

1935.

Kenya

No. 38171

SUBJECT

C0533/460

Maize Industry

Previous

3019/33.

15004/2/35. Econ

Subsequent

1936.

Submit Home on Conditions of maize
industry.

2. Kenya. Tel 293

14/12/35

Lrs. with comment, news of Executive
Council and request very early decision

The proposal is to bring the export price of
maize to a guaranteed price of 45.50c. per
200 lb. bag of maize, ^{for} by granting a subsidy.

It is stated the 25.75c. is equivalent
to 16s. 3d. per qr. cif. London, so 45.50c.
is presumably equivalent to about
20s. 6d. per quarter cif. London.

I think that it will be generally
agreed that the Govt cannot be justified
in giving a permanent subsidy on export,
the only justification for a subsidy
is to meet a temporary state of affairs.

I think the proposal falls down on
this principle, for I know of no
reason for supposing that maize is
going to rise by 25%, as it would have
to reach the Dutch level proposed.
I have discussed with the Min. of
Agriculture, who prima facie takes
the same view, but will let me have
a considered appreciation shortly.

There is therefore no end in sight
for subsidization, ~~and~~ once it starts,
& I am ~~therefore~~ bound to oppose the
Govt's proposal.

A. L. K. Paulson
16/12/35

There are two points of view on this question, one economic and the other political.

As regards the economic aspect of the thing it is impossible not to agree with Mr. Clauson. When they started a maize subsidy before in 1931 Sir John Campbell pointed out that Kenya's only experience in maize was during the one boom period over the last fifty years. This is unfortunate and it has given the Kenya maize industry far too good an opinion of itself and this kind of proposal is the result. From the figures given in 17126/31 it appears that what they were aiming at then was a guaranteed price of Sh.6/50 cents per bag on rail. It was thought that if the price could get to about Sh.21/- or Sh.22/- per quarter the Kenya planter could stand it. The present proposal is to guarantee a price of Sh.4/50 cents per bag free on rail for export maize of the Kenya K.2 grade. In the despatch it is suggested that the maximum cost of the amount required to implement this guarantee, assuming an export crop of 650,000 bags, would be about £12,500. In the telegram the figure has now been pushed up to £17,000. The resolution enclosed put in a reservation "provided that the total obligations of Govt. do not exceed £12,500 and provided that this amount can be included in the 1936 Budget without reducing the Budget Surplus below £10,000". The resolution goes on very naively to suggest that if this is not possible

Govt.

Govt." should investigate means whereby the required funds can be obtained." It is interesting to note that the Indian Member did not support the resolution and Major Grogan dissented from it in order to drag in his King Charles's head of the currency, etc.

In the telegram the Governor suggests that the Finance Committee appears to indicate that even if £17,000 is earmarked for maize subsidy there would still be a surplus of between £5,000 and £10,000. This, of course, is so much eyewash, because the Finance Committee can make its surplus either by saying that Govt. has underestimated the revenue, and saying it without any justification beyond their own opinions, or else by directing that expenditure be ground down in some place where expenditure is not susceptible of a reduction. In other words, they are dealing with estimates and not with actual figures. However, for the sake of argument one can accept the opinion that Kenya could provide up to £17,000 without upsetting its Budget.

But there is no guarantee that the £17,000 will be enough. If 650,000 bags are exported and the subsidy is only Sh.1/- a bag the total amount required would be £32,500. If the amount is not sufficient it will be very difficult for Govt. to resist pressure to increase it because the maize grower will argue that he was promised Sh.4/50cents per bag and statements that the money has run out will not be accepted as sufficient explanation. Paragraph 6 of the despatch says that the Board received evidence to the effect that considerable sales were expected to be made to Canada at a figure which would give

more

*3 units of the...
cost, as the...
figures... £ 56,975
7/12/35*

more than Sh.4/50cents on rail, and the idea is that the whole crop shall be averaged out before any subsidy is paid. All I can say about this is that I should very much like to know what the evidence was and what it is worth, because I can hardly see Canada taking Kenya maize as long as there is any left in Buenos Aires.

Another objection, and a powerful one, is that any such subsidy must have the effect of putting up the internal price of maize and thereby hampering the production of Kenya's other crops. It appears that the tea, sisal, and coffee interests have been consulted and that the tea and sisal people, who are at the present moment blazing in the lustre of unaccustomed pocket money, have no objection; but the coffee people, who are really up against trouble, do object to any measure which would raise the costs of their industry, which, as we know, is putting up a manful struggle in adverse circumstances. (I ought to explain that the main cost comes in because the planter has to pay his labourers so much cash and provide them with 'posho', so that anything that puts up the price of maize automatically adds to the expense of running a coffee plantation) The Governor and his Executive Council are of opinion that the adverse effect on the coffee industry will be more than counterbalanced by general benefits. I venture to doubt it. I do not see how the coffee industry can stand much more without serious danger of a complete collapse.

Now

Now let us look at the political side of it. The Kenya maize grower is a fairly vocal person among the farming industry in Kenya. The coffee planter is rather a plantation man and so are the tea and the sisal people, but the maize farmer is rather in a different category, each man growing his own maize. Also the maize growers have been suffering for a long time and can probably see no way out.

One of the ories in Kenya is that agriculture is subsidised in South Africa and in the United Kingdom and yet nothing is done for the Kenya farmer. They quite forget that conditions are different. South Africa differs from Kenya in that it has got the money owing to the premium on gold, which is heavily taxed in South Africa. In the United Kingdom the problem is to help the farmer to resist competition from imported stuff. Neither condition holds in Kenya, and the only justification for subsidising the farmer is to enable him to exist beautifully, though there is also the fact that Kenya does depend to a great extent on European production. This last argument, however, rather falls to the ground if the said production has to be subsidised to enable it to go on.

This proposal is also frankly a subsidy to the European. The native does not produce maize for export, and the excessively half-hearted suggestions at the end of paragraph 2 and in paragraph 7 that the natives would derive some benefit from subsidy and increased internal price do not carry much conviction to my mind. It is therefore quite

possible

x and Kenya should
insistently to a note
prepared by the kind
then we make it!

Can they develop
something of the
establishment of
it was entirely well
are there some
subsidies taken on?

17/12/55

possible that the subsidy may be attacked in Parliament on the ground that it benefits the European - and even then does not benefit him very much - while it definitely penalizes the native by causing him to pay more for his food.

I do not think that that matters very much ~~because the native grows his own maize very largely.~~

All the same, I think that for political reasons the proposal ought to be approved. The maize growers are down to their last resources and I do not see how the Govt. can possibly allow them to fade out into bankruptcy without doing something within the limit of its available resources to help. Admittedly the subsidy is not very large, and I do not think that it could do more than help the maize farmer to struggle on for another year, except in the extremely unlikely event of prices going up, but if Kenya is warned that we see no reason to hope for any improvement and passes the information on it may do some good in causing the maize growers to take to something else. Subsidies cannot go on forever, especially when Govt. has no money to pay the subsidies.

Draft telegram here with for answer.

J. S. G. Hand

17.12.

On the financial and economic sides, it seems to me that no case can be made out for this proposed subsidy. The amount is not nearly enough to meet the stated case for assistance: there seems no reason to think that prices are likely to alter in such a way as to remove, within a comparatively short period, the alleged necessity for continuing the subsidy: if it is granted, we at once establish a case for the grant of further subsidies--and it would be unduly optimistic to think that such claims will not be made, and strongly supported. Maize has already been given (I understand from the " Times") considerable special assistance in the form of railway rate reductions. This bolstering up of a crop which cannot apparently be made to pay its way, on the best view of the situation which we here can obtain, seems to me to lead nowhere. It involves a continuing drain on the finances of the country:--a drain which Kenya cannot stand. If one saw light at the end of the tunnel, it would be a different matter.

2. I do not know the precise terms of Sir Alan Pim's enquiry; but, prima facie, it strikes one as curious that no reference is made to his opinion. This proposal has obviously considerable importance as regards the general financial problem of Kenya, and one would naturally have expected that he would have been consulted, and his opinion stated.

3. For my part, I must agree with Mr. Clauson's view. It is difficult to resist the impression that, in all these matters, the political pressure which the organised settler body can in fact exercise has more weight with the Govt: than objective considerations, dictated by the interests of the country as a whole.

one can fully appreciate and sympathise with their very great difficulties, while still maintaining this view.

4. I do not think that this subsidy should be agreed to. But, if the decision is to be taken on a political basis--as Mr. Flood suggests, and as existing circumstances may in fact render necessary--then the matter passes out of my sphere. Even on that side, however, there are obvious difficulties.

The 17th: December, 1935.

17/12/35
On the grounds that we want to show our desire to help the producer ^{and} that it is very desirable to help the Govt. I think we must agree, as in the draft

I have added words as there may be something in the letter to me that is material to the case. We can't expect it in time to take it into account before that ofc.

15th 19.12.35

Exp. may wish to discuss.

*J. H. M.
17/12/35*

3 To Gen. Lib 357

18.12.35

Kenya Lib 357
DESTROYED UNDER STATUTE

18/12/35
States that subsidy limit of £17,000 should have read, £12,500.

So much the better for Kenya finances; & so much sooner is the scheme likely to come to grief because the funds have run out.

I may add that I enquired yesterday of a friend in the grain trade what he thought of the prospects of maize. He said there had recently been a rise in prices (especially in Canada) which he thought was in sympathy with the rise in wheat. He regards 1) the sympathy as misplaced; 2) the rise in wheat as only temporary; & 3) the ultimate prospects for maize precisely what we had.

Receipt here, having regard to
two recent crops in succession
in the Argentine.

S. G. G.

19.12

Yes, but the only satisfaction is that they do not think that the subsidy will come up to £17,000. From the point of view of Kenya, £12,500 is just as bad as £17,000 and they really haven't got it out, as things are, I suppose we have to be thankful for small mercies. I think it is as well to follow up the telegram with a despatch and I submit the draft of one herewith. It is likely, I feel, to come as a sort of bludgeon at the maize growers but I have endeavoured to word it fairly sympathetically and if it is made public (or at any rate the substance of it) it may do something to prevent the Kenya maize farmer from going on in his hopeless attempt to beat the world even at the expense of his own fellow-Colonists, who are engaged in growing coffee. The despatch may, of course, be stigmatized as tactless and discouraging, but is it not time that someone told the truth to the unfortunate planters in Kenya? They may be the best fellows in the world, but they cannot play with the dice so heavily loaded against them as they are with Kenya farming.

S. G. G.

24.12

Sir J. Mackay

You should see the draft. I am afraid there is no doubt that it should issue, but there is also no doubt that the despatch will have a bad reception.

We tell the sections that tension must be maintained & that destruction means damnation: we have no hope of substantial relief or regard to the railway, and we can't get to definite about the land bank: so we tell a substantial number of them that "look to 'some other' crops if they are to continue", and hint that even coffee growers are not too safe.

W.C.S.

24.12.35

I have no doubt that this should go. The fear that we might be hysterical suspension of Kenya must not deter us from giving ~~the~~ sound advice. The paper answer to the letter will be "Thank you". But it would be a surprise?

W.C.S.

W.C.S.

24/12

5 To Kenya 8 (w/c 1 on 15004/35)

4 136

6. Kenya Sel 308 — dup — 30/12/35.
(orig reg'd on 38008/35 Kenya)

7. Sir J. Byrne — 7/12/35.
Encls. circular to Executive
Council regarding maize subsidy.

~~By~~ I assume
Sir C. B. B. will
take a convenient opportunity
to reply. No direct action is
required.

G. L. M. Thomson

6.1

No-exception to transfer the registration from Economic
to something else. If not it will get lost & it should be in the
Geographical list committee on this is so much that isn't Economic about it.
J.S.W. K.S.

7.1

I have discussed with Mr. Flood &
we are agreed that this is a case for
double registration. The whole of
this file should be transferred to the
Kenya files, but copies of 1, 2, 3, 4
& 5 should be put on one of the Economic
files (? the main file 15004/35).

G. L. M. Thomson

Have replied as in above dated 2/1/36
Re arrange registration —
forward.

W.S. 8/1/36

8. Sir J. Byrne

8.1.36

3. 11/12/35
for action as a
v. J.S.W. K.S.

9. Extracts from Report on grain trade in
Argentina for month of December 1935 received from
the correspondent of Imp. Econ. Office in Buenos Aires.
(orig. reg'd on 15223/2/36 Econ.)

? send copies out d.o. to Sir
J. Byrne. d.o. for info re previous comm.
G. L. M. Thomson

This has been
carefully checked; not
my fault.

6/2/36

By air mail 10 To Sir J. Byrne (at Buenos Aires) also 7/2/36 ✓



Copies reg'd on
15000/2/35 Econ.
2/1/36

C. O.

AIR MAIL

10
9

Mr. 769 7-2

Mr.

Mr.

Sir G. Parkinson

Sir G. Tomlinson

X Sir C. Bottomley.) L f

Sir J. Shuckburgh

Perm. U.S. of S.

Parly. U.S. of S.

Secretary of State.

DRAFT.

Sir J. Byrnes G.C.M.G.,
K.B.A., C.B.

My dear Byrnes,

I am sending you herewith
extracts from a report on maize etc.
in Argentina. I am afraid it holds
out small hope of any improvement
in price. ~~Very sincerely yours~~
~~Sir C. Bottomley~~

YOURS SINCEERLY

SIR C. BOTTOMLEY.

copies available.

FURTHER ACTION.

15000
Orig on 15223/2/36 Econ. ♀

Extracts from report on grain trade in Argentina
for December 1935 received from the correspondent
of Imperial Economic Committee in Buenos Aires

.....

"It may be added that since the preparation of the above official report, further rains have fallen at intervals, interfering with the harvesting operations; but whether any serious damage to the grades will result is doubtful. Certainly any deterioration in the wheat and linseed crops will have been offset by the great benefit to the new maize, which is said to be everywhere in splendid shape, with probably a new record acreage planted, although no figures are yet available. January will be the critical month for maize. With a continuation of present weather conditions, last year's record volume is likely to be largely exceeded, and with the new crop, plus current stocks, marketing may be a serious problem.

.....

MAIZE.

Shipments of maize during December were 716,621 tons a gratifying increase over the 568,869 tons in November, but still well below what is necessary in order to effect a clean up of the old crop before the new grain comes forward.

The statistical position is now as follows:-

Revised official estimate 1934-35 crop	11,450,000 tons
Carry over from 1933-34 crop	11,300 "
Total supplies	11,461,300 "
Seed and domestic consumption (revised)	2,570,000 "
Exportable balance	8,891,300 "
Exported to 31st December	6,085,909 "
Still available for export	2,805,391 "

During the past month the market has been generally

generally quiet, with prices at the official minimum of \$4.40 per quintal. The wintry weather prevailing in Europe stimulated the demand, but on the other hand available supplies were heavy. A few days after the announcement of the raising of the official minimum prices for wheat and linseed, prices for maize took a spurt upwards, due to a demand for maize in order to load vessels which had been booked for wheat and linseed, especially wheat, whose price was now above world levels. Spot maize touched \$4.80, and the Grain Control Board took advantage of the opportunity to dispose of its holdings to exporters. These sales are still in process of being absorbed by European buyers, and prices here have slipped back to the minimum again. With the excellent prospects for the new crop, referred to elsewhere in this report, it is not anticipated that price levels will improve. The talk is rather the other way, how long it will be before the official minimum is dropped to a lower figure. Much depends upon the weather this current month - (January).

With Spot quoted at \$4.40, March is being offered at \$4.74 per quintal.

4
12
8th January, 1956.

I am afraid I am badly behind in replying to your letters but as yours of the 7th December has just turned up in ~~circumstances~~ ^{rather} circumstances I am getting it off my conscience.

I took it with me when we went to the House of Commons to discuss the maize subsidy with the Secretary of State. He had, however, studied the papers and come to a decision so there was no occasion to take your letter out of my overcoat pocket, where it remained for an unconscionable time. I am sure that the decision was the only possible one but I am sorry that it was not possible for you to take the coffee growers with you.

With regard to the Land Bank, I understand that we have just got your proposals for short date advances. I have not yet seen them but they will need a good deal of consideration and we cannot be sure that

the

BRIGADIER GENERAL SIR JOSEPH BYRNE, G.C.M.G.,
K.B.E., C.B.

the Treasury will agree to them as a loan service. The position reminds me closely of a Uganda case of some fifteen years ago when the Treasury said quite flatly that what was ^{had} their business ^{for} with the bank would not be justifiable for the Government. *But we must see what can be done*

Yours sincerely,

W. C. C. Stanley

dup
PERSONAL & PRIVATE.

AIR MAIL.

15004/2
7
14
GOVERNMENT HOUSE,

KENYA,

EAST AFRICA.

8th December, 1935.



Encl 3/1
My dear Bottomley,

This morning I adjourned Council till the 19th after a protracted and weary debate on the Estimates. We opened on the 20th November and then had to have an interval till the 27th under our Standing Orders. Everybody on the unofficial side spoke at length on every conceivable subject between the 27th November and the 7th December. A feast of oratory.

(S)
Amc
On the whole the debate was not unfriendly to Government but most unfriendly on the unofficial side inter se. Dr. Wilson, the new representative of natives, made a courageous speech indicting the European Elected members and their policy which he stated was doing infinite harm to the country, especially their secret Societies (i.e., the Vigilance Committee, which is now becoming a subject for topical mirth in the Colony). This bombshell stirred up a veritable hornets nest. Then Francis Scott made a political speech at the Nakuru Colonial Dinner casting aspersions on the Indians who retaliated in Council with much bitterness and a certain amount of truth.

The....

The piece de résistance was however presented on Thursday in all its nakedness when the accusation against the Government of breach of faith over the alternative Taxes was produced by the ablest debater, Captain Schwartz.

I enclose a cutting from this morning's East African Standard containing - in Schwartz's speech - the evidence on which this vague charge, which has so much excited the country, has been based. Wade's able speech knocked the bottom out of the insinuations and has undermined the elected members position which they have always boasted was impregnable and on which they declared they would make their main stand.

The Estimates have now been referred to the Standing Finance Committee which in the ordinary way should complete their investigations within a week, having regard to the thorough examination made recently by the Economy Committee and having regard to the fact that the Budget is provisional awaiting the Report of Pin.

But I have just learned that the Elected Members intend to give as much trouble as possible and I am told

That....

that they will raise so many points in Committee as will prevent a report being presented before the New Year. It really is most tiresome.

I have now arranged, as I have already stated, for the Council to reassemble on the 19th when we will pass the taxation and other Ordinances on the Order paper and if no hope is then seen of receiving the report of the Standing Finance Committee I will pass an Appropriation Ordinance based on the Draft Estimates.

As regards the Maize Subsidy about which you have received an Air Mail Despatch. I enclose a precis which was discussed in yesterday's Executive Council. We decided that the Coffee Board should meet at once and give a definite decision which would be considered at a special meeting of the Council summoned for Saturday next the 14th.

If Tea, Coffee and Sisal all agree to this extra burden being thrust upon them in order to help their unfortunate fellow settlers (maize planters) I personally think that the expenditure of £12,500 by Government would

be.....

be to the advantage of the Colony. It should benefit the natives by raising the local price and it would be a counter gesture to Uganda who deserve our thanks for agreeing to the £18,000 Special Subsidy granted by the Railway.

I have sent you a telegram about the Land Bank. The method of using the money was always at the back of my mind when I asked you to keep me informed before you made any public announcement.

Revenue is coming in well and the rains are splendid. If it were not for the unfortunate Maize farmers (and many others who I really think are getting beyond help) there is a tinge of brightness in the air.

Yours sincerely,



Sir W.C. Bottomley,
K.C.M.G., C.B., O.B.E.
The Colonial Office,
London. S.W.1.

MAIZE - GUARANTEED MINIMUM EXPORT PRICE:

With reference to Executive Council Minute No. 474 dated the 22nd November, 1935, the following replies from the Coffee Board of Kenya, the Kenya Sisal Growers' Association and the Tea Growers' Association have been received.

THE COFFEE BOARD OF KENYA,
P. O. Box 1011,
NAIROBI. 4th December, 1935

The Hon: Director of Agriculture,
NAIROBI.

Sir,

MAIZE SUBSIDY:

I beg to refer to your letter No. MAIZE/15/27, dated 27th November, and to my letter No. M. 5/1021, dated 2nd December.

This matter was considered at a meeting of the Executive of this Board, held on 3rd December, and it was agreed as follows:-

"THAT this Executive of the Coffee Board is prepared to recommend to a meeting of the full Board that the Coffee Industry should accept the proposed Maize Subsidy, provided that Government gives an undertaking that the subsidy will not be renewed after 31st July, 1936, and provided that any scheme for assisting the Maize Industry after that date will not artificially inflate the internal price and further provided that the Kenya Farmers' Association will guarantee a maximum price to consumers for a period of years. This Executive is not prepared to accept the subsidy without reference to a full Meeting of the Coffee Board."

The next meeting of the Coffee Board will be held on 20th December, 1935, when this matter will be considered.

A copy of this letter is being sent for information to (1) Maize Enquiry Sub-Committee, (2) Kenya Farmers' Association, (3) Sisal Growers' Association.

I h/h etc.,

(sd) G. F. SAREN

Secretary.

KENYA SISAL GROWERS' ASSOCIATION.
P. O. Box 96,
NAIROBI. 2nd December, 1935

The Hon: Director of Agriculture,
NAIROBI.

Dear Sir,

I thank you for your letter of the 22nd November in connexion with the proposal for fixing a minimum export price for K.2 maize at Shs. 4.50 per bag of 200 lbs. f.o.r. growers' stations.

I have to state that my Association is generally opposed to the system of subsidising one industry at the direct expense of others. My Association, however, understands that it is a matter of great urgency to assist the maize growers at the present moment, in order that these may be able to carry on until such time as some well considered scheme on a proper basis may be considered for their assistance.

Because of this urgency and because the proposed subsidy is of a purely temporary nature and will cease after the 31st July, 1936, my Association is glad to agree to it now.

Yours faithfully,

For KENYA SISAL GROWERS' ASSOCIATION.

(sgd) G. S. HUNTER.

Secretary.

4th December, 1935

KERICHO.

AGRICOLA NAIROBI.

YOUR T.456 TEA ASSOCIATION DECIDED SUPPORT PROPOSED GUARANTEED MAIZE PRICE

THOMAS.

Government Obdurate on Emergency Taxes.

Repeated Charge of Breach of Faith

ELOQUENT PLEA BY MEMBER FOR NAIROBI SOUTH

Colonial Secretary's Reply :

IF THERE WAS A BARGAIN IT WAS WITH SECRETARY OF STATE

The last day of the debate on the 1936 Estimates was notable for an eloquent plea by Captain Schwartz for Government to honour its pledge in connexion with the emergency taxation and for a defence of Government's attitude by the Colonial Secretary.

The Member for Nairobi South made an appeal to His Excellency before it was too late, to recognise the correctness of the unofficial view regarding the understanding that the emergency taxes were to be imposed for the purpose of bridging a gap and by such a recognition saving Government emerging from the matter with a bedraggled reputation.

The Colonial Secretary in the course of a long speech contended that if there had been any bargain at all it was a bargain between the Elected Members and the Secretary of State. The Kenya Government had adopted an interpretation of the bargain which coincided with that of the Secretary of State.

He appealed to Elected Members to cease their campaign against the emergency taxes as, he said, it would not get them very much further—particularly as the conditions of the bargain were unrecorded.

Thinking of the Farmers

Speaking in Legislative Council on Wednesday on the motion to refer the Estimates to the Standing Finance Committee, the Director of Education, Mr. E. G. Morris said: "In intervening in this debate I do not want to refer to costs or to cloth, or to those arguments we have heard of so much from the other side of the House, branches of faith."

He had come expecting to have to defend his modest demands upon the public purse, but found he must defend himself for not asking for more. He referred to compulsory education for European children which he still hoped to do something about, increases of salaries to certain classes of teachers, and the demand for the foundation of a university in East Africa for Europeans and Asians.

Lord Francis Scott, he said, had

The Secretary of State had sanctioned the scheme and a further £250 would be included for next year which would mean that there would be three additional scholars going home for training in 1936.

Mr. Morris pointed out that educational facilities were among the first considerations of intending settlers and if they could not be maintained, they would not only strike a blow at closer settlement, but would, by neglecting the rising generation, prejudice the whole future of the Colony.

The Director of Education continued his speech when the session resumed on Thursday morning, and dealt with the remarks of Archbishop Burns (representing African interests) who had drawn attention to the fact that the amount provided for African Education had been reduced by £4,000. This had been done by reorganisation and there had been no reduction in services. At the same time, the need for widespread elementary education amongst the African population was so urgent that he trusted it would be possible, perhaps in the next budget, to restore the cut.

He said that these grandam warrior barbarians, in 1934, in spite of the difficulties of getting their poll tax, voluntarily subscribed to a cess and provided £18,000 for African educational service.

In regard to the Wasa School, the Director gave an assurance that present pupils would be safeguarded in the agreement Government made with the mission, and arrangements would be made to suit the different religions of the pupils. The question of free places would receive the consideration.

The hon. member for Nyanza Mr. Morris went on, "has apparently joined our recently created 'Mythological Society' (laughter). Instead of discoursing to us of the fabulous monster of Lake Victoria he has told us of a strange hybrid spring from the union of animal husbandry and education... the teaching at a veterinary centre of the three 'R's' to illiterate Africans. Reference will be found to this monster in page 46 of the journal of the Society, sometimes referred to as the Report of the Select Committee on Economy (laughter). In one of the veterinary centres an African teacher was teaching the natives of that district the Swahili language, with which they were unfamiliar."

Mr. Morris added that as it had now been made a condition of entry to the veterinary centres that the boys must have the primary school certificate there could be no danger of any overlapping.

In the Education Department he said "we have no fewer than 277 veterinary officers. Of that number 129 have been transferred to the local service. For the last two or three years we have been opening in the department well qualified teachers on miserable scales of salary, a temporary agreement. These scales were only accepted because teachers hoped that when the new service was introduced they would be able to secure permanent appointments. When the service came into being certain salaries on a not extravagant scale were offered."

Referring to the speech by Mr. Patel and his mention of the comparative amounts contributed by Government to educating Indians in Government Schools and the aided Community Schools, Mr.

Interests of the children must come first. (Applause).

Agriculture

The Director of Agriculture, who was the next speaker, said Lord Francis Scott had asked what had become of the Dairy Industry Bill, and he replied that the Dairy Enquiry Committee appointed in April last had completed its report. Accompanying the report was a draft bill, modelled on the previous bill received with the help of the Legal Department. The report was not unanimous, one member having signed subject to an important difference. The report and its appended bill would be considered by Executive Council at its next meeting. Mr. Waters assured Dr. de Sousa that the claims of the Indian sugar growers of Kiboa would not be overlooked, and stated, also in answer to Dr. de Sousa, that the reason why Native cattle had not been shipped to Italian Somaliland was that the natives were not able to meet the contract requirements.

With regard to the member for Mombasa's reference to development in the Digo District, he said that Mr. Bemister would confirm his facts. According to the Director's instructions there were some 13 agricultural instructors in Digo District paid for by local Native Council and businessmen. He added that the activities of the Agricultural Officer at Kilifi were not confined to the

PANIC IN PEIPING

Japanese Military Activities

(THROUGH REUTER'S AGENCY.)

Peiping, Dec. 6.

Japanese aeroplanes have roared overhead all day. The population is becoming panic-stricken and fears are spreading. The Japanese military authorities are ready for direct action. Nine reconnaissance planes and three bombers flew backwards and forwards at a low altitude this morning and were replaced by a different type of machine in the afternoon. It is reported that 60 Japanese aeroplanes are shortly being sent to Tientsin.

Native Reserve, but also embraced areas outside the reserve in which in addition to the 3,500 acres in the Reserve, there were some 6,000 acres of cotton.

"It would mention," he said, "that the system of which provincial programmes of agricultural development are laid down and actively carried out by the Administrative and Agricultural Officers is working well in the Native Reserves of this Colony."

Maize Plan

A Sale of Maize Ordinance, as recommended by the member for

he appeared to rebuke the roles of Government trumpeter, supercilious schoolmaster and agent provocateur. The speech was interpreted as it is not for the hon. member to tell the European Elected representatives whether they are properly representing their constituents or not. The only people who have the right to tell us that are the people who sent us here 18 months ago, and would say that our actions during the past six months have their approval and approbation. "I say the speech was ill-timed because the whole tenor of the debate up to the time the hon. gentleman spoke, while it was frank, was friendly. It was not true because he suggested, by more than innuendo, that the interests of the Natives were of little or no importance to the European Elected Members and those they represent; that they were actuated purely by selfish motives and that they cared nothing for the Native population. It is not the first time that that suggestion has been made by him, I expect, will it be the last. It does not require me to say that it is completely untrue."

A SERIOUS ISSUE

Continuance of the Emergency Taxes

After the interval Captain Schwartz referred to "the continuous presence in the estimates of the Graduated Non-Native Poll Tax." This issue he described as the most serious of those which he had dealt with. "I am anxious as far as possible to use restrained language as regards this matter," he said, "but it is not easy. This is a matter on which every European Elected Member on this side of the House, and I think I can say every single constituent who sent these Members here, feels most strongly. We are quite unanimous—the Elected Members and those whom they represent."

During the major part of the negotiations with regard to the temporary or emergency taxes—and no one had mentioned the word 'emergency' during the debate—it was a very important word. His Excellency was not in the Colony. Lord Francis was also out of the Colony at the time, and the negotiations were carried on to a very great extent between the speaker and the Acting Governor, now Sir Henry Monck-Mason-Moore. He had no hesitation in saying that if Sir Henry were present in the Council now, astute politician as he was, he would not adopt the attitude which the present Government was adopting with regard to the real bargain between Government and the people of the country. Neither Government's definition of the word 'temporary' nor the Attorney General's analogy with the *shamba* bill could be taken seriously. It had been seriously argued by Government that the question was 'are we to have Income Tax or are we to have alternative taxes which would remain on us until some other taxes could be found to take their place.'

Referring to the Attorney General's defence of Government's attitude with regard to the emergency taxation, Captain Schwartz said that his speech gave added point to his use of the metaphor of making bricks without straw. No case could be made for Government on the point.

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Sea Freight

Capt. Schwartz supported the member for Uasin Gishu (Mr. A.

ed to the limit, they were prepared, as a concession and in order to give Government an opportunity to put its house in order to submit to a further burden of taxation; but they would not submit to a permanent tax, whether Income Tax or a permanent tax of another kind. That was the truth. In his legal experience he had never gone to court with a more honest assurance in his own mind that the case he was making was an honourable one. He then quoted as follows from a speech he made in Council in August, 1933: "For that reason I again make my appeal to these gentlemen to play the game, and, however much they dislike it, to support these measures on the understanding which we all agree to and which Government has accepted—that they are purely temporary measures to bridge a gulf and that when that gulf is bridged they will go." This statement had never been questioned by Government. It was a statement of fact made at the time and accepted by everyone in the House because they knew it to be a fact. Had he made a statement which was not correct, would not the Government and would not the then Attorney General—who never let incorrect statements pass—immediately have pulled him up?"

The only possible argument that Government could have brought forward in support of continuing the taxes after December 31, 1934, was that the gulf had not been bridged, but Government had never taken that line. If they had done so instead of arguing that the taxes were not temporary, emergency taxes, their case would have been considerably stronger. Major Cavendish-Bentley had shown that this gulf could have been bridged—on all events to allow of this taxation being removed. Government had simply told them, however, that the taxes were not temporary, and had refused to admit that there was any argument made that they were only emergency taxes. He maintained that it was impossible for Government to take that attitude, and he did not believe that His Excellency could have any doubt that the case which the European Elected Members had made was a possible one. Government had broken its pledge. The bargain had been deliberately broken.

"I beg you, Sir, before it is too late, to admit the truth of what I say and what we feel, to admit that our case is a correct one and thus save Government coming out of this with a bedraggled reputation."

The Hon. N. S. Mangat (Indian Member) said it was disappointing to find that although £75,000 had been voted for a group hospital only £15,000 was to be spent on the scheme during the next 12 months. The suggestion that Asian medical officers be engaged had been ruled out by the Director

of Medical Services on the ground that they would not be competent to hold the posts. The speaker wondered, however, if Dr. Paterson had endeavoured to obtain the services of Indians who had qualified in England and Ireland and Scotland and who held the degrees of institutions in those countries and elsewhere; or whether he had made enquiries as to the salaries they would be prepared to accept.

Mr. Mangat stigmatised the provision made by Government for Indian education as parsimonious and inadequate. The speaker went on to appeal to the Conservator of Forests to enquire into the inconveniences and disabilities of the service terms of the assistant foresters and forest guards, who earned less than third grade Asian clerks despite the arduous and exacting nature of their work.

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	Payers	Sellers	Business
E.A. Goldfields, 5/-	7 1/2 x 1	8 1/2 x 1	
Edwa's House	33/30		
Eldoret Mining Syn. 5/-	4 1/2 x 1	4 7/8 x 1	
K. Com. (Gold) (London)	4 1/2 x 1	4/50	
K. Gold Mining Syn. 5/-	4 1/2 x 1	4 1/4 x 1	
Kenya Hotels, 5/-	12 1/2 x 1	12 1/2 x 1	
Kimani, 10/-	31 1/2 x 1	31 1/2 x 1	
Kw. Makindu 20/-		20/-	
Lds. (2/6)	1 1/2 x 1	2 1/2 x 1	
Leopards	1 1/2 x 1	1 1/2 x 1	
Lomb. 5/-	1 1/2 x 1	1 1/2 x 1	
Nyamir Gold Ore, 5/-		1/75	
Pakistani 5/-		2/25	
Roateman 5/-	7 1/2 x 1	7 1/2 x 1	
Tanani	1 1/2 x 1	2 1/2 x 1	
T. Concessions (M.A.S.) 20/-	11 1/2 x 1	11 1/2 x 1	
T. Coy. 'B' (M.A.S.) 20/-	15/10 x 1		
Tanganyika Ins.	4 1/2 x 1	4 1/2 x 1	
Wassau 5/-	9 1/2 x 1	10/25	
E.A.P. & L. Ord. 20/-	33 1/2 x 1	37 1/2 x 1	
E.A.P. & L. Pref. 20/-	34 1/2 x 1	31 1/2 x 1	
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Government Obdurate On Emergency Taxes

(Continued from page 7)

REPLY TO DEBATE

The Administration and Kenya Youths

In his reply to the debate the Colonial Secretary, the Hon. A. de V. Wade, dealt first with the references to the implementation of the Carter Commission Report made by European Elected Members. In that connection, he said, he had very little information to give the House. The situation was still as it had been. The Report and draft legislation were in the hands of the Imperial Government, but the Secretary of State had been advised that expenditure was most desirable, both in the interests of the natives and the Europeans.

Dealing with various questions asked during the course of the debate, he said the bamboo paper pulp project had not been abandoned but was very much alive. The reason why greater progress had not been made with it was apparently the raising of the capital. The enquiry into the question of the Trade and Information Office had not yet taken place, but the Secretary of State had suggested that Colonel Walker should undertake the investigation and report, and arrangements would probably be made accordingly.

Lord Francis Scott had asked about soil erosion and had referred to the fact that the Overstocking Committee had been proposed. Government had not adopted that particular recommendation because at the time there were already in existence two committees which were dealing with the problem of soil erosion. The whole question of soil erosion, however, was a very difficult matter and Government had recently been impressed with the importance and papers on the subject were being collected and facts tabulated for submission to the Economic Development Committee.

Regarding the engagement of 11 new cadets, he recalled that Lord Francis had asked how in times like these Government could contemplate having an administrative staff which numbered two above the normal complement. This was necessary, he explained, because of vacancies in staff in respect of promotions, transfers, resignations and leave movements. His own view was that they had reduced the number below the safety line, and it appeared that still more administrative officers were necessary.

While he had not examined the names and details of the 11 cadets, he did not think any of them were Kenya men. Regarding the employment of Kenya boys in the administrative service of the Colony he believed that in all essential points Lord Francis and he and the Government were in complete agreement. Government did want to encourage local enthusiasm and a tradition of family public service and create and foster the Kenya spirit mentioned by Lord Francis. However, the matter had to be looked at from a wider angle. In all the first class posts and in the majority of the Kenya posts, the United Kingdom could not be expected to administer the whole Empire. They insisted that service and they had the world for their oyster, and it would be a pity if any concentration of the civil

portunity of opening that oyster. Recently four Kenya boys, at least some of residents in Kenya, had been appointed to the Colonial administrative service—one to Kenya, two to Uganda and one to Tanganyika. "I do not quite see how we can have it both ways," he said. "We can hardly say that Kenya is to be a closed preserve for our own people and then expect our own people also to trespass on other people's preserves. It would be difficult for us to say to a son of a Tanganyika settler: 'You cannot come here because we want our vacancies for our people, and at the same time to expect them to welcome our people here.'"

He was glad to see that Major R. D. Furse, D.S.O., of the Equipment and Training Dept. (Personnel Division), Colonial Office, was coming to Kenya shortly, and he hoped that Lord Francis would make an opportunity of discussing the question of the employment of Kenya youths in the Kenya civil service with Major Furse.

Archdeacon Burns had raised the very important question as to whether the natives were having enough money to spend on their own services. Reference to the memorandum on the estimates would reveal that in 1956 it was proposed to spend a total of £265,980 on native services, and that it was expected that the revenue derived from native taxation would amount to £270,791. During the preparation of the estimates both he and the Chief Native Commissioner had been most insistent that the native quota should be a proper one. When everything was taken into consideration the relation between the amount of money derived from native taxation and the amount expended on native services was as near as anybody could possibly expect to get it.

Native Taxation

Various observations had been made in regard to native taxation. He was inclined to think that it was too heavy, but Government was not committed by what it had already done for the native in the matter of providing different services which had proved of great value and of which considerable advantage was taken. If native taxation was reduced it was obvious that these services could not be kept up.

After briefly recapitulating Government's reasons for rejecting certain of the recommendations contained in the Economic Committee Report, he emphasised that Government had been perfectly honest and sincere over the matter. Any suggestion that Government had treated it frivolously, was a suggestion that had no foundation whatever. The Committee had recommended savings totalling £188,000, but several of its recommendations were found to be impracticable of implementation. The suggestions which Government could not accept were those which, in the best interests of the emergency, would have resulted in savings amounting to £89,000, and it had been shown that Government's own savings were £88,000.

District Councils

had been set out and he believed that he had the almost entire agreement of the House when he stated that in not accepting the proposal to abolish the Councils at a saving of £15,000.

The question had been asked why Government had not accepted the scheme to reorganise the Agricultural Department, thereby effecting economies to the extent of £15,000. The Director of Agriculture had submitted to Government a memorandum showing these recommendations. That memorandum had been considered at very great length and with great care by His Excellency and the Executive Council, and they had come to the conclusion that the issues involved were so important, and the interests concerned—both private and public—were so great, that Government would not be justified in accepting that memorandum until it had got further advice from those best qualified to advise it, namely the members of which the Board of Agriculture was president.

The scheme had been considered by the Board and in his minute of the meeting at which it was discussed, the Director stated that there had been a division of opinion among the members as to the merits of the proposals. The Board had adopted a resolution agreeing to a substantial reduction in the agricultural vote, but had failed to state the amount of the reduction it was prepared to accept, and the resolution had therefore not been of much use to the speaker when he was drafting the budget.

After further discussion the Board had adopted another resolution to the effect that in its opinion an effort should be made to reach an agreement within the Agricultural Department in connexion with it in the event of a scheme not being reached the matter should be considered by a sub-committee, the personnel of which was named. This decision was taken as it had been revealed that there were certain features of the scheme upon which there were differences of opinion among the officers of the Agricultural Department, and for the reasons given he doubted that Government had been disinterested to any Director by not accepting his scheme, or that it had refused the advice of the Board of Agriculture.

Coast Ferries

Dealing with the question of free ferries at the Coast, Mr. Wade said: The Hon. Members for the Coast and Mombasa are naturally very anxious that the ferries should be free. It is a longstanding question, and difficult, Government has the full sympathy of producers and naturally would like to see all their produce relieved of these burdens if anyhow possible, but I am afraid that it is a very unusual thing to have free ferries; that all the world over if a man uses a ferry he pays for it as he does if he uses an omnibus; and freeing

the ferries is only a small part of the enormous charges over the Nyali Bridge. All I can say is the usual Government answer that the matter is under consideration."

He did not propose to say anything at all about constitutional advances as it was not his job. His job was to frame the estimates. Dr. De Souza had said a great deal, but he did not think that much of what he had said had direct reference to the budget. He added, however, that Government did try its best to see that all races received equal treatment.

Indian Scholarships

The Colonial Secretary admitted that he was the villain of the piece in connection with the rejection of the provisions of funds for scholarships for Indians. The estimates had come up to him, he explained, and in his ruthless hunt for economy he had cut out the vote as he had not yet received any definite information as to what form it was proposed the Indian scholarships scheme should take or to which universities it was intended to send Indians to whom scholarships were granted. Was it proposed that they should go to India or England? The arguments in support of the scholarship scheme for Indian boys were quite different from those in favour of sending an English boy to England, but if the Indian Members could put up a case which could convince the Standing Finance Committee Government might still be able to make the necessary financial provision in the estimates as the sum involved was not a very large one. Dr. De Souza had urged that there should be a definite ratio or proportion fixed in respect of the employment of Asians in the Civil service. The speaker considered the proposal preposterous. In choosing its staff Government's policy was to choose the men who were most suited for the particular posts it had in mind. Mr. Wade took the opportunity, however, of paying a tribute to the excellent services rendered by his many Asian friends in the service.

Captain Schwartz had asked about the committee to deal with the freeholding of land. That had

(Continued on page 11.)

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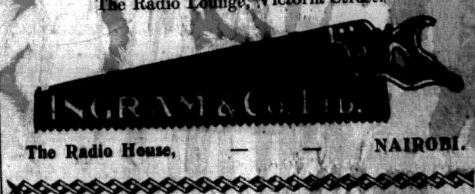
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Esawa Bulke			22.50
Edmore Mining Syn. 5/-	4 1/2 x 1	4 1/2 x 1	
K. Case Gold London	0 6 x 1	5 50	
Ki Gold Mining, Syms 2 10/-	x 1	10 1/2 x 1	
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Kenan, 10/-	12 1/2 x 1	12 1/2 x 1	
Kimberly, 10/-	11 1/2 x 1	11 7/8 x 1	
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Rusterman, 5/-	7 5 x 1	7 9 x 1	
Tambor	1 1/2 x 1	2 3 x 1	
T. Concessions Ord. 20	11 5 x 1	11 9 x 1	
T. Cons. 'E' Pref. 20	13 4 x 1	13 10 1/2 x 1	
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Committee had not been appointed. Government had not adopted that particular recommendation because at the time there were already in existence two committees which were dealing with the problem of soil erosion. The whole question of soil erosion, however, was a very difficult matter and Government had recently been impressed with its importance and papers on the subject were being collected and facts tabulated for submission to the Economic Development Committee.

Regarding the engagement of 11 new cadets, he recalled that Lord Francis had asked how in times like these Government could contemplate having an administrative staff which numbered two above the normal complement. This was necessary, he explained, because of wastages in staff in respect of promotions, transfers, resignations and leave movements. His own view was that they had reduced the number below the safety line, and it appeared that still more administrative officers were necessary.

While he had not examined the names and details of the 11 cadets he did not think any of them were Kenya men. Regarding the employment of Kenya boys in the administrative service of the Colony he believed that in all essential points Lord Francis and he and the Government were in complete agreement. Government did want to encourage local enthusiasm and a tradition of family public service and create and foster the Kenya spirit mentioned by Lord Francis. However, the matter had to be looked at from several angles. In the first place there were the interests of the Kenya boys themselves. At present they could join the united administrative service of the whole Empire. They joined that service and they had the world for their oyster, and it would be a pity if any recognition of the civil service conditions in Kenya prevented them from having an op-

portunity to the best of the proposals. The Board had adopted a resolution agreeing to a substantial reduction in the agricultural vote, but had failed to state the amount of the reduction. It was proposed to accept the resolution had therefore not been of much use to the speaker when he was drafting the budget.

Native Taxation

Various observations had been made in regard to native taxation. He was inclined to think that it was too heavy, but Government was committed by what it had already done for the native in the matter of providing different services which had proved of great value and of which considerable advantage was taken. If native taxation was reduced it was obvious that these services could not be kept up.

After briefly recapitulating Government's reasons for rejecting certain of the recommendations contained in the Economy Committee Report, he emphasised that Government had been perfectly honest and sincere over the Committee. Any suggestion that Government had treated it frivolously, was a suggestion that had no foundation whatever. The committee had recommended savings totalling £138,000, but several of its recommendations were found to be impracticable of implementation. The suggestions which Government could have accepted, if it had thought their application was in the best interests of the country, would have resulted in savings amounting to £68,000, and it had been shown that Government's own savings were £38,000.

District Councils

Government's reasons for not abolishing the District Councils

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Great Ferris

Dealing with the question of free ferris at the Coast, Mr. Wade said The Hon. Members for the Coast and Mombasa were naturally very anxious that the ferris should be free. It is a longstanding question and difficult. Government has the fullest sympathy with producers and naturally would like to see all their produce relieved of these burdens if anyhow possible. As I am advised that it is a very unusual thing to have free ferris; that all the world over if a man uses a ferris he pays for it as he does if he uses an omnibus; and freeing

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to English boys in England, but if the Indian Members could put up a case which could convince the Standing Finance Committee Government might still be able to make the necessary financial provision in the estimates as the case involved was not a very large one. Dr. De Souza had urged that there should be a definite ratio of proportion fixed in respect of the employment of Asians in the Civil Service. The speaker considered the proposal preposterous. In choosing its staff Government's policy was to choose the men who were most suited for the particular posts it had in mind. Mr. Wade took the opportunity, however, of paying a tribute to the excellent services rendered by his many Asian friends in the service. Captain Schwartz had asked about the committee to deal with the freeholding of land. That had

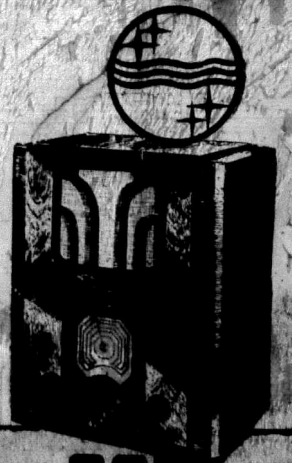
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Government Obdurate on Emergency Taxes

(Continued from page 8.)

not been lost sight of and the speaker was given to understand that action would be taken very soon.

Question of a Bargain

Coming to what he described as the most serious point of the debate, Mr. Wade said it was most important that a Government such as ours should command to the full the confidence of the general public as far as its honesty and integrity were concerned and regardless of what the public might think of its capacity.

Government had been charged with a breach of faith and with having broken a bargain. Captain Schwartz, at any rate in his professional capacity, would agree that when there was talk of breaking a bargain it should be settled who made the bargain and what were the terms. As to who had made the bargain referred to by the European Elected Members the speeches had been very vague. It seemed to him that if any bargain was made it must have been made by the Secretary of State for the Colonies who had taken the matter of Kenya taxation out of the hands of the local Government at the time when the controversy regarding Income Tax was raging. This was made perfectly plain by the Acting Governor on June 26, 1935, when he opened his address to Council by saying: "Since this Council last met the decision of the Secretary of State in respect of Income Tax has been received and the despatch on the subject has been published for general information."

That position had been fully accepted at that debate by Hon. Members who gave the Secretary of State full credit for his wisdom. It had also been fully accepted by Captain Schwartz, who, in the course of a speech, had said that if the House did not accept the alternative taxes in place of Income Tax it would be guilty of a breach of faith. He mentioned these points to substantiate his argument that, if anybody, it was the Secretary of State who was the partner to the bargain with the unofficial community. His own view was that the Secretary of State's despatch was an instruction to His Excellency to withdraw Income Tax subject to certain conditions. The Government of Kenya at that time did not come into the picture. What was the Secretary of State's own idea of his own bargain or instructions, he asked? To give the reply to his question he quoted extracts from the official report of the proceedings in the House of Commons on March 13, 1935:

"Captain Guest: Will the Rt. Hon. Secretary

of State) clear up this point whether the taxes specifically imposed for 1935-36 have had to be reimposed to enable him to give that benefit (the surplus on the 1934 budget).

"Sir Philip Cunliffe-Lister: Mr. Rt. Hon. and gallant friend's question is based on a complete misconception. Taxes are constantly imposed, like the Income Tax here, every year, in connexion with that year's budget, but there has never been any suggestion that the taxes imposed a year ago to balance the budget would be withdrawn at the end of that year."

Mr. Wade appreciated that Sir Philip's conception of the facts differed from that of Captain Schwartz. It was Sir Philip who had made the bargain—the Kenya Government was completely outside it—and he might be supposed to know what it was he was bargaining. As to the part played by the Kenya Government he could say that it had taken a certain part in the interpretation of the bargain. Speaking as Acting Colonial Secretary on August 11, 1935, Mr. Wade explained, he made the following statement: "On behalf of Government I have been asked to give an assurance that these measures will be temporary, but the temporary nature of the measures is clearly stated in the legislation. In addition the Attorney General emphasised that in his speech, the second reading, but I do not want to be misunderstood. It is quite impossible for me to commit Government at the end of 1936 to any definite line of action. It is even possible the House may not be empowered exactly as it is now. Furthermore, if Hon. Members will consider, such a guarantee would be quite impossible."

Later on he said: "I cannot be expected to give a guarantee that the Non-Native Poll Tax will die for ever at the end of 1934 and that nothing whatever will be substituted for it." Again in 1934, speaking as Colonial Secretary on behalf of Government, he was asked to give some sort of assurance for reduction in taxation, and he had replied: "I do think it is a little hard to ask me to prejudicial the case by giving an assurance that will commit Members not only of this Government but of a future Government, Your Excellency or your successor and Executive Council, and the whole of this Council. However much we may wish for a reduction in taxation—I do not suppose there is one of us who does not appreciate the tenor of the Noble Lord's

argument that alleviation of taxation must mean a stimulus to trade and enterprise and so be conducive to the restoration of the Colony's prosperity—am afraid it is quite impossible for me to go so far as to commit this Government or successive Governments to any definite line of action."

Continuing, the Colonial Secretary contended that if they had been any bargain at all it was a bargain between the Elected Members and the Secretary of State. The Kenya Government had adopted an interpretation of the bargain which coincided with that of the Secretary of State. Government's policy was that the Council had to have unfettered discretion in drafting the best budget that it could from year to year.

He appealed to Elected Members to cease their campaign against the alternative taxes as it would not get them very much further—particularly as the conditions of the bargain were unrecorded. He did not think that Government's discretion was fettered, and he certainly felt that it ought not to be fettered. The point to be considered was whether the Graduated Non-Native Poll Tax was in the interests of the Colony. He did not think that Government had in any way broken faith with the Unofficial Members.

At this difficult time Government was justified in thinking particularly of the interests of depressed farmers and he questioned the wisdom of withdrawing a tax to which these farmers would not be able to contribute very much and to substitute for it a tax which would fall so heavily on them that they would not be able to carry on.

The motion to refer the Estimates to the Standing Finance Committee was then put and carried *sem con*.

Additional Expenditure

On the motion of the Colonial Secretary (Mr. A. de V. Wade) the schedule of additional provision No. 3 of 1935 was referred to the Standing Finance Committee for examination and report by yesterday's session of Legislative Council. The schedule said the Colonial Secretary made provision for additional expenses of £35,000, of which £9,474 was covered by revenue from the Colonial Development Fund and Parliamentary grants, leaving a balance of £25,526 to be borne by the Government of the Colony. Of that balance £5,225 was covered by savings which had been specially earmarked, leaving a net additional expenditure of £20,301, the major items of which had been explained in the printed Memorandum.

Amateur Boxing Championships

To-night's Promotion at Municipal Market

To-night will see the semi-finals and finals of the Kenya amateur boxing championships at the Municipal Market, Nairobi. Some ten or twelve fights will be witnessed, and it is possible that there may be at least another two bouts. Boxing will start at 8.45 p.m.

The following are the officials who have been appointed:

Referees: Major T. E. Spence and Commander Ferguson; Judges—Messrs. E. Gear, K. Gooch, J. G. Walsh, Squadron Leader Gibbs, Flying Officer Hare and Flight Lieutenant Lambie; Medical Officers—Drs. G. V. Anderson and Watkin Pitchford; M.C. Mr. Blyn Stoyler; Seconds—Messrs. D. D. Macmillan, J. T. Stockdale, and four of the Royal Air Force men. Dressing-room Stewards—Messrs. D. W. Young and J. C. Coleman; Official Representing the E.A.A. B.A. Captain Grenfell Hicks.

The bookings up to date have been really good, and members of the public desirous of obtaining a good seat should book immediately at Messrs. May and Co., Government Road, Nairobi.

All boxers are required to weigh in this morning between 8 a.m. and 10 a.m., and should report to Mr. Stockdale at Messrs. May and Co.

A NAZI AGAIN

Berlin Burgomaster Reinstated

[THROUGH REUTER'S AGENCY.]

Berlin, December 5.

Club Burgomaster Sahn has been reinstated a member of the Nazi Party by the personal interven-

NAIROBI MINIATURE RIFLE CLUB

High Standard of Shooting

A. S. KER'S THIRD SPOON IN SUCCESSION

The high standard of shooting by members of the Nairobi Miniature Rifle Club maintained throughout this year was in evidence in November when the averages were again excellent. The November spoon was won by A. S. Ker for the third time in succession; he also won the "News of the World Certificate," and was runner-up in the sealed handicap competition.

Here are the scores—

November Averages:

D. I. Ker, 98.428; A. A. Blowers, 98.375; A. S. Ker, 98.000; N. Sutherland, 97.250; A. H. Triebel, 97.091; A. E. Williams, 97.000; K. O. Sands, 96.600; M. J. Mackay, 96.500; J. K. Ker, 95.600.

November Handicap Spoon:

A. S. Ker, 203.058; N. Sutherland, 200.620; A. A. Blowers, 200.252; D. I. Ker, 200.300; A. E. Williams, 199.210; K. O. Sands, 196.668; A. H. Triebel, 195.252.

Sealed Handicap Competition:

N. Sutherland, 202.284; A. S. Ker, 200.534; A. E. Williams, 199.844; A. A. Blowers, 198.644; D. I. Ker, 198.532; J. K. Ker, 197.924; K. O. Sands, 196.116; M. J. Mackay, 193.156; A. H. Triebel, 192.368.

"News of the World" Certificate: A. S. Ker, 197 x 200.

Members of the club are reminded that the entries close for the Kenya Championship (County Medal) on Dec. 21. These should be forwarded to the Hon. Secretary together with the entrance fee of Shs. 2/-. The Marksman's Budget will be shot for on December 9 and 16 at the Club's range at the usual time.

The Club's record of 397 x 400, which was made by H. L. Belles was equalled by A. H. Triebel and G. Duncan Fletcher on Monday last. A valuable prize has now been offered by Mr. Belles to any member who can beat this record in 4 consecutive shoots at the Club's range on any one evening.

Coleman Tennis Competition

Draw and the Handicap

Below is the draw and hand caps for the Coleman Tennis Cup at Parklands Sports Club:

—2 Maher and —4 Clark, a by 5 +1 Bamber vs. —1 Flint.
—15.3 R. N. Jolley vs. +15.2 Wilkins.
—30 Powrie vs. —30 Stannah.
—15 V. Browse vs. —5 Andrew.
—15.4 Stockdale vs. —15.3 C. A. Jolley.
—5 Goble vs. +3 Goldberg.
—10.3 Brader vs. —15.1 Thompson.

+2 Moskow vs. +4 Miller.
—15.3 Dowle vs. +1 Coltman.
—40.3 Duncan vs. —40 Butcher.
—15 Davidson vs. +15 Holmes.
—3 Smith vs. —15 J. Browse.
—4 White vs. —15 Bock.
+15 Palmer, a bye.
Monday at 4.30 p.m.: Bamber vs. Flint; Goble vs. Goldberg; Brader vs. Thompson; Duncan vs. Butcher.

Wednesday at 4.30 p.m.: Davidson vs. Holmes; White vs. Bock.

Thursday at 4.30 p.m.: Smith vs. J. Browse; Dowle vs. Coltman; Powrie vs. Stannah.

Friday at 4.30 p.m.: Maher vs. Clark; V. Browse vs. Andrew; Moskow vs. Millar; Palmer vs. White or Bock.

Saturday at 2.45 p.m.: R. N. Jolley vs. Wilkins; Stockdale vs. C. A. Jolley.

Winner Brader v. Thompson vs. winner Moskow v. Millar.

Winner Dowle v. Coltman vs. winner Duncan v. Butcher.

Winner Davidson v. Holmes vs. winner Smith v. J. Browse.

Sunday at 9 a.m.: Winner Bamber v. Flint vs. winner R. N. Jolley v. Wilkins.

Winner Powrie v. Stannah vs. winner V. Browse v. Andrew.

Winner Stockdale v. C. A. Jolley vs. winner Goble v. Goldberg.

SPORTS DIARY

December 7 and 8: Fawcus and Amesley Folds Cups, Njoro C.A.

December 7: Nakuru Race Meeting.

December 7 and 8: Ladies Amateur Golf Championship, Muthaiga C.C.

December 7: Kenya Amateur Boxing Club

Orig. regd. on 18008/35 Kenya, 20 6

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

Dated 30th December, 1935. Received 3-48pm 30th December.

No. 308.

1936 Appropriation Bill providing for gross expenditure of £3,318,176 passed all its stages to-day. Revenue estimates as recommended by majority of Standing Finance Committee total £3,327,926. Estimated surplus £9,750. Expenditure figure includes £12,000 for maize export guarantee vide your telegram No. 357. Attachment follows by air.

C. O.

30 DEC

3 Jan

15004/2.

we had better blast a bit, I think? I agree. G. L. N. J.

54

Mr. Flood. 21.12

Mr. Clouston 23/12

Mr.

Sir C. Parkinson.

Sir G. Tomlinson

X Sir C. Bottomley.

Sir J. Shuckburgh

Permt. U.S. of S.

Parly. U.S. of S.

Secretary of State.

DOWNING STREET.

December, 1935.

4 JAN 1936

*Ansden
1936 file*

F.S. 29/x11

Sir,

DRAFT.

KENYA.

NO. 8

GOVERNOR.

(1 on 1504/25)

subject to a fixed total amount not being exceeded.

I have the honour to acknowledge the receipt of your despatch No. 607 of the 28th of November and of your telegram No. 293 of the 14th of December with the correction contained in your telegram No. 297 of the 19th of December, in which you proposed that Government should grant a subsidy to the maize industry in order to secure to the growers an export price of 4.50 shillings for maize delivered free on rail. I now confirm my telegram No. 357 of the 18th of December, in which I informed you that I agreed to ^{your proposals} the subsidy as proposed by you in view of the particular circumstances of the maize industry.

FURTHER ACTION.

(3)

From

2. From an abstract and purely economic

point of view, I do not think that anything can

be said in favour of the proposal. The maize

industry has already received considerable financial

assistance from Government, and with the resources

available, a substantial further subsidy is hardly

justified in any circumstances. I fear, too,

that there is no ^{good} reason for expecting that the

price of maize will show any ~~substantial~~

To any substantial extent in the near future or with down at advance in the future. As I informed you a general price movement level above that now prevailing.

in my telegram to which I have referred, the

period during which maize fetched high prices

between 1920 and 1930 is really the only

period of high prices for the past ⁴⁵ 50 years,

and having regard to conditions at present

in the maize market, I am advised that, though

there has been a small rise in price lately, which has since been followed by a fall of almost the same amount, there is no ground for expecting that ~~even such~~

~~that rise~~ will be anything more than temporary

in character, and that the ultimate prospects

for maize are extremely poor. Record maize

crops have been obtained in the last two

seasons in the Argentine Republic and the

inevitable

C. O.

Mr.

Mr.

Mr.

Sir C. Parkinson.

Sir G. Tomlinson.

Sir C. Bottomley.

Sir J. Shuckburgh.

Permt. U.S. of S.

Partly. U.S. of S.

Secretary of State.

DRAFT.

FURTHER ACTION.

Before making the forecast in my telegram referred to above I caused the Ministry of Agriculture & Fisheries to be consulted with a view to I now enclose a copy of a D.O. letter on this subject from that Ministry.

inevitable result will be that the price will remain at a low level.

3. It was for this reason that I added ~~the~~ ^{this} warning to my telegram of assent to your proposals.

I fully recognise ~~however~~ the importance of the maize industry to Kenya and the precarious position of the maize growers, who have now been struggling against adverse circumstances for nearly five years.

If Government is able to afford them reasonable assistance which will enable them to tide over the present season, then I think the grant of such assistance within the means available to Government is justified in the particular circumstances of the case, though as I have said already, it would be difficult to find the justification for it on abstract economic grounds.

4. But if such assistance is granted, it can only be granted on the understanding that it is temporary assistance designed to enable the recipients to extricate ^{themselves} from an untenable position.

of the maize market are justified, ~~it~~ then it is clear that, unless cost of production can be reduced (which seems in the highest degree improbable) maize in Kenya is an uneconomic crop, that is, it cannot be produced for export except at a loss. In these circumstances it

it is impossible for ^{the} Government to go on indefinitely supporting an uneconomic industry out of the general resources of the community.

In particular, Kenya's available ^{financial} resources are so small that only the gravest emergency would have brought me to consent to the proposals submitted, and, indeed, I do not suppose that these proposals would have been put forward had not the gravity of the situation been fully apparent to you and to your advisers.

5. I note that it is expected that the coffee industry will suffer to some extent owing to the increased price of maize and that the Coffee Board has not withdrawn its opposition to the projected subsidy, though the sisal and

C. O.

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

DRAFT.

The maize industry as an exporting industry, though its would cause some embarrassment to individuals, would not greatly affect the trade position of Kenya as a whole, but if the coffee industry was made an uneconomic one by an ~~unjustified~~ increase in its costs of production, it is almost impossible to foresee what the consequences would be.

FURTHER ACTION.

tea industries, which are now more prosperous than they were a little time ago, owing to better prices, have no such objection. The coffee industry is ~~however~~ ^{by far the most} extremely ~~important~~ ^{important} industry of Kenya, and opposition from the Coffee Board should be given full weight in consideration of such questions. The disappearance of

I need hardly say that I wish, it were in my power to forecast a more favourable position for Kenya's maize industry, but I feel that I should be doing a great dis-service to the farming community if I failed to point out that, so far as the information at my disposal goes, there is no reason whatever to look for any substantial rise in the price of maize within the near future.

I have, etc.

Signed J. H. THORNTON

3²⁴

C. O.

283

Coded sent
7pm 18/12

18/12

Mr. Flood. 17-12

Mr.

Sir J. Campbell

Sir C. Parkinson.

Sir G. Tomlinson

Sir C. Bottomley. 17.12

Sir J. Shuckburgh

Permt. U.S. of S.

Parly. U.S. of S.

Secretary of State. 18/12
(Comm.)

December, 1935.

C. O.
R 19 DEC
D 19

No. 357

DRAFT. TELEGRAM.

GOVERNOR,

NAIROBI.

Your telegram 293, your despatch 28th November No. 607. In view of circumstances of maize industry as disclosed in despatch agree to subsidy as proposed in your telegram up to limit of £17,000 suggested. Recognise that coffee industry may be adversely affected and regard this as serious objection, though I note that you are of opinion that effect may not be so serious as at first expected.

Think it should be made clear to all concerned that so far as I can see there is no likelihood of any substantial improvement in world prices of maize. Period of high prices between 1920 and 1930 was really the only such period in the last fifty

years

FURTHER ACTION.

Review whole for deep.

years and it would be better to base
calculations on low prices rather than
expect return to those abnormal conditions.

It should be made clear ~~to all concerned~~
that subsidy cannot be continued indefinitely
or to amount beyond ^{available} resources of Govt.

Y. S. Chatterjee
Secretary, Ministry of Finance

15004/2/35
2
25

*change Kenya
No. 297 via 297 11/12*

COPY FOR REGISTRATION

RECEIVED
E 1607 075
C

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

Dated 14th December, 1936. Received 2.17 p.m., 14th December.

No. 293.

(1) My despatch No. 607 28th November and my personal air mail letter to Bottomley of 7th December. Executive Council this morning again considered the matter. Sisal and tea interests agreed to the proposal(s). Coffee Board, in view of serious economic conditions of the industry, objected to any measures which would have the effect of increasing internal price of maize. After long discussion Council advised non. con. as follows: (a) that adverse effect on coffee industry which does not now seem to be as serious as first anticipated would be more than counterbalanced by general benefits secured; (b) that scheme as outlined be proceeded with the maximum figure of £17,000 being inserted in expenditure estimate for 1936.

(3) Latest reports from standing Finance Committee which has not yet completed its deliberations indicate that this sum can be provided still leaving a surplus between 25000 and 30,000. I propose to accept advice of executive council subject to your agreement. Grateful for very early decision as I wish to table motion in Legislative Council on December 19th.

AIR MAIL

KENYA
No. 607



15004/2
1.
GOVERNMENT HOUSE
NAIROBI
KENYA

RECEIVED
7 DEC 1935
C. O. REGY

28 NOVEMBER, 1935

Sir,

I have the honour to draw your attention to the following passage from my speech at the opening of the present Session of Legislative Council, a copy of which has already been sent to the Colonial Office:-

.....the position of European farmers in the Colony.....Determined efforts have been made to overcome their adversities but the continued low levels to which the prices of commodities like maize have been reduced have unhappily driven certain farmers out of production and left others in a position that could only be described as precarious.Government has been and is most anxious to adopt any means in its power to support the economic structure of agriculture, and a Committee under the Chairmanship of the Attorney General is at the moment examining the possibilities of the relief of indebtedness. It is realized, however, that any measures recommended by this Committee, if adopted, will take time to implement, whereas there are a certain number of really sound farmers who have nearly come to the end of their resources and who if not given some temporary help to tide them over the next difficult eight months, might go under to the lasting disadvantage of the Colony. As a result of my visit to the Trans Nzoia, the Plateau, Nakuru and to the coffee areas, I have been impressed with the urgency of this problem, and I have placed before the recently constituted Board of Economic Development suggestions that were made to me during my tour. I have asked the Board to examine these suggestions and to submit to the Government without delay their recommendations as to the remedy they consider best suited to the exceptional circumstances."

2. with specific reference to the main industry I have been impressed with the condition of grave anxiety with which producers are facing the coming

selling.....

THE RIGHT HONOURABLE,
J. H. THOMAS, P.C., M.P.,
SECRETARY OF STATE FOR THE COLONIES,
DOWNING STREET,
LONDON, S. W. 1.

+
I suppose
per bag

selling season. The London price of maize has fallen to 16/3 per quarter, which is equivalent to no more than ⁺2/75 f.o.r. grower's station, and of this the bag alone costs cents 72. The European-grown crop is estimated at 1,103,000 bags which will probably leave a surplus for export of some 650,000 bags. The native-grown crop is also a large one and this will be almost all marketed locally, because the lack of marketing organisation and the quality of a large part of the maize are obstacles to export. The European growers are faced with a position worse than in 1932-33, when the average receipts f.o.r. grower's station were Shs. 3.50 per bag, and a large number of the growers will be left without funds for carrying on farming operations. The natives too are despondent when they remember the better prices of past years and the encouragement that has been given to them to increase their production.

3. The position of maize for export will be somewhat improved by sanctioned reductions in railway and port charges which, neglecting the abolition of branch line charges, are equivalent to cents 48 per bag. Even with this relief, however, the position is still grave.

4. Efforts are being made to put the maize industry on a sounder basis through greater diversity of production, but this requires both time and capital. It was suggested to me at Nakuru that the immediate emergency could be overcome by a Government guarantee of a minimum return for maize exported. The figure of Shs. 4.50 per bag, based on K.2 quality, has been

under/.....

under consideration and it appears that the cost to Government of implementing such a guarantee would not be large. The proposal has been submitted to the newly constituted Standing Board of Economic Development, the personnel of which is as follows:-

- Chairman: - The Colonial Secretary,
- members: - The Chief Native Commissioner,
Lt.Col.the Hon: Lord Francis Scott,
D.S.O.,
The Hon: J. B. Pandya,
Col: G. G. Griffiths, C.M.G.,
W. C. Mitchell, Esq.,
H. Wolfe, Esq., O.B.E.,
Major M. S. Grogan, D.S.O.,
- Secretary: - Mr. V. Liverage, Agricultural Economist.

I annex a copy of the resolution passed by the board on the 14th November.

5. The board was influenced on the one hand by the unfortunate condition of the maize industry, which, after the disasters of drought and locusts and the altered relation of prices and debts resulting from the depression, has no reserves with which to withstand a temporary set-back. On the other hand it could not neglect the need for budget equilibrium and the possible effect of the proposed measure on other industries. It was considered that the resolution as finally drafted met the need for financial stability while imposing a relatively light burden on consuming industries.

6. Evidence was received by the Board to the effect that sales in considerable quantity are expected to be made to Canada later in the season at a figure somewhat above parity with Shs. 4.50 f.o.r. Making allowance also for sales to territories in eastern waters it was considered that the amount required/.....

required to implement the guarantee would be in the neighbourhood of £12,500. This is on the understanding that no payments would be made until the end of the exporting season and that sales on the export market at higher than parity with Shs. 4.50 f.o.r. would be set up against shortfalls below Shs. 4.50.

7. As regards the effect on local prices, it is anticipated that these will be increased, though not evenly for European and native maize. The price of native maize is normally below that of K.2 by about cents 50, representing a difference in quality, and native maize from the Kikuyu reserve normally supplies the requirements of the coffee and sisal industries. A similar consideration applies to the tea industry, whose requirements are drawn largely from the Kisii native reserve. Hence these industries would still be able to purchase at this margin below the price of European maize. Apart from this it appears that the markets for European and for native maize exhibit a degree of independence, and it is estimated in trade circles that the proposed guarantee would be likely to cause an increase of only about cents fifty per bag in native maize.

8. The extra costs of these industries may then be estimated as follows:-

Coffee	140,000 bags	-	£3,500
Sisal	67,000 bags	-	1,675
Tea	40,000 bags	-	<u>1,000</u>
			<u>£6,175</u>

It should be observed that the coffee and sisal industries will benefit from recent reductions in export railway rates to an extent estimated at £40,000 for coffee/.....

coffee and £36,000 for sisal over the three years' period, in addition to benefit from removal of branch line rates and port surcharges. The effect of similar reductions in the case of maize, for the one year of the reduction only, is allowed for in arriving at the figure of Shs. 4.50 f.o.r.

9. On the total consumption in the Colony the cost and benefit may be estimated as follows, taking the increase in native maize at cents 50 and in European at Shs. 1/-

Native maize	700,000 bags -	£17,500
European maize ..	200,000 bags -	<u>10,000</u>
		<u>£27,500</u>

with the proposed subsidy of £12,500 the total benefit to the grower would thus be approximately \$40,000, of which the European grower would receive about £22,500. My advisers and the Economic Development Board believe that a substantial likelihood exists of a rise in London maize prices within the Kenya exporting season. Should this expectation be realised, the outlay by Government would be correspondingly reduced.

10. The resolution of the Board was submitted to Executive Council on the 22nd November. Objections on behalf of the coffee planters and sisal growers were mentioned. It was decided first to approach the coffee board, the sisal growers' Association and the tea growers' Association for an expression of their views, on receipt of which a further special meeting of Executive Council will be called.

I therefore consider it desirable to let you/.....

you know the position up to date as I expect that further reference to you will have to be made by cable.

I have the honour to be,
sir,
your most obedient, humble servant,



BRIGADIER-GENERAL
G O V E R N O R

RESOLUTION No. 1 - (Proposed by Col: Griffiths and seconded by Mr. Mitchell.)

This Board recommends that, in view of the depressed condition of the maize industry due to the large world crop and consequent low price, and in order to assist the European and native grower by assuring a more reasonable price for the present season's crop without unduly prejudicing the consuming interests, Government should guarantee a minimum export price for K.2 maize free on rail grower's station of Shs. 4.50 per bag of 200 lbs; provided that the total obligations of Government do not exceed £12,500 and provided that this amount can be included in the 1936 budget without reducing the budget surplus below £10,000. In the event of this not being possible, the Board recommends that Government should investigate means whereby the required funds can be obtained.

On being put to the meeting, the resolution was carried, Major Grogan and Mr. Shamsud-Deen dissenting.

MAJOR GROGAN:

I do not support this proposal, because I think that we shall not improve matters by piecemeal schemes for raising prices. Such schemes represent merely a transfer of purchasing power. The real problem is the consolidation of the debt position, and the financial provision in other ways.