

1934.

Levy

No. 23058.

SUBJECT

C0533/443

The Butter Levy Ordinance.

Previous

3173/33.

Subsequent

See 15052/A1/35. Economic.

copy to Library.

1. Governor Byrnes 15 \_\_\_\_\_ 6 January  
Trans. on dup. authenticated copy of the Butter Levy  
(Amdt.) Ordinance 1933, No 59.

Shows to Library 2

2. Col. Secretary 3hr \_\_\_\_\_ 9<sup>th</sup> January  
Trans. 12 printed copies of Ordinance No 59 of 1933.

The Principal Ordinance is flagged on 17171  
Broadly the object of the present Ordinance is to  
prevent the <sup>bounty</sup> Colony making butter for export fetch  
better gross price than butter for home consumption  
If after paying the bounty <sup>something</sup> nothing is left over in  
the levy fund, <sup>the balance</sup> it is henceforth to be carried on to  
the subsequent year; (apparently hitherto the fund  
has been completely drained annually).

I see no objection to the Ordinance, but G.  
Mr. Stockdale and Sir John Campbell may like to see

If they and the Legal Advisers have no  
observations the Ordinance might be sanctioned in  
short draft.

Disallowance does not yet seem to have been  
signified in respect of the Principal Ordinance  
para. 4 of No. 7 on 17171/31, where <sup>Mr. Thomas</sup> Lord Passfield said  
that he did not propose to tender any advice pending  
amendment in certain respects.) The amending Bill  
was duly forwarded and sanctioned on 18062/32, and  
perhaps the opportunity might now be taken of  
signifying non-disallowance in respect of the Principal  
Ordinance as well as of No. 59 of 1933

LP

Mr Davies 9/2

AG's Report in 3 m  
17171/31

In 1931, when the Principal Ordinance was passed,  
more butter was produced for export than for  
local consumption. The bounty per lb. exported  
must have been less than 3d.

In 1935, it may be assumed that the drought considerably reduced the exportable surplus (though we are given no figures), and the bounty on what was exported rose to a figure which upset the Butter Board's calculations. Under Section 4 of the Ordinance, if exports had been reduced to 1 lb, the exporter thereof would have received about £7500 bounty!

I doubt, the scheme ought to adjust itself by the equipping of three factors: (a) the quantity retained for home consumption (on which the levy is paid) (b) the quantity exported (over which the proceeds of the levy are spent) (c) the price at which imported butter can be sold in Kenya (i.e. the world-price + transport charges + 30% suspended duties) &c. But, no doubt, in practice it is found more convenient to interfere with the normal process of adjustment in the manner prescribed by S2 of this amending Ord.

? As proposed. When the 1934 accounts come home, we shall see how much surplus is being carried forward to 1935; if it seems excessive, there may be a case for suggesting a reduction in the rate of the levy.

A. Brewster  
13/2

The operative clause is rather involved. It seems to work like this:-

Local wholesale price of butter say	1° 40 <sup>c</sup>
Levy	25c
	<hr/>
	1° 15 <sup>c</sup>

Export price of butter say	1°
Bounty say	30 <sup>c</sup>
	<hr/>
	1° 30 <sup>c</sup>

Then only 15c <sup>bounty</sup> ~~surplus~~ will be payable so that the local & export wholesale prices will actually remain the same.

If there is a clear difference, i.e. if the export price of butter goes above the inland then all the butter will be exported.

(I think the whole thing is wrong & could only have happened in Kenya but it is there)

? Signify non-disallowance of this & the original Ordinance as proposed.  
i.e. W. Flint

14-2

Jagun  
J. Ashfordale  
15/2

No legal claim.

A. O. Roberts  
17/2  
Flint  
17-2 done

3 To Kenya, 133 (Answer) 22.11.34

Sir J. Campbell

Seen McCall  
26-2-34

~~See...~~

value  
average per cwt.  
of 873.9d.  
about wholesale  
prices in London for  
milk in 1901. as far as  
possible 5d. per  
cwt. under 70s. as far as  
possible!

inincusable trade is being in a  
fool's paradise.

In 1932 9,82 cwt. valued at  
£40,301 were exported. Of this about  
8000 cwt. valued at £33,450 came  
to the United Kingdom, where it ob-  
tained free entry under the Import  
Duties Act. This free entry, so far  
as the Dominions are concerned, is  
guaranteed for three years only from  
the date of the Ottawa Agreement, &  
in view of the present position of  
the U.K. butter market, it seems  
very probable that something will  
be done to cut down imports as  
soon as the Govt. leads an free.  
Whether ~~the~~ cutting is done by a duty on  
butter as well as foreign butter or  
whether it is done by a quota, it  
looks as if Kenya's artificial  
butter industry will be the first  
to go to the wall.

You might care to consider whether  
the Govt's mind should be directed to  
this aspect of the matter, though  
what exactly he can do except per-  
haps prepare for the worst I do not  
know.

G. L. H. Clouston  
26/2/34

See C. Bottomley

The danger to which Mr. Clouston refers is very real.  
If the U.K. proceeds to protect home butter against even the  
Doms one may be sure that no money will be shown to  
a subsidised export. This will probably mean the collapse of  
the dairy industry in Kenya since the internal trade can  
hardly be enough to keep the creameries going. In 1931 it  
was said that 75% of the butter was exported (para 3 of  
701 on 17171/41). There will be an awful howl and it  
would be well to warn the Govt. as per Draft hereunder. It

dairy men.

S.L.S. 207  
1711

Mr. Stockdale.

You should see.

I feel little doubt that the  
warning should go, but I am  
not so sure that it should go  
from the S of S. himself. It seems  
a little too much of a "slacker" job.

L.H.S.  
27.2.34

I agree with you that a warning is desirable  
and that it should at this stage be sent semi-  
officially rather than officially. We must not  
overlook the fact that much of the alienated land  
in Kenya is fit only for animal husbandry either  
as ranching or preferably as the basis of mixed  
farming. We also must not overlook the fact that  
considerable capital has already been invested in  
the land, and in fencing and buildings as well as  
in animals. Also we must not overlook the  
development which is taking place in native re-  
serves in the direction of dairying. No young  
dairy industry can develop and find a 'place in the  
sun' in these days of serious competition without  
some assistance from Government. Established in-  
dustries are based upon herds which have been built  
up on years of testing so that only cows of high  
production are retained. In any new country, it  
takes

takes years to establish herds which will produce yields equal to those of the older countries.

I believe that I am correct in saying that both Ireland and New Zealand built up their dairy industries in the early days on a system which is not vastly different from that now in vogue in Kenya, and in Fiji there has been established a small export industry in butter behind a highly protective import duty. From Sir Alan Pim's report on Bechuanaland, it appears that the Union of South Africa maintains a subsidized export trade in butter, and that every pound of butter exported loses money. We should not overlook that producers in Kenya look to South Africa for guidance in matters of agricultural development, and it might well be to the advantage of Kenya to accept a higher price for the butter locally consumed in order to secure a development of an industry employing capital and tax-payers and utilizing land rather than to allow them to go out of business and the land to become derelict and unproductive. It is simply a question of the price that the community can reasonably be expected to pay.

From the general tendencies of world trade at the present time, it seems that we may soon be forced to the view that as the U.K. has accepted special liabilities in respect of loans to Colonial dependencies, it will have to afford them special facilities in the home markets of the U.K. This would create a considerable difficulty with the Dominions

( I question it in Ireland. I am not sure but I don't think they had bounties. There was a lot done to encourage creameries I know. )

Is this still so now they are 'off' sold? G.L.R.

Yes - the bounties were removed despite the fact that the Union made it sold M.L.

Dominions, especially after Ottawa, but it looks very much as if we may be driven to formulating a special case for the Colonial dependencies sooner or later.

I have suggested certain alterations to Mr. Flood's draft.

F. L. Stockdale  
28th Feb., 1934.

Mr. Stockdale showed this to me. I agree that it would be better as a 5/0 letter.

I don't mind Kenya receiving a butter export bounty but I think it is rather foolish policy with butter a thing in the market in nearly all foreign countries and would make any difference but if this country we are going to produce export or put it in a tariff Kenya would be able to sell it. If there is a quota Kenya would have a case and not a very good one in several quarters. It depends on the market might be arranged at a time when however small.

Mr. Flood  
I think that when this was mentioned yesterday you were so busy that you proposed to turn the draft into a letter from Sir J. Byrne. If the warning to be given becomes public property I should not like it to be returned, even to Kenya itself, as an indication of going from a member of the Cabinet.

Do you agree to Mr. Stockdale's alterations? My feeling is that, even with them, it is not sufficiently

Just right M.L.

sufficiently thought out that a bounty-fed export industry is likely to have worse treatment than one which has grown spontaneously - unless Sir J. Byrne has reason to know from other papers (? sugar) that this is so.

I should be glad if you could modify the draft so as to bring out the point definitely.

Sir J. Maffey.

Subject to my minute to Mr. Clouston, I should like to send out the warning, making such alterations in the draft as are necessary to convert it from a despatch to an unofficial letter to ~~you~~ <sup>from</sup> myself.

W.C.B.  
1.3.34

I quite agree that the letter had better be semi-official. I have suggested a further alternative to bring out Sir C. Bottomley's point.

G.L.R. Clouston  
1/3/34

Jago

J.M.  
6/3

Lord Plymouth

I agree that a semi-official letter is preferable, but this is a complicated question, involving many issues, & the S.A.S. should, therefore,

see these papers, so that he may himself decide whether any warning should go, & if so, in what form.

Await S. of S's return.

P. at mee  
9/3/34

I think we must write a letter to Sir C. Bottomley & have made a reference in the draft.

W.C.B.

2/4

Sir C. Bottomley

Revised draft 5/10 letter received

OK passed.

W.C.B.

By the way Lt To Humm Moore

2/0

9/4/34

Sir J. Campbell

Copy to Sir J. Campbell

Dear: Thanks.

Wm  
9/4/34

5. H. M. M. Moore (S.D.) \_\_\_\_\_ 30 May 34

Thurston has views on the possible restriction of butter exports to the U.K. States those interested in that industry are alive to the precarious nature of the home market & requests that they may be kept fully informed of any developments affecting the dairy industry.

There is much force in Mr. Thurston's last paragraph. But this "important question of policy" cannot profitably be discussed in semi-official correspondence; and the acknowledgment of it should be limited to an assurance that Kenya will be kept fully informed of developments.

Wm  
14/6

I am not sure that semi-official correspondence is not the best medium for discussions of major policy of this kind when they are still in a more or less preliminary stage.

As I see the picture, the object of imperial economic policy to day is (1) to organize the ~~the~~ production & trade of the Empire as far as possible on a complementary basis & (2) to follow the principle of "the home producer

foreign producer third or nowhere.  
This is not exactly identical with Mr. Koo's doctrine of "Manufacture in the U.K.", primary production overseas; for it comes to the same thing, but even so the U.K. is to some extent a primary producer, & butter is one of the things which it produces. However the assumption is that (generally and not invariably realized) is that primary production overseas is conducted on economic lines.

Kenya is not at present an economic producer of butter & the quantity of butter which she can export is limited by the amount of export surplus which can be extracted from the butter consumers in Kenya. I cannot find the ~~figure~~ <sup>figure</sup> what the export surplus amounted to in 1933, but in 1932 it was 17c. per lb. or about 19s. per cwt. It is difficult to see what real value it is to Kenya to build up an export industry on this kind of basis.

[Some 25% of the entire wholesale price of Dominion butter in the U.K.]  
Australia 75s to 76s per cwt. N.Z. 72s to 74s

It is quite true that since has seen a marked fall of price recently & so far a fall of price, though not a very marked one, but butter itself has suffered a very marked fall of price, so that Kenya was kept to some extent out of the butter market it would not be kept out of a market which was in any way a gold mine, indeed, if the market were reasonably remunerative there would be no ground for keeping her out.

If we are to keep Kenya informed of any developments, as requested in the last para. of the letter, I think that the first thing to do is to get hold of copies of the recent U.K. legislation on the subject & the Parliamentary Debates thereon. This I have now done & attach the Hansard of Feb 19<sup>th</sup> & 22<sup>nd</sup>, April 16<sup>th</sup>, May 31<sup>st</sup>, June 1<sup>st</sup>, 7<sup>th</sup> & 13<sup>th</sup> & the Milk Bill.

Butter - restriction of U.K. market.

Wm

I think this is the complete list, we might send the lot out to Mr. Moore calling particular attention to Mr. Elliot's speech on the 31<sup>st</sup> of May?

The file had better be revised from time to time to consider whether anything more should be sent.

Notes  
31/2

G. L. R. Cannon  
14/6/34

I agree that all we can do at present is to send to Kenya the documents which Mr. Cannon has collected together.

The development of mixed farming is of the utmost importance to the economic future of Kenya, and the development of dairying in the native reserves is one of the ways of increasing the native owners of cattle in their possible economic value. We should certainly see that Kenya is not squeezed out by the Dominions - perhaps we could ask the Ministry of Agriculture to keep us informed of any negotiations which may take place.

J. A. Kirkdale

15/6/34  
Let me see a draft reply to Mr. Moore's letter - I must send it on either with the draft or later. Wed. 16/6/34

1 Submit a draft for your own.  
J. A. Kirkdale  
20/6  
1934

Sir, J. P. O'Keefe

I am afraid that the draft contains all we can say. The objections are (actually) entirely valid. Mixed farming is not a new thing. It was advocated (very warmly by Sir E. Duff) several years ago as the way for Kenya's independence and export was established to pay the cost become necessary in 1931.

No doubt the case is a subsidy, but I have always regarded it as on the same footing as the subsidy on imported cotton in this country which provides an incentive for the E.A.C.: an essentially cooperative arrangement which is given legal backing simply in order to make it effective.

The latter way issue? - + we should write to the Ministry



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The file had better be revised from time to time to consider whether anything more sh<sup>d</sup> be sent.

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14/6/34

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J. A. Kirkdale

Let me see a draft reply to Mr. Moore's letter - I must send it on either with the draft or later. Wed. 16/6/34

1 Submit a draft for review.  
Enclosure  
20/6  
R. Smith  
20

Sir, In reply

I am afraid that the draft contains all we can say. My objections are (actually) about milk Kenya. Mixed farming is not a new thing. It was introduced (very unwisely, by Sir G. Frisvold) several years ago as the basis for Kenya's independence and export was established before. The case became necessary in 1931.

No doubt the case is a subsidy, but I have always regarded it as on the same footing as the levy on imported cotton in this country which provides an income for the E.A.C. on essentially cooperative arrangement which is given legal backing simply in order to make it effective.

The latter way issue? - & we should write to the Ministry of

J.M.

of Agnew's as at the  
end of the stock exchange minutes of  
June 15<sup>th</sup>?

L.C.S.  
2/6

Yes. As proposed, at all.

J.M.  
22/6

By Bag - To H. Hammoore (Sand.) etc 2/16/34  
(57 encl. on aft.)

✓  
To J. S. Blackshaw (Mr. Clegg) cons -  
12-7-34  
11/8

copy to  
on 3/18/34  
sent

116

8. A. R. Yanktelson (s.o) \_\_\_\_\_ 26 July 34

States that the quantitative regulation of imports of butter  
is not now in immediate prospect but he will communicate  
any developments in the matter.

Mr Stockdale has seen.

? to Clarkson to see

? Party

we had better tell Kempas/o  
ref to 6.

C.H. Prosser  
3/7/34  
11/8

Yes, & I think there is at any rate  
no more standard of interest (Library  
will know, I think it was a general  
statement by Mr. Elliott in connection

with Lambert Gilg)

G. L. M. Cannon  
307  
2/11/34

By Bag | To H. G. Pilling etc 11/8/34  
(2/11/34 on aft.)

116

10. H. M. Moore (s.o) \_\_\_\_\_ 30 July 34

States that No 6 has been shown to the Governor who  
does not think that much more can be done than warn leading  
settlers as to the uncertainty of the position & who feels sure C.C.  
will do their best for the industry.

? Party

C.H. Prosser  
2/7/34

(L. C. Bottomley, 1/1/34  
to see later)  
noted

B. Deakin  
25/11

116 seen 5-9-34

vide W. Cannon's  
minutes of 14 June 34  
in view of no. 8  
note of ex. l. c. c.  
position 1 Jan 36.  
noted

Re - 304

Received vide W. Cannon's minute  
of 14 June 34

W. Cannon  
1-1-36

Notes 11/4/36  
on slip

THE SECRETARIAT,  
NAIROBI.

30th July, 1934.

Dear Sir Cecil,

No 6

Thank you for your letter of the 27th June, with enclosures. I have shown the correspondence to the Governor and have left it on record in the Secretariat so that it may be available for future reference. The Governor does not think that we can do much more at this end than warn leading settlers judiciously as to the uncertainty of the position. It will certainly be a very serious blow to the dairy farmer here if the home market is denied him and the Governor feels sure that the Colonial Office may be relied upon to do their best for the industry in any arrangements that are finally made.

Thank you for your kind enquiries as to my wife. I am glad to say she has made a good recovery and will be able to fly home with me.

Yours sincerely,

*Mr. Lukose*

Sir Cecil Bottomley, K.C.M.G., C.B., O.B.E.,  
Colonial Office,  
Downing Street,  
S.W.1.

C. O.

23078/34



Mr. Everswith  
Mr. Trevelton 10  
Mr. Flood 10

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

1/4 for the Flood's  
Signature

Comp.

17 August, 1914

Dear Pillins

~~In Bottomley's absence on~~

leave I am writing in  
Continuation of <sup>Bottomley's</sup> letter <sup>to those</sup> of the 27<sup>th</sup> of June about  
the future of the Kenya  
tucker industry. We  
<sup>asked</sup> the Ministry of  
Agriculture ~~asking them~~  
to keep us currently  
informed of any  
contemplated restrictive  
measures <sup>on the importation</sup>  
of dairy <sup>(into the U.S.)</sup> produce. <sup>They</sup>  
replied that, as the  
Minister explained in  
the House of Commons in  
his speech on the  
Financial Resolution for  
the Milk Bill, the  
quantitative

DRAFT

H. G. Pillins Esq.

Comp.

1677/124

19/7/14

22/7/14

FURTHER ACTION.

Quantitative regulation of  
imports of butter is not  
now in immediate prospect,  
as the interests of the  
home milk industry are  
being safeguarded by  
alternative means until  
April 1936. They have  
promised to keep us  
informed when there are  
any developments, & we  
will keep you posted.

The home milk industry was  
mentioned in the debates on  
the Beef Bill as you will  
see from the enclosed copies  
of Hansard.

Yours sincerely

(Signed) J. E. W. FLOOD

Telephone: WHITEHALL 3400.

Telegrams: GROWMORE, PARL. LONDON.



8  
Ministry of Agriculture and Fisheries

Whitehall Place, S.W.

26th July, 1934.

Dear Stockdale,

✓  
Seen.  
J. A. Manktelow  
2/17

No 7  
Your letter of the 12th July (23054/1934) addressed to Blackshaw, on the interest of the non-self-governing Colonies in any scheme for the regulation of supplies of butter to the United Kingdom, has been passed to me.

As Mr. Elliott explained in the House of Commons in his speech on the Financial Resolution for the Milk Bill, to which you refer, the quantitative regulation of imports of butter is not now in immediate prospect, as the interests of the home milk industry are being safeguarded by alternative means until April, 1936. However, we will certainly keep you informed when there are developments regarding the quantitative regulation of butter imports.

Yours sincerely,

F.A. Stockdale, Esq., C.M.G., C.B.E.,  
2, Richmond Terrace,  
S.W.1.

*A. R. Manktelow*  
A. R. MANKTELOW

C. O.

23058/24

13

- Mr. Grossmith.
- Mr. *Reaster* 4 ? For Mr. *Stockdale's* signature.
- Mr. *Hood* 11
- Mr. Parkinson. *Mr Stockdale 12/2/34*
- Sir G. Tomlinson.
- Sir C. Bottomley.
- Sir J. Shuckburgh
- Permt. U.S. of S.
- Parly. U.S. of S.
- Secretary of State.

Downing Street,  
12 July, 1934.

**DRAFT.** *for union*

Dear Blackshaw,

J.F. BLACKSHAW, ESQ., O.B.E.  
MINISTRY OF AGRICULTURE  
& FISHERIES.

I am not sure that the following is <sup>a</sup>matter with which you would deal personally, but if it is not, perhaps you would pass on the letter to the Department concerned.

You will remember that in his speech at the House of Commons on the 31st May, Mr. Elliot referred to the policy of His Majesty's Government with regard to the possible necessity for restricting the imports of dairy produce. An appreciable amount of butter is exported from *non-self governing* certain of the Colonies and we are naturally interested in any

**FURTHER ACTION.**

restrictive measures which may be contemplated.

We ~~shall~~ <sup>shall</sup> accordingly be grateful if the Ministry of Agriculture ~~will~~ <sup>could</sup> keep us <sup>currently</sup> informed of any negotiations which may take place affecting the position in so far as the entry of butter from the Colonies is concerned.

~~Yours sincerely,~~  
Yours sincerely,  
(Signed) F. A. STOCKDALE.

M. C. O.

23058/34 Kenya.

- Mr. Macpherson 20/6
- Mr. Freeston 20
- Mr. Clauson 21/6

Mr. Parkinson.  
Sir G. Tomlinson.

- X Sir C. Bottomley. 21.6
- Sir J. Shuckburgh
- + Perm. U.S. of S. 22/6 b.
- Parly. U.S. of S.
- Secretary of State.

Sto to Sir C. Bottomley's signature

**DRAFT.** for Conson.

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



Downing Street,

27 June, 1934.

SECRETARIAT,  
NAIROBI.

*Regd. Mover*

(5)

Milk Bill

<u>Hansard 19.2.34.</u>
<u>22.2.34</u>
<u>16.4.34</u>
<u>31.5.34</u>
<u>1.6.34</u>
<u>7.6.34</u>
<u>13.6.34.</u>

FURTHER ACTION.

*Difficult to see where other markets are to be found; the Great Dominion producers have had no substantial success in their search.*

We were glad to learn of your letter of the 30th of May <sup>some of</sup> that the people engaged in the dairy industry in Kenya are <sup>aim to</sup> aware of the precarious nature of the home market and that they are searching for other markets for their butter. It is, however We fully appreciate that the development of mixed farming is of great importance to the economic future of the

Colony



Colony and that the development of dairying in the native reserves is one of the ways of interesting the native owners of cattle in the economic value of their herds. But the fact remains that the present position

of the United Kingdom butter market makes it ~~not improbable~~ <sup>almost inevitable</sup> that something ~~will~~ <sup>should</sup> be done to ~~cut down~~ <sup>help the U.K. producer</sup>

~~imports~~ after the lapse of three years from the date of the Ottawa Agreement, ~~and while we shall~~ <sup>be the only practical</sup> form of help is to reduce the volume ~~as I said in my letter of the 9th of April,~~ <sup>of imports from overseas.</sup> ~~to our best to look after the interests of~~

(4)

~~Kenya, a considerable cut in the Colony's share~~ <sup>Omit</sup> ~~is inevitable if a policy of restriction is~~ ~~adopted.~~

You say that the colonies are being told that their rôle is that of primary producers, the corollary being that the United Kingdom should undertake manufacture only; but even today the United Kingdom is to some extent a primary producer and butter is one of ~~the~~ <sup>its</sup> ~~most~~ <sup>now important products.</sup> ~~items it produces.~~ The present imperial

economic

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

**DRAFT.**

economic policy might more truly be said to have as its objects: (1) To organise the production and trade of the Empire as far as possible on a complementary basis, and (2) to follow the principle of the home producer first; the Empire producer second; and the foreign producer third (or nowhere)

This is not exactly the same as your interpretation of the policy although it usually amounts to the same thing.

Moreover, the presumption (generally but not invariably realised) is that primary production in the Colonies is conducted on economic lines.

Kenya at present is not an economic producer of butter <sup>for the world market.</sup>

The quantity which the territory can export is limited by the amount of export subsidy which can

**FURTHER ACTION.**



THE SECRETARIAT,  
NAIROBI.

30th May, 1934.

Dear Sir Cecil,

Thank you for your letter of the 9th April on the subject of our butter exports to the United Kingdom. I have taken the opportunity during the last few weeks of sounding those interested in the industry on the question of markets, in particular, Captain Caswell Long, Mr. A. C. Hoey and Mr. Mervyn Ridley, without in any way communicating to them the contents of your letter. I gather that they are alive to the somewhat precarious nature of the home market and are actively searching for markets elsewhere. I did not, however, consider it wise to go any further than this because I feel sure that, if it became generally suggested that our present share of the home market was going to be drastically curtailed, it would create the greatest despondency and dismay among our local farmers. The fact is, as you know, that the Government has been actively preaching to maize farmers that they should switch over to mixed farming, and the dairying industry as a whole has been officially encouraged in every possible way; and quite recently a new creamery has been opened at Thomson's Falls, and there is talk of yet another one at Eldoret. The Government would, therefore, be in an impossible position if, just when the industry was expanding on an export basis, it had to tell the farmers that the home market was going to be closed to them or seriously restricted. For this reason, Sir Joseph Byrne,

- 2 -

to whom I have shown this letter, is most anxious that the Colonial Office will do everything in its power to see that, if the position is reviewed on the expiry of the Ottawa Agreements, the Dominions are not allowed to squeeze Kenya and any other colonies concerned completely out of the picture. Further, as I know you realise, the butter cess which has been put on to assist our exports is hardly a Government subsidy in the accepted sense of the word.

We rather feel locally that an important question of policy is involved. The colonies are being told that their rôle in Empire economics is to be primary producers for the United Kingdom market and that local industries which might compete with home industries are to be discouraged. If that is the policy, then surely the home Government must do all in its power to provide a market for colonial produce, and not bang the door in our face to bolster up the English farmer. Here in Kenya we are already faced with the prospect of tea and sugar quotas, and if butter is to be similarly restricted, there will be very little left for the European farmer to grow except sisal and coffee, both of which have suffered marked falls in price recently. There is the further point that we are trying to stimulate the native dairy industry and there have been active negotiations lately with the creameries with a view to seeing how best native supplies could be taken and, if up to quality, placed on the home market. The Governor feels the question is so important that he hopes that the Colonial Office will keep us fully informed of any developments there may be which would affect our dairy industry.

Yours sincerely,

*Mr. de la Roche*

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Yours sincerely

Mr. Flood 4/4/34.

Mr.

Mr.

Mr. Parkinson.

Mr. Tomlinson.

X Sir C. Bottomley. 5.46 *f*

Sir J. Shuckburgh.

Permt. U.S. of S.

Parly. U.S. of S.

Secretary of State.

*Handled by No 5*

C.D.	
R	5 APR
D	6

4 April, 1934.

*2A-20*

Dear Moore,

**DRAFT.**

H. M.M. Moore, Esq., C.M.G.,

Secretariat,

Nairobi.

Please look at the correspondence connected with the Butter Levy Ordinance, ending with the S. of S's despatch No. 133 of the 22nd of February. Since that despatch was sent we have been considering the possible future of Kenya's export trade in butter. According to the Agricultural Census for 1933, 9,242 cwts. of butter were exported in 1932, as compared with 6,326 cwts. in 1931. Of this quantity, 8,000 cwts. (in round figures) came to this country and were admitted

**FURTHER ACTION.**

*After the flourish (last page) as is written in the draft*

*Word 7/4*

free of duty under the Import Duties Act. This freedom of entry, however, as far as the Dominions are concerned, is guaranteed for only three years from the date of the Ottawa Agreements, and, if the position of the dairy industry in this country remains as it is now, the possibility must be faced that H.M.G. will adopt some measure of restriction of imports of butter as soon as the three years have elapsed. It is not, of course, possible to say whether the method of restriction (assuming that a policy of restriction is adopted) would be the imposition of a duty on imported butter of Empire, as well as foreign, origin or the adoption of a system of quotas.

In the event of a quota system, which would be the more probable in the light of modern policy, you can <sup>of course rely</sup> upon the C.O. to

do

Mr.  
Mr.  
Mr.  
Mr. Parkinson.  
Mr. Tomlinson.  
Sir C. Bottomley.  
Sir J. Shuckburgh.  
Permt. U.S. of S.  
Parly. U.S. of S.  
Secretary of State.

DRAFT.

FURTHER ACTION.

do its best to secure as large a quota as possible for Kenya. But you will realise that some restriction under such a policy is inevitable, and there will be strong pressure from the Dominions that the Kenya share be cut more than theirs, first on the ground of past average production, and secondly, on the ground that it is a subsidized export.

I do not see that any action is possible on the part of Kenya, and no doubt all the considerations set out above are familiar to the Government of Kenya and to those engaged in the dairy industry in the Colony, but you might think it well that interested

3

Interested parties should be warned that there is at any rate a possibility that the market for imported butter in this country may be contracted in the near future, in which case the importation of Kenya's produce may be seriously restricted.

*Of course the Hon. Secy*  
~~We had thought of sending an official despatch about it, but the Hon. Secy should know if it matter is so very uncertain that the S. of S. decided that it had better be a demi-official letter.~~

Yours sincerely,

W.C. BOTTOMLEY.

C. O.

Mr. Davies 20/2/34. *F.S.*

Mr.

Mr.

Mr. Parkinson.

Mr. Tomlinson.

Sir C. Bottomley.

Sir J. Shuckburgh.

Permt. U.S. of S.

Parly. U.S. of S.

Secretary of State.

C. O.  
R 20 FEE  
D 21

22 February, 1934.

*SC*

Sir,

**DRAFT.** DESPATCH.

**KENYA.**

NO. /33

GOVERNOR.

I have the honour to ack.  
the receipt of your despatch No.15  
(1) of the 6th of January, and to inform you that H.M. will not be advised to exercise his power of disallowance in respect of Ordinance No.LIX of 1933, entitled <sup>an</sup> "An Ordinance to amend the Butter Levy Ordinance, 1931".

2. I would also take this opportunity to inform you, with reference to para.4 of Mr. Thomas's despatch No.717 of the 19th of October, 1931, that H.M. will not be advised to exercise his power of disallowance in respect of Ordinance No.XXII of 1931, entitled <sup>an</sup> "An Ordinance

**FURTHER ACTION.**

(No.7 on 17171/31).



to Provide for the Imposition of

a Levy upon Butter.

I have, etc.,

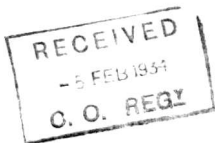
(Signature)

(for the Secretary of State)



2<sup>12</sup>  
THE SECRETARIAT,  
NAIROBI,  
KENYA.

WHEN REPLYING  
PLEASE QUOTE  
No.S. VET.1/4/1/66.  
AND DATE



9<sup>11</sup> January, 1934.

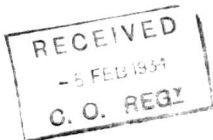
No1  
The Colonial Secretary of the Colony and Protectorate of Kenya presents his compliments to the Under Secretary of State for the Colonies and with reference to Kenya despatch No. 15 of 6th January, has the honour to transmit twelve printed copies of Ordinance No.LIX of 1933 entitled "An Ordinance to Amend the Butter Levy Ordinance, 1931".

H.L



2<sup>2</sup>  
THE SECRETARIAT,  
NAIROBI,  
KENYA.

WHEN REPLYING  
PLEASE QUOTE  
No. S. VE 1. 1/4/1/66.  
AND DATE



9<sup>th</sup> January, 1934.

Not

The Colonial Secretary of the Colony and Protectorate of Kenya presents his compliments to the Under Secretary of State for the Colonies and with reference to Kenya despatch No. 15 of 6th January, has the honour to transmit twelve printed copies of Ordinance No. LIX of 1933 entitled "An Ordinance to Amend the Sutter Levy Ordinance, 1931".

H.L.



Colony and Protectorate of Kenya

IN THE TWENTY-FOURTH YEAR OF THE REIGN OF  
HIS MAJESTY KING GEORGE V.  
JOSEPH ALOYSIUS BYRNE KCMG KBE CB

Assented to by the Governor  
in Council on 29th Dec 1932

J. E. S.

AN ORDINANCE TO AMEND THE BUTTER  
LEVY ORDINANCE, 1931

**ORDINANCE No. LIX of 1933**

**An Ordinance to Amend the Butter Levy Ordinance, 1931.**

ENACTED by the Governor of the Colony of Kenya, with the advice and consent of the Legislative Council thereof, as follows :—

1. This Ordinance may be cited as "the Butter Levy (Amendment) Ordinance, 1933," and shall be read as one with the Butter Levy Ordinance, 1931, hereinafter referred to as "the Principal Ordinance".

Short title  
No 22 of 1931

2. Section 4 of the Principal Ordinance is hereby amended by adding at the end of sub-section (2) thereof the following proviso :—

Amendment  
of section 4  
of the  
Principal  
Ordinance.

Provided that if the value of butter exported from the Colony, free on rail Kenya railway stations, together with the bounty or premium payable in respect of such butter under this sub-section exceeds the average price, as determined from time to time by the Treasurer, at which butter of fair average quality is sold wholesale in the Colony less the amount of the levy for the time being in operation there shall be paid in respect of such butter so exported so much only of the bounty or premium payable under this sub-section as will bring the price of such butter up to the price at which butter of fair average quality is sold wholesale in the Colony, and if at the close of any year there is a balance standing to the credit of the fund the Treasurer shall carry forward such balance to meet the purposes of the fund for the ensuing year."

No. LIX

Butter Levy

1933

Amendment  
of section 8  
of the  
Principal  
Ordinance.

3. Section 8 of the Principal Ordinance is hereby amended by adding after paragraph (c) thereof the following paragraph:—

"(d) by the use of any wrapper bearing the levy stamp in which butter has previously been sold or by any other means falsely indicates that the levy imposed by this Ordinance has been paid in respect of the butter contained in any tin or package sold or exposed for sale."

Passed in the Legislative Council the nineteenth day of December, in the year of Our Lord one thousand nine hundred and thirty-three.

This printed impression has been carefully compared by me with the Bill which passed the Legislative Council and is presented for authentication and assent as a true and correct copy of the said Bill.

J. F. G. TROUGHTON

Acting Clerk of the Legislative Council.

PRINTED BY THE GOVERNMENT PRINTER, NAIROBI

KENYA.

No. 15



GOVERNMENT HOUSE,  
NAIROBI,  
KENYA.

6<sup>th</sup> JANUARY, 1934.

Sir,

I have the honour to transmit two authenticated copies of Ordinance No. LIX of 1933 entitled an Ordinance to Amend the Butter Levy Ordinance, 1931, which passed its third reading in the Legislative Council on the 19th December and received assent on the 29th December 1933, together with the Legal Report, in duplicate, prepared by the Attorney General. Twelve printed copies of the Ordinance are being sent under separate cover.

2. The objects of this measure are explained in the Legal Report.

I have the honour to be,

Sir,

Your most obedient, humble servant,

*H. G. J.*

BRIGADIER GENERAL.  
GOVERNOR.

THE RIGHT HONOURABLE  
MAJOR SIR PHILIP CUNLIFFE-LISTER, P.C., G.B.E., M.C., M.P.,  
SECRETARY OF STATE FOR THE COLONIES,  
DOWNING STREET,  
LONDON, S.W.1.

LEGAL REPORT.

THE BUTTER LEVY (AMENDMENT) BILL, 1933.

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Clause 2 of the Bill gives power to regulate the amount of the bounty or premium payable under the Principal Ordinance in accordance with the average wholesale price of butter in the Colony.

Provision is also made for the disposal of a credit balance in any year, and for dealing with dishonest practices calculated to defeat the objects of the Principal Ordinance.

In my opinion, His Excellency the Governor may properly assent to this Bill in the name and on behalf of His Majesty.

Nairobi,

19th December, 1933.

*W. Hanan*  
ACTING ATTORNEY GENERAL.

COMPARATIVE TABLE.

THE BUTTER LEVY (AMENDMENT) BILL, 1933.

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Sections.	Remarks.
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|----|--------------|
| 1. | Short title. |
| 2. | New.         |
| 3. | New.         |
- 

*W. H. King*  
ACTING ATTORNEY GENERAL.

Nairobi,  
19th December, 1933.