

1931

Kenya.

No. 17066.

SUBJECT

CO 533/407

*Native Taxation and Expenditure
on Native Services.*

Annual Statement.

Previous

16262/30.

15933/29.

Subsequent

18053/32.

See 26166/31. E. A.

1. H.M.M. Moore s/o 15th January, 1931.

Explains reasons for delay in submitting statement of estimated amount spent on native services in 1930; comments on the figures.

2. A/Gov. Moore 63 (Reserved) 25th January, 1931.

Encloses statement of estimated revenue derived from direct taxation of natives in 1930 and estimated expenditure on native services and also comparative table of Revenue and Expenditure of Local Native Councils for 1931. Encloses copy of correspondence with K.L.C. on basis of calculation and comments on the statement

25

1. A memorandum is attached. The general conclusions to which the Department has come provisionally are:-

H
8/3/31

(i) That however they are composed, these statements will be open to criticism from one point of view or another. On the other hand over a period of years, especially years of development, they will afford some measure of native progress. But any inference drawn from them must not be regarded as conclusive unless confirmed by other evidence.

H
9/3/31

(ii) That if the Native Policy Memorandum is to be followed strictly, there must be a definition of "direct services" for the purpose of ensuring that there is a direct and visible return to the natives for direct taxation. But a suitable definition is very difficult to suggest. We might suggest schemes of bonification, i.e. in effect, Medical, Educational, Agricultural, Veterinary, Forestry and Public Works expenditure, but it would be unreasonable to omit Administration, and yet Administration hardly comes within bonification.

is certainly included
advis.
H
9/3/31

(iii) That, on the other hand if the statements are to be of real practical use, they should be more comprehensive

2

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2/5
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(iii) That, on the other hand, if the statements are to be of real practical use, they should be more comprehensive

is certainly included
admin.

2/3/31

comprehensive and should cover all forms of native contribution to revenue and all forms of expenditure, direct or indirect, on native services; so far as these can be assessed - thus, in effect, accepting Mr. Maxwell's contention that what we need is a separate native budget but not attempting to recast the actual Estimates into non-native and native estimates, which would be open to strong objection politically even if the necessary precision in allocation were practicable.

(iv) That the statements should contain details showing how the expenditure in each area is made up, i.e. how much of it is in respect of local staff, how much in respect of a share of headquarters charges, how much in respect of specific services rendered etc.

(v) That it is not necessary for figures to be submitted literally district by district, but that figures in respect of provinces will suffice.

(vi) That it would be more convenient to receive the statements (as contemplated in the Native Policy Memorandum) at a different time from that at which the Estimates are received, and that the one statement annually based on known figures for the last completed financial year is all that is required.

(vii) That while the matter might well be discussed with Mr. Maxwell when he comes here in April, no useful purpose would be served by

detailed

detailed examination of the discrepancies between the Governor's statement and that of the Chief Native Commissioner. Neither basis is altogether satisfactory and each is, in certain respects, arbitrary.

II. It is for consideration whether the Secretary of State should now write to Kenya setting out these conclusions and asking that they should be implemented in future, or whether he should not wait to do so until he has had statements from the other Governments which will all be coming within the next few months. The Governor of Uganda was told in November last (No.4 on 20653/30) that the Secretary of State did not wish then to prescribe a uniform kind of statement for all the dependencies; that he thought that there was actual advantage in each Government producing a statement on the lines which that Government considered likely to indicate the position most adequately; and that the various statements received could then be compared with a view to determining what form of statement will be most satisfactory for future years. In the circumstances, despite the dissimilarity between conditions in Kenya and those elsewhere, the Department definitely advises that the other statements should be awaited before replying in any detail to the Kenya despatch.

III. The Department had imagined that the statement would provide material for detailed study of the various native welfare services (e.g. educational, agricultural and veterinary services,

water

*for - but my
unbiased opinion
is for the House
' against Mr
Maxwell.*

*P.H.W.
3/3/31*

*'I'd. could. the
new info' may
help towards an
objective decision.*

*P.H.W.
3/3/31*

*I agree - see
above.*

*P.H.W.
3/3/31*

3/3/31

*that seems to me
most objectionable
from every point
of view.*

3/3/31

3/3/31

3/3/31

3/3/31

water, boring and roads in native areas) and various points had been noted for consideration when it arrived. Now that it has come, however, it does not provide a good starting off point for such detailed study. There are, however, three points which might be taken up:-

(i) The first, which has arisen in various instances lately, is the relationship between expenditure from Government funds and expenditure from Local Native Council funds. (See minutes on 16305/30 as to this point in connection with education. A similar point has arisen elsewhere as regards roads). The time seems ripe for taking up the principle which should govern the relationship between expenditure from central and expenditure from Local Native funds.

(ii) Another point which was to be settled in connection with the 1931 Estimates and this statement was the large reserve funds held by Local Native Councils. See minutes on 16192/30. The figures given in the statement do not help for this purpose. See however the analysis of the 1929 figures and the minutes on 16192/30.

(iii) The third point is that referred to on page 14 of the memorandum as to the inclusion in the estimates of an appendix showing all expenditure on roads divided up between roads of ~~and~~ general services and roads primarily serving native and non-native areas, respectively.

IV. The Department's suggestion is that no detailed reply should be sent to this despatch

until

until the Secretary of State has had an opportunity of considering the statements to be submitted by other East African Governments, but that when those statements are received the conclusions set out in the first part of this minute should be taken into consideration.

Immediate action on this paper might be confined to a short interim reply to the effect that the Secretary of State will await the statements from the other East African Governments before replying at length to the despatch; but the Governor should be asked at once to examine the points in paragraph III (i) and (ii) as to the relation between central and Local Native expenditure and the amount of the balances maintained by the Local Native Councils, and to give the Secretary of State his considered views; and further, with the necessary amount of explanation based on the relevant part of the memorandum, the Governor should be asked to send now a statement as to road expenditure estimated for 1931 in the new form desired and to arrange for an appendix in that form to accompany future estimates.

V. Meanwhile the 1931 Estimates should be approved forthwith on the lines proposed in the Estimates file which comes on with this, reference being made to this separate correspondence and a caveat entered against an assumption that future estimates should necessarily be framed on a similar basis.

VI. As to Mr. Buxton's memorandum and the

extract

H
3/10/31

H
3/10/31

X This was with
Rt Hon. Campbell
G.O. (S. S. D.)
On 3/10/31
G.O.S.

The diff. in the S.S. was
taken on 4/12/31
by the S.S. Council
K. S. G. 10/11/31
Action

Extract from the discussion with Canon Leakey attached:-

The former could be controverted on most points; see brief pencil observations on the memorandum itself. But detailed comment does not appear necessary if conclusion No. (vii) above is accepted, but Sir Joseph Byrne might have a copy of Mr. Buxton's memorandum semi-officially and reference could be made ^{to} the semi-official letter which is going to him with the record of our talk with Canon Leakey.

VII. A further point that will certainly arise is the publication of the Acting Governor's despatch. This will be desired by some Members of Parliament; Mr. Buxton will certainly wish to see it. It is undesirable to keep things back if this can possibly be avoided; and although it is not satisfactory that we should have to make public the differences between the Acting Governor and the Chief Native Commissioner, it is suggested that if any Member of Parliament asks for the despatch, it should be sent to him personally with a copy of the reply to the Governor which will show how matters stand. If pressed more generally, copies could be put in the Library of the House as in the case of Sir Edward Grigg's despatch on the same subject.

The above is a minute agreed between Walker, Wood and myself.

all Parkes in 2.3.37

To reduce minuting, somewhat free resort has been had to marginal notes.

2. I take it that the recent Memorandum on Native Policy settles the question, in its broad lines. On that assumption, I agree generally with the departmental minutes. There must be as clear a marking down as possible of "direct services", and there must be something in the nature of a general account which will have regard to all forms of native contributions to revenue, and to all forms of expenditure for the benefit of the natives. Nothing less than this will-or possibly can--meet the case.

3. But it seems to me regrettable that we should have to undertake this. The course indicated bristles with difficulties: it will supply an armoury--restocked annually--from which the protagonists on both sides will yearly furnish themselves with weapons; it will supply the material for endless, acrimonious, and fruitless discussions: it will seriously hamper the administration: and personally I cannot believe that it will lead to any results of value. The whole thing is, in its essence, so hypothetical, so dependent on detailed local knowledge, so liable to warping owing to what may often be wholly unconscious bias, and so likely to perpetuate racial and local antagonisms, that I should be very glad to see it disappear, or at the least to have it radically modified.

4. To my mind, the proper solution is to lay down--as has been done--a general statement of policy, and then to trust the Governor to see that that policy is carried out, reasonably and fairly, having regard to all the very

Page 2
B.H.W.

B.H.W.

You have to keep in mind the wide and narrow of the whole and the estimate etc. to control Finance and Revenue. 188.

complicated local conditions. If the Govr: ceases--for this or for any other reason--to have the confidence of the S/S, there appears to me only one way out, consistently with sound administration and with the interests of the Colony--and that is to get rid of the Governor. But there would be many arguments--obvious arguments--in favour of a review of the situation, at stated and reasonably long intervals (say every three or five years). That review might either be undertaken by the local officials, and checked and submitted by the Governor; or it might possibly be made by someone appointed ad hoc. There seems no real danger in such long intervals, for one starts from a situation which is (I gather) accepted as not unsuitable; and all major measures which might change that situation are subject to the control of the S/S, and would certainly be decided by him with reference to their effect upon the native population. If we have annual statements, annual disputes, and the inevitable tendency, after a time, to attribute to these annual statements (which will gradually harden and stereotype the assumed facts, whatever one may say) a value which they do not, and cannot, possess, then we shall, in my view, not only hamper the administration most seriously, but also produce political conditions fraught with considerable danger to the Colony. We shall do much to accentuate the differences which we all desire to see disappear, and to inflame the feeling which we all wish to appease.

There is something in this but the unoffical position/finance is so strong that a Govr would not all the material points of such figures as are the present time - to enable him to deal efficiently with the local affairs. His job - whatever his ability and sympathy will be a difficult one and it is perhaps, unwise to throw all the onus on him, and to run the risk of his being able to discharge it.

My appreciation of the situation may be entirely wrong; but is it not the case that much of the present difficulty is due to a cause which has now disappeared? If there is reason to think that that is so, why not recognise the changed situation, and adopt a new procedure which would apparently provide the S/S with the information necessary to enable him to discharge his duties, while avoiding what seem to be obvious defects in the present arrangement? I am convinced that too rigid an adherence to a stated " native " policy, guided by what must necessarily be to a large extent hypothetical and contentious data as to the effect, at the moment, of that policy, cannot be in the interests of the Colony as a whole.

5. Mr: Maxwell's notes produce on my mind the definite impression that he is unfair and unreasonable. (..His record may explain this, to some extent. The impression was so strong that I looked it up.) And think of the effect of an annual dog-fight of this kind, on the mind of a Govr: trying to hold the balance even, but forced by the circumstances into an attitude of defence and explanation in respect of a most complicated matter where most things must be settled on the basis of personal opinions! He knows he will probably be criticised at home, even though ~~that~~ criticism may come only from a small section, that section seems to be particularly vocal, and to have the crusader's enthusiasm. It will, in the nature of things, enjoy also the immense advantage of irresponsibility.

*1st annual paper
Jan.
2/3/31*

With a new Govr., can't we give passions time to cool? Ought we not to abandon what must

strike the unbiassed observer as an attitude of suspicion, and control, multiplied to excess as a consequence of that suspicion?

6. I make no apology for minuting so frankly. The views of one entirely unconnected with the past history of this peculiarly difficult problem may have a special value on that account; and I am impressed with the dangers, from the administrative and financial point of view, of the course on which we seem to have definitely embarked. My advice, in a nut-shell, would be:--

- (a) drop the thing, as an annual fixture, on any excuse that seems plausible.
- (b) send out Mr. Parkinson, say, three years hence, to examine every budget item in detail, with the officials concerned, to discuss the matter fully with the Govr., and to report to the S/S.
- (c) tell the Govr. what would be done, and explain why we were doing it.

The 3rd. March 1931.

Handwritten signature and date: 3/3/31

Everyone has taken a vast amount of trouble over this subject, and I should like to mention particularly ^{the} excellent memorandum which Mr. Allen and Mr. Eastwood have put up. But I think there is some danger of our emphasising difficulties unnecessarily. If ^{it were} anyone had ~~over-suggested~~ ^{considered essential} that the native should receive in direct services (whatever they may be) the whole or an immutable proportion of direct native

revenue

revenue (whatever it may be), there would undoubtedly be very great difficulty in arriving at a basis. But neither the Hilton-Young Commission Report nor the White Paper, nor the despatch to Kenya (all quoted at the early part of the Memorandum) lays that down, and, if I remember right, what the Secretary of State originally had in view was some means of judging, from year to year, what progress was being made with the ideal of the native getting proper value for his taxation.

[This limited interpretation of the subject of the enquiry does not of course conflict in any way with the adoption (subject to present financial exigencies) in Kenya of the Tanganyika Territory arrangement by which a fixed proportion of poll tax is retained in each native area for expenditure in that area. Such an arrangement admits of no dispute.]

If my view is right, it should not be difficult to arrive at a basis for such future comparison, but I should not propose to do so until we have the other replies. It may well be that we can learn from the difficulties in meeting the wishes of the Government which are felt by the other places in which there is no impingement of non-native on native interests, and it may even be that a basis hastily arrived at for Kenya would create such difficulties in the other places.

Also, if my view is right, I think that most of the objections raised by Sir J. Campbell disappear. And I think also that the necessity for an officer to go out and examine what is being done will disappear too. But that duty, if it is necessary, will

will presumably fall on an officer of the local Central Authority in East Africa, and not on a member of the Colonial Office.

On the whole, on whatever basis, the Kenya figures do not make too bad a show, and it is quite certain that until the financial conditions improve no material alteration can be made. While the necessity for pruning expenditure all round exists there can hardly be any question of transferring money from the non-native side to the native side. And we are committed to the Treasury to build up a reserve fund. The value of the enquiry must lie in the assistance which it gives in the disposal of any spendable surplus in the future.

I am confident that, if the comparison is used as I have suggested it was intended to be used, it will be of very great value, but I feel that it is of far more immediate importance to enquire into the points raised by Mr. Parkinson in the last paragraph of his IV, as to the relation between central and local native expenditure, etc., and also to make sure that the incidence of native taxation as between individual natives, ^{in the same sector} is fairly administered, and that the taxation is extracted as painlessly as possible.

I agree that Sir J. Byrne should have a copy of Mr. Buxton's Memorandum semi-officially, and I hope that it may be possible to indicate to him that the Secretary of State does not expect to be able to, or even desire to, arrive at a definition of native services which will satisfy everyone, and

and that all he aims at is an intelligible classification which will serve as a basis for comparison with native taxation without any question of balancing the two sides of the account.

I would certainly resist any ^{request for the} question of publication of the Acting Governor's despatch, or even its communication, until the despatches from the other places have been received, and a conclusion arrived at.

W.C.S.
6.3.31.

Sec of State
(through Dr. Skelton)

I don't propose to add to these minutes. There does'nt on the whole appear to be very much on which we could justly criticise the Kenya Government. I am generally in agreement with what Sir John Campbell says, and I would welcome a decision to leave the new Governor to run his own show and to trust him to see that the natives are given a fair deal.

For the present
it will be enough to
reply briefly as Mr.
Parkinson proposes
P 13/5

J.H.C.

7.3.31.

I thank Sir J. Campbell does not quite
realise that much of the controversy and
suspicion would have been avoided if we
had proper annual figures showing how
the revenue is received and spent. No
doubt there shall always be a doubtful
and debatable margin. But there has been
something more than that involved in the
questions that have arisen. As I noted
marginally, I agree that a poor Governor
should have as free a hand as possible but
I am sure that he will be helped by being
able to refer without dispute to main blocks
of revenue and expenditure in applying his
local policy. I agree largely with Sir Cecil

Protheroe but I hope we don't wait too long
for the other reports. As I have said in a
previous note, the controls of finance and policy
which the officials have in their estimates etc.,
during whose deliberations frequent adjustments
are made with the Col. Sec. and the Govt, so as
to ensure a smooth passage for the estimates in
the Council, and the fact that these deliberations
and adjustments are private, makes it important
that the Govt and Col. Sec. should be able to make
a stand on the basis of approximately correct
figures related to an accepted Native policy.
For, in spite of Sir E. Sneliff's views, there is a
temptation to chide pure Native services and to
cater, without undue stint, for the dominant race.
If that temptation is resisted, it is well that suspicious
critics at home, whose belief in human nature is deficient,
should be faced with figures which must be accepted.
I agree that it is difficult and troublesome
when carried to the next degree, but that should not be
necessary if main items of revenue and expenditure
can be located. T.B.S.

Re Mr. Masswell's notes - They are of mixed value but
he does make some points. The point he makes about
the Namdi - Tampanyike Road, esp. in its relation to the
Massis, is good. And there are some others.
T.B.S. 10.3.31

I submit the ~~provisional~~ as directed.
This is one point which is not covered by
the minutes, namely whether Kenya
have to submit another statement
when the accounts for 1930 have been
finally closed. I venture to think
that this would cause an unnecessary
amount of trouble; & these first
statements cannot be regarded as exact
in any way & their chief use will be
for comparison one with another of the
other territories. The difference between
the provisional statement we already
have & the final statement which
should be submitted is not likely to be
large enough to affect any conclusions
to be drawn from such comparisons.

I have included a sentence at the
end of para 2 to cover the point.

The paper should be read by Sir
in the E.A. and also & should be
circulated with the statements of
each of the other govts as they are received.

Notes (circled)
Notes and: T.T.
" " 1/2/31

Easton
17.3.31
P.T.O.

I have discussed with
 Mr. Allen the point
 raised in Mr. Parkinson's
 minute. Mr. Parkinson
 had asked me about
 this & generally I agreed
 but Mr. Allen points
 out that we shall be
 getting 'final' statements
 from other departments
 & for comparative
 purposes, as well as
 for compliance with
 the A. P. M., we
 had better have a
 final Kenya 1950
 statement. I think
 he is really right -
 I have amended app.

Acc Parkinson
 P. S. J.

I agree
 15/11/51

- 3. To: Sir J. Byrne (Inf. 2A) - 50. 19 MAR 1951
- 4. To: Gov 204 (Minud.) - 2. Amud - 19 MAR 1951

5. Note of Resolution from Labour Party re
 Kenya Estimates and Native Policy
 (No. 1 on Secret file.)

DESTROYED

Sir J. Byrne. S/o. _____ 14th April
 ORDER STATUTE
 Acknowledge No.3.

Put by.
 C.G. Eastwood.
 12.5.51.
 At once.

7. A/Gov. Martin. 488 (Res.) _____ 21st August

Submits comments on criticisms upon
 a) relationship between expenditure from central
 funds and Local Native Council funds b) amount of
 accumulated balances of Local Native Council.
 Encloses schedule. c) allocation of expenditure on
 roads.

This despatch has been here since ^{September} August.

It was minuted before, but has been held up in view
 of impending developments, such as the publication
 of the report of the Joint Select Committee and the
 appointment of the Financial Commissioner.

As regards (b), the amount of accumulated
 balances of Local Native Councils, this is not the
 time to suggest that balances should be scattered to
 the winds. No immediate action seems called for on
 this paper, ~~but it is suggested that the despatch be~~
~~re-considered.~~

As regards (c), expenditure on roads, this is
 a difficult matter which will come before the Financial
 Commissioner. Any immediate action ^{may well be} ~~has been~~ taken
 on 18006/32.

There remains-(a), the relationship between
 expenditure

As I have been
 receiving a stream
 (hope not unusual)
 as to holding the
 various papers
 up stop.

I agree: especially
 in view of the
 construction.
 J.M.P.
 9/11

expenditure from central funds and expenditure from Local Native Council funds. We may agree with the Governor's restatement of the criticisms made - namely that certain services are provided for Europeans entirely out of general revenue and thus absorb an undue share of the available funds, with the result that natives are obliged to make supplementary provision (either from Local Native Council funds or by unpaid communal labour, which is really a form of supplementary taxation), if adequate services are to be secured for their areas. We also agree that an equitable comparison is exceedingly difficult to make. This will be pre-eminently a matter for the financial Commissioner, and there would seem to be no point in pursuing it until he is appointed.

This disposes of the three particular points dealt with in No. 4 and No. 7. There remains the general question of these annual statements regarding native taxation and native expenditure. Below these papers are a number of other files containing the statements of all the other East African Dependencies, except Tanganyika (who appear to have forgotten it), and it is now for consideration what action should be taken in regard to them.

J. Eastwood
9.1.32

These matters obviously come within the scope of the financial enquiries recommended by the Joint Committee in paragraphs 103 and 105 of their report, and in the circumstances no useful purpose would appear to be served by pursuing ^{them before} ~~it~~, specially as the appointment of a Commissioner has always seemed to be imminent during the last few months.

As regards the question of the distribution of road expenditure between settled and native areas of which merely a table is given in paragraph 4 of this despatch, the matter has been dealt with more fully and in more detail in separate correspondence, and particularly Lord Passfield's despatch of the 31st July last to which a reply has just been received and registered with 18006/32, which I send on with this.

The Estimates for 1932 which are now under consideration include the appendix referred to in the last paragraph of this despatch.

? This should continue to wait until the Financial Commissioner is definitely appointed, when it might be acknowledged, saying that the Secretary of State does not consider that he can usefully continue the discussion of these matters at the present time, since they ^{will} ~~would~~ fall within the scope of enquiry of the Financial Commissioner, whose attention should, of course, be called to this correspondence.

As regards A at the end of Mr. Eastwood's minute it has decided to postpone further conson. until the Kenya final statement for 1930 is received - we are still awaiting that statement as well as the T.T. statement.

(2 on 17241)
in circ. w/
dupl of despatch
herewith
J.P.H.

A
is these require
by para 10 & 11
Native Policy
memo.
J.P.H.

The position has however changed as a result of the Joint Committee's report and it seems possible that so far as concerns Kenya (where the issue is most acute) the resulting investigation by a Financial Commissioner may materially affect the question.

I refer in particular to the Committee's recommendations (i) that ^{the annual} investigation should include the amount of money expended in the interests of each community, in particular on natives and non-natives (para. 105 (i) (c)); (ii) that the Chief Native Commissioner should be charged with the preparation of an annual estimate of the financial requirements of his administration and should have allocated to it such funds as the Governor thinks necessary and desirable (para. 87); and (iii) that out of the revenue sums should be allocated to the native Councils for specified purposes such as the payment of the salaries of its local officers, the maintenance and construction of roads, education etc., (par. 103)

In a memo. which I am preparing in advance of consideration of the precise terms of reference to the Financial Commissioner I have included a suggestion that the Finance Commissioner should take into consideration the requirements of para. 14. of the Native Policy Memo. Those requirements will therefore not be overlooked and I think action on the statement already received may remain in abeyance in the meantime.

Sir C. Bottomley:

I now put up a draft to the Governor.

I propose to hand to Lord Moyne's Secretary a copy of the duplicate of Mr. Moore's Reserved despatch of the 25th January, ⁽¹⁹³¹⁾ which I have flagged "A", and to explain to him generally the position in regard to the annual statement required under the Native Policy Memorandum. I think it will be best to leave the communication of other papers, including Mr. Roden Buxton's criticisms in No. 2a, to the Governor, to whom a copy of those criticisms was sent in the semi-official letter in No. 3.

*N.S.
(This is a delicate matter)
Have since given to the relevant Coms enclosing 22 to Major Posthills
10/1/32
23/2*

*J.M. Allen
1/2/32
to C.S.
2.2.32
aut.*

By Air Mail 2/2/32 To Gov 93 Reserved (Y answer) 2 FEB 1932

*Receipt to Mr. Allen on (B) ✓
action on memorandum*

*M.H. 10.1.32 at once
J.M. Allen 13/1/32
W.C.S. 13.1.32
S.H. 13.1.32*

C. O.

P. 109

C. D.
R 2-FEE
D 2

Mr. ALLEN

I.1/000/31 Kenya.

Mr.

Mr.

Mr. Parkinson.

Mr. Tomlinson.

Sir C. Baltimore.

Sir J. Shuckburgh.

Permt. U.S. of S.

Parly. U.S. of S.

Secretary of State.

(Airmail)

Downing Street,

2 February, 1931.

Sir,

I have the honour to refer to

DRAFT. *Casari*
t. minutes.

(7)

your Reserved despatch No.488 of the 21st August, 1931, with regard to

(a) the relationship between expenditure from central funds and from Local Native Council funds;

(b) the amount of accumulated balances of Local Native Councils;

(c) allocation of expenditure from the roads of the Colony.

2. These questions arose out of

(2)

Mr. Moore's Reserved despatch No.63 of the 25th January, 1931, forwarding a provisional statement on the lines of that directed in paragraph 14 of the Native Policy Memorandum. I have

refrained from replying to your despatch pending

KENYA

No 93

RESERVED

Govr.

4/5/32
See in further
copy given to Ward & Trooper Lobbes.

pending a decision on the recommendation
in paragraph 105 (1) of the Report of the
Joint Select Committee that an enquiry
should be held into the incidence of taxation.

It has now been decided to hold such an
enquiry, ^{and} under which the particular

questions referred to in your despatch
under reference, as well as the general
question of the basis on which the statement

required under paragraph 14 of the Native
Policy Memorandum should be drawn up, will
fall within its scope. I therefore think

that it will be best to defer all these
matters for the consideration of the Financial

Commissioner, Lord Moyne, whose attention
should, of course, be called to the relevant
correspondence.

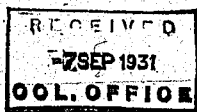
I have, etc.

(Sgd.) P. CUNLIFF-LISTER.



No. 488

RESERVED.



21st AUGUST, 1931.

Lc

My Lord,

I have the honour to refer to Your Lordship's despatch No. 204 (Reserved) of the 19th March last, relative to criticisms which have been made upon (a) the relationship between expenditure from central funds and from Local Native Council funds; (b) the amount of the accumulated balances of Local Native Councils; and (c) the allocation of expenditure upon the roads of the Colony.

2. Your Lordship has in effect asked me to examine the whole question of the relationship of the finance of local government to central revenue. For reasons which will be stated, I hesitate to do so now, but I submit the following comments upon the principles to which Your Lordship has referred :-

(a) Having regard to the especial duty owed by Government to natives, the principles governing the relationship between expenditure from central funds and the expenditure by Local Native Councils are that, in Native areas, Government should provide the essential basic services and that the Local Native Councils, if they wish to supplement Government's provision, should do so, if and when funds permit, by

No H

Unusual (B)



14
GOVERNMENT HOUSE,

NAIROBI,

KENYA.

KENYA

No. 488

RESERVED.

RECEIVED
- 7 SEP 1931
COL. OFFICE

21st AUGUST, 1931.

LC

My Lord,

No 4

I have the honour to refer to Your Lordship's despatch No. 204 (Reserved) of the 19th March last, relative to criticisms which have been made upon (a) the relationship between expenditure from central funds and from Local Native Council funds; (b) the amount of the accumulated balances of Local Native Councils; and (c) the allocation of expenditure upon the roads of the Colony.

Unsworn (B)

2. Your Lordship has in effect asked me to examine the whole question of the relationship of the finance of local government to central revenue. For reasons which will be stated, I hesitate to do so now, but I submit the following comments upon the principles to which Your Lordship has referred :-

(a) Having regard to the especial duty owed by Government to natives, the principles governing the relationship between expenditure from central funds and the expenditure by Local Native Councils are that, in Native areas, Government should provide the essential basic services and that the Local Native Councils, if they wish to supplement Government's provision, should do so, if and when funds permit,

by

THE RIGHT HONOURABLE LORD PASSFIELD, P.C.,
SECRETARY OF STATE FOR THE COLONIES,
DOWNING STREET,
LONDON, S.W.1.

Copy to ...

by voting money for such subsidiary services as are local services incidental, but not essential, to Government's programme.

The criticism quoted by Your Lordship that various services are provided for Europeans out of general revenue which, in the case of natives are "only" provided from Local Native Council funds is not founded on fact. Above I have given the general principles which Government has up to now adopted.



It is possible that the criticism Your Lordship's informants wish to make is that certain services are provided for Europeans entirely out of general revenue and thus absorb an undue share of available funds; with the result that natives are obliged to make supplementary provision if adequate services are to be secured for their areas and it is with this re-statement of the criticism that I continue this despatch.

With the theory of Your Lordship's opinion that "it is no doubt desirable that the Local Native Councils should become increasingly responsible for the expenditure of money on services of purely local benefit, but it would seem desirable that there should be a parallel development in the European areas", I am in agreement. There are, however, difficulties in practice and Your Lordship will agree that anything approaching an equitable comparison is exceedingly difficult to make until the economic and fiscal structure of the Colony has been examined. In illustration:-



- (1) No parallel can be drawn between the Municipal and the Native areas of the Colony. That, I think, is obvious.

- (2) No parallel can be created between the Native areas and the European areas of Kericho, Laikipia, North Nyeri, and Machakos because these do not participate in local government institutions.
- (5) Any parallel between Native and European communities for the purposes of local taxation per head is destroyed by the comparative figures of population. Incidentally the provisions of the Native Authority Ordinance compared with those of the Local Government (District Councils) Ordinance afford a wider scope for local expenditure.
- (4) An attempt to draw a parallel in medical matters is frustrated by the fact that in Native areas Government provides hospital and dispensary treatment free and no fees are recovered from natives in either their own or in European areas. Again in the settled areas Government has never recognised any claim on the part of the non-official European population for free hospital facilities, save in cases of indigency, and the employer pays at the rate of Sh.1/- per diem up to a maximum of Shs. 30/- for the treatment of employed natives. He is, moreover, compelled to keep a supply of certain drugs and

medicines

medicines for his employees. Again, there are Nursing Homes conducted by European private enterprise without subvention.

In 1928, however, by a series of resolutions in Legislative Council Government agreed to pay one half of the cost of works of a capital nature on non-Government hospitals.

- (5) Neither in educational matters can a parallel be secured as matters stand at present. African and Arab schools are free. In European schools tuition and boarding fees are paid by the parents, save in cases of indigency.

Europeans and Asiatics pay an Education Poll Tax of Shs.30/- per annum into central revenues and the proceeds of the Wines and Spirits Consumption Tax, a non-native tax, now incorporated in the tariff, are also earmarked for educational purposes. There is, moreover, a number of European schools solely conducted by private enterprise.

It was, it seems, in deference to the feeling, that as a matter of policy, all education should be free that the loan charges on schools were not incorporated in the fees paid.

- (6) A still greater divergence of practice is shown in agricultural and veterinary measures. Local government legislation in European areas does not definitely contemplate these activities, though I see no reason why powers to make contributions of money towards the cost

of such services should not be given: similar legislation applicable to native institutions, however, definitely does contemplate contributions for such services.

NO. 9 on 16309/30.
(NAP. 14/4/31)
h. m. m.

Your Lordship will have observed from Mr. Moore's Confidential despatch, No. 12A of 11th February, 1931, how largely Native Councils vote funds for these purposes and it is a just criticism that central funds are more largely used for the maintenance of these services and for the grant of assistance by loans, or otherwise, to Europeans engaged in agriculture than to natives. In Veterinary services the difference of treatment is marked; everywhere native areas are in quarantine.

(7) Local Authorities both in native and settled areas are empowered to impose local rates, but outside the Municipal areas of Nairobi and Mombasa no local rates have been levied in European areas, whereas local rates are general in native areas. On the other hand while District Councils have no property in land Local Native Councils have by statute large incomes, from the rents of lands, from fees, royalties, and the like.

(b) The foregoing illustrations will suffice to show that no principle governing the relationship between the expenditure from central funds and the expenditure of District Councils in European areas can be found similar to that enunciated in the case of Native areas.

The view is often expressed, it is exemplified by the non-co-operative attitude of certain European areas, that the institution of local government in the

scattered and scantily populated European rural areas was premature. The decision, Your Lordship will remember, to establish Local Government in European areas was taken at a time of intense political feeling and it may be that there is some justice in the often expressed criticism that the decision was premature. Some colour seems to be lent to this view by the non-co-operative attitude then adopted, and still maintained, in certain areas. However that may be, the present position is that Government is faced with the necessity of curbing progressive native institutions and of forcing the pace among European communities. Outside the towns of Nairobi and Mombasa no local rates have been levied and, apart from these towns and the townships of Nakuru and Eldoret, European local government is mainly concerned with the disbursement of Government grants for roads and advising upon matters for which the responsibility rests upon others.

Moreover, contrasted with the Native areas, the machinery is elaborate; first there is consideration by the local body, then reference to the Commissioner for Local Government, often examination by a Standing Committee on which the Colonial Secretary and the Commissioner for Local Government sit, and as often as not a final reference to the Governor in Council.

This may make for safety, but certainly means delay and so avoidable expense. I doubt the efficiency of so prolonged a chain of causation and I am not satisfied that centralisation has not been carried to excess.

In my view local government without local taxation is not Local Government; but I refrain from making recommendations until the economic and fiscal

structure

structure of the Colony has been fully investigated by an acknowledged expert, whose findings will command respect. The investigation, which I have urged elsewhere, may show that the difference in numbers between the two races and the available taxable resources, will prevent a parallel development for as long a time as need now be taken into consideration. In that event the result may be that in order for the Europeans to do justice to their race the proper source of local government finance in settled areas is not geographical but industrial.

(not done)

3. I now turn to the second of the criticisms which have been made, that the balances of the Local Native Council Funds are in many cases considerably larger than is necessary, a criticism which Your Lordship states an examination of the summary of these funds seems to bear out. With this criticism I disagree.

These reserves have been built up deliberately in order that monies may be available for emergencies and it is a matter of profound satisfaction, at the present time of depression with its additional threat of famine and of locust infestation, that those reserves exist.

In case the reason for the criticism is that it is thought these reserves have been accumulated by great individual sacrifices by natives, I trust it will be realised that the incomes of Local Native Councils are not only derived from rates but also from rents of lands situated in Native Reserves, from fees in respect of forest produce, from grazing fees, and from fines and forfeitures, etc.

Appendix I.
Appendix II.

I attach schedules showing the rates raised by the different Local Native Councils and the balances at the 31st December, 1930.

4. As regards roads, the provision made in the 1931 Estimates is as follows, allocated as desired by Your Lordship:-

	<u>Recurrent.</u>	<u>Extra-ordinary.</u>	<u>Overheads.</u>	<u>Total.</u>
(a) Roads and Bridges of general service including all expenditure on trunk roads and roads in Municipalities.	£63,249.	£3,289.	£14,272.	£80,810.
(b) Roads and Bridges primarily serving non-native areas.	44,986.	7,163.	2,179.	54,528.
(c) Roads and Bridges primarily serving native areas.	17,528.	268.	4,412.	22,058.

Note: As regards (b), Your Lordship will recollect that the datum line of the Colony's expenditure in 1927 was prescribed plus an allowance for overheads as the basis for statutory road grants to District Councils and additional grants to these statutory grants may be made. The figure given in (b) takes all expenditure into account including the expenditure on roads in settled areas in which District Councils have not been established.

5. I note Your Lordship's instruction that in future years an Appendix to the Annual Estimates should show the expenditure on roads in the above form.

I have the honour to be,

My Lord,

Your Lordship's most obedient,

humble servant,

H. T. Martin

lw

BRIGADIER-GENERAL.

GOVERNOR.

APPENDIX I.

<u>PROVINCE.</u>	<u>DISTRICT.</u>	<u>RATE.</u> Shgs.
Coast.	Digo.	1/-.
	Giriama.	1/-.
Nyanza.	N.Kavirono.	2/-.
	C.Kavirono.	1/-.
	S.Kavirono, (Luo-Abasuba).	1/-.
	S.Kavirono, (Kisii-Bakoria).	1/-.
	South Lumbwa.	none.
Nzoia.	Elgeyo.	none.
	Marakwet.	none.
	Nandi.	1/-.
Ukamba.	Machakos, (Ulu Reserve).	2/-.
	(Kikumbuliu Reserve).	1/-.
	Teita.	2/-.
	Kitui.	1/-.
Turkana.	West Suk.	none.
	South Turkana.	none.
Masai.	Narok.	none.
	Kajiado	5/- (this is the balance of the Shgs.5/- cess not collected during 1950).
Kikuyu.	Kyambu.	2/-.
	Fort Hall.	1/-.
	South Nyeri.	1/-.
	Embu.	1/-.
	Meru.	1/-.
Rift Valley.	Baringo I.	1/-.
	Baringo II.	1/-.

APPENDIX II.

LOCAL NATIVE COUNCIL BALANCES AT 31.12.50.

<u>PROVINCE.</u>	<u>DISTRICT.</u>	<u>AMOUNT.</u> Shgs.
Coast.	Teita.	47,367/58.
	Giriama.	64,111/08.
	Digo.	46,481/25.
Nyanza.	North Kavirondo.	405,917/77.
	Central Kavirondo.	502,116/56.
	South Kavirondo (Luo-Abasuba).	135,758/04.
	South Kavirondo (Kisii-Bakoria).	119,581/05.
	South Lumbwa.	59,161/00.
Nzoia.	Nandi.	109,669/67.
	Elgeyo.	95,872/75.
	Marakwet.	20,148/09.
Rift Valley.	Baringo I.	33,288/26.
	Baringo II.	5,446/00.
Turkana.	West Suk.	18,514/04.
Ukamba.	Machakos.	165,458/66.
	Kitui.	118,148/85.
Masai.	Narok.	33,376/88.
	Kajiado	50,956/71.
	Kajiado (in transit from Ngong).	1,627/10.
Kikuyu.	Kyambu.	151,587/06.
	Fort Hall.	163,454/16.
	South Nyeri.	158,046/67.
	Embu.	24,511/45.
	Meru.	57,755/47.

C. O.

Mr. Eastwood 17/12
Mr. Allen 18/5

A.17066/31.

4

Mr. Parkinson 18.3.31

Mr. Tomlinson

X Sir G. Bottomley 18.7.31

Sir J. Shuckburgh.

Sir G. Grindle.

Permt. U.S. of S.

Parly. U.S. of S.

Secretary of State.

Ans. to Y

R 18 APR
D 19

For Mail of 19th March, 1931.

30

DRAFT for consen.

19. March, 1931.

see minute

KENYA.

NO 204 (Reserves)

GOV.

Sir,

I have etc. to acknowledge
the receipt of Mr. Moore's Reserved
despatch No. 63 of the 25th January 1931
which he forwarded

21

(1) a provisional statement
showing, Province by Province, the
total estimated revenue derived from
the direct taxation of natives in
1930 and the estimated expenditure
in 1930 on services directly
benefiting the native population;

(2) a comparative table of the
revenue and expenditure of Local
Native Councils in 1931.

Cont to Major Forster-Hobbes.

87 - I do not propose to

~~Mr. Hoover~~

reply at length to ~~this~~ despatch

the final Kenya statement for the year 1920

until I have received and considered

it with

the similar statements which, in

direction

accordance with the ~~policy~~ laid down

in the Memo. on Native Policy, will

be rendered by the Govts. of the

other East African Dependencies ~~at~~

the end of the financial year. I

wish however to ~~take~~ the earliest

at once

opportunity of expressing ~~my~~ appreciation

of the time and trouble which have been

spent on the preparation of these

statements; ~~but~~ *but* it is evident that their

preparation has proved a matter of great

difficulty and in the circumstances I

do not propose to ask this year for a

further extension on our accounts for

the financial year ~~2020~~ have been

completed

however

therefore ~~one~~ or two questions

arising

*for error
de minute.*

arising out of Mr. Moore's despatch
 which are peculiar to Kenya, ^{and} With
 these I ~~may proceed~~ ^{wish} to deal ~~at once~~ ^{now}.

(a) In the first place I ~~should~~ ^{attach importance to a} ~~wish you to consider~~ ^{review of} the principles
 which ~~should~~ govern the relationship
 between expenditure from central
 funds and expenditure from Local
 Native Funds. As you are aware, a
 criticism which is frequently made
 is that various services are provided
 for Europeans out of general revenue
 which for natives are only provided
 out of Local Native Funds. It is
 no doubt desirable that the Local
 Native Councils should become
 increasingly responsible for the
 expenditure of money on services of
 purely local benefit, but it would
 seem desirable that there should be

arising out of Mr. Moore's despatch
which are peculiar to Kenya, ^{and} with
these I ^{wish} ~~may proceed~~ to deal ^{now} ~~at once~~.

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between expenditure from central
funds and expenditure from Local
Native Funds. As you are aware, a
criticism which is frequently made
is that various services are provided
for Europeans out of general revenue
which for natives are only provided
out of Local Native Funds. It is
no doubt desirable that the Local
Native Councils should become
increasingly responsible for the
expenditure of money on services of
purely local benefit, but it would
seem desirable that there should be

a parallel development in the European areas. I believe it to be the fact that no District Council has as yet raised a rate but that their funds have been provided solely from general revenue.

I should be glad if you would ^{examine} review the whole question and let me have your views upon it at ^{the} ~~an~~ early ~~date~~ ^{convenience}.

(b) Another point which I should like you to consider ^{a further question for consideration} is the amount of the accumulated balances of Local Native Councils. It is far from my intention to discourage the policy of building up adequate balances. On the other hand there can be no ^{justification for} ~~point in~~ building up these balances beyond the amount which can possibly be required to meet emergencies. The criticism has been made that the balances are in

fact

fact in many cases considerably larger than is necessary, and an examination of the Summaries of Local Native Fund accounts for 1929 seems to bear out this view, even when allowance has been made for the fact that large sums had in some cases been earmarked for expenditure on schools, the construction of which had not then received Govt. approval.

I should therefore be glad to receive your views on this point.

(c) ^{Cannot be read, the} It is difficult to ascertain from the Colony's Estimates for 1931 The total expenditure from central funds on roads, ^{Provision} since some ^{XXV} appears under the Head ^{Provision} (Public Works Recurrent) other ^{Provision} under Heads XIV and XIV(a), ("Local Govt. Contributions to Local Activities") and yet ^{Head XXVIII} also under (Public Works Extraordinary

^{Further Provision}

Extraordinary) I should be

glad if you could send me a statement

showing the estimated expenditure

for 1931 from central funds under

the following main divisions:-

(i) Roads and bridges of general

service (in which should be

included all expenditure on trunk

roads and roads in municipalities).

(ii) Roads and bridges primarily

serving non-native areas.

(iii) Roads and bridges primarily

serving native areas.

I have already asked for

somewhat similar information in my

despatch No. ⁹⁶⁵ ~~695~~ of the 8th Dec. 1930.

(7 on 16/62/30-

I desire however that information in

the form given above should be included

as an Appendix in the Estimates for

future years, and I have to request that

you

you will arrange for this to be done.

4. I hope to address you

further in reply to Mr. Moore's

despatch in the course of the next

few months.

?omit.

I have, etc.

(Signed: PASSFIELD.

O.D.

Mr. Cantwell 1713

Mr. Allen 1813

Mr. Parkin 18.3.31

Mr. Tomlinson

Sir C. Bottomley 18.3.31

Sir J. Shuckburgh

Sir G. Grindal

Permt. U.S. of S.

Parly. U.S. of S.

Secretary of State

✓

So. for Sir C. Bottomley's sign

DRAFT

H.S. Paris: final
Sir Joseph Byrne
KcmG KCB
CS.

My dear Byrns.

I enclose a copy of a memo. by C.R. Buxton (which you met before you sailed for America) on Frigg's despatch no. 202

of the 31st March 1930 about the costs of native taxes & expenses on native services

Many of the points made could be corroborated, but detailed comment appears unnecessary, & I am simply sending it as a record of the kind of thing we have to face. ^{criticism} Others, such as Canon Leakey, are more moderate in their views, as you will have

memo:
2 A
(Was copied without my special consent)
RSP

Substant from the note enclosed
in my letter ~~dated~~ of the
4th March

3 a 17083/31

A despatch coming
this week about the native
taxation & sources statement
has appreciated very much the
time & trouble which everybody
concerned in Kerala
[has taken over this] The
Secy of State will wish to
comment at some length. Then
he has had the ~~statements~~ statements
of the other govt. I think
you will also find that he will
ask what next year the statements
should be in rather a different
form.]

For L2
? substitute
but, as you will see
from the despatch,
anything in the
nature of a general
obj's has deferred
the statements
from other ^{E.g. Courts} Dept's are
available. The
despatch does
however ask for
further info on
certain points.
We deplore the
add'l expense &
trouble
involved, but it is,
I am afraid,
unavoidable.

Yours sincerely,
(Signed) W. C. BOTTOMLEY.

SUMMARY.

	Memorandum for Hilton-Young Commission 1927.	Government Statement 1929.	Government Statement 1930.	Statement prepared by Mr. Maxwell 1930.
Direct Native Revenue	£541,505	£539,665	£601,603	£601,603
Direct Native Expenditure	£592,640 ^x	£591,363 ^x	£730,798 ^x	£455,470
Surplus or Deficit	+£ 51,135	+£ 51,698	+£129,195	-£146,133

x As is explained in the body of the memorandum these three figures have not been compiled on a uniform basis.

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x As is explained in the body of the memorandum these three figures have not been compiled on a uniform basis.

M E M O R A N D U M .

I. HISTORICAL.

x page 56

1: The question of native taxation was referred to in the Report of the Hilton Young Commission. The following is an extract from it:—

"If the natives are to be fairly treated, provision must be made to ensure that they receive an adequate return in services for the taxes which they pay. Strictly interpreted this means that their total contribution to the taxes should be calculated, and that after allowing out of this sum an amount equivalent to what would be their proper contribution to the cost of general services, the balance should be devoted to services directly for the benefit of the natives. In cases where the native community is intimately mixed with the settler community in any one territory, it must be a matter of extreme practical difficulty to effect a separation both on the revenue and on the expenditure side. But in the Eastern and Central African territories the actual conditions as regards segregation are such that at least an approximate account could be made out of the amount contributed to public revenues by the native communities on one side and the immigrant communities on the other, and of the amount spent on each by the Government out of those revenues.

It must be recognised that to insist on a rigid and exact enforcement of the above principle in each year might prove hampering to the administration and not really in the best interests of the community

community as a whole. There must be a certain amount of elasticity and it is rather on the working of the results over a series of years that the test of the principle should be applied".

x Gmd.3573.

2. The following is the relevant passage on the subject in the Memorandum on Native Policy ^x issued last June:- "His Majesty's Government consider that the principle to be followed is that, whilst the whole revenue of a dependency from direct taxation, by whatsoever class, vocation or race payable, ought to be assessed in proportion to the ability to pay ^{of} each family or household, the levy of direct taxation on the native should be definitely limited by his capacity to pay such imposts without hardship, and without upsetting his customary method of life. The nature of any direct taxation levied upon the natives, together with the scale on which it is assessed, should be determined primarily in accordance with this principle. It is, indeed, a positive duty of the Governments to make sure that the native has an effective choice in the way in which he meets his taxes, and every care should be taken to provide that taxation, whether central or local, does not, in its result, actually oblige the native to labour for wages as the only practicable means of obtaining the money wherewith to pay his tax. On the other side of the picture, it is incumbent upon the Governments to ensure that Government expenditure on native services in the annual budget should bear a proper relation to the revenue raised from the natives, and particularly that

community as a whole. There must be a certain amount of elasticity and it is rather on the working of the results over a series of years that the test of the principle should be applied".

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2. The following is the relevant passage on the subject in the Memorandum on Native Policy ^x issued last June:- "His Majesty's Government consider that the principle to be followed is that, whilst the whole revenue of a dependency from direct taxation, by whatsoever class, vocation or race payable, ought to be assessed in proportion to the ability to pay ^{of} each family or household, the levy of direct taxation on the native should be definitely limited by his capacity to pay such imposts without hardship, and without upsetting his customary method of life. The nature of any direct taxation levied upon the natives, together with the scale on which it is assessed, should be determined primarily in accordance with this principle. It is, indeed, a positive duty of the Governments to make sure that the native has an effective choice in the way in which he meets his taxes, and every care should be taken to provide ~~that~~ taxation, whether central or local, does not, in its result, actually oblige the native to labour for wages as the only practicable means of obtaining the money wherewith to pay his tax. On the other side of the picture, it is incumbent upon the Governments to ensure that Government expenditure on native services in the annual budget should bear a proper relation to the revenue raised from the natives, and particularly that

that the natives should receive, directly and visibly, a fair return for the direct taxation which they are called upon to pay. This consideration is one that should constantly occupy the attention of the Governments, and, to ensure that it is not lost sight of, His Majesty's Government wish that at the end of every financial year a statement should be furnished to the Secretary of State showing in detail, district by district, the total revenue derived from the direct taxation of the natives, and the total amount expended both locally within each native area, and in central administration upon services directly benefiting the native population".

3. Prior to the issue of this memorandum, the desirability of annual reports from Kenya on the subject had already been raised:-

X
No.8 on 16019/30.

(i) In February 1930 the Governor had telegraphed as material for a Parliamentary Question (afterwards withdrawn) figures regarding native taxation and native services in 1929. This telegram was followed up by ^{an} explanatory despatch^X (No.202 of the 31st March).

X
No.10 on 16019/30

(ii) This despatch crossed another (No.200 of the 6th March) from the Secretary of State dealing with the Estimates for 1930. In the course of this despatch, he had written as follows:-

Paragraph 3 of
No.14 on
15933/30.

"There are two further points of procedure which should be observed in the future:

33

(1) At the end of every financial year a statement should be furnished showing in detail, district by district, the total revenue derived from the direct taxation of natives, and the total amount expended both locally within each native area, and in central administration, upon services directly benefiting the native population. A provisional statement for the year 1930 (pending the compilation of the final statement which cannot be ready until the financial year has closed) should accompany the despatch with which the Estimates for 1931 are submitted and similarly in subsequent years, so that the Estimates may be considered in the light of the statement.

(2) It is also desirable - and indeed necessary - that information should be furnished as to the amounts which it is expected to raise by way of contributions or cesses arranged through the Local Native Councils, and the objects upon which it is proposed to expend these monies. I therefore request that a statement conveying this information may be forwarded with the Estimates for 1931 and subsequently with each year's Estimates".

In his despatch¹⁹³⁰ of the 31st March referred to above, the Governor had asked for the Secretary of State's views as to the classification adopted in the 1929 analysis before going into the actual expenditure in previous years, figures for which had also been required for the Parliamentary Question which was withdrawn. The Secretary of State in replying accepted the classification adopted, and said that he

did not wish to put the local Government to the trouble of analysing figures for earlier years. He also referred to the paragraph of his despatch on the 1930 Estimates quoted above in which he had indicated the procedure which he wished to be followed in future.

4. Accordingly the Officer Administering the Government now forwards, together with a comparative table of the revenue and expenditure of Local Native Councils in 1931, a provisional statement of direct native taxation and direct native services in 1930. A final statement will (according to present arrangements) follow when the accounts for 1930 have been made up.

The Acting Governor's statement is accompanied by an alternative statement drawn up by the Chief Native Commissioner.

II. EXAMINATION OF THE GOVERNMENT STATEMENT.

The statement includes no provision in respect of any of the following heads of expenditure:-

- Head I His Excellency the Governor.
- IV Audit Department.
- V Coast Agency.
- VI Conference of East African Governors.
- VII Customs Department.
- X Game Department.
- XI Interest.
- XII Judicial Department.
- XIII Legal Department.

XIV Local Government.

XVI Military } Except Police Expenditure, and one
XIX Police } third of the cost of Military
expenditure in the Northern Frontier
Province and Turkana. (N.B. The
cost of tribal police is included
in Administration).

XVII Miscellaneous.

XXI Printing and Stationery.

XXII Prisons.

XXIII Public Debt Funded.

XXVI Registrar General's Department.

XXVII Rent and Interest to the Sultan.

XXVIII Secretariat and Legislative Council.

XXIX Statistical Department.

XXX Survey and Registration Department.

XXXI Trade and Information Office.

XXXII Treasury

nor does it include any provision for non-recurrent
Except in respect of Famine Relief
expenditure. It is confined solely to the following:-

Administration (including tribal police).

Agricultural and Veterinary Services.

Education Department.

Famine Relief. "

Forest Department (only £1,855).

Medical Department.

Military (only in respect of one-third of the
cost of forces in the Northern
Frontier Province and Turkana)

Police (only in respect of the Northern
Frontier Province and Turkana).

Public Works.

The Government statement shows a total
estimated expenditure on direct native services of
£730,000 as against a yield from Hut and Poll Tax
of £602,000. These figures include £38,393

expenditure

expenditure on military purposes in the Northern Frontier Province and Turkana. The following are the totals for 1930 compared with those for 1929 as given in No.8 on 16019/30:-

<u>Expenditure.</u>	<u>1929.</u>	<u>1930.</u>
	£	£
General	591,363	692,405
Military	30,574	38,393
	<u>£621,937</u>	<u>£730,798</u>
Revenue	<u>£539,665^x</u>	<u>£601,603</u>
<u>Excess of Expenditure over Revenue</u>	£ 82,272	£129,195

x
The revenue fell short of the estimate of £575,229 by £35,587 according to the Treasurer's report.

The 1929 statement included a lump sum of £160,000 for direct native services rendered outside native areas, as to which the Governor was then unable to give any more detailed estimate. He said however that he considered the figure of £160,000 a low estimate. In the 1930 statement, the cost of direct native services outside native areas has been calculated in detail, the lump sum disappears and the expenditure has been portioned out province by province. For this reason it is impossible to compare the 1929 and 1930 figures head by head. It is however a reasonable assumption that it is the more detailed computation of these "outside" services which is partly responsible for the increase in the estimate of expenditure by £109,000. The remainder of the increase would be due ^{presumably} to general expansion of services. ~~which is an increase of £109,000 in 1930 compared with 1929~~

~~of the figures for 1929 and 1930 being the same and~~
~~shown~~

Another difference between the 1929 and 1930 figures is that in 1930 the expenditure has for the first time been divided up province by province. The Memorandum on Native Policy asked for figures to be prepared "district by district". It does not appear however that the phrase was intended to be used in a technical sense ; clearly an analysis for each administrative district would be very difficult and it would seem reasonable to regard the division into provinces as adequate. Some comment on this point will be necessary in replying to the despatch.

Yes. The doc. specifically raises the point. A.C.P.

Apart from this the figures have been prepared on the basis which was accepted by the Secretary of State for the 1929 figures. The despatch does not however give a very clear indication of, how the figures have been compiled, since it only shows the total expenditure on each service in each province with, occasionally, an unallocated item. The figures would have been easier to judge if more details had been given; such details as are given are only given to explain the discrepancy between the Government statement and that of the Chief Native Commissioner, with which discrepancy the despatch is entirely pre-occupied.

In the case of every department except the Public Works Department, the figures have been arrived at by estimating the staff which is engaged whole-time or part-time on native services, by

increasing

increasing their average rate of pay by 1.45% for Europeans and 32% for Asiatics, to cover the cost of reliefs, pensions and housing privileges; by allowing pro rata for passages and local transport; by adding the cost of specifically native services; and by including a share in the cost of headquarters' organisation. The amount of this share of headquarters' organisation is given incidentally in the despatch as £6,775 (or 14.3% of the remaining expenditure) for the Agricultural Department and £18,001 (or 11.25% of the remaining expenditure) for the Medical Department. It is not given in the case of the other Departments but there is an unallocated figure of £11,553 for Administrative expenditure to cover the cost of the Native Affairs Department and half the cost of the Labour Section. In the case of the Agricultural Department, in addition to the share of headquarters expenditure there is an unallocated item of £10,256 equal to 20% of the cost of the Scott Agricultural Laboratories and the Plant Breeding Section, and 33.1/3% of the cost of Veterinary Research. In the case of the Medical Department, a sum of at least £51,245 in respect of medical stores, Laboratory services etc. etc., is divided up among the various Provinces. The cost of police ^(other than tribal police) is included only in the case of the purely native areas of the Northern Frontier Province and Turkana (a sum of £14,995). One third (namely £38,393) of the cost of Military services in these provinces is also included. It is contended that there is a large expenditure solely for the prevention of raids on the natives of these provinces

See paragraph 14
of No. 10 on
16019/30.

provinces and also that until last year the troops have performed administrative services.

As regards Public Works, the basis of allocation is work done. Out of a total expenditure of £332, 682 on Public Works Department and Public Works Recurrent, just under £100,000 is counted as a native service. It is not possible to make any comparison between the expenditure for native and non-native purposes.

It is however worth while to make a more detailed analysis of this expenditure on roads.

The £100,000 apparently includes all expenditure on trunk roads when they are actually in native reserves. This is clearly a purely arbitrary division and it might have been preferable (as the Chief Native Commissioner would have wished) to regard all expenditure on trunk roads as a general service.

Appendix ^H of the Estimates shows the following expenditure ^{for 1930} from Public Works Recurrent on roads:-

- A. Trunk Roads £47,486
- B. District and Township roads £12,357
- C. Native Reserves and areas £14,202
- D. Bridge repairs £ 9,860
- E. Miscellaneous £ 3,470

Expenditure is also incurred on roads under Head XIV and Head XIV(a) as follows:-

- F. Contributions to Nairobi Municipality £2,500
- G. Contributions to Mombasa Municipality £1,500
- H. Basic Road Grants to District Councils £35,904

(Figures from 1930 Estimates)

See P. 134 & 1931 Est

	I.	Special Grant to Eldoret	£ 750
	J.	Road plant for District Councils.	£ 1,365
(XIV(a) Item 5)	K.	Grants for construction and maintenance of new district roads and for new permanent bridges and other special work	£ 5,000
(XIV(a) Item 6)	L.	Grants for improvements to existing district roads	£ 9,457

M. The figure of expenditure by Local Native Councils in 1930 is not readily available, but the figure for 1931 is £10,400. No expenditure on roads was incurred by District Councils from local funds during 1930, but some was no doubt incurred by the municipalities.

It is difficult to draw any very certain conclusions from these somewhat confusing figures; it must always be borne in mind that a road in a non-native area may serve a native area and vice versa, and it is quite possible (seeing that generally speaking the non-native areas occupy the more central positions) that it would be found that on balance more 'non-native' roads serve native areas than the reverse. Nevertheless, making all possible allowances, there can be no reasonable doubt that a very great deal more is spent on roads ⁱⁿ non-native areas than on roads ⁱⁿ native areas. Perhaps the figures given above of expenditure from central funds ^x might without unfairness be summarised as follows:-

Roads of

x These figures do not include £10,500 to be spent on Miscellaneous roads and bridges under "Public Works Extraordinary".

Roads of General Service.

A.	Trunk roads	£47,486
D.	Bridge repairs	9,860
E.	Miscellaneous	3,470
F.G.I.	Contributions to Nairobi, Mombasa and Eldoret	4,750

£65,566

80,210

Roads in non-native areas.

B.	District and township roads	£12,357
H.	Basic road grants	35,904
J.	Road plant for district councils	1,365
K.	New district roads	5,000
L.	Improvements to district roads	9,457

£64,083

14,383

Roads in native areas.

C.	Native Reserves etc.	£14,202
----	----------------------	---------

£14,202.

22,088

It would of course be rash to argue that there must necessarily be equality between expenditure on roads ^{services} in native and non-native areas.

Nevertheless,

Nevertheless, the disparity shown above seems disproportionate.

The Kenya government prepared a statement showing the allocation between native and non-native areas of expenditure on roads in 1928 as material for a reply to a Parliamentary question, and they have recently been asked whether similar statements can be prepared for 1929, 1930 and 1931. It would however seem well worth while to ask that in future all expenditure on roads from central funds, under whatever head it appears in the Estimates, should be shown separately in an Appendix to the Estimates divided up as follows:-

- Roads of general service.
- Roads primarily serving non-native areas.
- Roads primarily serving native areas.

15151/28.

No. 7 on 16262/30.

III. THE CHIEF NATIVE COMMISSIONER'S STATEMENT.

The Chief Native Commissioner is not content with the Government's statement and submits an alternative one showing a total expenditure of only £455,470 on direct native services - or £146,000 less than the revenue directly received from natives.

The

The differences between his statement and that of the Government are fully discussed in the covering despatch. The main differences are:-

See also Mr Bunter's Criticisms of the 529 figures in No. 2 A

Administration £106,000. The Chief Native Commissioner considers that half the time of administrative officers in native areas is not spent on direct native services but on general administration.

Agricultural Department £17,000. The Chief Native Commissioner omits the share of headquarters expenditure and of research services.

Medical Department £68,000. The Chief Native Commissioner omits the share of headquarters expenditure, stores, laboratory services etc. His reasons for so doing seem very arbitrary.

Police and Military £53,000. The Chief Native Commissioner does not include any expenditure on these services in the Northern Frontier Province and Turkana.

Public Works £30,848. The Chief Native Commissioner excludes all expenditure on military roads in the Northern Frontier Province and Turkana, reduces by one half the items in regard to expenditure on trunk roads in native reserves and appears to omit expenditure on water-boring services.

H.

If an endeavour is made to regard the two statements with an unbiassed mind, it does not appear that in any item, except possibly the £53,000 for Police and Military and some of the allocations for road expenditure, have the Kenya Government been over-generous in their estimates of expenditure. Everything points to a very careful and laudable endeavour

on the basis already agreed

f

to arrive at a fair and just estimate. The Chief Native Commissioner was perhaps disappointed at the rather unexpected result of the computation. Anyhow, no purpose would be served by an elaborate dissection of the two figures: both sets rest upon assumptions which for two reasons must needs be arbitrary, (1) because of the difficulty of dissecting expenditure which is not shown separately ^{in the statement} and (2) because there is no clear definition of what is meant by "direct native services". The fact that two such different results have been obtained raises in fact the question of the value of statements in their present form. This must now be considered; also whether their value could be increased by any alteration in that form.

IV. THE VALUE OF THE STATEMENT AND SUGGESTIONS FOR IMPROVEMENT.

Mr. Moore doubts very much whether there is anything of value to be gained from the statements. However, although no more than very broad conclusions may be drawn from them, they do seem to yield certain information of considerable value. In the first place, the Government statement, if it is accepted, disproves conclusively the contention that the native receives ^{direct} in services a great deal less than he pays ^{direct} taxes for; secondly, the statements illustrate how one part of the Colony is subsidized at the expense of another - for instance £87,000 more is raised in the Nyanza Province than is spent in it, whereas £58,000 less is raised than is spent in the Coast province and £79,000 less in the Northern Frontier Province. Moreover, over a period of years they should

should provide a useful measure of progress. For this purpose however it is essential as Mr. Moore suggests that they should be compiled on a uniform basis and that the classification should not be left to the idiosyncrasies of the individual compiler. It is therefore desirable to consider whether the present basis is the best obtainable.

A. In the first place the value of the statement appears to rest on the assumption that revenue from direct native taxation may be regarded as available for expenditure on direct native services, indirect native taxation being the native contribution to general charges. This assumption appeared reasonable to Sir Edward Grigg and he proposed to the Hilton-Young Commission that expenditure on direct native services should be planned on this basis. It is worth while examining it.

A very elaborate examination of the 1927 Estimates was made for the Hilton Young Commission. (A copy is flagged in the volume of the Secretary's papers attached). This gave the yield of native Hut and Poll Tax at £541,505 and the indirect contributions of natives at £319,133 (of which £309,375 was from customs duties). The distributed cost of native services was £592,640, or £50,000 more than the yield of direct taxation.

The total general charges were worked out at £700,434 to which therefore the natives contributed £267,998 (i.e. £541,505 + £319,133 - £592,640) or 38.3% of the whole, £255,148 or 36.4% being

contributed

contributed by non-natives and the remainder being raised from non-tax revenue.

It should be noted that the figure of £592,640 for expenditure on direct native services was calculated on rather a different basis from the 1930 figures. The following table shows the 1927 and 1930 estimates as divided up between the various heads:-

	1927 £	1930 £
Administration	203,839	223,920
Registrar General's Department	17	-
Police	41,274	14,995
Military	-	38,393
Prisons	34,981	-
Medical Department	125,989	178,857
Education	72,304	115,103
Forestry Department	-	1,855
Agricultural Department	40,630	52,876
Miscellaneous	1,489	-
Famine Relief	-	5,386
Public Works Department	14,014	99,413
Public Works Recurrent	34,022	
Public Works Extra-ordinary	24,081	
	<hr/>	<hr/>
	£592,640	£730,798
Direct Native Taxation	£541,505	£601,603
Indirect Native Taxation	£319,133	£400,000*

(* Figure not worked out; £400,000 represents about the same proportion of the total of indirect taxation as the figure of £319,133 in 1927).

In the light of these figures the assumption that direct native taxation is available for expenditure on direct native services appears not to have been altogether unreasonable in the past. Clearly however it has absolutely no scientific foundation. Indeed it depends entirely upon the interpretation put upon the term "direct native services". This leads to the second and most important point, namely, that:-

B. It is most desirable that there should be some closer definition than at present of the term "direct native services". A striking illustration of the need for this is the opinion of the Kenya Government that the whole time of administrative officers in native area can be regarded as spent on "direct native services" whereas the Chief Native Commissioner contends that no more than half their time should be so regarded. In one sense, the greater part of the prisons administration (which is not included in either the Government or the Chief Native Commissioner's statement) is a "direct native service" since it is a concomitant, if an unpleasant one, of the maintenance of law and order. In this sense also, a great deal of the central administration would be included in the term. In another sense, nothing is a "direct native service" unless it is a service of positive "bonification" - such as educational and medical work. The two senses are sufficiently wide apart to make a difference of several hundred thousand pounds in any calculation.

It

It would seem desirable either to limit the scope of the expression strictly to the services of positive "bonification" or preferably to make the comparison much wider and to include ⁱⁿ it, as was done in the 1927 computation, all contributions made by natives to Government, directly and indirectly, and all expenditure by government on natives, directly or indirectly.

In the latter event, in the contributions list it would be necessary to include:-

1. Direct taxation - i.e. hut and poll tax.
2. Local Native Council cesses.
3. Value of forced unpaid labour.
4. Share of indirect taxation (chiefly customs duties).
5. Contribution (if any) to railway revenue owing to (1) the policy of subsidising exports by uneconomic rates, compensated by high rates on imports; coupled with (2) the fact that native goods are mostly consumed locally and therefore native imports exceed native exports.

The figures for (1) and (2) we already have. Those for (3) should be readily obtainable; records of the number of days unpaid forced labour in a year have not been kept in the past but there should be no difficulty about their being kept in future, and they would be very useful, if not indeed necessary under the Forced Labour Convention; the other

see as to this
on 16303/30
Pg. 4th no. 2

other factor necessary for the value of the labour to be computed - namely the current rate of wages - is known. Figures as to (4) were got out for the 1927 computation and could therefore be got out again. The figures for (5) should not be unobtainable.

On the expenditure side it would be necessary to include all expenditure from central funds on native services, "bonificatory" or otherwise (e.g. the greater part of prisons administration). The whole of the expenditure of Local Native Councils would also have to be added in. After estimating the expenditure from Central funds on definitely non-native purposes, there would remain a balance which could not readily be divided between native and non-native services. In the 1927 computation this figure amounted to £ 700,634 and included expenditure under such heads as the Governor, the Judicial Department. This would have to be divided up and a proportion of it included in the native services. Any division of this figure would necessarily be arbitrary, but it is suggested that it might be divided between native and non-native services in proportion to the total of the specific expenditure for those purposes.

A statement such as this should really show the amounts actually spent for the benefit of
the

the natives, which the present statement does not show. It would undoubtedly be interesting, especially over a period of years, and it would provide a real measure of native progress. Care would however be necessary not to push the value of the statement too far. It might for instance easily lead to the assumption that the services received by each community ought to be as nearly as possible equal in value to the amount of taxation they paid. This assumption would be doubly unfortunate, in the first place because it would tend to perpetuate the fallacy that native and non-native interests must necessarily be at variance, and secondly because it is surely right that the richer non-native communities should (as they do at present) contribute towards the services required by the poorer native community - in the same way that in a European country the rich contribute to the social services required by the poor.

It is for consideration whether the Secretary of State should not suggest that future statements should be drawn up on some such basis as that proposed. Alternatively it may be thought better to wait until the statements of other East African territories have been received (none have come so far) and to reconsider the matter then. Possibly it might eventually prove desirable for

This has really
 been agreed to
 on 20653/30
 Uganda.
 H.T.A.

a similar basis for all East African territories to be worked out at a Conference of representatives of each territory held under the aegis of the Governor's Conference Secretariat. The Conference would have the benefit of assistance by Mr. Walter, the Statistician to the Secretariat.

C.

This statement has been sent home with the Estimates and the idea was that it would enable the Secretary of State to ensure before the Estimates were approved that they contained a proper proportion of expenditure on native services. The experience of a single year however is sufficient to show that the arrangement is not very satisfactory:-

- (1) It has led to delay in the approval of the Estimates.
- (2) It is only possible to draw from the statements certain broad conclusions and it is unlikely that as a result of considering them the Secretary of State would ever wish to direct amendment of the current estimates over the head of the local legislature.
- (3) The statement is a provisional one of expenditure during the previous year and not an estimate of expenditure during the coming year. That is to say it relates to the year previous to the Estimates year.
- (4) It involves the preparation of two statements, a provisional one to be sent home with the Estimates and a final one when the accounts have finally been made up.

It would seem preferable to have only one statement^x and to make that statement either

x as contemplated in the Memorandum on Native Policy.

(a)

(a) an estimate of expenditure on native services during the forthcoming year, this estimate to be sent home with the Colony's Estimates - or, better,

*this would be as
completed &
trans. on
Native Policy.*

(b) a statement of the expenditure that has actually been incurred in any one year, to be sent home when the accounts for that year have finally been closed. That is to say, that it would probably arrive early in the following summer; it could then be considered at leisure and, in the light of the conclusions which he reached, the Secretary of State would be able to give directions to the Governor which would be incorporated in the Estimates prepared that autumn.

(It should be added that no statement has yet been received from any other East African dependency. Northern Rhodesia, although known to be preparing one, did not send it home with the Estimates. Uganda were unable to prepare one in time for the Estimates. Instead they are sending home a final statement for 1930 when the accounts for that year have been made up. Nyasaland have been asked to do the same and also to send home with each year's Estimates from 1932 onwards an estimate of expenditure during the forthcoming year. The Tanganyika Estimates for the year beginning on the 31st March next have just been received: they are not accompanied by any statement. *Zanzibar will produce a modified statement appropriate to local conditions.*

H. T. Allen
C. G. Eastwood

Extract from Record of a Discussion with
Canon Leakey, on 13 February 1931.

5. Canon Leakey referred to the Lagard Cable scheme for dividing Kenya into a native State and a non-native State, which he himself had thought of at one time, but was too modest to put forward, as he felt that he did not know enough about the subject. He did not, however, press this. But he said that he was not satisfied that the natives were receiving a full return for the contribution which they made to local revenue. Apparently he had not seen the full statement sent by Sir Edward Grigg last year and now placed in the libraries of the House of Lords and House of Commons. Nor has he seen the statement which is now on its way in connection with the 1931 Estimates. The one instance which he picked out was that of prisons. He said that the local authorities would include among native services the Nairobi Jail, because, in fact, it was full of natives and in that sense served the natives. But all the labour from the Nairobi Jail went on non-native services in and near Nairobi and he did not think it fair to include that item in a list of native services.

He has now
added this up-
prisons are not
included in the
services to
native
need

17
20/07/34
D
Dear Parsfield

I now have pleasure in
enclosing my Comments on Sir
P. Gregg's despatch of 31 Mar. 1930,
as you asked me to do, after I had
raised the subject in conversation.

Yours sincerely

Charles Roscoe Suxton

20/4/31 54

Dear Parsfield

I now have pleasure in
enclosing my Comments on Sir
E. Bugg's despatch of 21 Mar 1930,
as you asked me to do, after I had
raised the subject in conversation.

Yours sincerely

Charles Roscoe Suxton

CRITICISMS OF SIR EDWARD GRIGG'S DESPATCH

Kenya No. 202, March 31, 1930.

John & Mary ...

In 1924 Mr. Ormsby Gore's Commission was informed by the Chief Native Commissioner that only 25% of the sums paid by Natives in direct taxation was spent in the Native Reserves on services of direct benefit to them. (vide Cmd 2387, page 182). In view of the fact that separate budgets have not been kept for expenditure on Natives, it is difficult to make any dogmatic statement on the subject at the present time. Whatever changes may have taken place since, it cannot be established that the Natives receive an adequate return. The inclusion by the Governor under Direct Native Services of sums spent on the Natives outside the Reserves, brings in a questionable new departure, and is not in accordance with his statement on May 14th, 1928, that "every penny of direct taxation raised in the Native Reserves is spent on direct native services those reserves. The inclusion of administrative expenses is also open to question, and it requires fuller explanation. It goes counter to his further statement that "the contribution made to the general system and machinery of government throughout the Colony by the native tribes will come entirely and does come at the moment, from their contribution to direct revenue". It is quite true that the indirect taxation, of which the Natives pay a considerable proportion, ought to suffice for the general machinery of government. For the purposes of these remarks, however, I assume that this principle is to be accepted. But I contend that the principle must be strictly applied, and that only such expenditure ought to be included as is of direct and visible benefit to the native community.

The following detailed criticisms of Memorandum 202

may be made:

Paragraph	Remarks
<p>6 "...The statements of expenditure to be incurred on native services should show the cost of native services as a whole and not merely that part of native services given within the boundaries of Native Reserves."</p>	<p>The Government's White Paper (Cmd 3573) says it down that "the natives should receive, directly and visibly, a fair return for the direct taxation which they are called upon to pay". Expenditure outside the Reserves does not come within this ^{definition} category. But for the purposes of these remarks I am, nevertheless, accepting its inclusion.</p>
<p><i>X I disagree entirely X Native outside the Direct Tax just the same as others ^{and}</i></p>	
<p>7 "Many services rendered to Natives are located outside the Reserve boundaries. As instance of this, medical work for the direct benefit of natives is carried out in such centres as Eldoret... Kisumu... Voi... Mombasa... and Mtwara Eairebi."</p>	<p>In most of these cases it must be a long and often impossible journey for sick natives to go to the hospitals mentioned from the neighbouring Reserves. Much of the work done in for Natives living outside the Reserves (where they are mostly in White employment), whether on Settlers' farms or in the towns.</p>
<p><i>I disagree ^{and}</i></p>	
<p>11 "Again the term Native Reserve is not strictly applicable to large areas in purely native occupation in the Northern Frontier and Turkana Provinces. Yet reference to the cost of services rendered in those areas should be made in statements showing the cost of direct native services."</p>	<p>The expenditure in these areas is ^{in the main} not on services for such natives as live in these arid lands, but on military defence. There is no reason to regard it as part of "direct native services". It should be regarded as for the benefit of the Colony as a whole.</p>
<p><i>But this means the point is the protection of life in the N.F.P. ^{and} not</i></p>	

11. "I have repeatedly emphasized the desirability under which this Colony is labouring owing to the heavy drain which the Frontier Provinces make on its resources. Since the war they are estimated to have cost more than a million pounds in expenditure and the return has been negligible."

There is no reason why they should be included under direct native services. They should be defrayed from the general resources of the Colony.

12. "Administration ... An agreed classification was arrived at showing that part of the staff which should be regarded as a native service."

It is questionable whether any of the administrative staff should be included under the head of "direct native service", and whether all the ordinary functions of Government should not be run on general revenue. If the inclusion of this item is nevertheless regarded as legitimate, it ought to be stated on what basis this "agreed classification" was arrived at and by whom, and, in particular, whether the Chief Native Commissioner approved it. Moreover, in view of the varied functions of the Administration ^{we officers,} even in the Native Reserves, and the fact that only a certain percentage of their time can rightly be regarded as exclusively devoted to Native welfare, ought not some deduction to be made for time

He does not agree with the arrangement *accl*

This is the Comr's argument, but I don't myself follow it, for as it relates to admin. officers details for duty in Reserves *accl*

spent on work for the benefit of the Colony as a whole?

12. "The average rate of pay of Provincial Commissioners and District Officers was increased by 45% to cover the cost of reliefs and pension and housing privileges."

*but his salary
was not
understand
the position well*

The percentage seems wholly arbitrary. The basis of computation ought to be given. As regards "reliefs", if the total number of officials required has been arrived at on "an agreed classification", there is surely no call to charge separately for reliefs. Pensions ought, on the widest computation only to include pensions actually being paid in 1928 to former officials in the Native Reserves. Finally, the only legitimate charges made for housing would be for actual houses, built during the year 1928, the cost of houses built previously having already been met in previous years.

"And the salaries of the Asian clerks concerned were increased by 32%"

*Again, I think
his salary does
not make
the situation well*

The 32% seems, without fuller information, to be a quite arbitrary addition. It is in any case doubtful whether these salaries should be included at all, seeing that the services rendered by the Asian clerks to the Native Councils are paid for from Native funds. Much of their work, such as the issuing of licences, is part of the general system of Government.

"The estimated expenditure on the Consul for Southern Abyssinia and the Frontier Agent, Maji, was included in the Administrative expenditure on the Northern territories."

This expenditure, when criticised by European elected members in the Legislative Council has been defended by the Kenya Government on the ground that it was of great value to the Whites in the Colony opening up and fostering cattle trade, etc. It is strange that it should now be treated as a service purely for the benefit of the Natives.

*A small detail -
I fear that things are
sometimes said that
a vote through that
are best forgotten.
(I have not checked that
such statements have
been made, but they
may have been)*

Paragraph

Remarks

12 "No account was taken in the above figures of the Native Affairs Department, the whole of which should, I think, be treated as a native service;.."

Clearly, in a Dept. it should be included.

It is true that there seems as much reason for including the Native Affairs Department amongst Native services as others mentioned. The fact that it was excluded suggests the question why the costs of the Administrative Officers should have been included. (Of Par 18 of Memo 202, where the cost of the Native Affairs Department is, after all, included)

"nor of the Labour Section, half of which should, I think, be allocated to native services;..."

But Mr. B. W. L. does not understand the Labour Section is looking after the native labourers very largely and

This I dispute. The Labour Section exists mainly for the purpose of the provision of labour to the farmers, and might as well be set to their charge as to that of the Natives (Of Par 18 of Memo 202, where this section is, after all, included.)

"nor of the Kabete Reformatory which, though an institution purely for the benefit of Natives, appeared to me to be more properly regarded as a part of the general system and machinery of Government and not as a direct native service."

?

This is quite true. But the Nyeri and Meru Prison Farms which appear to have been included under Native Services and such items as the anti-material measures, laboratory charges etc., detailed in paragraph 8, seem just as much to be part of the general system and machinery of government.

Paragraph

Remarks

12. Agriculture and Veterinary:

"The figures given include the estimated cost of the Division of Native Agriculture with adjustments... and the estimated cost of veterinary officers, stock inspectors and other officers detailed for work in Native Reserves, with similar additions."

The work of the veterinary officers even in the Native Reserves is largely a matter of quarantine arrangements, which are of as much benefit to the European farmers as to the Natives and should perhaps not be included. Also the Agricultural Officers often spend considerable time over matters concerning the white population. It is not stated whether any deduction is made on this account. And the "adjustments" are open to the objections raised above, under paragraph 12.

Education:

"The figures arrived at were on a similar basis of additions in respect of reliefs, pensions and housing..."

Anyway it is quite clear that the money goes to pay for European education also

See above.

It is worth while recalling that in some provinces the Natives pay an education tax of 4/- a head and that everywhere the District Native Councils attempt educational work on their own. The objections made to the additions in respect of reliefs, pensions and housing for the administrative officers apply also here.

Forestry:

Some have a vote for this work

No. 10

I understand that Native Councils contribute to the expenses of afforestation.

"Medical... I have already referred and in some detail to medical services rendered to natives outside Native Reserves, the cost of which... is believed to be not less than £120,000 on the 1929 Estimates."

It is doubtful whether these services ought to be included (see note on Par. 7) It is noteworthy that the amount estimated for Medical Services within the Reserves is only

Paragraph

Remarks

\$55,775, i.e., less than one half.

It is difficult to see why a definite calculation should not be made, instead of reliance being placed on a belief.

12 "The sum of \$5,891 estimated as medical expenditure in the Northern Areas."

Was this all for the Natives or was it for the troops stationed there?

"Police... No account has been taken of the cost of Police in preparing the figures for 1929 except in the Northern Frontier Provinces and Turkana. In these purely Native areas, the cost of Police units appears to be properly allocated to native services." (\$30,574 is allocated to this service).

Law and order are surely part of the ordinary functions of government. Police are not kept in these areas for the sake of the Natives, but solely with the idea of promoting general security. And why should the police within the Native Reserves be regarded as less for the benefit of the Natives than those in the Northern Provinces?

but in N.F.P. the police are protecting native life, especially against raids, and there is no one else within hundreds of miles. They are thus directly protected and

"Public Works..."

The only items taken into account were Maintenance and Improvement of Roads and Bridges under Public Works Recurrent, and Roads under Public Works Extraordinary. The basis on which allocation was made to native services was one of frontage."

Many roads with a long frontage in Native Reserves may nevertheless primarily serve Settled Areas. This definition is therefore very arbitrary. The best method of computation seems to be on the basis of actual use, which is surely ascertainable from the Public Works Department. Many of the roads within the Native Reserves are paid for by the Local Native Councils.

I agree the road allocation needs discussion, but we cannot hope to get data on actual use - e.g., any road in or out of Reserve

Furthermore, much of the work on trunk roads through the Reserves is done by unpaid labor.

"Capital expenditure on buildings..."

See part of the cost of construction accb

The adjustment to the salaries of the officers employed is difficult to understand and seems open to serious question. It does not seem to be rightfully included under the heading of direct native services.

14 "Military Expenditure during 1929 in the Northern Frontier and Turkana Provinces is estimated at £91,722... I have inserted one-third of the figure £91,722 in the tables... (of Native Services). I regard the proportion of one-third as a considerable underestimate."

See above accb

This expenditure seems to me to afford an ~~almost startling case of~~ ^{an obvious example of} expenditure which should come from general revenues.

15. The figures arrived at on the basis explained above may be summarized in the following way:- Native Services in Native Reserves - £354,579; Native Services in the Northern Frontier and Turkana Provinces - £107,558.

But this is not a fair comparison, the circumstances are entirely different in these areas

It is interesting that the total assigned to the Native Reserves, with a population of about 2½ millions, should be little more than 3 times the amount computed as being of benefit to the sparse population in the Northern Frontier and Turkana Provinces, where the Natives have only recently begun to pay any direct taxation and are receiving a very insignificant amount of help. Comparatively low as it is, I nevertheless regard it, for the reasons given above, as expensive. The expenditure on the Northern Frontier, with the exception of the small amounts directly spent on Welfare, would under my suggestion not be included at all.

Paragraph

Remarks

18 "In regard to expenditure on direct native services which are rendered outside the boundaries of Native Reserves, I am not yet in a position to give more detailed figures...I am, however, satisfied that on the information at present available the figure of £160,000 quoted is a low estimate.

I disagree with X for 1928 this is given. aed

I would ~~not~~ repeat that the ~~legitimacy~~ legitimacy of including expenditure outside the Reserves amongst services to be paid for from Native direct taxation is doubtful. But assuming its legitimacy, an accurate analysis is required. "A low estimate" is too vague to be of much ~~any~~ value.

The services included in this figure consist of medical, educational, agricultural and veterinary services rendered to natives outside the boundaries of the Native Reserves (including a part of the departmental headquarters' charges for administering those services.

I disagree aed

See criticism under paragraph 7

This ought certainly to come under general expenditure

the cost of Native Affairs Department,

See above aed

No Doubtful whether all of this ought to be included. Much of its work is connected with matters of registration.

and half the cost of the labour section

This ought certainly to come under general expenditure

19 The Treasurer's accounts for 1929 show that the expenditure incurred during 1929 on Famine Relief was £84,799, against which the revenue received was £36,281, leaving a balance representing the net cost of Famine Relief measures of £48,518 in 1929.

Surely this is an argument which is not worthy of treatment. I am glad I have never heard it before. aed

It has been said that these famine relief measures were only beneficial to the Natives to whom wheat was given or sold but also to the White farmers, who had been enabled to sell their stocks, Schamas for grain and for the prevention of famine would be scounders.

Some of these are not in fact steps in the direction of relief.

Paragraph

Remarks

23. The full statement of the cost of services rendered to natives during 1929... is being compiled, generally speaking, on the hypotheses to which I have already referred, with the exception that no separate estimate is being made of the cost of services rendered within the Native Reserves.

The hypotheses referred to do not seem business-like and scientific and a different basis seems required, showing more definitely the development within the Native Areas.

Yes, that is the trouble
of the whole thing, ^{without}
is a direct service? There
had to be assumptions on a certain
amount of arbitrary dissection.
a.c.f.

11066/31



K

KENYA.

GOVERNMENT HOUSE,
NAIROBI,
KENYA.

No. 63
RESERVED.

RECEIVED
16 FEB 1931
OOL. OFFICE

A
25 January, 1931.

E. L. M. Hobbs T. Vol

My Lord,

NO. 11 on 16019/30
NO. 11 on 16360/30
(Estimated)
in min.

With reference to Your Lordship's despatch No. 358, of the 8th May, 1930, and in continuation of paragraph 18 of Kenya despatch No. ⁷⁶⁷ 696 Reserved of the 8th December, 1930, I have the honour to transmit:

- (1) a provisional statement showing, Province by Province, the total estimated revenue derived from the direct taxation of natives in 1930 and the estimated expenditure in 1930 on services directly benefiting the native population; and
- (2) a comparative table of revenue and expenditure of Local Native Councils in 1931.

Enclosure I.

Enclosure II.

2. The former statement has been compiled with considerable difficulty and the delay in transmission, which I greatly regret, has been due partly to the minute scrutiny to which returns received from departments have been subjected and partly to doubts expressed by the Chief Native Commissioner as to the classification according to which the cost of the services has been calculated.

THE RIGHT HONOURABLE LORD PASSFIELD, P.C.,
SECRETARY OF STATE FOR THE COLONIES,
DOWNING STREET, LONDON, S.W.1.



GOVERNMENT HOUSE,
NAIROBI,
KENYA.

KENYA.

No. 63
RESERVED.

RECEIVED
18 FEB 1931
COL. OFFICE

25 January, 1931.

25 Jan 1931

My Lord,

No. 11 on 16019/30
No. 11 on 16300/30
(Estimate)
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SECRETARY OF STATE FOR THE COLONIES,
DOWNING STREET, LONDON, S.W.1.

19 MAR 1931 - 204 (Reserved)

No. 10 on 16019/30

3. In Kenya despatch No. 202 of the 31st March, 1930, emphasis was laid on the disability which is inherent in any statement of the kind now under discussion because any analysis of the Estimates made with a view to ascertaining the cost of services rendered to natives must rest on a series of assumptions both as to the nature of the services which may be regarded as primarily "native services" and also as to the manner in which the cost of those services may be calculated. In that despatch the basis upon which the estimated cost of the services had been compiled was fully explained and the classification there suggested was accepted in Your Lordship's despatch No. 358 of the 8th May, 1930. In preparing the preliminary statement for 1930, therefore, the basis which has been accepted by Your Lordship has been followed and the figures compiled on that basis have been agreed to by the Native Affairs Department on the assumption that that basis is to stand.

No. 11 on 16019/30

4. At the request of the Chief Native Commissioner, however, I transmit copies of

- (1) his letter of the 25th March, 1930;
- (2) his minute of the 25th November, 1930; and
- (3) his minute of the 22nd December, 1930; and

to complete the correspondence, copies of my minute of the 24th November, 1930, and of the 25th November, 1930, from which it will be seen that his opinion is that the adopted basis has, in its application, proved "so fallacious and illusory that the resultant computation presents a picture which differs very widely from reality".

Enclosure III.

Enclosure V.

Enclosure VII.

Enclosure IV.

Enclosure VI.

5. In view of the terms of the Chief Native Commissioner's minutes, I can only express surprise that the Chief Native Commissioner should have waited so long before intimating that he wished to contest the basis of classification. The draft of Kenya despatch No. 202 of the 31st March, 1930, was sent to the Chief Native Commissioner for review on the 24th March, and his letter of the 25th March was his only written comment thereon. I discussed this letter with the Chief Native Commissioner at the time, and understood his attitude to be that, provided the manner in which the figures had been arrived at was clearly set out in the despatch, he did not wish to contest the allocation in detail in view of the terms of paragraphs 2 and 3 of his letter. Those paragraphs clearly raised a much larger issue and had nothing to do with the propriety or otherwise of the proposed allocations. My personal feeling in the matter was and is that any such allocations are open to serious challenge from one point of view or another and are dangerous and misleading if arguments are based on the resultant total figures without the basis on which they are founded being clearly stated. As, however, these figures were required, I considered the best course to adopt was to state clearly how these figures were arrived at and to leave it to Your Lordship to accept, reject or amend the classification. No alteration was made in the draft as a result of the Chief Native Commissioner's comments.

No. 10 on 16019/30

6. A copy of Kenya despatch No. 202 of the 31st March and of Your Lordship's despatch No. 358-

res-10411 on 16019/30

of the 8th May in which the classification was accepted by Your Lordship was sent to the Chief Native Commissioner on the 26th June, but it was not until the preliminary figures for 1930, prepared on that classification, had been compiled that I was advised, in the Chief Native Commissioner's minute of the 25th November, that he wished to contest the whole basis of classification.

7. On receipt of this minute, I discussed the matter with the Chief Native Commissioner and informed him that I could not accept the general criticism contained in paragraph 3 of his minute as the statement for 1930 had been drawn up generally on a basis of classification already approved by Your Lordship. I informed him, however, that if he wished to challenge individual items he was, of course, at liberty to do so, but that in that case he must specify what those items were and first take up with the Heads of Departments concerned the points in dispute.

8. The Chief Native Commissioner then examined the figures in detail with representatives of the Departments concerned and his minute of the 22nd December was written after this scrutiny had taken place. A schedule which the Chief Native Commissioner had compiled as a result of this scrutiny, on a basis of classification differing in many respects from that accepted by Your Lordship, was then compared with the preliminary statement as compiled from departmental returns and an analysis was made of the points on which the two schedules differed.

and of the reasons for those differences. Opportunity was taken at the same time to correct the preliminary statement in the light of the detailed information obtained from Departments by the Chief Native Commissioner. In particular, the column headed "Public Works" was corrected so as to exclude provision in respect of the housing of officers and furniture for officers' quarters, and an item for the construction of a prison at Kakamega was deleted, as prisons are regarded as a part of the general system and machinery of Government and not as a direct native service.

9. The Schedule marked "A" in Enclosure I attached to this despatch is the provisional statement showing the estimated cost of native services in 1930 prepared in accordance with the classification accepted by Your Lordship. The schedule marked "B" contains the figures to which the Chief Native Commissioner is prepared to agree and the figure of £447,000 shown in paragraph 4 of his minute of the 22nd December should therefore be altered to £455,470.

10. It may be of value to Your Lordship if I refer in greater detail than is given in the Chief Native Commissioner's minute of the 22nd December to the differences between the basis of calculation now suggested by the Chief Native Commissioner and that adopted in the compilation of Schedule "A", and if I invite Your Lordship's attention to a number of points which may be

regarded as not specifically covered by the terms of Kenya despatch No. 202 of the 31st March, 1930.

No. 10 on 16/19/30

11. Administration.

Schedule A	£223,920
Schedule B	117,736

Difference £106,184.

The figures in Schedule A are compiled on the basis shown in paragraph 12 of Kenya despatch No. 202 of the 31st March. It will be seen that the sums allocated to Provinces total £212,367 and that unallocated expenditure (covering the cost of the Native Affairs Department and half the cost of the Labour Section) is estimated at £11,553. The Chief Native Commissioner accepts as a native service this latter item in full but one half (£106,183) only of the cost of Administration allocated to Provinces in Schedule A. He considers that not more than one half of the time of Administrative officers in native areas can be regarded as spent on services of direct benefit to natives, the remainder of their time being occupied in work connected with the general system and machinery of Government such as the administration of justice and the collection of revenue.

No. 10 on 16/19/30

12. Agricultural Department.

Schedule A	£52,875
Schedule B	35,845

Difference £17,031.

This difference is caused by two factors:

- (1) the Chief Native Commissioner has excluded from the schedule which he has compiled any entry

in respect of the estimated cost of that portion of headquarters expenditure allocated to the administration of native services. The sum included in Schedule "A" on this account is in accordance with paragraph 18 of Kenya despatch No. 202 of the 31st March and amounts to £6,775.

No. 10 of 16/19/30

(2) Schedule "A" includes as "unallocated" a sum of £10,256 which represents twenty per cent of the cost of the Scott Agricultural Laboratories and Plant Breeding Services and one-third of the net cost of Veterinary Research. In regard to the Scott Agricultural Laboratories and Plant Breeding Services, the Director of Agriculture states that

"generally speaking, expenditure must be taken to improve the crops or the conditions of the crops throughout the Colony. Any such improvement cannot be allocated from the money point of view, but affects both European and native crops. As Native Agriculture progresses, the value of the work now being done at these institutions will increase. For the present it is placed in the proportion 80 per cent and 20 per cent".

Work done at the Veterinary Research Laboratory is intimately related to veterinary work done in the field and the Director of Agriculture considers that one-third of the net cost of Veterinary Research Services should be included in the statement of services rendered to natives.

13. The figures given in both schedules have taken into account the revenue estimated to have been received from the natives in each Province in payment for services rendered and represent, therefore, the estimated net cost of those services.

14. No difference appears in the schedules in respect of the figures for Education, Famine Relief and Forest services.

15. Medical Department.

Schedule A	£178,857
Schedule B	110,980

Difference	£67,877.
------------	----------

Of the sum of about £90,000 which the Director of Medical and Sanitary Services has allocated to Native Services from the total of about £100,000 which he is unable to distribute geographically, the Chief Native Commissioner is prepared to accept £28,840. The points at issue may be summarised as follows: -

- (1) The Chief Native Commissioner excludes the entry in respect of administering the Department, ... £18,001 (Personal Emoluments only). The inclusion of departmental headquarters charges for administering the services is in accordance with paragraph 18 of Kenya despatch No. 202 of the 31st March. I fail to understand why the Medical Department should be singled out in this manner.
- (2) The Chief Native Commissioner excludes the entry in respect of Medical and Surgical Stores and equipment, ... £22,050
The Director of Medical and Sanitary Services considers that 90 per cent of expenditure under this sub-head is a fair allocation to Native Services.

No. 10 on 16/11/30

- £40,051
- (3) The Chief Native Commissioner excludes the entry in respect of Laboratory Services, ... £13,640
- The Director of Medical and Sanitary Services regards Laboratory services as a completely essential part of medical services rendered in hospitals, etc.
- (4) The Chief Native Commissioner accepts approximately one-half only of the entry in respect of Mental Hospitals the native share of which is assessed by the Director of Medical and Sanitary Services at seven-eighths, a difference of ... £1,369
- (5) The Chief Native Commissioner excludes the entry in respect of fees and expenses of Medical Officers attending courses of instruction in England, ... £1,440
- which the Director of Medical and Sanitary Services regards as a part of the cost of the Medical Officers concerned.
- (6) The Chief Native Commissioner excludes the entry in respect of propaganda, £900
- The Director of Medical and Sanitary Services states that propaganda is almost entirely a native service.
- (7) All other entries excluded by the Chief Native Commissioner including a consequential adjustment amounting to £7,054 in respect of pensions,

£57,400

housing and reliefs, etc., in respect of the above services,

total £10,477

Total difference, £67,877.

I enclose an extract from a letter from the Director of Medical and Sanitary Services on this subject.

Enclosure VIII.

16. Military. - Difference, £38,393

Police. - Difference £14,995

The Chief Native Commissioner makes no allocation towards the cost of Military and Police Services. In Kenya despatch No. 202 of the 31st March, 1930, the basis suggested for Police (page 7) was that the cost of Police units in the purely native areas of the Northern Frontier Province and Turkana "appears to be properly allocated to native services". The reasons which led to the inclusion in the schedule of one-third of the military expenditure in the Northern Frontier Province and Turkana are given in paragraph 14 of the same despatch.

on 16/11/30

17. Public Works.

(1) The figures given in both Schedules for Public Works have been compiled on a basis differing from those shown in respect of other departmental services in as much as they do not rest on any allocation of the Personal Emoluments and other operation costs of the staff employed but are calculated on the work done under the Heads Public Works Recurrent and Public Works Extraordinary and,

to the allocations so made, 20 per cent has been added to cover the cost of overheads and 3 per cent to cover the estimated cost of pensions, housing and other commitments. The net cost of water-boring services in native areas has been added to the figures obtained for roads and other public works allocated as native services.

(2) No additions have been made to Schedule A in respect of interest on loan-moneys which have been expended on roads and bridges in native areas and on buildings either in native areas or for native services to which the Chief Native Commissioner refers in the latter part of paragraph 1 of his minute of the 22nd December.

(3)	Schedule A	£99,413
	Schedule B	68,565
		£30,848
	Difference	£30,848

The following are the figures, Province by Province: -

Province.	Schedule A	Schedule B	Difference
Nyanza	£21,269	£16,636	£4,633 -
Nzoia	2,483	2,160	323 -
Turkana	10,865	4,317	6,548 -
Rift Valley	3,252	3,722	- 470
Naivasha	-	-	- -
Masai	4,930	1,000	3,930 -
Kikuyu	28,844	21,386	7,508 -
Ukamba	4,958	2,727	2,231 -
Coast	15,727	16,667	- 940
Northern Frontier	7,085	-	7,085 -
			£32,258 1,410
Total,	£99,413	68,565	30,848.

In so far as the allocation of expenditure on roads and bridges is concerned, the basis accepted for the purpose of making allocations to native services in Schedule A was one of frontage, that is, allocation is made to the native services if the work in question is situated in a native area and not otherwise. In Kenya despatch No. 202 of the 31st March it was admitted that the definition of a native service in this case was purely arbitrary. The Chief Native Commissioner has framed his calculations on a different basis. The following notes indicate, in general terms, the reasons for the differences shown in the provincial figures: -

Nyanza Province.

The difference of £4,633 is due to the acceptance by the Chief Native Commissioner as a native service of one-half only of the allocated cost of work on trunk roads in native areas.

Nzoia Province.

The difference of £323 is due to the acceptance of one-half only of the allocated cost of work on the Eldoret-Kapsabet-Kaimosi road.

Turkana Province.

The difference of £6,548 is due to the fact that the Chief Native Commissioner considers that the cost of work on main military roads in this Province should not be regarded as a native service.

Rift Valley.

The difference is £470. In the figure given in Schedule A allowance has been made for revenue from water-boring services.

No. 10 to 16819/30

Masai Province.

The difference is £3,930. The Chief Native Commissioner has accepted an arbitrary allocation of £1,000. In his minute of the 22nd December (para. 3b) he objects to allocating the cost of the main trunk road from Nairobi to Tanganyika as a direct native service.

Kikuyu Province.

The difference of £7,508 is due to a large number of items not accepted by the Chief Native Commissioner.

Ukamba Province.

Of the difference of £2,231, £627 is due to the fact that the Chief Native Commissioner has not made the customary allowance (23 per cent) for overheads, etc.; £1,069 is due to the omission of the net cost of water-boring services; and the balance of £545 is due to items of work on the main Nairobi-Mombasa road excluded by the Chief Native Commissioner.

Coast Province.

The difference is £940. In the figure given in Schedule A allowance has been made for revenue from water-boring services.

Northern Frontier Province.

The Chief Native Commissioner makes no allocation for this Province. Schedule "A" shows £7,085 for work on roads and bridges in that Province.

17. I have dealt in some detail with the differences between the classification adopted in preparing the figures shown in Schedule A

and those compiled by the Chief Native Commissioner in Schedule B because it seems desirable to afford Your Lordship as much information as possible on points of difficulty and doubt experienced in this Colony in arriving at an estimate of the cost of services rendered to natives. In compiling figures of this kind, there must always be an element of doubt as to whether one basis of classification is likely to secure a more accurate picture than another. Experience will no doubt lead to a partial solution of many of these difficulties and to a general standardisation of the manner in which such statements are to be compiled, but in the present circumstances I must confess that so many of the entries depend on assumptions which are completely arbitrary, except in the sense that that they represent the opinions of heads of departments as to the proportion in which the time of themselves and their officers is engaged as between native and non-native services, that in my personal opinion most of the calculations are worthless as they stand, though they may prove to be of value for purposes of comparison if the basis of classification is the same for each Colony and is maintained without alteration from year to year.

18. I observe that the statement which Your Lordship has directed to be furnished at the end of every financial year, showing the total revenue derived from the direct taxation of the natives and the total amount expended upon services directly

benefitting the native population should, so far as circumstances permit, be compiled so as to show the details required, district by district, but I feel bound to inform Your Lordship that the difficulties which have been experienced in preparing the provisional statement now transmitted will become greatly accentuated on the sub-division of the areas to which these returns relate and that a basis of classification which may portray with reasonable accuracy the position in relation to the Colony and Protectorate as a whole may be incapable of adaptation to statistics applicable to districts. I would, therefore, strongly urge that the classification might be made as in the present case on a provincial rather than a district basis.

19. This despatch in itself provides eloquent proof of the very considerable labour involved in the preparation of these returns, and of the contentious nature of the basis on which they are necessarily prepared. If they are to be continued and to be of any value, I suggest that it is essential that the same classification should be approved by Your Lordship and applied to all colonies and not left to the idiosyncracies of the individual compiler.

I have the honour to be,

My Lord,

Your Lordship's most obedient, humble servant,

John M. Moore

ACTING GOVERNOR.

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Your Lordship's most obedient, humble servant,

John A. Moore

ACTING GOVERNOR.

ENCLOSURE I.

ESTIMATED COST OF NATIVE SERVICES, 1930.

SCHEDULE A. From Departmental Returns.

PROVINCE.	Admin- stration	Agricul- tural Dept.	Education Dept.	Famine Relief.	Forest Dept.	Medical Dept.	Military.	Police.	Public Works.	Total estima- ted ex- penditure.	Esti- mated Hut & Poll Tax Revenue.	Excess of total est.exp. over est. Hut & Poll Tax Revenue.	Excess of est. Hut & Poll Tax Revenue over est. expendi- ture.
	£	£	£	£	£	£	£	£	£	£	£	£	£
Nyanza	40,147	12,377	36,314	-	-	40,013	-	-	21,269	150,120	235,000	-	84,880
Nzoia	8,732	2,729	6,851	-	-	12,307	-	-	2,483	33,102	21,106	11,996	-
Turkana	23,525	-	136	-	-	4,072	10,373	3,036	10,865	52,007	8,500	43,507	-
Rift Valley	7,925	1,559	277	-	-	5,389	-	-	3,252	18,400	15,671	2,729	-
Naivasha	-	-	-	-	-	80	-	-	-	80	5,000	-	4,920
Massai	13,876	3,854	5,322	-	-	2,681	-	-	4,930	30,683	17,750	12,933	-
Kikuyu	38,632	10,742	37,399	5,831	-	57,842	-	-	28,844	179,296	177,888	1,408	-
Ukamba	20,072	8,839	15,231	750	1,855	16,059	-	-	4,958	62,864	74,407	-	11,643
Coast	28,514	1,884	13,573	436	-	37,263	-	-	15,727	99,525	41,281	58,244	-
Northern Frontier	30,920	2,686	-	141	-	3,151	28,020	11,959	7,085	83,912	5,000	78,912	-
Unallocated	11,553	10,255	-	900	-	-	-	-	-	20,909	-	20,909	-
TOTAL:	223,920	52,875	115,103	5,386	1,855	178,857	38,393	14,995	99,413	730,798	601,603	129,195	-

SCHEDULE B. Chief Native Commissioner's Schedule.

Nyanza	20,074	10,392	36,314	-	-	23,748	-	-	16,636	107,164	235,000	-	127,836
Nzoia	4,366	2,421	6,851	-	-	7,629	-	-	2,160	23,427	21,106	2,321	-
Turkana	11,762	-	136	-	-	2,649	-	-	4,317	18,864	8,500	10,364	-
Rift Valley	3,961	1,319	277	-	-	3,507	-	-	3,722	12,785	15,671	-	2,885
Naivasha	-	-	-	-	-	64	-	-	-	64	5,000	-	4,936
Massai	6,948	3,410	5,322	-	-	1,622	-	-	1,000	18,302	17,750	552	-
Kikuyu	19,319	8,941	37,399	5,831	-	36,685	-	-	21,336	129,511	177,888	-	48,377
Ukamba	10,036	3,433	15,231	750	1,855	9,615	-	-	2,727	43,647	74,407	-	30,760
Coast	14,257	3,628	13,573	436	-	23,398	-	-	16,667	71,087	41,281	29,806	-
Northern Frontier	15,460	2,301	-	141	-	2,063	-	-	-	19,965	5,000	14,965	-
Unallocated	11,553	-	-	900	-	-	-	-	-	10,653	-	10,653	-
TOTAL:	117,736	35,845	115,103	5,386	1,855	110,980	-	-	68,565	455,470	601,603	-	146,135

* arrears of payments in respect of Famine Relief Measures undertaken in 1929.

ENCLOSURE I.

ESTIMATED COST OF NATIVE SERVICES, 1930.

SCHEDULE A. From Departmental Returns.

PROVINCE.	Administration	Agricultural Dept.	Education Dept.	Famine Relief.	Forest Dept.	Medical Dept.	Military	Police.	Public Works.	Total estimated expenditure.	Estimated Hut & Poll Tax Revenue.	Excess of total est. exp. over est. Hut & Poll Tax Revenue.	Excess of est. Hut & Poll Tax Revenue over est. expenditure.
	£	£	£	£	£	£	£	£	£	£	£	£	£
Nyanza	40,147	12,377	36,314	-	-	40,013	-	-	21,269	150,120	235,000	-	84,880
Nzoia	8,732	2,729	6,851	-	-	12,307	-	-	2,483	33,102	21,106	11,996	-
Turkana	23,525	-	136	-	-	4,072	10,373	3,036	10,865	52,007	8,500	43,507	-
Rift Valley	7,925	1,569	277	-	-	5,889	-	-	3,252	18,400	15,671	2,729	-
Naivasha	-	-	-	-	-	80	-	-	-	80	5,000	-	4,920
Isasi	13,816	3,854	5,322	-	-	2,581	-	-	4,930	30,683	17,750	12,933	-
Kikuyu	38,638	10,742	37,399	5,831	-	57,842	-	-	28,844	179,296	177,888	1,408	-
Ukamba	20,072	6,839	15,231	-	1,855	16,059	-	-	4,958	62,964	74,407	-	11,643
Coast	28,514	1,884	13,573	436	-	37,263	-	-	15,727	99,525	41,281	58,244	-
Northern Frontier	30,920	4,686	-	141	-	3,151	28,020	11,959	7,085	83,912	5,000	78,912	-
Unallocated	11,553	10,255	-	900	-	-	-	-	-	20,809	-	20,809	-
TOTAL:	223,920	52,875	115,103	5,386	1,855	178,857	38,393	14,995	99,413	730,798	601,603	129,195	-

SCHEDULE B. Chief Native Commissioner's Schedule.

Nyanza	20,074	10,392	36,314	-	-	23,748	-	-	16,636	107,164	235,000	-	127,836
Nzoia	4,366	2,421	6,851	-	-	7,629	-	-	2,160	23,427	21,106	2,321	-
Turkana	11,762	-	136	-	-	2,649	-	-	4,317	18,864	8,500	10,364	-
Rift Valley	3,961	1,319	277	-	-	3,507	-	-	3,722	12,786	15,671	-	2,885
Naivasha	-	-	-	-	-	64	-	-	-	64	5,000	-	4,936
Isasi	6,948	3,410	5,322	-	-	1,622	-	-	1,000	18,302	17,750	552	-
Kikuyu	19,319	8,941	37,399	5,831	-	36,685	-	-	21,336	129,511	177,888	-	48,377
Ukamba	10,036	3,433	15,231	750	1,855	9,615	-	-	2,727	43,647	74,407	-	30,760
Coast	14,257	3,628	13,573	436	-	23,398	-	-	16,667	71,087	41,281	29,806	-
Northern Frontier	15,460	2,301	-	141	-	2,063	-	-	-	19,965	5,000	14,965	-
Unallocated	11,553	-	-	900	-	-	-	-	-	10,653	-	10,653	-
TOTAL:	117,736	35,845	115,103	5,386	1,855	110,980	-	-	68,565	455,470	601,603	-	146,133

arrears of payments in respect of Famine relief Measures undertaken in 1929.

COMPARATIVE TABLE OF REVENUE AND EXPENDITURE OF LOCAL NATIVE COUNCILS IN 1931.

PROVINCE AND COUNCIL.	REVENUE			EXPENDITURE (Including Expenditure on buildings.)							
	Rates.	Land. (Rents, Fees, &c.)	Other.	Education.	Medical.	Agr. & Vet.	Roads & Bridges.	Water Supplies.	Forests.	Famine Relief.	Other.
	Shs.	Shs.	Shs.	Shs.	Shs.	Shs.	Shs.	Shs.	Shs.	Shs.	Shs.
<u>COAST.</u> Digo.	14,000	6,000	4,414	3,000	4,800	8,000	7,100	6,700	3,000	2,000	5,670
Malindi.	30,000	14,000	1,080	500	13,875	8,000	6,000	8,000	2,400	-	11,165
<u>NYANZA.</u> North Kavirondo.	180,000	30,250	600	196,000	23,060	21,724	50,000	-	3,744	-	75,108
Central Kavirondo.	99,500	9,180	7,600	32,096	46,140	9,028	22,820	-	4,472	-	24,544
S. Kavirondo (L-A)	48,000	15,650	4,800	10,000	11,420	3,882	12,200	-	2,876	-	33,494
S. Kavirondo (K-B)	54,000	11,800	4,500	6,000	5,748	800	13,488	-	9,860	-	2,720
South Lumbwa.	-	8,787	5,750	10,000	-	-	7,200	-	1,200	-	6,570
<u>NZOIA.</u> Elgeyo.	-	30,063	3,065	15,420	500	1,200	-	120	7,912	3,000	870
Israkwet.	-	8,714	1,540	6,980	300	390	720	-	1,978	2,000	870
Nandi.	11,000	11,204	1,500	10,850	17,750	13,260	7,000	-	1,640	-	8,300
<u>UKAIYA.</u> Machakos.	91,600	18,600	7,300	19,000	6,800	6,000	13,000	16,000	36,631	-	20,069
Teita.	18,500	1,900	3,550	-	14,000	1,000	3,000	500	1,912	-	13,960
Kitui.	36,500	14,050	7,300	1,000	22,344	500	19,600	17,220	1,668	-	22,518
<u>TURKANA.</u> West Suk.	-	3,900	450	10,000	-	-	-	2,000	-	-	3,744
<u>MASAI.</u> Narok.	-	23,000	-	10,000	500	500	2,500	-	-	-	2,288
Kajiado.	10,330	19,576	22,500	24,335	100	-	-	10,330	-	-	2,264
<u>KIKUYU.</u> Kyambu.	49,000	10,000	4,000	57,000	7,504	2,728	14,200	5,320	500	-	16,430
Port Hall.	48,000	17,000	2,000	95,200	33,840	14,000	16,000	-	960	-	18,462
South Nyeri.	59,000	12,000	4,000	160,500	5,000	3,000	4,000	-	2,000	-	53,450
Embu.	23,000	8,000	800	-	4,144	2,000	-	-	-	-	11,330
Meru.	30,000	21,520	1,200	-	200	4,490	2,000	-	2,700	-	2,200
<u>RIFT VALLEY.</u> Baringo I.	2,500	3,831	9,100	-	-	2,800	8,000	-	-	5,000	7,270
Baringo II.	10,000	488	-	-	-	-	-	-	-	-	4,910
TOTALS:	814,930	299,513	97,049	667,881	218,025	103,302	208,828	66,190	85,453	12,000	373,667

66,881

218,025

103,302

208,828

66,190

85,453

286,762

ENCLOSURE III.

Letter from the Chief Native Commissioner to the Colonial Secretary, dated the 26th March, 1930, in reply to a letter dated 24th March, 1930, forwarding for review the draft of Kenya despatch No. 202 of the 31st March, 1930.

I find myself in considerable difficulty in commenting on the draft despatch. The subject is very controversial, and I can only express my personal opinions. As indicated in paragraph 3 of the draft, everything depends upon what is to be the agreed basis of calculation, and I personally am unable to agree with some of the allocations that have been made: they appear to me to leave but little to be regarded as services which should be rendered in return for other forms of taxation, being enjoyed by non-natives whose total direct taxation in 1928 produced only £43,483 as against direct native taxation which produced £2564,405.

2. In my opinion the only way in which it can be ensured that direct native services will be carried on to the extent of the direct native tax is to establish a separate Fund, to be administered by Trustees subject to the directions of the Governor in Council (not Legislative Council) and to pay into this Fund

- (a) the whole proceeds of the direct native tax,
- (b) all revenues derived from services of which the Fund bears the cost.

3. From this Fund would be paid :-

- (a) Re-imbursments to Government for the full cost of all officers and staff employed solely on Native Services, e.g., Administrative officers, Departmental officers, Headmen, Tribal Police, Clerical staff, etc.
- (b) Re-imbursments of full cost incurred by Government in respect of institutions, such as hospitals,

- schools, etc., for natives in native areas.
- (c) Contributions on a given basis towards services rendered by Government outside the native areas from which natives from the native areas derive special benefit, e.g., certain hospitals, Jeanes school, Native Industrial Training Depot, and certain public works.
- (d) Cost of any public works undertaken by Government for native benefit in native areas.
- (e) Services for direct native benefit in the Reserves carried on under the direct supervision or directions of the Administrative officers.

All accounts under (a), (b) (c) and (d) would be rendered to the Trustees for examination and passing for payment, those under (e) being passed direct by the Administrative officers under a general authority. This would, of course, involve the framing of a Native Services Budget but I see no difficulty in this, once the general basis has been agreed upon.

(Sgd.) G.V. MAXWELL
 CHIEF NATIVE COMMISSIONER.

ENCLOSURE IV.

Minute by the Acting Governor to the Chief Native Commissioner, dated 24th November, 1930.

The Hon. Chief Native Commissioner.

In Colonial Office despatch No.200 (Reserved) of 6th March, 1930, the Secretary of State has ordered that there should accompany the Estimates Despatch :-

- (a) A comparative statement of Revenue and Expenditure, showing total revenue from direct native taxation, and total expenditure on services directly benefiting the natives.
- (b) Contributions or cesses raised by Local Native Councils and the objects on which these monies are to be spent.

- 2. (a) has already been prepared by Mr.Sandford and a copy sent you.
- (b) I have not seen.

3. It is essential that both these statements should be ready by the end of this week to accompany the Estimates Despatch. In the case of (a) the basis of classification has generally been approved by the Secretary of State already. Where such classification is new the facts are, I understand, in the departmental files which Mr.Sandford has.

4. Please let me know whether you concur in (a) and also furnish (b) by Wednesday next. I am minuting direct as the Colonial Secretary is in Select Committee.

(Intd.) H.M.
24.XI.30.

ENCLOSURE V.

Minute by the Chief Native Commissioner, dated 25th November, 1930, in reply to the Acting Governor's minute of the 24th November, 1930 (Enclosure IV).

Your Excellency,

Enclosure IV.

Reference (25)

(b) is being prepared in this office and will be submitted early.

2. I most definitely do not concur with (a) which is based on figures to which I can attach no value whatever.

3. (a) was supplied to me informally by Mr. Sandford two days ago, but I have had no time to look through it until today. It would take weeks to check these figures properly, as it would entail minute enquiries into the nature of the services and the circumstances in which they are rendered. I have looked at the files containing the statements supplied to Mr. Sandford by the departments concerned, but I can gather no clear information from them; indeed, in some there is no information at all. There seems to me to be a hopeless mixing up of direct and indirect native services, whereas I consider that no statement is of value which does not clearly separate the costs of indirect from those of direct services. It merely makes confusion worse confounded to show the proceeds of direct taxation only on one side of the account and then to mix up direct and indirect services on the other side.

4. An account of which the debit and credit sides are made up on different bases is, to my mind, of no value whatsoever. The figures supplied appear to ignore the fact that natives pay large sums in indirect taxation.

5. I ask that a copy of this minute may accompany any despatch in which these figures are transmitted to the Secretary of State.

25.11.30.

(Sgd.) G.V. Maxwell
CHIEF NATIVE COMMISSIONER.

Minute by the Chief Native Commissioner, dated 25th November, 1930, in reply to the Acting Governor's minute of the 24th November, 1930 (Enclosure IV).

Your Excellency,

Enclosure IV.

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5. I ask that a copy of this minute may accompany any despatch in which these figures are transmitted to the Secretary of State.

25.11.30.

(Sgd.) G.V. Maxwell
CHIEF NATIVE COMMISSIONER.

ENCLOSURE VI.

Minutes by the Acting Governor to the Acting Colonial Secretary, dated the 25th November, 1930.

The Hon. Colonial Secretary.

Mr. Maxwell spoke about this. Please inform him that I cannot accept his general criticism contained in paragraph 3 of his (25) as the statement has been drawn up generally on a basis of classification already approved by the Secretary of State.

Enclosure V.

2. If, however, he wishes to challenge individual items he is, of course, at liberty to do so, but in that case he must specify what those items are, and first take up with the Heads of Departments concerned the points in dispute.
3. Please, therefore, issue an instruction to the Heads of Departments concerned to treat as a matter of urgency any request from the Chief Native Commissioner to discuss their figures with him. The Chief Native Commissioner can then make his own arrangements as to time, etc.
4. It is essential, however, that the Estimates despatch should not be delayed on account of these figures.

(Initd.) H.H.

25.XI.30.

ENCLOSURE VII.

MINUTE BY THE CHIEF NATIVE COMMISSIONER
dated 22nd December, 1950.

Hon. Colonial Secretary.

After consultation with Mr. Sandford and with the representatives of the Departments concerned I have carefully scrutinised the figures in the Memorandum and Schedule headed "Native Services, 1950", and with the exception of amounts totalling a little over £11,000 for buildings I cannot point to any items whose inclusion would appear to be not in accordance with the basis suggested in Kenya despatch No. 202 of the 31st March last and accepted by the Secretary of State in his despatch No. 358 of the 8th May. Indeed on this basis it would seem proper to add a sum of approximately £5,500 in respect of interest on loan moneys which have been expended on roads and bridges in native areas and on buildings either in native areas or for native services.

2. The adopted basis has however in its application proved in my opinion so fallacious and illusory that the resultant computation presents a picture which differs very widely from reality. Many of the services which are shown in departmental figures as being those "directly benefiting the native population" are in my view of indirect benefit only - in some cases very remotely - and some are of no benefit at all. But until an authentic and detailed schedule can be prepared showing what kind of services are to be classed as direct and what as indirect, I am not in a position,

in view of the general instructions of the Secretary of State, to contest the figures supplied, though I profoundly disagree with them.

3. The following few examples of the more transparent anomalies should suffice to illustrate my contention :-

(a) The figures of direct medical services to natives, as supplied by the Director of Medical and Sanitary Services, amount to £159,590: (the addition of a percentage for pensions, etc., increases this to £171,585, as shown in your schedule). This sum of £159,590 comprises

(i) personal emoluments of Medical Officers and their staffs working in the Provinces - £46,675:

(ii) other charges in connection with these Officers - £22,917: and

(iii) a sum of no less than £90,000, which is considered unallocable and is in fact 90 per cent of all the medical votes which cannot be geographically distributed and this sum is calculated merely on the assumption that 90 per cent of the activities of the Director of Medical and Sanitary Services and his headquarters staff are devoted directly to native interests, and that 90 per cent of all general charges are incurred on direct native services.

I do not question (i) or (ii) but as to (iii) I contend that the results of a method of computation, under which the allocation between native and non-native services of so large a

sum as £100,000 is dependent on personal opinion unsupported by evidence, cannot be such as to inspire any great degree of confidence, and for my part I find it difficult to believe that the proportion of services rendered by the Headquarters Staff and defrayed from the Headquarters Votes of the Medical Department, which is properly chargeable as directly benefiting the native population, can be so high as 90 per cent.

- (b) The Public Works Department figures for roads, including main trunk roads, are calculated on the frontage basis, that is to say, the cost of any road which lies within the geographical boundaries of a native reserve is charged as a direct native service irrespective of whether the road is primarily or even remotely intended for native benefit. I admit that the adoption of this basis was reported in Kenya despatch No. 202 of the 31st March, 1950, and the principle appears to have been accepted by the Secretary of State, but I cannot help doubting whether in the absence of local knowledge its implications were realised. The figure of £91,556, supplied by the Public Works Department, is strictly consonant with this principle but it results in many absurdities: e.g. the main trunk road from Nairobi to Tanganyika is charged as a direct service to the Masai to whom it is of little or no interest, and the native account is also debited in respect of a branch siding to the Public Works Department yard at Eldoret.

These are merely samples.

A careful scrutiny in this office of the cost of every road in the Colony, so far as information is available, and a generous allocation to native services, wherever in my opinion actual local circumstances justify it, results in a figure of £68,565 as against the Public Works Department figure of £91,558.

- (c) Police and Military expenditure is charged as a direct native service in Turkana and the Northern Frontier Provinces because the inhabitants of those territories bear the brunt of the damage done by alien raiding parties. By a similar process of reasoning the cost of the British Navy would be levied exclusively on the inhabitants of the Coastal towns in the British Isles.

4. From cognate instructions of His Majesty's Government, i.e. the recent White Paper on Native Policy (which is dated June, 1930, whereas the Colonial Office despatch No. 558 is dated 8th May, 1930), "it is incumbent upon the Governments to ensure that Government expenditure on native services in the annual budget should bear a proper relation to the revenue raised from the natives, and particularly that the natives should receive, directly and visibly, a fair return for the direct taxation which they are called upon to pay", it seems to me that His Majesty's Government attaches to the expression "direct services" something rather different from that reflected in the figures under discussion. The words "directly and visibly" quoted above seem to me to have been carefully chosen and therefore to be important. If we are to give the Secretary of State the picture that I believe that he

wants I feel that we must construct it on different lines. I have no hesitation in saying that the figures shown do not in my opinion accord with what I conceive to be the intention of the White Paper, and from calculations which I have made I have come to the conclusion that £447,000 would be a truer reflection of the real position.

5. After examining the figures supplied I am more than ever convinced that the only means of ensuring to the native population an adequate return for its direct and indirect taxation is a separate native services budget on the principle advocated in my letter No. NFIN.2/7 of the 25th March.

Enclo.III.

6. As directed in Kenya despatch No. 200 (Reserved) of the 6th March, 1930, a statement is appended showing the anticipated revenue and expenditure of Local Native Councils during 1931, specifying, inter alia, the revenue which is expected to accrue from Local Native Rates. Full details are of course shown in the Estimates and covering Minutes of each Council.

7. I request that a copy of this Minute, together with a copy of my letter of the 25th March last and a copy of my minute of the 25th ultimo, be forwarded to the Secretary of State.

(signed) G. V. MAXWELL.

CHIEF NATIVE COMMISSIONER.

22.12.1930.

ENCLOSURE VIII.

EXTRACT FROM LETTER FROM THE DIRECTOR OF
MEDICAL AND SANITARY SERVICES TO THE
COLONIAL SECRETARY, DATED 16TH JANUARY,
1951.

Re Native Services.

.....

2. The method of computing which was adopted was to take every vote which could not be analysed out definitely by stations and allocate against each the amount which appeared after due consideration to be spent on direct native services.

3. It is self-evident of course that the proportion spent on native services of any vote which cannot actually be analysed and which has been allocated to native services must be a matter of opinion, but I submit that my opinion on a point such as this is far more likely to be correct than is that of the Chief Native Commissioner who has no knowledge whatsoever of the inner workings of the Medical Department.

4. I would note that the figures submitted by myself claim that only a matter of under 68 per cent of the recurrent vote of this Department was spent in 1950 on direct native services. My considered opinion is that the figure is too low and in support of this I would quote the following :-

- (a) The beds maintained for natives number 1,443 as against 96 for non-natives; a proportion of 15 to 1.

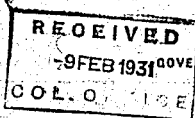
(b) The number of patients treated in hospitals for 1929 is 24,266 for non-Europeans as against 1,249 for Europeans; a proportion of 19 to 1. In the non-Europeans are included the small number of Asians who were accommodated in native hospitals.

(c) The number of out-patients in 1929 was natives 191,277 as against 4,529 for other races; a proportion of 42 to 1.

5. I understand that there is a certain amount of doubt as to what constitutes direct or indirect services and it has been suggested that the Laboratory activities should be classed among the latter. I am not prepared to argue whether the cost of making vaccination lymph to be used for natives or of examining slides and pathological specimens from native cases are direct services or indirect, but Laboratory services of this kind are a completely essential part of the medical services rendered in hospitals or elsewhere.

(signed) - JOHN L. GILKS.

DIRECTOR OF MEDICAL AND SANITARY SERVICES.



GOVERNMENT HOUSE,
KENYA,
EAST AFRICA.

15th January, 1931.

My dear Parkinson,

Thank you for your letter of Christmas and New Year's greetings which both my wife and I much appreciated. I hope you will excuse my answering this in a dictated letter, but I am working against time to catch the mail.

The real reason why I am writing at once is that you stated in your letter that you feared our Estimates are going to give you a good deal of trouble from the point of view of ascertaining how far the native was getting his fair share of expenditure involved. I naturally appreciate the necessity for careful scrutiny from that point of view, but I hope the fact that I have not yet sent you with the Estimates, as requested by the Secretary of State, a statement of the estimated amount spent on direct native services during 1930 will not delay your approval of the Estimates in any way.

I hope to be sending you the promised despatch very shortly, but I should like to explain to you
the.....

GOVERNMENT HOUSE,
KENYA,
EAST AFRICA.

15th January, 1931.

the reasons for the delay. They are that the Chief Native Commissioner at the eleventh hour has challenged the whole basis of allocation of expenditure which you already agreed to nearly a year ago. I have not got the relative despatches before me to quote references, but you will remember that Sir Edward Grigg wrote a long despatch on the allocation of expenditure about a year ago in which we made it quite clear that in many cases the definition as to what constituted a direct native service was an arbitrary one, explained to you how we had arrived at our allocation, and then told you what the figures were, based on that allocation. Maxwell at the time did not like the allocation particularly, but I certainly understood that provided it was made clear to you how we arrived at the figures he had no more to say. My own feeling in the matter was and is that the attempt to analyse expenditure in this way serves no very useful purpose as it must necessarily be arbitrary, and figures, as we all know, can be made to prove.....

No. 10 on 16th 9/30

15th January, 1931.

Thus,
prove anything. ~~These~~, for example, were Native Hut and Poll Tax to remain at the same figure as now, but the Government to impose some additional form of indirect taxation which particularly affected the native, the equation between direct native services and direct native taxation would remain the same although in fact the native might be given less return in services for ^{the} total taxation both direct and indirect, which he paid. However, I understand that the Secretary of State sets considerable store by these figures, and we have therefore done our best to produce them as required on the basis approved by him. They constitute a great deal of calculation and were compiled by Sandford, who is particularly good at that sort of thing in the Secretariat, after consultation with the different Departments concerned. ¹⁶ The Chief Native Commissioner, between ourselves, appears to have taken no active interest in the matter till the figures were presented to him as a fait accompli for his concurrence. He then turned round and attacked the whole classification, despite.....

(4)

GOVERNMENT HOUSE,
KENYA,
EAST AFRICA.

15th January, 1931.

despite the fact that it has met the Secretary of State's approval, and said that if his concurrence were required he wished to put up a separate set of figures. The arguments for and against will be developed in the despatch, but the net position is this, that against an estimated Hut and Poll Tax figure of £501,603, the return made in direct native services is, according to figures arrived at on the classification approved by the Secretary of State, £730,798; on the basis advocated by the Chief Native Commissioner, £455,470.

From these figures you will see that the discrepancy is large, but when I tell you that the Chief Native Commissioner is not prepared to admit any portion of Military or Police expenditure as being a direct native service, and also challenges the proportion of Medical expenditure spent on the native despite the fact that our figures have been supplied us by the Medical Department, you will appreciate at once that the discrepancy is not

85.....

(5)

GOVERNMENT HOUSE,
KENYA,
EAST AFRICA.

15th January, 1931.

as large as it at first appears, and if a mean of the two
be taken it will be seen that the amount received from
Hut and Poll Tax and spent on native services pretty
closely ^{balances} ~~blends~~. I hope this explanation may assist you
in dealing with the Estimates, as I am very anxious that
their approval should not be unduly delayed.

Let me take this opportunity of thanking
you for your good offices over the maize subsidy. The
subject is a very difficult and thorny one, but I believe
the action of the Secretary of State in approving the
scheme on the lines he has done is going to ease the
situation here considerably.

As regards the appointing of Lord Francis
Scott and Mr. O'Shea to the Central Native Lands Trust
Board, I can only tell you that Sir Edward Grigg, in
making these appointments, was actuated by the desire of
appointing two elected members who would have the courage
to give their advice in accordance with their conscience.

Both.....

*Personally
I reserve
name of U.S.S.
to avoid -
They feel
R.C.B. & O'Shea
I'm not sure that
I want the U.S.S.
A separate
matter -
Rec'd. as to
U.S.S. with
N.L.T. file
see*

END

(7)

GOVERNMENT HOUSE,
KENYA,
EAST AFRICA.

15th January, 1931.

Both Lord Francis and O'Shea carry considerable weight here for that reason, as even when they adopt an attitude hostile to Government they do so because they only believe in those views, and not by reason of popular clamour.

Yours sincerely,

M. W. Moore,

A. C. C. PARKINSON, ESQ., O.B.E.,
COLONIAL OFFICE,
DOWNING STREET, S.W.1.
LONDON.