as to how this revenue should be allotted.

The question was then put which was declared in favour of the majority report.

The Indian representatives called for a division which resulted in 24 for the motion and 2 against.

# HOUSE OF COMMONS

10. Mr. Lansbury, — To ask the Secretary of State for the Colonies, whether it is the intention of the government of Kenya to make any increase in the poll tax levied on members of the European and Indian communities in the Colony; and, if so, whether the increase is to be borne equally by the two communities.

WRITTEN REPLY

2 DEC 1926

The Government of Kenya has under consideration proposals for raising additional revenue from each community European and Indian, to be wholly devoted to education for the benefit of the respective communities. These proposals include a tax on male servants in European employ, in excess of two at the rate of 24/- a year, and a poll tax on Asiatic adults of 20/- on the understanding that the poorer members of the Indian community will be allowed generous exemptions. The Governor has expressed his willingness to consider any suggestions from the Indian community for an alternative to the poll tax which would not fall disproportionately on the other communities.



XF  
7099 Kenya  
76

Mr. McKee X 1/12  
Mr.  
Mr.

Mr. E. J. Harding.

Mr. Strachey 1/12

Sir J. Shackburgh.

Sir G. Grindle.

Sir C. Davis.

+ Sir S. Wilson. 1.12.76

X Mr. Ormsby-Gore. 2.12.76

Earl of Clarendon.

+ Mr. Amery. 2

Copied

DRAFT.

Reps to  
Aneska & Mr. Lansing  
for Thursday the 2nd  
December

(7622/76)

on the understanding that the poorer  
members of the Indian community  
will be allowed generous exemptions

The Government of Kenya has  
under consideration proposals for  
raising additional revenue  
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wholly devoted to  
spent on education for the  
<sup>of the respective communities</sup>  
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in excess of two at the rate  
of 24/- a year  
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poll tax on Asiatic adults  
of 20/- I understand  
that the Governor has  
expressed his willingness to  
consider any suggestions  
from the Indian community  
for an alternative to the  
poll tax which <sup>would</sup> not fall  
disproportionately on the other  
communities

X.F.7999/26.Kenya

PARAPHRASE TELEGRAM from the Secretary of State for the Colonies to the Governor of Kenya.

Sent 12.25 p.m. 7th December, 1926.

Secret. 7th December

Your telegram 25th November Poll tax on Indians I leave it to your discretion whether to proceed with tax but you can rely on my support if you decide to press it through the Legislative Council. Have you considered as

Mr. Allen

3.12.26. an alternative abandoning poll tax and at the same time

x Sir C. Strachey

3.12. announcing that contemplated expenditure to the extent of

x Sir S. Wilson

(away) £12,000 on Indian education must therefore be postponed

x Mr. Ormsby-

Gore. until such time as Indian community is prepared to agree

W.O.G.

6.12.26. to poll tax or to propose alternative form of taxation

x Mr. Amery

L.S.A. which can be accepted by the Government.

6.

(For censon)

AMERY.

(Governor has sent a telegram asking for earliest possible reply)

(further action)

60  
PARAPHRASE TELEGRAM from the Governor of Kenya to the  
Secretary of State for the Colonies.

Dated 2nd December

(Received Colonial Office 7.12 p.m. 2nd December, 1926)  
-----

December 2nd. Personal and Secret.

I should be most grateful to receive a  
reply as soon as possible to my telegram November 25th  
Personal and Secret.

Telegram from the Governor of Kenya to the Secretary of State for the Colonies.

Dated 29th November

(Received Colonial Office 7.40 p.m. 29th November, 1926.)

29th November No.411.

East African Indian Congress have sent me the following telegram with a request that it may be forwarded to you begins: East African Indian National Congress representing the whole Indian Community in the Colony records its strongest protest against the proposed levy of differential taxation ~~entailing imposition of~~ additional Poll Tax on Asiatics. Even the staple foods of Asiatics such as flour rice and Ghee already heavily taxed to local European industries. Arbitrary allocation of wines and spirits tax without any statistics made in Europe leaving £12,000 out of £20,000 to be found by direct taxation for Indian education against £8,000 only out of £30,000 to be found for European education by domestic servants tax. Indian Congress.

See my telegrams of 8th November, 16th November and 22nd November.

*And Tel. 17 Dec 1926.*

Note

According to the Governor's speech of the 12th October, the total estimated cost of European and Indian education in 1927 less headquarters expenses and interest and sinking fund charges on educational buildings amounts to about £62,000. Only £11,000 of this total is covered by school fees and school boarding fees. The net cost to the tax payer is therefore £51,000. He also stated that fees could not be largely raised all round without inflicting hardship on many parents, and as the matter required most careful and sympathetic investigation he referred it to a Select Committee which was also asked to deal with the cost of education.

(260)  
 31,000  
 20,000  
 -----  
 51,000

Of this £51,000, £31,000 is required for Europeans and £20,000 for Indian education. This it is proposed to raise in three ways:-  
 (a) <sup>Licence</sup> consumption tax - (i) spirits £25,000, (ii) wines 27,500.  
 (Details of these duties are given in X.7699/26)  
 (b) tax of <sup>n</sup> male servants in European employ in excess of two at the rate of 2s. a month - £7,000.  
 (c) poll cess of Asiatic adults of 20s. a head - £12,000

7th 22,000  
 20,000  
 58,000  
 32,500

These proposals were recommended by the Select Committee - three Government, six elected and 2 Indian Members. The Indians dissented and signed a minority report, recommendations otherwise unanimous.

From the telegrams it would appear that the Indians have shifted their original ground of objection. This was stated - see telegram of the 8th November (X.6722/26) - to be that "while agreeing with the principle of education cess they

refuse

to accept the allocation of revenue from wines  
and spirits tax". But in the telegram of the  
November (X.7940/26) forwarding the resolution  
of an Indian meeting at Mombasa it is stated that the  
Indians explained that they appreciate the necessity  
of a poll cess but they are opposed to distinctive  
taxation".

Finally, in the present telegram, the Governor  
states that "a deputation of Indian leaders assured  
him that they objected to tax (i.e. the poll cess)  
because it was upon Indians only that it was to  
be levied". It also appears that the opposition  
to the tax is to be worked up for ulterior political  
purposes.

As regards the original objection, <sup>as to</sup> ~~inadequacy~~  
of the allocation of the yield of the liquor duties  
it will be seen from the above figures that of the  
total of 232,000 to be raised from this source £24,000  
is regarded as coming from European and ~~other~~ 28,000  
from Indian sources. The Governor considers that  
the proposals of the Committee are more than fair  
to the <sup>Community</sup> ~~Community~~, but in the absence of any  
other <sup>one</sup> ~~one~~ cannot help thinking that this allocation  
in the ratio of 3:1 is largely arbitrary.  
If the Indian yield is really under-estimated  
justice is being done to them in requiring them to  
pay an additional 212,000 <sup>by</sup> the poll cess.

Their objection to the poll cess on the  
ground of racial discrimination does not seem to have  
been to recommend it on the merits of the case whatever  
its

its value may be for ulterior political <sup>purposes</sup> ~~motives~~.

Racial discrimination is the very basis of the  
educational system of the Colony, and having regard  
to the fact that the European, Indian and African  
systems of education necessarily vary substantially  
in form and in cost, in addition to the wide  
disparity of numbers, it seems only reasonable that  
each community should, as far as possible, find the  
cost of its own education. Provided that in so  
far as these special arrangements are concerned  
the money raised from ~~the~~ <sup>the</sup> community is spent solely  
for the benefit of that community there does not  
seem to be any reason to insist on uniformity -  
on the other hand it would seem better not  
necessarily to strive after any uniformity in the  
method of raising the money but rather let the  
money be raised in the way most suited to the  
particular community. The Government might have  
insisted <sup>with</sup> ~~with~~ <sup>proportion & mind</sup> ~~proportion~~ uniformity by ~~raising~~ <sup>raising</sup> the European share  
as well as the Indian share by means of a poll tax.  
Instead of that it is proposed to raise the European  
share by a servant tax, and here the Europeans seem  
to be on very strong debating ground, since they  
can argue that they put the burden on to the broadest  
backs and remove it entirely from the poorest  
members of the community, ~~and~~ <sup>and</sup> as regards the Indians  
the Governor has made it perfectly clear that he has  
no desire to insist on the poll tax provided the  
Indians will agree to some other form of taxation  
which will raise the necessary amount from Indian  
sources

s without throwing any further burden on the  
an or African community.

Apparently the Indians have put forward  
ative proposals, but their suggestions are  
by the Governor (X.7622/26) to be manifestly unfair  
to the European or to the poorer members of their  
nd in this telegram he again says that no  
ative to the poll tax had been suggested which would  
ll disproportionately on the Europeans, and that  
is abandoned the cost of Indian education must  
en from either African sources or European taxation.  
vernor asks to be informed by telegram as soon  
ible whether a poll tax on Indians for educational  
es will be approved, and points out that it is no  
ressing a bill unless he can be assured that the  
of disallowance will not be exercised as that  
only make matters worse.

If the racial discrimination question only  
nvolved, it would probably be better to give  
vernor straight away the authority he seeks.  
t this it must be pointed out that the Secretary  
te is not at present fully informed. We have  
r the report of the Select Committee nor <sup>any</sup>  
ce taken before it, and although we have the  
or's views as to the Indian attitude we have  
ian statement of their position. The  
ation available does not enable one to form any  
n as to the accuracy or otherwise of the  
or's contentions (a) that the allocation of the  
revenue between the two races is fair, or (b) that

the

*\* Beyond the  
resolution of the  
was a week  
1950*

64  
the alternative proposals of the Indians (of which  
we have no details) are either unfair or merely  
factious.

X | Even if all the information and particulars  
were available it might be difficult to come to a  
conclusion on these points here, and it would be  
well to consider as an alternative whether it is not  
possible to arrange for an independent enquiry  
locally as to the fairness of the proposals on the  
assumption that although each community bears its  
own part of the burden the actual method of levy  
need not necessarily be uniform but should be the  
method most suitable to that particular community.  
The Government would thus not abandon the question  
of principle.

X | Mr. Justice Peetham is at present in Kenya  
conducting an enquiry into the local Government and  
local taxation. He has no doubt already gleaned  
a great deal of local information. He is a man of  
very high standing, and any findings of his would  
naturally carry great weight. Such an enquiry, if  
he were willing to undertake it would apparently not  
take a very great deal of time, since the  
proceedings of the Select Committee would be  
available. I do not see why the Colonial  
Government should object to such a suggestion unless  
they think the proposals they are pressing are  
unsound. Neither would it seem desirable to

attempt

attempt to secure any pledge from the leaders of Indian or European opinion to abide by the result, although I think the Government would have to do so. If Mr. Feetham found that the proposals were economically not quite fair to the Indians, obviously the Government should remedy it. On the other hand if Mr. Feetham agreed that the Government's proposals were sound, the Government would be enormously strengthened in dealing with the Indians should <sup>there</sup> agitation ~~in this way~~ be merely factious and the same thing would apply if the Indians refused to have anything to do with such an enquiry.

J.W.H. Allen

29/11/26



PARAPHRASE  
TELEGRAM

X.F. 7999

29 NOV 1926

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From the Governor of Kenya to the Secretary of State  
for the Colonies.

Dated 25th November

(Received Colonial Office 8.5 p.m. 25th November, 1926)

Secret and Personal. November 25th.

There are signs that Indians intend working up new agitation partly I think owing to their fear that in the Union of South Africa the Indian question will be settled on terms by which the more favourable position occupied by Indians here may be prejudiced and partly because of open demand for grant of unofficial majority in the Legislative Council made by the European Community. There is accordingly a growing agitation against proposed Indian education poll tax and I have had an enquiry about it from the Government of India by telegram. I saw yesterday a deputation of Indian leaders who assured me that they (?) objected to tax solely because it was upon Indians only that it was to be imposed. I pointed out that proposed servant tax was to be imposed only on the European community; that no alternative poll tax had been suggested by the Indians which would not fall on the Europeans disproportionately; that if that tax were abandoned by the Government cost of Indian education must be taken either from African sources or from European taxation and that neither of these alternatives could be contemplated. It is without doubt the intention of the Indians to make all their tax of "racial discrimination" which this new taxation involves. It is however the fact that Indians escape very lightly

lightly under the present system of taxation, it is impossible to impose any form of common educational tax upon Indian and European communities without placing on European taxpayer a disproportionate burden; and that it is therefore inevitable to impose some form of special taxation on Indians if they are to contribute fairly to the cost of providing increased Indian Services. The time has in my opinion come to insist on this principle and I consider it advisable to press the Indian educational poll tax on the clear understanding that all proceeds from it will be spent on Indian education and that poorer members of the community will be allowed generous exemptions. It is the more desirable to adopt this course since I have applied the strongest pressure possible to induce the European Community to accept additional taxes for purposes of education and it would be necessary to abandon all new taxes on them if it were decided to withdraw the Indian poll tax. I shall be glad in the circumstances to learn by telegram as soon as possible whether you will approve poll-tax on Indians for educational purposes. To press it through would be highly injudicious unless I am assured in advance that right of disallowance will not be exercised as Indian agitation would undoubtedly be encouraged by disallowance after passage and the whole absorbed Indian question would be re-opened. Already Indians are most stupidly aggravating the risk of another anti-Indian movement, and a firm hand on Indian agitation is in my opinion now desirable not only for the peace of the Colony but also in the interest of the Indians themselves. The matter is urgent as it must be dealt with in the Legislative Council mid-December. As code telegrams become public property immediately I beg particularly that your reply may be telegraphed in this cypher.

Mr. Fleming,

A recent telegram from the Governor ended with the following sentence:- "As code telegrams become public property immediately I beg particularly that your reply may be telegraphed in this cipher". Against this you noted "We had trouble with Sir R. Coryndon over this. There is s.o. correspondence on the subject in the Code and Cipher Section". May I have the correspondence with any observations you may have to make.

J. Allen

1/12/26

~~Mr. Allen~~

I attach the cover and minutes thereon. If the suggestions made in Mr. Bolton's letter of 23 Sept. '24 have been carried out it would seem that leakage is taking place before the telegrams reach the Secretariat or Govt. House. I suggest that we invite the Gov. attention to this corner and ask him if he can account for the leakage.

(H. 2/12/26)

~~It was kept in view but as the front has been covered by a general arrangement since adopted, which has not yet been, no action called for in the~~

It was kept in view but as the front has been covered by a general arrangement since adopted, which has not yet been, no action called for in the  
J. Allen 5/9