

Mr. J. C. ...  
 Mr. J. C. ...  
 Mr. J. C. ...  
 Mr. J. C. ...  
 Mr. J. C. ...  
 Mr. J. C. ...  
 Mr. J. C. ...  
 Mr. J. C. ...  
 Mr. J. C. ...  
 Mr. J. C. ...

this direction want-  
 tions and with the  
 Egypt, the question  
 accordingly. His re-  
 sponse, in forwarded  
 Rough Notes to  
 System of L  
 rough notes  
 their control over  
 ill to deal  
 'at  
 limited no  
 medical ser-  
 vices at  
 needed app-  
 have been

PUBLIC

RECORD

OFFICE

1900, but also  
 population which this

PUBLIC RECORD OFFICE

CONTINUED FROM PREVIOUS FILM

PUBLIC RECORD OFFICE

C0533/409

ORDER NO.           ✧ FN/E474

CAMERA NO.         ✧ 19

OPERATOR.          ✧ EM

REDUCTION.         ✧ 12

EMULSION NO.      ✧ 321061

DATE.               ✧ 24/4/72

CROWN COPYRIGHT

THESE COPIES ARE SUPPLIED FOR INFORMATION  
AND RESEARCH ONLY-NO REPRODUCTION MAY BE  
MADE FOR PUBLICATION WITHOUT THE ASSENT OF  
THE PUBLIC RECORD OFFICE

ESTIMATE OF POSITION AS AT 31ST DECEMBER 1951.

ESTIMATE OF EXPENDITURE.

Amount outstanding at 31.8.51 .....	£ 297,500.
Further commitment to 31.12.51 .....	16,117.
Administration to 31.12.51 .....	600.
	<u>£104,326.</u>

LESS:-

Further repayments anticipated .....	£ 16,114.
Total estimated expenditure at 31.12.51.....	£88,212.
Balance unallocated .....	<u>11,788.</u>
	<u>£ 100,000.</u>

The following cases are under consideration by the Land Bank:-

Lewis and Chapman .....	£1,845.
Mrs. Griffin .....	325.
R. Jones .....	800.
J. Pullen .....	641.
Barrat & Sawyer .....	1,230.
H. V. S. Gilmer .....	555.
	<u>£ 5,406.</u>

No decision has yet been arrived at by the Land Bank as to whether or not they will take over these cases.

District.	Cases not requiring assistance, 1952.	Cases requiring assistance, 1952.	Required for assistance during 1952 on permanent basis for allowances.
Nairobi	5	15	£30,366
Kitale	2	25	16,805
Kisumu	9	7	7,637
Naiyasha	6	1	796
Nyeri	4	1	340
Nachakos	3	-	-
Mombasa	1	-	-
Nakuru	5	2	1,820
Eldoret	4	15	15,006
	<u>44</u>	<u>66</u>	<u>£72,870</u>

7. There are no figures available from which any reliable estimate can be made of the Revenue from 1951 crops which will be received in the early part of 1952. The figures submitted at the beginning of this year cannot be taken as in any way accurate and, in the Kitale and Eldoret Districts, the extent of Locust damage can only be guessed at. The following estimate of the revenue in Nairobi, Kisumu and Nyeri Districts may be taken as reasonably accurate, based on a nett price for Coffee at £50 per ton. This revenue should be available early in 1952.

Nairobi .....	£2,405.
Kisumu .....	3,850.
Nyeri .....	550.
	<del>£6,805.</del>

8. Assuming that the demand for assistance in 1952 proves to be in the neighbourhood of £51,000, and that if funds were available, the Central Board would approve such further advances (a by no means foregone conclusion) there would probably be available to meet that demand:-

Balance at present unallocated.....	£11,788.
Cases which may be taken over by the Land Bank ...	5,484.
Refunds from crops to be reaped by 31st December, 1951, in Nairobi, Kisumu and Nyeri Districts, proceeds being available by March, 1952 .....	15,605.
	<del>£32,877.</del>

Plus:-

(a) Proceeds of crops to be reaped by 31st December, 1951, from Kitale, Eldoret and other Districts .....	(?)
(b) Proceeds of 1952 crops .....	(0)
<b>Total:-</b>	<u>          </u>

9. The obscurity of the future was bad enough owing to the uncertainty as to price levels and climatic conditions. It is

now greatly intensified by the Locust Damage and continued menace. The Board have never disguised the fact that losses would be inevitable, and it is obvious, now, that the losses must be greater than they would have been had the Colony been spared this plague of Locusts; also, that the period over which recovery was contemplated must, in many cases, now be indefinitely extended.

10. It might be here remarked that the Board is following a policy of progressive curtailment of allowances (particularly personal and living expenses), and of pressing Mortgagees for easier terms for Participants, not entirely without success.

11. The foregoing Review has been compiled from Head Office records. To be complete, it must be related to Reviews by all the Local Boards. These the Central Board are about to obtain, but it will probably be two months before they are complete. In the meantime, the Central Board consider it necessary to inform His Excellency of the position as they see it at the present date.

## ~~XXXXXXXXXX~~

### £20,000 TO HELP FARMERS.

#### Balance of the Advances Fund.

The whole of the sum of £20,000 voted last year for Agricultural short term Advances is to be made available and the question of increasing that sum is under consideration. The scheme was originally introduced for 1930 only but Government's decision, announced in the following communique, makes the balance of £20,000 immediately available for urgent cases.

The communique reads:—

In 1930 by a Resolution of Legislative Council a sum of £100,000 from the Colony's Surplus Balances was allocated for the purposes of the Agricultural Advances Ordinance, but the operation of the scheme of agricultural advances was limited to the year 1930.

The assistance now being given under the Agricultural Advances Ordinance is confined to applications which were approved during 1930, and the total advances approved amount to £80,000. In an announcement made in February, Government stated that it had under consideration the practicability of a general extension of the facilities afforded by that Ordinance for the present year.

Government has now informed the Central Board that it may deal with cases which have thereto not received assistance under the Scheme up to the limit of the sum of £100,000 originally allocated, and the local Boards are being instructed to forward without delay to the Central Board particulars in regard to the cases which, in their opinion, are the most urgent and deserving.

The question whether the sum of £100,000 originally allocated to the Scheme can be increased depends on the possibility of making any further sum available from the Colony's Surplus Balances and this matter is at present under close consideration.

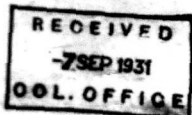
KENYA.

No. 110

CONFIDENTIAL.



GOVERNMENT HOUSE,  
NAIROBI,  
KENYA.



19<sup>th</sup> August, 1931.

My Lord,

No 5  
With reference to my Confidential despatch No. 52 of the 30th March, 1931, I have the honour to transmit for Your Lordship's information a report dated the 26th May, and a further report on the operations, present position and prospects of the Agricultural Advances Scheme up to the end of July.

2. On receipt of Your Lordship's approval to the allocation of a further sum of £20,000 to the Agricultural Advances Scheme, the Central Board was authorised, as Your Lordship was informed in my telegram No. 146 of the 1st May, to deal with cases which had hitherto not received assistance under the Scheme up to the limit of the sum of £100,000 originally allocated, and the local boards were instructed to forward, without delay, to the Central Board particulars of the cases which, in their opinion, were the most urgent and deserving.

3. Before, however, it was possible to form an opinion of the amount of money which was really available it was necessary to revise the estimate, made earlier in the year, of the proceeds likely to be realised from the sale of crops. This enquiry has entailed reference to each individual participant and therefore has taken time. Further, the depredations of locusts tend to make estimates become out of date very quickly.

Your ...

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



Your Lordship will observe from paragraphs 3 and 4 of the latest report that claims upon the Board, amounting to an increase of £10,844, which it has been necessary to meet in order to preserve advances already made, have been considerably greater than anticipated earlier in the year, and it has been impossible to utilise, for the relief of new applicants, any portion of the further £20,000 sanctioned owing to the uncertainty as to what further claims may still have to be met in respect of present participants.

The proceeds of crop sales have also proved to be less favourable than anticipated.

4. The Land Bank Board is at present considering whether certain cases in which the Central Board hold a First Mortgage could correctly be transferred to the Bank and on the result of this consideration it will be possible to estimate more correctly the future scope of the Advances Board. If transfers to the Land Bank are not possible and if no advances to any new applicants are made it is anticipated that the unallocated balance at the 31st December next will amount to £2,453.<sup>x</sup>

5. No further information with regard to locusts is available at present. Laying is probably taking place, but, in spite of the utmost vigilance, no accurate forecast can at present be made as to the extent of laying and the consequent damage to crops which should be anticipated. I will, of course, inform Your Lordship as soon as possible of the position.

I have the honour to be,

My Lord,

Your Lordship's most obedient, humble servant,

*W. H. T. Martin*  
BRIGADIER-GENERAL  
GOVERNOR.

*As per  
to civil*

*As per  
11878  
22653*

AGRICULTURAL ADVANCES.

21

1. The position with regard to Agricultural Advances has not altered materially since the date of the last report (10th March). (2000 to 5)
2. From information received in this office up to May 21st, the position of the Advances Account is as follows:-

Advances paid	222,201
Administration, Travelling and Inspections	2,107
	<u>224,308</u>

Less Repayments	2,107
Nett debit to "Advances"	<u>222,201.</u>

3. Of the amount of 22,107 repaid, 2000 represents repayment in full of advances made to three participants; the remainder has been paid from proceeds of crops.
4. In paragraph 2(a) of the report dated 10th March, the proceeds of Grey Sales during 1921 (1920 crops) were estimated at 222,000.

Inquiries are being made through Local Boards to ascertain how far these estimates are likely to be realized

As realization of crops does not take place to any extent until towards the middle of the year, the benefit of this revenue will not be apparent till later.

5. Until the reports are received from the Local Boards, the Central Board have no reason to alter the original estimate or to believe that it will not be reached, or nearly so.

6. Outgoings should shortly reach the maxima.

Advances sanctioned in respect of 1920 were estimated at 222,000.

Advances sanctioned for 1921 were 221,000.

As payments have now been made for more than one third of the year without any substantial receipts from crops, the balance shown above is in close accord with the expected result.

AGRICULTURAL ADVANCES.

21

1. The position with regard to Agricultural Advances has not altered materially since the date of the last report (10th March). (246005)
2. From information received in this office up to May 31st, the position of the Advances Account is as follows:-

Advances paid	288,000
Administration, Travelling and Inspections	<u>2,107</u>
	290,107
Less Payments	<u>2,107</u>
Nett debit to "Advances"	288,000.

3. Of the amount of 290,107 repaid, 2800 represents repayment in full of advances made to three participants; the remainder has been paid from proceeds of crops.
4. In paragraph 2(a) of the Report dated 10th March, the proceeds of crop sales during 1961 (1960 crops) were estimated at 288,000.

Enquiries are being made through Local Boards to ascertain how far these estimates are likely to be realized

As realization of crops does not take place to any extent until towards the middle of the year, the benefit of this revenue will not be apparent till later.

5. Until the reports are received from the Local Boards, the Central Board have no reason to alter the original estimate or to believe that it will not be reached, or nearly so.

6. Outgoings should shortly reach the minimum.

Advances sanctioned in respect of 1960 were estimated at 288,000.

Advances sanctioned for 1961 were 290,000.

As payments have now been made for more than one third of the year without any substantial receipts from crops, the balance shown above is in close accord with the expected result.

7. The total monthly payments sanctioned to all Participants in all districts amount to 28,800 per month. This does not include special payments for Interest, Insuring, Purchase of seeds, etc.

8. With reference to the possible reductions mentioned in paragraph 9 of the earlier report:-

- (a) Has been dealt with in paragraph 4 above.
- (b) As the Land Bank is not yet in operation, no transfer has yet been effected.
- (c) It has been possible to afford considerable assistance to Participants by inducing certain Mortgagees to reduce or to postpone the payment of interest. Many cases, however, are still under discussion and it is impossible, at this stage, to state how far the saving effected will agree with the estimate.
- (d) The further review of those cases in which advances were only granted for a limited period, will not be made till June.

9. INTEREST. The amount of Interest accrued on Advances up to April, 1951, is 28,800.

10. With regard to the prospects for crops grown in 1951- in Uttar and West areas, the damage likely to result from the locust menace cannot be estimated. Actual loss of crops reported to date is small and, in the majority of cases, it has been possible for the Participant to replant the area affected. Local Boards are alive to the situation and, in cases where the loss of crops might materially affect the financial position of a Participant, the matter will be referred to the Central Board to decide whether advances shall be continued.

Uttar. Weather conditions, so far, have been favourable for this crop and it appears likely that crop

estimates will be fully realized. The incidence of Copeid Bug in the Kinabalu area and of Melaleuc Bug in Makupa district has caused a certain amount of apprehension. All coffee farms are being inspected by Agricultural Officers on behalf of the Central Board and in many cases special advances have been granted for protection against these diseases.

*F. L. Wallis*

SECRETARY.

~~CONFIDENTIAL~~  
**OPERATIONS, PRESENT POSITION AND PROSPECTS OF THE**  
~~AGRICULTURAL ADVANCES SCHEME~~

1. On 10th March, 1951, a Report was submitted on the Operations, Present Position and Prospects of the Agricultural Advances Scheme.

2. At the end of June the position of all Participants was again reviewed by the Local and Central Boards.

The system adopted in making these further reviews, was to get Participants to make an estimate of crop. This estimate was considered and reported on by the Local Boards and finally examined by the Central Board.

In cases where the Central Board had reason to feel that an estimate was exaggerated, an independent inspection and report were called for.

Notwithstanding these precautions it was found that, for various reasons, some estimates were over-optimistic.

3. In the last Report submitted to Government (10.3.51) it was shown that Advances provisionally approved for 1951 amounted to £61,000.

4. The present Review shows that this commitment has been increased to £71,844 for the following reasons:-

- (a) Of the twenty Participants who, it was anticipated, would not require

further assistance (Ref. par. 9.) several could not carry on unless they were allowed to retain the whole proceeds of crop sales. In order to exercise close control of their finances, further advances were sanctioned on the understanding that all monies from the sale of produce are paid in to the Board.

- (b) In some cases where advances had been sanctioned up to June only, it was found necessary to continue these until the end of the year (1951).
- (c) In certain cases it was considered advisable, on reports from the Agricultural Officers, to sanction special expenditure for fertilising and for protective measures against Mealy Bug.
- (d) Education fees due to Kenya Government Schools which are being paid on behalf of Participants.

5. The proceeds of Crop Sales were estimated to realise £25,000.

The amount actually repaid to date is £15,497, and it is estimated that by December, 1951, £34,500 will have been repaid to the Board.

This figure, however, includes £2,389 from five Participants who have repaid Advances in full, also a certain proportion of repayment from 1951 crops.

6. It was estimated that £10,000 might be made available by certain cases on which the Central Board hold a First Mortgage, being transferred to the Land Bank. It is possible that the Board of the Land Bank may agree to take over a proportion of these, but it is evident that it must be some time before the decision of the Land Bank is known. and it now appears unlikely that the whole will be taken on.

7. Postponement or Reduction of Mortgage and other Interest was estimated at £7,000.

While it has been possible to assist a number of Participants by obtaining concessions from Mortgagees, the saving so effected will fall considerably short of the estimated amount.

At the date of the last Report, it was hoped that the Banks would favourably consider the postponement of Interest on Overdrafts. This, however, has not proved to be the case. A suggestion was made by one Bank that they might agree to such postponement provided they had a first charge on any revenue from crop sales to the extent of unpaid Interest. The Central Board considered that, in view of the uncertainty of the position, they could not enter into any commitment with regard to the future.

8. LOCUSTS.

Eleven cases of damage to crops by Locusts and Hail have been reported.

In only one case was the damage so extensive that it was considered wise to suspend further advances and in this case only because the loss of crop would delay the prospect of repayment to a date later than the Central Board could contemplate at this juncture. This case has been recommended as a suitable one for the Land Bank, the Central Board holding a First Mortgage on the property.



In other cases of Locust damage which have been reported, it is not possible, yet, to assess the eventual loss of crop, but it is believed that a proportion of the Maize and Wheat so affected will recover. The danger of Locust damage is, however, still acute, and no forecast can be made as to how far Participants will be affected or the claims of the Central Board increased on this account.

9. MEALIE BUG.

Five Coffee Shambas have reported infestation by Mealie Bug. In all cases there will be a consequent loss of crop, but in only two has the loss been sufficiently serious to warrant suspension of advances pending a full investigation.

10. CAPSID BUG.

The incidence of Capsid Bug has been reported from some districts, but has not so far seriously affected any of the Coffee Estates under the control of the Board.

11. PAYMENTS SUSPENDED.

In five cases payment of advances has been stopped for the following reasons:-

- (a) Maize. Owing to the small revenue from 1930 crops, severe damage by Locusts and the amount required to bring this farm back to a paying basis, the Board considered it advisable to stop further advances. The amount involved is about £500, of which a good proportion should be recovered.
- (b) Maize. The crop realised was more than 50% below the estimate, and as the Participant could show no reasonable prospect of improvement, the Board decided to stop further advances. The amount involved is £556.

The Board have a Second Mortgage on the Farm and a Bill of Sale over implements, etc. valued at £1,800; there should therefore be no loss on realization.

- (c) Maize. There is reason to believe that assets, in this case, have been wrongfully disposed of. The matter is in the hands of the Attorney General. The amount involved is £305. No eventual loss is anticipated.
- (d) Coffee. This farmer decided to abandon his farm after the crop had been picked as the position did not appear to be improving. The loss on realization, if any, should not exceed £100.
- (e) Coffee. Advances were sanctioned on an estimated crop of 40 to 45 tons. When the position was reviewed in June, the Local Board reported that no more than 15 tons would be picked with little prospect of this being exceeded in 1951/2. The continuation of advances would therefore only serve to make the ultimate position worse.

The Participant concerned could give no explanation of the discrepancy that satisfied the Central Board and advances were stopped. The amount involved is £2,200.

The Board hold a Second Mortgage, a Bill of Sale over loose assets valued at £2,269, and a further £200 may be available during the year from the sale of crops. A forced sale at the moment would result in loss.

## 12. BANKRUPTCIES.

Two Participants have filed their petitions in Bankruptcy. The amount involved is £1050.

In both cases the advances made by the Board will probably be recovered in full when securities held are realised. The preferential claims of the Central Board have been recognised by the Official Receiver in both cases.

13. DEATHS.

Two Participants have died, the Estates now being in the hands of the Public Trustee.

The debts to the Central Board have been proved, and it is anticipated that the amount involved (£438) will be recovered in full.

14. EDUCATION.

Since the date of the last Report, the payment of tuition and boarding fees due to Kenya Government by Participants has been approved. This will involve the expenditure of about £1,000 which was not allowed for in the previous estimate.

15. COMMITMENTS.

The Central Board have made no commitments beyond December 31st, 1961, and, although as far as can be foreseen at present, many of the Participants should be able to carry on without further assistance, there will be many who will not. In any case the date of repayment will, in most cases, be much later than the end of 1962. A great deal depends, of course, on climatic conditions, revival in the price of commodities and the effect of the present locust menace.

16. AGRICULTURAL ADVANCES: POSITION AT 29th JULY, 1961.

See Page 7 of this Report.

AGRICULTURAL ADVANCES: POSITION AT SEVEN JULY, 1931.

1. ACTUAL POSITION AT SEVEN JULY, 1931.

Advances to date	297000
Costs of Administration	<u>1700</u>
Total Expenditure	298700
Less Repayments made	<u>16487</u>
Amount actually outstanding	282213
Balance available	<u>18741</u>
Total amount authorized	<u>300,000</u>

ESTIMATED POSITION AS AT JULY 1, 1931.

Estimated Repayments:

Advances repaid during 1930	100000
Additional advances repaid	70000
Education Fees anticipated	2000
Costs of Administration	<u>1000</u>
Total estimated repayments	173000

Loans:

Repayments anticipated	100000
Proposed Advances	100000
Land bank	10000

Authorized Advances expected to issue 100000 100000

Total Estimated Repayments at July 1, 1931	173000
Balance available	<u>127000</u>

\* The balance of 127,000 will be reduced to the extent of any repaid loans to the amount of 11,000 shown above

Interest accrued to date	<u>10000</u>
Less Interest paid	<u>5000</u>
Interest due	<u>5000</u>

17. It will be apparent from this Review that it has been impossible for the Central Board to consider new Applications which were received as the result of the Government Press Communiqué dated 28.4.51, without running a serious risk of exceeding the £100,000 allotted for the operations of the Board. Later on it may be possible to consider a small proportion of these if the Land Bank Board is able to take over some of the cases previously handled by the Agricultural Advances Board.

Possibly the Government will, in the light of this report, consider it advisable to make some further announcement in regard to the Press Communiqué referred to above.

*Secretary*  
*Central Board*

O. O.

Mr. Allen 4/6

Mr.

Mr.

Mr. Tomlinson.

X Sir C. Bottomley 4-6-63

Sir J. Shuckburgh.

Sir G. Grindle.

Parlt. U.S. of S.

Party. U.S. of S.

Secretary of State.

For Sir C. Bottomley's signature

O. O.  
R 5-JUN  
D 6

DRAFT. a verbal  
instruction

I have your letter

Campbell B.  
Haustrug Eg  
Shermanburg Race  
Horshear  
Lassen.

When I saw you I told you  
that, although nothing  
has been settled, I felt  
certain that no special  
subsidy would be given in  
Kenya in respect of food  
and that it was only  
expected to benefit a few  
of several agricultural

To be attached to  
Kenya Agricultural  
Advances papers  
when available

industries, & any  
agricultural credits for individual  
producers have decided on a

It is not yet possible to say  
whether <sup>such an</sup> ~~such an~~ extension of  
agricultural credits will be ~~the~~ ~~most~~ ~~be~~  
practicable. The first announcement  
on the subject  
~~of such an extension~~ would be necessary

to be made by the Government  
to regard co-operative

marketing nothing has happened since  
about a month ago I understood  
that some one above name I  
had forgotten was probably  
with a view to ~~the~~ ~~matter~~ ~~with~~  
of necessity in matter with

for ~~information~~  
(The name of G. BOTTOMLEY)

FROM  
CAMPBELL & BALDWIN  
BERNARDINI PLACE  
MURBEEAN  
MURBEEAN

TO Sir Cyril A. Stanley  
Colonial Office,  
S.W. 1.

3rd June 1931

RECEIVED  
11 JUN 1931  
COL OFFICE

Dear Sir Cyril

I must make the joint East African  
Board my excuse for worrying you again  
on the agenda for next Monday's  
monthly meeting on the following

item (D) Position of agriculture in Kenya

To learn the views in regard to  
government assistance for agriculture

in East Africa

To receive information on the questions  
of a central authority for the East industry  
and co-operative marketing

not having seen any announcement in  
daily papers, we know the



Chairman will look to me to give  
information on these matters. I am  
writing to ask if you will very kindly  
let me have a line before Monday so  
as to be in a position to give the latest  
and correct news

Yours sincerely,

Conrad A. Rainey

P. O.

X.17137/31 Kenya.

34  
19

- Mr. Allen *20/5/51*
- Mr. Parkinson *20/5/51*
- ~~Mr. Campbell~~ *20/5/51*
- Mr. Tomkinson
- A. Sir C. Bottomley *20.5.51*
- Sir J. Shackburgh
- Sir G. Grindie
- Perm. U.S. of S.
- Partly U.S. of S.
- Secretary of State

Downing Street,

20<sup>th</sup> May, 1951.

*Recd 21/5/51*  
*Aut. to 1st B. 21/5/51*  
*21/5/51*

for season. v minutes.

DRAFT.

I have received your letter

of the 15th May and also your later one  
 of the 19th May (S.32902/01/51) on the  
 subject of ~~the~~ assistance to the  
 agricultural industry in Kenya.

The Secretary of State

would have been glad to have met the  
 Governor to the extent contemplated in  
 the draft telegram which I sent to you  
 on the 16th May, but in view of the very  
 definite attitude of the Treasury he does  
 not think that political considerations  
 can any longer be allowed to override  
 the financial objections which he himself  
 also felt. The Governor has accordingly  
 now been informed in a telegram, a copy  
 of which I enclose, that the Secretary

(15)

(16)

P. SKEVINGTON MSc., M.B.E.

(Treasury Chambers).

- To Gov. Kenya Po. Conf. No. 188. (companion draft.)
- To O.A.C. Te. No. 16078/501
- To Gov. (Conf. No. 188) 17/5/51
- To Gov. (2 and 17/5/51)
- To Sec. Mr. ... (17/5/51)

(Spare copy to go with 17145/51)

2 Drafts

P.O.

X.17137/31 Kenya.

34  
17

Mr. Allen 20/5/51  
Mr. Parkinson 20/5/51  
Mr. Campbell 20/5/51  
Mr. Tomlinson

Dorling Street,

1 St. C. Battalion. 20-5-51  
Sir J. Shackleton.  
Sir G. Grenville.  
Permt. U.S. of S.  
Party. U.S. of S.  
Secretary of State.

*Handwritten:* acct 21  
*Handwritten:* 22 May 1951  
*Handwritten:* 21/5/51

for carbon. v minutes.

**DRAFT.**

P. SKEVINGTON ESC., M.B.E.

(Treasury Chambers).

(19)

I have received your letter of the 15th May and also your letter of the 19th May (S.13902/03/5) on the subject of the assistance to the agricultural industry in Kenya.

The Secretary of State

would have been glad to have met the Governor to the extent contemplated in the draft telegram which I sent to you on the 16th May, but in view of the very

definite attitude of the Treasury he does not think that political considerations can any longer be allowed to override

the financial objections which he himself also felt. The Governor has accordingly been informed in a telegram, a copy of which I enclose, that the Secretary

To Gov. Kenya Tel. Conf.  
No. 118.1 21.5.51  
[companion draft]  
To O.A.C. To... 20.5.51  
Tel. Conf. No. 118.1 21.5.51  
To Gov. Kenya 20.5.51  
To Sec. Fin. & Com. 20.5.51

(Spare copy to Gov. Kenya 17.6.51)

2 drafts

C.O.

X.17137/31 Kenya.

34  
17

- Mr. Allen 20/5/51
- Mr. Purkinson 20/5/51
- Mr. Campbell 20/5/51
- Mr. Tomlinson
- Sir C. Bellamy 20.5.51
- Sir J. Shackleton
- Sir G. Gosdie
- Form. U.S. of S.
- Party. U.S. of S.
- Secretary of State

Downing Street,

*Recd 21/5/51*  
*sent to Mr. B. 21/5/51*  
 20th May 1951  
 [Signature]

for common. 7 minutes.

**DRAFT.**

J. SHEVINGTON Esq., K.B.E.

(Treasury Chambers).

I have received your letter of the 15th May and also your later one of the 19th May (S.32902/05/5) on the subject of the assistance to the agricultural industry in Kenya.

The Secretary of State

would have been glad to have met the Governor to the extent contemplated in the draft telegram which I sent to you on the 16th May, but in view of the very definite attitude of the Treasury he does not think that political considerations can any longer be allowed to override the financial objections which he himself also felt. The Governor has accordingly now been informed in a telegram, a copy of which I enclose, that the Secretary

To Gov Kenya Tel. Copy.  
 No. 157.5  
 [unclear]  
 To O.A.C. Tel. 20.5.51  
 Tel. [unclear]  
 Gov. [unclear]  
 To Gov. [unclear]  
 To Sec. [unclear]

(Spare copy) to Gov with (7145/51)

2 Drafts

In the circumstances, and as the scheme has  
already been accepted by the C.D.A.C. as a  
suitable one for assistance - although not  
to the extent which we desired - we assume  
that the Treasury ~~would~~<sup>will</sup> not have any objec-  
tion, but we think we ought to let you know  
what is proposed. Will you kindly let me  
know what you think of an offer of  
assistance in this form?

Yours sincerely

Signed: A. G. C. PARKINSON

36/16

Called Sent -  
4.0 pm U.S. 31C B

10  
omig

Mr. Allen 2070  
Mr. Parkins 20/5/31  
Mr. Marshall 20/5/31  
Mr. ...  
Mr. C. ...  
Mr. J. ...  
Mr. G. ...  
+ From U.S. of ...  
Party U.S. of ...  
Secretary of State

X.17457/31 Kenya.

No. 168. Confidential.

Your confidential telegram

No. 158. After full consideration I have  
reluctantly decided that I should not be  
justified in agreeing to release of

further sums for agricultural advances  
as I am driven to the conclusion that it <sup>will</sup>

be financially imprudent and therefore not  
in the best interests of the Colony as a  
whole to draw further on surplus balances  
which have already been seriously depleted.

I note that it is now estimated that 1931  
revised budget will not do more than  
approximately balance and I am advised that  
trade depression shows no ~~clear~~ <sup>definite</sup> signs of  
abating and may even be ~~more~~ seriously

prolonged. In that case it is possible  
that budget position <sup>already</sup> already deteriorated  
will deteriorate further during this year  
and position become even more difficult  
next year. The consequent risk of deficit

**DRAFT.** Copy Telegram

for comm. v. minutes.

Governor Fairbairn

22 MAY 1931  
J. ...

2 drafts.

*Handwritten notes:*  
This has of course  
been discussed in  
the ...  
to ...  
to ...  
with ...

in present and future years and the fact  
which I have already pointed out that there  
is no outside source to which we can  
look for assistance emphasize the need for  
conserving the Colony's already slender  
resources and I consider that any possible  
re-allocation in respect of stores or  
working capital and the sums not required  
for advances to local authorities and native  
industry should be kept in reserve. In spite  
of grave doubts I have already agreed to  
various proposals for assisting industry in  
my anxiety not to add to <sup>the</sup> difficulties of  
your Government but I feel that the time  
has now come when that anxiety must give  
way to the dictates of financial prudence  
and a halt must be called. Further I  
could not agree without concurrence of  
Treasury which has been consulted but with  
every desire to be helpful feels strongly that  
apart from objections on general grounds  
Colony cannot afford to provide necessary  
funding

funds I have already met you to  
extent of \$20,000 approved in my  
(7) confidential telegram No. 114, and I regret  
that I cannot go beyond that.

~~SECRET~~  
SECRET



TREASURY CHAMBERS,  
WHITEHALL, S.W.1.

In Reply  
Please quote Regd. No.

19th May, 1931.

S.32902/03/3.

Dear Parkinson

Your letter of the 15th instant (Ref. 17157/31), on the subject of assistance to the Agricultural industry in Kenya, crossed mine of the same date.

I have discussed the matter with Waterfield, in the light of the further telegrams from the Governor, and we can find nothing in them to dispose us to modify the views we have already expressed. Indeed, leaving aside the objections on general grounds, the fact that the Governor sees no prospect of doing more than just balance his 1931 budget makes the case for conserving the Colony's slender resources even stronger. It is quite possible that the budget position will deteriorate as the year goes on, and if the depression continues the position may be even more difficult in 1932.

We shall of course be ready to discuss the

matter

A. C. C. Parkinson Esq., C.M.G. O.B.E.  
Colonial Office.

14  
TREASURY CHAMBERS,  
WHITEHALL, S.W.1.

In reply  
please quote Regt. No.

S. 32902/03/3

15th May, 1931.

matter with you if you would like a conference In  
that case perhaps you would give me a ring for the  
purpose of arranging a date.

Yours sincerely

*L. S. 9/31*

Dear Parkinson,

Thank you for your letter of the 24th ultimo  
(17/31/31) enclosing copies of correspondence with the  
Governor of Kenya on the subject of proposals by the  
Gelsay for giving further financial assistance to the  
Agricultural industry.

I have discussed the matter with Waterfield.  
We are glad to observe that you have discouraged the  
proposals, which, so far as we can judge on the informa-  
tion before us, are open to objections on general grounds,  
apart from the fact that Kenya cannot afford to provide  
the necessary funds.

We see no case for assistance to the Coffee  
growers. They can make a satisfactory profit even with  
present depressed prices, and in the circumstances it is  
difficult to appreciate why any necessary and legitimate  
financing cannot be left entirely to the Banks and

A.C.C. Parkinson Esq., C.M.G., C.B.E.,  
Colonial Office.

Commercial

and is able to carry on, his costs of production being reduced to a lower level by the reduction of his capital charges or by amalgamation of overhead expenses. The individual may have been ruined, but the interest of the State is unaffected.

The Governor, it is true, does not countenance the idea of giving special assistance to the Coffee and Sisal Industries, but it seems clear that in proposing to increase the funds at the disposal of the Agricultural Advances Board, he intends that the Board shall embark on giving assistance to growers who are in financial difficulties owing to the depression. That, in our view, is a dangerous course. Once started, demands are apt to grow and easy credit tends to check efforts to bring down production costs.

It is easy to make out a plausible case for temporary assistance in order to keep natives employed and provide traffic for the railway, but in our experience such assistance rarely becomes temporary only, and any immediate advantages are dearly bought in the long run. Have the results of the Maize subsidy in Kenya justified

Commercial Houses.

The Sisal growers are apparently working at a substantial loss but, according to the Governor, the industry is in the main financed by Companies with considerable capital resources which should, in our opinion be left to make their own arrangements. In the absence of special assistance some individual growers will no doubt have to cease cultivation but is it not better that they should? If a grower cannot get necessary finance through the ordinary commercial channels owing to depression of the industry it is highly probable that any credits granted by the Government will become frozen. And the bankruptcy of individual growers does not necessarily mean that the plants drop out of cultivation, they are disposed of at the best price obtainable in a forced sale and it usually happens that some far-sighted and more fortunate rural planner then up at a bargain price

and

the result

is not Kenya being developed too much on credit,  
and would ~~not~~ some restrictions be wholesome?

The Colony's financial position is really very  
unsound, and with every desire to be helpful we cannot feel  
that a convincing case has so far been made out in support  
of any proposal which would deplete still further the ex-  
hausted foreign exchange resources.

Finally we dare not assume too readily that  
1952 is going to see a change for the better. It may well  
prove that prices here to fall to still lower levels before  
the turn begins. The argument that estates cannot go on  
indefinitely producing at a loss is a dangerous one: wide  
rubber and maize

Yours sincerely,

J. M. 9/52

19

Denning Street.

16 May, 1931.

17257/31.

IMMEDIATE.

In my letter of the 24th April, I sent you a mass of correspondence with the Governor of Kenya regarding assistance to the Agricultural Industry in the Colony.

I now enclose copies of two further telegrams from the Governor in the later of which he strongly urges that a further £50,000 should be made available under the Agricultural Advances Ordinance 1930. I also enclose the draft of a letter to the Governor which Lord Passfield has approved subject to the Treasury raising no objection.

The draft is I think sufficiently explanatory to relieve me of the necessity of going into details.

I should be grateful if you would

Fr. Gov. Kenya  
17257/31  
17257/31  
17257/31  
17257/31  
17257/31

we know as soon as possible whether the Treasury  
agrees to the terms of the telegram. I hope  
there will be no difficulty over it and we are  
anxious to get the reply off to the Governor without  
delay.

*well*

175777

O. P.  
R 16 MAY  
B 16

15/6 fs

Inverclyde

To the Librarian's signature

16 May 37

Mr. Treasurer  
Mr. C. Bellamy  
Mr. J. Southworth  
Mr. G. Gordon  
Parish U.S. of S.  
County U.S. of S.  
Secretary of State

DRAFT.

In my letter of the

(9)

J. Stevenson Esq  
MRE  
Treasury Agents

letter that I sent you a  
mass of correspondence  
with the Governor & General  
requesting assistance to  
the agricultural industry  
in the County.

See File Conf 45706. 1 Aug 37  
" " " " " " (10)  
" " " " " " (11)  
" " " " " " (12)  
" " " " " " (13)  
" " " " " " (14)  
" " " " " " (15)  
" " " " " " (16)  
" " " " " " (17)  
" " " " " " (18)  
" " " " " " (19)  
" " " " " " (20)  
" " " " " " (21)  
" " " " " " (22)  
" " " " " " (23)  
" " " " " " (24)  
" " " " " " (25)  
" " " " " " (26)  
" " " " " " (27)  
" " " " " " (28)  
" " " " " " (29)  
" " " " " " (30)  
" " " " " " (31)  
" " " " " " (32)  
" " " " " " (33)  
" " " " " " (34)  
" " " " " " (35)  
" " " " " " (36)  
" " " " " " (37)  
" " " " " " (38)  
" " " " " " (39)  
" " " " " " (40)  
" " " " " " (41)  
" " " " " " (42)  
" " " " " " (43)  
" " " " " " (44)  
" " " " " " (45)  
" " " " " " (46)  
" " " " " " (47)  
" " " " " " (48)  
" " " " " " (49)  
" " " " " " (50)

I have enclosed copies  
of the further telegrams  
from the Governor in the  
letter I should be strongly  
wishes that a further  
£50,000 should be made  
available under the

Agricultural Research Bureau

930, ~~also~~ <sup>I also</sup> ~~with~~ <sup>to</sup> ~~the~~ <sup>the</sup> ~~draft~~

The copy of the draft which

had been filed has approved

that to the Bureau, receiving

no objection

The draft is I think

substantially self explanatory &

clear as to the meaning

of the various details

~~\_\_\_\_\_~~

~~\_\_\_\_\_~~

~~\_\_\_\_\_~~

~~\_\_\_\_\_~~

~~\_\_\_\_\_~~

I am then to you

I am sure that we know as

far as possible whether the

Secretary agrees to the Telegram

I hope that will be so

to the effect of the  
Secretary's reply  
to the Telegram



U. O.

Mr. Allen *14/5*  
Mr. Parkison *15/5 21*  
Mr. *15/5 21*

I. 17157/31 Kenya.

(For Treasury consideration)

Mr. Tomlinson  
Sir C. Battersby, 14.5.  
Sir J. Shackburgh  
Sir G. Grindie  
+ Parli. U.S. of S. *15/5 31*  
+ Parly. U.S. of S. *15/5 (2)*  
+ Secretary of State *15/5 (2)*

No..... Confidential.

Your confidential

telegram No. 128. For reasons given in  
my confidential telegram No. 134 I still  
have serious doubts whether it is

**DRAFT.** Telegram (Code)

financially prudent to release further  
sums for agricultural advances and if  
this could only be done by re-allocation  
in respect of stores and working capital

For consoh. v. minutes.  
Governor Nairobi

~~.....~~  
~~.....~~ I should almost certainly feel  
bound to withhold approval. Although I  
note that you are satisfied that these  
re-allocations are practicable, doubts  
which I have already expressed are not  
entirely removed especially as regards  
working capital. I note that it is now  
estimated that 1951 revised budget will  
not ~~be~~ more than approximately balance  
and I am advised that trade depression  
shows no ~~substantive~~ signs of abating and

*Dr. Hicks to  
see later  
S.I.B.  
-15.3.31.*

~~might~~ ~~even be prolonged~~ In view of consequent risk of deficits in present and

future years and the fact ~~which has~~

already pointed out that there is no outside

source to which Government of Kenya can look

for assistance I consider that re-allocations

referred to should be kept in reserve. For

the same reason I should prefer that sums

not required for advances to local authorities

and maize industry should go to swell

liquid reserves. On the other hand I am

very anxious not to add to your political

difficulties and in view of your urgent

representations I agree subject to the

overriding criteria of £50,000 to your re-

allocating agricultural advances the

~~sums of~~ unused amounts of £25,000 and £100,000

~~in each case~~ originally allocated for advances

to local authorities and maize industry ~~respectively~~

I feel compelled to limit my approval to ~~sums~~

~~sums~~ so available but if as I gather

the whole of the former amount and £20,000

of the latter can be re-allocated this would release a total of £45,000 which approximates very closely to your requirements. But even if the total available is less than £45,000 my approval now given represents the maximum to which I can go in order to meet you, and I consider that balances remaining should not in any case be drawn on further for assisting the industry. I shall of course be prepared to consider in due course your suggestion in regard to £44,000 for housing scheme but I foresee considerable difficulty and Treasury consent would be necessary.

*amphib*

not included in  
new tel: we  
can wait for  
the separate  
communication  
Bled  
20/5/51

Secr.

NOTE AS REGARD KENYA SURPLUS BALANCES.

The following statement shows the position as at the end of 1931, the re-allocations proposed by the Governor, and those which it is now suggested should be approved:

	A.	B.	C.
	£.	£.	£.
Unallocated Stores	110,000	95,000	110,000
Working Capital	100,000	60,000	100,000
Housing scheme	44,000	nil	44,000
Agricultural advances	100,000 <sup>(a)</sup>	150,000	145,000
Local authorities	25,000	nil	nil
Maize	108,000	88,000	88,000
Liquid surplus	25,000	119,000	25,000
	<u>512,000</u>	<u>512,000</u>	<u>512,000</u>

(a) This includes the £20,000 extension approved in the Secretary of State's telegram of the 21st April, 1931 (No. 71).

Note:-

The total balance of £512,000 does not include the £35,000 for cereal advances which had been charged off to final expenditure in 1930, but which it is now intended to treat as a recoverable advance.

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

Dated 11th May, 1931. Received 5,56p.m. on the 11th May,  
1931.

-----000-----

NO 10

21 May

Some tel to HQ 10/3/31

No 158. Confidential. My Confidential Telegram No 145  
of the 2nd May. Expenditure reductions now made amount to  
£156,000 and without further retrenchments which I am aware  
from the terms of your Confidential Circular despatch of the  
14th April 1931 you are most anxious to avoid I do not consider  
that this figure can be materially increased. It is basic  
latest revenue figures suggest that 1931 budget  
should be approximately balanced. Justified imposition of  
further tax cuts prior to provide a small surplus is  
being considered but regard to this you are aware of  
necessity of securing inter-territorial agreement to any  
alterations in the existing duties and levies and difficulties  
involved in such a course. I do not consider it  
definitely impossible to find a solution for this  
year and by attending to the proposals to be made in  
the Confidential despatch 15  
I should be able to give more accurate forecast  
of the total surplus or deficit. The surplus balance  
is estimated that reductions already proposed are  
practicable. I have indicated steps now stand  
at the end of the year and anticipa of income from local  
taxes. I should be glad to discuss that if  
it is necessary to be stated in detail and  
the proposals at the present time. Further details  
which I will put forward separately I do not think it  
for bearing where necessary as previously proposed the  
transferred to Loan and met either from either from  
commitments on Funding Loan or from Loan granted directly  
provisionally approved in your despatch Confidential (3)  
of 7th March.

In

# DECODE

47/2

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

Dated 11th May, 1931. Received 5.56p.m. on the 11th May, 1931.

-----000-----

No 100. Confidential. My Confidential Telegram No 143 of the 1st May. Expenditure reductions now made amount to £156,000 and without further retrenchments which I am aware from the terms of your Confidential Circular despatch of the 14th April 1931 you are most anxious to avoid I do not consider that this figure can be materially increased. On this basis latest revenue figures suggest that 1931 revised Budget should approximately balance. Question of imposition of further taxation in order to provide a small surplus is being explored but as regards Customs you are aware of necessity of securing inter-territorial agreement to any alterations in the existing duties and delays and difficulties inherent in such a course. In any case I consider it definitely impossible to find a surplus of £21,000 this year, and I am addressing you separately on this in accordance with paragraph 3 of your Confidential despatch (2) of the 9th March. Impossible to give more accurate forecast of least manage at present. As regards surplus balance am satisfied that reallocations already proposed are practicable. For example unallocated stores now stand at less than £80,000 and anticipated demands from local Government bodies have not been forthcoming so that it is not considered necessary to allocate any particular sum for this purpose at the present time. Further for reasons which I will put forward separately I suggest that £4,000 for housing scheme might, as previously proposed, be transferred to Loan and met either from Savings or re-allocation on Funding Loan or from Loan Advances already provisionally approved in your despatch Confidential (3) of 9th March.

Handwritten notes: "No 10" and "over the 10/10/31 conf"

Handwritten mark: "B"

In

In these circumstances I strongly urge that further  
 250,000 for Agricultural Advances should be released at  
 once and regard it as most important that if possible  
 your decision should be conveyed to me before meeting of  
 Board on 2nd June.

12  
12  
MEMORANDUM from the Secretary of Labor to the Secretary  
of State for the Secretary.

Re: The 1st Reg. 1931. Received on 8-12-31. On the  
1st Reg.

12  
12  
No. 100. CONFIDENTIAL. Your telegram No. 100. Most  
grateful for attention approved in last paragraph. Still  
wonder full amount proposed will be required and  
whether or willing steps to make sum available to meet  
increasing cases and have made (if group omitted)  
accordingly. Will address you later on other points  
raised in your telegram but am doubtful whether relevant  
or least (if "willing" omitted)  
position/teacher within period per  
position.



00

X-17131/51 *average*

49

Mr.  
Mr.  
Mr.

*acc 27/6/31*

*Cap on expansion  
acc*

X Sir C. Bellamy 234.  
Sir J. Shackburgh  
Sir C. Girdle  
Pres. U.S. of S.  
Vice U.S. of S.  
Secretary of State



Dear Mr. Keating 26<sup>th</sup> April 31

DRAFT.

F. J. Keating, of M.A.  
Planning Chamber

I enclose copies of  
certain parts of the report  
of the committee which we read  
like you to see, about  
assistance of the  
liver & coffee  
industries actually,  
all idea of assistance  
to these ~~industries~~  
particular industries  
is spelled out and

- 20/4/31
- Mr 7
- Mr 8 ✓
- Mr 9 ✓
- Mr 10 ✓
- Mr 11 ✓
- Mr 12 ✓
- Mr 13 ✓
- Mr 14 ✓
- Mr 15 ✓
- Mr 16 ✓
- Mr 17 ✓
- Mr 18 ✓
- Mr 19 ✓
- Mr 20 ✓
- Mr 21 ✓
- Mr 22 ✓
- Mr 23 ✓
- Mr 24 ✓
- Mr 25 ✓
- Mr 26 ✓
- Mr 27 ✓
- Mr 28 ✓
- Mr 29 ✓
- Mr 30 ✓
- Mr 31 ✓

*any other...*

and as you will see from  
L.S.'s letter of the 21 April  
if further assistance is to be  
given to the agricultural  
industry in Kenya it will be  
have to be by way of  
advances under the local  
scheme for agricultural  
advances

For the moment there is  
nothing for you to do, but later on  
if the ~~policy~~ ~~is~~ ~~to~~ ~~be~~ ~~the~~ ~~same~~ ~~as~~ ~~the~~ ~~one~~ ~~in~~ ~~the~~ ~~USA~~ ~~and~~ ~~the~~ ~~UK~~ ~~we~~ ~~will~~ ~~be~~ ~~able~~ ~~to~~ ~~give~~ ~~you~~ ~~the~~ ~~same~~ ~~kind~~ ~~of~~ ~~support~~  
for the Industrial Development Corporation

~~the~~  
and on subject ~~of~~ ~~the~~ ~~same~~ ~~order~~ ~~may~~ ~~the~~  
be some ~~of~~ ~~the~~ ~~same~~ ~~kind~~ ~~as~~ ~~you~~ ~~are~~ ~~now~~ ~~receiving~~  
I think ~~the~~ ~~policy~~ ~~is~~ ~~to~~ ~~be~~ ~~the~~ ~~same~~ ~~as~~ ~~the~~ ~~one~~ ~~in~~ ~~the~~ ~~USA~~ ~~and~~ ~~the~~ ~~UK~~  
will ~~be~~ ~~able~~ ~~to~~ ~~give~~ ~~you~~ ~~the~~ ~~same~~ ~~kind~~ ~~of~~ ~~support~~  
especially ~~in~~ ~~the~~ ~~initial~~ ~~stages~~

Yours faithfully  
ALEXANDER G. PARKINSON

1. In Particular 20.4.31  
 X to Mr Campbell 20.4.31  
 Y to C. Roberts 20.4  
 to J. [unclear]  
 to C. [unclear]  
 + from [unclear] 21.0.31  
 from U.S. of A.  
 X Secretary of State 29/4/31

Coded [unclear]  
 u.15/ 21/4/31

Confidential.

**DRAFT.** Tel.

(No.5)

I have now received your  
 confidential despatch of the 30th  
 March No.52. I am much obliged to you  
 for full statements furnished in that  
 despatch and your confidential despatch  
 of 28th February No.24. I am satisfied  
 that the scheme for Agricultural  
 Advances is being carefully and prudently  
 administered and if further assistance  
 is to be given to the agriculture  
 industry I share your view that it  
 should be by way of advances under  
 scheme for individuals without  
 limitation to particular crops. At  
 the moment in finance, as I understand  
 the position according to the latest  
 figures, if your proposals are approved  
 even with re-allocation of surplus

(No.2)

URGENT  
 GOVERNMENT  
 TELETYPE

24 APR 1931

Please [unclear]  
 to [unclear]  
 [unclear]

Balance.

the Treasury to ~~any~~<sup>which</sup> reference will  
 be necessary ~~if~~<sup>as</sup> surplus balances are  
 to be drawn upon. But it must be  
 remembered that there is no outside  
 source to which the Government of  
 Kenya can look for financial assistance  
 and I cannot persuade myself in present  
 circumstances with several uncertain  
 factors that I ought to approve.

I should like to defer decision at any  
 rate for ~~one~~ a month, within which  
 time (i) you might be able to estimate  
 more closely this year's revenue;  
 (ii) you could determine whether and  
 if so what further reduction in  
 expenditure could be made this year;  
 (iii) you could decide what further  
 increase in taxation you desire to  
 recommend, and (iv) the locust  
 position should have cleared itself  
 up. If it would assist you I should  
 not object to your extending at once



the Treasury to <sup>which</sup> ~~which~~ reference will  
 be necessary <sup>as</sup> ~~if~~ surplus balances are  
 to be drawn upon. But it must be  
 remembered that there is no outside  
 source to which the Government of  
 Kenya can look for financial assistance  
 and I cannot persuade myself in present  
 circumstances with several uncertain  
 factors that I ought to approve.  
 I should like to defer decision at any  
 rate for ~~one~~ a month, within which  
 time (i) you might be able to collate  
 more closely this year's revenue,  
 (ii) you could determine whether and  
 if so what further reduction in  
 expenditure could be made this year,  
 (iii) you could decide what further  
 increase in taxation you desire to  
 recommend, and (iv) the present  
 position should have cleared itself  
 up. If it would assist you I should  
 not object to your extending at once

the

the scheme of Agricultural

Advances on the lines proposed

subject to the maximum already

approved, viz: £100,000 which

would give an additional £20,000

to meet new applications provided that

it is understood that

Government is not committed

thereby to any ~~figure~~ beyond

that figure

secret

for the Colonies.

Dated 18th April, 1931. Received 11.10 a.m. on the 18th April 1931.

-----000-----

No 139. Confidential. Your telegram No 128 Confidential.

Present invasion not serious to crops. Hopper destruction begun and promises to be successful subject to provision of £5,000 for which I seek your telegraphic (group omitted) of this sum. I have already authorized £150 as emergency measure. There is

possibility of a further invasion from Uganda which is (7 group omitted) and failing successful

present hoppers there is definite threat from invasion of flying swarms of winged hoppers. These hoppers feed on coffee and Sisal crops. Migratoria confines feeding to local observations have confirmed.

measures taken to safeguard crops in Native Reserve. (7 group omitted) crop recently harvested and export

production. In a further (7 group omitted) financial position and prospects received (7 group omitted) warned that the revenue prospects (7 group omitted) of an annexure to my confidential (7 group omitted) disappointing and that if

Further (7 group omitted) of increased taxation also.

I am satisfied on (7 group omitted) (7 group omitted) 7th February (7 group omitted) that every care will be

additional appropriation asked for. (7 group omitted) that final result of 1931 shows surplus balance (7 group omitted) £11,782 and that 1931 (7 group omitted) will not

copy & return to the Secretary

for the Colonies.

Dated 18th April, 1931. Received 11.10 a.m. on the 18th April 1931.

-----000-----

6042 3 24

No 13 Confidential. Your telegram No 128 Confidential.

Present invasion not serious to crops. Hopper destruction begun and promises to be successful subject to provision of £5,000 for which I seek your telegraphic (group omitted) of this sum (have a ready authorised £1500 as emergency measure) (here 1).

However probability of a further invasion from Uganda which is now a breeding ground, Uganda has been (7 group omitted) and falling successful (1) against present hoppers (2) (3) (4) (5) (6) (7) (8) (9) (10) (11) (12) (13) (14) (15) (16) (17) (18) (19) (20) (21) (22) (23) (24) (25) (26) (27) (28) (29) (30) (31) (32) (33) (34) (35) (36) (37) (38) (39) (40) (41) (42) (43) (44) (45) (46) (47) (48) (49) (50) (51) (52) (53) (54) (55) (56) (57) (58) (59) (60) (61) (62) (63) (64) (65) (66) (67) (68) (69) (70) (71) (72) (73) (74) (75) (76) (77) (78) (79) (80) (81) (82) (83) (84) (85) (86) (87) (88) (89) (90) (91) (92) (93) (94) (95) (96) (97) (98) (99) (100)

... (text continues with details of crop damage and financial reports) ...



KENYA.  
NO. 52



GOVERNMENT HOUSE,  
NAIROBI,  
KENYA

30<sup>th</sup> March, 1931.

CONFIDENTIAL.

RECEIVED  
17 APR 1931  
C. L. OFFICE

My Lord,

With reference to Your Lordship's Despatch No. 149 of the 27th February and my Confidential Despatch No. 24 of the 28th February last, I have the honour to transmit, in accordance with Your Lordship's instruction, a copy of a Report dated the 4th March on the operations, present position and prospects of the Agricultural Advances Scheme submitted by the Chairman of the Central Agricultural Advances Board.

Your Lordship will observe that further advances of £250 are to be made to a total amount of £11,000; that 20 former participants require no further assistance; and that it appears reasonable to estimate that a large majority of the advances will be repaid with interest by October, 1932.

The details of the scheme are given in paragraph 11 of the enclosed report and in paragraph 10 of the report submitted in my Confidential Despatch No. 24 of the 28th February last. I have the honour to refer to the report of the Chairman of the Board of the 14th December 1930 and to the report of the year to 1930, and that the scheme is being applied on a large scale. The operations of the Agricultural Advances Scheme are being applied on a large scale and the results are being reported as follows:—

SECRETARY,  
GOVERNMENT HOUSE,  
NATIONAL STREET,  
LONDON, E.C. 2.

12th 1931/31  
No 2

Copy to 24/4/31  
copy to Messrs. B. & C. 24 APR 1931

February, and approves the increase of the total sum to be administered under that Ordinance to £150,000, there will be available out of this total figure the sum of £72,300 for new applications.

174. 1/18/19

3. As regards the 4th condition made in Your Lordship's telegram No. 316 of December 9th last that the whole position should be reconsidered when the Land Bank is established, I take this opportunity of informing Your Lordship that I have appointed a Provisional Board to advise me as to the organization of the Bank and the selection of staff, and that I am in communication with the Government of the Union of South Africa and Southern Rhodesia with a view to obtaining the services of an officer experienced in this work.

The Provisional Board have considered the various proposals advanced by the Agricultural Bank of South Africa, and the Agricultural Bank of Southern Rhodesia, and have recommended that the Bank should be established as a limited liability company with a capital of £150,000, and that the Government should guarantee the interest on the loans advanced by the Bank. The Board also recommend that the Bank should be established as a separate institution, and not as a branch of the Agricultural Bank of South Africa. The Government of the Union of South Africa and Southern Rhodesia have agreed to the proposals of the Provisional Board, and have passed an Ordinance to establish the Bank. The Ordinance provides that the Bank should be established as a limited liability company with a capital of £150,000, and that the Government should guarantee the interest on the loans advanced by the Bank. The Ordinance also provides that the Bank should be established as a separate institution, and not as a branch of the Agricultural Bank of South Africa. The Ordinance further provides that the Bank should be established as a separate institution, and not as a branch of the Agricultural Bank of South Africa. The Ordinance also provides that the Bank should be established as a separate institution, and not as a branch of the Agricultural Bank of South Africa.

would ...

No. 11 of 16088/30

would appear to be supported by the terms of the third enclosure to Your Lordship's Confidential despatch of the 5th February, 1931, that the sum in question should not be treated as final expenditure but should be regarded as advances. I had not appreciated that this point was in doubt, in view of the fact that the sum of £35,000 had been voted by the Legislative Council for this purpose, and I had therefore assumed that the figure of £512,000 shown in the enclosure to my despatch under reference as the estimated surplus at the end of 1930 had been calculated after treating the sum of £35,000 as final expenditure. I do not, however, wish to pursue further this question of accounting procedure, as the simple fact emerges that, on the figures now given by the Treasurer, the estimated surplus balances of the Colony at the end of 1930 now appear to be £32,000 less than they were estimated to be when my despatch of the 5th February was prepared.

According to the latest information available, this figure of £32,000 is largely accounted for by a fall in December revenue greater than was expected. I enclose a copy of a minute by the Treasurer dated the 17th March on this point.

6. It will be observed, however, that, on the figures given in the second column of Agenda 13 of the Treasurer's statement, it is estimated that there is a balance of £27,000 unreserved. Should my recommendation that the amount authorized for the operations of the Agricultural Advances Board be increased to £150,000 be approved, there will still remain a sum of £27,000 unreserved.

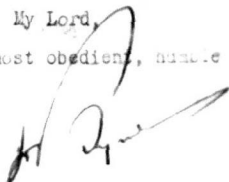
7. While I am most loath to cut down the Colony's liquid reserve to as low a figure as £27,000, the Treasurer is of the opinion, in which I concur, that, despite the reduction in the Colony's estimated surplus as at the end of .....

of 1930 to which I have just alluded, the recommendation which I made in my despatch of the 28th February should stand, more particularly as, on the latest figures available to indicate the result of reductions of expenditure carried out on my instructions, there is every reason to believe that the economies in 1931 expenditure will total fully the sum of £150,000, referred to by the Treasurer in paragraph 6 of his memorandum.

I have the honour to be,

My Lord,

Your Lordship's most obedient, humble servant,



BRIGADIER-GENERAL.

G. O. V. R. M. C. R.

REPORT  
ON THE OPERATIONS, PRESENT POSITION AND PROSPECTS  
OF THE  
AGRICULTURAL ADVANCES SCHEME.

1. No new applications for advances under this scheme were considered by the Board after the receipt of the telegram from the Secretary of State dated the 9th of December, 1930.
2. At the close of the year 1930 the board had 104 approved Applicants on the books and had sanctioned advances for 1930 of a total amount of £88,689. The Board was, however, able to effect certain curtailments with the results that the total commitment as at December 31st, 1930, was reduced to £58,000, of which sum approximately £6,000 had not actually been drawn.
3. Early in January the Local Boards commenced a re-examination of the position of each participant in their respective districts in accordance with instructions which had been issued some time previously by the Central Board but which were supplemented by those contained in the Secretary of State's telegram of December 9th, 1930.
4. The reviews were submitted to the Central Board on forms which had been specially designed and printed. A specimen is attached, hereto, from which it will be seen that the re-examinations were exhaustive.

Upon receipt of the forms the Central board undertook a further close examination of the position of each participant, settled its policy as far as it is empowered to do, prepared estimates and issued instructions in each case. This tedious work, which involved many interviews and has been a great tax on the time of the Members of the Board, is scarcely yet completed, hence the slight delay in submitting this report.

6. As a result of this general review the Central Board have been able to give instructions to participants in the scheme as required by the Secretary of State that repayment of the advances, plus payment of interest, must be completed as follows:-

2.....	by July,	1951.
6.....	" December,	1951.
1.....	" March,	1952.
89.....	" October,	1952.

2 advances were not taken up and have since been cancelled.

2 advances have been repaid in full.

3 participants died suddenly, and it is doubtful when their estates will be wound up and with what result.

Total:- 104.

7. It would be idle to suppose that it will be possible to obtain repayment of all <sup>the</sup> advances by October, 1952, but the Board feel that the prospects are distinctly better now than they were a few months ago, and they are reasonably confident that a large majority will be repaid by that date with interest.

8. It is satisfactory to note that in the opinion of the Board twenty participants require no further assistance.

9. The total amount of advances provisionally approved by the Central Board for the current year is..... £61,000 which may, and probably will be, reduced by... 50,000  
11,000 on account of the following:-

- (a) Proceeds of Crops Sales..... £25, 000
- (b) Transfer of First Mortgage securities to the Land Bank..... 1, 000
- (c) Postponement or reduction of Mortgage and Overdraft interest .. 7, 000
- (d) Discontinuance of Advances in cases noted for further review later in the year..... 8, 000

10. The following figure therefore emerges as the net amount that may be advanced by the end of the current year:-

Commitment to \$1.18.50.....	200,000
Net Advances during 1951.....	200,000

11. If to this be added:-

Allowance for possible defaulters.....	5,000
Allowance for cost of Administration to \$1.18.51.....	2,500 2,500
A total is arrived at of.....	27,500

12. It is quite impossible for the Board to give any estimate of the position as to interest beyond stating that the amount accrued to the 31st December, 1950, was \$600, but there is included in the allowance for defaulters a sum for possible loss of interest. The prospects as regards recovery of interest are neither better nor worse than those relating to the recovery of advances. As, however, the earning capacity of the monies which are being used for this purpose would probably not be more than 4%, and as the rate charged by the Board is 5%, the difference should go some way at least towards meeting the expenses of administration.

13. Again, it would, in the opinion of the Board, be fruitless to attempt now to estimate the position during 1952. All that can be said is that some, perhaps a considerable number, of the participants will have to be carried for some months during 1952, that if present low prices are merely maintained the receipts from the sales of crops will probably amount to \$70,000 during that year, and

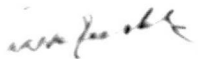
That the prospects give no cause for alarm. In fact, the Board feel that the position and prospects as they see them justify moderate satisfaction.

14.

It must, however, be realized by the Governor and the Secretary of State that, in dealing with an undertaking the result of which is almost entirely dependent upon climatic and market conditions, the most carefully prepared estimates may prove very incorrect either one way or the other.

15.

The Central Board once again wish to record their high appreciation of the assistance rendered by the Local Board, and to record their regret that they have just lost the services of the Director of Agriculture (Mr. Alex Hahn) whose keen interest in the work of the Central Board has been invaluable.



CHAIRMAN,  
CENTRAL AGRICULTURAL ADVANCERS BOARD.

WAIKATO,  
March 24, 1901.



## Review of Position of Applicants for 1931.

Application No. \_\_\_\_\_ District \_\_\_\_\_  
 Name of Applicant \_\_\_\_\_ Railway Station \_\_\_\_\_  
 \_\_\_\_\_ Distance of Station from Farm \_\_\_\_\_ Miles \_\_\_\_\_

**Instructions for Filling in Statement of Affairs.**

- SUNDRY CREDITORS.**—Fill in exact amount due to Creditors but do not include amounts which are due to be paid through the Advances Board in December in the ordinary way. If the total does not amount to approximately 50 per cent of the liabilities shown this head as shown on the original application, a covering letter of explanation should be sent.
- ASSETS.**—Fill in detail under this heading but do not fill in columns for values. This column will be filled in by the Local Board.

## ESTIMATED AREA OF THE SEVERAL CROPS

Crops	Number of Acres	Estimated Area	
		1930	1931
Maise			
Oats			
Wheat			
Barley			
Other			

**2**  
LIABILITIES.

MORTGAGE —(Date due for Repayment _____)		
(Rate of Interest _____)		
(Name of Mortgagee _____)	£ _____	
OVERDRAFT (_____ Bank) _____	£ _____	
OTHER LOANS (Name of Lender _____)		
(Rate of Interest Charged _____)	£ _____	
AGRICULTURAL ADVANCES BOARD _____	£ _____	
BILLS OF SALE _____	£ _____	
HIRE PURCHASE AGREEMENTS _____	£ _____	
ADVANCES AGAINST CROPS _____		
TOTAL	£ _____	

PERCENTAGE OF 50 PER CENT DUE TO CREDITORS.—(See Instructions)

Names of Firms	Amount	
	£	s
TOTAL	£ _____	

**3**  
ASSETS.

(a) FIXED ASSETS.		VALUE (This column to be filled in by the Local Board)
LAND.—Total Area of Farm	Acres	
CULTIVATION—Maize		
Coffee (Bearing)		
Coffee (Not bearing)		
Sisal (Cutting)		
Sisal (Young)		
Wheat		
Other Crops		
BUILDINGS		
Total Value of Fixed Assets		£ _____
(b) FLOTTING ASSETS		
IMPLEMENTED		
TRACTORS		
OXEN, WORKING		
COWS		
Pigs		
HORSES		
OTHER LIVE STOCK		
LOBBERS		
MOTOR CARS		
Total Estimated Value of Assets		£ _____
CROPS (Now being Reaped or about to be)		
Maize		
Coffee		
Wheat		
Sisal		
Other crops		
Total Estimated Value of Crops		£ _____
TOTAL		£ _____

4 ESTIMATE OF MONTHLY

(See page 6 for Special Payments.)

Total for Month

JANUARY  
 Living Expenses  
 Wages  
 Tractor Fuel  
 Repairs, etc.  
 Manures and Insecticides  
 Manager  
 Sundry Expenses

FEBRUARY  
 Living Expenses  
 Wages  
 Tractor Fuel  
 Repairs, etc.  
 Manures and Insecticides  
 Manager  
 Sundry Expenses

MARCH  
 Living Expenses  
 Wages  
 Tractor Fuel  
 Repairs, etc.  
 Manures and Insecticides  
 Manager  
 Sundry Expenses

APRIL  
 Living Expenses  
 Wages  
 Tractor Fuel  
 Repairs, etc.  
 Manures and Insecticides  
 Manager  
 Sundry Expenses

MAY  
 Living Expenses  
 Wages  
 Tractor Fuel  
 Repairs, etc.  
 Manures and Insecticides  
 Manager  
 Sundry Expenses

JUNE  
 Living Expenses  
 Wages  
 Tractor Fuel  
 Repairs, etc.  
 Manures and Insecticides  
 Manager  
 Sundry Expenses

Brought forward

5 EXPENDITURE FOR 1931.

Total for Month

Brought forward

JULY

Living Expenses  
 Wages  
 Tractor Fuel  
 Repairs, etc.  
 Manures and Insecticides  
 Manager  
 Sundry Expenses

AUGUST

Living Expenses  
 Wages  
 Tractor Fuel  
 Repairs, etc.  
 Manures and Insecticides  
 Manager  
 Sundry Expenses

SEPTEMBER

Living Expenses  
 Wages  
 Tractor Fuel  
 Repairs, etc.  
 Manures and Insecticides  
 Manager  
 Sundry Expenses

OCTOBER

Living Expenses  
 Wages  
 Tractor Fuel  
 Repairs, etc.  
 Manures and Insecticides  
 Manager  
 Sundry Expenses

NOVEMBER

Living Expenses  
 Wages  
 Tractor Fuel  
 Repairs, etc.  
 Manures and Insecticides  
 Manager  
 Sundry Expenses

DECEMBER

Living Expenses  
 Wages  
 Tractor Fuel  
 Repairs, etc.  
 Manures and Insecticides  
 Manager  
 Sundry Expenses

TOTAL FOR YEAR

61

CENTRAL AGRICULTURAL ADVANCES BOARD.

## Review of Position of Applicants for 1931.

Application No. \_\_\_\_\_ District \_\_\_\_\_  
 Name of Applicant \_\_\_\_\_ Railway Station \_\_\_\_\_  
 \_\_\_\_\_ Distance of Station from Farm \_\_\_\_\_ miles

### Instructions for Filing in Statement of Affairs.

1. **SUNDRY CREDITORS.**—Fill in exact amount due to Creditors but do not include amounts which are due to be paid through the Advances Board in December in the ordinary way. If the total does not amount to approximately 50 per cent of the liabilities under this head as shown on the original application, a covering letter of explanation should be sent.
2. **ASSETS.**—Fill in details under this heading but do not fill in column for values. This column will be filled in by the Local Board.

### ESTIMATED AREA UNDER CROPS FOR SEASON 1931-2

Crop	Acres	Estimated Yield (based on past average)	Date of Reaping (E.S. Crop)
Maize			
Coffee			
Wheat			
Sisal			
Other Crops			

2  
**LIABILITIES.**

MORTGAGE—(Date due for Repayment \_\_\_\_\_)  
 (Rate of Interest \_\_\_\_\_)  
 (Name of Mortgagee \_\_\_\_\_) £ \_\_\_\_\_

OVERDRAFT—( \_\_\_\_\_ Bank) .. £ \_\_\_\_\_

OTHER LOANS—(Name of Lender \_\_\_\_\_)  
 (Rate of Interest Charged \_\_\_\_\_) .. £ \_\_\_\_\_

AGRICULTURAL ADVANCES BOARD .. £ \_\_\_\_\_

BILLS OF SALE .. £ \_\_\_\_\_

HIRE PURCHASE AGREEMENTS .. £ \_\_\_\_\_

ADVANCES AGAINST CROPS .. £ \_\_\_\_\_

**TOTAL .. £ \_\_\_\_\_**

**BALANCE OF 50 PER CENT DUE TO CREDITORS—(See Instructions.)**

	Names of Firms	Amount	
		£	s.
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
		£	

OTHER LIABILITIES ..

**TOTAL .. £ \_\_\_\_\_**

3  
**ASSETS.**

		VALUE (This column to be filled in by the Local Board)
<b>(a) FIXED ASSETS</b>		
LAND—Total Area of Farm	Acres	
<b>CULTIVATION—Male</b>		
Coffee (bearing)		
Coffee (Not bearing)		
Sisal (Cutting)		
Sisal (Young)		
Wheat		
Other Crops		
<b>BUILDINGS</b>		
Total Value of Fixed Assets		£ _____
<b>(b) LOOSE ASSETS</b>		
<b>IMPLEMENTS</b>		
<b>TRACTORS</b>		
Oxen, Working	(Number)	
Cows		
Pigs		
Horses		
<b>OTHER LIVE STOCK</b>		
<b>TOBBIS</b>		
<b>MOTOR CARS</b>		
Total Value of Loose Assets		£ _____
<b>CROPS—(Show being Raised or in Store)</b>		
Male	Bags	
Coffee	Ton	
Wheat	Bags	
Sisal	Ton	
<b>Other Crops:</b>		
Total Estimated Value of Crops		£ _____

**TOTAL .. £ \_\_\_\_\_**

## ESTIMATE OF MONTHLY

## EXPENDITURE FOR 1931.

	Total, for Month		Total for Month
<i>(See page 6 for Special Payments.)</i>			
<b>JANUARY.</b>			
Living Expenses		£	
Wages			
Tractor Fuel			
Repairs, etc.			
Fertilizers and Insecticides			
Manager			
Sundry Expenses			
		£	
<b>FEBRUARY.</b>			
Living Expenses		£	
Wages			
Tractor Fuel			
Repairs, etc.			
Fertilizers and Insecticides			
Manager			
Sundry Expenses			
		£	
<b>MARCH.</b>			
Living Expenses		£	
Wages			
Tractor Fuel			
Repairs, etc.			
Fertilizers and Insecticides			
Manager			
Sundry Expenses			
		£	
<b>APRIL.</b>			
Living Expenses		£	
Wages			
Tractor Fuel			
Repairs, etc.			
Fertilizers and Insecticides			
Manager			
Sundry Expenses			
		£	
<b>MAY.</b>			
Living Expenses		£	
Wages			
Tractor Fuel			
Repairs, etc.			
Fertilizers and Insecticides			
Manager			
Sundry Expenses			
		£	
<b>JUNE.</b>			
Living Expenses		£	
Wages			
Tractor Fuel			
Repairs, etc.			
Fertilizers and Insecticides			
Manager			
Sundry Expenses			
		£	
<i>Total forward</i>		£	
<b>JULY.</b>			
<i>Brought forward</i>			£
Living Expenses			
Wages			
Tractor Fuel			
Repairs, etc.			
Fertilizers and Insecticides			
Manager			
Sundry Expenses			
		£	
<b>AUGUST.</b>			
Living Expenses			
Wages			
Tractor Fuel			
Repairs, etc.			
Fertilizers and Insecticides			
Manager			
Sundry Expenses			
		£	
<b>SEPTEMBER.</b>			
Living Expenses			
Wages			
Tractor Fuel			
Repairs, etc.			
Fertilizers and Insecticides			
Manager			
Sundry Expenses			
		£	
<b>OCTOBER.</b>			
Living Expenses			
Wages			
Tractor Fuel			
Repairs, etc.			
Fertilizers and Insecticides			
Manager			
Sundry Expenses			
		£	
<b>NOVEMBER.</b>			
Living Expenses			
Wages			
Tractor Fuel			
Repairs, etc.			
Fertilizers and Insecticides			
Manager			
Sundry Expenses			
		£	
<b>DECEMBER.</b>			
Living Expenses			
Wages			
Tractor Fuel			
Repairs, etc.			
Fertilizers and Insecticides			
Manager			
Sundry Expenses			
		£	
<b>TOTAL FOR YEAR</b>			£

## ESTIMATE OF MONTHLY

## EXPENDITURE FOR 1931.

(See page 6 for Special Payments.)	Total for Month	Total for Month
		<i>Brought forward</i>
<b>JANUARY.</b>		
Living Expenses		
Wages		
Tractor Fuel		
Repairs, etc.		
Manures and Insecticides		
Manager		
Sundry Expenses		
<b>FEBRUARY.</b>		
Living Expenses		
Wages		
Tractor Fuel		
Repairs, etc.		
Manures and Insecticides		
Manager		
Sundry Expenses		
<b>MARCH.</b>		
Living Expenses		
Wages		
Tractor Fuel		
Repairs, etc.		
Manures and Insecticides		
Manager		
Sundry Expenses		
<b>APRIL.</b>		
Living Expenses		
Wages		
Tractor Fuel		
Repairs, etc.		
Manures and Insecticides		
Manager		
Sundry Expenses		
<b>MAY.</b>		
Living Expenses		
Wages		
Tractor Fuel		
Repairs, etc.		
Manures and Insecticides		
Manager		
Sundry Expenses		
<b>JUNE.</b>		
Living Expenses		
Wages		
Tractor Fuel		
Repairs, etc.		
Manures and Insecticides		
Manager		
Sundry Expenses		
<b>JULY.</b>		
Living Expenses		
Wages		
Tractor Fuel		
Repairs, etc.		
Manures and Insecticides		
Manager		
Sundry Expenses		
<b>AUGUST.</b>		
Living Expenses		
Wages		
Tractor Fuel		
Repairs, etc.		
Manures and Insecticides		
Manager		
Sundry Expenses		
<b>SEPTEMBER.</b>		
Living Expenses		
Wages		
Tractor Fuel		
Repairs, etc.		
Manures and Insecticides		
Manager		
Sundry Expenses		
<b>OCTOBER.</b>		
Living Expenses		
Wages		
Tractor Fuel		
Repairs, etc.		
Manures and Insecticides		
Manager		
Sundry Expenses		
<b>NOVEMBER.</b>		
Living Expenses		
Wages		
Tractor Fuel		
Repairs, etc.		
Manures and Insecticides		
Manager		
Sundry Expenses		
<b>DECEMBER.</b>		
Living Expenses		
Wages		
Tractor Fuel		
Repairs, etc.		
Manures and Insecticides		
Manager		
Sundry Expenses		
<i>Total forward</i>		<b>TOTAL FOR YEAR</b>

**SPECIAL PAYMENTS TO BE MET IN 1931.**

PAYMENTS	Month Due	Amount
INTEREST ON MORTGAGE		£
LOANS		
LIFE INSURANCE PREMIUM		
FINE		
PROSECUTION FINE		
MANURE		
TREATMENT OF CROPS		
GOVERNMENT RENT AND SURVEY FEES		
TAXES AND LICENSES		
Total of Special Payments		£
222 Total Monthly Expenses		£
TOTAL ESTIMATED EXPENDITURE, 1931		£

**ESTIMATED REVENUE, 1931.**

CROPS—See Statement of Affairs	£
Income from other sources such as, Dairy, Vegetables, Fruits, Fuel, Annuitants or Allowances	
TOTAL ESTIMATED REVENUE	£

Balance Income Expenditure or Excess of Expenditure/Income £

**RECOMMENDATION OF LOCAL BOARD.**

Members of Local Board


Date \_\_\_\_\_ 19\_\_



APPRECIATION OF THE FINANCIAL POSITION & PROSPECTS  
FOR THE YEAR 1931 as at 20th MARCH, 1931.

Information received from districts and departments indicates that up to the present there is, apart from Customs, no serious decline in revenue this year as compared with the corresponding period of 1930. Certain shortfalls of revenue, however, are definitely anticipated during the year and these are shown in Appendix I; they have been reported previously.

2. Expenditure economies are expected at present to amount to some £150,000 in 1931, but against this sum we should allow approximately £40,000 for unforeseen expenditure; already additional expenditure amounting to £19,500 may be anticipated.

3. Taking these factors into account, the revenue should be £3,378,000 and expenditure £3,333,000, leaving a surplus of £45,000. Details are shown in Appendix I.

4. The Customs Revenue for the year is estimated in the foregoing at £825,000. As a result of enquiries it is now clear that stocks held by dealers in imported goods are low and that in consequence importations are likely to be steady. It therefore appears to the Commissioner of Customs that the prospects of obtaining a revenue of £850,000 are somewhat brighter.

5. The Estates Duty Revenue for the year is estimated in the foregoing at £39,000. There is some prospect now of it reaching £49,000.

6. There is some hope of economies in expenditure exceeding the figure of £150,000.

7. I have not taken account in Appendix I of the items mentioned in paragraphs 4, 5, and 6 above, as it is too early in the year for there to be any degree of certainty in regard thereto.

8. The results of last year's working will be definitely .....

3/10/40  
140/1

definitely known shortly but the present indication is that the surplus will be in the neighbourhood of £509,000, provided that the Uganda Government agrees to Kenya's proposals in regard to the apportionment of Military expenditure which affects the surplus to the extent of some £10,000.

9. The figure of £509,000 is the surplus after transferring to "Advances" the sum of £29,000 paid to the Railways & Harbours Administration last year in respect of reduced freight rates on grain. This result is extremely disappointing and means that the surplus may prove to be £32,000 less than was estimated early this year, when the figure of £512,000 was arrived at after treating the £29,000 as final expenditure.

10. The estimate of £512,000 was presented after a very close personal study of the position by both my Deputy and myself, and we felt convinced that it was a conservative estimate.

11. What has been the cause of this disappointing result it will not be possible to say until the accounts are closed and analysed but I suspect that Heads of Departments, having had their estimates for 1931 cut down and realizing that this year would be a very lean one, made special efforts to meet all liabilities which they possibly could in 1930 whereas, normally, many might have been left over until the following year.

12. A revised appropriation of the Surplus Balances, estimated to amount to £509,000, as shown in Appendix II. It will be observed that the 1930 grain subsidy is there shown as £35,000, not £29,000. This is due to the fact that at the end of 1930 we had not completed, and could not for lack of information complete, adjustments with the Railways & Harbours Administration. This will be done shortly and it is expected that the total amount involved

will .....

will be £35,000 as originally estimated; that is to say,  
M £29,000 paid last year leaving £6,000 to be paid this year.

13. The latest information indicates that the exports of maize this year will now be about 1,000,000 bags only, which means that the amount of the subsidy shown in Appendix II as £88,000 may possibly be reduced to £81,200, but I shall have more definite information on this matter shortly.

(Sgd.) H.H. Rushton.

TREASURER.

23rd March, 1951.

APPENDIX I.

REVENUE.

Original Estimate.		£ 3,516,000
<u>Add Increase in Estate Duty</u>		<u>30,000</u>
		£ 3,546,000
<u>Deduct:-</u>		
Anticipated Customs Shortfall	£ 128,000	
Hut and Toll Tax	23,000	
Veterinary Impostation Fees	8,000	
Petrol Tax	4,000	
Reimbursements, Railway and Port Police	<u>5,000</u>	<u>148,000</u>
	Revised Revenue	£ 3,378,000

EXPENDITURE.

Original Estimate		£ 5,445,000
<u>Deduct:-</u> Anticipated Shortfall		<u>150,000</u>
		£ 5,295,000
<u>Add:-</u> Grants for P.A. Services	£ 10,000	
Construction Plant	1,000	
Military Buildings, Val.	1,000	
Alterations to P.A. Services	1,000	
Various Sums	1,000	
Unforeseen expenditure	<u>1,000</u>	<u>14,000</u>
		£ 5,309,000
<u>Balance</u>		
Revised Revenue		£ 3,378,000
Revised Expenditure		<u>2,122,000</u>
Revised Balance		<u>1,256,000</u>

68

APPENDIX I.

REVENUE.

Original Estimate.	£ 3,516,000
<u>Add Increase in Estate Duty</u>	<u>30,000</u>
	£ 3,546,000

Deduct:-

Anticipated Customs Shortfall	£ 128,000	
Chat and Poll Tax	23,000	
Veterinary Impoundment Fees	8,000	
Petrol Tax	4,000	
Reimbursements, Railway and Port Police	<u>5,000</u>	<u>168,000</u>
Revised Revenue		£ 3,378,000

EXPENDITURE.

Original Estimate	£ 3,443,000
<u>Deduct:- Anticipated Economics</u>	<u>150,000</u>
	£ 3,293,000

<u>Add:-</u> Resett for K.A.R. Lorrys	£ 12,600	
Conditioning Plant, Kilimindi.	1,000	
Military Buildings, Vajir	1,000	
Alterations to K.A.R. Lines	2,500	
Wireless Sets	1,600	
Unforeseen expenditure estimated	<u>20,500</u>	<u>40,000</u>
		£ 3,333,000

SUMMARY

Revised Revenue	£ 3,378,000
Revised Expenditure	<u>£ 3,333,000</u>
Revised Surplus	<u>£ 45,000</u>

68

APPENDIX I.

REVENUE.

Original Estimate.		£ 3,516,000
<u>Add</u> Increase in Estate Duty		<u>30,000</u>
		£ 3,546,000
<u>Deduct:-</u>		
Anticipated Customs Shortfall	£ 120,000	
Lat and Poll Tax	25,000	
Veterinary-Immunisation Fees	3,000	
Petrol Tax	4,000	
Reimbursements, Railway and Port Police	<u>5,000</u>	<u>16,000</u>
	Revised Revenue	£ 3,378,000

EXPENDITURE.

Original Estimate		£ 5,443,000
<u>Deduct:-</u> Anticipated Economies		<u>150,000</u>
		£ 5,293,000
<u>Add:-</u> Revote for K.A.R.Rovviss	£ 12,600	
Conditioning Plant, Kilindini.	1,000	
Military Buildings, Wajir	1,000	
Alterations to K.A.R. Lines	2,500	
Wireless Sets	1,600	
Unforeseen expenditure estimated	<u>20,500</u>	<u>40,000</u>
		£ 3,333,000

SUMMARY

Revised Revenue		£ 3,378,000
Revised Expenditure		<u>£ 3,333,000</u>
Revised Surplus		£ 45,000

APPENDIX II.

APPROPRIATION OF SURPLUS BALANCES.

	<u>Authorized Appropriation</u>	<u>Probable Actual Needs</u>
(a) Working Cash Reserve	100,000	80,000
(b) Working Stores Balance	110,000	95,000
(c) Housing Scheme.	44,000	44,000
(d) Advances to Local Authorities.	25,000	10,000
(e) Agricultural Advances.	100,000	80,000
(f) Grain Subsidy, 1950.	35,000	35,000
(g) Maize Subsidy, 1951.	100,000	88,000
(h) Unreserved.	nil	97,000
	<u>522,000</u>	<u>509,000</u>
Deficiency	<u>13,000</u>	
	<u>509,000</u>	<u>509,000</u>

COPY

THE TREASURY.

NAIROBI.

KENYA.

27th March, 1931.

Ref.No.4526/31/37.

The Hon.The Colonial Secretary,  
Nairobi.

FINANCIAL POSITION.

Ref.No.4526/31/36 dated 25.3.31.

An analysis of the accounts for December last so far received (made this morning, and not possible at an earlier date), indicates that the £32,000, by which my estimate, prepared some time ago, is in excess of the probable actual result for the year 1930 as so far known, is due, at least as to 50%, to a fall in the revenue for December greater than anticipated. To this extent paragraph 11 of my Appreciation of the financial position dated 23rd March should be varied.

(Sgd.) H.H. Ashton.

TREASURER.



G. G.

Mr. Allison *10/20*  
Mr. Forthright *3/20/21*  
Mr. ...  
Mr. ...  
Mr. C. ...  
Mr. J. ...  
Mr. G. ...  
Pres. U.S. of S.  
Pres. U.S. of S.  
Secretary of State

37137/31

14 APR 1950  
6/15  
Cordell  
10:50  
14/4/50  
[Signature]

*sent to 6/*

No. 128.

*Go*

Confidential.

Your confidential des-

Code  
**DRAFT** Telegram.

Governor Nairobi.

(2) - patch 28th February No. 24. Am still awaiting <sup>further</sup> despatch referred to in your

(1) confidential telegram No. 103 but in view of information received <sup>by Trade & Ind. Office</sup> confidentially from Trade Commissioner

Nairobi should be given to ~~NAFA~~

telegraph report <sup>with</sup> ~~on~~ locust position

which is stated to be worse than before with serious damage to young crops. <sup>1/20/50</sup> ~~to know~~ what is effect on financial position and whether it necessitates revision of recommendations in your confidential despatch of 28th February No. 24.

*Copy to ... 24 APR 1950*

for ... v. ...

SECRET.

2C

MEMORANDUM

*Mr. Allen*

The essential points seem to be the following:-

(1) Agricultural Advances Ordinance

These advances, on the security of individuals and carrying 8 per cent interest, have been limited by the Secretary of State to

(a) £100,000 in all;

(b) so far as advances in 1931 are concerned, the amount required to safeguard previous advances. It is now anticipated that only £80,000 is required.

(2) Waise subsidy

The maximum was £100,000 free of interest and security on the industry as a whole, and the Secretary of State laid down that this subsidy could not be repeated or extended to any other industry. It is now anticipated that only £88,000 is required.

(3) Coffee and Sisal

The difficulty regarding coffee is not one of price but of the withdrawal by the commercial houses of the system of anticipatory credits which those houses do not feel is their proper business. The price of sisal, however, is well below the cost of production, and credits are required since the companies have inadequate reserves owing to the fact that monies which would otherwise have been applied to that purpose have been used in increasing the economic unit originally too small. Further,



East African growers, unlike the Mexican growers - the Mexican plant having a longer life - must continue rotational planting, and cannot afford to ~~assist~~ <sup>cover</sup> production and maintenance.

(4) Proposals of Committee.

Advances to be increased from £100,000 to £250,000, to make available £155,000 for coffee and sisal industries.

(5) Government View.

There is no case for subsidizing the coffee and sisal industries, as such. Recommendation for earmarking a large or any specific sum for individual coffee or sisal plantations cannot be accepted.

(6) Government Proposal.

The Government considers that the history of the agricultural advances scheme justifies some extension of its scope to farmers, not merely coffee and sisal farmers, who have not yet been assisted, and are debarred, in view of the limitations referred to under 1(a) and (b) above. £70,000 is required for this purpose, but as £20,000 can be found out of the original £100,000 and a further £20,000 out of the maize subsidy, the call on surplus balances for additional money will be only £50,000.

To sum up, the proposal is not for subsidizing the sisal and coffee industries, and the Secretary of State is not asked to go back on his decision given in connection with the maize subsidy. What he is asked to do is to agree to an extension of credits under the Agricultural Advances Ordinance not limited to sisal and coffee, and to waive his limitation on such further advances

(a) to £100,000 in all;

(b) to persons already assisted.

(7) Surplus Balances.

The total of the balances is now estimated at £512,000, the "free surplus" being £25,000. An additional £50,000 for agricultural advances would reduce this "free surplus" to minus £5,000 - but it is suggested that they can reduce the working capital by £40,000 and Unallocated Stores by £15,000, and advances to local authorities by £15,000, a total reduction of £70,000, making the "free surplus" £65,000, after allocating the above-mentioned £30,000. These re-arrangements seem to me a little dangerous as leaving a ~~possible~~ loophole for further cuts on the £65,000, especially as the re-arrangements as regards working capital and Unallocated Stores would presumably be only temporary. The transfer of £15,000 from local authority to agricultural advances seems more legitimate, and it would seem preferable to limit the readjustment ~~for~~ that item, in which case the free surplus would be £10,000. (They could, as a matter of fact, reduce the Unallocated Stores by £6,000 without really going back on what was settled, since that sum represented an unallocated margin). The above calculations take no account of the estimated surplus this year, which, apart from any other reason, may be seriously affected by the locust menace of which we have just heard. In 1929 abnormal expenditure on the locust campaign amounted to £55,272; excess expenditure directly attributable to the invasion amounted to £150,791. Further, the Hut

*The 1931 Estimates  
make no provision  
against a locust  
invasion.*



and Poll Tax was £35,589 short as a result of locust, and other sources of revenue were said to have suffered in proportion. The only information we have as to the locust is in a telegram (which is marked strictly confidential) from the Trade Commissioner at Nairobi to the Trade Office in London, which says "Locust worse than before Londiani down to Lake, also Uasinai serious damage young crops. Department of Agriculture acting strenuously." It would therefore seem advisable in the first instance, pending the arrival of the further despatch promised in the Governor's telegram in No. 1 on this file, to telegraph asking for a report on the locust position, what is its effect on the financial position, and whether it necessitates any revision in these recommendations.

8. Treasury. In the case of the maize subsidy, we consulted the Treasury who took the line that if the Colonial Office were satisfied that the subsidy ~~should~~ be given in spite of the objections, and for fear of worse results if the subsidy were not given, the Treasury would not object; but it <sup>might</sup> ~~will~~, of course, be understood that if the money is not recovered, Kenya will have to restore it in some way in whatever period is fixed for raising the surplus balances (now estimated at £5,10,000) to at least £1,000,000. The period now fixed is the end of 1936 if possible. The scheme of agricultural advances does not seem open to such strong objections as the maize subsidy, but even if the Secretary of State is prepared to agree to this extension at an additional cost of £30,000, it would be desirable to sound the Treasury before approval is given.

*e.g. Applications have to go through a petty case since the rate of loss must be made low.*

(9) Working of Agricultural Advances Ordinance.

*Have further about 1936-1937*

Not Government

No action can be taken until the report of the Agricultural Advances Board is received. It should be here by the end of next week. It may be useful, however to summarise the position.

As regards coffee, the average price is now £77 a ton, the average cost of production and marketing being £57. 6.0. There is thus a substantial margin of profit, and in addition the higher qualities of coffee fetch a price far above £77. Clearly therefore there is no case for subsidising the industry as a whole. On the other hand some of the planters are said to be in temporary financial difficulties owing to the fact that commercial houses have suddenly stopped their practice of granting "anticipatory advances" to meet running expenses pending the realisation of the crop: (why they have suddenly taken this step is not explained).

*is from 22 & the report explains that it is considered that this facilities are not a sound basis of credit from the bank's point of view*

On pages 19 and 20 of their report the Agricultural Commission discussed the question of agricultural credit, and decided that there was urgent need of further facilities. The withdrawal of these "anticipatory advances" would obviously increase that need so far as short ~~time~~ credits were concerned.

As regards sisal, the price is now £ on £11 to £13. 10. C. a ton. The cost of production is said to be £22. 18. 0., a big difference. On the other hand the ~~report~~ <sup>report shows</sup> some reason for thinking that prices may rise before long (quite apart from any general rise in prices of other commodities); and for the most part sisal plantations are owned by large companies who should be

able to tide over a temporary period of depression. Nevertheless East African planters as opposed to Mexican planters must continue rotational planting every year, and to enable them to do this there may in individual cases be need of assistance.

The statistics given in the Committee's report ~~cannot~~ prove, if proof were necessary, that both coffee and sisal are very suitable crops for East African conditions. (The report does not, however, deal with the question of the proper size of the unit of production of coffee).

The assistance which the Committee recommended to be given through the machinery of the Agricultural Advances Ordinance was: (a) Coffee growers, temporary credit facilities up to £20,000; (b) Sisal, temporary credit facilities up to £75,000, advances not to exceed Shs.1/50 per manum per acre planted, to be applied only to maintenance and rotational planting, assistance normally only to be given to estates actually in the producing stage.

The Governor recommends that the funds available for the Agricultural Advances Board should be extended from their present limit of £100,000 (£20,000 of which will apparently not be wanted on the present terms.) to £150,000. This will enable assistance to be given to certain coffee and sisal farmers who prove that they want it but who are debarred under the conditions laid down in No. 18 of <sup>(1930)</sup> ~~1930~~/30.

Agricultural Advances.

The scheme originally approved was for a temporary appropriation of £100,000 from surplus balances for advances to farmers/subject amongst other provisos to the following:-

See para. 5 of Treasurer's Memo.  
 1/11/30  
 1/11/30  
 1/11/30

1/11/30  
 1/11/30

-3-

- (1) That the period for advances was to be only until the crops then existing (i.e. in May 1930) were sold, or, where extension was essential, until the next crop was marketed;
- (2) That the ~~advances~~ were to be closed as quickly as possible, all obligations to Government being then immediately discharged;
- (3) The security to be the present crop and the next crop if advances were still unpaid then.

In December last the Secretary of State agreed to a temporary extension of the scheme on the following conditions:-

- (i) Further advances to be limited to sums essential to safeguard those already made; (ii) The £100,000 originally sanctioned not to be exceeded; (iii) Specific obligations as to repayment of advances and payment of interest should be imposed in respect of all advances, in order to ensure acceptance of definite liability even if it seems probable that revision of these obligations might become necessary later. (iv) The whole position to be re-considered when the Land Bank is established. (v) A further report to be made to reach the Secretary of State by the 31st March 1931. This report is now en route by air mail.

The Land Bank Ordinance has now been passed, but it seems doubtful whether, even when the Bank has been established, it will affect the need for short term credits. If that need was found to exist in 1929 by the Agricultural Commission, undoubtedly it must exist much more forcibly now; and if the money can be made available it would certainly seem desirable to authorize the extension of this scheme. These remarks are, of course, subject to anything that may appear from the report now awaited.



Financial position.

This is clearly set out in the Treasurer's memorandum. By reducing the working cash reserves from £100,000 to £50,000, the working and stores balance <sup>from</sup> £110,000 to £95,000 and the advances to local authorities from £25,000 to £10,000, and by securing in savings of £20,000 on the maize subsidy (there is very likely to be a saving of more than this in fact), and by securing in the saving of £20,000 on the extended agricultural advances scheme brings up the total liquid balance to £135,000. The proposal is to use £70,000 of this amount for extending the sum which may be used under the Agricultural Advances Ordinance to £150,000. This would leave £65,000 liquid balance without counting any surplus on the present year's working, although as a matter of fact it is hoped that there may be a surplus of fairly considerable amount.

I suppose the Treasurer's word may be taken for the statement that it is safe to reduce the working cash reserves and the working stores balance by £55,000. Without this reduction the liquid balance would only be £10,000.

Actually the present proposal only involves a ~~small~~ reduction for surplus balances of £30,000 ~~more~~ above attention already proposed

The whole £100,000 would of course be reasonable, with the exception of perhaps £10,000 to cover losses & expenses. (The Treasurer estimates loss of £5,000 on ~~...~~ at about £5,000). *Continued*

*The calculations ignore the £25,000 cash advances of which wheat £10,000 (a 6% main & other) are recoverable (though actually about 8% profit)*

2a

GOVERNMENT HOUSE,  
NATAL,  
SOUTH AFRICA  
30th February, 1901.

My dear Bottomley,

A line to report progress. We arrived at Mombasa on the morning of the 18th. After the ceremonial landing I attended a large luncheon party given at the Harbor Hotel; there were men only and about one hundred of them, Europeans, Indians, Arabs, etc. I made a non-committal speech mainly enjoying economy, both public and private.

We reached Natal in the forenoon of the 19th where I got a very good reception. I was sworn in at Government House in the presence of the Executive Council. The whole thing was admirably arranged by a man who appears to me to be a first class fellow.

On the 20th the Hon. Mr. ... presented me with a letter requesting that I should call a meeting of the Executive Council at the following morning to deal with a urgent, and as he termed it, a matter of the gravest importance of assistance to the ... office ... He also indicated that the ... members desired that the Legislative Council should be called together before the ... with the same issue.

PRIVATE.

80

2a

GOVERNMENT HOUSE,

KENYA.

EAST AFRICA.

13rd February, 1951.

My dear Bottomley,

A line to report progress. We arrived at Mombasa on the morning of the 12th. After the ceremonial landing I attended a large luncheon party given at the Manor Hotel; there were men only and about one hundred of them, Europeans, Indians, Arabs, etc.. I made a non-committal speech mainly enjoining economy, both public and private.

We reached Nairobi on the forenoon of the 15th where I got a very good reception. I was sworn in at Government House in the presence of the Executive Council. The whole thing was admirably arranged by Moore who appears to me to be a first class fellow.

I had not even time to take off my uncomfortable uniform before Delamere presented me with a letter requesting that I should call a meeting of the Executive Council on the following morning to deal with an urgent, and as he termed it, vital matter, viz., the granting of assistance to the Sisal and Coffee industries. He also indicated that the elected Members desired that the Legislative Council should be called together before the 20th to deal with the same issue.

I at once wrote and told him that I refused to be rushed and that I must be given time to consider the Report of a Committee which had just reported on the position. After studying this report, and after consulting the Heads of Departments concerned, I found that the trouble was greatly exaggerated and that only a small proportion of the planters or estates were affected.

The Committee, I was glad to see, did not recommend a subsidy but merely some temporary assistance under the agricultural credit scheme. The Treasurer in addition informed me that the Statutory Board, of which he presided, examined each claim most strictly and were now only advancing money on reasonable security. He anticipated that a considerable portion of the applications made by sisal and coffee planters would be turned down at once and that in fact only a fraction of the £150,000 mentioned by the Committee would actually be required.

I held the Executive Council meeting on the morning of the 16th. Delamere, Sawertse and Canon Burns were present. I said that naturally I would have to be guided by the advice of the Council but I sounded a note of warning against these grants....

grants which in principle were wrong. I told the Council that I had discussed the Maize subsidy with the Secretary of State and that I knew he held very strong views about it and that he only consented to the proposal with considerable reluctance. I said that personally I did not think that a good case had been made out for the coffee industry but that possibly some of the sisal planters were deserving of consideration (this view I obtained from Stockdale whom I saw at Kombasa). I pointed out the danger of earmarking any further sums for particular industries as it would only encourage similar claims from Sugar Cane growers, etc., etc.

A very interesting and prolonged debate took place and I then got the opinion of each individual member. To my surprise the Council was unanimous (Scott reluctantly agreeing) in recommending that some assistance to individuals should be given under the Agricultural Credit scheme and that if further sums were allotted they should be ear-marked for Sisal and Coffee, but should be available for any hard cases which might come before the Board and that the most careful investigation should be made before any grants were sanctioned.

GOVERNMENT HOUSE,  
KENYA,  
EAST AFRICA.

5.

Reserve. This should bring me to the 20th March when the rains are due to commence.

I fear that this Administration is terribly handicapped and rendered less efficient owing to the ceaseless and sometimes senseless, demands of the elected members for committees on every conceivable subject.

There are two which may prove troublesome, one being the Committee promised in the Select Committee on the Estimates to examine and report on the position of the public servants of the Colony. The other is the request which is being made for a general economic committee somewhat on the lines of the Bowring Committee.

The first might be divided under two headings, viz., the general transferable staff and the locally engaged staff. Clearly the general transferable staff must be dealt with inter-colonially: Kenya must get its fair share of the best men and if our conditions of service were less favourable than those obtaining elsewhere we would undoubtedly suffer. Therefore it is only reasonable that we should await the report of the London committee and the Secretary of State's instructions regarding our particular problems. The locally engaged.....

5.

Reserve. This should bring me to the 20th March when the rains are due to commence.

I fear that this Administration is terribly handicapped and rendered less efficient owing to the ceaseless and sometimes senseless, demands of the elected members for committees on every conceivable subject.

There are two which may prove troublesome, one being the Committee promised in the Select Committee on the Estimates to examine and report on the position of the public servants of the Colony. The other is the request which is being made for a general economic committee somewhat on the lines of the Bowring Committee.

The first might be divided under two headings, viz., the general transferable staff and the locally engaged staff. Clearly the general transferable staff must be dealt with inter-colonially: Kenya must get its fair share of the best men and if our conditions of service were less favourable than those obtaining elsewhere we would undoubtedly suffer. Therefore it is only reasonable that we should await the report of the London committee and the Secretary of State's instructions regarding our particular problems. The locally engaged.....

GOVERNMENT HOUSE,  
KENYA,  
EAST AFRICA.

6.

engaged staff are perhaps on a different footing and I hear complaints that these local people are granted privileges in the way of passages to England, etc., which are hardly justified.

As regards the general Economic Committee, my present feeling is that a locally appointed committee would be worse than useless, and indeed a danger. Delamere is absolutely opposed to any outsider being put on the Committee, but this is natural as he and his following desire to keep their united control on the working of the Government machine. It is too early for me to make up my mind on this important point but I have a feeling that if the demand for this economic committee is persisted we should make use of it by nominating a first class independent chairman of the type of Niemeyer and framing the terms of reference so as to cover taxation (European and Native), Customs Duties, Railway rates, etc., all of which will have to be tackled sooner or later having regard to the changed financial conditions.

Forgive....



86  
GOVERNMENT HOUSE,

KENYA,

EAST AFRICA.

7.  
Forgive this very long letter but I thought you would like to have my first impressions, impressions which naturally may alter with more experience.

Yours very sincerely,

A large, stylized handwritten signature in dark ink, appearing to be 'H. G.' followed by a long horizontal stroke.

Sir W. C. Bottemley, K.C.M.G., C.M., C.B.E.  
The Colonial Office,  
LONDON. S.W.1.

281

KENYA

No 24



GOVERNMENT HOUSE  
NAIROBI,  
KENYA.

CONFIDENTIAL

RECEIVED  
30 MAR 1931  
COL. OFFICE

28 February, 1931.

My Lord,

I have the honour to enclose a copy of a report submitted by a Committee appointed "to enquire into the present state of the Coffee and Sisal Industries, and to report to Government thereon".

2. The circumstances in which this Committee came to be appointed are as follows. Your Lordship will be aware that in every representation made to Your Lordship for special relief to the cereal industries of this Colony, dating, indeed, from as far back as August, 1930, stress was laid upon the fact that the coffee and sisal industries were in a different category, and that in this Government's view no case could be made out for the Government affording them financial assistance on the lines proposed for the cereal industries. This view was in accordance with the considered advice consistently tendered to this Government by its expert advisers, and by implication accepted by Your Lordship when sanctioning the latest proposals for relief to the maize industry in Your Lordship's telegram of the 14th of January last.

3. That this was the understanding on which this Government pressed for, and obtained Your Lordship's assent to special relief for the cereal industries is so  
amply..

The RIGHT HONOURABLE LORD PASSFIELD, P.C.  
SECRETARY OF STATE FOR THE COLONIES,  
DOWNING STREET,  
LONDON, W. 8. 1.

*Quoted in L. No 128 Conf. cont. 10/4/31  
L. 24 v. 10/4/31*

*no. 4 v. 10/4/31  
L. 24 v. 10/4/31*

amply borne out by the tenor of the communications which passed between this Government and Your Lordship, both by telegram and despatch, that it would have been unnecessary for me to lay special emphasis on this aspect of the case, were it not for the fact that the proposals which I am submitting for consideration might appear at first sight and without further examination inconsistent with the attitude of Government to which I have just referred.

4. It will be observed from perusal of the report forwarded with this despatch that in the course of the last few months two factors are alleged to have arisen to warrant a revision of the view, previously consistently advocated to Government by its expert advisers, that these industries could and should be in a position to put their own house in order despite the admitted difficulties with which they were confronted. The factor alleged in the case of the coffee industry was the sudden stoppage by certain commercial houses of the system of anticipatory advances. In the case of the sisal industry the factor alleged was the further and rapid fall in price which not only made further production unprofitable but also was likely effectively to stop an economic programme of rotation planting.

5. It was further contended that in the case of both industries these factors had arisen so suddenly that it was imperative to re-examine any opinions previously formed as to the capacity of these two industries to look after themselves. In view of the expert advice previously tendered to and accepted by the Government on this subject such a contention could clearly not have been accepted by Government without very careful examination

of...

of the new factors in the situation which were alleged to have arisen. In fact the Government in the absence of such examination considered itself justified in assuming that no prima facie case for Government assistance had been established, and deliberately confined the terms of reference of the Committee to an enquiry into the conditions of these industries, which appeared to be the simplest and quickest way of dealing with the representations that had been made.

6. The facts disclosed by the Committee's report fully justify, I venture to suggest, the wisdom of holding such an enquiry. While the Committee, it is true, makes certain recommendations as to financial assistance, with which I will deal later, they at the same time make it abundantly clear that no justification exists for the loose talk that has been prevalent in some quarters that either industry taken as a whole is in need of assistance from State funds. The factors to which I have referred in paragraph 4 above are shown to exist in certain individual cases but no suggestion is made that they are of general application throughout the industry.

7. There are, however, two further propositions which, while not put forward by the Committee, at least to any degree of prominence, appear to me to merit serious attention. The first is that on the whole sisal plantations are financed by companies with considerable resources of capital and in a position to have made provision in the past during good years for reserves to meet such falls as the sisal market is now experiencing. The second proposition is that the present market for Kenya coffee of a high quality is by no means unfavourable, and that a thoroughly well-run plantation can with

the climatic conditions recently prevailing and still continuing, obtain a good price and command a reasonable degree of profit.

8. The Committee appear to me more impressed by the difficulties set forth in my paragraph 4 above than by the considerations expressed in paragraph 7, and to a degree which induced them not only to make a report on the condition of these industries but to suggest positive measures for their assistance. They took, in fact, the view that these industries require direct financial relief and that such should be given to sisal companies and coffee plantations through the medium of the Agricultural Advances Ordinance, recommending that the sum of £100,000 already at the disposal of the Advances Board should be increased to some £250,000, in order to enable an amount of £150,000 to be made available for the sisal and coffee industries.

9. When the report in all its implications was considered in Executive Council the aspects of the case to which I have drawn particular attention in paragraphs 6, 7 and 8 were especially stressed, and I was advised - a view in which I fully concur - that no case had been made out for the subsidisation of the sisal and coffee industries as such, and that the recommendation in the Committee's report for earmarking a large or any specific sum of money for individual sisal or coffee plantations could not be accepted. It was, however, agreed, with one dissentient, that the history of the Agricultural Advances Scheme justified some extension of its scope, that while a very large proportion of deserving farmers, including many coffee planters, had already been assisted there was a case for some extension of the scheme to farmers who have hitherto been debarred from it in accordance ...

No. 18 on 10/6/4/30

accordance with the terms of Your Lordship's instructions contained in Telegram No. 316 of the 9th of December, 1930. I was, therefore, advised that in the opinion of Executive Council some further and moderate sum over and above the £100,000 already allocated from Surplus Balances should be made available for further advances, the exact amount of which Council did not propose to determine.

10. I enclose a memorandum prepared by the Treasurer on the financial considerations involved in the Committee's Report, particularly in their relationship to the Agricultural Advances Fund, and also summarising the position of the Colony's surplus balances. From his experience as Chairman of the Agricultural Advances Board, the Treasurer considers that, disregarding altogether the Committee's demands for assistance to specific industries, there is a reasonable demand for an extension of the Board's resources to a total figure of £150,000 and I consider that this increase is justified if the objects of the Agricultural Advances scheme are to be achieved.

No. 1 on 11/26/31  
(Maize Industry)  
to be seen def. below

11. Reference was made in paragraph 8 of my Confidential despatch No. 16 of the 21st February to an estimated saving of £31,875 on the sum of £108,000 voted for the maize subsidy. This estimated saving was based on the assumption that the higher prices realized would be maintained in respect of the whole 1930-31 maize export crop. The Treasurer, after consultation with the General Manager of the Kenya Farmers' Association, states that considerably over fifty per cent of the present crop has been sold at the higher price mentioned in my previous despatch and I agree with him in considering that for present purposes it may be estimated that a sum of £20,000 will not be required of the total of £108,000 voted for the maize subsidy.

12. The position may, therefore, be summarised as follows :-

(a) Your Lordship has approved assistance in respect of -

Agricultural Advances to the extent of	£ 100,000
Maize subsidy to the extent of ...	108,000
	£ 208,000

(b) The proposal now transmitted would entail the following allocations :

Agricultural Advances	£ 150,000
Maize subsidy	88,000
	£ 238,000

The amount of new money required to extend the Agricultural Advances scheme to a total of £150,000 is, therefore, a sum of £30,000 additional to the total already approved by Your Lordship.

13. On the statement of the financial position indicated in the Treasurer's memorandum I am disposed to consider that this additional sum of £30,000 can be made available from the Colony's surplus balances and I recommend that the funds available for the Agricultural Advances Board should be extended accordingly to £150,000 the allocation for maize subsidies being reduced by £20,000. In making this recommendation, I am, to a large extent, guided by the opinion of the Treasurer that prospective losses from failure to repay in full by the end of 1932 the advances which have already been made to the Agricultural Advances Board are not likely to exceed a very small percentage; and that the experience already gained by the Agricultural Advances Board has enabled strict terms to be evolved which will automatically be applied in the case of all further applications for advances.

14. Your Lordship will observe that in paragraph of his memorandum the Treasurer considers that it would

be imprudent at present to count upon any surplus for 1931, although he thinks prospects in this respect reasonably good. When, very early in the year, it became evident that the revenue for 1931 was likely to fall considerably short of the estimate immediate steps were taken to curtail the expenditure, with the result that the estimated expenditure for the year at the present time falls considerably below the revised estimate of revenue. The financial position is being very carefully watched and I have every reason to hope that, unless unforeseen circumstances arise, the surplus balances of the Colony, which are estimated to have stood at a figure of £512,000 at the end of 1930, will be in excess of that figure at the end of 1931.

15. On the financial side, therefore, I feel amply justified in recommending some extension of the Agricultural Advances scheme to individual farmers in order to enable cases of need no less worthy than those already financed to be dealt with. On the economic side I recommend that the scope of the Board's activities should be extended to a total of £150,000, but I do not consider that there is at present any justification for admitting a plea for the further subsidisation of the Coffee and Sisal Industries as such.

16. Your Lordship will doubtless await the full report on the operations of the Agricultural Advances Board required in Your Lordship's Telegram of the 9th December last, but in the meantime I consider it desirable to apprise Your Lordship of these further proposals for which the investigation into the Coffee and Sisal Industries has indirectly been responsible.

17. I should be grateful if Your Lordship's decision could be conveyed to me by telegram since it is desirable that the Agricultural Advances Board should be instructed ....




instructed with the minimum of delay as to the final scope of its operations.

I have the honour to be,

My Lord,

Your Lordship's most obedient, humble servant,

  
BRIGADIER-GENERAL.  
SOVEREIGN.

NAIROBI.

10th February, 1931.

His Excellency Mr. H.M.M. Moore, C.M.G.  
Acting Governor.

Your Excellency

The Committee consisting of :-

The Hon. Director of Agriculture (Mr. Alex Kola, C.B.E.)  
Chairman.  
The Hon. Treasurer (Mr. H.M. Houston).  
The Hon. General Manager, Kenya & Uganda Railways &  
Harbours (General G.D. Rhodes, C.B.E.,  
F.S.O.)  
The Hon. Commissioner of Customs (Mr. G. Wales, C.B.E.)  
The Hon. Lord Delane, K.C.M.G.  
The Hon. Lord Francis Scott, D.S.O.  
The Hon. Col. D.S. Dorman, D.S.O., J.P.  
Mr. J.F.H. Harper (Chairman, Board of Agriculture).  
Mr. A. Duggall.  
Mr. V. G. Hunter.  
Mr. A.A. Legg, C.B.E.  
Mr. J. Madras.  
Capt. F. J. Palmer.  
Major Charles Taylor.  
Capt. W. Tyson, R.S.M.

with Mr. Beresford Steane, as Secretary

were appointed on January 22nd, 1931,

"to enquire into the present state of the Coffee  
and Cacao Industries and to report to Government  
thereon."

and they have submitted their report as follows.

1. It is to be noted that the members of the Committee have held five meetings at which members brought to the attention of the Committee their personal knowledge of these industries, statements and Memoranda submitted by the Board of Agriculture and the Agricultural Department were considered. Enquiries were conducted through the Board of Agriculture in regard to the financial needs of Coffee Planters and through the East African Cacao Growers' Association, as to the financial position of Cacao Estates. In addition, a further stage examination bearing upon our terms of reference was conducted by taking evidence in person from representatives of the three Commercial Banks operating

be imprudent at present to count upon any surplus for 1931, although he thinks prospects in this respect reasonably good. When, very early in the year, it became evident that the revenue for 1931 was likely to fall considerably short of the estimate immediate steps were taken to curtail the expenditure, with the result that the estimated expenditure for the year at the present time falls considerably below the revised estimate of revenue. The financial position is being very carefully watched and I have every reason to hope that, unless unforeseen circumstances arise, the surplus balances of the Colony, which are estimated to have stood at a figure of £512,000 at the end of 1930, will be in excess of that figure at the end of 1931.

15. On the financial side, therefore, I feel amply justified in recommending some extension of the Agricultural Advances scheme to individual farmers in order to enable cases of need no less worthy than those already financed to be dealt with. On the economic side I recommend that the scope of the Board's activities should be extended to a total of £150,000, but I do not consider that there is at present any justification for admitting a plea for the further subsidisation of the Coffee and Sisal Industries as such.

16. Your Lordship will doubtless await the full report on the operations of the Agricultural Advances Board required in Your Lordship's Telegram of the 9th December last, but in the meantime I consider it desirable to apprise Your Lordship of these further proposals for which the investigation into the Coffee and Sisal Industries has indirectly been responsible.

17. I should be grateful if Your Lordship's decision could be conveyed to me by telegram since it is desirable that the Agricultural Advances Board should be instructed ....

instructed with the minimum of delay as to the final  
scope of its operations.

I have the honour to be,

My Lord,

Your Lordship's most obedient, humble servant,

*[Handwritten signature]*

BRIGADIER GENERAL.

GOVERNOR.

NAIROBI.

10th February, 1931.

His Excellency Mr. H.M.M. Moore, C.M.G.  
 Acting Governor.

Your Excellency,

The Committee consisting of :-

The Hon. Director of Agriculture (Mr. Alex Nola, C.B.E.)  
 Chairman.  
 The Hon. Treasurer. (Mr. W.H. Rushton).  
 The Hon. General Manager, Kenya & Uganda Railways &  
 Harbours (General G.D. Rhodes, C.B.E.,  
 D.S.O.)  
 The Hon. Commissioner of Customs (Mr. G. Walsh, C.B.E.)  
 The Rt. Hon. Lord Delamere, K.C.M.G.  
 The Hon. Lord Franks Scott, D.S.O.  
 The Hon. Col. G.D. Spence, D.S.O., J.P.  
 Mr. J.F. K. Harper (Chairman, Board of Agriculture).  
 Mr. A. Russell.  
 Mr. W.C. Hunter.  
 Mr. A.A. Legat, C.B.E.  
 Mr. J. Moore.  
 Capt. F.J. Patmore,  
 Major Charles Taylor.  
 Capt. W. Tyson, M.B.E.

with Mr. Berkeford Steeds, as Secretary.

were appointed on January 28th, 1931.

"to enquire into the present state of the Coffee  
 and Sisal Industries and to report to Government  
 thereon."

and they now submit their report as follows.

2. In all there have been held five meetings at which members brought to notice information based upon their personal knowledge of these industries. Statements and Memoranda submitted by the Board of Agriculture and the Agricultural Department were considered. Enquiries were conducted through the Board of Agriculture in regard to the financial needs of Coffee Planters and through the East African Sisal Growers' Association, as to the financial position of Sisal Estates. In addition, a further sige examination bearing upon our terms of reference was conducted by taking evidence in person from representatives of the three Commercial Banks operating in the Colony, and six Commercial Houses dealing in the

in the produce of the industries under review.

3. We decided to interpret the terms of reference in their application to existing conditions and the situation which might arise therefrom, rather than to a wide range investigation covering matters which might, and probably would, affect the progress and prosperity of these industries in the future.

4. Very early in our discussions it became apparent that there had arisen comparatively recently, though for different reasons, a situation which affected the financial position of some Estate Owners and Planters connected with both industries, and your Committee deemed it advisable to address themself to an examination and consideration of such difficulties as might be found to exist and which might be susceptible of removal or amelioration, leaving the ordinary questions relating to the development of these industries to those organizations and services already connected with it, or which may be set up and charged with their welfare in the future.

5. We however decided that in order to present the case fully, it was desirable that there should be brought broadly under review the present position of those industries leading up to any difficulties which may now exist. Therefore this report will be divided into two main sections, one dealing with Coffee and the other with Sisal, and though dealt with separately we determined to submit them to a uniform examination under the following sub-heads applicable to both industries:-

- I. Development and progress of the industry.
- II. Its suitability and stability.
- III. Economics of production and marketing.
- IV. Value to the State and the community.
- V. Present economic difficulties and their causes.

6. Within the limitations imposed under paragraph 5, we shall endeavour to cover these aspects of the subject in a manner adequate for the main purpose of this report, and we shall conclude in each case with our recommendations indicating steps which in our opinion should be taken in the immediate interests of those industries and the Colony.

#### COFFEE.

##### 7. The Development and Progress of the Industry

7. In the year 1914 the area under coffee amounted to 5,500 acres, the quantity exported during that year being 273 tons. In the Agricultural year 1929/30, the area under coffee had increased to 26,042 acres, and shipments to 11,621 tons. Thus in the relatively short space of 16 years, which includes the War period and its aftermath, the acreage devoted to this industry has increased by 1646% and the quantity of coffee exported by 4187%.

8.

The quantity of coffee exported has increased from 273 tons in 1914 to 11,621 tons in 1929/30; and reached 12,964 tons in 1927/28.

The value of this exports has increased from £18,309 in 1914 to £1,808,137 in 1929/30 and rose as high as £1,415,507 in 1927/28.

The percentage of coffee to total exports in value has risen from 6.8 per cent, in 1914 to 41.4 per cent in 1929/30 and reached a fraction under 50 per cent, in 1928/29.

9. As regards the current crop, this will probably yield some 15,000 tons and if 250 per ton is taken as a reasonable estimate of the price f.o.b. Mombasa likely to be secured, the value of shipments during 1930/31 will approximate to £3,750,000.

10. Detailed statistics are given in tabular form in Appendices 1, 2 and 3.

II. The suitability and stability of the industry.

11. The Committee feels that even the most cursory examination of the figures given in the Report will be amply sufficient to indicate without further proof the rapid development of this industry, which from the point of view of export values is now the most important in the Colony. Its suitability as a crop is demonstrated not only by the extremely rapid increase in production (vide Appendix 2) but also by the fact that extensive areas in the Colony, not yet by any means fully developed, have been proved both as regards soil and climate as eminently suitable for the growing of this crop.

12. The high quality and reputation of Kenya coffee in the World's markets is already established, and the premium which coffee produced in the Colony can command is an indication of its quality as compared with that of coffee produced in other parts of the world.

13. So far as stability is concerned, the progress recorded, from 1914 onwards has been consistent (vide Appendix 2) and there is no reason to suppose that either drought or pestilence will interfere seriously either with the permanence of its establishment or with its further progress in the future. Coffee plantations have already experienced droughts as severe as any likely to recur and none have been found to exercise a considerable measure of control over any pests and diseases known at present, subject to financial resources being available for the purpose.

III. Economics of production and marketing.

14. From an investigation conducted by the Board of Agriculture during the past year, it would appear that the average cost of placing a ton of coffee on the London market previously to the middle of last year was £71, the average



market price in London over the corresponding period being £94.10.0 (see Appendix 5) thus providing a profit per ton of £23.

15. By July 1930 the price had fallen to £55 but has since recovered to £77; the average cost of production and marketing being reduced to £62.10.0 in October and subsequently to £57.6.0, at which figure it now stands.

16. An examination of these figures proves quite conclusively that unless the price of Kenya coffee on the London Market falls very considerably, a reasonable margin of profit exists, but in this connection the Committee feels it necessary to invite attention to the urgent necessity for maintaining quality. Carelessness in production may affect the standard of excellence of the coffee to be marketed and it is of the highest importance that the high reputation of Kenya Coffee should be maintained, as this is the only way in which it can continue to command a premium in the World's markets.

IV. The methods of marketing coffee have been established over a long period and are well entrenched. The Committee finds itself unable to suggest any immediate change which would effect economies and at the same time benefit the industry. Refer to Appendices 4 and 7.

IV. Taxes to the State and the community.

18. Although an approximation of the annual total Government revenues accruing from coffee production (as distinct from other activities) is virtually impossible, exports of this commodity during the last few years have ranged from £755,171 to £1,415,557, and have represented approximately 40 per cent. in value of the total agricultural exports.



This would appear to provide a sufficient indication that an almost equivalent proportion of Customs receipts is dependent on the maintenance of the industry. Other sources of Government

reverse are also naturally involved though perhaps to a less extent.

19. In addition to other particulars contained in this Report, the following figures illustrate in some degree the value of the industry to the Colony :

Number of occupiers of Coffee plantations.....	311
Number of Europeans employed .....	1,600
Number of Natives employed .....	50,614
Paid in freight, &c. to the Railways & Harbours Administration, 1929 .....	250,000*

\* This includes passenger fares of native labourers, and freight on produce consigned on the estates.

V. Present economic difficulties and their causes.

20. In a rapidly developing industry the practice of utilising all available funds for further development and the increase of production, is not uncommon, and in fact is an indication of confidence in the sustainability and stability of the industry. During the period of relatively high prices many coffee planters were disposed rapidly to increase development and some, as a consequence, became involved in financial commitments on their estates which on a lower range of value of primary products are now difficult to bear. A depreciation in values naturally restricts the credit facilities normally available either from Commercial Banks or Commercial Houses, and a shortage of funds for running expenses pending realisation of crops results in cases where planters are working on small margins.

21. This difficulty has been accentuated so far as coffee planters in Kenya are concerned, by the long established practice of commercial houses of granting what are known as "anticipatory advances". These advances have been made to meet running expenses in anticipation of the picking and preparation of the crop for market, which the commercial house handles and markets in the course of financial adjustments to cover these

"anticipatory advances" being made on realization of the crop.

22. It has been established in evidence before the Committee that some Commercial Houses have now decided to adopt a policy in respect to anticipatory advances of either withdrawing the facilities entirely or restricting them to a considerable degree for the reason that they do not consider these facilities to be of a kind which planters would expect commercial houses to afford. In consequence, a number of coffee planters find themselves in temporary financial difficulties in carrying on work needful for the maintenance of their plantations and the fruition of the succeeding crop.

23. The Committee has endeavoured to make an exhaustive investigation of the actual needs of the industry by means of an individual canvass of planters, with a view to ascertaining the number requiring short term facilities which they are now unable to obtain through the channels hitherto available for reasons given above.

24. The returns have been scrutinized in each case and the validity of the statements checked on general principles of costing in relation to area and yield. From the returns made, and after due allowances and deductions, it would appear that approximately 1100 planters holding 19,680 acres of plantations, representing an output of not less than 5000 tons of a value of approximately £180,000 f.o.b. Mombasa will be unable to procure the means to finance their operations over the coming year.

RECOMMENDATIONS-

25. As has already been shown, the need of the coffee industry is not for any assistance in the nature of a subsidy to meet any difference between production and realization figures, but for such a temporary augmentation of credit

facilities as will enable certain plantations, which cannot by reason of withdrawal of credit facilities hitherto existing, be financed through other channels, to be maintained for the coming season and the ensuing crop to be picked; the proceeds of which may be expected to liquidate such facilities within a comparatively short time.

26. The Committee recommends that this should be effected through the existing machinery of the Agricultural Advances Ordinance, viz: by means of advances to individual applicants upon cause shown; and that a sum sufficient to cover requirements should be allocated for this purpose to the funds administered by the Board.

27. As to the amount of that sum the Committee finds some difficulty in arriving at a reliable estimate, since the amount required will depend on the position of the planter after realisation of the crop now being marketed.

28. The Committee is of opinion that the probable amount which will be required to finance the 19,000 acres of plantations in respect of which facilities are needed is approximately £80,000. This figure of £80,000 was arrived at by means of a scrutiny of between five and six hundred returns from individual planters to a questionnaire in which information in regard to the average past yield, anticipated yield and financial requirements was sought.

The plantations in respect of which requests for assistance were made varied between 25 and 600 acres and the monthly requirements varied between £5 and £250.

In a large number of cases the applications were for sums well short of the ordinary requirements of the plantations in respect of the financing of which they were made. Where the sums were considerable the applications were scrutinised in relation to the position disclosed e.g. the total amount of the crop of bearing coffee, the amount of the

previous crop and of the anticipated crop; and when all these factors were compared a computation was made of the probable minimum requirements for an economically conducted plantation of the size and output disclosed and the amount applied for adjusted where adjustment appeared to be called for. 103

The Committee was concerned chiefly with the future requirements of the individual and excepting in a few cases no account was taken of his financial position in relation to past commitments.

On the whole the Committee is satisfied that, from this point of view, the total sum of £80,000 is a maximum requirement for financing 15,000 acres of bearing coffee producing 3,000 tons. It represents an expenditure of a little over £5 per acre or £27 a ton.

On the figures of cost set out in Appendix 7 the average plantation costs of production, including depreciation is given at £39 per ton. On this basis the plantation costs on the production of 3,000 tons would be £117,000

29. The acreage of bearing coffee is calculated to be about 15,500 acres, and that area may reasonably be expected to yield not less than 3,000 tons. As already stated in paragraph 24 its value is estimated at £180,000 f.o.b. Mombasa from which may be deducted £24,000 which represents certain costs up to delivery at the Port, i.e. other than plantation costs. The net value is therefore nearly double the amount proposed to be advanced.

30. The Committee recommends that the Central Agricultural Advances Board should be authorized to obtain the advice of persons possessing a special knowledge of the Coffee industry when applications for assistance to coffee planters are under consideration.

31. In making these recommendations, we desire to urge the importance of preventing the neglect of a number of

plantations. Such neglect would constitute a menace to neighbouring plantations and the industry as a whole, through the creation of centres from which pests and diseases might spread.

SISAL.

I. The Development and Progress of the Industry.

32. In the year 1919/20 there was a total area of 30,698 acres planted with sisal in Kenya Colony and 5,124 tons of fibre were produced. In 1929-30 the total area planted was 130,012 acres and 17,321 tons of fibre were produced.

33. In the last ten years, therefore, the acreage planted has increased by 300 per cent., and the production of fibre by 238 per cent. The area now under sisal is 21.4 per cent. of the total cultivated area of the Colony excluding native reserves.

34. In 1929 the value of sisal fibre exported was £333,372, which represents 20 per cent. of the total value of agricultural exports.

35. Detailed statistics are given in tabular form in Appendices 8, 9 and 10 to this Report.

II. The suitability and stability of the industry.

36. The Committee is satisfied that there can be no question of the suitability of the industry to the Colony of Kenya. There are, in fact, vast areas as yet untouched which are eminently suited to the growing of sisal. Both as regards yield and quality of fibre, the sisal industry in Kenya and East Africa compares favourably with that of other sisal producing countries. On a quality basis East African sisal fetches in a normal market about 22 per ton more than Mexican henequen.

37. The fact that East African Sisal is able effectively to compete with Mexican sisal is evidenced by trade statistics which show that whereas in 1913 Mexico had a monopoly, in 1929 that country only produced approximately 46 per cent. of the world's supply. This question is further dealt with in Appendix 13.

105  
38. Sisal is mainly used in the manufacture of binder twine, but lately it has attracted to an increasing degree the attention of users of commercial twine. The fact that binder twine is essential to the reaping of a large proportion of the world's wheat crops is a stabilizing factor in the industry.

39. The introduction of a combined thrasher-harvester which does not use binder twine has been stated to tend to affect the sisal market adversely, but the information of the Committee is that compensatory factors will stabilize the demand. These factors are that (a) this machine is fairly expensive and is not suitable for general use, as it can only be economically used on large units and on level ground; (b) grain so harvested is considered to be inferior in quality to grain cut and stacked. It is estimated that the decrease in consumption of binder twine has been offset by new and smaller farms started in North-Western Canada, where the machine cannot be used and binder twine is essential.

40. A further factor in favour of sisal is, as experiments carried out by the Imperial Institute show, that sisal is not inferior to Manila Hemp in withstanding the action of sea water. Manila hemp imported into the United Kingdom averaged 52,493 tons per annum over the period 1924-1927.

41. In short, this Committee is satisfied that there is no indication that the demand for sisal will decrease in the future, but rather that there is a definite prospect of its being used more extensively in the manufacture of commercial twine and sailing cordage.

#### 42. Economics of Production and Marketing

Detailed plantation costs are given in Appendices Nos. 11 and 12 of this report.

43. The following statement of all-in costs of Kenya sisal will show the extent to which costs have been reduced:

July 1929	...	£31 per ton
November 1930	...	£21.15.0 <sup>x</sup> per ton.

Since November 1930, further economies have been made, but it will be seen that despite these drastic reductions cost of

106  
production still exceeds the market price.

(<sup>x</sup>deducting 17/- (vide note in appendix 12) from an plantation costs as most Kenya Sisal is sold on contract).

44. Transport costs have remained constant over a considerable period, including that during which sisal was fetching a high price. It has been brought to our notice that the E.A. Power & Lighting Company has reduced its charges for power to Sisal Estates for 1931.

45. The Committee is satisfied that sisal growers are making every effort to bring costs of production down to the lowest possible figure compatible with maintenance of quality, and that a considerable degree of success has already been achieved in this direction.

46. Particulars are given in Appendix 10 referring to the range of market prices over a long period of years, and for the post war period as shown in Appendix 9, the average value per ton f.o.b. Mombasa was £28, while the present ruling prices are from £12 to £13.10.0 per ton, also f.o.b. Mombasa.

47. The practicability of co-operative marketing has been explored, but it presents problems which the Committee finds to be incapable of immediate solution.

#### IV. Value to the State and the Community.

48. As in the case of the coffee industry, although an accurate computation of the total Government Revenues accruing as a result of sisal production in the Colony is impracticable, the importance of the industry from this point of view may be gauged from the following figures :

Number of Europeans employed	...	200
Number of Natives employed	...	18,500
Paid in Railway freight Ac., to the Railways & Harbours Administration (1929)	...	275,000 <sup>x</sup>

<sup>x</sup> This includes passenger fares of native labourers, and freight on produce consumed on the estate.



V. Present economic difficulties and their causes.

107

49. Sisal, like many other industries, has been adversely affected by the world wide trade depression. The situation is complicated by the position in Mexico, where the policy has been to endeavour to maintain prices even at the expense of increasing stocks. Financial considerations have lately compelled the liquidation of a considerable portion of these stocks at a price lower than that nominally quoted for East African sisal. It is understood that production in Mexico has for the time being been considerably curtailed. The forced liquidation of Mexican stocks has undoubtedly had a depressing effect on the world market for sisal other than that produced by Mexico, but it is reported that manufacturers' stocks are low and that the hope of recovery for East African sisal lies in their requirements having to be eventually satisfied.

50. The majority of Kenya sisal growers have insufficient reserves to carry them through the present depression, largely for the reason that the original estimate of an economic unit was found to be too small, and consequently the majority of estates utilised, for increasing the unit, that proportion of profits which otherwise would have been applied to the building up of a reserve.

51. The position is that these estates are unable to carry on at the present depressed prices. It is obvious that no producer, whether in East Africa, Mexico or Java, can continue indefinitely to produce sisal at a loss, and as there is no cheaper substitute for sisal, an economic price level must eventually be regained. In the interim, many estates must inevitably close down unless assistance to tide over the depressed period is provided.

52. Owing to the longer life of the henequin plant, Mexican growers can afford to cease production and maintenance for

a year or two without seriously jeopardising the value of their plantations, but East African growers must continue their rotational planting or they will find themselves in three or four years' time with no mature plants for cutting.

55. The carrying out of the rotational planting programme on estates is essential to sustain production and to ensure the continuance of the industry during the next few years. The problem which confronts the majority of sisal growers is that of obtaining the necessary funds during the period in which production gives no revenue for this purpose, or during which it is necessary to hold off the market to avoid depressing it further.

56. Commercial banks can only give short term advances, and then only on certain approved securities and their attitude is naturally still further affected by the present world wide trade depression. Most sisal estates have already absorbed their limit of credit with commercial banks.

57. Merchant houses which deal with the export of sisal are prepared to give advances on the product as it is baled, but the amount of any advance so given must bear a direct relation to the existing market price and must be secured by a lien on the crop. Under present circumstances, it cannot assist the rotational programme. The question of whether estates continue producing or not, apart from carrying on the rotation, at existing price levels, is one to be decided by each estate as a matter of policy, taking into consideration the amount of advance it can obtain from merchant houses, the decision being necessarily complicated by the fact that to force sisal on the market would have a further depressing effect on the price.

58. The Committee's main concern, therefore, is with the question of the maintenance of the existing areas under sisal and their proper rotation, so as to ensure that on return of

the price to an economic level, future revenue is not jeopardised.

RECOMMENDATIONS.

57. The Committee is of opinion that there is a clear case for Government assistance in this matter, as, if estates are forced to restrict operations to such an extent that maintenance and rotation are interrupted, the effect on the Colony's revenue is bound to be serious both now and in the near future.

58. The Committee further desires to emphasise the urgency of the matter:

(a) it is most important that the opportunity should not be lost in making preparations for and in carrying on planting operations during the forthcoming rainy season, and plantations whose condition has already suffered through the neglect of cultivating operations should be put in order. Again if assistance is not forthcoming at an early date there is considerable danger that many estates will be compelled to close down completely:

(b) It is further important that a standing organisation should be maintained on sisal estates. Otherwise when production is resumed unnecessary expenditure which should be avoided will have to be incurred.

59. The value of the industry to the State has been shown. Further, it is observed that the industry expends in wages to natives approximately £174,000 per annum. In the event of a serious dislocation in the industry many natives, in particular those who have become residents for a considerable time on sisal estates, would suffer hardship and loss.

60. The Committee has had the benefit of definite proposals submitted by the E.A.Sisal Growers' Association, as contained

in Appendix 14, and after due consideration of them makes the following recommendations:-

(i) That credit facilities to the sisal industry be provided through the medium and by the extension of the Agricultural Advances Ordinance. This would ensure each case being thoroughly investigated and dealt with on its merits;

(ii) that any advances made should not exceed  $\frac{1}{50}$  per manna per acre planted, to be applied only to maintenance and rotational planting, and that generally facilities be given only to estates actually in the producing stage, leaving it to the discretion of the Board to give such assistance as they may think fit to estates approaching production;

(iii) that the Central Agricultural Advances Board when considering applications by sisal growers should obtain the advice of persons possessing a special knowledge of that industry.

61. Total sum estimated to be required:-

To a questionnaire issued to the 77 Sisal Estates, 52 replies have been received; of these 22 have stated that credit facilities are required. Of the 10 who have not sought assistance, 9 are not in the producing stage. The 22 replies given above represent 80,000 acres.

The Committee is prepared to accept as reasonable the estimate of the Association that a sum of  $\text{Shs. } \frac{1}{50}$  per acre per manna is required, for the maintenance of the plantations and rotational planting. On this basis the amount required is £72,000 for 12 months, but after making some provision for estates whose replies may yet be received the Committee recommends that a sum not exceeding £75,000 be provided under the conditions stated in the foregoing sub-paragraphs.

The Committee further recommends that the information obtained in reply to the questionnaire should be made available to the Central Agricultural Advances Board.

62 In concluding this report we desire to say that while having prominently before us the need in the interests of the Colony to maintain its industrial activities during this period of financial transition, and difficulties common throughout the world, we have been mindful of the state of public finance and the care which has to be exercised in using public funds for the benefit of individual enterprise. With these principles before us, we have taken what we regard as the best and safest course to pursue by recommending that any financial assistance rendered should be brought under the operation of legislation which meets the requirements, and controlled by a statutory body which has full power to deal with each individual case on its merits, and ~~we~~ protect the use of public funds by satisfying itself as to the security offered.

63 We desire to place on record our appreciation of the attention which the Secretary has devoted to his duties.

Signed:

Alex. Hain

Director of Agriculture  
(Continued).

R.H. Houston

Treasurer.

G.D. Rhodes

General Manager, Lanka &  
Neyyanthi Kiyu & Harcourt.

G. Walsh

Commissioner of Customs.

Dolanoro

Francis Scott

G.G. Durban

Arthur A. Legat

F.J. Paterson

A. Durcell

Ms. Moore

G.H. Taylor

W.C. Hunter

W. Tyson

J.F.H. Harper

Number of Coffee Growers, acreage under Coffee, also quantity, value and average value of coffee exported from Kenya.

Year	Number of Growers	Percentage of area under coffee to total area of Colony	Total acreage under coffee	Coffee Exports			Percentage of coffee exports to total agricultural exports of Colony (Value)
				Quantity tons	Value	Average value per ton	
1914	-	-	5500	275	16859	67.4	8.6
1919-20	-	15.8	97815	5302	301150	60.16	30.1
1920-21	-	16.3	55815	6363	464109	72.16	39.1
1921-22	-	18.5	43509	3197	347685	77.17	32.9
1922-23	585	19.0	52249	4635	370075	76.14	30.1
1923-24	571	17.5	60054	9504	860744	88.6	35.4
1924-25	696	16.3	65140	5879	606353	103.4	38.7
1925-26	714	14.9	58860	7170	771850	107.12	35.4
1926-27	749	14.6	74562	9035	816905	101.14	32.4
1927-28	829	14.2	64075	12904	1415537	109.3	49.9
1928-29	871	14.2	60205	7294	758171	104.14	31.1
1929-30	951	14.9	66042	11621	1209157	103.6	41.4

\* Not enumerated

† These values are as declared on Customs Exports Entry.

Value of Coffee Exported per Grower.

On an average each coffee grower exported coffee to the value as shown below:-

<u>Year</u>	<u>£</u>
1922-23	634
1923-24	854
1924-25	871
1925-26	1061
1926-27	1090
1927-28	1708
1928-29	901
1929-30	1291

Value of Coffee exported per Acre.

<u>Year</u>	<u>Value of Coffee exported per acre trees of all ages</u>	<u>Value of Coffee exported per acre of bearing coffee</u>
	<u>£. s.</u>	<u>£. s.</u>
1919-20	7 5	18 15
1920-21	13 15	35 2
1921-22	5. 14	14 14
1922-23	7 2	18 14
1923-24	10 12	27 8
1924-25	9 6	22 7
1925-26	11 7	24 5
1926-27	10 19	22 17
1927-28	16 17	53 7
1928-29	8 44	18 4
1929-30	12 10	21 16

\* Calculated on an average of 35% of 5-6 year old trees as being full bearing.

TOTAL RAINFALL

TOTAL YIELDS AND AVERAGE YIELD OF COFFEE BY DISTRICTS OVER A PERIOD OF

11 YEARS.

DISTRICT	1919-20			1920-21			1921-	-22			1922-23			1923-24			1924-25	
	Rain-fall. Ins.	Total Yield. Cwts.	Average Yield per acre. Cwts.	Rain-fall. Ins.	Total Yield. Cwts.	Average Yield per acre. Cwts.	Rain-fall. Ins.	Total Yield. Cwts.	Average Yield per acre. Cwts.	Rain-fall. Ins.	Total Yield. Cwts.	Average Yield per acre. Cwts.	Rain-fall. Ins.	Total Yield. Cwts.	Average Yield per acre. Cwts.	Rain-fall. Ins.	Total Yield. Cwts.	Average Yield per acre. Cwts.
Kapungu	45.47	1110	8.7	35.04	1233	8.7	15.92	837	3.6	42.24	794	2.5	45.50	2194	7.6	31.37	1270	4.2
Tella	21.04	80	2.5	19.80	10	2.5	12.84	45	...	26.74	44	2.9	28.09	255	10.2	33.58	441	15.2
Kilindi	25.77	1347	9.0	47.16	1283	6.7	21.12	131	0.8	38.28	1214	6.2	56.20	1732	6.9	26.70	1816	7.3
Kilindi	40.75	49750	7.5	47.11	30961	6.5	25.08	26983	2.6	48.62	53347	4.5	61.06	88420	6.7	24.73	57034	3.7
Fort Hall	50.80	8720	6.0	44.72	30970	4.2	27.85	6976	3.3	44.49	11094	4.3	51.70	15995	5.6	27.53	8131	2.4
Spoko	42.35	3727	7.2	50.44	4981	9.2	24.00	3329	4.3	34.47	5323	7.3	46.75	7162	7.1	32.76	10964	10.0
Nakuru	62.53	700	6.0	34.23	221	3.0	25.04	848	4.1	47.53	1386	4.9	51.41	1533	5.4	25.86	1791	4.6
Wakiso	42.00	0	6.0	45.44	32	...	26.32	9	4.5	34.46	0	...	57.43	0	...	37.57	14	1.3
Wakiso	37.00	...	...	65.20	...	...	41.81	159	6.9	56.89	190	9.5	54.37	57	2.8	54.23	61	0.8
Wakiso	41.70	...	2.0	43.79	4967	7.4	29.52	3051	2.0	33.16	973	0.8	46.24	3064	2.7	38.27	3367	2.3
Wakiso	47.47	710	7.0	...	1743	4.7	34.43	1184	3.6	44.16	2076	2.8	55.77	3227	3.1	45.13	3191	2.6
Wakiso	47.47	...	...	47.20	371	7.0	64.06	362	3.5	84.59	482	5.8	79.93	279	2.9	74.57	888	3.3
Wakiso	41.70	2150	7.7	41.40	3023	7.5	41.06	4828	3.6	45.87	11613	7.1	56.30	9756	3.4	36.39	17406	5.5
Wakiso	41.00	3000	7.0	16.00	2261	8.7	33.72	2474	3.1	76.76	4331	4.5	85.76	1258	3.7	65.84	1695	3.4

Rainfall for the 11 years is given in the following table in each district.

These average yields are calculated on an average of 50 1/2 % of D-1  
 based on the 11 years of total rainfall and shown as 50 % clean coffee  
 in the table which should be considered as 25 1/2 % clean coffee



TRACTS OVER A PERIOD OF 11 YEARS.

1924-24			1924-25			1925-26			1926-27			1927-28			1928-29			1929-30		
Total Yield. Cwts.	Average Yield per acre. Cwts.	Rain fall. Ins.	Total Yield. Cwts.	Average Yield per acre. cwt.	Rain fall. Ins.	Total Yield. Cwts.	Average Yield per acre. Cwts.	Rain fall. Ins.	Total Yield. Cwts.	Average Yield per acre. Cwts.	Rain fall. Ins.	Total Yield. Cwts.	Average Yield per acre. Cwts.	Rain fall. Ins.	Total Yield. Cwts.	Average Yield per acre. Cwts.	Rain fall. Ins.	Total Yield. Cwts.	Average Yield per acre. Cwts.	
2194	7.6	31.37	1270	4.2	34.89	2182	5.2	40.16	2598	4.0	37.99	1127	5.8	33.10	828	3.9	35.41	885	3.4	
255	10.2	33.58	441	18.2	28.15	472	8.4	6.54	742	8.0	33.10	644	4.8	19.89	481	2.5	18.62	907	3.2	
1732	6.9	26.70	1816	7.3	27.24	1749	2.0	30.15	1126	1.2	25.84	618	4.7	29.25	650	0.7	39.44	2187	2.4	
88420	6.7	24.73	37054	3.7	33.46	72645	4.6	36.14	30129	4.7	38.12	116748	5.9	32.52	42699	2.4	40.78	14256	5.2	
15995	5.6	27.53	8131	8.4	35.09	18542	4.8	32.27	18818	2.7	29.59	43181	5.9	31.09	20610	2.9	40.34	19181	3.4	
7162	7.1	32.76	10964	10.0	31.95	5361	3.8	42.34	4327	2.1	31.81	10815	5.5	38.34	3107	2.2	45.23	10270	4.3	
1533	5.4	25.86	1791	4.6	26.04	948	2.4	28.74	1200	2.0	24.32	1092	2.7	27.09	919	1.7	28.73	1407	2.5	
0	...	37.57	14	1.3	36.36	101	3.9	36.92	311	11.1	30.02	238	2.4	30.90	257	2.4	48.24	379	2.0	
57	2.8	54.23	61	0.8	58.22	224	2.5	46.26	699	4.4	48.99	615	2.4	44.95	1238	0.2	55.85	1658	3.6	
3064	2.7	68.27	3367	2.5	54.15	4462	2.4	45.20	5680	2.0	28.92	7190	2.8	50.71	2389	1.1	31.18	2217	0.9	
3227	3.1	45.13	3191	2.6	44.72	1231	2.8	35.17	7230	2.1	32.58	11149	4.0	44.82	4032	1.0	29.68	2297	2.1	
279	2.9	74.57	888	3.5	79.43	651	2.0	97.60	2221	2.1	62.72	1722	4.5	32.62	1922	0.4	72.99	1100	2.3	
9756	3.4	39.89	17406	5.5	46.28	15990	4.2	49.43	18740	2.5	52.89	18126	5.9	41.28	19532	2.6	34.49	18177	3.2	
1258	3.7	41.84	1695	3.4	67.98	2349	3.6	69.27	3784	2.3	68.44	4182	4.2	48.45	18770	2.8	37.21	11020	2.0	

5  
46

Market Prices of Coffee in London over a period of nine years.

	1929-30	1928-29	1927-28	1926-27	1925-26	1924-25	1923-24	1922-23	1921-22	Average
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
August	96 11	109 8	92 4	101 1	102 3	107 7	75 0	82 3	62 8	92 2
September	100 10	111 10	91 0	118 4	114 6	120 11	70 8	77 10	74 9	97 10
October	87 11	113 4	111 7	123 10	114 5	127 10	70 9	80 11	71 5	100 3
November	92 11	115 8	117 5	134 1	109 5	144 5	91 10	82 2	73 5	106 9
December	105 11	118 11	113 6	135 2	112 4	155 3	94 11	91 8	84 1	112 5
January	111 5	128 1	111 7	135 5	125 1	155 10	102 5	95 0	94 9	117 8
February	99 10	121 10	111 5	128 5	116 8	149 11	109 11	93 3	95 3	114 1
March	83 11	123 11	112 2	124 2	108 8	145 5	121 7	95 4	96 7	112 5
April	72 11	118 3	100 2	120 10	102 2	146 3	114 11	97 7	97 3	107 10
May	89 0	110 2	97 7	108 4	102 8	144 8	106 9	89 8	94 0	102 10
June	64 0	98 1	93 9	87 3	110 6	154 0	111 3	85 2	88 9	97 10
July	55 5	93 2	87 0	88 8	109 3	121 7	110 8	77 11	82 0	93 1

Market Prices of Coffee in London over a period of nine years.

	1929-30	1928-29	1927-28	1925-27	1925-26	1924-25	1923-24	1922-23	1921-22	Average
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
August	96 11	109 8	92 4	101 1	102 3	107 7	75 0	82 3	62 8	92 2
September	100 10	111 10	91 0	118 4	114 6	120 11	70 8	77 10	74 9	97 10
October	87 11	113 4	111 7	123 10	114 5	127 10	70 9	80 11	71 5	100 3
November	92 11	115 8	117 5	134 1	109 5	144 5	91 10	82 2	73 5	106 9
December	105 11	118 11	113 6	135 2	112 4	155 3	94 11	91 8	84 1	112 5
January	111 5	128 1	111 7	135 5	125 1	155 10	102 5	95 0	94 9	117 8
February	99 10	121 10	111 5	128 5	116 6	149 11	109 11	93 3	95 3	114 1
March	83 11	123 11	112 2	124 2	108 8	145 5	121 7	95 4	96 7	112 5
April	73 11	118 3	100 2	120 10	102 2	143 3	114 11	97 7	97 3	107 10
May	86 0	110 2	97 7	108 4	102 8	144 8	106 9	89 8	94 0	102 10
June	64	96 1	93 9	87 3	110 6	154 0	111 3	85 2	88 9	97 10
July	55 5	93 2	87 0	88 8	109 3	121 7	110 8	77 11	82 0	92 1

22nd. January, 1931.

BOARD OF AGRICULTURE.

EXPLANATION CHARGES ON COFFEE

AT PER TON.

	<u>Shs. Cts.</u>
Cartage to Station 7 miles @ Shs. 1/- per ton mile.	7. 00
Curing Charges...	65. 00
Extra Drying (average)...	5. 00
Pegs 20 @ 72 cents..	18. 72
Railage to Coast Mainline Nairobi District...	48. 39
Port and Handling Charges.....	16. 00
Bill of lading fee (average)...	1. 50
Marine insurance 12/6% to 14/3% on say £100 say	15. 00
Fire insurance after landing (average)	2. 00

Notes:-1. Goods are over-valued for insurance purposes. 2. Fire insurance varies in amount according to time Coffee remains unsold.

Ocean freight...	65. 00
London Wharf charges... (including port dues customs entry etc.,)	44. 00
Interest on freight paid and Sale Expenses...	5. 00
Brokerage 1% on say £80...	18. 00
Sell orders and Commission 2½% on say £80.	40. 00
Buyers discount 1% " " "	<u>16. 00</u>

Shs. 362. 31

= £ 18 2. 6.

For Consignments from Punda Milla District add	4.
" " " Kitale " "	15.
" " " Nyeri " "	5.

to railage charge.

22nd. January, 1931.

BOARD OF AGRICULTURE.

EXPLANATION OF COSTS ON COFFEE

AT THE TON.

	<u>Shs. Cts.</u>
Cartage to Station ... 7 miles @ Shs.1/- per ton mile,	7. 00
Cartage Charges....	65. 00
Beans Drying (average)....	5. 00
Bags 26 @ 72 cents,...	18. 72
Railage to Coast Station Nairobi District...	46. 39
Port and Handling Charges...	16. 00
Bill of lading Fee (average)...	1. 50
Marine insurance 12/25 to 14/25 on say £100 say	15. 00
Fire insurance after landing (average)	2. 00

Notes. 1. Goods are over-valued for insurance purposes. 2. Fire insurance varies in amount according to time Coffee remains unsold.

Ocean Freight,...	65. 00
London wharf charges... (including port dues customs entry etc.,)	44. 00
Interest on Freight paid and Sale Expenses...	5. 00
Brokerage 1% on say £00...	16. 00
Del credere and Commission 2½% on say £00.	40. 00
Days discount 1%	16. 00

Shs. 262. 61

\* £ 15 2. 6.

For Consignments from Punda Milla District add	4.
" " " Kitale " "	15.
" " " Nyari " "	5.

to railage charge.

APPENDIX B.7

BOARD OF AGRICULTURE.  
PLANTATION COSTS ON COFFEE  
AT PER TON.

Management....	Shs. 120. 00	
Cultivation Pruning and Factory...	280. 00	
Picking...	180. 00	
Transport on farm...	25. 00	
Repairs...	30. 00	
Overheads and Sundries...	25. 00	
Measure...	<u>80. 00</u>	
Total less Depreciation...	<u>690. 00</u>	= £34.10.0.
Depreciation...	<u>22. 00</u>	
Total...	Shs. <u>712. 00</u>	£39. 2. 0.

The previous Plantation costs obtained by the Board

were:-

£51. 0. 0.      in June.  
 £45. 7. 6.      in October.

Including Depreciation.

JFCM/MS.  
 23/1/51.

App 8

S I S A L

GENERAL AND PRODUCTION.

Year.	Total area acres.	Percentage increase in acreage over previous year.	Age of Plants		Actual production of Fibre. tons.	Percentage of area under Sisal to total cultivated area of Colony.
			Up to three years	Three years upwards		
1919-20	50,000	-	15,895	14,005	5,124	17.4
1920-21	51,050	1.47	15,670	15,580	6,191	15.0
1921-22	57,338	22.70	17,015	19,505	4,677	15.9
1922-23	59,005	5.14	17,149	22,877	6,921	14.3
1923-24	48,525	16.15	19,196	27,159	3,455	15.1
1924-25	52,972	15.65	17,252	35,610	11,001	13.4
1925-26	60,197	15.35	25,659	35,558	18,026	13.0
1926-27	71,213	18.50	30,467	40,751	15,006	13.9
1927-28	91,909	29.01	43,229	48,681	14,757	15.5
1928-29	109,575	19.6	53,178	54,197	15,800	17.2
1929-30	158,013	45.2	75,432	55,590	17,321	21.4

App. 9

Sisal Exports

Year.	Quantit. tons.	Value. £	Average value per ton. £s.	Percentage Sisal to total agri- cultural exports (value)
1914.	1,015	27,320	27.0	13.2
1919-20	4,370	117,880	26.19	17.6
1920-21	3,128	130,890	31.9	22.6
1921-22	9,463	295,907	31.5	26.3
1922-23	6,552	168,185	25.11	15.4
1923-24	10,594	333,304	32.13	19.4
1924-25	12,733	475,747	37.1	21.0
1925-26	13,370	525,093	37.18	24.0
1926-27	15,549	565,148	36.7	22.4
1927-28	14,509	420,777	28.19	14.8
1928-29	17,458	595,154	33.8	23.1
1929-30	15,327	504,494	32.18	17.4

\* These values are as declared on Customs Export Entry.



## SISAL.

121

Average Market  
prices.

Year.	Foreign per ton. (U.S. Market). £	East African No. 1. per ton. (London Market). £
1879	24.0	
1880	27.0	
1881	23.0	
1882	28.0	
1883	27.5	
1884	21.0	
1885	19.5	
1886	21.0	
1887	33.0	
1888	37.0	
1889	50.0	
1890	50.0	
1891	26.0	
1892	25.0	
1893	25.0	
1894	17.0	
1895	15.10	
1896	20.15	
1897	17.0	
1898	26.5	
1899	34.0	
1900	37.0	
1901	34.0	
1902	50.0	
1903	58.5	
1904	37.0	
1905	37.0	
1906	37.0	
1907	37.0	
1908	25.0	
1909	27.0	
1910	27.0	
1915		36.10
1914		26.0
1915-18		99.0
1919		58.0
1920		58.0
1921	37.0	42.10
1922	35.10	37.10
1923	32.0	36.0
1924	43.0	44.10
1925	43.0	45.10
1926	37.10	45.0
1927	55.0	38.0
1928		36.15
1929		39.10
1930		26.0

Pre-War average price African Sisal 1909-1915

£29 per ton.

APPENDIX Part II.

PLANTATION COSTS ON SISAL  
AT PER TON.

Overheads.....	Shs. 40/-
Management.....	55/-
Depreciation.....	40/-
Factory and haulage including rail maintenance...	60/-
Cutting and cleaning.....	70/-
Development.....	50/-
Sundry Expenditure.....	15/-
	<u>Shs. 330/- = £18.10.</u>

## APPENDIX III

EX-PLANTATION COSTS ON SIAL

AS PER TON.

Cartage Railway.....	Shs.	30/-
Port Charges including handling.....		16/-
London Charges.....		17/-
Insurance.....		2/80
Spoken Freight.....		63/-
Exchange & A parties.....		4/50
Commission 2 1/2 on dry S.C.....		8/-
Brokerage 1%.....		<u>4/-</u>
		145/30
		<u>£ 7. 5.30</u>

Note:- Where Sial is sold on contract C.I.F. as distinct from on consignment the item Shs.17/- London charges is deducted.

It will be seen that the costs total Shs.4/70 less than the standard figure of £ 7.10. 0 which has been assumed as the ex-plantation cost of Sial production. This is accounted for by the fall in price which reduces commission wharfage and insurance charges.

APPENDIX III.

Extracts from an article entitled "World Sisal Production and Trade with United States", by Francis E. Simmons, Department of Commerce, published in the Farm Implement News, Chicago, 15th November, 1929.

INCREASING CULTIVATION IN OTHER COUNTRIES.

Up until 1916 production of Sisal comprised nearly 90 per cent of the world total, but the natural cultivation of other sources of supply was given great stimulus by a series of price increases which began to occur about that time, so that the relative importance of that country's output has since been gradually but inexorably reduced. Last year 1929, marked the first time that Mexican sisal production was surpassed by the aggregate of competitive output. In the meantime, the Netherland East Indies and British East Africa have taken their places as important suppliers of sisal.

The 1929 world output of sisal or henequen - the two terms being used interchangeably in the trade - has been placed at 222,000 tons, distributed by sources as follows: Mexico, 101,000; East Africa, 70,000; Netherland East Indies, 52,000; Cuba, 2,000; Jamaica and the Bahamas, 1,000; and others,\* 2,000.

\* Concerning the trend of total sisal consumption in the United States, reference to the import statistics shows that average annual receipts in the 9-year period, 1921-1929, were approximately 116,000 bales. While that does not compare favourably with the 8-year period, 1913-1920, when direct or indirect effects of the World War might have influenced the trade and when the annual average amounted to over 175,000 bales, it is noticeably higher than for the pre-war years, 1907-1912,

When the corresponding average imports were less than 100,000  
bales.

The future trend is problematical, for some business  
men predict that the increasing use of the combine will affect  
the binder-twine market for steel, while others mention the  
possibility of developing other present markets more extensively  
or cultivating new markets. On the factual basis of import data,  
however, it is obvious that post-war consumption has been greater  
than pre-war requirements, and 1928 and 1929 receipts were  
distinctly larger except for 1926 than in any year since 1920."

7/20/20

From:-

The East African Sisal Growers' Association.

During the past year the price of sisal has fallen from £38 per ton c.i.f. until to-day it is quoted at £18 per ton. The seriousness of the situation thereby incurred can hardly be exaggerated, and all the estates are having difficulty in carrying on and many are finding it impossible under existing conditions. Every effort has been made to reduce the costs on the estate and reductions of from £3 to £4 have been made so far as the internal costs are concerned and we estimate that the present cost of landing sisal in London, excluding depreciation and all development and maintenance costs is about £19 per ton, on a production basis of 56 tons per month. It is clearly impossible on present prices for estates to carry on their maintenance and development, and for that reason we suggest that Government should be asked to appropriate the sum of approximately £130,000 for the assistance of the sisal industry in 1961.

We suggest that this sum should be paid out to individual estates on the basis of Shs.1/50 per acre per month on their existing acreages for the purpose of maintaining the estate rotation. Included in maintenance and rotation are the following operations:-

- (a) Cleaning and maintenance of planted areas;
- (b) Planting up further areas to maintain rotation programme which was being carried out by the applicant prior to the slump.

The Agricultural Department assesses the area under sisal at the 31st July 1960, at 158,012 acres. At Shs.1/50 per month per acre, this gives us a figure for the year of £124,210.16.6d. Allowing for a slightly large acreage today, we estimate the figure at £130,000. We would mention, however, that it is possible that some large estates may not wish to apply for this assistance.

We further suggest that all advances made from this appropriation should be controlled by a Board, probably linked up with the existing Agricultural Credits Scheme, and that this Board should be composed of:-

1. Government members who would probably be the same individuals as those on the Agricultural Credits Board;
2. Two or three representatives of the sisal industry.

It is suggested that before any advances are made the Board should consider the status, financially and otherwise, of the estate applying for the loan. In considering whether the estate is economically sound the price of sisal should be taken at an average of £25 per ton c.i.f. northern continental ports. This is considered an economic price at which the industry could operate without loss.

The total of all charges and advances should not exceed 50% of the valuation of the property to be made by the Board, or by someone authorised by the Board, such valuation to be based on an average price of sisal at £25 per ton c.i.f. and on an 8% capitalisation basis. Government should be satisfied with a charge on the estate ranking after any existing charges, since the total of all advances would be limited to 50% of the value of the estate, less any prior charges against the estate in existence at the time of application.

It must be emphasised that it is felt that the liability for re-payment must rest with the individual and not with the industry as a whole. We have suggested that the money should be allocated on an acreage basis after careful consideration, and in view of the difficulty of foreseeing what will happen to the sisal industry in the near future. The advantage of a scheme on these lines is that areas will be maintained and development kept up whether cutting continues or not. The question of whether estates will continue cutting must, we feel, rest with the individual companies and will depend on the state of the market at the time and the advances obtainable from selling agents.

The Board should be able to satisfy itself that the money is being used for maintenance and development, and not for reducing existing loans, overdrafts etc.

Interest. We suggest that as a Government contribution, any advances should be made free of interest.

Repayment. The repayment of all advances to any individual estate to be made as follows:-

1. When the price reaches an average of £25 per ton c.i.f. northern continental ports, £1 per ton to be deducted from the proceeds of sisal exported and collected by the Customs or otherwise.
2. When the price exceeds £25 per ton an additional repayment of 50% of the amount by which the price exceeds £25.

Reverting to the question of development, it must be remembered that during the last two or three years, most companies have realised that to place themselves on an economic basis, planting must be carried out on a larger scale, since the unit in a sisal plantation is the machine, and it is vital that development should be kept up so that an economic quantity of sisal can be handled by each machine. We consider it vital and in the interests of the industry and the country as a whole that this fact should not be lost sight of.

Importance of the Sisal Industry to the Country: The importance of the sisal industry to the country is well demonstrated by the memorandum A.18 prepared by the Board of Agriculture, wherein it is shown that the industry pays to the railway ~~£25,000~~ £25,000 per annum in direct payments, and a further sum of £50,000 per annum to the railway and colonial revenue in indirect payments. This means that the industry is paying to the colonial revenue approximately £155,000 per annum, or an amount in excess of that which is asked should be allocated to keep the industry going.

Necessity for Immediate Assistance: Owing to the present depression, practically all development, and to a large extent maintenance, of the present areas of sisal has ceased. If this

state of affairs is allowed to continue, it means that in three or four years time there will be no sisal to cut, and as shown in the preceding paragraph, this will mean a loss of railway and colonial revenue of approximately £150,000 per annum at least.

Furthermore, any hiatus in the planting programme such as might result from the present position, will seriously embarrass the financial position of sisal estates in years to come, and probably to such an extent that they will be unable to recover within a reasonable period of years.

The Association will be grateful if the elected Members will take up this matter with Government on their behalf, and would again respectfully emphasise the urgency of the matter.



Memorandum on the financial considerations involved.

The Committee found on the evidence before them (I was away from Nairobi except for the last two meetings at which their staff report only was discussed) that a sum of £150,000 would be required to finance certain coffee and sisal planters for the present year.

1. I informed the Committee that there was not the slightest hope of any such sum being available, - however the source of funds did not come within the terms of reference and in any case the important point in my opinion is not the amount which the particular type of evidence before the Committee showed to be required but the amount which, in my experience of the operations of the Agricultural Advances Board, would be likely to be issued by that Board if its operations were enlarged, and this is a matter to be considered by Government.

2. It was decided in Executive Council that the Agricultural Advances Scheme could not be re-opened to new applicants from the industries only, but that if the scheme were re-opened it would have to be available to all. This introduces an additional factor.

3. Assuming the scheme re-opened for this year I am of opinion that comparatively few applicants would pass successfully through the sieve of the Agricultural Advances Board and that an additional £70,000 would be as much as could properly be used by that Board during the remainder of the year.

4. A review just completed of the position of all present participants in/

in the Agricultural Advances Scheme leads me to the conclusion that with very few exceptions indeed they are playing the game and endeavouring to discharge their obligations as rapidly as possible. It also inspires a fairly confident hope that about £20,000 of the £100,000 at present earmarked for Agricultural Advances will not be required under the existing scheme.

6. We, therefore, arrive at a figure of £80,000 of new money required if the Scheme is to be re-opened as suggested.

7. There is, however, another factor which enters into the question of assistance to Agriculture as a whole.

8. I made an examination this morning into the question of the maize subsidy for which a sum of £110,000 has been earmarked. The General Manager of the Kenya Farmers Association (who handles over 90% of export sales) and the Director of Agriculture were present. It transpires that considerably over 50% of this present crop has been sold at a price somewhat higher than that upon which the figure of £110,000 was calculated and that it is unlikely that the balance will be sold for less than the price calculated upon. There is consequently little doubt now that some £20,000 of the £110,000 earmarked will not be required.

9. Taking the Agricultural Advances and the Maize Subsidy as a whole the proposal now under consideration appears to require a net additional provision of £70,000 for assistance to Agricultural Industries. The question follows as to how this money may be provided and this consideration involves a short review of the financial position.

10. My accounts have only today been closed for November last and December is a difficult month to estimate for

for but at the worst I think the result of the transactions for the year 1930 will show a loss of £196,000 of which £123,387 was budgetted for in the original estimates and £40,000 subsequently appropriated for flood damage. If this prove a reasonably accurate estimate the Surplus Balance at the 31st, December, 1930, will stand at £518,000.

11. (I should make it quite clear that I am here regarding the amount actually advanced under the Agriculture Advances Scheme, less a sum of £5,000 for expenses and possible losses, as still forming part of the Surplus Balance. In other words I am not regarding the advances as final expenditure.)

12. Very early in the current year it became evident that revenue (chiefly customs) would fall short of the total estimate by approximately £138,000.

13. Steps were immediately taken to curtail expenditure which will, it is now confidently believed, be less than the original estimate by £150,000.

14. The following revised figures therefore emerge:-

Estimated Revenue	£5,377,000
" Expenditure	<u>£4,859,000</u>
Surplus	£ 518,000

15. (Here again I have not regarded Agricultural Advances or the Maize Subsidy as final expenditure.)

16. Revotes, unforeseen and unavoidable expenditures arise to be met every year and it would be imprudent at present to count upon any surplus for 1931, though I think the prospects in this respect reasonably good. I have drawn the picture as it presents itself to-day, not as it presented itself yesterday or may present itself tomorrow, and it is not a picture that justifies discouragement.

I can therefore recommend the additional expenditure from Surplus Balance in connection with the Agricultural Advances Scheme, independently of flood damage

This parcel  
addition appears  
on the duplicate  
in the Minister's  
writing.

for but at the worst I think the result of the transactions for the year 1930 will show a loss of 2196,000 of which 2123,387 was budgetted for in the original estimates and 240,000 subsequently appropriated for flood damage. If this prove a reasonably accurate estimate the Surplus Balance at the 31st. December, 1930, will stand at 2512,000.

11. (I should make it quite clear that I am here regarding the amount actually advanced under the Agricultural Advances Scheme, less a sum of 25,000 for expenses and possible losses, as still forming part of the Surplus Balance. In other words I am not regarding the advances as final expenditure.)

12. Very early in the current year it became evident that revenue (chiefly customs) would fall short of the total estimate by approximately 2138,000.

13. Steps were immediately taken to curtail expenditure which will, it is now confidently believed, be less than the original estimate by 2150,000.

14. The following revised figures therefore emerge:-

Estimated Revenue	23,377,963
" Expenditure	<u>3,292,932</u>
Surplus	<u>£ 85,031</u>

15. (Here again I have not regarded Agricultural Advances or the Maize Subsidy as final expenditure).

16. Revotes, unforeseen and unavoidable expenditures arise to be met every year and it would be imprudent at present to count upon any surplus for 1931, though I think the prospects in this respect reasonably good. I have drawn the picture as it presents itself to-day, not as it presented itself yesterday or may present itself to-morrow, and it is not a picture that justifies discouragement.

*general*  
*then appears*  
*the duplicate*  
*Mr. Foster's*  
I can therefore recommend this additional expenditure from Surplus Balances in connection with the Agricultural Advances Scheme, independently of such sources

17. Turning now to the matter of surplus balances, and their use and ignoring the possibility of the result for 1930 proving better than I have anticipated and ignoring also any possibility of a surplus for 1931. We are left with my estimated surplus of £512,000 at the end of 1930.

18. At present this surplus is earmarked as shown in column 1 below but this earmarking might, in present circumstances be varied as shown in column 2 for the reasons given.

	<u>Column 1.</u>	<u>Column 2.</u>
a. Working Cash reserve.	£100,000	£60,000
b. Working Stores Balance.	110,000	95,000
c. Housing Scheme.	44,000	44,000
d. Advances to Local Authorities	25,000	10,000
e. Agricultural Advances	100,000	80,000
f. Mains subsidy	108,000	88,000
Unreserved.	25,000	135,000
	<hr/>	<hr/>
	£512,000	£512,000
	<hr/>	<hr/>

19. (a) We have at present fairly large loan balances and in addition our cash deposits exceed our Cash advances. After careful investigation I am satisfied that for the time being it will suffice to earmark this reduced figure.

20. (b) With reduced activities consequent upon curtailment of expenditure I have ascertained that we can work on a smaller balance than the original estimate until better times appear.

21. (c) This is already fully employed.

22. (d) The Commissioner for Local Government assures me he can meet requirements with the reduced amount.

23. (e) and (f) have already been explained.

24. We come then to the fact that with difficulty a sum of £135,000 might be made available out of which to

- 3 -

meet the proposed addition of 270,000 (230,000 + 220,000  
new money 230,000) to the Agricultural Advances Scheme  
which would leave a liquid surplus balance of 265,000  
only. This is getting very near the bone but as pre-  
viously stated herein I have taken no account of the  
possibility of a surplus appearing on the 1931 tranche  
and on the whole I feel that I may properly advise a  
modest addition to the funds at the disposal of the  
Agricultural Advances Board.

I have not forgotten that I am under directi-  
on as Chairman of the Agricultural Advances Board to prep-  
are another report to reach the Secretary of State by the  
end of March. It is, however, quite possible for me to  
prepare it in time to catch this next mail.

*W. H. Jackson*

104  
END

meet the proposed addition of 270,000 ( $220,000 + 220,000 +$   
or money 230,000) to the Agricultural Advances Scheme which  
would leave a liquid surplus balance of 220,000 only. This is  
getting very near the limit. *But I have not taken in the*

*Account of the 1937 Expenditure*  
22. I have not forgotten that I am under direction as  
Chairman of the Agricultural Advances Board to prepare another  
report to reach the Secretary of State by the end of March.  
It is, however, quite impossible for me to prepare it in time  
to catch this next mail.

TREASURER.