

1933.

Kenya

No. 3094.

SUBJECT

C0537/433

Native Betterment Fund.

Previous

18316/32

Subsequent

See 23148/34. (Petition)

23269/34.

H. M. Moore 3/31 Jan 23

Expressed disappointment that practical difficulties were not discussed in detail in last despatch. Points out political & financial difficulties of adhering rigidly to Lord Moyne's proposals & enquires whether annual statement of native taxation revenue & expenditure should still be furnished on what lines.

The Hon.

Draft herewith for comment. Paras 1-5 of

The Hon's letter are being reported on the appropriate pp. a sent on.

Sturges  
7/3

By air  
sent 10/3

L. To Hon. in enclosure (London) 11/3/23

Dear Fisher  
11/3/23

Recd copy of Governor's report at 11/3/23. May 3.3  
(original registered on 20/5/23)

It is not clear what is meant by the proposed reduction of the deficit by the cost of any new services under the N.B. Fund. Presumably however the estimate of expenditure on debit native services has of £247,760 has been reduced by £7,000 odd. The difference between the reduced estimate and Moyne's proposed allocation to the Fund of £279,598 would be £38,000 odd.

This of course entirely ignores the Moyne proposals in paras 76 and 79 of his report: the

memo I 15 2 c 18316/22

reason for his anxiety that the administration  
of the Fund should not come under review by  
the select Ctte. or estimate is obvious. (Rept. para 7)

The proposed arrangement for  
the estimate is quite approved to  
the framework approved by the S. Co.  
(vide 6 and 5. of 2 minute 9/7/12 & 18/3/13)  
? as the former is committed to this  
await his promised dispatch

H.S. P. Mehta

(See further - Estimate M.P.)  
S.P.

is Extract from a recent letter from Mr. H. M. M. on 11/11/13  
S. Co. Mysore dated 23/11/13. It is copy of report of the  
committee thereon.

The committee have recommended that  
the estimate of the Fund should be prepared  
by the Government, and should be  
submitted to the Legislative Council  
before it is presented to the Government.  
The committee further recommended that  
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the Legislative Council before it is  
presented to the Government.

(1) A native tax to be levied on the  
land in the State.

(2) The detailed recommendations of the  
committee should be accepted by  
providing that where the Chief Officer is  
changed to the Fund the cost of the office  
pay and salaries (but not of purchase or station) ought  
also to be met from the Fund.

(3) The additional expenditure of the Fund  
shall be met by allocating the general revenue  
25,000 per annum in addition to the 25,000  
proposed by Lord Darnley.

(4) Lord Darnley's income to be varied by  
substituting Native Administration for Civil Works  
as the fourth class of expenditure to be met from the  
Fund; and the percentage of native taxation to be  
credited to the Fund shall be raised from 10 to 30.

When the draft Report is ofered and sent  
home officially it will no doubt be the most desirable

4 Extract from An Mail letter from G. H. M. M. Moore to Sir J. Byrne dated 23 Sept. 33 re copy of Report of Select Committee on Native Betterment Fund

These papers were left with us by Sir Joseph Byrne on Tuesday; he is anxious for an early indication of the Secretary of State's wishes on the question raised towards the end of Mr. Moore's letter.

The draft Report enclosed is a very reasonable document. The Select Committee of Legislative Council consisted of five officials including Mr. ~~Wood~~<sup>Wade</sup> and Mr. Rushton; three representatives of the European elected members; Canon Burns and an Indian representative. Their recommendations may be summarised as follows:-

- (1) A Native Betterment Fund should be created by Statute.
- (2) The anomalies inherent in Lord Moyne's detailed recommendations should be removed by providing that where the cost of an officer is charged to the Fund, the cost of his relief, leave-pay and passages (but not of pensions or housing) ought also to be ~~met~~<sup>met</sup> from the Fund.
- (3) The additional expense to the Fund ~~shall~~<sup>shall</sup> be met by allocating from general revenue £5,000 per annum in addition to the 50% average proposed by Lord Moyne.

(4) Lord Moyne's Scheme to be varied by substituting Native Administration for Public Works as the fourth class of expenditure to be met from the Fund; and the percentage of native taxation to be credited to the Fund ~~shall~~<sup>shall</sup> be raised from 50% to 55%.

When the draft Report is signed and sent home officially it will no doubt be thought desirable

to consult Lord Moyne in regard to these proposed modifications. We are not, however, at present invited to consider the merits of the Report; the practical question raised by Mr. Moore is whether the draft Estimates for 1934 should be framed on the assumption that the Report will be accepted or whether, in the alternative, they should follow the lines of the Estimates for the current year. Any modification in their form necessitated by the acceptance of the Report being introduced at a later stage when the Report has been fully discussed in Council.

This is, of course, purely a question of tactics in which one's natural instinct is to trust the man on the spot. The representatives of the European elected members on the Committee showed clearly that they have no love for Lord Moyne's proposal and Mr. Moore conjectures that there is no likelihood of obtaining substantial unofficial support for the Scheme. Even though his alternative 'A' necessarily involves further delay and the consequent possibility of Parliamentary criticism here, I feel that Mr. Moore is displaying his usual wisdom in suggesting that to steam-roll the creation of the Fund through Council would be a grave tactical error.

If Sir Joseph Byrne is invited to telegraph to Mr. Moore, agreeing in course 'A', it may also be suggested to him that when the Estimates are actually introduced it should be made clear by the Government spokesman that their

4

their form will be liable to change as soon as a decision has been reached on the Report of the Select Committee of the Native Betterment Fund.

*W. Freeston*  
5/30

As Mr. Freeston says, we are not at this stage committed to anything in the way of approval or disapproval of the local Committee's report. In the first place, it is not final and, in any event, we should have to have the Government's views upon it before making up our minds. I think myself that they have made rather heavy weather out of some of the things in Lord Moyne's recommendations. For one thing, I think they have gone altogether too far in the direction of hair-splitting in arguing what particular things ought to be charged to the Betterment Fund and what left alone in the ordinary budget. - I mean such things as proportions of leave salaries, and so on. I am quite sure that Lord Moyne never intended anybody to work out that a medical officer shall spend 78½ per cent of his time with natives, and 21½ per cent with general work for the Colony.

But that does not matter yet, and the main thing is to decide what form the Estimates are to take. As regards this, I can only record my full agreement with Mr. Moore. It would be very difficult to put up anything in a definite form until the Committee's report has been examined and considered by Council, and, as Mr. Freeston says,

it

it would be open to many objections from the point of view of tactics. I do not think that there is really much risk of criticism at this end because, at the present time, with Kenya in such severe financial straits, it is obviously impossible to go in for any radical alteration of the Estimates, and any enquirers can be told with perfect truth that the whole position is being carefully examined by the people whose job it will be to carry out Lord Moyne's recommendations.

I entirely agree as to procedure.

It is too soon to consider detail, but the proposal to remove Public Works from the Department stands well in spite of the excellent reasons for it. Highway works in particular have been a favourite subject of attack in the past.

Will J. Byrnes take it over to agree to (a)?

W.A.S. 6.10.33.

Sec of State

You should see. I agree

G.H.G.

6.10.33.

I have discussed this with the Governor & I entirely agree with the course proposed.

When we come to consider details, I shall want to raise the question of the apportionment of the sum, whatever it is, among different services. I don't see why if the Billington fund the risk is better to spend more on agricultural & less on medical being said. etc. etc.

I think myself that it will be better that the Governor should be Chairman of the Com.

I should like to have the report & Moyne's letter sent to Lord Moyne; I should like to discuss it with him.

fully later on; so that  
I may be in possession of  
his considered views before  
I go to Kenya, if I do.

I have always contemplated  
that to fund the S.S. to  
be created by local Ordinances,  
and by an order in Council.  
There are many objections to  
the latter.

P.V.R.

17/10/33

Let the person have a copy of  
the minute, if it arrives  
before he leaves.  
P.V.R.

5 To J. G. Flood - Personal - 12.10.33

Sir C. Bottomley

I have sent a copy of the S. G. S. minute to Sir J. Byng  
and telegraphed to Mr. Moore of the decision.

Unfortunately we have no other second copy of the proof  
report & therefore wait till we get some from Kenya  
before a copy can go to Lord Moyne. I think I had better ask  
Mr. Moore for some copies, and I can do so in a w/o letter  
giving the S. G. S. minute. J. E. G. Flood

12.10.33

Mr. Flood

Please do so.

[Mr. Holden, the late Director  
of Agriculture, called on  
Tuesday and was rather  
bitter about the small provision  
for native agriculture, as  
compared with medical and  
education] W.S.B. 12.10.33  
atn

Mr. Boyd

Letter to Mr. Moore attached. There only  
being one copy of the Report, which may be wanted  
at any time, I think it would be unwise to send it  
to Lord Moyne even with a request for its return,  
because it is the sort of thing that may come up  
at any odd moment.

J. E. G. Flood. 13.10

The Byng has seen  
the  
18/10

Mr. Boyd has seen  
No. 5 to be replied

By Boyd

To H. M. Moore also Cons. 17/10/33

7  
4. Lord Moyne (S.O) \_\_\_\_\_ 31 Oct '33  
Comments of the Report of the Select Committee on the  
Indebted Native Betterment Fund.

8. To Lord Moyne (S.O) — Forward — 1<sup>st</sup> Nov '33.

? P.W. v.  
R.D. Davies 11/11  
L.B. Smith 9/11  
10/11  
W.C.S. 11/11

(N)

9. A/Col. Secy. Siro \_\_\_\_\_ 16 Nov '33.

Trans. 18 copies of Report of Select Committee of Reg.  
Council allocated to consider the establishment of a Native  
Betterment Fund.

Mr. O'Shea has revised his Memorandum  
(Appendix II). Otherwise the Report is identical  
with the draft enclosed in 4.

Lord Moyne is, I understand, now back  
in London.

? Send a copy of the Report to Lord Moyne  
with a complimentary slip.

J.P. [Signature]  
12/12

Yes: & recirculate at once  
12/12

10 To Lord Moyne  
11 " Major Katoke Hobbes (197 Rpt. in 9) 12/12  
15/12/33

Spencer's Library

Yesterday the Secretary of State had a talk with Lord Moyne on the Native Betterment Fund proposals. C. Bottomley, Mr. Flood and I were present. The discussion turned chiefly upon the proposal of the Select Committee of Council in Kenya that the fourth major native service to which the Fund should be applied should be native administration rather than Roads as Lord Moyne had recommended.

Lord Moyne repeated the view that the first essential was to afford the natives tangible evidence that the money taken from them in taxation was being spent to their benefit. When in Kenya he had been met everywhere with a demand from the natives for more and better roads in their areas; the local Native Councils were already spending voluntarily quite large sums on roads and bridges. Tribal administration, on the other hand, would hardly be regarded by the native populations as of benefit to themselves, inasmuch as the chief function of the Chiefs and headmen was to collect taxes.

Lord Moyne admitted, however, that the question was not one of principle and he was prepared to fall in with the views of the local Govt. on a matter in which they had better opportunities of forming a judgment than he himself. It was noted that the Chief Native Commissioner had been Chairman of the Select Committee which had produced the Report. The composition of the Native Betterment Committee was also discussed. Lord Moyne had no objection to the personnel proposed in paragraph 35 of the Report, but was definitely of the opinion that the Treasurer or his deputy should be included. The Secretary of State fully agreed.



7. Lord Moyne (S.O) \_\_\_\_\_ 31<sup>st</sup> Oct. 33  
Comments of the Report of the Select Committee on the  
Indiand Native Betterment Fund.

8. To Lord Moyne (S.O) — 7 amended — 1<sup>st</sup> Nov. 33.

? P.W.B.  
Reviews: 1/11  
L.B. Swaine  
9/11  
L.C.G. 10-11  
Webb 11/11/33

(N)

9. A/Col. Secy. Shea \_\_\_\_\_ 16 Nov. 33.

Trans. 10 copies of Report of Select Committee of Leg.  
Council allocated to consider the establishment of a Native  
Betterment Fund.

Mr. O'Shea has received his Memorandum  
(Appendix II). Otherwise the Report is identical  
with the draft enclosed in 4.

Lord Moyne is understood, now back  
in London.

? Send a copy of the Report to Lord Moyne  
with a complimentary slip.

L.B. Swaine  
12/11/33

yes: & re-circulate to me.

12-12

10 To Lord Moyne

11 " Major Fatscha Hobbes (1911 Sept. 9) 15/12/33

Yesterday the Secretary of State had a  
talk with Lord Moyne on the Native Betterment Fund  
proposal. Mr. C. Bottomley, Mr. Flood and I were  
present. The discussion turned chiefly upon the  
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of the Select Committee which had produced the  
Report. The composition of the Native Betterment  
Committee was also discussed. Lord Moyne had no  
objection to the personnel proposed in paragraph 35  
of the Report, but was definitely of the opinion  
that the Treasurer or his deputy should be included.  
The Secretary of State fully agreed.

It was suggested that the local Govt. might well consider a suggestion outlined by Mr. O'Shea in his Minority Report, namely that supervision and control of Local Native Council finance should be transferred from Executive Council to the new Native Betterment Committee. The Secretary of State and Lord Moyne agreed in thinking that there was much to be said for this proposal.

Party  
[Signature]

The S'ys said today that he was inclined to agree that administration of our occupied - should be changed to the hands of [unclear]

S. E. S. Hunt  
22.12

Two other points - not really controversial - were that the Betterment Organization should be set up by Ordinance, and that the Chairman of the Committee would be best placed with the C.A.C. Party

23.12.22

(u)

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8

The Acting Colonial Secretary of the Colony and Protectorate of Kenya presents his compliments to the Under Secretary of State for the Colonies and has the honour to transmit for information copies of the under-mentioned publications: -

Annual Report of the Commissioner for Local Government, Lands and Settlement, 1932, 12 copies.

Report of Select Committee of Legislative Council appointed to consider the Establishment of a Native Settlement Fund, 12 copies.

SEPARATE

Recd on 11/12/33

Copy of Reports from Major-General ...

COLONY AND PROTECTORATE OF KENYA



REPORT OF SELECT COMMITTEE OF  
LEGISLATIVE COUNCIL APPOINTED TO  
CONSIDER THE ESTABLISHMENT OF  
A NATIVE BETTERMENT FUND

Price 2/-

NAIROBI  
PRINTED BY THE GOVERNMENT PRINTER  
1933

Report of Select Committee of  
Legislative Council Appointed to  
Consider the Establishment of a  
Native Betterment Fund

11

## Report of Select Committee of Legislative Council Appointed to Consider the Establishment of a Native Betterment Fund.

YOUR EXCELLENCY

We, the Select Committee of Legislative Council appointed to consider the establishment of a Native Betterment Fund, have the honour to submit the following report.

3. We were appointed on the 20th January, 1933, but for a variety of reasons we were unable to meet until the 27th June. Between that date and the present time, we have held seven meetings.

3. Our terms of reference were as follows :—

“ In view of the difficulties which are set out in the Memorandum on the Draft Estimates for 1933, to consider in detail and report on the most practical methods of applying the principles underlying the recommendation by Lord Moyne for the establishment of a Native Betterment Fund.”

4. At the outset, we agreed that it was essential to understand and define as clearly as possible the “principles underlying” the recommendation. It is to the application of these underlying principles that our recommendations are to be directed. If we are able to set out clearly what are the underlying principles we can consider and, if necessary, recommend modifications of the scheme in detail without departing from those principles.

5. The relevant section of the Report is Section IV, paragraphs 68 to 82. From these paragraphs, it seems to us that there emerge the following propositions which constitute the underlying principles of the scheme :—

- (i) That a guarantee must be found that the vital services of native development shall not be subject to recurrent cuts. (Paragraph 69.)
- (ii) That this guarantee be provided by the creation of a Fund from which these services shall be financed. (Paragraph 70.)

- (iii) That the administration of the Fund shall be in the hands of a Board established for the purpose of financing and co-ordinating direct native services.
- (iv) That the administration of the Fund shall not come under the review of the Select Committee on Estimates. (Paragraph 71.)
- (v) That the Fund be created by the return of a proportion of the direct taxation paid by the natives. (Paragraph 74.)
- (vi) That expenditure from the Fund should be on "direct and tangible" services. (Paragraph 74.)

6. The foregoing are statements of Lord Moyné's policy expressed in his Report. We consider that in order to arrive at a clear appreciation of his intention some amplification is necessary.

As to (i) in paragraph 5.

7. By "vital services of native development" it is plain that he envisaged primarily the four Departments of Agriculture, Medicine, Education and Public Works, but we do not consider that it necessarily follows that his intention was that the operation of the Fund should be confined exclusively to the services furnished by those Departments.

Lord Moyné, in section 76 of his Report, stated that the Fund was to be used primarily for these four services. It is obvious, in our opinion, that his intention was that it should not necessarily be maintained exclusively for them. Nor does it mean that the present proportion of expenditure as between the services need necessarily be maintained. In this connexion, we would observe that one of the advantages of a Betterment Fund Committee would be that all the departmental services of native development and betterment would come under its review and would be regarded as co-ordinated services, each performing its proper part in giving effect to a single purpose.

The expression "shall not be subject to recurrent cuts" obviously does not mean that there shall not be fluctuations in the amount of money available for these services which Lord Moyné describes as vital. It is evident from what he says in the third paragraph of section 76 that Lord Moyné clearly recognized the possibility of fluctuation, and we have gone further into this matter in paragraph 16 below.

It seems to us that Lord Moyné is here enunciating a principle of fundamental importance. This principle is that the expenditure on the major services of direct benefit to the natives should bear some relation to the capacity of the native peoples, as a whole, to pay for these services. The principle works both ways. On the one hand, these services must not suffer sudden changes from year to year. The effect of a fall in native taxation will be under Lord Moyné's proposal, at the worst, rather a stoppage of expansion than a positive cut in the services. On the other hand, Lord Moyné wished to emphasize that vital services are costly and the benefits which such services confer on the natives must be in proportion to their contributions to the revenue of the Colony.

As to (ii) and (iii) in paragraph 5.

8. It should be noted that Lord Moyné has nowhere said that the creation of the Fund shall not be an act of the Legislature, or that the Board shall not come under the control of the Legislature, but merely that its administration shall be independent of the Select Committee on Estimates.

As to (iv) in paragraph 5.

9. Lord Moyné has recommended that half the average annual yield of native direct taxation for the previous six years shall be paid annually into the Fund for the financing of the services mentioned in his Report. Lord Moyné recommends in effect that services require at least an amount equal to this, but it follows obviously that, if the services are varied by the inclusion of charges not properly chargeable to the Fund under his scheme, then the proportion must be increased, and conversely, if it is found impracticable to provide for the inclusion of all the services contemplated under the scheme, the proportion may be reduced.

As to (v) in paragraph 5.

10. It is noted that Lord Moyné envisaged the return of this proportion of direct taxation for ordinary expenditure on these services as distinct from money required for substantial works. That is clear from section 80 of the Report, and also from the first four lines of page 31 of the Report.

11. In the light of the above conclusions, we have addressed ourselves to the consideration of the most practical methods of applying the underlying principles, and have then proceeded to an examination of any difficulties that might occur in their application.

- (iii) That the administration of the Fund shall be in the hands of a Board established for the purpose of financing and co-ordinating direct native services.
- (iv) That the administration of the Fund shall not come under the review of the Select Committee on Estimates. (Paragraph 71.)
- (v) That the Fund be created by the return of a proportion of the direct taxation paid by the natives. (Paragraph 74.)
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6. The foregoing are statements of Lord Moyne's policy expressed in his Report. We consider that in order to arrive at a clear appreciation of his intention some amplification is necessary.

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Lord Moyne, in section 76 of his Report, stated that the Fund was to be used primarily for these four services. It is obvious, in our opinion, that his intention was that it should not necessarily be maintained exclusively for them. Nor does it mean that the present proportion of expenditure as between the services need necessarily be maintained. In this connexion, we would observe that one of the advantages of a Betterment Fund Committee would be that all the departmental services of native development and betterment would come under its review and would be regarded as co-ordinated services, each performing its proper part in giving effect to a single purpose.

The expression "shall not be subject to recurrent cuts" obviously does not mean that there shall not be fluctuations in the amount of money available for these services which Lord Moyne describes as vital. It is evident from what he says in the third paragraph of section 76 that Lord Moyne clearly recognized the possibility of fluctuation, and we have gone further into this matter in paragraph 16 below.

It seems to us that Lord Moyne is here enunciating a principle of fundamental importance. This principle is that the expenditure on the major services of direct benefit to the natives should bear some relation to the capacity of the native peoples, as a whole, to pay for these services. The principle works both ways. On the one hand, these services must not suffer sudden changes from year to year. The effect of a fall in native taxation will be under Lord Moyne's proposal, at the worst, rather a stoppage of expansion than a positive cut in the services. On the other hand, Lord Moyne wished to emphasize that vital services are costly and the benefits which such services confer on the natives must be in proportion to their contributions to the revenue of the Colony.

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10. It is noted that Lord Moyne envisaged the return of this proportion of direct taxation for ordinary expenditure on these services as distinct from money required for substantial works. That is clear from section 80 of the Report, and also from the first four lines of page 31 of the Report.

11. In the light of the above conclusions, we have addressed ourselves to the consideration of the most practical methods of applying the underlying principles, and have then proceeded to an examination of any difficulties that might occur in their application.



12. We are of opinion that the creation of a Fund by a local Ordinance is practicable, and is preferable to its creation by Order in Council, as the former method preserves the financial autonomy of the Legislative Council.

13. It has been suggested that for Legislative Council to surrender effective control of a considerable proportion of the public revenue might be a serious departure from established practice. It appears to us, however, that in the creation of a Fund to be administered by a statutory body the Legislature would not be divesting itself of responsibility for the voting of supplies, but would in effect merely be entrusting the expenditure of the moneys voted to a body set up under its own authority. For this it appears that a precedent is to be found in the South African Natives Taxation and Development Act, No. 41 of 1925, sections of which read as follows:—

"12. There shall be established a special account to be styled 'the native development account' and to be administered by the Minister and there shall be paid into that account—

- (a) one-fifth of the amount of the general tax;
- (b) any local tax or native quit rent collected in respect of any area not falling under the jurisdiction of the councils or boards mentioned in sub-section (1) of section 11.

"13. (1) Subject to sub-section (2) of this section, the amounts standing to the credit of the native development account shall be applied, at the discretion of the Minister in consultation with the Native Affairs Commission, to any one or more of the following purposes:—

- (a) For the maintenance, extension and improvement of educational facilities amongst natives;
- (b) For the further development and the advancement of the welfare of natives;
- (c) For the payment, to divisional councils in the Province of the Cape of Good Hope in areas for which no local council exists under the Native Affairs Act, 1920, of the special hut tax payable to such divisional councils under section 25 of the Native Locations Amendment Act, 1899 (Cape of Good Hope), or of such sums as may be agreed in lieu thereof; but if such a local council is established such local council shall be liable to the divisional council for such sums as may be fixed in accordance with the provisions of section 13 of the Native Affairs Act, 1920:

Provided that any moneys paid into the native development account under paragraph (b) of section 12 shall be expended in such areas within the Province in respect of which they have been collected as may be prescribed.

(2) There shall be repaid to the exchequer account from the native development account, in such instalments as the Minister of Finance may decide, the total amount of the advances made to provincial administrations for the improvement of native teachers' salaries out of the sums granted by Parliament for that purpose."

But it is not necessary to look for precedents outside Kenya. An obvious precedent in this Colony is provided by section 104 of the Kenya Local Government (District Councils) Ordinance, No. 21 of 1928, which reads as follows:—

"There shall be paid to the Council from the general revenue of the Colony an annual grant (herein called the basic grant) which shall be fixed by the Governor in Council."

14. It would seem therefore that there is nothing contrary to accepted constitutional practice in the creation of a fund by legislative enactment for any particular purpose or purposes into which are to be paid annually definite sums from the general revenue of the Colony, or in the acceptance of a provision that the control and administration of such a fund shall be the responsibility of a statutory body set up by the Legislative Council.

15. We therefore recommend:—

#### RECOMMENDATION 1.

That the best method of giving effect to Lord Moyne's proposals for the establishment by law of a Native Betterment Fund is by the enactment of a local Ordinance designed to secure—

- (a) the creation of the Fund;
- (b) the payment of a portion of general revenue into the Fund and such other moneys as may properly be paid into the Fund;
- (c) the allocation of the amount standing to the credit of the Fund by a Committee or Board;
- (d) the accumulation of balances; and
- (e) expenditure of moneys from the Fund, subject to the general control of the Committee or Board.

16. In the previous paragraphs we have endeavoured to elucidate the underlying principles of Lord Moyne's proposals. The recommendation contained in the previous paragraph indicates our view as to the best method of giving effect to these principles in broad outline.

We have now to consider the difficulties which may arise from a rigid adherence to the details of the scheme as proposed by Lord Moyne. These details are as follows:—

- (a) Half the average yield of the native taxation for the last six years to be paid annually into the Fund. For the years 1926 to 1931 this amounted to £279,598. (For the years 1927 to 1932 the average is £276,034.)

- (b) Agricultural, Education, Medical and Public Works Department native services to be met from this Fund. The cost of these services in 1931 is stated by Lord Moyne to have been £270,954. This expenditure would leave a balance of £8,644 on the 1926-1931 figures. If this or any balance of the total appropriation made to the Fund remained unspent in any year, the amount unspent would remain in the Fund and not be surrendered at the end of the year.
- (c) Balances to be built up from year to year to provide against fluctuations in the yield of native taxation. (Paragraph 72.)
- (d) A committee of control to be formed as follows:—  
The Governor (Chairman).  
The Chief Native Commissioner.  
Other Officials nominated by the Governor.  
Representative of Native Interests on the Legislative Council.  
An Unofficial Elected Member. (Paragraph 71.)

17. As to 16 (a) and (c), it is plain, that Lord Moyne contemplated that the average yield would gradually increase, for he says:—

"As development takes place, however, the yield of native taxation will show a natural increase, and it is just that a certain fixed proportion of the present yield of tax, together with a share of any future increments, should be devoted to services for native betterment." (Paragraph 68.)

And—

"It should be possible to finance a widening programme of native development as resources increase in the future."

He appreciated that there would inevitably be fluctuations, but he does not seem to have contemplated a position in which the reduction in taxation receipts would be so great as to reduce the average for six years to such an extent as to make it impossible to pursue a "consistent policy" as advocated by him in paragraph 72. Had the Fund been able to establish adequate reserves over a period of years of prosperity, such a position would not in practice arise, but it is unfortunately true that the low receipts of 1932 have diminished the amount

available for the Fund since its inception. The average for the years 1926 to 1931 was, as stated above, £279,596. The average for the years 1927 to 1932 was £276,034.

It would be unfortunate if in a prosperous year it were found impossible to continue an established programme or imperative to dispense with the services of valuable officers because the previous year had been one of adversity. Lord Moyne's system of averaging will largely obviate such a contingency by preventing violent fluctuations. An examination of the "averages" which would have accrued over six-year periods since 1922 shows them to be as follows:—

1922-1927	£275,786
1923-1928	£280,619
1924-1929	£277,665
1925-1930	£286,148
1926-1931	£279,596
1927-1932	£276,034

From these figures it appears unlikely that so long as the hut and poll tax rates remain as at present half the average yield for any period of six years will fall below £274,000, and it appears also that the maximum fluctuation is unlikely to exceed 2 per cent. Such fluctuations will naturally be guarded against by the maintenance of a suitable reserve.

18. As to 16 (b), the services to be provided from the Fund, Lord Moyne's classification has been found to present certain difficulties, partly administrative and partly financial.

One difficulty in the adoption of the details of Lord Moyne's scheme arises from the fact that in the Medical Department (and to a small extent in the Agricultural Department) it is not possible to say in the case of certain officers that their services are wholly "native" or "non-native". A medical officer at Kisii must on occasion attend Government officials and other Europeans, and a veterinary officer at Nakuru gives part of his services to natives. We are, however, assured by the Heads of Departments concerned that this difficulty need present no insuperable obstacle in practice. If there are two officials, each of whom provides services to both natives and non-natives, the whole cost of one officer can be charged to the Betterment Fund. If there is an officer who contributes 90 per cent of his services to natives and 10 per cent to non-natives, his cost can be charged wholly to the Betterment Fund and may be balanced by that of an officer who is engaged almost entirely on non-native work but on

occasions serves members of the native community. The alternative would be to provide self-contained systems of native and non-native service, which would obviously be unjustifiably costly. We are of opinion therefore that, although theoretically there are difficulties in the application of Lord Moyne's scheme arising from the fact that it is not in a number of cases possible to allocate with absolute precision the entire cost of a particular officer to any particular community, still in practice, by adopting a system of "give and take", this difficulty is not insuperable, and may be met by the adoption of Estimates as set out in the summary of Appendix P to the Provisional Estimates for 1933, subject to the alterations advocated in paragraph 19. (Vide Appendix L.)

19. A second difficulty arises from certain anomalies and inconsistencies which appear from Lord Moyne's calculation of the estimated cost of the four vital services in 1931, on which figures his proposed expenditure of the Fund is based.

This estimated cost is given as follows in Appendix L, Schedule 9, of his Report:—

Agricultural	...	...	£38,389
Education	...	...	£77,722
Medical	...	...	£124,642
Public Works	...	...	£30,201
			£270,954

(Leaving a balance of £8,644 from the sum of £279,598.)

A detailed examination of these figures has revealed that—

- (i) In the case of the Education Department, the cost includes the whole cost except head office administration charges. In the case of this Department, the cost of the absence of an officer on leave, other than passage costs, is provided by a temporary appointment known as a "relief". In all other Departments the permanent staff employed is sufficient to supply such relief.
- (ii) In the Public Works Department, the all-in cost of direct native services has been taken, including a percentage of the cost of the works under the Public Works Recurrent Estimates Head to cover certain staff charges under the Public Works Head of Estimates.

(iii) In the Medical Department the figures do not include the cost of passages or leave salaries.

(iv) In the Agricultural Department the figures do not include passages, but do include leave salaries.

In Appendix 7 of Lord Moyne's Report it is suggested that—

- (a) no part of head office administration charges be paid from the Fund;
- (b) the cost of all reliefs, pensions, leave pay and passages be borne on the general budget.

(N.B.—As stated above, the only Department which employs reliefs is the Education Department, and we assume therefore that it is to these that Lord Moyne refers.)

(c) presents no difficulty, but there seems to be no logic in (b). If the cost of an officer providing services for natives is to be charged to the Fund, it seems reasonable to charge the whole cost. There is also the anomaly of having one body controlling the leave, pay and passages of officers employed under the Fund and another body controlling their establishment, and by reason of this anomaly an impasse might in practice be created.

We propose therefore to depart from Lord Moyne's suggestion in this particular, and we recommend:—

**RECOMMENDATION 2.**

**That if the cost of an officer is to be charged to the Betterment Fund, the cost of the officer so charged shall include the cost of relief, leave pay and passages required to maintain the services during the absence of the officer on leave, but not the cost of pensions or housing.**

On the above basis, there must be added to the agricultural figures of expenditure in 1931 the cost of passages, and to the medical figures the cost of leave salaries; while the Public Works Department figures must be confined to the Public Works Recurrent Head of Estimates. The resultant figures are as follows:—

Agriculture	...	...	£40,830
Education	...	...	£77,722
Medical	...	...	£140,087
Public Works	...	...	£17,333*
			£275,981

(Leaving a balance of £3,617 from the sum of £279,598.)

\* Items 8 and 9, Head XXV, Revised Estimates, 1932.

Notwithstanding Lord Moyne's recommendation contained in sub-section (f) of Appendix 7 of his Report, we are of opinion that the figure arrived at by the above calculation represents a more precise application of the principle underlying his proposal that the cost of services to natives should be charged to the Fund. The effect, however, will be that the balance contemplated by Lord Moyne will be reduced by more than half. If therefore the scheme is to be adopted in its entirety, it will be necessary to provide funds for the cost of those portions of the services which Lord Moyne proposed (wrongly, in our opinion) to exclude from the Betterment Fund expenditure. This amounts to some £5,000.

Two methods of securing this additional sum may be suggested. These are as follows:—

- (a) To increase the percentage of native taxation to be credited to the Fund from 50 to 51 per cent; or
- (b) To provide an additional sum of £5,000 annually from central revenue to the credit of the Fund.

The latter method is advocated as simpler in practice. It is, moreover, not without precedent. In the South African scheme referred to in paragraph 13 of this report, it is provided that in addition to 20 per cent of the taxation a sum of £340,000 shall be paid annually into the Native Development Account.

We therefore recommend—

#### RECOMMENDATION 8.

That if the scheme proposed by Lord Moyne is to be carried out in respect of the four services mentioned by him, it should be modified as recommended in Recommendation No. 2 above, and that provision be made by legislation for the annual payment into the Fund of a sum of £5,000, in addition to 50 per cent of the average proceeds of direct native taxation over the preceding six years.

20. In the preceding paragraphs we have indicated the steps which in our opinion it is necessary to take in order that the general principles underlying Lord Moyne's recommendations may be applied. We have also indicated the modifications which in our opinion are necessary if effect is to be given to the scheme. These modifications affect neither the principles nor the detailed application of those principles to the four services. We feel, however, that even with these modifications the scheme is not entirely satisfactory, and that it will present difficulties in practice.

We have indicated the difficulties which may arise in practice in regard to the Medical and (to a far less degree) in regard to the Agricultural Services, and we have recorded our opinion that they are not insuperable. We shall revert to these difficulties later on, but before doing so we have certain observations to offer in regard to the Public Works Department services.

21. In the case of the Public Works Department, discrimination between native and non-native services must in many cases be purely arbitrary. In his schedule of expenditure in 1931. Lord Moyne, "in view of the difficulty of classification" adopted the following procedure:—

- (a) All trunk roads were treated as "indivisible general services".
- (b) Roads primarily serving European areas were treated as "European services".
- (c) Roads primarily serving native areas were treated as "native services".

(a) presents no difficulty, but (b) and (c) do. It is in many cases impossible to say whether a particular road primarily serves a native or a non-native area. The road from Machakos to Nairobi does not pass through an inch of native reserve, but it is the outlet of the Machakos district. The natives who travel over that road by car probably outnumber its European users by at least fifty to one. The four roads from Nairobi to Limuru traverse the Kikuyu Native Reserve, but if those roads serve one area more than another it is probably the area of the Limuru farms. All roads in North Kavirondo district are in the native reserve, but many of them are at the present moment serving primarily the interests of the mining community.

22. Nor is it easy to decide whether a road is maintained in the interests of any particular community. The same roads are used by settlers, miners, merchants, Indian and native bus-drivers, civil and military transport, and generally by members of the public of all races, and whether the road happens to traverse a native reserve, settled area, forest reserve or unalienated Crown land is not a material consideration. A simple illustration of this difficulty is the case of an Indian bus-driver transporting native labour from a native reserve to a European farm. It appears to the Committee to be impossible to ascertain in this case which community derives the greatest benefit from the operation. The public road

system of the Colony is, or should be, a composite entity, and it is seldom possible to say that any one of its component parts serves the interests of one community more than another.

23. In addition we wish to stress the difficulty of determining accurately the cost of maintaining a particular road, even though it were found practicable to arrive at an acceptable division of the road system of the Colony into "native" and "non-native" roads. The work of maintaining a road is shared among a large number of operatives. Firstly, there are the native labourers who perform the manual labour required; then there are foremen and supervisors; and again an engineer who will inspect the work from time to time. The labourers will probably be employed for the particular work in hand, and will be discharged when it is completed. Their wages will be charged against the money set aside for that work under the appropriate item of the Public Works Recurrent Head of Estimates. It will therefore not, as a rule, be difficult to establish the cost of labour employed on any particular road. With regard to the foremen and supervisors, however, very great difficulties arise. The cost of their wages and their transport to and from the place where the particular work is to be carried out is not borne on the funds set aside under the Public Works Recurrent Head for that work, but on the Public Works Department Head. During the course of a year a foreman may, and probably will, alternate between work on "native" and work on "non-native" roads, and it may well occur that at one and the same time an individual officer is engaged in work on a "native" and a "non-native" road. Moreover, his activities may not be confined to road work. Any attempt to apportion the cost of services of an individual foreman as between "native" and "non-native" roads would present the gravest difficulties. It would be even more difficult to estimate accurately the cost of the services devoted by a supervising engineer to a particular road. For instance, an executive engineer may travel from Nairobi to Narok to inspect the building of a house for the District Officer and to inspect the work on a road or bridge which is being repaired; he may spend two or three days in doing so. It would be quite impossible to divide the cost of his journey and salary accurately between the "non-native" service of inspecting the building and the "native" service of inspecting the road or bridge.

24. The only practical method of overcoming these difficulties was the method used in classifying road expenditure during 1931 for the purposes of Lord Moyne. That is, the

basic cost of maintaining a road (i.e. the cost charged to the Public Works Recurrent Head) was determined, and to this sum was added a percentage increase calculated to cover the cost of appurtenant expenses in connexion with that road which had not been included in the basic cost. Any such arbitrary method of assessment is bound to lead to controversy and to prove unsatisfactory in the extreme.

25. It remains to add that it is not possible in regard to the Public Works Department to adopt the "give and take" method which is possible in the Medical Department, and to which we refer in paragraph 18, because in the former department the duties of individual officers are multifarious, and it would be impossible to determine with any approach to accuracy what portion of the time of a single officer was devoted to "non-native" and what portion to "native" services. Moreover, the ratio of the time devoted to "native" and "non-native" services by individual officers, which is comparatively stable with officers of the Medical Department, is considerably more erratic with officers of the Public Works Department.

26. While therefore we realize the great importance of ensuring that adequate provision is made for the maintenance of roads for the development of native agriculture and commerce, we are of opinion that the inclusion of this service as a Native Betterment Fund service is impracticable.

27. The difficulties inherent in any attempt to apply Lord Moyne's scheme to the Medical Department are explained in paragraph 18. Its application will depend on a "give and take" policy under which it will be impossible to arrange that all the officers who are paid from the Native Betterment Fund will be employed on native services and on those services alone. It is probable that the amounts of the allocations from the Betterment Fund for medical services to natives will actually be spent on those services because the portion of the time of an officer who is paid from that Fund which is devoted to non-natives in one area will be compensated by an equal attention to native interests in another area by an officer who is not paid from the Fund. Since it is impossible to express precisely in terms of money the ratio of non-native to native services performed by such officers, it may be difficult to establish beyond argument that actually the amounts of allocations from the Fund to the Medical Department have been spent entirely on native services.

28. In view of the difficulties of applying Lord Moyné's scheme to the Medical and Public Works Departments, we have considered various modifications of the scheme. These suggested modifications are set out in the succeeding paragraphs.

29. The first suggestion which we considered was that the Betterment Fund services should consist of the following:

- (a) All the services provided by the Departments of Agriculture and Education. (These present little or no difficulty.)
- (b) Cost of African staff and certain native services provided by the Medical Department.
- (c) Cost of certain administrative services.

The cost of (a) in 1931, as appears from paragraph 19 *supra*, was:—

Agriculture	£40,839
Education	£77,722
	<u>£118,561</u>

As to (b), the suggestion was that the following medical expenditure appearing in the sanctioned 1933 Estimates be charged to the Fund (the remainder being met from general revenue):—

#### Head XV.

Item 122. Menial Staff	£19,694
Item 130. Training of Africans	730
Item 140. Grants-in-aid (Maternity and Child Welfare)	2,050
Item 141. Medical Grants to Missions	3,500
	<u>£25,974</u>

The justification for the inclusion of the above items is that they are all quite definitely native services admitting of no argument as to apportionment between races.

As to (c), the following items of 1933 expenditure were suggested for inclusion:—

#### Personal Emoluments.

Labour Camp Staff	£95
Chiefs and Headmen	23,966
Tribal Police	9,273
Hut Counters, Road Foremen, Agents and Market Masters	3,356
	<u>£36,690</u>

#### Other Charges.

Item 46. Expenses of Native Deportees	£100
Item 47. Labour Camps	100
Item 48. Labour Camps: Conservancy	40
Item 49. Repatriation	1,600
Expenses of Tribal Police	1,176
Rewards and Rations	653

Total Other Charges	£3,669
Plus Personal Emoluments	£36,690

Total Administration	£40,359
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The justification of the inclusion of this expenditure is to be found in the recommendations of the Joint Select Committee on Closer Union, which are in general consonance with established practice and approved policy in other Crown Colonies. These recommendations appear in the following extracts from the Committee's Report:—

Page 34, para. 78:

"The main line of development at the present time should be to promote the growth of the structure referred to in the last paragraph; that is to say, of councils with increasing financial, judicial and executive functions."

Page 35, para. 60:

"Native Councils, however elementary, should have an assigned portion of the direct tax as their own revenues and a defined share of responsibility."

Page 43, para. 103.

"The Committee attach special importance, in the case of Kenya, to the handing over at the earliest practicable moment of new functions, in proportion to the advance in interest and in capacity made by any particular Council. They also look on the question of financial responsibility as one of the highest importance."

Under this scheme the Betterment Fund Committee, if established, would hand over to Local Native Councils, or to Provincial Commissioners for allocation to Local Native Councils, almost all the suggested expenditure under Administration, retaining under its own control only items which cannot well be decentralized, such as Repatriation and Expenses of Native Deputies.

This proposal represented an attempt to combine that part of Lord Moyne's scheme which presents no great difficulty in its practical application with the adoption of the policy advocated by the Joint Select Committee.

30. It was proposed therefore that appropriations to the Betterment Fund should be as follows:—

Agriculture	£40,839
Education	£77,722
Medical	£25,974
Administration	£40,359
	<hr/> £184,894

If instead of taking 50 per cent of the average hut and poll tax for the years 1926 to 1931 we were to take 35 per cent, the amount available for the Fund would be £195,718, giving a balance of £10,824 as compared with the balance of £8,644 under Lord Moyne's scheme.

31. We cannot recommend the adoption of this proposal. We are not unmindful of the difficulties in connexion with the expenditure on medical services to which we have referred in paragraphs 18 and 20 of this report, nor do we wish to minimize them. We realize that these difficulties exist, but, as we have said, we do not believe that in practice they will prove insuperable, and we believe that the safeguarding of these services is no less an essential factor of Lord Moyne's scheme for a Betterment Fund than is the safeguarding of agricultural or educational services.

32. The second proposal which we considered was to substitute for the Public Works Department expenditure the expenditure on Tribal Police, which in the 1933 Estimates amounts to £10,449.

The Fund in this case would be composed as follows:—

Agriculture	£40,839
Education	£77,722
Medical	£140,087
Tribal Police	£10,449
	<hr/> £269,097

Leaving a balance of £10,301 from the sum of £270,598.)

This proposal has the advantages that—

- it retains the guarantee for medical services;
- it avoids the necessity of an annual vote of £5,000 as proposed in our third Recommendation.

Its artificiality is, however, obvious, and we cannot recommend its adoption.

33. A third alternative proposal which has the support of the majority of this Committee was that the Betterment Fund should embrace expenditure on the agricultural, educational and medical services as contemplated by Lord Moyne; should omit the Public Works Department services, but should include the Administrative services as detailed under paragraph 29 (c) above, giving the following figures:—

Agriculture	£40,839
Education	£77,722
Medical	£140,087
Native Administration	£40,359
	<hr/> £299,007

55 per cent of the average native hut and poll tax for the years 1926 to 1931 is £307,557.

If therefore, instead of a 50 per cent basis of tax as recommended by Lord Moyne, a 55 per cent basis were accepted, on the understanding that from the amount thus appropriated the above-mentioned services should be provided, there would be a balance of £8,550, which compares very

closely with the balance of £8,644 available under Lord Moyne's scheme. This proposal has the advantage that it retains the three services, Agriculture, Medical, and Education, and substitutes the whole sum—£40,359 (and not an arbitrarily selected portion of Native Administration charges)—for the Public Works Department expenditure.

31. Of the three alternatives suggested above, we therefore prefer alternative number three, and our fourth recommendation is that :—

#### RECOMMENDATION 4.

Lord Moyne's scheme be varied to the extent of appropriating 55 per cent instead of 50 per cent of the average of native hut and poll tax over a period of six years, and that from the amount thus appropriated there be provided direct services to natives by the Agricultural, Education and Medical Departments, together with certain administrative services as enumerated in paragraph 29 of this report.

This recommendation is admittedly a modification of Lord Moyne's scheme to the extent of the omission of the Public Works Department expenditure from the scope of the Fund and the inclusion of certain administrative services. We believe that the considerations rehearsed above are sufficient justification for the modification now proposed.

The following are the main factors which commend this fourth recommendation to the majority of the Committee :—

- (i) It involves no reduction, but in fact an increase, of the proportion of the proceeds of direct native taxation which Lord Moyne recommended should be paid from the general revenue of the Colony to the Native Betterment Fund.
- (ii) It avoids the necessity for an arbitrary and complicated apportionment between the Native Betterment Fund and the general revenue of the Colony of the gross cost of individual officers engaged on native services.
- (iii) It excludes expenditure on roads from the scope of the Native Betterment Fund, and thereby avoids the necessity for attempting to place the roads of the Colony into two distinct classes—"native" and "non-native". As we have attempted to show in paragraphs 21 to 26, any such classification of roads must be largely arbitrary. It follows that whatever classification were adopted, it must inevitably form a fruitful topic for controversy.

(iv) Though it includes certain charges under the Administration Head of Estimates in the expenditure to be met from the Native Betterment Fund, all of those charges, with the exception of the item Hut Counters, Road Foremen, Agents and Market Masters, £3,356, are classified by Lord Moyne (Appendix 1, page 88 of the Report) as native services. In addition, the inclusion of those charges has the advantages referred to in paragraph 29 above.

(v) It provides for a uniform method of classification of expenditure to be borne on the Native Betterment Fund throughout the departments concerned, whereas, as we have shown in paragraph 19, the methods of classification of expenditure on native services which was adopted by Lord Moyne differed considerably as between the Agricultural, Education, Medical and Public Works Departments.

33. We have considered the most suitable constitution of the Native Betterment Fund Committee, and recommend that that Committee should consist of :—

The Colonial Secretary.

\* The Treasurer or Deputy Treasurer.

The Chief Native Commissioner.

Two Provincial Commissioners.

Member of Legislative Council representing Native Interests.

† Two Elected Members.

We have given careful consideration to Lord Moyne's proposal that the Governor should be the Chairman of the Betterment Fund Committee, but are unable to recommend adoption of that proposal for the following reason : The operations of the Committee may be the subject of debate or question in the Legislative Council, of which the Governor is President. We feel that in such circumstances the Governor would be placed in an invidious position in which his office as impartial President of Council might apparently conflict with his office as Chairman of the Native Betterment Fund Committee. We regard it as a matter of paramount importance to

\* Mr. Horne sees no necessity or advantage in having either the Treasurer or the Deputy Treasurer on the Committee.

† Mr. Abdul Wahid considers that one Elected Member should be an Indian.



avoid the danger of the Governor being placed in such a position, and therefore recommend that he should not be the Chairman of the Native Betterment Fund Committee. The Colonial Secretary is in a position to speak with authority on behalf of the Governor. He is the Chairman of the Select Committee on the Estimates and the chief spokesman of Government in the Legislative Council. For these reasons, we consider that he should be the Chairman of the Native Betterment Fund Committee. We do not, however, think it will be necessary for him to attend all, or even most, of the meetings of the Committee, and we recommend that the Chief Native Commissioner be appointed the Deputy Chairman of the Committee.

We have the honour to be,  
Your Excellency's obedient servants,

A. DE V. WADE (*Chairman*)  
H. H. RUSHTON  
H. S. SCOTT.  
S. H. LA FONTAINE.  
E. B. HORNE.  
\*CONWAY HARVEY.  
\*H. F. WARD.  
G. BURNS.  
ABDUL WAHID

NAIROBI,

20th September, 1933

Mr. O'Shea was unable to sign the report for the reasons stated in his memorandum in Appendix II.

\* Subject to note below.

NOTE BY MR. CONWAY HARVEY AND  
CAPTAIN H. F. WARD.

36. In signing the majority report, we wish to state that the main function of the Committee was to provide a reasonable interpretation of the Lord Moyne proposals for the establishment of a Native Betterment Fund. In our opinion, this duty is performed in the main body of the report.

We wish to make it quite clear that this is our sole reason for signing the report, and our views on this subject, which we urge Government to give earnest and detailed consideration to, are contained in the following notes.

37. We feel convinced that in order finally to settle the question whether the native people receive a fair share of the public expenditure of the Colony, and in order to remove the subject of future progress and development from the arena of party politics both in Great Britain and Kenya, the following two provisions are essential:—

- (a) That some automatic safeguard, freed from all administrative responsibility, be provided by legislation against any undue curtailment of native services, particularly in times of financial stringency.
- (b) That a Native Development Committee be constituted by law, equipped with reasonable financial resources, whose duties would be primarily to advise Government as to the most efficient and suitable distribution of the expenditure voted for direct native services, the most suitable method for employing the financial resources of the Native Development Committee, generally to co-ordinate all native services, to frame a policy for the bonification of the native peoples, and to advise Government upon the financial implications of that policy.

38. We regret that it is impossible for Unofficial Members like ourselves, who have not access to all the machinery of Government, to attempt to frame concrete proposals for carrying the foregoing requirements into effect.

39. The consideration of the question as to how far the authority and work on the Local Native Councils can be extended is sufficiently important to require examination by a body specifically appointed for that purpose, and should not be dealt with by this Committee.

40. We find ourselves unable to support the recommendations contained in the report, principally for the following reasons:

- (1) Instead of providing automatic safeguards, a simple matter, the question of native development is raised as a racial issue, which we feel must react upon the native peoples to their grave detriment. This subject, in the interests of the native peoples themselves, must be left in Kenya as a national one, in which all are interested and all help.
- (2) The proposals appear as in effect a splitting of the administration of the four main departments of Government—Education, Agriculture, Medical, and Public Works—between a Native Betterment Committee and the Government of Kenya.
- (3) As the whole scheme is dependent upon the requisite capital provisions for replacements and additions being voted by the Select Committee for Legislative Council under the head "Public Works Extraordinary" and by the Legislative Council out of loan funds, and as intense opposition is expressed by the unofficial community to these proposals for the reasons stated and others, native development must remain under these proposals a vital political issue which will be raised at least annually and upon each occasion that a capital provision for native services is sought.
- (4) That the work of the Native Development Committee should not be, as is proposed, primarily that of preserving minimums in expenditure upon direct native services, but the securing of a reasonable annual vote, well balanced in terms of the total of the Colony's ordinary recurrent expenditure.
- (5) We feel convinced that the Government of Kenya should seek such adjustments of the Lord Moyne Report as will carry out the intentions of that Report without inviting the antagonism of the unofficial community, and that no substantial difficulty lies in the way of adjustments on the lines suggested.

H. F. WARD.  
CONWAY HARVEY.

18th September, 1933.

APPENDIX I.

DRAFT ESTIMATES OF THE REVENUE AND EXPENDITURE  
OF THE NATIVE BETTERMENT FUND FOR  
THE YEAR 1933

SUMMARY

REVENUE		£	£
Balance as on 31st December, 1932			
Contribution from Direct Native Taxation, 1933		279,598	
EXPENDITURE			
Agriculture			35,055
Education			73,082
Medical			115,134
Public Works			24,061
Reimbursement to General Expenditure on account of part-time officers, etc.			20,185
TOTAL EXPENDITURE			267,517
Estimated Balance on 31st December, 1933			12,021
	£	279,598	279,598

## APPENDIX II.

MEMORANDUM BY MR. T. J. O'SHEA.

Your Excellency,

I regret that I find myself unable to sign the report of the majority of the Native Betterment Fund Committee.

2. I accepted nomination to the Committee because I shared without reservation Lord Moyne's view as to the necessity of relaxing expenditure on direct native services to the revenue contributions of our native peoples and of providing for a progressive native betterment policy, and though I saw grave objections to the manner in which he proposed to do this, I hoped that the investigations of the Committee would result in their recommending more practical methods logically related to the broad principles of policy—native and non-native—on which the future government of Kenya must be based if the Imperial Government is to justify its trusteeship of this part of Central Africa. I regret, however, that the majority of the Committee found it necessary to interpret our terms of reference literally, and to concentrate their efforts on endeavouring to make Lord Moyne's proposals practicable—as, indeed, they were instructed to do—to the exclusion of considering alternative methods by which Lord Moyne's primary intentions might be more effectively carried into effect.

3. Having now availed myself of the opportunity to study the subject exhaustively, I submit, with the greatest respect, that the time available to his Lordship, while sufficient to enable him to formulate the problem in precise terms, was insufficient to enable him to prescribe the solution of it in detail. One may, I hope, question the details of his proposals without having one's acceptance of the broad principles called into doubt.

4. I respectfully submit to Your Excellency that the methods suggested by Lord Moyne for the better carrying out of the broad principles upon which we are agreed are not those best fitted to the purpose, and that they are based upon a number of fallacies to which he would not have committed himself had he been able to make a more intimate study of our rather unusual governmental system in practice.

5. Lord Moyne's recommendation that the expenditure on direct native services should not come under review by the Select Committee on the Estimates (paragraph 71) is based upon the fallacy that by reason of the unofficial majority on

that Committee Government's control over finance is impaired; and upon the incorrect assumption that the unofficial majority on that Committee is prone to question rather than approve equitable and advisable expenditure on native services. For proof of my contention that the influence over finance—"control" is altogether too strong a word—exercised by the unofficial majority of the Estimates Select Committee is entirely apparent and to no extent real, I refer to the last three reports of that Committee, wherein it will be seen that where the views of Unofficial Members and those of the Government differ those of the former are politely recorded and as politely ignored.

6. Lord Moyne's assumption that the unofficial majority on the Estimates Select Committee hampers Government in making wise and equitable expenditure on native services is equally unsound. Nowhere does his Lordship suggest that the Elected Members pursue a consciously anti-native policy, or that they are selfishly indifferent to native interests—his proposals imply rather that being more directly concerned with the representation of non-native interests the Elected Members have not the knowledge and understanding of native problems possessed by the Government, and are therefore not as fully alive to the necessity of pursuing a progressive policy of native betterment. For proof that this assumption is not justified by the facts, I refer to the reports of Legislative Council proceedings for the past eight years, and to the Reports of the Estimates Select Committee and the innumerable committees on problems directly or indirectly related to native betterment problems issued during the same period. Therein it will be seen that, while exercising their function of critics, Elected Members have not only warmly supported Government in pursuing the far-seeing policy of native development inaugurated by Sir Robert Coryndon and developed by Sir Edward Grigg, but that they have on many occasions taken the initiative in making proposals to Government for the expansion and greater effectiveness of that policy. The fault is not theirs that the part they have been compelled to play as critics of Government expenditure has obscured their work as constructive collaborators in a liberal native policy; and that the extent to which they have played the part of critics was justified is evidenced by the records of innumerable well-intentioned but ill-conceived schemes of Government to which they objected. But perhaps the most conclusive proof that fears of their possible unfavourable influence on native development are unfounded is in Lord Moyne's acknowledgment that the

amount at present being spent on direct native services is adequate in present circumstances to the purposes of the suggested Fund.

7. Recognizing that the foregoing, however demonstrable the truth of it may be on an examination of the facts, may still fail to satisfy those who agree with Lord Moyne, I suggest that there are further and possibly greater objections to the adoption of his proposal as contained in paragraphs 70 and 71 of his Report. To secure his purpose of withdrawing expenditure on direct native services from the effective influence of the Elected Members of Legislative Council, the proposal is inadequate. Nothing short of destroying the financial autonomy of the Council, or of excluding Elected Members from its composition, would achieve that purpose. However established, whether by Ordinance or Order in Council, the Fund and its administration would still be within the purview of Council to discuss and criticize—with no more and no less power in the hands of Elected Members to influence Government than they possess to-day. Furthermore, the success of the Fund would depend to an increasing extent from year to year on the adequate provision of extraordinary expenditure votes from revenue or from loan funds of the sums necessary for the capital expenditure essential to a progressive development policy, and these would remain subject to such influence as the elected elements of Council can bring to bear on Government. If there is any justification for believing that Elected Members in the past, in spite of their desire to collaborate with Government on native policy, were a baneful and obstructive influence, surely there is more justification for believing that their influence in the future, inspired by resistance to a scheme which attempted to deprive them of influence on such an important matter of public interest as native policy, would be more baneful and obstructive. I refuse to believe that Government would be so unwise as to embark upon a scheme which would stem the flowing tide of colonist opinion in favour of supporting a liberal-minded native policy and turn it into a narrow channel of racial bitterness. For, I urge upon Your Excellency with the greatest respect, colonist opinion must be either marshalled behind a progressive native policy or faced marshalled against it. The principles, details and administration of native policy so govern our existence in Kenya that they are among the things we cannot possibly be indifferent to.

8. It may be admitted that there is much to be said for the point of view so far expressed, and yet little heed be paid

to it because it is based more largely on political than practical considerations. I therefore pass to the second line of my disagreement with Lord Moyne's proposals, and thence to my alternative proposals for achieving the great objective in view.

9. I urge that no attempt should be made to adopt Lord Moyne's proposal until the matter is more fully investigated, because it is an attempt to isolate one aspect of the most important problem which Kenya has to deal with—a problem that can only be solved satisfactorily by a comprehensive policy in which the various parts are related carefully so as to be complementary one to another—and his suggested solution of that one aspect, instead of facilitating the solution of others, would almost certainly render their solution more difficult.

10. I would particularly stress that his proposal completely ignores—

- (a) the important recommendations of the Joint Select Committee mentioned on pages 34, 35 and 43 of the majority report of that Committee;
- (b) the considerable annual sums—now amounting to approximately £60,000—being raised and spent by the Local Native Councils; and
- (c) the urgent need of a central body to study native betterment problems comprehensively, to relate capital and recurrent expenditure to the relative importance and urgency of native needs, and to correlate the work of the local native bodies in a general scheme.

11. If, however, despite the strong objections thereto, Government insists that something on the lines of Lord Moyne's proposals must be put into operation immediately, I suggest for consideration that the following might prove—

- (i) capable of better practical results;
- (ii) a more suitable foundation on which to build a comprehensive native betterment organization;
- (iii) a better means by which to secure the willing co-operation of all in the carrying out of native policy.

12. My recommendation is:—

That a Native Betterment Board be established consisting of the personnel recommended by the majority report of the Native Betterment Fund Committee, with the addition of the Directors of Agriculture, Education,

and Medical and Sanitary Services. That the Government have the right to nominate such additional temporary members as may be necessary for special purposes. That the duties of the Board shall not only be to supervise the expenditure of such sums as voted by Legislative Council for native services annually, and to advise Government as to the amounts required, but also to: (a) review the expenditure of Local Native Council Funds; (b) frame programmes of native development for submission to Legislative Council; (c) hold inquiries into the working of schemes in operation; (d) correlate the work of Native Councils with one another and with the schemes which funds are provided by Legislative Council; and (e) report from time to time as to what steps might be taken in those areas in which Local Native Councils are making most progress for the better carrying into effect of the recommendations already referred to of the Joint Select Committee.

13. It may be suggested that I have ignored the most important issue raised by Lord Moyne—the adoption of some method by which a fixed proportion of the revenue raised from native sources will automatically flow back into direct native services. I do not mean to ignore it: I wish to urge most strongly that the adoption of any such method in present circumstances is inadvisable. I urge that instead Government should lay down a clearly defined principle upon which expenditure on direct native services will in future be based, and that no automatic machinery be set up until the operation of that principle be proved in practice. I suggest as a principle that "expenditure on direct native services shall be equitably related to: (a) native needs, (b) native taxation, (c) native taxable capacity, and (d) the total revenue and expenditure requirements of the Colony."

14. I trust the foregoing will satisfy Your Excellency that my disagreement with the majority report is entirely as to the best methods to be employed to achieve our objective, and that there is no disagreement as to what the objective should be.

I have the honour to be,  
Your Excellency's obedient servant,  
T. J. O'SHEA.

258

Private

1st November 1933.

My dear Walter,

I am very grateful to you for your full and interesting letter. It was good of you to write so fully before you left. As a matter of fact, if I do go to East Africa, as I hope I may, I shan't leave till the beginning of January, so that we shall have plenty of opportunity <sup>for</sup> ~~for~~ a talk when you come back. It is curious what you say about the Chairmanship, because Byrne told me that he did not want to have it. In the meantime, I am sure the sound course is being followed in presenting the Estimates in the same form as last year. That maintains your principle and provides for a general allocation without prejudice to the ultimate decision on the questions of detail.

The Committee had misunderstood a pronouncement of mine (very possibly it was my fault). They were under the impression that the establishment of the Fund must be done by

an

(Lord Norman)

an Order-in-Council here and not by a Kenya Ordinance. Nothing was in fact further from my mind. On the contrary, I see several advantages in having the Fund and its Committees passed by the Kenya Legislature. What would be outside the purview of the Legislature, or its Committee on Expenditure, would be the aggregate sum which would pass into the Fund, and the decision how that should be allocated among different Services. I am very glad that you found

an Order-in-Council here and not by a Kenya Ordinance. Nothing was in fact further from my mind. On the contrary, I see several advantages in having the Fund and its <sup>Committees</sup> Committees passed by the Kenya Legislature. What would be outside the purview of the Legislature, or its Committee on Expenditure, would be the aggregate sum which would pass into the Fund, and the decision how that should be allocated among different Services. I am very glad that you confirm that you have no intention of stereotyping a particular portion to be allocated to particular Services, and personally I felt sure that was not your intention.

I hope you will have a good and uneventful cruise in the new yacht, and that your new Commander will be even more magnificent than her predecessor.

*Yours ever*

(Sgd) P. GUNNAGE-LISTER.

17

*Revised*

10 Grosvenor Place,  
S.W.1.

October 31st, 1933.

My dear Philip,

As I am starting early on Thursday on a month's cruise and shall therefore probably not see you before you leave for Kenya I thought I would send you this brief comment on the Report of the Select Committee on the proposed Kenya Native Betterment Fund.

The most important recommendation is that the service of roads and bridges should be taken out of the scope of the fund and that the cost of Native Administration should be substituted. I confess to some uneasiness as to the effect of such a change on the opinion of natives and of those who have been active in agitating on their behalf in this country. It is of course true that anomalies would be caused by any hard and fast classification of roads on the sole test of whether they traverse native reserves or settled areas, and this was certainly not my idea. I have the impression that the Public Works Department had already classified the roads into trunk communications and those of importance mainly to native and non-native communities respectively and in any case I do not believe there is any serious difficulty about such determination. It seems to me that if the agitation among natives that they are not getting fair financial treatment is to be defeated, it is very important that it should be shown that a major proportion of their taxation comes back to them for vital services of development. One cannot travel through native and settled areas without getting the impression that too little has been spent from central

funds

Answered. 1<sup>st</sup> Nov. 33



funds on roads in native reserves as compared with settled areas. Natives certainly attach great importance to better communications and <sup>a</sup> good deal is being spent from native sources in money and in labour to make up the insufficiency. Roads and bridges to provide communications and ready access to markets are realised by the native to ~~be~~ a service of very direct and tangible benefit and their inclusion in the Betterment Fund is likely to be much more appreciated than that of the Administrative Service which is certainly not primarily a machine for native betterment and may rather be looked upon as the indispensable machinery of Government.

I agree with the Committee that the cost of leave pay and passages for the Betterment Services might conveniently be charged to the fund but only on condition that its resources be increased to cover the cost. When I was in Kenya there was difficulty in getting any exact figures owing to lack of uniformity in the practice of the various Departments. It seemed immaterial whether this expense was charged to each community or left as part of the indivisible expenditure, provided that the same principle were followed for each community.

Whatever be your decision about including either or both the services of Roads and Bridges and Administration under Native Betterment there

appears

appears to be great advantage in financing the fund by an increased percentage of the yield of native taxation as in Recommendation 3, in preference to the alternative of a special grant in Recommendation 2, as the higher the proportion of native taxation earmarked for direct Native Betterment the better must be the effect in allaying discontent and forestalling agitation. In any readjustment of the proportion it seems to me vital that the percentage figure should on the present averages give a margin of £8000 to £10,000 annually over the annual 1931 expenditure. In view of the opinion I expressed in paragraphs 77 and 79 of my Report I cannot understand the statement in Mr. O'Shea's Report that I acknowledged that the amount at present being spent on direct native services is adequate in present circumstances. On the contrary, I attach the greatest importance to providing a certain margin over and above the reinstatement of the cuts and I would add that the Committee quite accurately interpret my opinion in their suggestion on page 2 that the Betterment Committee should in no way be compelled to maintain the present distribution of money between services covered by the Fund or debarred from adding new services for native benefit. I agree further with O'Shea's suggestion that the Native Betterment Committee should be empowered to correlate their grants to direct native services with the amount spent on the same services by Local Native Councils.

I don't quite understand what Harvey and Ward are driving at in their note. O'Shea expresses his views much more clearly and believes that good-will to the natives on the part of the Elected Members ( the existence of which I in no way dispute) is going to solve the question. Unfortunately in the opinion of many people it has not done so in the past or secured that natives in fact received back in direct and tangible service a fair proportion of their relatively heavy taxation. I believe that the neglect of native interests has been quite unconscious on the part of the settlers as a whole and is due to the fact that the two communities live quite apart and that the settlers have few opportunities of realising the conditions of the natives.

It is probably advisable that the Native Betterment Fund should be set up by local ordinance rather than by order in council but I am rather uneasy as to suggestions in the Report which seem to point to the expectation that the operations of the Committee may be the subject of debate and question in the Legislative Council where the native interests are at present so ineffectually represented. This expectation is given as a reason for substituting the Colonial

Colonial Secretary for the Governor as Chairman of the Native Betterment Fund. The matter is perhaps of no great importance and my original idea was to have either the Colonial Secretary or the Chief Native Commissioner in this position. It was at Byrne's own suggestion that I substituted a recommendation that the Governor should be Chairman and if Byrne still prefers that proposal, I do not see any objection to it.

Please don't think of answering this, especially as during November letters will reach me only intermittently.

Yours, etc.,

Waller.

(Lord Roper)

Sorry for alterations

31  
1916

C D  
R 16 OCT  
D 17

DOWNING STREET,

17 October, 1933.

2 12.10 JS

Dear Moore,

This is a semi-official letter in confirmation of the Secretary of State's personal telegram about the form of the Estimates concerning which you wrote to the Governor on the 23rd of September.

The Governor had a discussion with the Secretary of State, and the Secretary of State was also given the relevant extract from your letter and a copy of the Select Committee's Report. ~~Enclosed a copy of the Secretary of State's minute on the paper and have given a copy to the Governor also.~~ The upshot is that we entirely agree with your view that the Estimates should be presented in the same form as the revised Estimates for the current year, any necessary modifications being made later when the ~~Select~~ Committee's Report has been debated. There is no great hurry about it since the principle of the Moyné Report is being carried out and there is plenty of room for argument as to the exact

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H.M.-M. MOORE, ESQ, C.M.G.

shape

shape which the details will have to take.

The Governor left us only one copy of the Select Committee's Report, and as the Secretary of State will want to discuss the thing further, it would be convenient if you could let me have several copies (say half a dozen) as soon as it is printed off.

Yours sincerely,

J. E. Howard

~~The enclosed is a proof of the report for the 5th of~~

I have discussed this with the Governor and I entirely agree with the course proposed.

When we come to consider details, I shall want to raise the question of the apportionment of the sum, whatever it is, among different services. I don't see why if the Betterment Fund Committee think it better to spend more on agriculture and less on medical they should not do so.

I think myself it would be better that the Governor should not be Chairman of the Committee.

I should like to have the report and Moore's letter sent to Lord Moyne; and I should like to discuss it with him fully later on; so that I may be in possession of his considered views before I go to Kenya, if I do.

I have always contemplated that the Fund and Committee should be created by local Ordinance, and not by an Order in Council. There are many objections to the latter.

P.C-L.  
11.10.33.

Let the Governor have a copy of this Minute, if it arrives before he leaves.

P.C-L.

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P.C-L.  
11.11.34.

Let the Governor have a copy of this minute, if it arrives before he leaves.

P.C-L.

C. G.

3094/33

35

Mr. Flood 12/10

Mr. *at once*

Mr.

Mr. Parkinson.

Mr. Tomlinson.

Sir C. Holloway.

Sir J. Stuckburgh.

Permt. U.S. of S.

Parly. U.S. of S.

Secretary of State.

*ided sent 3.30/-*

*12/10*

Personal

*Have discussed with Governor*

**DRAFT:**

*code  
Allyan*

*Governor*

*Francis*

*proposals as to form of estimates  
discussed in your letter of 23 Sept  
and entirely agree with you  
first suggestion that estimates should  
be laid before Council in same form  
as current revised estimates*

*Sincer.*

**FURTHER ACTION.**

*Return pp to me  
at once please  
Do not delay to copy the  
etc.*

~~14~~ I enclose two proof copies of the Report of the Select Committee on the Native Betterment Fund. You will observe that O'Shea's memorandum is subject to minor modification, but as you will be leaving London so soon I ~~thought~~ I had better let you have the copies at once in case you wished to leave one with the Colonial Office. You will see that O'Shea has refused to sign the Report altogether and that Ward and Conway Harvey have only done so subject to a note of reservation. I understand from Wade that there was a great deal of difficulty in getting Ward to sign at all; at one stage he resigned from the Committee but later on was persuaded, I believe by his unofficial brothers, to carry on and make common cause with Conway Harvey. I think, as I have already told you, that the reason is that Elected Members are not going to put their signatures to any documents which might prejudice their case until this question of more financial control has been thrashed out. They seem to have forgotten that their leader, Lord Francis Scott, reluctantly, it is true, agreed to the principle of the Betterment Fund, and that the terms.....

Ex tract  
from an  
air mail  
letter  
dated

23 Sept 1933

AS

(5)

Del. to Gov.

*14*  
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*Ex-hat  
from an  
air-mail  
letter*

*23 Apr 1933*

*Del. to Gov. (5)*

the terms of reference to the present Select Committee were taken practically verbatim from the terms of the Resolution he spoke to in Legislative Council.

In my opinion the proposed modification of Lord Moyne's scheme made in Recommendation 4 of the Majority Report is an improvement on the original proposals, but so far as I am personally concerned it has not allayed my fears that even these proposals will in the long run be detrimental to the development of native administration through Local Native Councils on broad lines, in the manner envisaged by the Joint Select Committee. The figures in Paragraph 33 are startling; out of a total of £299,007, £140,087 is to be appropriated by the Medical Department, almost as much as the sums devoted to the three other services - Agriculture, Education and Native Administration - combined. I am not suggesting that medical services are not required by the natives, but it can hardly be denied that the stimulation of native agriculture is as, if not more, important, tending to raise the general standard of living and, as a result, the standard of public health. To stabilise our expenditure on these services in these proportions at a time like this does seem to me dangerous. Even more important, to my mind, is the need of co-relating Government with Local Native Council expenditure, and in that regard I must express considerable agreement with Paragraph 12 of O'Shea's memorandum. I believe there is a case for a comprehensive scheme under which the type of expenditure, both capital and recurrent, which should properly be undertaken by the central Government and the Local Native Councils respectively is more clearly defined, as well as the incidence of Hut and Poll Tax and Local Native Council cesses.

What, however, is of immediate and urgent importance is to decide, in view of the previously expressed attitude of  
the.....

the Secretary of State and the terms of this Report, what form our Expenditure Estimates for 1934 should take. There appear to me to be two alternatives, (a) to present them to Council substantially in the same form as ~~the~~ revised estimates for the current year as adopted on the 10th May and to make the necessary modifications later in Select Committee when the Native Betterment Fund Committee's Report ~~was~~ been debated and the Government's attitude on it defined after consultation with the Secretary of State; or (b) for the Government to prepare the Estimates on the assumption that the recommendations of the Betterment Fund Committee in Paragraph 33 will be accepted both locally and by the Secretary of State. My own advice is in favour of (a). If we do (b) we shall be accused, as we were in the Income Tax controversy, of prejudging the issue before Legislative Council has had full opportunity of debate, and although it is true that in one form or another the Moyne proposals have been debated in Council, it is equally true that the Government has always adopted the attitude that Council would be fully consulted before final decisions were taken. What I suggest should at any rate be clearly impressed on the Secretary of State is that there appears to be no likelihood of our being able to obtain substantial unofficial support even for the modified majority proposals of the Select Committee, and that if he instructs us to carry them out he must realise that they will almost certainly have to be carried through Council by the Government majority, individual members of which are definitely lukewarm in support of the proposals.

*Yours sincerely,* to (a) or (b) before  
*Yours'.*

*John Lubbock*

BRIGADIER-GENERAL SIR JOSEPH BYRNE, K.C.M.G., K.B.E., C.B.,  
 THE WINDHAM CLUB,  
 ST. JAMES'S STREET, S.W.1.  
 LONDON.

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

Dated 11th May Received 12.38.p.m. 11th May 1933

No. 92.

no 1834b/32 Your telegram of 28th January No. 32. As result of examination of provisional estimates by a select Committee in the light of Expenditure Advisory Committee's report following revised estimates were passed by Legislative Council yesterday total estimate of gross expenditure £3,222,210 total estimate gross revenue £3,046,115 total deficit on the year's working £176,095 revised estimates of assets over liabilities on 31st ~~December~~ December 1933 £75,939. No material change in revenue estimates. Reduced deficit on the year's working has been obtained as to approximately £7,000 by general economies and as to approximately £38,000 by proposals of elected members that un-allocated balance and cost of any new services under old betterment fund should in view of present financial position be devoted to reduction of Colony's deficit. This would present no accounting difficulty as I have agreed that estimates as reprinted should shew native services separately under their departmental heads of expenditure instead of under headings 35. In agreeing to this re-arrangement I was not unminful of <sup>? telegram</sup> terms under reference and your telegram No. 264 of 9th December but felt that there was considerable force in contention of elected members that until a betterment fund was statutorily created by local Ordinance it was premature to create separate expenditure heads of estimates. As soon as estimates are reprinted will send full explanatory despatch with recommendations.

no 8.  
1831b/32

40

## Report of Select Committee of Legislative Council Appointed to Consider the Establishment of a Native Betterment Fund.

YOUR EXCELLENCY,

We, the Select Committee of Legislative Council appointed to consider the establishment of a Native Betterment Fund, have the honour to submit the following report.

2. We were appointed on the 20th January, 1933, but for a variety of reasons we were unable to meet until the 27th June. Between that date and the present time, we have held seven meetings.

3. Our terms of reference were as follows:—

“ In view of the difficulties which are set out in the Memorandum on the Draft Estimates for 1933, to consider in detail and report on the most practical methods of applying the principles underlying the recommendation by Lord Moye for the establishment of a Native Betterment Fund.”

4. At the outset, we agreed that it was essential to understand and define as clearly as possible the “principles underlying” the recommendation. It is to the application of these underlying principles that our recommendations are to be directed. If we are able to set out clearly what are the underlying principles we can consider and, if necessary, recommend modifications of the scheme in detail without departing from those principles.

5. The relevant section of the Report is Section IV, paragraphs 68 to 82. From these paragraphs, it seems to us that there emerge the following propositions which constitute the underlying principles of the scheme:—

- (i) That a guarantee must be found that the vital services of native development shall not be subject to recurrent cuts. (Paragraph 69.)
- (ii) That this guarantee be provided by the creation of a Fund from which these services shall be financed. (Paragraph 70.)



- (iii) That the administration of the Fund shall be in the hands of a Board established for the purpose of financing and co-ordinating direct native services.
- (iv) That the administration of the Fund shall not come under the review of the Select Committee on Estimates. (Paragraph 71.)
- (v) That the Fund be created by the return of a proportion of the direct taxation paid by the natives. (Paragraph 74.)
- (vi) That expenditure from the Fund should be on "direct and tangible" services. (Paragraph 74.)

6. The foregoing are statements of Lord Moyne's policy expressed in his Report. We consider that in order to arrive at a clear appreciation of his intention some amplification is necessary.

As to (i) in paragraph 5.

7. By "vital services of native development" it is plain that he envisaged primarily the four Departments of Agriculture, Medicine, Education and Public Works, but we do not consider that it necessarily follows that his intention was that the operation of the Fund should be confined exclusively to the services furnished by those Departments.

Lord Moyne, in section 76 of his Report, stated that the Fund was to be used primarily for these four services. It is obvious, in our opinion, that his intention was that it should not necessarily be maintained exclusively for them. Nor does it mean that the present proportion of expenditure as between the services need necessarily be maintained. In this connexion, we would observe that one of the advantages of a Betterment Fund Committee would be that all the departmental services of native development and betterment would come under its review and would be regarded as co-ordinated services, each performing its proper part in giving effect to a single purpose.

The expression "shall not be subject to recurrent cuts" obviously does not mean that there shall not be fluctuations in the amount of money available for these services which Lord Moyne describes as vital. It is evident from what he says in the third paragraph of section 76 that Lord Moyne clearly recognized the possibility of fluctuation, and we have gone further into this matter in paragraph 16 below.

It seems to us that Lord Moyné is here enunciating a principle of fundamental importance. This principle is that the expenditure on the major services of direct benefit to the natives should bear some relation to the capacity of the native peoples, as a whole, to pay for these services. The principle works both ways. On the one hand, these services must not suffer sudden changes from year to year. The effect of a fall in native taxation will be under Lord Moyné's proposal, at the worst, rather a stoppage of expansion than a positive cut in the services. On the other hand, Lord Moyné wished to emphasize that vital services are costly and the benefits which such services confer on the natives must be in proportion to their contributions to the revenue of the Colony.

*As to (ii) and (iii) in paragraph 5.*

8. It should be noted that Lord Moyné has nowhere said that the creation of the Fund shall not be an act of the Legislature, or that the Board shall not come under the control of the Legislature, but merely that its administration shall be independent of the Select Committee on Estimates.

*As to (iv) in paragraph 5.*

9. Lord Moyné has recommended that half the average annual yield of native direct taxation for the previous six years shall be paid annually into the Fund for the financing of the services mentioned in his Report. Lord Moyné recommends in effect that services require at least an amount equal to this, but it follows obviously that if the services are varied by the inclusion of charges not properly chargeable to the Fund under his scheme, then the proportion must be increased, and conversely, if it is found impracticable to provide for the inclusion of all the services contemplated under the scheme, the proportion may be reduced.

*As to (v) in paragraph 5.*

10. It is noted that Lord Moyné envisaged the return of this proportion of direct taxation for ordinary expenditure on these services as distinct from money required for substantial works. That is clear from section 80 of the Report, and also from the first four lines of page 31 of the Report.

11. In the light of the above conclusions, we have addressed ourselves to the consideration of the most practical methods of applying the underlying principles, and have then proceeded to an examination of any difficulties that might occur in their application.

12. We are of opinion that the creation of a Fund by a local Ordinance is practicable, and is preferable to its creation by Order in Council, as the former method preserves the financial autonomy of the Legislative Council.

13. It has been suggested that for Legislative Council to surrender effective control of a considerable proportion of the public revenue might be a serious departure from established practice. It appears to us, however, that in the creation of a Fund to be administered by a statutory body the Legislature would not be divesting itself of responsibility for the voting of supplies, but would in effect merely be entrusting the expenditure of the moneys voted to a body set up under its own authority. For this it appears that a precedent is to be found in the South African Natives Taxation and Development Act, No. 41 of 1925, sections of which read as follows:—

"12. There shall be established a special account to be styled 'the native development account' and to be administered by the Minister and there shall be paid into that account—

- (a) one-fifth of the amount of the general tax;
- (b) any local tax or native quit rent collected in respect of any area not falling under the jurisdiction of the councils or boards mentioned in sub-section (1) of section 11.

"13 (1) Subject to sub-section (2) of this section, the amounts standing to the credit of the native development account shall be applied, at the discretion of the Minister in consultation with the Native Affairs Commission, to any one or more of the following purposes:—

- (a) For the maintenance, extension and improvement of educational facilities amongst natives;
- (b) For the further development and the advancement of the welfare of natives;
- (c) For the payment, to divisional councils in the Province of the Cape of Good Hope in areas for which no local council exists under the Native Affairs Act, 1920, of the special hut tax payable to such divisional councils under section 25 of the Native Locations Amendment Act, 1899 (Cape of Good Hope), or of such sums as may be agreed in lieu thereof; but if such a local council is established such local council shall be liable to the divisional council for such sums as may be fixed in accordance with the provisions of section 13 of the Native Affairs Act, 1920:

Provided that any moneys paid into the native development account under paragraph (b) of section 12 shall be expended in such areas within the Province in respect of which they have been collected as may be prescribed.

(2) There shall be repaid to the exchequer account from the native development account, in such instalments as the Minister of Finance may decide, the total amount of the advances made to provincial administrations for the improvement of native teachers' salaries out of the sums granted by Parliament for that purpose."

But it is not necessary to look for precedents outside Kenya. An obvious precedent in this Colony is provided by section 104 of the Kenya Local Government (District Councils) Ordinance, No. 21 of 1928, which reads as follows :—

“ There shall be paid to the Council from the general revenue of the Colony an annual grant (herein called the basic grant) which shall be fixed by the Governor in Council.”

14. It would seem therefore that there is nothing contrary to accepted constitutional practice in the creation of a fund by legislative enactment for any particular purpose or purposes into which are to be paid annually definite sums from the general revenue of the Colony, or in the acceptance of a provision that the control and administration of such a fund shall be the responsibility of a statutory body set up by the Legislative Council.

15. We therefore recommend :—

**RECOMMENDATION 1.**

That the best method of giving effect to Lord Moyne's proposals for the establishment by law of a Native Betterment Fund is by the enactment of a local Ordinance designed to secure—

- (a) the creation of the Fund;
- (b) the payment of a portion of general revenue into the Fund and such other moneys as may properly be paid into the Fund;
- (c) the allocation of the amount standing to the credit of the Fund by a Committee or Board;
- (d) the accumulation of balances; and
- (e) expenditure of moneys from the Fund, subject to the general control of the Committee or Board.

16. In the previous paragraphs we have endeavoured to elucidate the underlying principles of Lord Moyne's proposals. The recommendation contained in the previous paragraph indicates our view as to the best method of giving effect to these principles in broad outline.

We have now to consider the difficulties which may arise from a rigid adherence to the details of the scheme as proposed by Lord Moyne. These details are as follows :—

- (a) Half the average yield of the native taxation for the last six years to be paid annually into the Fund. For the years 1926 to 1931 this amounted to £279,598. (For the years 1927 to 1932 the average is £276,084.)

(b) Agricultural, Education, Medical and Public Works Department native services to be met from this Fund. The cost of these services in 1931 is stated by Lord Moyne to have been £270,954. This expenditure would leave a balance of £8,644 on the 1926-1931 figures. If this or any balance of the total appropriation made to the Fund remained unspent in any year, the amount unspent would remain in the Fund and not be surrendered at the close of the year.

(c) Balances to be built up from year to year to provide against fluctuations in the yield of native taxation. (Paragraph 70.)

(d) A committee of control to be formed as follows:—

The Governor (Chairman).

The Chief Native Commissioner.

Other Officials nominated by the Governor.

Representative of Native Interests on the Legislative Council.

An Unofficial Elected Member. (Paragraph 71.)

17. As to 16 (a) and (c), it is plain that Lord Moyne contemplated that the average yield would gradually increase, for he says:—

As development takes place, however, the yield of native taxation will show a natural increase, and it is just that a certain fixed proportion of the present yield of tax, together with a share of any future increments, should be devoted to services for native betterment." (Paragraph 68.)

And—

"It should be possible to finance a widening programme of native development as resources increase in the future."

He appreciated that there would inevitably be fluctuations, but he does not seem to have contemplated a position in which the reduction in taxation receipts would be so great as to reduce the average for six years to such an extent as to make it impossible to pursue a "consistent policy" as advocated by him in paragraph 72. Had the Fund been able to establish adequate reserves over a period of years of prosperity, such a position would not in practice arise, but it is unfortunately true that the low receipts of 1932 have diminished the amount

available for the Fund before its inception. The average for the years 1926 to 1931 was, as stated above, £279,598. The average for the years 1927 to 1932 was £276,034.

It would be unfortunate if in a prosperous year it were found impossible to continue an established programme or imperative to dispense with the services of valuable officers because the previous year had been one of adversity. Lord Moyne's system of averaging will largely obviate such a contingency by preventing violent fluctuations. An examination of the "averages" which would have accrued over six-year periods since 1922 shows them to be as follows:—

|           |          |
|-----------|----------|
| 1922-1927 | £275,786 |
| 1923-1928 | £280,619 |
| 1924-1929 | £277,665 |
| 1925-1930 | £280,148 |
| 1926-1931 | £279,598 |
| 1927-1932 | £276,034 |

From these figures it appears unlikely that so long as the hut and poll tax rates remain as at present half the average yield for any period of six years will fall below £274,000, and it appears also that the maximum fluctuation is unlikely to exceed 2 per cent. Such fluctuations will naturally be guarded against by the maintenance of a suitable reserve.

18. As to 16 (b), the services to be provided from the Fund, Lord Moyne's classification has been found to present certain difficulties, partly administrative and partly financial.

One difficulty in the adoption of the details of Lord Moyne's scheme arises from the fact that in the Medical Department (and to a small extent in the Agricultural Department) it is not possible to say in the case of certain officers that their services are wholly "native" or "non-native". A medical officer at Kisii must on occasion attend Government officials and other Europeans, and a veterinary officer at Nakuru gives part of his services to natives. We are, however, assured by the Heads of Departments concerned that this difficulty need present no insuperable obstacle in practice. If there are two officials, each of whom provides services to both natives and non-natives, the whole cost of one officer can be charged to the Betterment Fund. If there is an officer who contributes 90 per cent of his services to natives and 10 per cent to non-natives, his cost can be charged wholly to the Betterment Fund and may be balanced by that of an officer who is engaged almost entirely on non-native work but on

occasions serves members of the native community. The alternative would be to provide self-contained schemes of native and non native service, which would obviously be unjustifiably costly. We are of opinion therefore that, although theoretically there are difficulties in the application of Lord Moyne's scheme arising from the fact that it is not in a number of cases possible to allocate with absolute precision the entire cost of a particular officer to any particular community, still in practice, by adopting a method of "give and take", this difficulty is not insuperable, and may be met by the adoption of Estimates as set out in the summary of Appendix P to the Provisional Estimates for 1933, subject to the alterations advocated in paragraph 19. (Vide Appendix I.)

19. A second difficulty arises from certain anomalies and inconsistencies which appear from Lord Moyne's calculation of the estimated cost of the four vital services in 1931, on which figures his proposed expenditure of the Fund is based.

This estimated cost is given as follows in Appendix I, Schedule 9, of his Report :—

|              |     |     |     |          |
|--------------|-----|-----|-----|----------|
| Agricultural | ... | ... | ... | £38,369  |
| Education    | ... | ... | ... | £77,722  |
| Medical      | ... | ... | ... | £124,642 |
| Public Works | ... | ... | ... | £80,261  |
|              |     |     |     | £270,954 |

(Leaving a balance of £8,644 from the sum of £279,598.)

A detailed examination of these figures has revealed that :—

- (i) In the case of the Education Department, the cost includes the whole cost except head office administration charges. In the case of this Department, the cost of the absence of an officer on leave, other than passage costs, is provided by a temporary appointment known as a "relief". In all other Departments the permanent staff employed is sufficient to supply such relief.
- (ii) In the Public Works Department, the all-in cost of direct native services has been taken, including a percentage of the cost of the works under the Public Works Recurrent Estimates Head to cover certain staff charges under the Public Works Head of Estimates,

(iii) In the Medical Department the figures do not include the cost of passages and leave salaries.

(iv) In the Agricultural Department the figures do not include passages, but do include leave salaries.

In Appendix 7 of Lord Moyne's Report it is suggested that—

(a) no part of head office administration charges be paid from the Fund;

(f) the cost of all reliefs, pensions, leave pay and passages be borne on the general budget.

(N.B.—As stated above, the only Department which employs reliefs is the Education Department, and we assume therefore that it is to these that Lord Moyne refers.)

(a) presents no difficulty, but there seems to be no logic in (f). If the cost of an officer providing services for natives is to be charged to the Fund, it seems reasonable to charge the whole cost. There is also the anomaly of having one body controlling the leave pay and passages of officers employed under the Fund and another body controlling their establishment, and by reason of this anomaly an impasse might in practice be created.

We propose therefore to depart from Lord Moyne's suggestion in this particular, and we recommend:—

#### RECOMMENDATION 2.

That if the cost of an officer is to be charged to the Betterment Fund, the cost of the officer so charged shall include the cost of relief, leave pay and passages required to maintain the service during the absence of the officer on leave, but not the cost of pensions or housing.

On the above basis, there must be added to the agricultural figures of expenditure in 1931 the cost of passages, and to the medical figures the cost of leave salaries; while the Public Works Department figures must be confined to the Public Works Recurrent Head of Estimates. The resultant figures are as follows:—

|              |     |     |     |                 |
|--------------|-----|-----|-----|-----------------|
| Agriculture  | ... | ... | ... | £40,839         |
| Education    | ... | ... | ... | £77,722         |
| Medical      | ... | ... | ... | £140,087        |
| Public Works | ... | ... | ... | £17,838*        |
|              |     |     |     | <u>£275,981</u> |

(Leaving a balance of £3,617 from the sum of £279,598.)

\* Items 8 and 9, Head XXV, Revised Estimates, 1933.



Notwithstanding Lord Moyne's recommendation contained in sub-section (f) of Appendix 7 of 1946, we are of opinion that the figure arrived at by the above calculation represents a more precise application of the principle underlying his proposal that the cost of services to natives should be charged to the Fund. The effect, however, will be that the balance contemplated by Lord Moyne will be *more* than half. If therefore the scheme is to be adopted in its entirety, it will be necessary to provide funds for the cost of those portions of the services which Lord Moyne proposed (wrongly, in our opinion) to exclude from the Betterment Fund expenditure. This amounts to some £5,000.

Two methods of securing this additional sum may be suggested. These are as follows:—

- (a) To increase the percentage of native taxation to be credited to the Fund from 50 to 51 per cent; or
- (b) To provide an additional sum of £5,000 annually from central revenue to the credit of the Fund.

The latter method is advocated as simpler in practice. It is, moreover, not without precedent. In the South African scheme referred to in paragraph 13 of this report, it is provided that in addition to 20 per cent of the taxation a sum of £340,000 shall be paid annually into the Native Development Account.

We therefore recommend:—

#### RECOMMENDATION 9.

That if the scheme proposed by Lord Moyne is to be carried out in respect of the four services mentioned by him, it should be modified as recommended in Recommendation No. 2 above, and that provision be made by legislation for the annual payment into the Fund of a sum of £5,000, in addition to 50 per cent of the average proceeds of direct native taxation over the preceding six years.

20. In the preceding paragraphs we have indicated the steps which in our opinion it is necessary to take in order that the general principles underlying Lord Moyne's recommendations may be applied. We have also indicated the modifications which in our opinion are necessary if effect is to be given to the scheme. These modifications affect neither the principles nor the detailed application of those principles to the four services. We feel, however, that even with these modifications the scheme is not entirely satisfactory, and that it will present difficulties in practice.

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3. "less  
required"

We have indicated the difficulties which may arise in practice in regard to the Medical and (to a far less degree) in regard to the Agricultural Services, and we have recorded our opinion that they are not insurmountable. We shall revert to these difficulties later on, but before doing so we have certain observations to offer in regard to the Public Works Department services.

21. In the case of the Public Works Department, discrimination between native and non-native services must in many cases be purely arbitrary. In his schedule of expenditure in 1931, Lord Moyne, "in view of the difficulty of classification", adopted the following procedure :-

- (a) All trunk roads were treated as "indivisible general services"
- (b) Roads primarily serving European areas were treated as "European services"
- (c) Roads primarily serving native areas were treated as "native services"

(a) presents no difficulty, but (b) and (c) do. It is in many cases impossible to say whether a particular road primarily serves a native or a non-native area. The road from Machakos to Nairobi does not pass through an inch of native reserve, but it is the outlet of the Machakos district. The natives who travel over that road by car probably outnumber its European users by at least fifty to one. The four roads from Nairobi to Limuru traverse the Kikuyu Native Reserve, but if those roads serve one area more than another it is probably the area of the Limuru farms. All roads in North Kavirondo district are in the native reserve, but many of them are at the present moment serving primarily the interests of the mining community.

22. Nor is it easy to decide whether a road is maintained in the interests of any particular community. The same roads are used by settlers, miners, merchants, Indian and native bus-drivers, civil and military transport, and generally by members of the public of all races, and whether the road happens to traverse a native reserve, settled area, forest reserve or unalienated Crown land is not a material consideration. A simple illustration of this difficulty is the case of an Indian bus-driver transporting native labour from a native reserve to a European farm. It appears to the Committee to be impossible to ascertain in this case which community derives the greatest benefit from the operation. The public road

system of the Colony is, or should be, a composite entity, and it is seldom possible to say that any one of its component parts serves the interests of one community more than another.

23. In addition we wish to stress the difficulty of determining accurately the cost of maintaining a particular road, even though it were found practicable to arrive at an acceptable division of the road system of the Colony into "native" and "non-native" roads. The work of maintaining a road is shared amongst a large number of operatives. Firstly, there are the native labourers who perform the manual labour required; then there are foremen and supervisors; and again an engineer who will inspect the work from time to time. The labourers will probably be employed for the particular work in hand, and will be discharged when it is completed. Their wages will be charged against the money set aside for that work under the appropriate item of the Public Works Recurrent Head of Estimates. It will therefore not, as a rule, be difficult to establish the cost of labour employed on any particular road. With regard to the foremen and supervisors, however, very great difficulties arise. The cost of their wages and their transport to and from the place where the particular work is to be carried out is not borne on the funds set aside under the Public Works Recurrent Head for that work, but on the Public Works Department Head. During the course of a year a foreman may, and probably will, alternate between work on "native" and work on "non-native" roads, and it may well occur that at one and the same time an individual officer is engaged in work on a "native" and a "non-native" road. Moreover, his activities may not be confined to road work. Any attempt to apportion the cost of services of an individual foreman as between "native" and "non-native" roads would present the gravest difficulties. It would be even more difficult to estimate accurately the cost of the services devoted by a supervising engineer to a particular road. For instance, an executive engineer may travel from Nairobi to Narok to inspect the building of a house for the District Officer and to inspect the work on a road or bridge which is being repaired; he may spend two or three days in doing so. It would be quite impossible to divide the cost of his journey and salary accurately between the "non-native" service of inspecting the building and the "native" service of inspecting the road or bridge.

24. The only practical method of overcoming these difficulties was the method used in classifying road expenditure during 1931 for the purposes of Lord Moyne. That is, the

basic cost of maintaining a road (the cost charged to the Public Works Recurrent Head) was determined, and to this sum was added a percentage increase calculated to cover the cost of appurtenant expenses in connexion with that road which had not been included in the basic cost. Any such arbitrary method of assessment is bound to lead to controversy and to prove unsatisfactory in the extreme.

25. It remains to add that it is not possible in regard to the Public Works Department to adopt the "give and take" method which is possible in the Medical Department, and to which we refer in paragraph 18, because in the former department the duties of individual officers are multifarious, and it would be impossible to determine with any approach to accuracy what portion of the time of a single officer was devoted to "non-native" and what portion to "native" services. Moreover, the ratio of the time devoted to "native" and "non-native" services by individual officers, which is comparatively stable with officers of the Medical Department, is considerably more erratic with officers of the Public Works Department.

26. While therefore we realize the great importance of ensuring that adequate provision is made for the maintenance of roads for the development of native agriculture and commerce, we are of opinion that the inclusion of this service as a Native Betterment Fund service is impracticable.

27. The difficulties inherent in any attempt to apply Lord Moyne's scheme to the Medical Department are explained in paragraph 18. Its application will depend on a "give and take" policy under which it will be impossible to arrange that all the officers who are paid from the Native Betterment Fund will be employed on native services and on those services alone. It is probable that the amounts of the allocations from the Betterment Fund for medical services to natives will actually be spent on those services because the portion of the time of an officer who is paid from that Fund which is devoted to non-natives in one area will be compensated by an equal attention to native interests in another area by an officer who is not paid from the Fund. Since it is impossible to express precisely in terms of money the ratio of non-native to native services performed by such officers, it may be difficult to establish beyond argument that actually the amounts of allocations from the Fund to the Medical Department have been spent entirely on native services.

28. In view of the difficulties of applying Lord Moyne's scheme to the Medical and Public Works Departments, we have considered various modifications of the scheme. These suggested modifications are set out in the succeeding paragraphs.

29. The first modification which we considered was that the Betterment Fund services should consist of the following :

- (a) All native services provided by the Departments of Agriculture and Education. (These present little or no difficulty)
- (b) Cost of African staff and certain native services provided by the Medical Department.
- (c) Cost of certain administrative services.

The cost of (a) in 1931, as appears from paragraph 19 *supra*, was :—

|             |     |     |     |          |
|-------------|-----|-----|-----|----------|
| Agriculture | ... | ... | ... | £40,330  |
| Education   | ... | ... | ... | £77,722  |
|             |     |     |     | <hr/>    |
|             |     |     |     | £118,561 |
|             |     |     |     | <hr/>    |

As to (b), the suggestion was that the following medical expenditure appearing in the sanctioned 1933 Estimates be charged to the Fund (the remainder being met from general revenue) :—

*Head XV.*

|                                                       |     |     |     |         |
|-------------------------------------------------------|-----|-----|-----|---------|
| Item 123. Menial Staff                                | ... | ... | ... | £19,694 |
| Item 130. Training of Africans                        | ... | ... | ... | 730     |
| Item 140. Grants-in-aid (Maternity and Child Welfare) | ... | ... | ... | 2,050   |
| Item 141. Medical Grants to Missions                  | ... | ... | ... | 3,500   |
|                                                       |     |     |     | <hr/>   |
|                                                       |     |     |     | £25,974 |
|                                                       |     |     |     | <hr/>   |

The justification for the inclusion of the above items is that they are all quite definitely native services admitting of no argument as to apportionment between races.

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As to (c), the following items of 1933 expenditure were suggested for inclusion :—

*Personal Emoluments.*

|                                                          |        |         |
|----------------------------------------------------------|--------|---------|
| Labour Camp Staff                                        | ... .. | £95     |
| Chiefs and Headmen                                       | ... .. | 23,908  |
| Tribal Police                                            | ... .. | 9,273   |
| Hut Counters, Road Foremen, Agents and<br>Market Masters | ... .. | 3,356   |
|                                                          |        | <hr/>   |
|                                                          |        | £36,630 |

*Other Charges.*

|                                       |        |         |
|---------------------------------------|--------|---------|
| Item 36. Expenses of Native Deportees | ... .. | £100    |
| Item 47. Labour Camps                 | ... .. | 100     |
| Item 48. Labour Camps : Conservancy   | ... .. | 40      |
| Item 49. Repatriation                 | ... .. | 1,600   |
| Expenses of Tribal Police             | ... .. | 1,176   |
| Rewards and Rations                   | ... .. | 653     |
|                                       |        | <hr/>   |
| Total Other Charges                   | ... .. | £3,669  |
| Plus Personal Emoluments              | ... .. | £36,630 |
|                                       |        | <hr/>   |
| Total Administration                  | ... .. | £40,359 |

The justification of the inclusion of this expenditure is to be found in the recommendations of the Joint Select Committee on Closer Union, which are in general consonance with established practice and approved policy in other Crown Colonies. These recommendations appear in the following extracts from the Committee's Report :—

*Page 34, para. 78 :*

"The main line of development at the present time should be to promote the growth of the structure referred to in the last paragraph; that is to say, of councils with increasing financial, judicial and executive functions."

*Page 35, para. 50 :*

"Native Councils, however elementary, should have an assigned portion of the direct tax as their own revenues and a defined share of responsibility."

Page 43, para. 103 :

" The Committee attach special importance, in the case of Kenya, to the handing over at the earliest practicable moment of new functions, in proportion to the advance in interest and in capacity made by any particular council. They also look on the question of financial responsibility as one of the highest importance."

Under this scheme, the Betterment Fund Committee, if established, might hand over to Local Native Councils, or to Provincial Commissioners for allocation to Local Native Councils, almost all the suggested expenditure under Administration, retaining under its own control only items which cannot well be decentralized, such as Repatriation and Expenses of Native Deportees.

This proposal represented an attempt to combine that part of Lord Moyne's scheme which presents no great difficulty in its practical application with the adoption of the policy advocated by the Joint Select Committee.

30. It was proposed therefore that appropriations to the Betterment Fund should be as follows:—

|                |     |     |     |          |
|----------------|-----|-----|-----|----------|
| Agriculture    | ... | ... | ... | £40,839  |
| Education      | ... | ... | ... | £77,722  |
| Medical        | ... | ... | ... | £25,974  |
| Administration | ... | ... | ... | £40,869  |
|                |     |     |     | <hr/>    |
|                |     |     |     | £184,804 |
|                |     |     |     | <hr/>    |

If instead of taking 50 per cent of the average hut and poll tax for the years 1926 to 1931 we were to take 35 per cent, the amount available for the Fund would be £195,718, giving a balance of £10,824 as compared with the balance of £8,644 under Lord Moyne's scheme.

31. We cannot recommend the adoption of this proposal. We are not unmindful of the difficulties in connexion with the expenditure on medical services to which we have referred in paragraphs 18 and 20 of this report, nor do we wish to minimize them. We realize that these difficulties exist, but, as we have said, we do not believe that in practice they will prove insuperable, and we believe that the safeguarding of these services is no less an essential factor of Lord Moyne's scheme for a Betterment Fund than is the safeguarding of agricultural or educational services.

32. The second proposal which we considered was to substitute for the Public Works Department expenditure the expenditure on Tribal Police, which in the 1933 Estimates amounts to £10,449.

The Fund in this case would be composed as follows:—

|               |          |
|---------------|----------|
| Agriculture   | £40,839  |
| Education     | £77,722  |
| Medical       | £140,087 |
| Tribal Police | £10,449  |
|               | <hr/>    |
|               | £269,097 |
|               | <hr/>    |

(Leaving a balance of £10,501 from the sum of £279,598.)

This proposal has the advantages that—

- (a) it retains the guarantee for medical services;
- (b) it avoids the necessity of an annual vote of £5,000 as proposed in our third Recommendation.

Its artificiality is, however, obvious, and we cannot recommend its adoption.

33. A third alternative proposal which has the support of the majority of this Committee was that the Betterment Fund should embrace expenditure on the agricultural, educational and medical services as contemplated by Lord Moyne, should omit the Public Works Department services, but should include the Administrative services as detailed under paragraph 29 (c) above, giving the following figures:—

|                       |          |
|-----------------------|----------|
| Agriculture           | £40,839  |
| Education             | £77,722  |
| Medical               | £140,087 |
| Native Administration | £40,359  |
|                       | <hr/>    |
|                       | £299,007 |
|                       | <hr/>    |

55 per cent of the average native hut and poll tax for the years 1926 to 1931 is £307,557.

If therefore, instead of a 50 per cent basis of tax as recommended by Lord Moyne, a 55 per cent basis were accepted, on the understanding that from the amount thus appropriated the above-mentioned services should be provided, there would be a balance of £8,550, which compares very



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closely with the balance of £8,644 available under Lord Moyne's scheme. This proposal has the advantage that it retains the three services, Agriculture, Medical and Education, and substitutes the whole sum—£40,359 (and not an arbitrarily selected portion of Native Administration charges)—for the Public Works Department expenditure.

34. Of the three alternatives suggested above, therefore prefer alternative number three, and our fourth recommendation is that:—

#### RECOMMENDATION 4.

Lord Moyne's scheme be varied to the extent of appropriating 55 per cent instead of 50 per cent of the average of native hut and poll tax over a period of six years, and that from the amount thus appropriated there be provided direct services to natives by the Agricultural, Education and Medical Departments, together with certain administrative services as enumerated in paragraph 29 of this report.

This recommendation is admittedly a modification of Lord Moyne's scheme to the extent of the omission of the Public Works Department expenditure from the scope of the Fund and the inclusion of certain administrative services. We believe that the considerations rehearsed above are sufficient justification for the modification now proposed.

The following are the main factors which commend this fourth recommendation to the majority of the Committee:—

- (i) It involves no reduction, but in fact an increase, of the proportion of the proceeds of direct native taxation which Lord Moyne recommended should be paid from the general revenue of the Colony to the Native Betterment Fund.
- (ii) It avoids the necessity for an arbitrary and complicated apportionment between the Native Betterment Fund and the general revenue of the Colony of the gross cost of individual officers engaged on native services.
- (iii) It excludes expenditure on roads from the scope of the Native Betterment Fund, and thereby avoids the necessity for attempting to place the roads of the Colony into two distinct classes—"native" and "non-native". As we have attempted to show in paragraphs 21 to 26, any such classification of roads must be largely arbitrary. It follows that whatever classification were adopted, it must inevitably form a fruitful topic for controversy.

(iv) Though it includes certain charges under the Administration Head of Estimates in the expenditure to be met from the Native Betterment Fund, all of those charges, with the exception of the item Hut Counters, Road, Foremen, Agents and Market Masters, £3,356, are classified by Lord Moyne (Appendix I, page 88 of the Report) as native services. In addition, the inclusion of those charges has the advantages referred to in paragraph 29 above.

(v) It provides for a uniform method of classification of expenditure to be borne on the Native Betterment Fund throughout the departments concerned, whereas, as we have shown in paragraph 19, the methods of classification of expenditure on native services which was adopted by Lord Moyne differed considerably as between the Agricultural, Education, Medical and Public Works Departments.

35. We have considered the most suitable constitution of the Native Betterment Fund Committee, and recommend that that Committee should consist of :—

- The Colonial Secretary.
- \* The Treasurer or Deputy Treasurer.
- The Chief Native Commissioner.
- Two Provincial Commissioners.
- Member of Legislative Council representing Native Interests.
- † Two Elected Members.

We have given careful consideration to Lord Moyne's proposal that the Governor should be the Chairman of the Betterment Fund Committee, but are unable to recommend adoption of that proposal for the following reason : The operations of the Committee may be the subject of debate or question in the Legislative Council, of which the Governor is President. We feel that in such circumstances the Governor would be placed in an invidious position in which his office as impartial President of Council might apparently conflict with his office as Chairman of the Native Betterment Fund Committee. We regard it as a matter of paramount importance to

\* Mr. Horne sees no necessity or advantage in having either the Treasurer or the Deputy Treasurer on the Committee.

† Mr. Abdul Wahid considers that one Elected Member should be an Indian.

avoid the danger of the Governor being in such a position, and therefore recommend that he should not be the Chairman of the Native Betterment Fund Committee. The Colonial Secretary is in a position to speak with authority on behalf of the Governor. He is the Chairman of the Select Committee on the Estimates and the Chief spokesman of Government in the Legislative Council. For these reasons, we consider that he should be the Chairman of the Native Betterment Fund Committee. We do not, however, think it will be necessary that he should attend all, or even most, of the meetings of the Committee, and we recommend that the Chief Native Commissioner be appointed the Deputy Chairman of the Committee.

We have the honour to be,  
Your Excellency's obedient servants,

- A. DE V. WADE (Chairman).
- H. H. RUSHTON.
- H. S. SCOTT.
- S. E. LA FONTAINE.
- E. B. HORNE.
- \*CONWAY HARVEY.
- \*H. F. WARD.
- G. BURNS.
- ABDUL WAHID.

NAIROBI,  
20th September, 1933.

Mr. O'Shea was unable to sign the report for the reasons stated in his memorandum in Appendix II.

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\* Subject to note below.

NOTE BY MR. CONWAY HARVEY AND  
CAPTAIN H. F. WARD.

36. In signing the majority report, we wish to state that the main function of the Committee was to provide a reasonable interpretation of the Lord Moyne proposals for the establishment of a Native Betterment Fund. In our opinion, this duty is performed in the main body of the report.

We wish to make it quite clear that this is our sole reason for signing the report, and our views on this subject, which we urge Government to give earnest and detailed consideration to, are contained in the following notes.

37. We feel convinced that in order finally to settle the question whether the native people receive a fair share of the public expenditure of the Colony, and in order to remove the subject of native progress and development from the arena of party politics both in Great Britain and Kenya, the following two provisions are essential:—

(a) That some automatic safeguard, *freed from all administrative responsibility*, be provided by legislation against any undue curtailment of native services, particularly in times of financial stringency.

(b) That a Native Development Committee be constituted by law, equipped with reasonable financial resources, whose duties would be primarily to advise Government as to the most efficient and suitable distribution of the expenditure voted for direct native services, the most suitable method for employing the financial resources of the Native Development Committee, generally to co-ordinate all native services, to frame a policy for the bonification of the native peoples, and to advise Government upon the financial implications of that policy.

38. We regret that it is impossible for Unofficial Members like ourselves, who have not access to all the machinery of Government, to attempt to frame concrete proposals for carrying the foregoing requirements into effect.

39. The consideration of the question as to how far the authority and work on the Local Native Councils can be extended is sufficiently important to require examination by a body specifically appointed for that purpose, and should not be dealt with by this Committee.

40. We find ourselves unable to support the recommendations contained in the report, principally for the following reasons:—

- (1) Instead of providing automatic safeguards, in this matter, the question of native development is raised as a racial issue, which we feel must react upon the native people to their grave detriment. This subject, in the interests of the native peoples themselves, must be left in Kenya as a national one, in which all can be interested and all help.
- (2) The proposals appear as in effect a splitting of the administration of the four main departments of Government—Education, Agriculture, Medical, and Public Works—between a Native Betterment Committee and the Government of Kenya.
- (3) As the whole scheme is dependent upon the requisite capital provisions for replacements and additions being voted by the Select Committee for Legislative Council under the head "Public Works Extraordinary" and by the Legislative Council out of loan funds, and as intense opposition is expressed by the unofficial community to these proposals for the reasons stated and others, native development must remain under these proposals a vital political issue which will be raised at least annually and upon each occasion that a capital provision for native services is sought.
- (4) That the work of the Native Development Committee should not be, as is proposed, primarily that of preserving minimums in expenditure upon direct native services, but the securing of a reasonable annual vote, well balanced in terms of the total of the Colony's ordinary recurrent expenditure.
- (5) We feel convinced that the Government of Kenya should seek such adjustments of the Lord Moyne Report as will carry out the intentions of that Report without inviting the antagonism of the unofficial community, and that no substantial difficulty lies in the way of adjustments on the lines suggested.

H. F. WARD.

CONWAY HARVEY.

18th September, 1933.

## APPENDIX I.

DRAFT ESTIMATES OF THE REVENUE AND EXPENDITURE  
OF THE NATIVE BETTERMENT FUND FOR  
THE YEAR 1933

## SUMMARY

| REVENUE                                                                                | £         | £              |
|----------------------------------------------------------------------------------------|-----------|----------------|
| Balance as on 31st December, 1932 .. .. .                                              | —         | —              |
| Contribution from Direct Native Taxation, 1933 ..                                      | 279,598   | —              |
| <b>EXPENDITURE</b>                                                                     |           |                |
| Agriculture .. .. .                                                                    | —         | 35,055         |
| Education .. .. .                                                                      | —         | 73,082         |
| Medical .. .. .                                                                        | —         | 115,194        |
| Public Works .. .. .                                                                   | —         | 24,061         |
| Reimbursement to General Expenditure on account<br>of part-time officers, etc. .. .. . | —         | 20,188         |
| <b>TOTAL EXPENDITURE .. .. .</b>                                                       | <b>—</b>  | <b>267,577</b> |
| Estimated Balance on 31st December, 1933 ..                                            | —         | 12,021         |
|                                                                                        | £ 279,598 | 279,598        |

## APPENDIX II.

MEMORANDUM BY MR. T. J. O'SHEA

Your Excellency,

I regret that I find myself unable to sign the report of the majority of the Native Betterment Fund Committee.

2. I accepted nomination to the Committee because I shared without reservation Lord Moyne's view as to the necessity of relating expenditure on direct native services to the revenue contributions of our native peoples and of providing for a progressive native betterment policy, and though I saw grave objections to the manner in which he proposed to do this, I hoped that the investigations of the Committee would result in their recommending more practical methods logically related to the broad principles of policy—native and non-native—on which the future government of Kenya must be based if the Imperial Government is to justify its trusteeship of this part of Central Africa. I regret, however, that the majority of the Committee found it necessary to interpret our terms of reference literally, and to concentrate their efforts on endeavouring to make Lord Moyne's proposals practicable—as, indeed, they were instructed to do—to the exclusion of considering alternative methods by which Lord Moyne's primary intentions might be more effectively carried into effect.

3. Having now availed myself of the opportunity to study the subject exhaustively, I submit, with the greatest respect, that the time available to his Lordship, while sufficient to enable him to formulate the problem in precise terms, was insufficient to enable him to prescribe the solution of it in detail. One may, I hope, question the details of his proposals without having one's acceptance of the broad principles called into doubt.

4. I respectfully submit to Your Excellency that the methods suggested by Lord Moyne for the better carrying out of the broad principles upon which we are agreed are not those best fitted to the purpose, and that they are based upon a number of fallacies to which he would not have committed himself had he been able to make a more intimate study of our rather unusual governmental system in practice.

5. Lord Moyne's recommendation that the expenditure on direct native services should not come under review by the Select Committee on the Estimates (paragraph 71) is based upon the fallacy that by reason of the unofficial majority on

63  
Subject to modification

that Committee Government's control over finance is impaired, and upon the incorrect assumption that the unofficial majority on that Committee is prone to question rather than approve equitable and advisable expenditure on native services. For proof of my contention that the influence over finance—"control" is altogether too strong a word—exercised by the unofficial majority of the Estimates Select Committee is entirely apparent and to no extent real, I refer to the last three reports of that Committee, wherein it will be seen that where the views of Unofficial Members and those of the Government differ those of the former are politely recorded and as politely ignored.

6. Lord Moyné's assumption that the unofficial majority on the Estimates Select Committee hampers Government in making wise and equitable expenditure on native services is equally unsound. Nowhere does his Lordship suggest that the Elected Members pursue a consciously anti-native policy, or that they are selfishly indifferent to native interests—his proposals imply rather that being more directly concerned with the representation of non-native interests the Elected Members have not the knowledge and understanding of native problems possessed by the Government, and are therefore not as fully alive to the necessity of pursuing a progressive policy of native betterment. For proof that this assumption is not justified by the facts, I refer to the reports of Legislative Council proceedings for the past eight years, and to the Reports of the Estimates Select Committee and the innumerable committees on problems directly or indirectly related to native betterment problems issued during the same period. Therein it will be seen that, while exercising their function of critics, Elected Members have not only warmly supported Government in pursuing the far-seeing policy of native development inaugurated by Sir Robert Coryndon and developed by Sir Edward Grigg, but that they have on many occasions taken the initiative in making proposals to Government for the expansion and greater effectiveness of that policy. The fault is not theirs that the part they have been compelled to play as critics of Government expenditure has obscured their work as constructive collaborators in a liberal native policy; and that the extent to which they have played the part of critics was justified is evidenced by the records of innumerable well-intentioned but ill-conceived schemes of Government to which they objected. But perhaps the most conclusive proof that fears of their possible unfavourable influence on native development are unfounded is in Lord Moyné's acknowledgment that the



amount at present being spent on direct native services is adequate in present circumstances, to the [redacted] of the suggested Fund.

7. Recognizing that the foregoing, however demonstrable the truth of it may be on an examination of the facts, may still fail to satisfy those who agree with Lord Moyne, I suggest that there are further and possibly greater objections to the adoption of his proposal as contained in paragraphs 70 and 71 of his Report. To secure his purpose of withdrawing expenditure on direct native services from the effective influence of the Elected Members of Legislative Council, the proposal is inadequate. Nothing short of destroying the financial autonomy of the Council, or of excluding Elected Members from its composition, would achieve that purpose. However established, whether by Ordinance or Order in Council, the Fund and its administration would still be within the purview of Council to discuss and criticize—with no more and no less power in the hands of Elected Members to influence Government than they possess to-day. Furthermore, the success of the Fund would depend to an increasing extent from year to year on the adequate provision of extraordinary expenditure not from revenue or from loan funds of the sums necessary for the capital expenditure essential to a progressive development policy, and these would remain subject to such influence as the elected elements of Council can bring to bear on Government. If there is any justification for believing that Elected Members in the past, in spite of their desire to collaborate with Government on native policy, were a baneful and obstructive influence, surely there is more justification for believing that their influence in the future, inspired by resistance to a scheme which attempted to deprive them of influence on such an important matter of public interest as native policy, would be more baneful and obstructive. I refuse to believe that Government would be so unwise as to embark upon a scheme which would stem the flowing tide of colonist opinion in favour of supporting a liberal-minded native policy and turn it into a narrow channel of racial bitterness. For, I urge upon Your Excellency with the greatest respect, thus colonist opinions must be either marshalled behind a progressive native policy or faced marshalled against it. The principles, details and administration of native policy so govern our existence in Kenya that they are among the things we cannot possibly be indifferent to.

8. It may be admitted that there is much to be said for the point of view so far expressed, and yet little heed be paid to it because it is based more largely on theoretical than practical considerations. I therefore pass to the second line of my disagreement with Lord Moyne's proposals, and thence to my alternative proposals for achieving the great objective in view.

9. I urge that no attempt should be made to adopt Lord Moyne's proposal until the matter is more fully investigated, because it is an attempt to isolate one aspect of the most important problem which Kenya has to deal with—a problem that can only be solved satisfactorily by a comprehensive policy in which the various parts are related carefully so as to be complementary one to another—and his suggested solution of that one aspect, instead of facilitating the solution of others, would almost certainly render their solution more difficult.

10. I would particularly stress that his proposal completely ignores—

- (a) the important recommendations of the Joint Select Committee mentioned on pages 34, 35 and 43 of the majority report of this Committee;
- (b) the considerable annual sums—now amounting to approximately £60,000—being raised and spent by the Local Native Councils; and
- (c) the urgent need of a central body to study native betterment problems comprehensively, to relate capital and recurrent expenditure to the relative importance and urgency of native needs, and to correlate the work of the local native bodies in a general scheme.

11. If, however, despite the strong objections thereto, Government insists that something on the lines of Lord Moyne's proposals must be put into operation immediately, I suggest for consideration that the following might prove—

- (i) capable of better practical results;
- (ii) a more suitable foundation on which to build a comprehensive native betterment organization;
- (iii) a better means by which to secure the willing co-operation of all in the carrying out of native policy.

12. My recommendation is:--

That a Native Betterment Board be established consisting of the personnel recommended by the majority report of the Native Betterment Fund Committee, with the addition of the Director of Agriculture. That the Government have the right to nominate such additional temporary members as may be necessary for special purposes. That the duties of the Board shall not only be to supervise the expenditure of such sums as voted by Legislative Council for native services annually, and to advise Government as to the amounts required, but also to: (a) supervise the expenditure of Local Native Council Funds (instead of Executive Council, as at present); (b) frame programmes of native development for submission to Legislative Council; (c) hold inquiries into the working of schemes in operation; (d) correlate the work of Native Councils with one another and with the schemes for which funds are provided by Legislative Council; and (e) report from time to time as to what steps might be taken in those areas in which Local Native Councils are making most progress for the better carrying into effect of the recommendations already referred to of the Joint Select Committee.

13. I trust the foregoing will satisfy Your Excellency that my disagreement with the majority report is entirely as to the best methods to be employed to achieve our objective, and that there is no disagreement as to what the objective should be.

I have the honour to be,  
Your Excellency's obedient servant,  
T. J. O'SHEA.

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C. O.

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*March 15<sup>th</sup>* ✓ 68  
2

Mr. Freeston *g/b*

Mr. Flood *13 g/b*

Mr.

(For Mr. Flood's signature)

Mr. Parkinson

*147*

Mr. Tomlinson

Mr. C. Bottomley

Mr. J. Shackburgh

Form. U.S. of S.

Party U.S. of S.

Secretary of State

March, 1933

*Dear Moore*

**DRAFT**

H. M. Moore  
C. M. G.

It has fallen to me to answer your personal letter to Allen of January the 31st about the Native Betterment Fund. In this reply I propose to deal only with the second page, the question raised in your first two paragraphs will be gone into separately.

I have studied <sup>*some of*</sup> the papers with <sup>*at any rate*</sup> some care and can claim to bring an unprejudiced mind to the problem. And my dominant impression is that, on every ground, the Lyons report must be treated as the sheet-anchor, at any rate, for the next few years. As you know, its principles have been

endorsed

endorsed by everyone - the Governor, the Secretary of State and the House of Commons, and in the face of this uniformity it would be foolish to consider any alternatives however well thought out they may be.

The political claims which you anticipate in your last paragraph can surely be counter<sup>ed</sup> if they arise, by pointing out that Moyne, who took all races within his purview, saw no reason for suggesting that revenue should be earmarked for European or for Indian Services, and in the absence of such a recommendation there is no mandate whatever for any such claim.

When we get down to details I admit that the difficulties are intimidating. But, with every desire in the world to help, I do not see that we in Downing Street can do very

- C. O.
- Mr.
- Mr.
- Mr.
- Mr. Parkerson.
- Mr. Tomlinson.
- Sir C. Bottomley.
- Sir J. Shuckburgh.
- Parly. U.S. of S.
- Parly. U.S. of S.
- Secretary of State.

DRAFT.

much to present you with a cut and dried solution. The following, as I understand it, is the position:-

- (1) The gross sum to be credited to the Native Betterment Fund in 1933 is 2279.598 - the figure recommended by Moyne.
- (2) This in theory should cover the complete cost of the four Native Services including the leave and passage expenses of the Officers concerned in administering them (pension charges must, for obvious reasons, continue to be borne on the general budget).
- (3) The real difficulty arises over part time Officers and partial Services. The S. of S. has conceded the principle that an adjustment should be made by way of re-  
~~am~~bursement to the Native Betterment Fund to general revenue to cover the appropriate fraction of the

the general budget who, in fact, devote part of their time to Native Services. (The same principle applies to expenditure on other than personal emoluments). The difficulty is to determine the appropriate fraction; but, quite obviously, we cannot solve it for you here. I can offer only two suggestions:-

(a) It will be admittedly impossible to produce a set of figures which can be justified to the last cent. There will have to be a certain amount of give and take; but if the calculations are carried out by an impartial authority, such as your Committee, I am sure the S. of S. would agree in dismissing any pettifogging criticisms that might be made.

(b) The problem would, perhaps, be simplified if it were agreed

that

- C. G.
- Mr.
- Mr.
- Mr.
- Mr. Parkinson.
- Mr. Tomlinson.
- Sir C. Bottomley.
- Sir J. Shuckburgh
- Perm. U.S. of S.
- Parly. U.S. of S.
- Secretary of State.

**DRAFT.**

that percentages of less than, say, 20 could be ignored, i.e. an officer who spends 81 per cent of his time on native and 19 per cent on non-native work could be treated as wholly engaged on native services - and, of course, vice versa. This suggestion has been discussed with Juxon Barton and Fosbroke-Hobbes at a fortuitous meeting in the East African Department, and neither saw any grave objection to it.

There, I am afraid, I must leave the question; the details really are for you and the Treasurer. I need hardly assure you that you can rely on our support for <sup>any reasonable</sup> ~~whatever~~ solution you put forward.

Yours sincerely  
 (Signed) J. E. W. FLOOD

AIR MAIL

WHEN REPLYING  
PLEASE QUOTE  
No. 8  
AND DATE



71  
THE SECRETARIAT  
NAIROBI  
KENYA

*Personal.*

31st January, 1934.

RECEIVED  
14 FEB 1934  
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Dear *Allen,*

You will remember that prior to Lord Moyne's inquiry we were required by you to furnish annually a statement of the total revenue derived from direct taxation of natives and the total amount expended both locally within each native area and in the central administration on services directly benefitting the native population. This was specially referred to in paragraph 14 of the Memorandum on Native Policy in East Africa, and our local correspondence ends, I think, with your Reserved Despatch No. 93 of the 2nd February, 1932.

Since those despatches passed Lord Moyne has visited us and in his Report propounded quite a different definition of direct native services and recommended the institution of a Native Betterment Fund. Your last despatch on that subject has informed us that you want us, anyway for the present, to follow as closely as possible the structure of Lord Moyne's proposals. In view of that direction do you still want us to send the annual statement referred to above drawn up on a different basis? I cannot see that it would serve any useful purpose and incidentally would mean an immense amount of work at this end. Perhaps therefore you could give me a line on which to go.

I must confess to a little disappointment that your last despatch on the Native Betterment Fund did not go a little more into detail and discuss the real practical

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difficulties with which we are faced in its application; these were, I think, fairly set out in my memorandum which accompanied the despatch. I am now faced with the difficulty of being Chairman of a Select Committee appointed locally to consider in detail the Native Betterment Fund proposals and I foresee very considerable difficulty in getting local agreement if we have to adhere rigidly to Lord Moyne's structure. I believe Unofficials here are reconciled, even if they do not like it, to the principle that a certain proportion of expenditure should be earmarked for native services and taken out of their purview, but they will, I expect, insist that any division of expenditure should be clearcut and intelligible and in a form in which expenditure can be readily ascertained and subjected to proper audit. That is our practical difficulty in labelling officers and their activities black, white or yellow.

On the political side, we may have to meet demands for further earmarking of revenue on the Native Betterment Fund principle, particularly perhaps for European Education. I need not stress the obvious repercussions where the Indian is concerned, and for my part all such separations fill me with considerable apprehension. Another movement which may develop is a demand to split the Budget in two and the demand as a quid pro quo for taking the whole of the native expenditure out of the purview of Legislative Council that there is no reason why in that case an unofficial majority should not be granted. I doubt if this will be strongly supported but there are already signs of it appearing in the press. Any advice you could give me demi-officially as to the attitude adopted in the Colonial Office on the details as apart from the principle of the Native Betterment Fund proposals would assist me very much in dealing with the Select Committee.

Yours sincerely,