



Report by the Financial Commissioner  
(Lord Moyne)  
ON  
CERTAIN QUESTIONS IN  
KENYA

*May, 1932*

*Presented by the Secretary of State for the Colonies  
to Parliament by Command of His Majesty,  
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\* H.L. 184, 1931 (Report).  
H.L. 29, 1931 (Appendices).

TO THE RIGHT HONOURABLE SIR PHILIP CUNLIFFE-LISTER,  
G.B.E., M.C., M.P., SECRETARY OF STATE FOR THE COLONIES.

### I.—INTRODUCTION.

SIR,

You appointed me on 28th January, 1932, to proceed as Financial Commissioner to Kenya with the following Terms of Reference :—

(1) To enquire into the matters specified in paragraph 105 (i) of the Report of the Joint Select Committee on Closer Union in East Africa, viz. :—

(a) the contribution made to taxation, both direct and indirect, by the different racial communities ;

(b) railway freights and import duties, with a view to discovering the extent to which each community benefits or suffers by them ;

(c) the amount of money expended in the interests of each community, in particular on natives and non-natives ; and

(d) the degree and manner in which financial responsibility should be conferred on the Native Councils.

(2) So far as may be necessary for the purposes of the above enquiry to consider the general financial and economic situation of the Colony and Protectorate of Kenya ; and

(3) to make a Report.

On 7th April, 1932, you issued a supplementary instruction in the following terms :—

“ In order to make it clear that you are authorized to review the general budgetary position of the Colony, I have added the following to the Terms of Reference of your enquiry—‘ To make recommendations as to the re-adjustment of taxation and expenditure if examination of the present position under the original Terms of Reference discloses a case for change ’.”

I arrived at Nairobi, travelling by Imperial Airways, on 2nd March, 1932. I returned to England by air, leaving Kenya on 8th May.

During my stay in Kenya I received verbal and written evidence from all available sources of information, official and unofficial, including the representatives of the different native and non-native communities. I discussed matters with those who either in their own opinion or in mine appeared likely to assist the enquiry. I am glad to record my appreciation of the assistance which was freely offered by all.

I visited by road the Local Native Councils of South Nyeri, Meru, Kajiado, Nandi, North Kavirondo, Marakwet, Elgeyo, Digo, and Machakos. From Mombasa I was able to see something of the less accessible coastal districts by flying northwards to Kilifi, Malindi, and Lamu, thence up the estuary of the Tana River as far as Ngao, and southwards to Vanga and the Tanganyika border. I also visited Uganda, Tanganyika, and Zanzibar, in which territories I was enabled by the courtesy of the respective Governors and British Resident to obtain much useful information from the Heads of the Administration which provided valuable materials for comparing the methods of Native Administration in the four territories. At Zanzibar I had a useful discussion with Mr. G. V. Maxwell, late Chief Native Commissioner of Kenya. On the way out from England the Civil Secretary at Khartoum was good enough to give me information as to systems of native government and taxation in the Sudan. The Colonial Office obtained at my request valuable memoranda by officers of the Administrative Service in Southern Nigeria as to the assessment and collection of the General Tax ("Haraji").

## II.—ADJUSTMENT OF RELATIONS BETWEEN COMMUNITIES.

1. I have not ventured on the vexed ground of definition of the Dual Policy in East Africa\*, or "the complementary development of native and non-native communities," and to attempt to do so would be outside my authority. I have been content to take the various declarations as they stand and to assume that the Imperial Parliament agrees that there is room for all races now established in Kenya to achieve full development within the Colony and Protectorate. I have understood it to be the main purpose of my enquiry to satisfy the anxiety of Parliament that a fair balance of taxation and benefits be achieved between the various racial communities.

### Obligation to native races.

2. The Joint Select Committee on Closer Union in East Africa defined the primary obligation to the native races as follows† :—

"The principle of trusteeship implies not only the avoidance of direct injustice to the natives as individuals, but also the more positive obligation to afford to the natives, as a race, both time and opportunity to develop their latent capacities and play such part as they may eventually prove capable of playing in the ultimate destiny of the country. Every opportunity for advancement should moreover be afforded to such natives as may reach a higher level than is common to their race."

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\* Cmd. 2904 (1927).

† Report of Joint Select Committee on Closer Union, Vol. I, paragraph 58.



### **Security to Europeans.**

The Joint Select Committee further observed\* that :

“ While any discrimination, by means of subsidies or other privileges, customs duties, railway rates, or otherwise, designed to favour unduly any one community is of necessity open to serious criticism, at the same time it is most important to give adequate security to those Europeans and other non-natives who have settled in the country, and who have made a permanent home there, often under very difficult and trying conditions.”

### **Interpretation of principle of trusteeship in terms of concrete services.**

3. In approaching this enquiry an attempt must necessarily be made to interpret the principle of trusteeship for the natives as enunciated above in terms of concrete services. In the first place, it would seem that the objective to which policy for native affairs should be directed is a general improvement of the standard of native life. In a material sense this may be translated to mean a co-ordinated effort to improve the economic conditions of the native, the general level of his intellectual attainments and domestic life, and the physical health of himself, his wives, and children. On the economic side there can be little doubt that amongst the greatest needs of the majority of native producers in Kenya to-day is training in agriculture (including animal husbandry) and increased accessibility of markets, with adequate means of communication and transport by road and rail. On the social side, education, which is eagerly demanded on behalf of their people by many Chiefs and Local Native Councils, is desirable, not only as in civilized communities as an end in itself, but also as a powerful auxiliary for the medical and sanitary services in combating that ignorance of health laws which levies such a heavy toll of suffering and of life, and also in spreading knowledge as to improved methods of agricultural production and skill in craftsmanship.

### **Afro-Asian relations.**

4. Before proceeding to discuss the main problem of the comparative financial treatment of the native and non-native communities, it is convenient here to draw attention to the changing relations of the African and Asiatic communities under the stress of growing social and economic competition. The gradual attainment of a higher level of education and civilization by the African is being accompanied by a claim to equal treatment with the Asian in the matter of employ-

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\* *Ib.*, paragraph 74.

ment, pay, and conditions in the public services. The time will surely come in Kenya, as it has already come in Uganda, when considerable numbers of Africans will be available who will be just as well qualified as Asians to man the lower ranks of the Government service. A matter concerning the opportunities for employment in the Colonial Administration was brought to my notice at Nairobi and Mombasa by two independent groups of East African natives, one from within the Government service and one from outside. It was represented that there is a racial discrimination between the African and Asian clerical classes in the Government service. It is a reasonable claim that entrance into the clerical class should depend on efficiency as tested by examination, and by promotion for merit from within the service in suitable cases, and not by race.

### **Relations between settlers and natives.**

5. It is hardly necessary to state that orderly improvement in the standard of native life need in no way impair the excellent relations which now exist between the British and African communities. After a stay of about ten weeks in East Africa I am much impressed by the amount of good feeling evident between the natives and settlers, and my observations fully accord with the statement of the Chief Native Commissioner given at the end of his Annual Report for 1930 :—

“ Members of the general public have shown a consistent and increasing interest in all that concerns native welfare. Probably nowhere in the world are relations between employers and employed better than in Kenya. But quite apart from that the concern of the unofficial population for the development of native communities has manifested itself in many and diverse ways and is a particularly noteworthy factor in the social and political life of the Colony, and one which I am glad to be able unreservedly to acknowledge.”

## **III.—CONTRIBUTIONS TO TAXATION.\***

### **Racial classification of revenue.**

6. Examination of the racial contributions to revenue has been made easier by the attention given to this subject in recent years. Administrative Officers have lately followed the routine of indicating racial classification on taxation receipt counterfoils. The Statistical Department has thus been enabled to prepare Schedules 1 and 2 of Appendix 1 (pp. 63 to 67) to show in summary and in detail the contributions of the various racial communities under the separate heads of Taxation and other Revenue for the year 1931.

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\* Terms of Reference, 1 (a).

Schedule 3 of Appendix 1 (pp. 68 to 80) gives an itemized table of receipts from Customs Revenue. The allocation as between racial communities is an estimate by the Commissioner of Customs based on long experience of the habits of consumption throughout the Colony. It has been submitted to detailed independent criticism and I am satisfied that it gives a result which though obviously subject to considerable error in detail may be accepted as a fair approximation in its total figures.

#### **Revenue from tourists.**

7. No attempt has been made to distinguish under European Revenue between that paid by residents in the Colony and that derived from tourists. Although it might be possible to arrive at an allocation for items such as game and gun licences, there is no satisfactory basis for estimating the tourist share of import duties, etc.

#### **Comparison with previous years.**

8. The Statistical Officer has prepared a memorandum which is printed as Appendix 2 (page 99) in which he discusses the changes which are shown in the above-mentioned tables as compared with the position as laid before the Joint Select Committee and published as Appendix 26 to their Report.

Before discussing whether the distribution of taxation is fair as between communities it will be convenient to examine the system of direct native taxation and to consider whether the present methods and incidence can be justified.

### **IV.—NATIVE TAXATION.**

#### **Hut and poll taxes.**

9. Direct native taxation still remains in the primitive form of hut and poll taxes and every adult male native has to pay one or the other, but not both.

Three matters incidental to the administration of these taxes were brought to my notice.

#### **Liability of widows.**

10. The suggestion was made that no tax should be levied on huts occupied by widows.

Under the Native Hut and Poll Tax Ordinance of 1910 the hut tax is payable by the owner of every hut. Though women are not exempted as such, I am advised that under the laws of Kenya they are not in practice liable because native women can only themselves hold property as trustees for their families.

The hut tax, unlike the poll tax, is a form of property tax, and, being levied according to the number of huts owned by the taxpayer, varies to some extent with the ability to pay. Wives are still a very popular form of capital investment, especially as their value has lately appreciated owing to the relative increase in the numbers of cattle which still remain the usual form of native currency. Women also yield a valuable income by working with their children in the fields, and they can therefore fairly be taken as a simple measure of the taxable capacity of the hut owners.

The incidence of the tax was discussed with the nine Local Native Councils which I visited, and also with many officers responsible for native administration. The objection to the tax as regards its incidence measured by the number of women for whom a taxpayer is responsible was by no means chiefly on the ground of its application to widows. The older and richer natives object to the tax because they feel that it is, in effect, one on wives, and they desire to see the tax abolished and a universal poll tax substituted. I found, however, much opposition amongst the younger men to this suggestion when it was realized that the poll tax would necessarily have to be increased to make up for the revenue to be sacrificed by the proposed abolition or modification of the hut tax. To accept even the smaller suggestion of exempting all huts occupied by widows would mean a loss of revenue difficult to measure.

While the hut tax is in force I can see no case for exempting all widows as such. To do so would indeed do much to destroy the limited discrimination between rich and poor which the tax now effects, and would go far to make it indistinguishable in its incidence from a poll tax.

The justification for taxing according to the number of huts owned is that a man with many huts will, generally speaking, have a proportionate number of people to work for him and contribute towards his taxable resources. There is no more reason to exempt from taxation the wealth produced by the agricultural work of a young and able-bodied widow than there is to exempt the same woman's produce before the death of her husband. The customs with regard to re-marriage vary very considerably between the tribes, but it is the general rule for every woman to have some male guardian, and even in tribes such as the Marakwet, Elgeyo, Lumbwa and Nandi, where widows do not generally re-marry, they are often well off relatively to the rest of the population if they have several sons and daughters and enjoy an interest in a considerable number of livestock. The inheritance of old widows without resources and past the time of work is, on the other hand, an undoubted liability and cannot fairly be justified as a ground for additional taxation. It is, however, very difficult to find any method of discrimination suitable for securing uniform treatment of such cases.

### **Variation of practice in grant of exemption.**

11. I found some variation in the principles followed by District Officers in granting exemption from the tax. The Native Hut and Poll Tax Ordinance gives general power to remit taxes leviable in the case of any person who is without sufficient means to pay the whole amount of such tax and is unable to obtain employment by reason of age or infirmity. Sympathetic use is generally made of this power of exemption in favour of old persons of both sexes incapacitated from production by age or other causes. I can find no completely satisfactory formula for defining what should be grounds for exempting old women in particular, but, to prevent all possibility of any harsh exaction of tax on account of widows who are not a source of revenue but merely a liability, I recommend an amendment of the law to incorporate the following grounds of exemption which were recommended by a meeting of District Commissioners in Kavirondo in 1930 :—

“ If a widow is inherited by a man after she has passed child-bearing age he should not be called upon to pay.

If a widow is young and capable of bearing children her inheritor should pay. If a widow, now old, was inherited when of child-bearing age, the inheritor should pay.”

### **Duration of exemption certificates.**

12. Another grievance has been brought to my notice in connexion with tax remissions on the ground that District Commissioners often give exemption for only a year at a time, and that it is a great hardship for old and infirm people to have to make repeated applications at the time of yearly tax-collection. It appears from the Ordinance that there is no limitation to the time for which exemption may be given, but as there seems to be some variation of practice in the matter I recommend that instructions be given to Administrative Officers that they should not hesitate in suitable cases to grant exemption for life to old, infirm, and indigent persons.

### **Age of liability to poll tax.**

13. Representations were made to me that the age at which poll tax becomes payable should be raised from 16 to 18.

This suggestion seems to have originated in the Kikuyu area where natives are in close contact with Europeans and have realized that liability to the poll tax begins only at 18 among the non-African population. The systems of native and non-native taxation are, however, necessarily different throughout, and this particular discrimination may also be justified by a definite racial distinction. Natives mature at an earlier age than Europeans and

are capable of doing a man's work at 16, at which age non-natives are still immature. Although the Ordinance provides for collection from the "apparent age of 16" the tax is in practice collected from the time when the native is looked upon as mature according to tribal custom. No registration of births is in force and natives rarely have exact knowledge of their age. The rite of circumcision however takes place at about the age of 16 and is considered as the mark of having attained man's estate. The physical appearance of natives varies little between the ages of 16 and 18. To fix liability to tax at the later age, besides involving great practical difficulty, would lead to a loss of revenue of about £40,000 per annum. Such remission would become very unpopular as soon as it was realized that it would have to be made up partly by other taxpayers less able to earn the money than able-bodied young men between the ages of 16 and 18.

#### **Objections to existing system of hut and poll taxes.**

14. Even if the provisions for collecting hut tax are amended as suggested, I am of opinion that this system of taxation is no longer satisfactory and should be transformed or replaced as soon as possible. Owing to the increase of monogamy the graduation of the tax according to means is becoming less and less effective, and as the natives advance in civilization its defects are becoming more obvious. If a whole family and their visitors sleep in one house, one tax only is payable, but if separate huts are provided for children and guests three taxes become due. The tax therefore discourages the improvement of housing conditions and is an incitement to overcrowding. If the hut tax is to be modified and finally replaced by a more scientific tax according to ability to pay, it is advisable at the same time to separate it from the poll tax which was grafted upon it shortly after its introduction.

Hut and poll tax has been collected since 1922 at the uniform rate of Shs.12 throughout the Colony, except in the Masai Province where the tax is Shs.20 for the Masai and Shs.10 for the Wanderobo tribes, and the Northern Frontier and Turkana Provinces where it is levied at Shs.10 and Shs. 6 respectively.

Kenya is inhabited by a large number of tribes of different racial origin, with varying customs and unequal in their intelligence and capacity for improvement. Some have been brought into much closer contact with civilization than others and marked contrasts between the economic conditions of various areas are already evident. With the development of communications and of markets, differences between the taxable capacity of districts is increasing. Whereas it is easy for natives living near towns or railways to turn their crops and livestock into money for the payment of taxes, there is much greater difficulty in the areas which are less favorably placed.

### **Low standard of native life.**

15. An examination of native life close to Nairobi and other European markets gives no indication of the primitive conditions and extreme poverty found in areas which have so far been little affected by civilization. It is difficult to decide whether ignorance or poverty is the greater obstacle to improvement in native conditions and health. Even when natives have been taught by European employers or in the schools the use of soap and the elements of sanitation they are often content to leave their families in dirt and ignorance, and are apt themselves to revert to their original state and spend their earnings not on improving their surroundings but in adding to the number of their wives and livestock. Progress must therefore inevitably be slow and can only be a matter of the cumulative reinforcement of civilizing influences and the gradual defeat of deep-rooted prejudices and superstitions. In this advance education is an invaluable auxiliary provided that it does not take the easy line of too much literary training and avoids the danger of making the native discontented with the conditions of an agricultural life on which his general advancement must continue to depend. Education is however now provided by the Government on wise lines. Besides being an invaluable civilizing influence it lays special stress on training in agriculture and handicrafts. The wisdom of this policy is obvious when it is considered how primitive and insanitary are the domestic arrangements in the Native Reserves and how devoid is the average native of the knowledge and means with which to improve them.

The native hut is an ideal habitation for carriers of infective disease such as rats and insects and other vermin. Even where education is bringing knowledge of a better type of housing, few natives possess the means to get proper roofing material or to build well-lit, rectangular houses which would enable them to discourage the attentions of insect pests by the use of beds, tables, and chairs. The lack of domestic utensils such as plates and spoons facilitates the communication of internal parasites. Mosquito nets, essential in many areas to the prevention of malaria, are beyond the means of the great majority of natives. Civilization is, however, slowly advancing among natives, and they will gradually learn to profit by the benefits which it can bring to mental and physical well-being.

### **Necessitous areas.**

16. Meru may be taken as an example of a back area where the native is now meeting with great difficulty in finding money with which to pay taxes. The administrative centre, close to the boundary of the Native Reserve, is nearly sixty miles from rail-head at Nanyuki. Although produce is exchanged within the area partly by barter, taxes are only accepted in money, and the necessary currency can

hardly be obtained except either by selling to the local Indian traders for export from the area, or by the earnings of those who go to work in the settled districts. In 1928 and 1929 the District suffered famine owing to locusts and drought, and the difficulties of the population have been increased by the heavy falls in demand and prices for native produce. This has either rendered the crops unsaleable or made it necessary for natives to dispose of from two to four times the quantity which was sufficient in 1928 to raise the necessary money for taxation.

The following figures which were given me independently by two of the largest Indian traders, and have since been confirmed from their books, show how greatly the real burden of taxation has been increased although its nominal money-value has remained the same. They apply to the only four local products which are of sufficient value to bear the cost of transport which is Shs.1.50 per ton-mile to Nanyuki and thence by rail. As the cost of transport and merchants' profit remain constant, the whole drop in price is passed on to the native producers :—

	Price paid to native in Meru per load of 60 lb. Shs.	Price realized in Nairobi. Shs.
Nkinna (green gram)		
1928	10	15
1932	2.50	4.50
Njahe (beans)		
1928	5	8
1932	2.50	4 to 4.50
Ghee (native butter)	Per frasila (36 lb.) Shs.	Shs.
1928	57 to 58	61 to 63
1932	19	22 to 25
Cattle hides		Price realized in Mombasa. Shs.
1928	36 to 37	40 to 43
1932	4	6 to 6.50

Goat skins which were bought at the price of Shs. 22 for 20 skins in 1928 are now unsaleable in Mombasa. During tax collection last year the price of bullocks fell to from Shs. 15 to 30 each as compared with from Shs. 30 to 50 each in 1928.



The fall in prices and the increased burden of real taxation has destroyed the natives' purchasing-power for the blankets, cotton piece-goods, and "jembes," or hoes, for which there was a demand until 1928. On my visit it was noticeable that far fewer natives were wearing blankets and strips of calico than I had seen in other districts. Much propaganda had recently been directed to the object of increasing the production of the native by substituting the "jembe" for the wooden digging-stick. Although these implements cost only Shs. 2 and natives are now aware of the advantage they afford as compared with the older methods, their purchase is impeded by lack of cash. Ploughs, cultivators, and harrows, costing about £3 apiece, and carts costing about £8 are now far beyond the means of the natives, yet their use would be of great benefit. Opportunities for earning money by working outside the Reserves are now greatly decreased owing to the fall in the demand for labour among the settlers.

Reports by the District Commissioners of Nandi, Elgeyo, Embu (Mwimbi and Chuka) and by the Provincial Commissioners of the Masai and Coast Provinces, printed as Appendix No. 3 (page 107), show that the case of Meru does not stand alone. In contrast to the position of such Districts, where distance from markets is causing difficulty in turning crops and livestock into the currency needed for paying taxes, I found other areas where, in spite of the fall in prices, there were clear evidences of prosperity. All things considered I am of opinion that the present amount of direct native taxation could be collected without hardship if the incidence of taxation were transformed so as to vary according to taxable ability.

### **Native resources.**

17. No reliable figures exist on the subject of native resources, and estimates which are often quoted as to average income should be accepted with the greatest reserve. Although rough estimates of agricultural production in the Native Reserves have been published, no firm foundation yet exists on which to base reliable opinions.

In this connexion I explored the basis of the figures alleged in the Report of the Kenya Labour Commission of 1927 to give a fair average for the cash value of native production in the Reserves. An examination of the departmental files and the criticisms of Administrative Officers in touch with the Reserves have disclosed how misleading it would be to accept any such estimate as a true picture of present conditions.

The Labour Commission consisting of experienced agriculturists and business men was set up to examine the needs of the Colony for labour outside the Reserves. For comparison with the conditions of native life in European areas they gave an estimate of average

cash-returns received by an assumed family or producing-unit of four and one-third persons inside the Reserves. The validity of the estimate depends on the accuracy of the agricultural and statistical assumptions on which they were based, and these assumptions have been strongly contested by the Native Administration, who have independent and certainly not less reliable sources of information.

The Director of Agriculture has prepared for the purpose of this enquiry entirely different figures founded not merely on estimates as in 1927, but on the result of recent definite computations of crop yield obtained by inter-planting and other methods of cultivation from the more productive soils of the Nyanza and Kikuyu Provinces. These new figures show a much lower estimate of the average proportion of produce sold off the shamba than that on which the calculations of the Labour Commission were based. He adds the reservation that in other areas with less productive soil the "figures of production furnished would not be attained. There are certain areas with small populations in which production is barely sufficient for the maintenance of the population and where food shortages periodically occur. There are also large areas inhabited by purely pastoral tribes to which these figures of production do not apply."

Bearing these limitations in mind and also the consideration that a large and varying proportion of production is not turned into cash at all, but if sold off the shamba is the subject of a barter transaction, and in view also of the great variations in wealth as between individuals, the danger of relying on average figures becomes apparent. After careful enquiry and examination of information available since 1927, I therefore endorse the view expressed by the Kenya Government, at the time, that the validity of the average figure for native production in the Reserves as published in the Report of the Labour Commission is open to so much criticism that it cannot possibly be made the basis of any conclusive argument.

Accurate information on this subject is of great importance, not only for the purpose of ascertaining taxable capacity, but also as a foundation for wise policies of development. The Chief Native Commissioner in August, 1931, issued instructions to Provincial Commissioners to prepare reports in the nature of economic surveys.

### **Improvement in native standard of life.**

18. I was assured by many impartial observers with long experience in the country, including several missionaries, that in the districts in closest contact with European civilization and markets the native standard of living has very markedly improved during

recent years. Even, however, if such increase of wealth were easily measured, accepted European tests of taxable capacity would be misleading if applied to native conditions in Kenya.

#### **Contrast between Native and European production.**

19. Modern industrial organization has not yet begun to affect production in the native areas. Native craftsmanship and village industries highly developed in other parts of Africa hardly exist in Kenya. Native capacity to pay taxes therefore remains far less fixed and measurable than in the case of non-native communities. European production is generally based on the maximum economic level of output and the wage-earner strives to secure the greatest reward obtainable in return for his regular effort. The African native, however, does not produce at the same full pressure. The volume of output is far below the maximum and is regulated mainly by the need to provide the bare necessities of life. Natives living in their Reserves do not need to work for a living wage. Wants are still few and primitive—livestock and wives remain practically the only form of investment and accumulation of wealth. Under these conditions, natives pay their taxes not out of a fixed income but by means of additional production in the Reserves or, alternatively, they may choose to earn the money by a few weeks' work in settled areas.

#### **Comparative rigidity of native taxation in Kenya.**

20. Whereas hut and poll tax has been collected since 1912 at four different rates in Kenya, there has been a much greater variation in the neighbouring territories. In Tanganyika, for instance, eight different rates are in force varying from Shs. 4 to Shs. 15, and frequent changes are made according to the relative plenty or scarcity of crops. I am advised that no serious difficulty or discontent would be caused in Kenya if the same elastic methods were to be applied and if not only varying rates but also, as suggested below, different systems of taxation were to be in force in neighbouring areas.

At the same time, under existing conditions in Kenya, it cannot be expected that the change-over to a fairer system of taxation will be altogether popular. Natives are accustomed to the present arrangements and, while those whose burdens are reduced will remain inarticulate, those who have to pay more will naturally complain. This however is no sufficient ground for perpetuating the present ill-adjusted system.

#### **Proposed transformation of native taxation.**

21. Increased flexibility and closer adaptation to taxable capacity might be achieved by the following changes which are here indicated only in outline.

### **Hut Tax.**

Hut and poll tax should be varied according to the taxable capacity of each District, the rate varying between, say, Shs. 6 per hut in the remote and poorer Districts and Shs. 20 in the richer Districts where the present tax is borne without difficulty. When the new uniform poll tax (*see* below) is brought into force, the hut tax should be reduced to a rate varying between Shs. 2 and Shs. 14 according to District (cp. para. 25).

### **Poll tax.**

22. Poll tax as now collected should be replaced as soon as possible by a uniform adult male poll tax at Shs. 6, collected by means of stamps to be affixed to the registration certificate (Appendix 4, page 111). This change would solve many difficulties now occasioned by collecting poll tax in the locations. Men who are absent working far away from their villages are believed now sometimes to pay twice over, the father in the Reserve and the son at his work, each without the other's knowledge. In spite of all the efforts made to trace men, and of much correspondence between Administrative Officers, many also avoid payment altogether, because of the difficulty of verifying, in a centre such as Mombasa, how many of the 10,000 up-country natives working there have already paid the tax in their villages.

The separation of hut and poll tax would also greatly simplify checking the hut tax as receipts could then be left in the hut as evidence of payment instead of being carried away to other Districts. It often happens at present that men working outside the Reserve take hut-tax receipts away as evidence that they have already paid tax and are not again liable. I am assured that this change of method when fully applied will immediately save a great amount of labour to District Officers, and when the cultivation tax (*see* paragraph 24) is also in force it will do away with the necessity of tax collection in villages by European officers. It is estimated by the Chief Registrar of Natives that the additional work in his office could be carried out by six to eight African clerks, and that the expenses of the additional staff and other necessary incidentals would certainly be more than covered by the closer collection of tax. Owing to the number of temporary registration certificates now in circulation the change-over to the new method here suggested could necessarily be achieved neither immediately nor simultaneously throughout all Districts.

### **Livestock tax.**

23. Native livestock tax as outlined in Appendix 5 (page 111) should be instituted as a tax on wealth only, applicable over and above a certain free allowance of livestock sufficient to provide the necessities of life. It should enable a greater differentiation of taxation

according to means and should allow of relative lightening of burdens upon the poorer Districts. While the hut tax differentiates against the native who invests in many wives, it is unjust that he who receives the price in livestock of many daughters should escape an equivalent burden.

This tax would have an additional advantage in discouraging the over-stocking of native pastures, which in certain Districts is becoming an acute problem since British rule has prevented the raiding of cattle, and the natural check by animal disease has to some extent been brought under control. No census of livestock has been attempted in the Native Reserves, but the Administration estimates that cattle have increased from  $4\frac{1}{2}$  million in 1924 to at least 5 million in 1931, while sheep and goats increased from 6 to 7 million. Livestock owned by native squatters on European farms now amount to 223,584 cattle, 191,671 sheep, and 285,000 goats. It has been suggested that the collection of such a tax would be hampered owing to the difficulty of finding markets and that its imposition must wait for the establishment of meat factories to deal with native cattle.

#### **Meat factories.**

The experience of Tanganyika in this matter is not encouraging. A factory has been established at Mwanza in which it is hoped that 10,000 cattle will be dealt with every year. Their quality, however, is such that the price paid to native stockowners has now fallen to Shs.6.50 per head. As the Government have to subsidize the factory to the extent of £3,000 a year, practically the whole amount which is paid at present prices to the native seller comes indirectly from Government funds. It is probable that the Masai would not sell their stock for so low a price as Shs.6.50 and would prefer to slaughter them so as to dispose of the hides after consuming the meat. Conditions would have to improve very materially to justify the establishment of meat factories in Kenya. Although the problem of marketing of native cattle will need to be watched, I am informed that practically all animals which are offered for sale, now find purchasers. The researches of Dr. Orr and Dr. Gilks suggest that many tribes suffer from a deficiency of animal protein. Propaganda among native consumers in favour of a mixed diet may therefore be justified for the improvement of their health and would help to ensure a sufficient market for cattle sold for tax payment.

The Ormsby Gore Commission reported\* to the effect that it would be unjust to impose an additional tax on the chief form of native wealth unless a corresponding tax is imposed on non-natives. If another recommendation† of that Commission in favour of a

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\* Cmd. 2387, page 32.

† Ib., page 175.

non-native income-tax be also adopted there will no longer be any just ground for grievance on the part of natives, as the native and non-native systems of taxation are entirely different and the only common principle that need be considered is that both should be based on reasonably equivalent sacrifice.

#### **Cultivation tax.**

24. Native cultivation tax (Appendix 6, page 112) should be substituted for the hut tax, at first experimentally in the more advanced and most suitable Districts, but eventually throughout the Native Reserves. If this policy be adopted it might be well for an official familiar with the system of cultivation and cattle taxes in force in Nigeria to be lent to Kenya to advise how they could best be adapted to local conditions.

#### **Effect of proposed changes.**

25. Of the above changes those outlined in paragraphs 21 and 23 are the most urgent and could be applied without delay; those described in paragraphs 22 and 24 though equally desirable would involve longer preparation. The actual regrading of taxation between the various areas would be a matter of careful and gradual adjustment. The halving of the poll tax from its present general level of Shs.12, owing to the relatively small proportion of these taxes collected, would not in itself have much effect on the totals to be made up from the two other forms of taxation. In certain of the Districts which were visited and where the taxes are recorded separately the figures indicate that a probable ratio may be about four hut taxes to one poll tax, and, if this experience be found to be a fair sample for the whole Colony, the loss caused by halving the poll tax could be made up by substituting for the present hut and poll tax of Shs.12 a total payment of Shs.13·50 for the owner of a single hut, made up of Shs.6 uniform poll tax and Shs.7·50 payable on the hut. It must not be understood, however, that this average would actually be applied because the total native burden of direct taxation should be spread, according to the local resources of Districts, between the hut or cultivation tax and the native livestock tax.

#### **No case for increase in native taxation.**

26. I wish to emphasize that these changes are recommended not for the purpose of any immediate increase in the total yield of native taxation but so as to secure adequate differentiation between Districts according to their taxable capacity and between individuals according to their relative wealth.

## V.—RAILWAY RATES.\*

### Scope of enquiry.

27. I have thought it well to interpret the Terms of Reference rather narrowly in view of the appointment of a Railway Commissioner to consider the larger questions of inter-colonial railway rates and railway finance raised in paragraph 46 of the Report of the Joint Select Committee. My enquiry into the fairness of the present railway rates as between the different racial communities has therefore been limited to an examination as to whether services which are used mainly or entirely for any one race are charged in accordance with the accepted rating principles, or whether these principles have been neglected so as to confer an unfair advantage or, alternatively, to impose unduly heavy charges upon any racial community.

### Principles of rating policy.

28. These principles have been enunciated as follows:—

- (a) Get traffic. The more traffic carried the less it costs to carry.
- (b) Charge no rate so high as to stop the traffic from passing.
- (c) No rate to be so low as not to cover the additional cost incurred by the railway in dealing with the traffic to which the rate applies.

The principle (b) may be taken as the maximum rate based on capacity to pay, and (c) the minimum fixed by the price at which the railway can afford to take business.

There is no evidence to show that the existing rates have been fixed other than in accordance with the above principles of sound railway administration.

### Construction of branch lines.

29. So far as railway construction is concerned the advantages have been fairly divided between all communities. In the case of the branch lines, the Thika-Nanyuki branch was built to provide for 50 per cent. European and 50 per cent. native areas. Thomson's Falls and Kitale branches are almost exclusively in European areas, and the Kisumu-Yala-Butere branch exclusively in native areas, as is also the Soroti line. The Solai branch is mainly European, but also serves a proportion of native interests. Regarding the main line, almost the whole of the Uganda extension was built to serve native areas.

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\* Terms of Reference, 1 (b).

### **Passenger-train fares.**

30. It does not appear from an examination of the scale charges of passenger-train fares that undue preference is given to any one class of the community. The services rendered in the way of comfort and facilities are in accordance with the fares charged.

### **Parcel-goods rates.**

31. All traffic conveyed by passenger train is charged at the same rates, irrespective of its source, and all these rates are remunerative.

Receipts from this traffic are derived almost entirely from the non-native communities.

In addition to these services by passenger or mixed trains, there is also a reduced scale of charges on a very low basis for loads of native produce carried by third class African passengers.

### **Freight-rates policy.**

32. In regard to freight rates, in addition to the general principles of railway rating, the Railway Ordinance lays down (Clause 13) that the service shall be administered on business principles, due regard being paid to agricultural and industrial development in Kenya and Uganda by means of cheap transport. Generally speaking, no very great progress has been made in industrial development, and both countries are, to a very considerable degree, dependent upon agricultural development, both native and European. The Asian remains as the small shopkeeper, middleman, or skilled labourer.

The policy adopted to accord with Clause 13 of the Ordinance has been to provide cheap transport for the export and marketing of agricultural crops and for necessities of agriculture, such as manures and implements for cultivation, etc. This policy, of course, necessitates that higher rates must be charged on traffic other than that connected with agriculture or industry in order to secure the financial position of the railway. Broadly, the policy has been for low export rates and high import rates, except on those articles used principally in agricultural development.

### **Export rates.**

33. The classification of the export rates is, roughly, as follows:—

Coffee.—A European crop in Kenya, but a native crop in parts of Uganda and Tanganyika.

Cotton.—An entirely native crop, but confined to Uganda and Tanganyika.



Grains, including barley, beans, oats, peas, rye, sharps, wheat.—European and native crops.

Rice, tapioca, matama, millet, wimbi.—Almost exclusively native crops.

Fibre, sisal, flax.—Entirely European crops.

Maize.—European and native crop, but mainly European.

Soda and soda ash.—The only large industrial development in the country giving employment to Africans under European supervision.

There is no important crop, either native or European, which is not provided for in the way of cheap export rates, most of which do not cover full charges including interest and depreciation.

The rates per ton-mile compare favourably with the relative values of the commodities. For instance, the receipt per ton-mile for coffee, which is a commodity of high value, is 13·184 cents, but in the case of beans and peas, which are of low value, the receipts are as low as 3 cents per ton-mile.

#### **Unremunerative rates.**

34. In recent years some of the export and exceptional rates became unremunerative owing to the complete reversal of the conditions under which it was financially sound for the Railway Administration to encourage the export of produce by quoting specially low rates so as to obtain a return load for trucks carrying the high-rated import traffic. Export tonnages of certain low-rated commodities, notably maize, increased as was intended. When imports fell relatively to exports, the traffic conditions became reversed, and trucks had to be hauled empty from the coast up-country to bring down export traffic. As from 1st January, 1932, however, these losing rates have been revised and are now fixed on a basis which, I am informed, will not only cover the cost of direct haulage, but also make a small contribution to overhead expenses. I have reason to believe that with the following exceptions the incidence of rates is on the whole fair as between racial communities.

#### **Cotton cloth and blankets.**

35. It has been represented to me that unfair rating discrimination operates in the case of cotton cloth and blankets which are classified at the highest rate in Class 1.

The definition of Classes 1 to 5 is as follows :—

Classes 1, 2, and 3 :—Articles of high value, fragility, or expensive to deal with.

Classes 4 and 5 :—Articles of every-day use, the value of which will permit a fair transport charge.

These commodities are mainly but not exclusively purchased by the native. The Railway Administration has, from time to time, had under consideration the reduction of the rate to Class 3, but it has been represented to them, and confirmed by enquiries, that such change would amount to an average reduction in selling cost of 2·4 cents per yard only, in the case of cotton cloth, and of 27·3 cents in the case of common blankets. It has been stated, however, by certain trade organizations that the minimum reduction that could be passed on is 5 cents in the case of cotton cloth and 50 cents in the case of blankets. On the other hand, I was informed by the Indian Merchants' Chamber at Mombasa that a reduction of 10 cents would certainly be passed on in the case of blankets.

On looking, however, at the definition of Classes 1 to 5 mentioned above, I am not satisfied that even Class 3 would be a suitably low classification for cotton cloth and blankets, for this class appears to include articles of higher value or of greater fragility such as china-ware, crockery, cinematograph films, electrical and power accessories.

I therefore recommend that cotton cloth and blankets of the cheap qualities used by natives should in future be included either in Class 4 together with such articles as condensed milk, dog biscuits, and books, or in Class 5 which covers other commodities of every-day use such as orange-squash, salt, soap, beer, and onions.

## **VI.—IMPORT DUTIES.\***

### **Customs Union.**

36. A Customs Union is now in force between Kenya, Uganda, and Tanganyika, and the tariff applied since April, 1930, was based on the recommendations of an Inter-Colonial Customs Committee which reported in March of that year. Representations were made to me by the Indian Merchants' Chamber at Mombasa and by the Indian National Congress against the protective duties now levied on certain produce which competes with local agricultural production.

### **Protective duties.**

These protective duties (applied through "suspended duties" as distinct from basic duties) have been introduced with the object of assisting the establishment of local industries for the supply of flour, sugar, timber, rice, and dairy products including ghee, and, as mentioned in paragraph 111 of this Report, they appear to be fulfilling their purpose if judged by the evidence of decreases in

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\* Terms of Reference, 1 (b).

imports. The "suspended duties" differ from basic duties in that, although they are included in the schedules of the common tariff, they are imposed not by the Tariff Ordinance itself, but by Proclamation issued by the Governor with the approval of his Legislative Council in any of the three territories. This allows for a defined margin of elasticity in the matter of imposition on specified articles of "suspended duties" as distinct from basic duties without interference with the main principles of the common tariff. The protective effect of suspended duties is by no means exclusively designed for the benefit of non-native agriculture. They also afford protection for native production in the cases of rice and ghee and both native and non-native production in the case of sugar. There is no evidence that the application of these duties has unfairly affected the incidence of taxation on the various communities.

#### **Specific duty on unbleached cotton goods.**

37. The Indian communities also drew my attention to the specific rate of 30 cents per lb. on unbleached cotton piece-goods which at current prices was equivalent to 42 per cent. as against the standard *ad valorem* rate of 20 per cent. Owing to the heavy fall in the price of Japanese piece-goods to which this rate mainly applies the specific rate is now much higher in comparison with the *ad valorem* rate than when it was last adjusted in the tariff revision of 1930. It was then reduced from 40 cents to 30 cents and in view of the fluctuations in prices it is inevitable that at certain times such specific rates should vary considerably in their *ad valorem* equivalent. It would not be practicable continually to be changing specific rates, but I recommend that the prices ruling for these cotton goods, which are almost entirely purchased by the native population, should be carefully watched and that the specific rate should again, if necessary, be adjusted when the next periodic revision of rates takes place.

#### **Balance of advantage between communities.**

38. Upon the adoption of the new tariff in 1930 the Inter-Colonial Customs Committee reported as follows:—

"So far as possible alteration in the incidence of taxation among the various sections of the community is concerned, adjustment of the specific rates of duty will benefit primarily the non-European races, the loss following reduction of taxation of necessities being to some extent redressed by an increase in the rate of duty on tobacco, a semi-luxury article.

Modifications of the duties on cement, passenger-carrying vehicles, parts and accessories, proprietary medicines, mechanics' tools, etc., will be of undoubted benefit to all communities as the Committee has every reason to believe that the reductions

proposed are such as will in fact be passed on to the consumer, and is fully satisfied that the incidence of taxation will not be appreciably disturbed by the adoption of its recommendations."

Although in recent years Customs duties have been increased and Excise duties imposed mainly for the purpose of raising revenue, an effort has been made to differentiate between the rates of duties imposed on necessities and luxuries respectively, and attention has been paid to the fact that there is always a point in Customs taxation at which consumption drops and receipts diminish.

### **Free List.**

39. The tariff is designed to allow free importation of articles necessary for the agricultural, industrial, and educational development of the territories. It was suggested that it would be of interest if I could obtain an itemized list of annual imports showing the value of those free from duty and allocated, as in the case of the dutiable imports shown in Appendix 1, Schedule 3 (page 69), between communities in accordance with the considered opinion of the Customs authorities concerning the uses to which the various commodities are put. The Commissioner of Customs for Kenya and Uganda, however, informs me that he does not consider that such a list could be accurate enough to be of any value. Whereas he is able to judge with some confidence which community purchases the articles of common consumption included in the tariff, he would have no experience to guide him in the very different case of articles imported for constructional purposes and agricultural development. After examining the tariff and considering the recent drop in revenue from import duties I am satisfied that the point of a diminishing return has in some cases already been passed and that it would certainly not be to the interest of the Colony in its present stage of development to extend the range of import duties by including those articles which are now on the free list.

### **Fairness of present tariff.**

40. In my considered opinion the tariff as at present framed is just in its incidence upon racial communities so far as the main structure is concerned. Each territory has a margin of elasticity in the matter of imposition of protective as distinct from revenue duties, the needs of the Colony are already being met to an increased extent by local production of many of the articles involved, and, although the maintenance of an absolute balance as between the various communities is a practical impossibility, the effects of the protective duties taken as a whole cannot be said to bear harshly on any particular section.

## VII.—EXPENDITURE ON COMMUNITIES.\*

### Racial classification of expenditure.

41. On examining the existing materials for estimating the "amount of money expended in the interests of each community, in particular on natives and non-natives," it appeared that, although considerable attention had been directed to defining the position as regards native services, no comprehensive classification to cover the other races had yet been attempted. It seemed best, therefore, to abandon the basis of classification of expenditure which was adopted for the years 1929 and 1930 and submitted to the Joint Select Committee, as that dealt only with native services and was framed to show that the native community received a fair return in Government expenditure for the revenue contributed.

### Basis of classification.

42. In order to do this, the earlier classification took into account the estimated cost of housing Government officials employed on native services, an addition to their emoluments representing the pension liability which ultimately would fall upon Government revenue, and also the estimated cost of reliefs, leave pay, and passages. A classification of that nature, whilst it may give a fair picture of the real cost to Government of native services, cannot be adopted as a basis for allocating the actual expenditure of any one year to the various racial communities which contribute to the Colony's revenue. It has accordingly been necessary to separate direct racial benefits from the Colony's indirect expenditure. Owing to the impossibility in the case of many services of arriving at anything beyond a rough estimate in apportioning Headquarters Administration charges between the various community services, these costs, as also those of pensions and housing, are in all cases shown in the schedule of indivisible general services.

### Military and Police.

The cost of the Military and Police which in the previous classification was allocated partly to natives has now been shown as a general service since it is thought that the cost of defence and protection benefits all communities alike regardless of the disposition of the forces. The cost of administrative personnel has also been shown as general service as it is not possible on any accurate basis to allocate the services of District Officers to any particular community.

Notes 1 to 7 which follow Schedule 9 of Appendix 1 on page 85 show generally the basis on which the more important heads of expenditure have been apportioned by the departments responsible.

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\* Terms of Reference, 1 (c).

The division of services according to the benefits derived by various communities must be largely a matter of opinion and, in many cases, although the direct advantage of a service may appear to go to one community, indirect benefit may also be derived by another. I have discussed many of the detailed items with those responsible for the services, and Appendix 1, Schedules 4 to 9, pages 81 to 96, give, in my opinion, as fair a picture as is possible of the incidence of benefits between communities.

#### Indivisible services.

43. By far the largest amount of expenditure, however, is shown in Appendix 1, Schedules 4, 5 and 10, on pages 81 and 97, under indivisible services. The impossibility of finding any arithmetical equivalent for the benefits derived from these services is made clear by an examination of the items. Although I have been unable to find any acceptable basis of division for these services, it is evident that they are by no means of equal benefit as between communities.

### VIII.—BALANCE OF CONTRIBUTIONS AND SERVICES.

44. Having apportioned revenue and expenditure for 1931 as far as practicable on a community basis, it is now possible to consider the result in the form of a balance sheet. As information does not exist to enable the costs of services to be divided between the Asiatic races, Schedule 10 of Appendix 1, page 97, shows contributions of Indians, Goans, and Arabs grouped under the same head. It is thus seen that after paying in each case for the services by which they directly benefit, the following surpluses are left over by the various racial groups as contributions towards the costs of the indivisible services.

	<i>Contributions.</i>	<i>Services.</i>	<i>Surplus.</i>
	£	£	£
European .. ..	665,781	171,247	494,534
Asiatic .. ..	385,658	46,080	339,578
Native .. ..	791,100	331,956	459,144

#### Adequacy of contributions.

The problem as to whether the contributions are adequate cannot be decided by any accepted test, and judgment must depend on a balance of considerations. The latest population figures are as follows :—

European .. ..	17,285
Asian .. ..	56,903
Native .. ..	2,950,000

Europeans, by far the smallest community, are thus paying the largest contribution of any of the three groups towards the cost of common services.

The matter, however, cannot be judged merely on a community basis. Although owing to differences between the levels of European, Asiatic, and Native civilizations the various communities must be taxed by different methods, expenditure should be based on the general interest. The European community have pointed out the limitations which apply to any arbitrary division of revenue and expenditure, and their representatives before the Joint Select Committee\* deprecated "any economic measure which tends to promote the disintegration of the community, believing that the material interests of the constituent elements are complementary and that every attempt to separate them into watertight compartments would be against the best interest of all of them."

#### **Necessity for different standards of service.**

45. Contrasts between racial standards of life have made the measure of equality of sacrifice in taxation even more difficult of practical application than in Europe. It is impossible satisfactorily to compare the burdens of taxation where the native pays out of additional production and the European out of fixed and limited resources (*see* paragraph 19). An opinion as to whether existing social services accord with the needs of the population is also greatly complicated by the contrasts in conditions of life between natives and non-natives. The smaller European and Asiatic communities which provide so large a proportion of the total revenue are entitled, for instance, to special standards of education and other services which it would be quite impracticable to provide for the large native population who are only able to make such a small *per caput* contribution to the cost of their services. Though educational facilities are gradually being extended for the African population, to provide these on non-native standards would cost immeasurably beyond what could possibly be paid at present by the natives themselves or what it would be fair to ask from the non-native community.

#### **Standards of life compared.**

46. The European community as a whole appears to be living at no higher standard of life than would reasonably be expected in Great Britain. On the other hand I am assured by those who are familiar with Indian life, including Indians themselves, that members of that community in East Africa very generally show evidence of a greater level of prosperity and a higher standard of life than they would be enjoying in India. Natives, poor and backward as they are when judged by European standards, are certainly far better off than before the British Government, by building the Uganda Railway, opened up the country and began the process of civilization.

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\* Report of Joint Select Committee on Closer Union, Appendix 25, page 176.

Having seen something of African life under African administration in an African Native State, and something also of the life of the savage where left without any European guidance in the greater islands of the Pacific, I am convinced that the great work of native betterment which has been achieved during the present century in East Africa cannot be measured merely in terms of money. Instead of living for the most part in a state of preventible disease and in constant fear of famine, slavery, and violent death, the Kenya native now enjoys liberty and security and in varying degree according to the district where he lives, is being gradually taught to improve his health and his standard of life.

### **Native contributions.**

47. The hut tax was instituted in 1901 and the poll tax in 1903, but the latter was only applied generally in 1910. By 1911, apart from contributions to Customs duties, the native population was contributing no less than  $\text{£}7\frac{1}{2}$  per cent. of the total revenue of the Protectorate (excluding railway revenue) by these forms of direct taxation. Considering the services provided in return it is evident that the natives have long paid an ample contribution towards the general revenues of the country. The relative contributions to the cost of Government services are shown by the Statistician to the Governors' Conference to have changed considerably in the last few years owing to the impoverishment of the European population and the relative growth in Native Reserves (Appendix 2, page 99). Judgment as to whether Europeans have been contributing a fair proportion of the cost of the indivisible or Colonial services must largely depend on opinion as to how far these services are of equal benefit to all races, and how far they have been developed primarily for non-native benefit. In this matter there is no need to consider the case of Asians apart from Europeans. Their contributions are based on scales not greatly different and, as their civilization and needs are largely similar, they benefit equally with Europeans from amenities of little present value to the native.

### **Benefits from Colonial services.**

48. On examining the general structure of these Colonial services and the proportion of cost due to the provision of such conveniences as motor roads, municipal water-supply and the general scale of Government and municipal services, comparing also the services in settled areas with those provided in neighbouring areas where European interests are less dominant, I have formed the opinion that in the development of the undivided or Colonial services in Kenya the prevailing bias has been toward the convenience of a civilization in which the native so far shares little of the direct advantages. The



word bias is here used in an entirely impersonal sense. It is not suggested that Europeans have taken any unfair advantage of their opportunity to mould Kenya services to suit an advanced civilization, but in examining the figures showing the value of services indivisible as between races and in weighing the adequacy of proportional contributions, account must in justice be taken of this consideration.

Comparing the burden of taxation throughout the world with that borne by the European population of Kenya, it is evident that the latter enjoys the amenities of civilization in return for a relatively light scale of contribution. No formula attempting to lay down exactly what would be a fair contribution from each community to general services could however be other than entirely arbitrary. The matter is altogether so involved and so unsuitable for exact judgment that I certainly do not consider that any sudden or drastic re-adjustment of taxation or of the general balance of expenditure would be called for in this connexion.

#### **Natives bearing relatively greater burden.**

49. Reasons have already been given for the view that the native cannot in his present circumstances fairly be expected to make heavier contributions, and if further revenue has to be raised it ought to be from the non-native. Fortunately, however, there is no reason for any such readjustment of burden or benefit on this account as need interfere with non-native standards of life.

#### **Exact balance unobtainable.**

50. An exact balance of contributions and benefits on a community basis acceptable from all points of view is unobtainable. Profound differences in social and economic organization and needs must be reflected by arrangements for the special but quite legitimate benefit of particular interests. Well-considered measures, for instance, to save agriculture from disaster, even though they may be directly for the benefit of a section of producers, may be fully justified in the general interest.

Bearing this consideration in mind, some of the complaints which have been directed against Europeans on the ground that their services are relatively costly when compared with those provided for natives are found to be without substance. As, however, criticism has been advanced in certain quarters on the subject of the special measures taken to assist European agriculture and of the high cost of non-native education as compared with that of native, it is well to examine briefly how far these complaints are justified.

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### **Agricultural subsidies.**

51. It has been suggested that unfair discrimination against non-European interests has been exercised by the Government in the provision of various forms of agricultural subsidies for European farmers. I can see, however, no possible method of government in a mixed community under which expenditure of an emergency nature for the benefit of one section could be balanced by an equivalent expenditure for the benefit of the others. The so-called subsidies consisted in providing financial assistance to farmers, chiefly grain growers, who were faced during the year 1930 with the world depression of prices and unfavourable crop conditions in Kenya. The services for grading, inspection, conditioning, and port storage, had accumulated profits which were the main source of the remissions of four-fifths of the charges which should have been collected on the 1929-30 crops of maize and wheat.

Further relief to grain growers was given in 1930, in conjunction with the Railways and Harbours Administration, by refunding the whole or part of the railway rates and port charges in respect of the maize, wheat, and barley exported since 1st January, 1930. General, not individual, assistance was also given to the producers of the 1930 maize crop by means of a loan subsidy on exports. In all these cases, however, it was stipulated that the Government had the right to demand repayment of the refunds made by it in form or manner to be decided later.

### **Agricultural credits.**

52. As a result of the bad season and depressed conditions in farming in 1930, credit facilities were becoming very scarce. The Agricultural Advances Ordinance, 1930, was passed, making available a sum not exceeding £100,000 for advances to farmers who were in financial difficulties. This provision was made in order to enable the normal rate of agricultural development to be maintained, and to keep on the land efficient farmers whose prospects were normally good but whose financial position was, owing to these conditions, becoming precarious. It is stated in the Department of Agriculture's Annual Report for 1930 that "the timely introduction of this scheme had a steadying effect on a very panicky situation which might easily and very quickly have led to something in the nature of a disaster." Such disaster would have had a serious effect upon other communities besides the European.

The Land Bank was established under Ordinance in 1931 to supplement this emergency arrangement. Its main function is to finance long-term loans to farmers on a first mortgage of their land. The operations of the Land Bank extend to native as well as to non-native farms, but loans to the former will not be possible until a different system of land tenure for natives is instituted.

### Communal education charges.

53. It was agreed in 1927 with the Elected Members of the Legislative Council that the cost of European and Indian education, with the exception of administration charges and loan charges for the provision of schools, should be paid for out of special revenue. The necessary revenue was provided by the imposition of education poll taxes and the wines and spirits consumption tax. As will be seen from Appendix 1, Note No. 5, page 89, the account for 1931 shows a small credit balance in the case of European education but a deficit of £7,605 in the case of that provided for Indians. The distinction between the expenditure to be covered by these special contributions and that left on Colonial charge (namely, loan expenditure, central administrative charges, and cost of housing and pensions) seems to be drawn on no clear principle. I see no useful purpose in continuing this arbitrary arrangement and retaining a separate racial account which does not in practice balance. The present taxation on which the arrangement was founded should remain in force, but the non-native poll tax and education taxes might now with advantage be merged, the European continuing to pay a total of Shs.60 and the Indian Shs.50.

### Cost of European education.

54. I am not in a position to judge whether the present *per caput* cost of European education is justified even by the special circumstances of a scattered community. It is of course vital to the future interests of Kenya that nothing should interfere with the provision of European education on a scale as far as possible equal to that enjoyed by the British race and civilization elsewhere throughout the Empire. It is indeed in the interests of the Colony that the children of the settlers who must inevitably in future play an indispensable part in its development shall be adequately fitted for their task. It is disturbing to find that a very high proportion of the fees chargeable are not recovered from parents, and I consider that a standard of educational provision measured by boarding fees of £45 and tuition fees up to £6 10s. 0d. for a nine months' period represents an unduly high scale of advantage to be enjoyed at the public expense. This matter should receive careful examination in connexion with measures for economy (*see* paragraph 102).

### Lack of education facilities for Goans.

55. The arrangement that special contributions should be levied to cover European and Indian education has made no provision for the Goan community. Indian schools are unsuitable for them as they are of the Roman Catholic faith. No explanation of this anomaly has been given beyond the argument that Goans are not British subjects. This is an inconclusive reason especially as non-British

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European residents are granted full privileges in European schools. Moreover, many Goans like other natives of India have grown up in the country, and considering that their community contributed in 1931 no less than £58,406 to the revenue of Kenya (*see* Appendix 1, Schedule 1, page 63) I consider that they have an unanswerable claim to adequate educational facilities. Being provided with no service they do not at present pay the education tax. It is a matter for examination by the Government whether they are in a position now to be put on the same level as Indians in the matter of taxation, but whatever may be decided on this point their contribution to revenue already entitles them to reasonable educational facilities.

### **Ishaak Shariff and Darot Ismailia Communities.**

56. The Ishaak Shariff and Darot Ismailia Communities, nomad peoples of Arab extraction from British Somaliland, have for many years been paying non-native poll tax at their own request in order to be distinguished from African natives. They have received nothing in return for their extra contribution and, although, owing to their occupation as cattle dealers which compels them to pursue a wandering life, they cannot all be provided with educational facilities, they would be satisfied if arrangements were made to assist the education of such children as are left in Nairobi. The fact that their racial distinction has been recognized by the acceptance of extra taxation establishes a claim to some educational assistance.

### **Native education.**

57. A scheme for native education was approved by the Kenya Government in 1930 to provide eventually for a minimum of requirements. While still in its infancy this scheme has been subjected to a decrease in this year's education vote of £9,250 as compared with 1931. At the Local Native Council meetings which I attended I enquired what were the chief wants felt by the native. "More education" was invariably the first answer. That the Local Native Councils really do feel keenly as to the need of education is shown by the provision of £17,000 (*see* Appendix 8, page 114) which they voted in 1931 for these services from their own resources. I therefore endorse the view expressed by the Director of Education in connexion with his estimates this year :—

"The African position is worst of all. The demands for education are insistent. The need for meeting these demands was never more urgent. This service should not be allowed to suffer especially when the shortage of revenue is likely, in the main, to be a shortage of revenue derived from Europeans and not from Africans."

A further serious anomaly has developed in connexion with capital expenditure for education. Local Native Councils have since 1926 voted £33,381 for the provision of school buildings to make up for the insufficiency of Government grants, although accommodation on a very generous scale has quite properly been found entirely from central funds for the school buildings of the European and Indian communities.

I have examined the items of reduction in the education estimates for 1932 and am satisfied that they have involved decreases both in the number of natives who can be taught and the efficiency of their instruction beyond what is fair in consideration of native contributions to taxation. There is therefore a strong claim for provision to be made to enable the programme of native education to be developed according to the scale of progress in force in 1931.

#### **Local Government services.**

58. Contributions to Local Government Authorities and services of the Public Works Department in settled areas which are shown in detail in Appendix 1, Schedule 5 (Statement B) on page 83, and Note No. 7 on page 95, are doubtless of greater direct benefit to non-natives who live under civilized conditions than to natives whose present mode of life precludes any but indirect advantages from many of the principal services provided.

#### **Road finance.**

59. Examination of the system of road finance discloses an anomaly which calls for remedy. In 1931, Local Native Councils contributed £9,509 to supplement Government grants. By this means they actually paid the capital cost of bridges which would otherwise have had to be borne by Colonial funds. In European (District Council) rural areas no such contributions are made either from local rating or otherwise. District Councils have now entered their fifth year of life and there is no evidence that they intend to raise any local contribution by means of levying rates, as was expected when they were founded, while the present system relieves them from such necessity. Although, owing to the different class of traffic carried, it is not necessary for roads primarily serving native areas to be of such expensive construction as in settled areas, they fulfil just as necessary a function in the life of the Native Reserves in giving access to markets and offering facilities for communication, and should in equity be afforded a larger share of assistance from central funds.

#### **Basic road-grants.**

60. Under an Ordinance passed in 1928 each District Council receives automatically from central funds each year a statutory basic road-grant equal to the sum spent by the Government on the

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maintenance and improvement of the District roads within its area in 1927, plus 25 per cent. for indirect charges and overhead charges connected therewith, or such larger amount as the Governor-in-Council shall deem necessary for the purpose of enabling the Council to employ the necessary staff to maintain the necessary plant and equipment and generally to carry out its duties and obligations as a local governing body in respect of roads. Under the heading of "overhead charges" come such different items as the salary of the engineer and the cost of his travelling; election expenses and travelling expenses of councillors, depreciation of plant, rent of office, office furniture and equipment, and emoluments of an accountant and clerk. The Councils also deal in an advisory capacity with a wide range of subjects unconnected with roads.

The basic road-grant has been increased in recent years for various reasons by way of "additional grants", for which, however, no provision has been made in the estimates for 1932 owing to the financial situation. For similar reasons of economy, expenditure on roads of all classes has had to be reduced this year to the level of 1927, but the basic road-grants to District Councils, plus 25 per cent. for indirect charges and overhead charges cannot be altered without amending legislation. Negotiations are now taking place on this subject with District Councils with a view to an agreed reduction of 7 per cent. in these payments for the current year.

Local Government finance is not working in accordance with the principles upon which the enabling legislation was founded. It appears from the Feetham Report\* and from Section 104 of the Local Government (District Councils) Ordinance of 1928, that it was originally intended that basic road-grants with their percentage surcharge should be devoted entirely to expenditure in respect of road work. Owing, however, to the failure of District Councils to rate their Districts for general purposes, as provided in Part VI of the Ordinance, these grants are now subject to miscellaneous charges, including those mentioned above not directly connected with road upkeep.

The Economy Committee (*see* paragraph 102) should examine the present system of financing Local Government in Kenya, bearing in mind the fact, now generally admitted elsewhere, that local authorities are apt to be inefficient and wasteful administrators of funds to which they do not themselves directly contribute. Comparison should also be made between the cost of administration through District Councils and through the District Road Boards and Committees which they replaced, in order to consider how far reversion to the former system might be justified on grounds of efficiency and economy.

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\* Report of Local Government Commission, Vol. II, page 96, paragraph 2.

### Medical Services.

61. The expenditure on Medical Services was reduced from £236,934 in 1930 to £222,897 in 1931, and a further cut has been made in the expenditure for 1932. The savings have been effected by a reduction of the establishment of Medical Officers from 75 to 58 and the following retrenchment of services :—

(a) Total abolition of the School Inspection Service, with disbandment of one Medical Officer, two Health Sisters, and clerical staff.

(b) Abolition of the special Railway Medical Service, involving one Medical Officer and three Sub-Assistant Surgeons.

(c) Closure of medical service in respect of farm labourers in the Trans-Nzoia District, involving one Medical Officer and native staff.

(d) Medical services in the Native Reserves :—

(i) Masai Reserve, population 50,402, withdrawal of the only Medical Officer.

(ii) Central Kavirondo, reduction of Medical Officers by one, leaving one Medical Officer for a population of 343,205.

(iii) Lamu District, withdrawal of Medical Officer, leaving a Sub-Assistant Surgeon in charge of a District with a population of 29,882.

(iv) Postponement of special Officer for malarial research.

(e) Reduction of Medical Officers at Native Hospital, Mombasa, by one.

(f) Reduction of Medical Officers in Nairobi by two, duties partially taken over by the appointment of a part-time private practitioner.

(g) Withdrawal of Medical Officer of Health at Nakuru.

The provision for health propaganda, of primary importance in the prevention of diseases among natives, has been progressively reduced from £3,150 in 1929 to £60 in 1932.

It will be noticed that with the exception of (f) and (g) above, the list is almost entirely at the expense of native services. The classification included in Note 6 to Appendix I (page 91) shows how insufficient was the establishment provided to cope with the medical needs of the Reserves even before these cuts took effect. I consider that expenditure for direct native medical services has been unduly reduced and that there is a strong case for securing more adequate provision.

### Importance of native agricultural development.

62. The Agricultural Department is by far the most important service for improving native prosperity and social conditions as these, in view of the non-existence of any other native industry producing

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exportable commodities, must directly depend on the wealth the native can win from the soil. Indirectly, the Agricultural Officers can achieve much by their teaching to improve the health and efficiency of the population. The economic future of the Colony must increasingly depend on the efficiency of native agricultural producers, whether in the Reserves or employed by Europeans. Immediate return for the effort devoted to improvement of native efficiency will be reaped by the collector of revenue, by employers of labour and, so far as it depends on the spending-power of the native, by the general trade of the Colony.

A marked increase in native production, and consequently in native exchange resources or cash, has been made necessary by the recent improvement of the standard of native life, by the development of new wants in diet and in the amenities of life, and not least by the demands of the tax collector. Intensified production and the necessity to "sell off the farm" are creating a new and urgent problem in the depletion of soil fertility. When his needs were fewer the native could supply them by a smaller agricultural return. He therefore cultivated a smaller amount of land which allowed the replenishment of soil fertility and compensation for erosion by frequent fallowing and change of ground under cultivation. In many areas, with increasing needs of production, the native has no longer enough land to follow the old method of cultivating for four years and fallowing for a corresponding period. European methods and crops if unwisely applied may intensify the mischief.

Special problems have therefore arisen in the Reserves. The native needs to be shown how to get a fair balance between the crops which he turns into cash, either by export from the Reserves or from the Colony, and the new crops which he should grow for his own consumption in the interests of his health.

I am convinced that not enough attention is being paid at present to native development. The benefit derived from the Agricultural Department by the native community cannot be measured merely by comparing the figure of £39,018, which is shown as having been spent last year on non-native direct services, with that of £38,389, spent for the direct benefit of the natives. The expenditure of the remaining £88,482 shown as indivisible as between communities, has largely been devoted to work of greater interest to the European settler than to the native, although the native, doubtless, gets an indirect benefit by the prosperity of non-native agriculture and the additional employment which is thus afforded. A further inequality is shown in the fact that Local Native Councils provided £8,497 in 1931 for agricultural and veterinary services, although the whole expenditure on the corresponding non-native services was made from central funds.



### **Veterinary research at Kabete.**

63. Invaluable research work in the general interests of the Colony has been carried out at the Veterinary Research Institute at Kabete. Probably more than half the effort of this Institute has lately been devoted to the three cattle diseases, rinderpest, pleuro-pneumonia, and East Coast fever. In the case of rinderpest, a new treatment has recently been discovered at Kabete depending on a vaccine produced from the spleens of animals which have had the disease. The Masai are now providing, for every hundred of their cattle to be immunized, seven cattle to be sacrificed to the disease so that vaccine can be produced from their spleens. This new method is now being provided for them as a free service, apart from the cost of the cattle which they supply for vaccine production. In the case of pleuro-pneumonia and East Coast fever, there is less prospect of successful control, but the department has recently worked out a scheme which permits the free movement of cattle from an infected area if they bear suitable brands denoting that they have been inoculated or vaccinated against rinderpest and pleuro-pneumonia or that they have been through a six weeks' test for immunity to East Coast fever. Even with this provision for moving immunized cattle, the loss suffered in Native Reserves from quarantine regulations is very serious, and the possibility of relaxation should be carefully watched by the Native Betterment Committee in consultation with the Agricultural Department.

### **Coffee services.**

64. Other agricultural research has been devoted to European rather than to native problems. In addition to £5,000 a year spent in assisting the coffee industry to control disease, about £8,000 a year is being spent on coffee research. This figure is large in proportion to the total vote for the Scott Agricultural Laboratories of £11,354.

### **Agricultural research for Native Reserves and Coast Province.**

65. A due share of applied research should be afforded to the peculiar problems of native agriculture. I recommend that three research stations should be established, two in suitable Native Reserves and one on the coast, to deal with the problems of those areas. Work should be directed to the maintenance and improvement of soil fertility, to the trials of varieties of crops, the testing of traditional native methods of crop culture as compared with modern practice, and the introduction of improved crop rotations, plant breeding, and selection for native crops. I recommend that application be made to the Colonial Development Fund for capital grants to cover the cost of these stations which would amount in all to about £10,000. The recurrent expenditure of about £1,200 per annum

on each station should be found from the central funds of the Department of Agriculture as a set-off for the applied research which is now being devoted to problems affecting the European coffee industry.

#### **Agricultural training schools.**

66. Great advantage would be gained by attaching to each of the proposed research centres a training school for courses of instruction in agriculture. If such schools be attached to research stations as proposed for the Native Reserves, their cost and upkeep might fairly be charged to the Native Betterment Fund (*see* paragraph 70). It is doubtful whether the Native Betterment Fund could in the near future also bear the cost of such a school in the Coast Province. In view of the fact that the Coast Research Station would be dealing with problems affecting Arabs, Europeans, and Indians equally with natives, the establishment of the school could be left over for future consideration.

#### **Improvement of sheep and goats.**

67. In addition to the research for the benefit of native agriculture already outlined, further attention should be given to the question of introducing rams of good wool-bearing breeds in order to grade up the present native sheep which are useless for anything but mutton. Efforts should also be devoted to improving the milking capacity of goats so that the native population may have the necessary milk-supply in the villages. This is becoming the more necessary since native cattle have so often to be driven to distant pastures owing to the larger area being brought under cultivation.

To enable the Native Betterment Fund to be in a position to finance an increasing programme it will be necessary that resources should be provided at least sufficient to reinstate the agricultural and veterinary services up to the level for which provision was made in the estimates for 1931.

### **IX.—NATIVE BETTERMENT.**

#### **Native taxable capacity.**

68. Even if direct native taxation be transformed in the way that I have suggested with the object of making it more adaptable to taxable capacity, it will, if maintained at its present level, represent a heavier individual sacrifice than that at present imposed upon the non-native population.

For reasons which have already been given (paragraph 17) it is difficult to get an exact measure of native resources and I have refrained from accepting any of the average figures of native production and cash earnings which have from time to time been put

forward because since no statistical information is in existence they depend upon guesswork. Even, however, if they were arithmetically correct, they would be uncertain ground upon which to base conclusions as to individual taxable capacity under a system which so largely depends upon a flat rate. There is great variation in individual wealth measured in terms of livestock even among primitive native communities.

Native taxable capacity must therefore be largely a matter of opinion, but, taking into account the conditions under which the native lives and the fact that taxes absorb so large a proportion of his available cash resources, I have no doubt that, however the burden may be redistributed between one District and another, it would not, under present conditions, be fair to budget deliberately for any increase in the total. As development takes place, however, the yield of native taxation will show a natural increase, and it is just that a certain fixed proportion of the present yield of tax together with a share of any future increments should be devoted to services for native betterment.

#### **Need for ensuring minimum native services.**

69. The main justification for asking the native to submit to a heavier sacrifice in taxation than the non-native may be found in the difference between their respective levels of civilization and the varying needs of the two communities for State expenditure on social services and development. Whereas the non-native is capable of paying for a large part of the cost of his children's education, this service must be available for the native entirely from public provision. In the same way the European population arrange and pay for their own medical treatment, but the native is quite unable to provide this service for himself and depends entirely upon the public medical arrangements. Attention has already been drawn to the large decreases in the education and medical votes for direct native services (see paragraphs 57 and 61). If, because of his helplessness, the native is to be taxed to provide exclusive services for the improvement of his condition, it is necessary to secure that the extra burden that he bears for this purpose be not deflected. The problem is to find some form of guarantee that the vital services of native development which are the main justification for the heavy contribution made by the native to public taxation from his slender means shall not be subject to recurrent cuts.

70. I have given much thought to the recommendation of the Joint Select Committee\* that "the Chief Native Commissioner should be charged with the preparation of an Annual Estimate of the Financial requirements of his Administration and should have allocated to it such funds as the Governor thinks desirable and

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\*Report of Joint Select Committee on Closer Union, paragraph 87.

necessary.” I assume that the Select Committee intended that this outline of policy should be interpreted into a workable and effective guarantee for assuring to African natives a fair share of Colonial expenditure.

### **Proposal for Native Betterment Fund.**

Bearing in mind the exceptional constitutional arrangements which have grown up in Kenya I do not consider it practicable for the Governor year by year to abstract from the Colonial Revenue and from the control of the Select Committee on Estimates a varying sum for the Chief Native Commissioner’s administration, and I therefore recommend the alternative method of making a statutory body responsible, under the Governor as Chairman, for one half of the proceeds of direct native taxation. I therefore propose that a Native Betterment Fund be created out of which the direct services of native development should be financed.

### **Native Betterment Committee.**

71. This Fund should be controlled by the Governor, as Chairman, advised by a Committee to include the Chief Native Commissioner and representatives of native interests on the Legislative Council. The Governor should have power to nominate other officials. An unofficial elected member should also be added in view of the advantage of associating settler interests with the special responsibility of the Governor as trustee for the Crown in the development of native races. As the justification for such a fund is to be found in the high level of native taxation in proportion to native wealth and their claim to special direct services, its administration should not come under review by the Select Committee on Estimates. That body is predominantly representative of the non-native interests and is not therefore in a position to deal with the special needs of the native areas.

### **Powers and responsibility of Committee.**

72. The Committee should be empowered to build up balances from year to year in order to provide against fluctuations in the yield of native taxation and to be in a position to pursue a consistent policy. By this means it should be possible to finance a widening programme of native development as resources increase in the future. It would be the duty of the Native Betterment Committee to co-ordinate the efforts which are being made by the various departments to assist in native betterment. The problem of the improvement of native conditions is beset with many complex difficulties. The objective may often have to be approached not by a frontal attack on the part of the department directly concerned, but by a combination of effort on the part of several departments

together. Although the provision in the estimates of 1931 has been taken as a convenient measure for the minimum needs of the services of direct native benefit these services should in future be considered as a whole and there should be full discretion to allot resources available from the Betterment Fund by whatever system and in whatever proportions are found to be of the greatest benefit for natives.

#### **Necessity for co-ordination illustrated by needs of Tanaland.**

73. An illustration may here be given of the necessity for co-ordinated effort such as might with advantage be arranged by the Committee. There is urgent need in the Tana River area for improvement of the health of natives who are now almost universally suffering from preventable diseases. It may possibly be best that the doctor himself should not lead the way alone. To get rid of bilharzia and malaria the land should perhaps first be drained and improved in condition by the advice of agricultural officers, who can also build up resistance to disease by teaching the native to grow crops which will afford him a balanced diet. The school-teacher and the sanitary officer should reinforce the effort by teaching the people the simple rules of health which, though accepted as a matter of course in a civilized community, are still entirely unknown to primitive people. Before the hookworm can be eliminated native superstitions must be broken down to enable the introduction of elementary rules of sanitation in the locations and to secure the protection of the water-supply from infective pollution. The actual healer should probably come last as it is of little use to cure diseases if ignorance and lack of sanitation are continually causing re-infection. The Native Betterment Committee would act as general staff in the war against native disease and ignorance, and it would be their duty to secure a wise allotment of tasks between the various forces engaged.

#### **Relation between Betterment Fund and Local Native Councils.**

74. Having been instructed\* to examine "the degree and manner in which financial responsibility should be conferred on Local Native Councils" I have considered various different methods of giving them control over the spending of a definite proportion of the yield of native direct taxation, whether derived from the present system of hut and poll tax, or from any such amended system as I have recommended in paragraphs 21 to 24. My discussions with Local Native Councils have convinced me that there is a very general demand that some considerable proportion of the heavy direct taxation now paid by the native should come back in the form of

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\* Terms of Reference, 1 (d).

direct and tangible services. To satisfy this wish there is no need for these services to be strictly limited to those spent in the Reserves, provided that they are devoted to direct native benefit throughout the Colony under the control of an impartial body such as that suggested in paragraph 71.

#### **Advantages of grant-in-aid system.**

75. For reasons with which I shall deal when discussing the future development of Local Native Councils, I am convinced that it would not be desirable merely to give back to each area a proportion of the taxes there raised. Provision should be made by a system of grants-in-aid for the pooling of resources and for the benefits to be allotted according to needs. By this expedient the Native Betterment Fund should serve to some extent as a device for equalization of expenditure between the richer and the poorer native districts. The proposed grant could not at present be administered entirely through the Local Native Councils, but the Native Betterment Committee should aim at the gradual development of a system of grants-in-aid, and seek to associate Local Native Councils in increasing measure with the administration of the betterment services.

#### **Revenue of Native Betterment Fund.**

76. I recommend that statutory provision should be made for the payment into the Native Betterment Fund of half the average annual yield of native direct taxation for the previous six years for which final figures are available, this fund to be expended primarily upon the development of the four major services of direct benefit to the natives, namely, education, medical, agriculture, and Native Reserve roads and bridges. It is necessary to base this 50 per cent. grant on a six years' average because revenue from the hut and poll tax varies considerably from year to year according to the yield of native crops.

In establishing this Fund provision would have to be made for safeguarding the claims of holders of Kenya Government stock secured on the general revenue of the Colony in the event of other resources proving at any time insufficient to meet the service of this debt.

A comparison between the yield of direct native taxation in 1931, and the average for the six years 1926 to 1931 will show the necessity for taking an average of years as the financial basis for the Native Betterment Fund. In 1931, native direct taxation yielded the exceptionally low figure of £530,877, whereas the average for the six years mentioned is £559,196. If a percentage were to be taken of the year 1931 alone, it would of course have to be fixed higher than 50 per cent. to cover the actual cost of £270,954 for the major

direct native services in that year ; but it is evident that a consistent grant-in-aid system could not be founded on a fund subject to such heavy fluctuations as occur from year to year in the yield of native direct taxation. Fifty per cent. of the above-mentioned average figure is £279,598, and I would justify this percentage as a fair basis for the proposed Fund on the following grounds.

#### **Insufficient provision in 1931 for backward areas.**

77. The expenditure on the four major direct native services in 1931 was in my opinion insufficient for providing reasonably adequate services. Great reductions had already been made in the medical service as compared with 1930. Many areas were seriously neglected. There was, for instance, no provision whatever for any medical, educational, or other services for the Pokomo Tribe, who live along the Tana River, in return for their contribution to the Colonial revenue. The Commissioner for Turkana, a very poor Province, inhabited by nomad tribes except for the single and equally poor cultivated area of Suk, sent me figures showing that whereas £7,578 is raised in direct native taxation only £710 comes back in services of direct native benefit. Although the figures may not be prepared on exactly the method adopted throughout this Report, I am satisfied that it is not fair to give back to such poor districts so small a proportion of the taxation which they raise. Under the appropriate headings I have already discussed the very serious effects of the heavy cuts included in the estimates for 1932 from the provisions made in 1930 and 1931 for the more important services of direct native benefit. I consider, however, that it is a reasonable compromise to take the expenditure of the year 1931 as being the standard of a fair minimum contribution for the major services to be provided out of the proposed Native Betterment Fund.

#### **Inequalities of treatment between native and settled areas.**

78. To re-instate the provision for the major services merely at the level of 1931 would however afford no set-off for the practice which has recently developed whereby Local Native Councils have begun to make large contributions for services owing to insufficiency of Government grants, although such grants are given to defray the whole cost of analogous services in settled areas (*see* paragraphs 57, 59 and 62).

It is difficult to assess a fair set-off for these anomalies, especially as the basic road-grants may in future be reduced by amending legislation and District Councils may also decide to levy rates (*see* paragraphs 59 and 60). The inequality of treatment between natives and non-natives with regard to agricultural services is also not altogether suitable for redress by means of an extra grant to native

areas. It should preferably be dealt with by requiring the Agricultural Department to give to native problems a larger share of their attention, particularly in the matter of research as recommended in paragraphs 62 and 65.

#### **A fair settlement.**

79. The 50 per cent. average figure of £279,598 for next year would give a margin of £8,644 over the annual 1931 expenditure. Having regard to the present serious financial difficulties of the Colony, this may be accepted as a reasonable settlement under existing conditions, and such arrangement will give some scope for expansion of services under the control of the Native Betterment Fund.

I suggest that the allocation of the amount to be found out of the Fund for expenditure on these four direct native services shall be arrived at in the same manner as has been adopted for the classification of expenditure on the same services shown in Appendix 1, Schedule 9, page 85. Appendix 7, page 113, gives a fuller definition of services to be borne by the Fund.

#### **Loan money for native betterment.**

80. Although the grant of 50 per cent. of the yield of direct native taxation should cover ordinary expenditure on the betterment services, cases may arise in future where provision of loan money from the Colonial Development Fund or other sources may be justified. The establishment of the Native Betterment Fund should not debar the services covered from such further assistance on suitable objects.

#### **Administrative separation of communities not recommended.**

81. I would emphasize that the proposal for a Native Betterment Fund is not one for the administrative separation of the non-native and native communities as to the advisability of which at some future date the Joint Select Committee kept an open mind\*, although they "felt unable to recommend the adoption at the present time of any scheme in preference to the existing system of government, on unitary lines, for the Colony as a whole." Administrative separation of the communities would, in existing circumstances, be open to great objections on financial and political grounds. An apportionment of revenue and expenditure as between the communities is impossible to obtain arithmetically with any degree of accuracy under the existing fiscal and administrative systems, and the cost of duplicating headquarters staffs and overhead charges could not be justified. More serious even than the financial difficulty is the

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\* Report of Joint Select Committee on Closer Union, paragraph 86.



political one. The effect of setting up a separate and independent administration for native areas would be to promote that disintegration of the co-operative state that it is a main purpose of the "Dual Policy" to prevent.

The expedient of a Native Betterment Fund is admittedly inconsistent in theory with the unitary system of Colonial government, but I am convinced of the urgent need of a temporary guarantee that the more backward community shall get a fair share from central funds during the present period of unequal racial needs and political representation.

If, in future, the civilization of the native and non-native communities becomes more closely assimilated, or if, before that time, native wealth and the yield of their taxation so increase as to make this admittedly arbitrary apportionment no longer appropriate, the matter should be reconsidered.

### **Native Marketing Advisory Council.**

82. The increase and improvement of marketing facilities for native produce and the introduction and co-ordination of improved commercial methods in the native areas will be suitable objects for assistance by the Native Betterment Fund.

With the object of assuring to growers a more ready sale and a larger share of the proceeds, a Native Marketing Advisory Council should be set up by the Governor consisting of the Chief Native Commissioner, two or three members of the Native Administration, and two or three experienced members of the business community. Some questions that might usefully be considered by this advisory body would be co-operative production and marketing, bulking and grading, establishment of marketing centres where large-scale buyers might be induced to handle native produce, licensing of traders, and the prohibition or restriction of the system of barter which as practised in some of the small Asiatic stores is alleged to operate generally to the disadvantage of the native producer.

## **X.—FINANCIAL RESPONSIBILITY OF LOCAL NATIVE COUNCILS.\***

### **Organization of Local Native Councils.**

83. The Local Native Councils in Kenya are a deliberate creation under an Ordinance passed in 1924, whereas in Uganda and in some parts of Tanganyika they have been built up on a previously existing system of tribal administration.

It has sometimes been suggested that Kenya has been at a disadvantage in this matter as compared with neighbouring territories owing to the fact that there were no paramount native chiefs and

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\* Terms of Reference, 1 (d).

that the traditional system of tribal government was very rudimentary and variable. As a result, however, of the necessity for improvising these local government bodies from the start, the Kenya system has been framed to suit the functions to be performed and it has generally been found convenient to take the tribe, or part of a tribe, as the unit of administration.

It has not been found possible to include in this system the nomad and scattered tribes which inhabit the Northern Frontier and Turkana Provinces outside the Suk area. The Lamu and Kipini Districts of the Coast Province are also excluded. Altogether in Kenya there are now twenty-three Local Native Councils and they represent convenient units for local administration and rating, as they each cover a definite local community with common interest in the tasks of local government and sharing equally in any communal benefits which may be provided out of funds raised locally.

#### **Comparison with Tanganyika and Uganda.**

84. In the neighbouring territories the systems are much more complicated. In Tanganyika, for instance, there are 143 Councils, and the fact that these bodies are being gradually combined in larger units appears to show that their original distribution was not found to be ideal and is being gradually modified in accordance with the needs of administration.

In those districts of Uganda where the highest native civilization had been attained the traditional system was continued in the form of two or three different grades of councils according to the size of the tribal unit. Several villages are grouped together in the lowest grade and send representatives to the county organization ("Saza"). In the case of the largest tribes these county units may again be combined in the tribal assembly. There is no reason for such an elaborate system in Kenya, and the existing organization is well adapted to the needs of the Colony.

The Provinces of Kenya were established as convenient areas for administration but do not generally represent any tribal unit or deliberate tribal grouping.

#### **No need in Kenya for Provincial Councils.**

85. As communications improve it is uncertain whether the present grouping will necessarily remain permanent. Occasional meetings of tribal representatives at provincial headquarters may be of value for discussing application of native policy but there are no administrative functions which could with advantage be taken away from the smaller tribal units and be entrusted to a larger group. The only suggestion for a wider grouping which was brought to my notice was in Kavirondo and that was based not on any desire to break down barriers between different

tribes but, on the contrary, on an aspiration for tribal re-union of the Bantu and Nilotic (Luo) tribes who are now split into four different Local Native Council areas by the Kavirondo Gulf which cuts right across the tribal boundaries. This difficulty could not be met by setting up a Provincial Assembly as the whole area of 7,122 square miles with a population of about a million would be too unwieldy for purposes of unified local administration. If communications so improve in future as to overcome the present difficulty it would seem better to combine existing Local Native Councils so as to keep Bantu and Luo together rather than to unite them in a Provincial Assembly.

### **Constitution of Local Native Councils.**

86. The constitution of the nine Local Native Councils which I visited showed considerable variation both in size and in the method of election of members. In Northern Kavirondo, the Council consisted of 64 members of whom 38 were elected and 26 were nominated. Some Councils, on the other hand, had a nominated majority. The Local Native Council of South Nyeri, for instance, consisted of 23 members, 12 of whom were nominated and 11 elected.

After it had been explained to the Councils that I had been sent out as a result of last year's Parliamentary enquiry, discussions took place as to the conditions under which these Councils work and various suggestions for lightening the system of taxation were brought forward. In some cases, where my visits coincided with a routine meeting, I also saw the Councils at work on their ordinary business.

### **Standard of education and financial aptitude.**

87. In spite of the fact that in most cases only a minority could read and write, members seemed to follow the proceedings very closely and to take an intelligent interest in the business. There were, however, great contrasts between the various Districts in this respect. Whereas the educated minority in the more advanced Districts could appreciate simple accounts, there was only one councillor at another meeting who could read, and I was assured that few members could distinguish between any numbers over 80.

These conditions were in marked contrast to the Kingdom of Buganda where I saw the Lukiko at work and was much impressed by the efficient accounting system which I was shown in the Native Treasury. It will be very long before such a level of education can be reached by any District in Kenya.

It seemed quite obvious that without a District Commissioner to guide each Council as President, none of the bodies that I visited was capable of exercising any effective financial control. Currency, other than livestock, has only recently come into the lives of the natives, and financial calculations are for the most part meaningless.

On the other hand, many of the native members are very business-like in the sense that they know what they want and will take much trouble to see they get value for money, and undoubtedly they are already very useful as advisory bodies to the District Commissioners in the allocation of available funds in accordance with the wishes of the tribe.

#### **Financial resources.**

88. The revenue and expenditure of the various Native Councils during 1931 are shown in Appendix 8 (page 114), which also shows the credit balances carried forward to 1932. It will be noticed that revenues are derived from various sources. At the present time the rates voluntarily imposed vary from Sh.1 to Shs.3 per head. The total revenue amounted to £62,691 of which £39,952 was derived from rates, £14,070 from land revenues and £8,669 from other sources.

I do not recommend any immediate change in the constitution or responsibilities of Local Native Councils. They should be allowed to develop on their present lines and be brought into closer touch with the work of the District Commissioners as their capacities increase. Local finance should be supplemented by grants-in-aid.

#### **Basis for financial assistance.**

89. Such financial assistance should take the form of grants for special capital purposes and annual grants in aid of recurrent expenditure and should be payable either out of loan funds, general revenue, or, in suitable cases, from the Native Betterment Fund proposed in paragraph 70. The alternative system of a definite rebate to Local Native Councils of some fixed proportion of the taxes collected in their Districts would be too rigid for the present conditions in Kenya in view of the great contrast in the stage of development reached between areas, such as Kikuyu, which are generously provided with services, and Tanaland, where hardly any services have yet been created.

The following passage from Lord Lugard's Memorandum on Taxation issued to political officers in Nigeria in 1917 is equally applicable to conditions in Kenya :—" Distant Provinces . . . must not feel aggrieved if the annual direct expenditure upon them . . . is not the equivalent of the tax they pay to Government. The stem and main branches of a tree must receive the bulk of the sap and be developed before its outlying limbs. . . . Later the bulk of the expenditure may in return be devoted to the development of the outlying Provinces." Thus the Native Betterment Committee should give special consideration to those areas which have been hitherto the most neglected, and they should design their grants to bring all areas up to a general level of development.

### **Communal labour on roads.**

90. In connexion with road upkeep it was brought to my notice that the Local Native Councils of Kyambu and Meru had recently passed resolutions expressing their wish to be allowed to repair their local roads by the traditional method of communal labour in preference to paying a gang of workers for this purpose (*see* Appendix 9, page 116). Criticisms of the old-established system seem often to be made without due consideration of the conditions in the Native Reserves, where road repairs often involve merely filling up a gap which has been made by storm water and can be carried out very quickly when the inhabitants of a whole village turn out and work together.

Cash for payment of wages is moreover often very short and the ratepayers may naturally prefer to do the work themselves instead of having to pay others to carry it out. There is nothing in the International Convention concerning Forced and Compulsory Labour to interfere with such communal work provided that the services are of a kind which can "be considered as normal civic obligations incumbent upon the members of the community provided that the members of the community or their direct representatives shall have the right to be consulted in regard to the need for such services."\*

It is difficult to justify the uprooting of harmless Native customs merely to satisfy European theories and I recommend that in cases where Local Native Councils express a wish to make use of communal labour for communal service under proper safeguards their right of self-determination in this matter should not be taken away.

### **Transfer of responsibility for certain services.**

91. Responsibility for local education should gradually be transferred to Local Native Councils, powers of inspection and ultimate control with the right to withhold grants in case of unsatisfactory services being reserved to the Director of Education. The teaching staff should remain officers of the Department of Education. Grants-in-aid for elementary education might be made to Missions in areas where they can offer efficient service. Educational institutions of Colonial importance would continue to be financed from central funds, whether out of loan money or from the Native Betterment Fund.

The same principle might also be progressively applied first to sanitary and then to medical services but doctors and nurses should always remain members of the Colonial Service. The cost of headquarters staff and such central institutions as the Medical Research Laboratory would naturally remain as charges on central funds.

In the same way the responsibility for local agricultural services should eventually devolve upon local government bodies but here again the control of policy must remain vested in the Director of Agriculture and officers should continue to be members of his staff.

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\* Article 2 (E).

## XI.—REVIEW OF GENERAL BUDGETARY POSITION.

### Supplementary Terms of Reference.

92. Supplementary instructions issued on 7th April, 1932, direct me to review the general budgetary position of the Colony, and it is indeed necessary that I should discuss this subject in view of the considerable re-adjustment of expenditure which I have recommended in connexion with direct native services. These re-adjustments amount to about £30,000, mainly in connexion with re-establishing the major native services to 1930–31 levels. Additional provision for the education of Goans and the Ishaak Shariff and Darot Ismailia communities, and for applied research on agricultural problems in Native Reserves and the Coast Province is also recommended. To appreciate the present budgetary situation it is necessary to make a brief examination of the financial policy which has been pursued in recent years.

### Unbalanced Budgets.

93. The Colony of Kenya has from 1929 onwards failed to balance its budgets out of current revenue and successive deficits have been met out of accumulated savings. Details of the changes in revenue and expenditure since 1926 will be found in Appendix 10, Tables 1 and 2, pages 117 and 118.

The following table summarizes the gross figures of revenue and expenditure and also surplus balances for the years 1926 to 1931:—

Year.	Gross Revenue.	Gross Expenditure.	Surplus or Deficit on year.	Surplus at end of year.
	£	£	£	£
1925 ..	—	—	—	149,723
1926 ..	2,627,223	2,414,681	+ 212,542	362,265
1927 ..	2,846,110	2,515,115	+ 330,995	693,260
1928 ..	3,020,694	2,834,547	+ 186,047	879,307
1929 ..	3,333,742	3,505,072	— 171,330	707,977
1930 ..	3,241,600	3,438,875	— 197,275	510,702
1931 ..	3,066,930	3,216,089	— 149,159	361,543

It will be seen from this table that the Colony's financial position at the close of the year 1928 was a strong one. There had been a surplus on each year's accounts from 1924 to 1928 when the surplus balances reached the highest figure. It may be of interest to give a brief outline of the way in which these accumulations have been expended since 1928 to balance the deficits of successive years.

**1929.**

94. The 1929 budget provided for a surplus of £77,009. It did not, however, include provision for the amount voted in December, 1928, against surplus balances, a large part of which formed a charge against the 1929 accounts.

Abnormal expenditure during 1929 was incurred as follows :—

Expenditure specially voted against Surplus		
Balances .. .. .	£72,914	
Locust Campaign .. .. .	55,272	
Famine Relief (net) .. .. .	59,238	
		<u>£187,424</u>

At the same time revenue collections were affected by the invasion of locusts ; native hut and poll tax figures were £35,589 short of the estimate, and other revenue suffered. The actual accounts for the year 1929 showed a deficit of £171,330 and the Colony's surplus balances were reduced to £707,977.

**1930.**

95. A deficit of £93,923 was budgeted for in 1930 after allowing for expenditure of £90,537 against surplus balances and £15,000 for famine relief. The actual amount spent during the year as a special charge against the surplus was £107,121 and the deficit of the year's accounts amounted to £197,275.

**1931.**

96. The 1931 estimates, as passed by Legislative Council in November, 1930, provided for a surplus of £73,051. Expenditure was £226,843 less than the original estimate but revenue fell by £449,053 as compared with the budget estimates. As from 1st July, 1931, postal letter-rates were increased to the level from which they had been reduced on 1st April, 1930. Additional Customs duties were imposed on motor tyres and accessories. £12,622 was temporarily provided from surplus balances for famine relief, some part of which, however, will be charged to expenditure in 1932. Expenditure on the locust campaign during 1931 amounted to £18,776.

The deficit on the 1931 accounts was £149,159, and the surplus balances were reduced to £361,543.

**Recoverable expenditure from surplus balance.**

97. In the figures given above for expenditure from surplus balances no account is taken of the following items which, being recoverable, are shown as assets in the balance sheet :—

£100,000 appropriated for the purpose of making advances and meeting expenses under the Agricultural Advances Ordinance, 1930.

£116,000 appropriated during 1931 for the assistance of maize and wheat farmers.

Concurrently with the dissipation of balances the Colony has incurred a large increase in its Funded Debt. Appendix 10, Tables 2 and 3, pages 118 and 120, shows how this increase has been reflected in annual payments on account of debt charges.

#### **Causes of financial difficulty.**

98. The weakening of Kenya's financial position has, of course, been due largely to the trend of world prices. In a community where external payments must depend almost entirely on primary production, the catastrophic falls in prices for maize, sisal, and other local products have necessarily caused a great restriction of purchasing-power which has been reflected in a heavy decrease in the revenue derived from Customs duties. A serious local misfortune leading to heavy losses in the maize crop has added to the financial difficulty. The recent crop destruction by locusts began in 1928 and by the end of 1930 was estimated to have caused a loss to growers of £200,000. In 1931 an even worse visitation destroyed 40 per cent. of the maize crop. This reduced the export of maize by 1,000,000 bags and, taking into account the destruction of other crops including wheat, is estimated to represent a money loss of £400,000 up to the end of 1931. The trouble still continues, and it is impossible at this stage to assess what damage will be suffered by the crop which has now been planted. This misfortune has not only caused disastrous losses to cultivators, but it has also had serious indirect results, firstly on expenditure in connexion with special defensive measures, and secondly, by reducing purchasing-power and thus contributing to the fall in indirect revenue.

#### **Efforts for economy.**

99. In the early months of 1930 the necessity for economy in expenditure was realized and efforts were made to curtail expenditure without involving a reduction of services. At the beginning of 1931, however, the need for economy became urgent and as a first step towards retrieving the position a schedule of authorized reductions on the original estimates for the year amounting to £157,543 was issued in May, 1931. Strenuous efforts to retrench have again been made this year and a cut of £103,754 on the current estimates as approved for 1932 has already been secured, mainly on recurrent expenditure.

#### **Savings partly non-recurrent.**

100. These savings, however, are to some extent non-recurrent. For instance, an important decrease of about £20,000 is to be brought about by lengthening the period of the "tour" of Government officials and postponement of leave. The actual saving on account of passages must be far greater at the beginning of the period than when the working of the new system is fully established. The effect of this economy will therefore quickly cease to show itself in the expenditure of departments because being temporary only it cannot



be followed up by any corresponding decrease in establishments to compensate for the extra number of officials who will be available for duty at any one time in the Colony while the scheme is in operation. It is evident, therefore, that if this saving of £103,754 is to be repeated in 1933 continued efforts must be made to keep down the cost of services which will otherwise tend to work up towards their former level.

#### **Need for further retrenchment.**

101. There are other reasons to justify renewed efforts to retrench at the present time. If it be decided that the financial situation and prospects make further taxation unavoidable, those who will have to bear new burdens may fairly ask that these be lightened to the utmost by a further examination and application of the maximum measures of economy consistent with administrative efficiency.

An additional ground for re-examining the cost of Government establishments is to be found in a comparison between revenue and expenditure in 1926 and revenue and expenditure in 1932. General revenue (excluding land sales) amounted to £2,051,994 in 1926, rising in the intermediate years to its peak in 1929. It had fallen by 1931 to £2,085,450, and the indications are that on the present basis of taxation it will fall considerably below the 1926 figure. The expenditure on recurrent votes, excluding public debt and interest, has risen during the same period from £1,803,194 in 1926 to £2,104,769 as the final figure for 1932 after readjustment of estimates in accordance with the economies in sight. During the same period the service of public debt and interest has gone up from £484,981 to £1,010,500, although much of this increase is on account of loan charges on the transportation debt which are set off by reimbursements\*. These figures point to the conclusion that the scale of public services is greater than the Colony can now afford and suggest the urgent need for its reconsideration.

#### **Economy Committee.**

102. It would have been outside the scope of my enquiry and it would indeed be an unsuitable task for a single Commissioner to examine the possibility of detailed retrenchment in all the activities of the Administration. At the time of writing, the Governor has stated his intention of setting up a small local Committee for this purpose. No Terms of Reference have as yet been announced but as it will be necessary to search for economies by an examination of the responsibilities, organization, and activities of the Departments of Government, and also the policies upon which they are based, it is necessary to ensure that while business and political elements are included there should also be strong representation of officials who know the Government machine from inside and can direct

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\*The Colony, however, guarantees losses on certain branch lines. The amount actually paid to the Railway Administration in 1931 was £19,871.

attention to possible economies in organization. In view of the persistent efforts which have been made in recent years to achieve economies which, although not necessarily all recurrent in the literal sense, have totalled since 1930 £195,462 on ordinary recurrent expenditure, excluding public debt charges and interest, and £280,738 on extraordinary votes, I do not anticipate that it will be possible to find any very large new economies, especially as about half the field of public expenditure is covered by irreducible services including public debt, pensions, and provision for the Native Betterment Fund, and scope for retrenchment is therefore definitely limited. For this reason, while seeking to ensure that expenditure is so conditioned as to give the best possible return, it must be a main part of the Committee's task to consolidate the retrenchments already in force and to counteract any automatic increases.

### **Divided financial responsibility.**

103. Efforts to economize are likely to prove temporary in their results unless spending continues to be curbed by effective methods of financial control. In Kenya there is in force a system of divided financial administration under which the Treasurer is responsible for the collection of revenue while the allocation of resources to provide for the various services is controlled by the Secretariat. The preparation of the main estimates of the year is thus in the hands of the Colonial Secretary whose duty it is as chief adviser to the Governor to take a large share of responsibility for their final adoption. The Colonial Secretary is in effect also Financial Secretary as he is not only responsible for expenditure but also introduces the budget and conducts the Appropriation Bill in the Legislative Council. Actually the chief functions of the Treasurer of Kenya are those of an Accounting Officer.

This arrangement is in marked contrast to the system of Treasury control in force in Great Britain. British Government departments do not even begin to consider proposals for fresh expenditure, or to frame the policy upon which the normal estimates of the year depend, except in the closest touch with the Treasury throughout. The tendency to increase expenditure is therefore checked and controlled from the earliest stages by officials with special financial experience.

The British system is not entirely appropriate to Crown Colony conditions but there is a strong case for the application of closer financial control, with whatever modifications may be necessary to suit the constitution of Kenya. I consider that the Treasurer should be regarded as the Financial Adviser to the Government, and that his advice should be sought not only on all proposals for raising revenue, but also on all matters involving expenditure from public funds or otherwise affected by financial considerations, before decisions are

taken on such questions. He should have free access to all Secretariat files in order that he may be fully cognisant of all the considerations affecting the financial policy of the Government and be in a position to offer advice when that policy is in process of formation. The tendency to increase expenditure would thus be checked and controlled from the earliest stages by an official with special financial experience.

### **Control of Establishments.**

104. Another marked contrast with the British system is to be found in the Establishments Branch being under the Colonial Secretary and not under the Treasurer. The effect of departmental establishments on Government expenditure can hardly be exaggerated. The very high proportion of total expenditure represented by the pay list of Government departments under modern conditions explains and justifies the British system under which the control of establishments is one of the five main heads under which the responsibilities of the Treasury are divided. If extravagance in personnel and services is to be avoided in Kenya I am convinced that control of the establishments in Government departments should be placed under an official responsible for the whole system of finance.

### **Colonial Regulations.**

105. Whatever may have been the intentions of the Colonial Office as to the control of expenditure in the past, the Colonial Regulations issued in 1928 no longer impose any necessity for this system of divided responsibility. In the Regulations for His Majesty's Colonial Service published in 1923 it was laid down (paragraph 223) :—

“ Annual Estimates of the Revenue and Expenditure of a Colony will be prepared by the Colonial Secretary and submitted to the Governor at such a date as will admit of their consideration by the Legislature.”

Colonial Regulations in force since 1928, however, provide as follows (paragraph 210) :—

“ Annual Estimates of the Revenue and Expenditure of a Colony will be submitted by the Colonial Secretary to the Governor, etc.”

It is therefore no longer necessary for the Colonial Secretary himself to be responsible for the preparation of estimates.

The present arrangement under which financial responsibility is divided between the Treasurer and the Secretariat seems likely

to lead to lack of control, duplication, waste of energy, and unnecessary expense. In the present difficulties of the Colony it appears to be more than ever necessary that there should be one official primarily responsible for finance in all its aspects and for advising both the Executive and Legislative Councils on all financial matters.

#### **Prospects for out-turn of 1932.**

106. It is now necessary to consider the prospects of the budget out-turn for the year 1932, and the information which is at present available definitely points to a worsening of the position. Although a deficit on January accounts is unusual, there was a heavy fall in Customs revenue this year. The Colony's loan charges were increased in January by £50,263, being the first payment of a half-year's interest on the loan contracted in 1930, in which by far the largest item was a provision of £973,367 for public buildings. Eliminating, for the purpose of revenue comparison, Colonial Development Fund receipts in 1931 and 1932 and the additional reimbursements amounting to £51,273 from the Railways and Harbours Administration, the revenue for January shows a short-fall of £48,410 as compared with revenue for January, 1931. The preliminary figures for February and March indicate a further decrease of £28,449 making a total decline of £76,859 on the first three months of the year as compared with the corresponding period of 1931. In respect of Customs duties an increase of £62,595 on last year's revenue was shown in the 1932 budget estimates. There is already, however, a short-fall of approximately £59,000 in Customs receipts on the first three months of the year as compared not with the budget estimates but with the lower level of last year's monthly receipts. The short-fall is the more discouraging since the basic figure of Customs duties in force last year included nothing for the wines and spirits duties which had not at that time been incorporated in the general Customs revenue.

Against these decreases may be set the arrears of 1931 in native hut and poll tax amounting to approximately £30,000 which have been collected during the first three months of 1932. It is too early to judge how far the collecting of these arrears will be offset by a possible short-fall in the hut tax estimate for 1932.

#### **Prospective deficit.**

107. It is impossible at this stage to estimate with any confidence the deficiencies which are likely to develop as compared with the revenue estimates for the current year. I have, however, examined the latest available returns as to the yield of revenue under its various heads since the beginning of the year and compared it with the original estimates and the corresponding figures of 1931.

Appendix 10, Table 4, page 121, showing a total estimated short-fall of £281,700 is based on this information. There might well be increases of revenue under other subheads which cannot yet be foreseen, but on present information it would appear reasonable to expect a net short-fall in total revenue of about £250,000 as compared with the budget figures. Assuming the expenditure to be at the level to which it has been reduced by the recent reductions already referred to, this may lead to a deficit on the 1932 accounts of £144,682.

#### **Cash position.**

108. In Appendix 10, Table 5, page 122, a statement is given of the cash position which may be expected to develop by the end of 1932 in the event of a deficiency of £250,000 as forecast in the footnote to Table 4. It will be seen that a cash deficiency of £181,639 would result after making provision for the £100,000 required for day-to-day needs of the Government.

#### **Prospects of recovery.**

109. It is now possible to discuss the trend of various factors in the budget position and to try to assess the likelihood of recovery.

Expenditure may still further be reduced as the result of an examination by an Economy Committee. No great alleviation, however, can be hoped for in this direction because, as already pointed out, the economies achieved by that Committee will be partially offset by the decreasing advantage of certain economies of a temporary nature effected by the postponement of expenditure.

#### **Yield of direct taxation.**

110. There is little prospect of expansion in the yield of direct taxation owing to the fact that it does not at present vary according to capacity, but depends to a great extent on the inelastic system of native and non-native poll taxes.

#### **Yield of indirect taxation.**

111. Indirect taxation shows no present sign of recovery and there is strong evidence that the recent increases in the tariff and the encouragement which they have given to the development of Kenya industries must lead to diminishing returns. The protective effect that is already shown by some of the duties imposed can be gauged

from the following examples comparing the revenue derived from duties, the quantities and the values of selected imports in 1928 and 1931 :—

	1928.			1931.		
	Customs Revenue.	Quantity.	Value.	Customs Revenue.	Quantity.	Value.
	£		£	£		£
Bacon and Ham ..	268	93 cwt.	848	74	35 cwt.	313
Ghee ..	3,092	8,986 "	36,372	1,341	5,813 "	14,891
Sugar ..	49,880	78,353 "	66,406	2,377	5,377 "	4,893
Tea ..	20,972	8,897 "	81,913	2,799	1,341 "	11,621
Wood and Timber	7,618	116,809 tons	17,380	3,174	71,792 tons	9,386
Aluminium Hollow-ware ..	5,634	166 "	31,302	333	13 "	2,255
Butter ..	243	147 cwt.	1,624	110	*110 cwt.	803
Cheese ..	629	262 "	2,968	332	122 "	1,228

\* Includes 87 cwt. (value £580) of Kenya butter re-imported.

It will be seen from the above that Kenya producers and manufacturers are making good use of their opportunities and although this development is of excellent promise from the point of view of internal production it cannot fail to have an increasing adverse effect upon the yield of the tariff. A consideration of the revenue derived from certain luxury duties also suggests that they are now so high as to check consumption and that more revenue might be secured by a lower rate of duty. Owing to the Customs Union this is a matter which cannot in any case be considered by Kenya alone, but when the periodic reconsideration of tariff rates takes place it will be necessary to ensure that any decreases in the rates on the luxuries consumed by non-natives are set off by corresponding concessions to the native population who, especially in the matter of duty on unbleached cotton goods, are paying a specific rate far above the *ad valorem* standard originally fixed, and who have therefore a strong claim to a lightening of the burden of taxation which they are paying on this article, the purchase of which absorbs a considerable part of their cash resources (cp. paragraph 37).

Although there is some ground for re-examining the case for lightening certain rates of import duty, it is out of the question to embark on any course which might involve loss of existing revenue until the budget has been balanced and until the yield of new taxation which may be imposed is established not merely on estimates, but upon firm experience.

### **Other revenues.**

112. The items of revenue which have not been shown in Appendix 10, Table 4, are not likely to make any appreciable difference in the balance.

### **Debt charges.**

113. The increased burden of public debt involves a very heavy charge on the taxpayer. The whole burden of sinking-fund payments will not be felt until 1935 when the full sinking-fund charges on the 1930 loan become payable. Taxpayers who examine these figures may not unreasonably enquire whether there is no hope of relieving their prospective load by means of conversion. Such a course might lighten the responsibilities of the present taxpayers by throwing the burden forward on to the shoulders of a future generation, who may be in a better position to pay for their advantages when the fruits of present expenditure on development are being gathered.

The possibility of debt conversion will no doubt be carefully watched, but it is well to point out that the problem in Kenya is very different from that in Great Britain. Whereas British Conversion Loans have been issued to deal with debt close to the date of maturity, the borrowings of Kenya are not repayable for many years to come and stand to-day at a price well above par. Under such conditions, debt could only be converted with the consent of the bondholders, and it is evident that terms would naturally be required for a successful conversion which would prevent any spectacular advantage to the borrower.

### **Prospects summarized.**

114. To summarize the prospects, there is no present indication that the financial difficulties of Kenya will solve themselves. Next year appears likely to open with an adverse balance against cash reserves and with the expectation of a large deficit on the revenue and expenditure accounts even on present lines without taking into consideration the re-adjustments summarized in paragraph 92. The yield of taxation is dropping steadily below last year's estimates. Those subheads such as stamp duties and licences (*see* Appendix 10, Table 4, page 121) which give an indication of the state of commerce and industry point to stagnant or shrinking conditions of business. On the other hand, although import duties are at present falling far short of the budget estimate it must be remembered that if this year's coffee crop fulfils its present promise of yield and quality, an increase of purchasing-power will result for coffee growers and native pickers, and this may be expected to bring about some increase in the revenue from import duties as compared with the short-fall indicated by the present receipts and estimates in Appendix 10, Table 4. This possibility cannot be assessed in figures and in any case would only be of uncertain duration.

It would surely be unwise to build hopes of permanent financial recovery on so narrow a foundation. Crops vary from year to year and it would appear that in the absence of a world-wide recovery of prices budget stability can only be ensured by broadening the bases of tax revenue.

#### **Need for fresh taxation.**

115. During the present stringency there is a natural fear of the depressing effect of new taxation, in spite of the world-wide experience of the danger of unbalanced budgets. Taxation, however, can be devised on such principles as would protect capital resources from any interference. Attention has been drawn to the inelasticity and one-sided foundation of Kenya finances. Even in a storm it is sometimes necessary to re-stow the cargo, and in the heaviest of weather it is imperative at least to stop the leak of an unbalanced financial system. Kenya can only ensure escape from present difficulties by following the example of the rest of the world and by taking action without delay to restore her position, not only by balancing the budget out of revenue but also by replacing the exhausted cash reserves so as to avoid the need of meeting current expenditure out of borrowings. I am forced to the conclusion that fresh taxation is called for. It can be imposed in a well-tryed form which need involve no serious hardship. Increased burdens cannot with any justice be borne by the native population and, if imposed, they should be graduated according to the ability to pay.

Various alternative methods of direct taxation which have been applied in other parts of the Empire, with or without income-tax in addition, have consequently been considered.

#### **Taxes on land and buildings.**

116. A land tax, whether applied generally or to undeveloped land only, would be inapplicable to Kenya in view of the extreme difficulty of arriving at a fair valuation. There is very little demand for agricultural land in the settled areas under present conditions, and valuations based upon erratic market prices would be unjust. The possibility of a tax on buildings, or alternatively a tax of narrower application on inhabited houses only, has also been examined. The former tax would operate very unequally as between industries and persons, having regard to the great variations in needs for building accommodation. An inhabited-house duty based on a valuation of the dwelling occupied, although it might bear some relation to the apparent standard of life, would be extremely unequal in its incidence upon income. An overwhelming objection, however, to taxes of this type in a community where agriculture is of such great importance as in Kenya is that they would fall with heavy incidence upon that industry and upon many individuals who are making no income and from whom no tax could justly be raised.



### **Problem of income-tax in Kenya.**

117. Income-tax in Kenya is apt to be judged on the very exceptional experience of 1921. When it was imposed in that year a large proportion of taxpayers failed to pay, and, instead of enforcing the law, the Government decided to repeal the tax on the recommendation of a local Economic and Finance Committee in 1922. The distortion which the half-hearted enforcement of the tax brought about in the receipts can be judged from the fact that, although the estimated yield for the nine months of 1921 was £328,413, only £95,073 was eventually collected, and doubtless owing largely to the passive resistance of a section of the population, the proportion received from employed persons worked out at 63 per cent. of the total receipts as against 1 per cent. in England.

The mixed population of Asiatics offers no special problem in Kenya. It would seem reasonable that accounts should be kept in English, or at the most in one other language, and in a particular form, and there is already an arsenal of fiscal weapons which may be borrowed, to deal with administrative details, from many Crown Dependencies where the same and other initial difficulties have been successfully overcome.

### **Light non-native direct taxation.**

118. The argument is sometimes used that the imposition of an income-tax would deter prospective settlers from choosing this Colony. In view, however, of the almost universal application of this system and the high rates in force elsewhere, Kenya would still offer great advantages to intending settlers under the comparatively light scale of taxation which would be necessary if remedial action be taken in advance of a serious crisis.

The comparison of the burden of non-native taxation in Kenya with that borne by taxpayers in other countries is indeed striking. Whereas elsewhere civilized communities have had to maintain their solvency by adding still further to burdens of direct and indirect taxation which had already seemed almost intolerable, the non-native population of Kenya are in the probably unparalleled position among civilized nations of bearing no direct taxation at all beyond a male poll tax of Shs. 30, a male education tax of Shs. 20 or Shs. 30, and a comparatively light scale of death-duties. The resource of direct taxation in some degree proportionate to the means of the taxpayer is therefore at present practically untapped, and the budgetary balance could be restored by a relatively low tax on incomes.

The growing industries of Kenya are naturally anxious not to discourage fresh capital, but the British investor is much more likely to feel alarm at the present precarious budgetary situation

with undefined possibilities of future taxation than by a reasonable rate of income-tax. Under the usual arrangement for double-income-tax relief within the Empire such tax would make no difference to the total tax payable on an income and would in effect merely be deducted by the taxpayer from the higher rate otherwise due to the British Inland Revenue.

### **Necessity for balanced budget.**

119. The opposition to income-tax now evident in Kenya may perhaps be based very largely on imperfect knowledge of the real financial position and prospects of the Colony. When the facts and alternatives are realized, the non-native population whose enterprise and belief in the future of their new country have hitherto contributed so much to its progress will doubtless not fail to respond to the need of enabling the Colony again to balance its budget, by accepting an equitable system of taxation in proportion to capacity. Neither her youth among peoples nor her fair inheritance among nations can save Kenya from facing hard facts and from the need to adjust her circumstances to new and harsh economic conditions.

## **XII.—CONCLUSIONS AND RECOMMENDATIONS.**

### **Summary.**

120. Recommendations are made for exemption from native hut and poll tax of widows inherited when past child-bearing age and for the granting of certificates of exemption from taxes for life for old and infirm persons in suitable cases (paragraphs 11 and 12, page 7).

Owing to the inelasticity of the present system of native hut and poll tax and differences in wealth both as between Districts and individuals, the following changes are recommended for gradual introduction :—

Native hut and poll tax to be charged at varying rates according to the taxable capacity of Districts (paragraph 21, page 13), pending gradual replacement and reorganisation under paragraphs 24 and 22, respectively ;

Uniform male native poll tax at the rate of Shs. 6 to be collected by tax stamps on registration certificates (paragraph 22, page 14) ;

**Tax on native livestock over and above certain minima necessary for maintaining life to be introduced in suitable Districts (paragraph 23, page 14) ;**

**Native cultivation tax to be substituted for hut tax (paragraph 24, page 16).**

**Reduction of railway rates on unbleached cotton cloth and blankets of cheap qualities is recommended (paragraph 35, page 19).**

**Figures are given to show racial contributions to indivisible services (paragraph 44, page 24). It is shown that natives cannot in present circumstances fairly be expected to make a heavier contribution to revenue and that any present increase in the total taxation paid by communities that may be found necessary should be borne by non-natives (paragraph 49, page 27).**

**The cost of non-native education is discussed and it is suggested that non-native poll and education taxes should be consolidated (paragraph 53, page 29).**

**The cost of European education should be examined by the proposed Economy Committee (paragraph 54). Education facilities should be provided for Goans (paragraph 55, page 29), and also for the Ishaak Shariff and Darot Ismailia Communities (paragraph 56, page 30).**

**The Economy Committee should examine the finance of local government with special reference to the basic road-grants (paragraph 60, page 31).**

**As a set-off to the large proportion of expenditure now devoted to research on non-native agricultural problems, applied research on questions affecting native agriculture should be initiated in the Reserves and in the Coast Province. Application should be made to Colonial Development Fund for the necessary building grants (paragraph 65, page 35).**

**Agricultural training schools should be attached to these Research centres in Native Reserves (paragraph 66, page 36).**

**It is proposed to set up a Native Betterment Committee to finance and co-ordinate the direct native services of education, health, agriculture, and roads, etc. (paragraph 70, page 38).**

**The Native Betterment Fund should be financed by the grant of 50 per cent. of six years' average yield of native hut and poll tax or any future substitutes (paragraph 76, page 40).**

**To improve defective marketing arrangements in native areas a Native Marketing Advisory Council should be set up (paragraph 82, page 43).**

**Local Native Councils should be brought gradually into closer touch with District Administration which should be increasingly financed by grants-in-aid from Native Betterment Fund (paragraph 89, page 46).**

Employment of communal labour should be allowed under proper safeguards at the option of Local Native Councils (paragraph 90, page 47).

Attention is drawn to the failure to balance budgets from revenue every year from 1929 onwards (paragraph 93, page 48).

The division of financial responsibility under the existing system in Kenya and the consequent lack of proper financial control are criticized (paragraphs 103-105, pages 52 and 53).

On present indications it is shown that this year's deficit on revenue account may amount to about £250,000, which would involve the complete exhaustion of accumulated surpluses and a cash deficiency of about £180,000 (paragraphs 107 and 108, pages 54 and 55).

No prospect is discovered that present financial difficulties will solve themselves, and a recommendation is made that budget stability should be ensured by broadening the bases of tax revenue (paragraph 114, page 57).

Alternative forms of direct taxation are discussed in paragraphs 116 to 118 (pages 60 and 61).

#### Acknowledgments.

121. I wish to express my appreciation of the great help afforded by Mr. H. H. Rushton, Treasurer of Kenya, and I am particularly indebted to Mr. K. S. J. Chamberlain, Assistant Treasurer, who carried out with great efficiency much detailed work in preparation of the schedules, etc. Mr. H. E. Bader, of the Secretariat, organized the collection of evidence in advance of my arrival, and during my visit contributed much to the smoothness of local arrangements.

Major A. W. Fosbroke-Hobbes accompanied me from England as Secretary for the enquiry. He showed the greatest ability and efficiency and his assistance was invaluable to me throughout my investigations and in the preparation of the Report.

I have the honour to be,

Sir,

Your obedient Servant,

MOYNE.

17th May, 1932.

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## APPENDIX 1.

## SCHEDULE 1.

Summary of Revenue collected, in 1931, Distinguishing Taxation Revenue from Other Revenue and Classifying Contributions of the various Communities.

	<i>Europeans.</i>	<i>Indians.</i>	<i>Goans.</i>	<i>Arabs.</i>	<i>Natives.</i>	<i>Indivisible.</i>	<i>Total.</i>
	£	£	£	£	£	£	£
DIRECT TAXATION .. .. .	42,596	39,170	3,251	18,114	530,877	—	634,008
INDIRECT TAXATION .. .. .	334,477	145,213	47,346	16,992	199,181	2,345	745,554
OTHER TAXATION REVENUE .. ..	109,113	45,406	4,057	6,241	11,446	1,936	178,199
OTHER REVENUE (NOT TAXATION) ..	179,595	49,213	3,752	6,903	49,596	1,220,110*	1,509,169
<b>TOTAL .. .. .</b>	<b>665,781</b>	<b>279,002</b>	<b>58,406</b>	<b>48,250</b>	<b>791,100</b>	<b>1,224,391</b>	<b>3,066,930</b>

\*Includes

Post Office .. .. .	168,132
Reimbursements .. .. .	883,716

APPENDIX 1—(Continued).

SCHEDULE 2.

(Details of Schedule 1.)

	Europeans.	Indians.	Goans.	Arabs.	Natives.	Indivisible.	Total.
<b>DIRECT TAXATION.</b>							
	£	£	£	£	£	£	£
Native Hut and Poll Tax .. ..	—	—	—	—	530,877	—	530,877
Non-Native Poll Tax .. .. .	12,411	21,900	3,005	5,255	—	—	42,571
European Education Tax .. ..	11,399	—	—	—	—	—	11,399
Asiatic Education Tax .. .. .	—	14,481	—	—	—	—	14,481
Estate Duty .. .. .	18,786	2,789	246	12,859	—	—	34,680
<i>Total</i> .. .. .	42,596	39,170	3,251	18,114	530,877	—	634,008
<b>INDIRECT TAXATION.</b>							
Customs Duties .. .. .	298,582	137,480	44,739	16,625	198,813	2,345	698,584
Petrol Tax .. .. .	22,296	4,047	182	367	368	—	27,260
Wines and Spirits Consumption Tax	11,808	3,200	2,106	—	—	—	17,114
Beer Excise Duty .. .. .	1,791	486	319	—	—	—	2,596
<i>Total</i> .. .. .	334,477	145,213	47,346	16,992	199,181	2,345	745,554
<b>OTHER TAXATION REVENUE.</b>							
Native Registration .. .. .	—	—	—	—	1,460	—	1,460
Game Licences .. .. .	11,166	228	66	66	79	—	11,605
Explosives, Gun and Ammunition Licences .. .. .	2,114	327	71	165	182	—	2,859

(11811)	Liquor Licences .. .. .	4,684	2,147	2,070	18	2,322	—	11,241
	Traffic Licences .. .. .	42,615	7,735	349	701	705	—	52,105
	Miscellaneous Licences .. .. .	1,788	1,102	66	493	518	—	3,967
	Licences under Carriage of Goods—							
	Motor Control Ordinance .. .. .	—	1,290	—	—	—	—	1,290
	Coffee Licences .. .. .	1,254	44	—	2	2	—	1,302
	Registration of Documents and Titles	1,596	1,068	117	187	195	—	3,163
	Stamp Duties, various Revenue purposes .. .. .	33,265	13,693	598	432	264	1,652	49,904
	Cattle Traders' Licences .. .. .	55	360	6	1,354	1,863	—	3,638
	Traders' Licences .. .. .	5,276	14,312	601	959	423	—	21,571
	Registrar-General's, Official Receiver's, and Public Trustee's Fees .. .. .	1,624	1,739	48	279	157	—	3,847
	Registration of Companies and Business Names .. .. .	965	287	17	—	—	—	1,269
	Registration of Inventions, Designs, and Trade Marks, and Bills of Sale Fees	483	43	4	—	—	—	530
	Conveyancing Fees on Crown Titles ..	742	569	15	23	30	22	1,401
	Market and Cattle Pound Fees ..	236	58	—	1,216	1,841	—	3,351
	Miscellaneous Fees (Cemetery, Marriage and Divorce ; Translation and Copying ; Testing Liquor ; Weights and Measures ; Legal Library ; Fees under Ordinances for Doctors, Dentists and Druggists, Pawnbrokers, etc.) .. .. .	1,216	327	29	346	1,405	9	3,332
	Fees for Licences to Exhibit Films ..	34	77	—	—	—	253	364
	<i>Total .. .. .</i>	109,113	45,406	4,057	6,241	11,446	1,936	178,199

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APPENDIX 1—(Continued).

SCHEDULE 2—(Continued).

	Europeans.	Indians.	Goans.	Arabs.	Natives.	Indivisible.	Total.
	£	£	£	£	£	£	£
OTHER REVENUE (NOT TAXATION).							
Fines and Forfeitures .. .. .	660	1,030	24	310	20,607	—	22,631
Fees of Court .. .. .	3,162	9,120	343	1,817	10,226	—	24,668
Survey Fees .. .. .	3,449	348	32	33	74	108	4,044
Veterinary Inoculation Fees, etc. ..	3,442	170	—	1,352	6,929	—	11,893
Hospital Fees .. .. .	9,635	412	24	22	—	—	10,093
Bills of Health .. .. .	—	42	—	21	—	594	657
Infectious Diseases Hospital Fees, Nairobi Municipality .. .. .	—	—	—	—	—	292	292
Infectious Diseases Hospital Fees, Mombasa Municipality .. .. .	—	—	—	—	—	121	121
Marine Protest Fees .. .. .	—	—	—	—	—	17	17
Passport Fees .. .. .	374	886	188	23	8	—	1,479
Tuition Fees, European Schools ..	4,112	—	—	—	—	—	4,112
"    "    Indian .. .. .	—	5,194	—	—	—	—	5,194
Boarding Fees, European Schools ..	12,436	—	—	—	—	—	12,436
"    "    Indian .. .. .	—	1,000	—	—	—	—	1,000
Special Police Guards .. .. .	163	—	—	—	—	14	177
Conservancy, Water Rates, etc., General	1,915	2,010	172	26	85	40	4,248
Medical Research Laboratory ..	623	72	4	—	—	28	727
Agricultural Produce, Grading, Condi- tioning and Cold Storage Fees, etc. ..	6,665	470	—	—	534	—	7,669
Registration of Domestic Servants ..	316	104	43	1	690	135	1,289

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Widows' and Orphans' Pensions Contributions .. .. .	25,268	—	—	—	—	—	25,268
Aviation Housing and Landing Fees ..	518	—	—	—	—	—	518
Fees from Agricultural Chemical Laboratory .. .. .	108	—	—	—	—	—	108
Fees from Government Analyst ..	156	—	—	—	—	53	209
Boarding Fees, Arab and African ..	—	—	—	—	69	—	69
Reimbursements .. .. .	588	—	—	—	2,688	887,864	891,140
Posts and Telegraphs .. .. .	—	—	—	—	—	168,132	168,132
Earnings of Government Departments	24,001	12,468	2,223	2,390	2,333	44,206	87,621
Revenue from Government Property and Royalties .. .. .	51,363	8,603	650	728	725	9,278	71,347
Sale of Government Property ..	2,052	557	9	88	2,588	9,283	14,577
Miscellaneous Receipts .. .. .	756	512	40	23	1,713	13,148	16,192
Interest .. .. .	7,433	—	—	—	—	22,061	29,494
Forest Department Revenue .. .. .	1	8	—	20	309	30,563	30,901
Land Sales .. .. .	20,399	6,207	—	49	18	3,250	29,923
Colonial Development Fund .. .. .	—	—	—	—	—	30,923	30,923
<i>Total Other Revenue (Not Taxation) £</i>	179,595	49,213	3,752	6,903	49,596	1,220,110	1,509,169

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**APPENDIX 1.**

## SCHEDULE 3.

**Incidence of Customs Duties, 1931.**

NOTE BY COMMISSIONER OF CUSTOMS.

Figures in the last column are exact. The remainder are purely estimates liable to a wide margin of error so far as individual items are concerned, but probably not grossly inaccurate in regard to aggregate totals.

The difficulty of assessing the amount of duty paid by various sections of the community on such articles as motor spirit, cinema films, building materials, etc., is obvious, and the statement is submitted with considerable diffidence, seeing that it is based so largely on guess-work

G. WALSH,

*Commissioner of Customs,  
Kenya and Uganda.*

APPENDIX 1—Continued.

SCHEDULE 3—Continued.

An Estimate of the Incidence of Taxation through the Customs Tariff based on the Net Customs Duty collected on Goods retained for Consumption in Kenya during the year 1931.

Articles.	Europeans.	Indians.	Goans.	Arabs, Somalis and others.	Natives.	Total net duty.
CLASS I—	£	£	£	£	£	£
Wheat .. .. .	—	350	5	30	—	385
Barley .. .. .	5	8	—	—	—	13
Rice .. .. .	617	6,000	1,000	1,000	8,500	17,117
Millet .. .. .	—	100	50	34	100	284
Other Grain .. .. .	—	30	—	—	2	32
Beans .. .. .	—	—	—	—	20	20
Pulse .. .. .	—	200	22	—	100	322
Dhall .. .. .	—	1,000	140	—	—	1,140
Wheat, Meal, and Flour .. .. .	3,500	9,000	500	500	240	13,740
Pulse Meal and Flour .. .. .	—	200	33	—	—	233
Other Meal and Flour .. .. .	14	—	—	—	50	64
Feeding Stuffs, other sorts .. .. .	11	20	10	10	60	111
Bacon and Ham .. .. .	60	—	4	—	—	64
Meat, Tinned, Canned or otherwise preserved .. .. .	300	10	15	—	—	325
Poultry and Game, Dead .. .. .	5	—	—	—	—	5
Aerated Waters .. .. .	70	5	6	—	—	81
Ale, Beer, Stout, etc. .. .. .	10,000	842	1,500	—	—	12,342
Betel Nuts .. .. .	—	400	—	16	—	416
Baking Powder .. .. .	250	20	47	—	—	317
Beverages and Syrups .. .. .	332	300	100	50	50	832
Biscuits .. .. .	1,400	358	200	—	—	1,958
Butter .. .. .	40	3	3	—	—	46

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**APPENDIX 1—(Continued).**  
**SCHEDULE 3—(Continued).**

<i>Articles.</i>	<i>Europeans.</i>	<i>Indians.</i>	<i>Goans.</i>	<i>Arabs, Somalis and others.</i>	<i>Natives.</i>	<i>Total net duiy.</i>
<b>CLASS I—continued.</b>	£	£	£	£	£	£
Cakes, Pudding, and Pastry .. .. .	9	—	—	—	—	9
Cheese .. .. .	300	10	22	—	—	332
Coffee, Parchment .. .. .	6	—	—	—	—	6
"  Unhulled .. .. .	10	—	—	—	—	10
"  Prepared .. .. .	1	—	—	—	—	1
Chocolates and manufactures thereof .. .. .	900	283	200	—	—	1,383
Other Sweets and Confectionery .. .. .	800	404	400	100	300	2,004
Dates .. .. .	20	50	20	300	100	490
Extracts and Essences, Food .. .. .	50	20	7	—	—	77
Extracts and Essences, Flavouring .. .. .	50	54	50	50	50	254
Fish, Salted, Pickled, or Dried .. .. .	36	20	20	100	200	376
Fish, Canned or otherwise preserved .. .. .	750	250	300	100	127	1,527
Fish, Fresh or Frozen .. .. .	100	—	8	—	—	108
Fruit, Bottled, Canned or otherwise preserved .. .. .	800	19	100	—	—	919
Fruit, Dried .. .. .	300	757	100	100	100	1,357
Garlic and Onions, not preserved .. .. .	68	2,000	100	300	—	2,468
Ghee .. .. .	—	1,100	—	24	—	1,124
Hops .. .. .	100	9	10	—	—	119
Lard and its Compounds .. .. .	60	5	8	—	—	73
Macaroni, Vermicelli and Spaghetti .. .. .	200	—	52	—	—	252
Malt and Wort, Condensed .. .. .	250	10	12	—	—	272
Margarine, Marrowfat, Butter-substitutes and similar substances for use as food or in cooking .. .. .	150	—	14	—	—	164
Marmalades, Jams and Jellies .. .. .	500	100	188	50	50	888

Molasses .. .. .	2	—	—	—	—	2
Milk, Condensed or otherwise preserved .. .. .	2,000	1,500	500	500	864	5,364
Patent Foods .. .. .	350	50	48	—	—	448
Pickles, Sauces, Chutneys and Condiments .. .. .	400	200	100	26	—	726
Provisions, Other .. .. .	600	1,219	500	500	1,000	3,819
Table Salt .. .. .	180	20	10	—	—	210
Salt for Curing, Dairy and Agricultural purposes .. .. .	59	—	—	—	—	59
Salt, Other .. .. .	500	740	200	500	2,000	3,940
Spices .. .. .	200	1,500	100	59	—	1,859
Brandy .. .. .	5,000	4,337	9,000	—	—	18,337
Gin and Geneva .. .. .	18,000	—	644	—	—	18,644
Liqueurs .. .. .	2,000	25	500	—	—	2,525
Rum .. .. .	250	—	18	—	—	268
Whisky .. .. .	75,000	5,121	8,000	—	—	88,121
Spirits, Unenumerated .. .. .	50	—	14	—	—	64
Jaggery .. .. .	—	9	—	5	15	29
Sugar, Refined, in bulk .. .. .	500	566	200	200	500	1,966
„ Refined, in packages or tins .. .. .	300	25	38	—	—	363
„ Saccharine and derivatives thereof .. .. .	25	—	—	—	—	25
Tea .. .. .	1,000	850	113	150	500	2,613
Vermouth .. .. .	4,000	—	296	—	—	4,296
Wine, Still, in bottles .. .. .	3,000	—	279	—	—	3,279
„ Still, in casks .. .. .	500	—	135	—	—	635
Sparkling Wine (Champagne) .. .. .	1,500	50	46	—	—	1,596
„ „ (Other than Champagne) .. .. .	200	—	26	—	—	226
Other Foods .. .. .	175	50	50	25	75	375
Yeast .. .. .	3	—	—	—	—	3
Cigarettes .. .. .	6,254	5,000	2,000	1,000	40,000	54,254
Cigars and Cigarillos .. .. .	1,000	100	90	—	—	1,190
Tobacco, Manufactured .. .. .	2,000	1,000	409	500	15,000	18,909
„ Unmanufactured .. .. .	—	—	—	—	10	10
Snuff .. .. .	—	—	—	40	100	140
<i>Total</i> .. .. .	147,112	46,299	28,562	6,269	70,113	298,355

**APPENDIX 1—(Continued).**  
**SCHEDULE 3—(Continued).**

<i>Articles.</i>	<i>Europeans.</i>	<i>Indians.</i>	<i>Goans.</i>	<i>Arabs, Somalis and others.</i>	<i>Natives.</i>	<i>Total net duty.</i>
	£	£	£	£	£	£
<b>CLASS II—</b>						
Teak .. .. .	300	300	77	—	—	677
Timber, Hewn or Sawn .. .. .	1,000	700	200	100	306	2,306
"    Planed or Dressed .. .. .	70	9	—	—	—	79
"    Other Sorts .. .. .	20	10	—	—	7	37
Coir, Fibre .. .. .	10	10	5	—	3	28
Gum Arabic .. .. .	7	—	—	—	—	7
Beeswax .. .. .	1	—	—	—	—	1
Oil, Groundnut .. .. .	—	5	—	3	5	13
"    Sesame .. .. .	—	6	—	—	5	11
Skins, Other Animal .. .. .	50	16	—	—	—	66
Shells, Marine .. .. .	9	—	—	—	—	9
Goods, Unmanufactured .. .. .	100	40	2	—	—	142
<i>Total</i> .. .. .	1,567	1,096	284	103	326	3,376
<b>CLASS III—</b>						
Chinaware, Porcelainware .. .. .	250	250	50	25	82	657
Bricks .. .. .	25	25	3	—	—	53
Tiles .. .. .	200	200	25	—	—	425
Sanitary-ware .. .. .	350	100	10	—	—	460
Earthenware, Other .. .. .	300	200	100	100	207	907
Chimneys, Globes and Shades .. .. .	30	50	20	50	262	412

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Glass Bottles and Jars, Common	6	6	—	—	—	12
Glassware, Domestic and Fancy	231	100	50	20	50	451
Mirrors and Looking-glasses	75	75	19	20	80	269
Plate and Sheet Glass	300	200	86	—	—	586
Glass and Glassware, Unspecified	350	132	100	50	200	832
Asbestos, Manufactured	250	200	45	—	—	495
Cement, Building	6,000	2,000	300	57	500	8,857
Chalk, Prepared	20	—	2	—	—	22
Fireclay	20	8	—	—	—	28
Grindstones	—	6	—	—	—	6
Slates, Roofing	5	5	—	—	—	10
Mining and Quarry Products, Manufactured, Unspecified	300	39	—	—	—	339
Anchors, Chains and Grapnels	8	—	—	—	—	8
Bars, Rods, Angles, Shapes and Sections	500	200	88	—	—	788
Bedsteads and Finished Parts thereof	150	50	28	—	—	228
Buildings, Sections and Parts	1,500	800	271	150	—	2,721
Galvanised Sheets, Corrugated	1,500	1,200	300	200	681	3,881
"    "    Flat	250	100	21	—	—	371
Girders, Beams, Joists, Pillars, etc.	50	40	18	—	—	108
Hollow-ware, Enamelled	210	500	100	100	500	1,410
"    Not Enamelled	81	50	10	10	50	201
Nails, Screws, Rivets, Bolts, Hinges, etc.	600	300	75	25	187	1,187
Plates and Sheets, Not Galvanised	100	87	—	—	—	187
Stoves, Grates, and Ranges (domestic)	250	75	31	—	—	356
Safes	125	100	25	—	—	250
Tubes, Pipes, and their Fittings	5	—	—	—	—	5
Wire Cable and Rope (Not Electrical)	2	—	—	—	—	2
Wire, Iron, Other Sorts	—	—	—	—	30	30
Wire Steel, Other Sorts	—	—	—	—	13	13
Wire Mattresses	30	19	—	—	—	49
Iron and Steel Manufacturers n/e	1,000	500	100	89	200	1,889
Aluminium Hollow-ware, Domestic	50	50	13	—	20	133
Aluminium Wire	—	—	—	—	35	35
Aluminium Sheets	300	400	70	100	500	1,370

**APPENDIX 1—(Continued).**  
**SCHEDULE 3—(Continued).**

<i>Articles.</i>	<i>Europeans.</i>	<i>Indians.</i>	<i>Goans.</i>	<i>Arabs, Somalis and others.</i>	<i>Natives.</i>	<i>Total net duty.</i>
	£	£	£	£	£	£
<b>CLASS III.—continued.</b>						
Brass Sheets, Plain or Perforated .. .. .	15	6	—	—	—	21
Brass Wire .. .. .	30	12	—	—	350	392
Brass Manufactures, Unenumerated .. .. .	150	150	6	—	50	356
Copper Sheets, Plain or Perforated .. .. .	6	3	—	—	—	9
Copper Wire .. .. .	13	—	—	—	300	313
Copper Manufactures, Unenumerated .. .. .	6	16	4	—	—	26
Lead, Bar and Sheet .. .. .	30	5	—	—	—	35
Lead Manufactures, Unenumerated .. .. .	30	20	8	—	—	58
Tin, Bar, Plate or Sheet .. .. .	2	2	—	—	—	4
Tin Manufactures, Unenumerated .. .. .	50	50	16	10	50	176
Zinc, Bar, Plate or Sheet .. .. .	10	2	—	—	—	12
Zinc Manufactures .. .. .	2	—	—	—	—	2
Metal, Bar, Block, Ingots, or Pigs .. .. .	40	8	—	—	—	48
Metal Manufactures, not elsewhere specified .. .. .	500	150	50	20	46	766
Agricultural and Horticultural Tools .. .. .	50	—	—	—	7	57
Artisans' Tools .. .. .	298	500	50	—	50	898
Bioscopes, Magic Lanterns, Cinematographs, and Parts thereof .. .. .	125	25	15	5	16	186
Clocks, Complete .. .. .	100	90	25	10	50	275
Cutlers' Wares not elsewhere specified .. .. .	185	150	25	50	350	760
Hardware, other than hollow-ware .. .. .	100	100	25	10	145	380
Locks and Fastenings for Doors and Windows .. .. .	400	360	30	22	250	1,062
Implements and Tools and Parts thereof .. .. .	400	100	25	10	164	699



Knives, other Machine Knives .. .. .	50	35	5	10	138	288
Optical Instruments .. .. .	3	—	—	—	—	3
Photographic Cameras, Parts and Accessories	300	51	50	—	—	401
Binders, Reapers, and Mowers .. .. .	13	—	—	—	—	13
Razors .. .. .	20	20	10	4	25	79
Shovels, Spades, Axes and Hatchets .. .. .	40	20	5	5	50	120
Scientific Instruments and Appliances.. .. .	7	—	—	—	—	7
Stoves, Primus and other Oil .. .. .	60	40	15	5	17	137
Watches, complete .. .. .	40	30	10	—	23	103
Electrical Goods and Apparatus .. .. .	900	500	50	—	—	1,450
Electric Light Bulbs .. .. .	150	50	18	—	—	218
Pumps and Pumping Machinery .. .. .	800	500	68	—	100	1,468
Machinery and Parts not elsewhere specified .. .. .	250	50	—	—	16	316
Machines, Adding and Calculating .. .. .	100	10	—	—	—	110
Machines, Addressing, Duplicating, Numbering, and Perforating .. .. .	8	—	—	—	—	8
Cash Registers .. .. .	25	5	3	—	—	33
Knitting Machines (Domestic) .. .. .	2	—	—	—	—	2
Sewing Machines (Domestic) .. .. .	250	330	50	—	250	880
Typewriters and Accessories .. .. .	300	125	12	—	—	437
Weighing Machines (Scales, Balances, etc.) .. .. .	50	50	20	10	13	143
Furniture and Cabinet-Ware .. .. .	460	300	20	20	156	956
Builders' Woodwork (Window-frames, Domestic) .. .. .	125	65	—	—	13	203
Wooden Manufactures not elsewhere specified .. .. .	300	200	50	20	95	665
Cotton Piece-goods, grey, unbleached .. .. .	500	3,000	22	100	36,400	40,022
„ „ bleached .. .. .	592	1,500	200	200	2,100	4,592
„ „ printed khangas .. .. .	—	—	—	—	2,700	2,763
„ „ printed, other sorts .. .. .	1,000	1,800	200	734	3,000	6,734
„ „ dyed in the piece.. .. .	1,250	3,250	500	617	10,000	15,617
„ „ coloured (manufactured wholly or in part of dyed yarn) .. .. .	1,500	3,274	500	1,000	9,000	15,274
Cotton Blankets .. .. .	200	500	100	1,671	12,200	14,671
„ Threads .. .. .	300	320	30	30	500	1,180
„ Yarns .. .. .	150	100	30	20	104	404

APPENDIX 1—(Continued).

SCHEDULE 3—(Continued).

Articles.	Europeans.	Indians.	Goans.	Arabs, Somalis and others.	Natives.	Total net duty.
CLASS III.— <i>continued.</i>	£	£	£	£	£	£
Cotton Manufactures, not elsewhere specified ..	2,500	500	50	35	250	3,335
Woolen Blankets .. .. .	700	500	184	200	1,800	3,384
„ Carpets and Rugs .. .. .	450	250	50	50	39	839
„ Tissues .. .. .	750	100	25	25	53	953
„ Yarns .. .. .	27	—	—	—	—	27
„ Manufactures, not elsewhere specified ..	300	40	15	8	—	363
Silk Tissues .. .. .	1,500	2,100	250	150	350	4,350
„ Yarns .. .. .	20	8	—	—	—	28
„ Manufactures, not elsewhere specified ..	100	50	11	—	—	161
Awning, Tarpaulins, Tents, etc. .. .. .	125	34	—	—	—	159
Coir Mats and Matting .. .. .	30	40	10	5	16	101
Cordage, Ropes, and Twine, Other .. .. .	400	150	—	25	42	617
Jute Carpets and Rugs .. .. .	25	5	4	—	—	34
Linen Piece-goods .. .. .	50	15	3	—	—	68
Linen Thread .. .. .	30	2	—	—	—	32
Linen Manufactures, not elsewhere specified ..	350	60	21	—	—	431
Sail Cloth and Canvas .. .. .	500	300	—	—	15	815
Textile Manufactures, not elsewhere specified ..	250	50	6	—	—	306
Artificial Silk Piece-goods .. .. .	1,000	1,800	250	100	750	3,900
Artificial Silk Manufacturers .. .. .	61	20	10	—	—	91
Boots and Shoes .. .. .	1,000	600	200	100	555	2,455

Haberdashery .. .. .	1,000	500	100	24	100	1,724
Hats, Caps, etc. .. .. .	300	300	75	39	500	1,214
Stockings and Hose .. .. .	500	100	25	10	30	665
Hosiery, Other .. .. .	2,000	200	50	—	15	2,265
Wearing Apparel, second-hand, imported for sale .. .. .	—	—	—	73	1,400	1,473
Wearing Apparel, not elsewhere specified .. .. .	2,000	1,000	500	200	1,073	4,773
Carbonic Acid Gas .. .. .	30	7	4	—	—	41
Carbide of Calcium .. .. .	10	—	—	—	—	10
Chemical Manufactures and Products, Unenumerated	1,000	300	—	—	176	1,476
Dyestuffs and Extracts for Dyeing and Tanning .. .. .	60	20	10	10	7	107
Painters Colours and Varnishes .. .. .	1,000	750	250	—	159	2,159
Products and Materials, not elsewhere specified .. .. .	23	—	—	—	—	23
Sodium Carbonate .. .. .	300	19	—	—	—	319
„ Caustic .. .. .	100	25	—	—	—	125
„ Sulphocyanide .. .. .	2	—	—	—	—	2
Candles .. .. .	75	25	10	—	37	147
Lubricating Oils .. .. .	1,250	750	100	50	205	2,355
Lubricating Greases .. .. .	200	100	—	—	43	343
Motor Spirit .. .. .	30,000	20,000	2,000	334	6,000	58,334
Mineral Oil, Illuminating or Burning (Kerosene) .. .. .	3,000	2,027	500	1,000	14,000	20,527
Soap, Common .. .. .	750	500	100	150	951	2,451
„ Toilet .. .. .	1,000	84	150	—	—	1,234
„ Other .. .. .	100	46	—	—	—	146
Turpentine .. .. .	50	20	4	—	—	74
Oils, Essential and Perfumed .. .. .	150	50	20	5	32	257
Oil Manufactures n/e .. .. .	350	42	—	—	—	392
Leather, Dressed .. .. .	500	400	100	9	160	1,169
Saddlery and Harness .. .. .	287	—	—	—	—	287
Leather Manufactures .. .. .	700	100	25	50	25	900
Paper, Cigarette .. .. .	—	—	—	—	8	8
„ Packing .. .. .	500	100	50	50	134	834

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APPENDIX 1—(Continued).

SCHEDULE 3—(Continued).

<i>Articles.</i>	<i>Europeans</i>	<i>Indians.</i>	<i>Goans.</i>	<i>Arabs, Somalis and others.</i>	<i>Natives.</i>	<i>Total net duty.</i>
	£	£	£	£	£	£
<b>CLASS III—contd.</b>						
Paper, Printing .. .. .	500	342	—	—	—	842
„ Other .. .. .	100	40	9	—	—	149
Playing Cards .. .. .	70	60	20	30	50	230
Stationery .. .. .	4,000	1,500	250	50	264	6,064
Paper Manufactures, Unspecified .. .. .	1,400	300	29	—	—	1,729
Cycles (not Motor) .. .. .	50	50	50	—	399	549
Motor Cars .. .. .	6,000	3,000	362	—	—	9,362
Motor Car Parts and Accessories .. .. .	2,250	1,250	82	—	—	3,582
Motor Lorries .. .. .	500	432	—	—	—	932
Motor Lorry Parts and Accessories .. .. .	100	99	—	—	—	199
Motor Cycles .. .. .	75	75	25	—	53	228
Motor Cycle, Sidecar and Tricar Parts and Accessories	70	70	20	—	24	184
Other Vehicles, not mechanically propelled .. .. .	50	50	20	—	36	156
Other Vehicles, Parts of and Accessories .. .. .	100	100	20	—	55	275
Motor Car Covers .. .. .	3,500	1,750	250	—	479	5,979
„ „ Tubes .. .. .	500	250	35	—	102	887
Motor Cycle Covers .. .. .	20	20	5	—	4	49
„ „ Tubes .. .. .	10	10	2	—	4	26
Bicycle Covers .. .. .	4	—	—	—	20	24
„ Tubes .. .. .	8	—	—	—	30	38

Power Lorry Covers .. .. .	1,500	750	200	50	253	2,753
"    "    Tubes .. .. .	170	80	20	7	33	310
Rubber Manufactures, unspecified .. .. .	300	110	23	20	50	503
Air Guns and Air Rifles .. .. .	6	—	—	—	—	6
Ammunition (Sporting) .. .. .	750	—	6	—	—	756
Basketware .. .. .	20	7	—	—	—	27
Beads .. .. .	90	—	—	—	2,000	2,090
Blacking .. .. .	100	20	5	—	—	125
Polishes .. .. .	1,250	100	28	—	—	1,378
Brooms and Brushes .. .. .	400	150	50	20	179	799
Electro-plated ware .. .. .	100	30	8	—	—	138
Felt, Ruberoid, Uralite, and similar substances for building purposes .. .. .	200	38	—	—	—	238
Films for Bioscopes and Cinematographs .. .. .	290	75	25	10	20	420
Films and Plates for Photographic Cameras .. .. .	475	74	25	—	—	574
Guns, Rifles, Revolvers, and Pistols .. .. .	623	—	—	—	—	623
Gold, and Silver-plated ware .. .. .	90	4	—	—	—	94
Jewellery and Imitation Jewellery .. .. .	120	50	20	10	60	260
Lamps and Lanterns .. .. .	200	227	50	50	750	1,277
Matches, Wooden .. .. .	851	1,000	300	200	6,000	8,351
"    other sorts .. .. .	16	—	—	—	—	16
Methylated Spirits .. .. .	70	5	—	—	—	75
Musical Instruments .. .. .	750	500	250	—	782	2,282
Perfumery, Cosmetics, and Toilet Preparations .. .. .	1,000	800	96	—	—	1,896
Perfumed Spirits .. .. .	750	200	59	—	—	1,009
Pictures and Engravings .. .. .	40	7	—	—	—	47
Rockets and Fireworks .. .. .	—	2	—	—	—	2
Starch .. .. .	100	25	7	—	—	132
Blue .. .. .	100	100	25	25	231	481
Toys, Games, and Sports Goods (not including Billiards and Bagatelle Requisites) .. .. .	500	100	100	—	5	705
Umbrellas .. .. .	50	200	32	—	100	382

APPENDIX I—(Continued).

SCHEDULE 3—(Continued).

Articles.	Europeans.	Indians.	Goans.	Arabs, Somalis and others.	Natives.	Total net duty.
CLASS III.— <i>contd.</i>	£	£	£	£	£	£
Personal and Household Effects, Unenumerated as Passengers' Baggage .. .. .	70	3	—	—	—	73
Miscellaneous Goods, Manufactured, not elsewhere specified .. .. .	12,000	6,000	2,016	—	—	20,016
<i>Total</i> .. £	127,403	80,085	13,893	8,753	123,346	353,480
CLASS V.						
Parcel Post .. .. .	22,500	10,000	2,000	1,500	5,028	41,028
CLASS I .. .. .	147,112	46,299	28,562	6,269	70,113	298,355
"  II .. .. .	1,567	1,096	284	103	326	3,376
"  III .. .. .	127,403	80,085	13,893	8,753	123,346	353,480
"  V .. .. .	22,500	10,000	2,000	1,500	5,028	41,028
<b>GRAND TOTAL</b> .. £	298,582	137,480	44,739	16,625	198,813	696,239
	Per cent. 42·88	Per cent. 19·75	Per cent. 6·43	Per cent. 2·39	Per cent. 28·55	—

## APPENDIX 1—(Continued).

## SCHEDULE 4.

## Classification of Expenditure in 1931.

## SUMMARY.

Indivisible Services .. .. .	£	1,771,180	<i>Vide</i> Schedule 5.
European Services .. .. .		171,247	.. .. 6.
European and Native (Indivisible) Services .. .. .		2,962	P.W.D. Water-boring.
Asiatic Services .. .. .		46,080	<i>Vide</i> Schedule 7.
Non-Native (Indivisible) Services .. .. .		8,948	.. .. 8.
Native Services .. .. .		331,956	.. .. 9.
Reimbursements and Cross Entries .. .. .		883,716	
<i>Total</i> .. .. .		<u>£3,216,089</u>	

## SCHEDULE 5.

## Expenditure on Indivisible Services.

Government House Votes .. .. .	£	15,992
Audit Department Votes (net, after deducting reimbursements) .. .. .		14,214
Coast Agency (net, after deducting reimbursements) .. .. .		3,956
Conference of East African Governors .. .. .		1,228
Customs Department (net, after deducting reimbursements) .. .. .		31,354
Game Department .. .. .		10,355
Judicial Department .. .. .		33,087
Legal Department .. .. .		9,420
Military Votes (including Defence Force) (net, after deducting reimbursements) .. .. .		93,158
Pensions and Gratuities (excluding European Widows' and Orphans' Pensions) .. .. .		130,390
Police Votes (net, after deducting reimbursements) .. .. .		141,028
Printing and Stationery .. .. .		32,475
Prisons .. .. .		46,714
Public Debt ( <i>vide</i> Note No. 1, page 85) (net, after deducting reimbursements) .. .. .		87,214
Registrar-General .. .. .		5,842
Rent and Interest paid to Sultan of Zanzibar .. .. .		16,000
Secretariat and Legislative Council .. .. .		19,024
Survey and Registration Department .. .. .		36,232
Trade and Information Office .. .. .		4,837
Treasury (net, after deducting reimbursements) .. .. .		25,336
Statistical and Meteorological Services .. .. .		4,031
Native Registration Department .. .. .		8,961
Domestic Servants' Registration .. .. .		1,648
Finger Print Bureau .. .. .		7,535
Miscellaneous Services—( <i>vide</i> Statement A attached) net, after deducting reimbursements) .. .. .		74,887
Forest Department ( <i>vide</i> Note No. 2, page 87) .. .. .		34,902
Contributions to Local Government Authorities ( <i>vide</i> Statement B attached) .. .. .		101,751

## APPENDIX 1—(Continued).

## SCHEDULE 5—(Continued).

Administration ( <i>vide</i> Note No. 3, page 88) .. .. .	£	196,786
Agriculture ( <i>vide</i> Note No. 4, page 89) .. .. .		88,482
Education ( <i>vide</i> Note No. 5, page 89) .. .. .		16,363
Medical ( <i>vide</i> Note No. 6, page 91) .. .. .		73,268
Public Works Department ( <i>vide</i> Note No. 7, page 95) .. .. .		253,594
		<hr/>
<i>Add</i> —Post Office and Telegraphs (less reimbursements from Uganda) .. .. .	from	1,620,064
		151,116
		<hr/>
<i>Total Indivisible Services (less reimbursements)</i> .. .. .	£	1,771,180

## Statement A.

<i>Miscellaneous Services Expenditure.</i>		£
Maintenance of Landing Grounds .. .. .		726
Subsidy to Imperial Airways .. .. .		7,500
Commission and Fees to Bombay Agents.. .. .		1,381
Commissions of Enquiry and Committees .. .. .		538
Contingencies .. .. .		402
Contribution to African Affairs Report .. .. .		20
Contribution to Naval Entertainment Fund .. .. .		150
Purchase of Cycle Discs .. .. .		90
Expenses of Distinguished Visitors .. .. .		237
Repairs to Duplicating Machines .. .. .		5
Expenses of Film Censorship Board .. .. .		228
Grant to East Africa and Uganda Natural History Society .. .. .		700
Grant to Imperial Institute .. .. .		300
Guarantee in respect of Nanyuki Branch Railway .. .. .		2,306
Guarantee in respect of Thomson's Fall Branch Railway .. .. .		7,856
Guarantee in respect of Kisumu-Yala Branch Railway.. .. .		9,709
Insurance of Specie .. .. .		35
Language Examination Expenses .. .. .		224
Contribution to International Institute of African Languages, etc. .. .. .		100
Contribution to Inter-Territorial Languages Committee .. .. .		1,006
Management Expenses of Loans (less reimbursements).. .. .		370
Contribution to Mechanical Transport Committee .. .. .		500
Burials of Destitute Persons .. .. .		105
Postages .. .. .		306
Preservation of Ancient Monuments .. .. .		48
Refunds of Revenue.. .. .		9,855
Commission, etc., on Remittances.. .. .		581
Rent of Land : Mbaraki .. .. .		140
Rent of Land : Mweza Creek .. .. .		125
Expenses of Salvaged Goods and Ambergris .. .. .		64
Payment to Railway in respect of Stand Premia and Rents .. .. .		8,792
Telegrams .. .. .		1,084
Purchase and Repairs of Typewriters .. .. .		755
Expenses of Beer Ordinance .. .. .		31
Expenses of Traffic Ordinance .. .. .		3
Expenses of Census .. .. .		2,323
Contribution to Publication of "Birds of Kenya and Uganda" .. .. .		375



## APPENDIX 1—(Continued).

## SCHEDULE 5—(Continued).

Development of Civil Aviation .. .. .	£	1,877
Redemption of Old Currency .. .. .	8	
Safes and Cash Boxes .. .. .	265	
Contribution to Rowett Institute .. .. .	762	
Removal of Nairobi Race Course .. .. .	60	
Damage to Private Cars .. .. .	50	
Compensation in Bagishu Murder Trial .. .. .	450	
Trade Exhibition—Antwerp .. .. .	92	
Payment to Coode, Wilson and Vaughan, Engineers .. .. .	479	
Depreciation of Post Office Savings Bank Investments .. .. .	11,874	
<i>Total Miscellaneous Services (General)</i> .. .. .	<u>£74,887</u>	

## Statement B.

## CONTRIBUTIONS TO LOCAL GOVERNMENT AUTHORITIES.

<i>Nairobi Municipality.</i>	£	
Contributions in lieu of Rates .. .. .	11,174	
Contributions in respect of—		
Main Roads .. .. .	2,980	
Public Health Staff .. .. .	1,883	
Public Health Services .. .. .	1,215	
Traffic Revenue .. .. .	8,426	
Municipal Staff .. .. .	1,165	
Diminishing Grant in respect of Public Health .. .. .	1,163	
<i>Mombasa Municipality.</i>		
Contributions in lieu of Rates .. .. .	9,415	
Contributions in respect of :—		
Main Roads .. .. .	556	
Public Health Staff .. .. .	2,279	
Public Health Services .. .. .	1,625	
Traffic Revenue .. .. .	3,520	
Municipal Staff .. .. .	694	
Diminishing Grant in respect of Public Health .. .. .	1,623	
Consolidated Grant to Nakuru Municipality .. .. .	3,000	
Consolidated Grant to Eldoret Municipality .. .. .	3,000	
<i>District Councils.</i>		
Basic Road Grants .. .. .	36,412	
Township Roads .. .. .	543	
Vehicle Licence Fees .. .. .	1,230	
<i>Extraordinary Expenditure.</i>		
Hospital Grant to Eldoret Municipality .. .. .	1,608	
Special Grant for Roads to Eldoret Municipality .. .. .	250	
Grant to Nairobi Municipality on account of Road Construction .. .. .	984	
Grants to District Councils under Section 105 (1) (b) of Ord. No. XXI of 1928 .. .. .	7,006	
<i>Total Expenditure</i> .. .. .	<u>£101,751</u>	

## APPENDIX 1—(Continued).

## SCHEDULE 6.

## Expenditure on European Services.

Public Debt Charges ( <i>vide</i> Note No. 1, page 85) .. .. .	£
Rebate on Paraffin used for Agricultural Purposes .. .. .	19,869
Repatriation .. .. .	7,434
Maintenance of Destitute Persons .. .. .	2,442
Contributions to Rural Libraries .. .. .	1,124
Education ( <i>vide</i> Note No. 5, page 89) .. .. .	500
Agricultural ( <i>vide</i> Note No. 4, page 89) .. .. .	49,600
Medical ( <i>vide</i> Note No. 6, page 91) .. .. .	39,018
Public Works Department ( <i>vide</i> Note No. 7, page 95) .. .. .	24,527
European Widows' and Orphans' Pensions .. .. .	24,485
Expenses of Widows' and Orphans' Pensions Scheme .. .. .	*1,590
	658
<i>Total European Services</i> .. .. .	<u>£171,247</u>

\* The European Widows' and Orphans' Pensions have been classified as a European service because the revenue derived from European officials' contributions to the Widows' and Orphans' Pension Scheme, credited to general revenue, has also been classified in that category.

## SCHEDULE 7.

## Expenditure on Asiatic Services.

Rebate on Paraffin used for Agricultural Purposes .. .. .	£
Repatriation .. .. .	34
Public Debt Charges ( <i>vide</i> Note No. 1, page 85) .. .. .	222
Education ( <i>vide</i> Note No. 5, page 89) .. .. .	4,104
Medical* ( <i>vide</i> Note No. 6, page 91) .. .. .	41,185
Public Works Department ( <i>vide</i> Note No. 7, page 95) .. .. .	460
	75
<i>Total Asiatic Services</i> .. .. .	<u>£46,080</u>

\* The medical expenditure on Asiatics cannot be shown separately, as Asiatics share native hospitals and dispensaries and no record exists that would render a division of expenditure possible.

## SCHEDULE 8.

## Expenditure on Non-Native Indivisible Services.

Maintenance of Destitute Persons .. .. .	£
Local Government, Lands and Settlement Department .. .. .	21
	8,927
<i>Total Non-Native Indivisible Services</i> .. .. .	<u>£8,948</u>

## APPENDIX 1—(Continued).

## SCHEDULE 9.

Expenditure on Native Services.				£
Public Debt Charges ( <i>vide</i> Note No. 1, below)	..	..	..	6,756
Repatriation	..	..	..	292
Hut and Poll Tax Exemptions	..	..	..	41
Wages of Bankrupt Contractors' Labour	..	..	..	159
Forest Department ( <i>vide</i> Note No. 2, page 87)	..	..	..	1,957
Native Affairs Department	..	..	..	5,445
Labour Department	..	..	..	3,506
Provincial Administration ( <i>vide</i> Note No. 3, page 88)	..	..	..	42,846
Agriculture ( <i>vide</i> Note No. 4, page 89)	..	..	..	38,389
Education ( <i>vide</i> Note No. 5, page 89)	..	..	..	77,722
Medical ( <i>vide</i> Note No. 6, page 91)	..	..	..	124,642
Public Works Department ( <i>vide</i> Note No. 7, page 95)	..	..	..	30,201
<i>Total Native Services</i>				<u>£331,956</u>

## SCHEDULES 5 to 9.

## Note No. 1.—Public Debt.

## (i) LOAN CAPITAL EXPENDITURE CLASSIFICATION.

<i>Summary.</i>				£	
1. General Indivisible Expenditure	..	..	..	16,253,371	} <i>vide</i> details below.
2. European Services	..	..	..	470,613	
3. Asiatic Services	..	..	..	56,795	
4. Arab Services	..	..	..	9,718	
5. Native Services	..	..	..	109,503	
<i>Total Public Debt</i>				<u>£16,900,000</u>	

## (ii) LOAN ANNUAL CHARGES—CLASSIFICATION OF EXPENDITURE.

1. General Indivisible Charges	..	..	..	87,214	(excluding reimbursed items amounting to £773,552.)
2. European Services ( <i>a</i> )	..	..	..	19,869	
3. Asiatic Services ( <i>b</i> )	..	..	..	3,504	
4. Arab Services ( <i>c</i> )	..	..	..	600	
5. Native Services ( <i>d</i> )	..	..	..	6,756	
Reimbursed charges	..	..	..	773,552	
Total Expenditure, 1931				<u>£891,495</u>	

(a) The European Services are composed of the items detailed below. Interest and sinking fund charges are calculated as follows:—

On Public Buildings expenditure totalling £230,613, interest at the rate of 5·17 per cent. and sinking fund at 1 per cent. per annum. The interest rate is the average rate payable on the 1927, 1928, and 1930 loans, plus charges covering expenses of issue and discount.

On Land Bank funds totalling £240,000, interest at 4·7 per cent. for six months of 1931, the interest in this case being the actual interest payable on the 1930 loan, plus expenses of issue and discount.

## APPENDIX 1—(Continued).

## SCHEDULES 5 to 9—(Continued).

In connection with the Land Bank funds it should be noted that, although the Land Bank Ordinance permits the granting of loans to persons of any race, the £240,000 actually raised has been granted to Europeans (less administrative expenses) and for the purposes of this classification the whole of the charges on the full sum of £240,000 has been shown as a European Service. Natives and others benefit indirectly from these loan monies by increased employment, wages, etc.

The European recipients of the loans reimburse the Land Bank for the interest and the Government receives from the Land Bank the full interest charges incurred, but not the sinking fund charges (which will not be incurred by Government until 1934).

(b) The expenditure on Asiatic Services, amounting to £56,795, represents the cost of schools and a special extension to the Mathari Mental Hospital. The annual interest and sinking fund charges have been calculated at 5·17 per cent. and 1 per cent., respectively, as in the case of European expenditure on public buildings.

It should be noted that no part of the expenditure on native hospitals has been placed to the Asiatic account, although Asiatics are actually accommodated in the native hospitals.

(c) The Arab expenditure of £9,718 on a school at Mombasa involves annual charges, as above, of 5·17 per cent. interest and 1 per cent. sinking fund.

(d) The Native expenditure of £109,503 involves similar annual charges of 5·17 per cent. and 1 per cent. for interest and sinking fund, respectively.

## DETAILS OF LOAN CAPITAL EXPENDITURE.

1. *General Indivisible Expenditure.*

	£
1. Kilindini Harbour Works .. .. .	1,094,594
2. General Port Development, Mombasa .. .. .	1,200,000
3. Port Improvements .. .. .	99,542
4. Construction of Quays and Jetty .. .. .	695,339
5. Interest on Railway and Harbour Works during construction .. .. .	51,857
6. Interest on Kilindini Harbour Works and Uasin Gishu Railway .. .. .	377,955
7. Construction of Uasin Gishu Railway .. .. .	2,000,000
8. Purchase and reconditioning of Voi-Kahe Branch Railway .. .. .	100,000
9. Nyeri, Kitale, and Solai Branch Railways .. .. .	801,971
10. Railway Branch Lines .. .. .	313,000
11. Locomotives and Rolling Stock .. .. .	1,056,000
12. Railway Main Line Improvements and Equipment .. .. .	346,173
13. Site for New Railway Station, Mombasa .. .. .	54,999
14. Repayment to H.M. Treasury of Loans for Development .. .. .	1,103,912
15. " to Revenue of Advances for Loan Expenditure .. .. .	600,000
16. " of 1924 Loan raised for Railway Development .. .. .	3,280,467
17. Expenses of Issue and Discount of Loans raised .. .. .	942,753
18. Roads, Bridges, and Communications .. .. .	328,275
19. Water-supplies .. .. .	225,800
20. Loans to Local Authorities .. .. .	490,847
21. Housing for Government Services .. .. .	653,175
22. Maize-drying Installation .. .. .	10,743
23. Cold Storage .. .. .	11,300
24. Customs House, Mombasa .. .. .	23,627

**APPENDIX 1—(Continued).****SCHEDULES 5 to 9—(Continued).****1. General Indivisible Expenditure—(Continued).**

25. Offices at Kwale, Ngong, Rumuruti, Machakos, Eldoret, Nanyuki, Maseno, Narok, Kisumu .. .. .	£
	14,063
26. Nairobi Central Offices (£154,882 less £61,682 not yet raised)	93,200
27. Nairobi Law Courts .. .. .	136,607
28. K.A.R. (Military) Lines .. .. .	80,454
29. Medical Store .. .. .	12,157
30. P.W.D. Buildings at Nakuru and Eldoret .. .. .	11,032
31. Medical Research Laboratory .. .. .	34,362
32. Unallocated Funds .. .. .	9,167
<i>Total</i> .. .. .	<u>£16,253,371</u>

**2. European Services.**

	£
1. Land Bank .. .. .	240,000
2. European Hospital, Kisumu .. .. .	6,612
3. Nairobi Schools .. .. .	38,241
4. Kabete School .. .. .	66,433
5. Nakuru School .. .. .	44,703
6. Eldoret School .. .. .	45,134
7. Kitale School .. .. .	29,490
<i>Total</i> .. .. .	<u>£470,613</u>

**3. Asiatic Services.**

	£
1. Mathari Mental Hospital .. .. .	3,350
2. Nairobi School .. .. .	53,445
<i>Total</i> .. .. .	<u>£56,795</u>

**4. Arab Services.**

1. Arab School, Mombasa .. .. .	<u>£9,718</u>
---------------------------------	---------------

**5. Native Services.**

	£
1. Native Hospitals .. .. .	*83,103
2. African Schools, Kabete .. .. .	26,400
<i>Total</i> .. .. .	<u>£109,503</u>

\* Asiatics are also accommodated in native hospitals but it is not possible to divide the expenditure on any equitable basis.

**Note No. 2.—Forestry.**

1. Under Native Services the actual expenditure in the Native Reserves is included.

2. The rest of the department's expenditure is in the Crown forests outside the Native Reserves. The maintenance of the forests benefits all communities by the amelioration of the climate, the conservation and regularization of water-supplies, the prevention of erosion, and the guarantee of a sustained supply of all kinds of forest produce.

## APPENDIX 1—(Continued).

## SCHEDULES 5 to 9—(Continued).

3. About 50 per cent. of the Crown forests actually border Native Reserves but a far larger number of rivers flow from these forests than from the Crown forests bordering non-native lands. It might be said therefore that the preservation of the forests benefits the natives to an even greater extent than other communities. There are, of course, other forms of benefit such as the continuity of the supply of forest produce (which perhaps is more important to the European than to the native) and the permanence of a large field for remunerative employment, but it is not considered practicable to apportion the benefits of forest conservation between the different communities, and the main expenditure of the department is therefore shown under "Indivisible General Services."

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**Note No. 3.—Administration.**

The classification of Administrative Expenditure has been made on the following basis :

*General Staff.*—This sub-head includes the salaries, travelling expenses, and passages of all Administrative Officers, whether stationed within the Native Reserves or in other parts. It also includes the salaries of Cashiers and Clerks in District Offices, the salaries, allowances, and expenses of the Frontier Agent, Maji, H.M. Consul for Southern Abyssinia, the Liwali for the Coast, and miscellaneous items of expenditure that cannot be divided on any accurate basis. The whole of this expenditure (with the exception of the salaries of three Labour Officers) has been classified as "Indivisible General Expenditure."

*Native Affairs Department Headquarters.*—This section of the Native Affairs Department has been classified as a "Native Service." It is concerned wholly with native affairs and interests.

*Labour Section.*—The cost of this section, together with the salaries of the three Labour Officers, is shown as a "Native Service." The Labour Officers come into direct contact with native labourers and their whole time is devoted to the improvement of labour conditions and the protection of the interests of labourers.

*Local Government, Lands and Settlement.*—The whole of this section has been classified as a "Non-Native Service."

*Provincial Administration.*—The salaries of Chiefs and Headmen and Tribal Police have been classified as a "Native Service." The expenditure under "Rewards and Rations to Natives" and "Expenses of Tribal Police" has also been shown as a "Native Service." All other items, which cannot be classified accurately, have followed the classification of "General Staff" expenditure under "Indivisible General Services."

The item "Masai Agents" under the Masai Province has also been shown as a "Native Service."

The expenditure on reconditioning of the Kamasia Reserve in the Rift Valley Province has been classified as a "Native Service."

The salaries of Liwalis, Kathirs, Mudirs, and Tembo Supervisors, as well as allowances to ex-slaves in the Coast Province, are included as a "Native Service."

**APPENDIX 1—(Continued).****SCHEDULES 5 to 9—(Continued).**

*Kabete Reformatory.*—The whole of the expenditure on the Kabete Reformatory has been shown as a "Native Service." It is considered that the Reformatory should properly be regarded as a school of instruction, not as a prison.

**Note No. 4.—Agriculture.**

The expenditure upon native services is based upon the actual known cost of the staff working in the native areas, plus the actual expenditure upon other services solely devoted to natives.

In regard to "Indivisible" expenditure in which differentiation cannot be made, the position is as follows :

*Headquarters Administrative Expenditure.*—This expenditure cannot be divided on any accurate basis.

*Locust Destruction (£18,776).*—The expenditure involved was in the general interests of the community as a whole and was incurred in the Native Reserves as well as in the settled areas and other districts.

*Scott Agricultural Laboratories (£11,354) and Plant Breeding Services (£3,107).*—These services are chiefly and directly related to crop improvement and protection, also soil conditions throughout the Colony.

*Veterinary Research (£28,500).*—This service has general application.

*Board of Agriculture (£970).*—The constitution and organization of the Board now being appointed embraces both native and non-native agriculture.

*Grading and Inspection, Grain Conditioning and Cool Stores (including Extension to Plant) (£8,786).*—These services, which are revenue-earning and for which the grower indirectly pays, apply to both native and non-native grown products.

*European Services.*—In view of the impossibility of allocating this item between European and Asiatic Services, the Director of Agriculture included it in Non-Native Indivisible Services, but owing to the small number of Asiatic cultivators and the small benefit that could therefore be derived by Asiatics, the Commissioner considers it would, on the whole, be fairest to transfer the Non-Native Agricultural Service into the schedule of expenditure on European Services.

**Note No. 5.—Education.****I.**

1. The figures submitted are the tables of expenditure on the particular services. Expenditure is accounted for separately under each division of the estimates. These divisions are :—

- i. Administration.
- ii. European Tuition.
- iii. European Boarding.
- iv. Indian and Goan.
- v. Arab and African.
- vi. Extraordinary.

2. All expenditure is posted in the departmental ledger first to the vote as a whole, and secondly to the individual service. The totals of the items of expenditure as posted to the individual services are the figures submitted in the return.

**APPENDIX 1—(Continued).****SCHEDULES 5 to 9—(Continued).**

3. Non-recurrent expenditure is voted in the estimates for Extraordinary expenditure as European, Indian, or African, as the case may be, and the figures submitted show the expenditure charged to the services.

4. Indivisible expenditure is expenditure on Administration and nothing else.

5. The total expenditure (£6,595) recorded against the following schools has been classified as an Asiatic service, viz. :—

Arab School, Mombasa.  
Coast Secondary School, Shimo-la-tewa.  
Ali bin Salim School, Malindi.

It is understood that the estimate of the cost of Arab education is on the generous side as it is not possible accurately to divide the cost between Arabs and Africans attending these schools.

**II.****REVENUE AND EXPENDITURE ON EUROPEAN AND INDIAN EDUCATIONAL SERVICES, 1931.**

					<i>Revenue.</i>	
					<i>European.</i>	<i>Indian.</i>
					£	£
Education Tax	..	..	..	..	11,399	14,481
Wines and Spirits Consumption Tax*	..			..	21,396	5,961
Tuition fees	..	..	..	..	4,112	5,199
Boarding fees	..	..	..	..	12,436	1,000
				Total ..	<u>£49,343</u>	<u>26,641</u>
					<i>Expenditure.</i>	
					£	£
<i>(a) chargeable to Education vote.</i>						
Recurrent	..	..	..	..	49,191	34,100
Extraordinary	..	..	..	..	411	246
				Total ..	<u>£49,602</u>	<u>34,346</u>
<i>(b) not chargeable to Education vote.</i>					£	£
Housing	..	..	..	..	2,961	2,957
Pensions†	..	..	..	..	4,041	2,166
Loan charges	..	..	..	..	10,421	2,481
				Total ..	<u>£17,423</u>	<u>7,604</u>

\*Consumption tax was merged in general import duty on 16th June, 1931. The figure given is the sum of the following amounts :—

(a) Consumption tax collected up to 16th June, 1931.

(b) Amount of import duty collected after 16th June, 1931, which would have been collected in consumption tax if that tax had remained in force.

† Estimated at 15 per cent. in case of Europeans and at 10 per cent. in case of Indians.



**APPENDIX 1—(Continued).****SCHEDULES 5 to 9—(Continued.)****Note No. 6.—Medical.**

1. Under the heading "Nature of the Service" certain abbreviations have been used to indicate services rendered, namely :—

N.H.	Native Hospital.
E.H.	European Hospital.
M.O.	Medical Officer.
N.S.	European Nursing Sister.
S.I.	Sanitary Inspector.
S.A.S.	Sub-Assistant Surgeon.

2. Under the heading "Native Services" are included :—

(a) The actual costings of all native hospitals with their European, Asiatic, and Native staffs.

(b) Grants to Missions for maintenance of hospital beds for Africans.

(c) Grants-in-Aid to native maternity centres.

(d) Costings of that proportion of work performed at District Health Offices on account of native services.

(e) All expenditure on African child-welfare work.

(f) Capital grants to Missions for the erection of buildings in connexion with the Health Scheme for the hospitalization of the native services.

(g) Cost of medical stores for native services.

(h) Expenditure on training of Africans.

3. It has been found impossible, in the absence of exact data, to give any figure for expenditure on "Asiatic Services" apart from definite expenditure connected with dental services and grants to private hospitals in respect of Indian maternity and child-welfare. Other Asiatic expenditure is included under "Native Services" as Asiatics are treated at native hospitals both as in- and out-patients; separate costings do not exist. It is understood, however, that Asiatic services represent a small proportion of the total amount included in "Native Services".

4. Under the heading "Indivisible General Services" have been included :—

(a) Head Office (including Administration charges).

(b) Laboratory.

(c) School Medical Service.

(d) Charges in connexion with passages, leave salaries, etc., and fees and expenses of Medical Officers attending courses of instruction in England.

(e) Mathari Mental Hospital.

(f) Contributions to the Uganda Government in connexion with trypanosomiasis research, and contributions to the Sanitary Station, Zanzibar.

(g) Miscellaneous—telegrams, telephones, etc.

5. The cost of medical treatment and nursing expenses of Government officials treated in private hospitals or by private practitioners is included under the heading "European Services." This heading also includes a contribution to the Seamen's Hospital and capital contributions to certain hospitals in respect of maternity and child-welfare.

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APPENDIX 1—(Continued).

SCHEDULES 5 to 9—(Continued).

Classification of 1931 Expenditure, Medical Department.

Nature of the Service.				Native Services.	European Services.	Asiatic Services.	Indivisible General.
<i>Ukamba Province—</i>				£	£	£	£
	Pop.						
Teita and Voi .. ..	44,100	N.H., M.O., N.S. ..	..	3,506	—	—	—
Kitui .. ..	140,807	N.H., M.O., S.A.S. ..	..	2,351	—	—	—
Machakos .. ..	222,285	N.H., M.O., N.S., S.A.S.	..	5,853	—	—	—
		<i>Total</i> ..	..	11,710	—	—	—
<i>Coast Province—</i>							
	Pop.						
Lamu .. ..	16,462	N.H., S.A.S. .. ..	..	1,144	—	—	—
Tana River .. ..	13,420		..	..	..	..	..
Digo .. ..	50,881	M.O., S.I. .. ..	..	3,850	—	—	—
Malindi .. ..	28,146	N.H., M.O., S.A.S. ..	..	2,863	—	—	—
Kilifi .. ..	69,298		..	..	..	..	..
Mombasa .. ..	34,591	E.H., N.H., M.O., N.S.,	..	14,605	5,092	—	—
		Port Health Officer..	..	..	..	..	..
		<i>Total</i> ..	..	22,462	5,092	—	—
<i>Nzoia Province—</i>							
	Pop.						
Nandi .. ..	41,491	N.H. Compounder ..	..	518	—	—	—
Elgeyo-Marakwet .. ..	34,768	N.H. Compounder ..	..	381	—	—	—
Uasin-Gishu .. ..	20,661	N.H., N.S., S.A.S., S.I.	..	4,058	1,220	—	—
Trans-Nzoia .. ..	24,140	N.H., M.O., S.I. ..	..	2,099	715	—	—
		<i>Total</i> ..	..	7,056	1,935	—	—

(11310)	<i>Nyanza Province—</i>							
	C.K. and Kisumu .. ..	Pop.	343,205	N.H., E.H., M.O., N.S., S.I., S.A.S. .. ..	14,909	2,767	—	—
	S. Kavirondo .. ..	312,226	N.H., M.O., N.S., S.I., S.A.S. .. ..	6,578	258	—	—	
	N. Kavirondo .. ..	341,232	N.H., M.O., N.S., S.I. ..	7,002		—	—	
S. Lumbwa .. ..	92,525	N.H., M.O., N.S. ..	2,347	19	—	—		
			<i>Total</i> ..	30,836	3,044	—	—	
	<i>Kikuyu Province—</i>							
	North Nyeri .. ..	Pop.	7,775	N.H., S.A.S., S.I. ..	3,540	288	—	—
	South Nyeri .. ..	202,893	N.H., M.O., N.S. ..	3,121	—	—	—	
	Meru .. ..	160,721	N.H., M.O., S.A.S. ..	2,675	23	—	—	
	Fort Hall .. ..	187,278	N.H., M.O., S.A.S. ..	3,259	54	—	—	
	Kiambu .. ..	93,060	N.H., M.O., N.S. ..	6,137	13	—	—	
	Nairobi and Thika ..	67,710	N.H., E.H., M.O., N.S., S.A.S., Asylum ..	22,351	10,291	—	—	
			<i>Total</i> ..	41,083	10,669	—	—	
	<i>Rift Valley Province—</i>							
	Baringo .. ..	Pop.	43,567	N.H., M.O. .. ..	1,374	—	—	
	Nakuru .. ..	23,346	N.H., D.S., M.O., N.S.	3,651	1,377	—	—	
			<i>Total</i> ..	5,025	1,377	—	—	
	<i>Turkana Province—</i>							
	West Suk .. ..	Pop.	24,805	N.H., M.O., S.A.S. ..	2,696	—	—	
	North and South Turkana	53,511						
			<i>Total carried forward</i> .. ..	120,868	22,117			

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APPENDIX 1—(Continued).

SCHEDULES 5 to 9—(Continued).

Classification of 1931 Expenditure, Medical Department—(Continued).

<i>Nature of the Service.</i>				<i>Native Services.</i>	<i>European Services.</i>	<i>Asiatic Services.</i>	<i>Indivisible General.</i>
<i>Total brought forward .. .. .</i>				£ 120,868	£ 22,117	£	£
<i>Masai Province—</i>							
			Pop.				
Kajiado	..	..	} 50,402	N.H., M.O., Compounder	1,299	—	—
Narok	..	..					
<i>Naivasha Province—</i>							
			Pop.				
Naivasha	..	..	} 29,630	Native dresser and dispensary	40	—	—
Laikipia	..	..					
<i>Northern Frontier Province ..</i>			Pop. 80,000	2 N.H., M.O., S.A.S. ..	2,435	—	—
<i>Expenditure—Miscellaneous items and General .. .. .</i>				—	2,410	460	73,268
<i>Grand Total .. .. .</i>				£ 124,642	24,527	460	73,268

Total Expenditure 222,897

**APPENDIX 1** (*Continued*).SCHEDULES 5 to 9—(*Continued*).**Note No. 7.—Public Works.**

In view of the difficulty of classification, the following procedure has been adopted :

- (a) All trunk roads have been treated as " Indivisible General Services."
  - (b) Roads primarily serving European areas have been treated as " European Services."
  - (c) Roads primarily serving Native areas have been treated as " Native Services."
  - (d) Maintenance of all Government buildings and water-supplies have been classified as " Indivisible General Services."
  - (e) All expenditure on work in townships, including water-supplies, drains, roads, etc., are included in the " Indivisible General Services " column.
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**APPENDIX I—(Continued).**

**SCHEDULES 5 to 9—(Continued).**

<i>Service.</i>	<i>Native Services.</i>	<i>European Services.</i>	<i>Asiatic Services.</i>	<i>Indivisible European and Native Services.</i>	<i>Indivisible Services.</i>
	£	£	£	£	£
Roads, Extraordinary .. .. .	496	253	—	—	1,200
„ Recurrent .. .. .	25,547	10,908	—	—	79,009
Buildings, Recurrent .. .. .	—	—	—	—	26,484
„ Extraordinary .. .. .	458	2,766	75	—	17,491
Miscellaneous Town Plot Roads and Drains	—	—	—	—	1,605
Furniture, Recurrent .. .. .	—	—	—	—	1,850
„ Extraordinary .. .. .	623	485	—	—	2,849
Workshops .. .. .	—	—	—	—	235
Preliminary Invoice N.W. .. .. .	—	—	—	—	184
Loss and Depreciation .. .. .	—	—	—	—	588
Rents and House Allowances .. .. .	—	—	—	—	65,826
Tools and Plant .. .. .	783	877	—	—	3,283
Water-supplies and Drainage .. .. .	—	—	—	—	5,786
Purchase of Mechanical Plant .. .. .	—	—	—	—	295
Water-supplies .. .. .	—	—	—	—	28,616
Transport .. .. .	—	—	—	—	4,589
Hydrographic Survey .. .. .	—	—	—	—	5,302
Water-boring .. .. .	1,555	9,196	—	2,962	2,468
Technical Trainings, Africans .. .. .	739	—	—	—	133
Timber Seasoning .. .. .	—	—	—	—	1,867
Asian and African Housing .. .. .	—	—	—	—	352
Overheads on services for other departments	—	—	—	—	3,582
<b>Totals .. .. .</b>	<b>30,201</b>	<b>24,485</b>	<b>75</b>	<b>2,962</b>	<b>253,594</b>

Total Expenditure.  
£311,317.

APPENDIX 1—(Continued).

SCHEDULE 10.

Racial Balance Sheet of Revenue and Expenditure in 1931.

(11310)

REVENUE.				EXPENDITURE.							
				£	£					£	£
<i>Direct Taxation.</i>						<i>European Services</i>					
Europeans	..	..	..	42,596		..	..	..	..	171,247	
Asiatics	..	..	..	60,535		<i>European and Native Services (Indivisible)</i>				2,962	
Natives	..	..	..	530,877		Asiatic Services	..	..	..	46,080	
					634,008	Non-Native Services (Indivisible)	..	..	..	8,948	
<i>Indirect Taxation.</i>						<i>Native Services</i>					331,956
Europeans	..	..	..	334,477		<i>Indivisible Services :—</i>					
Asiatics	..	..	..	209,551		Posts and Telegraphs	..	..	151,116		
Natives	..	..	..	199,181		Other Votes	..	..	1,620,064		
Indivisible	..	..	..	2,345						1,771,180	
					745,554						
<i>Other Taxation.</i>											
Europeans	..	..	..	109,113							
Asiatics	..	..	..	55,704							
Natives	..	..	..	11,446							
Indivisible	..	..	..	1,936							
					178,199						
<i>Other Revenue.</i>											
Europeans	..	..	..	179,595							
Asiatics	..	..	..	59,868							
Natives	..	..	..	49,596							
<i>Indivisible :—</i>											
Posts and Telegraphs	..	..	..	168,132							
Other Heads	..	..	..	168,262							
					625,453						
<i>Total Revenue</i>					2,183,214	<i>Total Expenditure</i>					2,332,373
<i>Reimbursements and Cross-entries</i>					883,716	<i>Reimbursements and Cross-entries</i>					883,716
					£3,066,930						
<i>Deficit</i>					149,159						
					£3,216,089						£3,216,089

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## APPENDIX 1 (Continued).

## SCHEDULE 11.

## Statement of Reimbursements and Cross-entries appearing on both sides of 1931 Accounts.

	£
Share of Customs Department expenditure recovered from Uganda Government .. .. .	16,084
Share of Coast Agency expenditure recovered from Uganda and Tanganyika Governments .. .. .	2,078
Share of Treasury and Audit services recovered from Uganda Government and Currency Board, London .. .. .	6,255
Share of Military expenditure recovered from Sudan Government .. .. .	6,130
Police expenditure recovered from Railway and Port Administration .. .. .	8,950
Share of Postal and Telegraph expenditure recovered from Uganda Government .. .. .	38,166
Public Debt charges recovered from Railways and Harbours Administration and from Local Government Authorities	773,552
Share of Loan Management expenses recovered from Railway and Harbour Administration .. .. .	1,578
Colonial Development Fund receipts and expenditure .. .. .	30,923
<i>Total Reimbursements and Cross-entries .. .. .</i>	<u>£883,716</u>



## APPENDIX 2.

**Note by Mr. A. Walter on Contributions to Revenue in Kenya by the Non-Native and Native Communities in 1931.**

(Comparable with Appendix No. 26 to the Report of the Joint Select Committee on Closer Union in East Africa.)

1. The Commissioner of Customs has submitted a statement showing the estimated proportionate contribution of the European, Asiatic, and Native Communities to the Customs Revenue for 1931.

The resulting values are :—

	£	shs.	cents.
Europeans .. .. .	17	15	0
Asiatics .. .. .	3	10	0
Natives .. .. .		1	35

2. In considering these figures it must be understood that there are no direct means by which the contributions can be measured. The proportionings are, however, effected on a large number of articles by officers possessing a wide knowledge of local conditions. It is very improbable that errors will all tend in the same direction, and it may be expected, with a certain degree of confidence, that errors in excess or defect will compensate in the final average.

3. The results secured for the year 1926 have already been incorporated in Memoir No. 2 issued in Nairobi by this department. The text of this Memoir was published in Appendix 26 to the Report of the Joint Select Committee on Closer Union in East Africa, with the exception of the concluding paragraphs. These conclusions are now appended to this Note for the purposes of reference.

The values of Customs dues derived for that year per head of each community, were :—

	£	shs.	cents.
Europeans .. .. .	30	12	0
Asiatics .. .. .	4	15	0
Natives .. .. .		1	26

The figures of total taxation given in the Memoir under reference were :—

	£	shs.	cents.
Europeans .. .. .	41	6	0
Asiatics .. .. .	10	3	0
Natives .. .. .		6	04

4. The methods adopted in each year in deriving both Direct and Indirect Taxation Revenue are entirely similar, and the proportions are, in consequence, comparable.

In the conclusion to Memoir No. 2, which, as stated in the previous paragraph, was not included in the statements forwarded to the Joint Select Committee, the consistency of the Customs figures for Europeans and Asiatics was examined and a value of total *per capita* expenditure on imported articles derived, based on the *per capita* contribution to Customs Revenue. The value deduced was £136 per head.

## APPENDIX 2—(Continued).

The percentage change of contribution to Customs Revenue between 1926 and 1931 is as follows:—

European	..	..	..	..	42 per cent. decrease.
Asiatic	..	..	..	..	27 per cent. decrease
Native	..	..	..	..	7 per cent. increase.

5. In the Memoir No. 2 under reference, it was pointed out that the proportion derived for the Europeans in 1926 was undoubtedly high, but that the special conditions obtaining in the East African territories made a high standard of living a characteristic feature of the conditions under which colonization had taken place up to that time.

6. Comparisons with similar results secured quite independently from Tanganyika, as well as an analysis of Uganda conditions, conducted on the same lines as that for Kenya, all pointed to the same conclusion—a high consumption of imported goods.

7. For purposes of reference, the results for 1926 derived from the three territories, are shown below. Separate values for Europeans and Asiatics are not available for Tanganyika.

## CONTRIBUTIONS TO CUSTOMS REVENUE.

	Kenya.			Uganda.			Tanganyika.		
	£	s.	c.	£	s.	c.	£	s.	c.
Non-Natives	10	5	0	10	0	0	16	1	0
Natives		1	20		2	30		1	10

8. The reason for a high *per capita* contribution to Customs Revenue in the East African territories must be sought in the peculiar composition of the population in these undeveloped native countries, especially those countries unsuited to extensive European settlement. The lower and middle strata of European society are almost entirely missing in such communities, and the age frequency of the population becomes bunched up about the middle ages between 25 and 50 years. In other words, the frequency curve of ages bears all the characteristic features belonging to an immigrant population.

9. The more undeveloped the country and the more unsuited to European settlement, the greater the preponderance of highly-remunerated officials and managers, and the smaller the number of persons in the lower European ranks and lower ages. As the country develops, especially if its climatic conditions are suitable for European settlement, families are created, the age frequency curve is modified by the inclusion of young people, a demand arises for the employment of less-highly-paid employees of the artisan and clerical classes, the *per capita* standard of living is lowered, and the demand for imported articles decreases. Local industries develop, wherever possible, in order to supply the demands of the increased numbers in the lower strata of society, and this still further reduces the demand for imported goods.

10. In Kenya, a country in which European settlement has become established and in which European families have always been able to accompany both settlers and officials, the age distribution has not been markedly affected since 1911, the proportion in each ten-year group having remained practically constant. The ratio between the numbers working as employer, employee,

## APPENDIX 2—(Continued).

own account, and no occupation have, however, been seriously modified, especially since 1926, and it appears evident that the rapid increase in the population by migration during this period affected principally the lower-salaried class who entered the Colony in search of employment as the demand for this class increased very rapidly. So much so, in fact, that it is now possible to staff practically all the lower ranks from locally-recruited young men and women.

11. The decrease in the contribution to Customs Revenue since 1926, which the 1931 values reveal, is partly explained by this change in the composition of the population, the extent of which change is indicated in the accompanying table :—

NATURE OF EMPLOYMENT OF THE EUROPEAN POPULATION.

<i>Census year.</i>	<i>Dependants.</i>	<i>Employers.</i>	<i>Employees.</i>	<i>Own Account.</i>
1926 .. ..	6,123	1,036	4,091	1,279
1931 .. ..	8,288	768	6,267	1,489
<i>Percentage increase or decrease in 1931 on 1926.</i>				
	+35	-26	+53	+16

12. The "dependants" and "employees" jointly have increased 43 per cent., and the "employers" and "own account" have decreased 3 per cent. This alteration in the occupational composition of the population must inevitably lower the *per capita* income and, in consequence, the *per capita* demand for imported goods—a change which is a natural consequence of the permanent colonization of the country.

13. Other changes in the composition of the population have also to be taken into consideration. From the 1926 and 1931 Census returns it appears that the male age-group 20 to 55 has only increased 29 per cent., whereas, the other ages have increased 36 per cent. The total female population increased 40 per cent. and the total male population 30 per cent. A further change which may have modified the demand for imported goods is to be found in the increase among persons born in Kenya in relation to those born out of Kenya. The former increased by 41 per cent., while the latter only shows an increase of 33 per cent. Tables illustrating these changes will be published in the report on the 1931 census.

14. Super-imposed on these perfectly normal changes in the composition of the population, the period 1928 to 1931 has had to suffer a very serious decrease in the purchasing power of all non-native communities as a result of the world economic depression. A reference to the measures of the changes in economic factors, which are revealed by the Bank statistics, as well as the

## APPENDIX 2.—(Continued).

price-level values of local produce in Kenya, will indicate how serious this decrease has been. The price-level index numbers are summarised in the following table :—

INDEX NUMBERS OF THE PRICE OF KENYA PRODUCE,  
1926 TO 1931.

Year.	On local market.		On export market.*		
	Grocery Group.	Coffee.	Sisal.		Maize.
			1st Grade.	2nd Grade.	
1926 .. ..	1,049	1,052	—	—	—
1927 .. ..	1,024	1,000	—	—	—
1928 .. ..	1,043	973	1,000	1,000	1,000
1929 .. ..	986	970	1,089	1,081	1,015
1930 .. ..	899	703	758	752	696
1931 .. ..	785	642	428	415	500

\* On 1928 as base.

15. As the Customs duties are in part *ad valorem* duties, the marked fall in the price level of imported goods is naturally reflected in the Customs Revenue. The extent of the fall in price level of imported articles for Customs purposes should be measured by the fall in price in the exporting country, rather than the fall in price as shown in the Nairobi returns. The wholesale-price levels, according to the Bulletin of the League of Nations, decreased in the United Kingdom 31 per cent. between 1924 and 1931.

16. Although the 1931 conditions are decidedly abnormal, in so far as they are the result of the world economic depression, it is unlikely that the *per capita* contribution will ever return to the 1926 value, as the change in the composition of the population is a permanent one. Moreover, as any population increases from very small numbers, the *per capita* results may be expected to decrease, although the global values of each community may, and probably will, increase.

17. The global contributions to Taxation Revenue in Kenya are shown below for 1926 and 1931, distinguishing Customs from all other Taxation, and showing the total Taxation Revenue as adopted in 1926 :—

CUSTOMS REVENUE (to nearest £100).

Year.	Europeans.	Asiatics.	Natives.	Total.
1926 .. ..	£ 383,400	£ 195,400	£ 158,500	£ 737,300
1931 .. ..	298,600	198,800	198,800	696,200

Increase or decrease in 1931 over 1926 ..	—84,800	+3,400	+40,300	—41,100
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OTHER TAXATION.

1926 .. ..	172,700	95,000	611,300	879,000
1931 .. ..	187,600	126,900	542,700	857,200

Increase or decrease in 1931 over 1926 ..	+14,900	+31,900	—68,600	—21,800
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COMBINED CUSTOMS AND OTHER TAXATION.

1926 .. ..	556,100	290,400	769,800	1,616,300
1931 .. ..	486,200	325,700	741,500	1,553,400

Increase or decrease in 1931 over 1926 ..	—69,900	+35,300	—28,300	—62,900
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**APPENDIX 2.**—(Continued).

18. The 1926 global figures of Customs taxation, for all communities, are those derived by multiplying the adopted *per capita* values for 1926 by the population of the Census year 1926, to which the figures refer. This should be read in conjunction with paragraphs 20–27, page 186, of Appendix 26, and Schedule VI (5), page 211, of Appendix 26, of the Report of the Joint Committee, and the figures contained in Schedule II, page 191, of the same Appendix.

19. In regard to the total annual expenditure per European, which the *per capita* contribution implies, the conclusions of Memoir No. 2 appended to this Note, should be considered. There is further reason to believe that the amounts spent in Kenya by wealthy visitors are larger than was anticipated in that Memoir, and that this fact will explain in part, the conclusion that “ Even after taking these factors into consideration the value of the European contribution still appears high.”

20. In the Treasury Statement of Revenue and Expenditure the following classification has been adopted for Direct and Indirect Taxation Revenue :—

<i>Direct.</i>	<i>Indirect.</i>
Native hut and poll tax.	Customs duties.
Non-native poll tax.	Petrol consumption tax.
European education tax.	Wines and spirits consumption tax.
Estate duty.	Beer excise.

For the purpose of establishing comparison with the 1926 figures supplied to the Joint Select Committee, the following items of Revenue have been included in Taxation Revenue :—

- Motor traffic licences.
- Road transport licences.
- Game licences.
- Native registration.
- Explosives and gun licences.
- Liquor licences.
- Miscellaneous licences.
- Coffee licences.
- Registration of documents.
- Stamp duties.
- Cattle traders' licences.
- Traders' licences.
- Registrar-General's office fees.
- Registration of companies.
- Registration of inventions.
- Conveyancing fees.
- Market and cattle pound fees.
- Miscellaneous.
- Fees for licences to exhibit films.

21. In view of the classification adopted in the Treasury Statement, the total contributions are here shown under four heads for 1931 :—

- Direct Taxation as adopted by the Treasury.
- Indirect Taxation distinguishing Customs.
- Other Taxation.
- Other Revenue.

**APPENDIX 2.**—(Continued).

The final values of Revenue under these heads from all sources for the year 1931 are as follows :—

	<i>European.</i>	<i>Asiatic.</i>	<i>Native.</i>	<i>Total.</i>
	£	£	£	£
1. Direct Taxation ..	42,596	60,535	530,877	634,008
2. Total Indirect Taxation*	334,477	209,551	199,181	743,209
3. Other Taxation ..	109,113	55,704	11,446	176,263
4. Other Revenue ..	179,595	59,868	49,596	289,059
	<u>£665,781</u>	<u>£385,658</u>	<u>£791,100</u>	<u>£1,842,539</u>
Unallocated Posts and Telegraphs ..	..	..	..	168,132
Unallocated Miscellaneous ..	..	..	..	172,543
Reimbursements ..	..	..	..	883,716
<i>Total Revenue</i> ..	..	..	..	<u>£3,066,930</u>

22. The total Taxation Revenue, as distinguished from other Miscellaneous Revenue for 1931, is :—

<i>Europeans.</i>	<i>Asiatics.</i>	<i>Natives.</i>	<i>Total.</i>
£486,186	£325,790	£741,504	£1,553,480

or under the two main racial classifications :—

	£
Non-Native ..	811,976
Native ..	741,504

The population totals on which the 1931 yields depend are :—

European ..	16,812
Asiatic ..	58,133
Native ..	2,950,000
<i>Total Population</i> ..	<u>£3,024,945</u>

23. The *per capita* contribution to Taxation Revenue, as given in the returns for 1926, and incorporated in Memoir No. 2 (a copy of which was submitted to the Joint Select Committee), is compared with the 1931 figures as follows :—

	1926.	1931.	1926.	1931.
	Shs.	Shs.	£ s.	£ s.
European ..	823.60	578.38	41 4	28 18
Asiatic ..	188.98	112.08	9 9	5 12
			Shs.	Shs.
Native ..	5.75	5.03	5.75	5.03

The decrease of £13 is entirely in the Customs Revenue. The causes of the diminished yield from this source have been explained in previous paragraphs.

A. WALTER.

*Statistician,*

*Conference of East African Governors.*

	<i>European.</i>	<i>Asiatic.</i>	<i>Native.</i>	<i>Total.</i>
	£	£	£	£
*Customs Taxation ..	298,582	198,844	198,813	696,239
Other Indirect Taxation	35,895	10,707	368	46,970
	<u>£334,477</u>	<u>£209,551</u>	<u>£199,181</u>	<u>£743,209</u>

**APPENDIX 2.—(Continued).**CONCLUSION TO MEMOIR No. 2, THE TEXT OF WHICH WAS PUBLISHED AS  
APPENDIX 26 TO THE REPORT OF THE JOINT SELECT COMMITTEE ON CLOSER  
UNION IN EAST AFRICA.

An examination of the foregoing analysis, leading up to the final adopted values of Taxation Revenue per head for the three main community classifications, suggests the questions:—(1) Are these results consistent? (2) Do they represent a correct perspective of the relative communal contributions to Revenue?

The further questions as to "whether the distribution of the burden of taxation on each community is a just one" and "whether the incidence on the individuals forming the different social strata of each community is equitable," although they are certainly problems of grave importance to the economic life of the Colony, are not strictly relevant to the subject matter of this Memoir.

The direct taxation values cannot be doubted. It remains in consequence to test the Customs figures for consistency and it is proposed to examine them for the European community. If they can be justified in this case, the remaining two values cannot be seriously modified. The only element of doubt which can exist is that the European figure is too high in relation to the other two. The mean of the three years for the European is:—

Shs. 553	}	or Shs. 612.
Shs. 594		
Shs. 690		

This value represents an expenditure of £153 per head on dutiable articles or services exclusive of Customs Dues or Transport Charges. The Customs dues amount to 20 per cent. on the average and transport to about 10 per cent. This increases the expenditure in round figures to £200 per head. From the tables of proportions it can be estimated that about 15 per cent. of the Revenue goes to make up the industrial dutiable articles and others which do not enter into the direct personal expenditure of the community, thus leaving about £170 per head on the average to be spent in this manner. At first sight, this certainly appears to be a high figure. Examining the items which compose it, however, reveals the fact that they comprise charges which, although they appear as *per capita* charges, are in reality community charges. Some of these may be enumerated as follows:—

- (a) Visitors spend considerable sums on dutiable articles and on services which require dutiable articles.
- (b) They do not appear in the population returns.
- (c) Clubs and hotels are large consumers of dutiable articles.

Twenty per cent. may safely be deducted from the above value for such expenditure, leaving about £136 as personal expenditure on dutiable articles and services per head.

In addition to these community charges, there are very considerable charges for motor transport, and the number of cars for individual use is unusually high. Costs for petrol, car purchase, parts, etc., constitute one of the heaviest charges on the personal budget.

## APPENDIX 2.—(Continued).

Several typical family groups have been asked to split up their expenditure between local services and dutiable services. The imported items which go to make up the latter are more considerable than would be supposed at first sight.

Transport (car purchase or depreciation, spares, petrol, oil, etc.).  
Clothing.  
Household linen.  
Household utensils.  
Imported groceries.  
Drugs.  
Sports material.  
Tobacco.  
Alcoholic liquors.

Taking all these items into consideration on a very conservative scale for a family group of seven adults and one child, the annual expenditure per head on imported articles worked out at £156 a year. Most of the expenditure items included had been calculated inclusive of local services for distribution, etc. Allowing 20 per cent. for those items for which this allowance had not been made reduces this value to £125 a year per head, as compared with the £136 per head deduced from the Customs figures.

In considering this value, two characteristics of the population of Kenya should be kept in mind :—(1) the standard of living in Kenya is high and the stage of the poor white settler has not yet been reached to any considerable extent; (2) the age-frequency curve shows all the characteristics of an immigrant population with predominance of numbers in adult ages; (3) the proportion of persons in comfortable circumstances is much greater than in long-established communities with wide differences between the social strata; (4) the average *monthly* salary of Government European officials works out at £43·6.

The differentiation between the various units composing the non-European community is not insisted upon and was abandoned in 1926 and 1927. No comparison should in consequence be made between Indians, Goans, Somalis, Arabs, etc.

Even after taking these factors into consideration, the value of the European contribution still appears high in comparison with the Asiatic contribution, but there is little evidence to show that the contribution to indirect taxation on the part of the native is much in error.

Some further measure of non-native (European and Asiatic) expenditure will be found in the Bank statistics which will shortly be published. These indicate that the *per capita* expenditure is certainly higher than that of most European communities and it seems probable that the reasons adduced above are not without some foundation in fact.

There is at present no direct means of ascertaining whether the total expenditure for the European population to which this figure leads is consistent or not. Measured by standards of European countries it is undoubtedly high, but the circumstances are quite as undoubtedly different. The Europeans in Kenya are, on the whole, a selected community.

Collateral statistics may, however, be helpful as a guide, and reference to the Bank returns shows that for the whole population drawings by cheque on Kenya Banks (Total Debit Transactions) amount to nearly £200,000 a day—over £70,000,000 a year—while deposits on current account exceed £3,000,000. These figures refer to the non-native communities almost exclusively.

A. WALTER,  
*Statistician,*  
*Conference of East African Governors.*



## APPENDIX 3.

## Native Cash Resources.

## No. 1. NANDI.

1. The Nandi appear to derive their taxes mainly from the following sources :—

- (a) Wages.
- (b) Sale of cattle, sheep, and goats.
- (c) Sale of honey.

2. Wages for unskilled labour have dropped during the last four years approximately from Shs. 14 per month to Shs. 8 per month and, employment obtainable being considerably less, more tax is now derived from (b).

3. Enquiries made from traders and natives, together, result in the following prices being agreed upon :—

	1928.	1932.
	<i>Shs.</i>	<i>Shs.</i>
Large oxen .. .. .	45 to 65	20 to 30
Cows and large heifers .. .. .	75 to 80	25 to 45
Cows with calves .. .. .	90 to 120	40 to 65
Heifers, small .. .. .	40 to 60	25 to 30
Young bulls .. .. .	20 to 25	10 to 15
Goats and sheep, large .. .. .	8 to 14	4 to 6
Goats and sheep, small .. .. .	6 to 10	2 to 4
Fowls .. .. .	75 cents. to Sh.1	25 to 50 cents.

Hides, sun-dried, are selling at approx. Shs.4 per frasila, shade-dried, at from Shs.11 to Shs.12.

Prices in 1928 were approximately double.

The prices quoted for stock are for rinderpest-immune animals, and may be reduced by approximately 10 per cent. for non-immune. Cost of immunization is Shs. 2.50, plus the risk of loss during immunization.

4. Honey is sold in relatively large quantities, and the relative prices quoted to me are :—

1928.	1932.
Shs. 18 to Shs. 20 for 50 lb.	Shs. 6 to Shs. 7 for 50 lb.

5. Practically no grain is sold, except between members of the tribe. It is the Nandi custom after a good harvest to fill their stores, and "lay off" cultivation for one season or more.

K. L. HUNTER,  
*District Commissioner, Nandi.*

## APPENDIX 3—(Continued).

## No. 2. ELGEYO.

1. Although the export of food-stuffs has been prohibited for years past, a certain amount is exchanged between Elgeyo tribes and their neighbours across the Kerio River, e.g., mtama exported and meat and milk imported. Furthermore the Somali traders at Marakwet buy maize, grind it, and resell it later in the form of posho.

## COMPARISON OF PRICES IN 1929 AND 1932.

	1929. Shs.	1932. Shs.
(a) Cattle (male stock A.M. branded) ..	45 to 75	15 to 35
Sheep and Goats .. .. .	6 to 10	1 to 4
(b) Wimbi (per bag) .. .. .	12	6
Maize (per debbi) Elgeyo .. .. .	3	1
(per bag) Marakwet .. .. .	9	3
(c) Hides (each) .. .. .	3 to 6	No sale
Goat skins (each) .. .. .	1 to 2	"
Leopard skins (average) .. .. .	30	"
Honey (per pot) .. .. .	6	1 to 2
Beeswax (per lb.) .. .. .	1	.75
Tobacco (per 6 lb.) .. .. .	16	2
Blacksmithery (sundry articles for local consumption) .. .. .	—	half-price
(d) Work (on farms) .. .. . per mensem	8 to 16	5 to 6
(on Railway) .. .. .	16	10

2. This District, too, suffered from food shortage in 1928-29, owing to the depredations of locusts, and again during 1931. District Headquarters (Tambach) are 29 miles from railhead (Eldoret).

3. There is a strong demand for hand-mills for grinding maize but although the prices quoted lately are extremely reasonable they remain beyond the financial capacity of the would-be purchasers. The few which were purchased and distributed to the maize-growing centres by the Local Native Council a year or two ago are now almost worn out, owing to incessant usage.

4. There is to-day a constant cry on the part of natives that Government should help to find them work. Last year, too, natives who went out seeking work were compelled to return home empty-handed even after three or four excursions. During the course of my present safari in Southern Elgeyo when discussing tax prospects, etc., I have been repeatedly asked to help by finding work, especially for those who have no stock to sell and therefore no other means of raising the cash with which to pay their hut tax for 1932.

J. G. HAMILTON-ROSS,  
*District Commissioner.*

## No. 3. MWIMBI AND CHUKA.

1. Money for hut tax is normally obtained by the Mwimbi and Chuka from the following sources. They are given in the order of their importance from the point of view of their money-producing capacities:—

- (a) Labour for non-natives outside the Reserve.
- (b) Sale of goats,
- (c) Sale of pigeon pea,
- (d) Sale of tobacco,
- (e) Sale of njahi,
- (f) Sale of maize,
- (g) Sale of ghee.

## APPENDIX E—(Continued).

2. With regard to (a) this is the most important tax-producing means in a normal year, since not only does it account for the direct tax paid by the labourer for himself and his dependants, but indirectly also, by bringing a surplus of money into the Reserve, it allows those who do not seek labour outside it to obtain money to pay their taxes by the sale of the normal increase of stock and the products of their work in the Reserve.

This year, owing to the financial depression, the demand by settlers for African labour is very much decreased. Large numbers of men have left this district in search of work and at least 75 per cent. of them have returned without finding it.

Rates of wages have dropped by as much as Shs.4 to Shs.6 for a 30-day-month's work for an unskilled labourer.

It is probable that the amount of money entering the Reserve at present from this source is not more than one-eighth of the normal.

3. With regard to (b), the price obtainable for a goat is now Shs.6 to Shs.8 as against Shs. 15 to Shs.20 in a good year. Many Mwimbi and Chuka will certainly have to dispose of more than the normal increase to obtain their tax this year. In fact, their taxes will be paid from capital.

The price of goats will certainly decrease still further when the Kikuyu market is glutted by goats brought by the Akamba in search of tax-money.

4. Pigeon pea is the most paying of the Mwimbi crops and in a normal year Shs.7 is obtainable for a load of it. Now possibly Shs.3 could be obtained. In any case this source of tax-money is practically valueless this year since most of the pigeon pea was destroyed by locusts.

5. To a man skilled in the preparation of good snuff, tobacco is a lucrative crop in a normal year. Now, however, the mass of the population is so poor that the demand has fallen away to such an extent that a drum of snuff which normally would fetch Shs.30 in one day will now fetch only Shs.15, sold in small quantities over a period of three months. Leaf tobacco has depreciated in value about 75 per cent.

6. Njahi is of little money-producing value this year; the crop obtained was very small, the plants failing to seed as a result of some undiagnosed condition, and the price of a load in Mwimbi and Chuka is about Shs.2 as against Shs.7 in normal times.

7. Maize is very little grown in Chuka and Mwimbi for export, since there is no market for it, the cost of transport from Chuka to the railway being prohibitive.

8. Some of the Lower Chuka depend on the sale of ghee for their tax-money. There is now no demand for it.

9. It will be seen from the foregoing that all the usual means at the disposal of the Chuka and Mwimbi of obtaining money for tax have become so meagre that the chance of their paying in full within the year is slight. It is noteworthy that, even in a normal year, the distance from a market for their crops makes the natives of these areas practically dependent for their tax on the labour of the young men outside the Reserve; the crops produced are redistributed in the areas themselves, most of the sale being to natives of the areas who have returned from work with a surplus amount of cash. Apart from this, most of the money obtained is from the sale of native luxuries, such as tobacco, and a few foodstuffs, such as pigeon pea, either directly by safari to Masai, Ukamba

**APPENDIX 3.**—(Continued).

and the Northern Frontier, or indirectly, through Kikuyu middlemen, who again sell to Indian middlemen, the actual producer getting very little for his trouble.

H. E. LAMBERT,  
District Commissioner, Embu.

## No. 4. MASAI.

The commodities upon which the Masai mainly depend for the payment of their taxes are the following:—

	Year.	Price per frasila	Price per frasila
		at Narok.	at Kajiado.
		Shs.	Shs.
I. Hides .. .. .	1928	30	32
	1932	6	7

The total export of hides from the Province in 1928 was approximately 550 tons.

	Year.	Price per head	Price per head
		at Narok.	at Kajiado.
		Shs.	Shs.
II. Slaughter cattle ..	1928	35	55
	1932	20	30
III. Sheep .. .. .	1928	6	7
	1932	3	4
		<i>Per frasila.</i>	
IV. Ghee .. .. .	1928	55	60
	1932	25	25

The Masai have large reserves of livestock and the drop in prices has been of indirect benefit by causing increased sales of surplus cattle and thus reducing overstocking.

G. E. DECK,  
Provincial Commissioner.

## No. 5. COAST PROVINCE.

*Prices of Native Commodities.*

(Forwarded by Provincial Commissioner.)

	1928.		1929.		1930.		1931.		April 1932.
	H.	L.	H.	L.	H.	L.	H.	L.	
	Shs.	Shs.	Shs.	Shs.	Shs.	Shs.	Shs.	Shs.	Shs.
Simsim, gisila ..	74	50	57	35	37	29	37	26	36
Pojo, ..	80	35	80	40	41	28	40	20	30
Kundi, ..	65	40	65	24	45	29	40	16	27
Mtama, ..	40	28	55	24	30	20	30	14	25
Maize, ..	32	12	40	16	20	14	24	10.50	20
Hides, frasila ..	42.50	24.50	28	12	14.50	8.50	11.50	4	4
Copra, ..	7.25	5.90	6.20	4.50	5.65	3	3.60	2.25	2.75
Ghee, ..	—	—	—	—	40	26	30	22	29

*Note.*—H. represents Highest ; L. represents Lowest.

**APPENDIX 4.****Outline of Uniform Adult Male Native Poll-Tax.**

1. The tax shall be payable at the rate of Shs.6 per year by all male natives of the apparent age of 16 years and upwards, except those exempted by a District Officer on the grounds of poverty and inability to pay.

2. The tax shall be collected by means of stamps to be affixed to the back of the registration certificate. In cases of exemption the certificate shall be suitably endorsed by the District Officer, who will also inform the Chief Registrar of Natives.

3. Tax stamps shall be on sale at any Office of a District Administration. They will also be issued on payment of tax by the officer engaged in collecting hut tax. A list of those to whom stamps have been issued with the numbers of their registration certificates shall be kept in duplicate by each issuing officer, and one copy shall in due course be sent to the Chief Registrar of Natives. Stamps shall be affixed in the presence of the issuing officer or his deputy in any district where the taxpayer can most conveniently pay his tax, and shall be cancelled at the time of issue by an indelible mark to shew year of payment. It is a matter for consideration whether post offices should also be charged with the duty of issuing and cancelling tax stamps.

4. A statutory obligation shall be imposed on employers on the payment of wages to see that stamps are affixed in each case, under regulations to be issued.

5. The Chief Registrar of Natives will enter payment of taxes in his card records, and will from time to time inform District Commissioners as to those taxpayers in default.

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**APPENDIX 5.****Outline of Native Livestock Tax.**

Livestock tax shall be imposed per head of cattle, sheep, and goats, at a money-rate per head to be fixed by the Governor-in-Council, and to be variable as between districts and from year to year. In fixing the rate, account shall be taken of current prices.

Owners of less than a statutory number of cattle, sheep, and goats, shall be exempt from payment of tax. The statutory number of tax-free livestock shall be higher in the pastoral districts than in the agricultural areas, and shall in both cases be fixed with the object of exempting from taxation that amount of stock which is needed to provide food for an average family. Tax shall be levied only on that number of stock which is above the exemption limit. Young and immature animals shall also be exempt. For the purpose of deciding as to liability to tax, five sheep or five goats shall be considered equal to one head of cattle.

## APPENDIX 6.

## Outline of Native Cultivation Tax.

1. The tax shall be based on the value of the crops estimated to be produced from the land in an average year. The rate of tax shall be levied as a percentage of the valuation and shall be variable as between Local Native Council Districts and from year to year. The rates shall be fixed annually by the Governor-in-Council.

2. The estimated yield of each taxation unit shall be assessed by the District Officer advised by an Assessment Board consisting of the Headman with the help of native assessors. For the assessment of yield one or both of two methods shall be applied—first, a general survey of the taxation unit, the probable yield of each crop then being computed according to soil and average experience—second, computation of yield of various crops on sample holdings, the resulting figures being taken to represent the average and multiplied according to the number of cultivators in the taxation unit. Having arrived at the estimated yield of each crop, valuation shall be made on the basis of market prices ruling in each District.

3. When the computation of yield on sample holdings has been made and a *per capita* average has been established, it is most important to withhold from the native Headmen any information as to the *per capita* average thus established, as otherwise on Nigerian experience it is found that Headmen and taxpayers are apt to take this average as a flat rate thereby destroying the distinction between a cultivation tax graded according to ability to pay and a flat poll-tax. On the subject of differentiation between individual taxpayers, the Lieutenant-Governor of Southern Nigeria has stated:—

“ It should be borne in mind that among the most primitive communities it is customary for contributions to be made by members of a family for some general family purpose, festivals, the building of a family house, and the like, and such contributions are by native custom graded in accordance with ability to contribute, and the same applies to larger social units. Grading of ability to pay is no new thing to the African native.”

4. Variations in percentage rate of tax to be levied shall be based *inter alia* on variations of price from the price levels on which valuations were originally made.

5. The tax payable to the Government shall be fixed as a percentage of the total valuation. In the Sudan it is collected at the rate of 10 per cent. and in Nigeria at 2½ per cent. In the Sudan, however, the valuation is made yearly for each cultivation unit on the basis of local prices, whereas in Nigeria revaluation takes place at rare intervals, and the tax is adapted to capacity by varying the annual percentage of tax.

6. Assessment Boards shall be responsible for detailed allocation of the tax within each unit among cultivators in proportion to their estimated output, but an appeal to the Local Native Tribunal and finally to the District Officer shall be provided in cases of dispute.

7. Native Council rates might be collected on the same valuation and at the same time as the Government tax. They might be levied as a percentage surcharge to be paid over to the Local Native Council.

**APPENDIX 6.—(Continued).**

8. It shall be the duty of employers to send valuations of squatters' holdings and livestock to the District Officer, who shall satisfy himself that they are reasonable. Employers shall be under statutory obligation to pay the cultivation and livestock taxes and to recover from the squatter by deduction from wages.

9. The tax shall be collected by the Native Assessment Boards, and, to prevent over-charging and speculation, District Officers shall issue to such Boards sheets of one shilling tax-receipts to the total value of the tax and local rates to be collected. Such tax receipts shall be issued to the cultivators by the Assessment Boards in varying numbers against the payment of tax. They shall be cancelled at the time of issue by a rubber year-stamp. A percentage of the tax collected might be allowed as remuneration to each Assessment Board.

10. Livestock tax may be merged in the cultivation tax as in Nigeria.

**APPENDIX 7.****Finance of Native Betterment Fund.**

In order to make a clear distinction between expenditure to be borne on the general budget and that to be financed by the Native Betterment Fund, the following procedure is suggested :—

(a) That no part of Head Office Administration charges be paid from the Native Betterment Fund.

(b) That cash emoluments and expenses of agricultural officers working wholly in Native Reserves be included in the Native Betterment Fund and excluded from the general budget.

(c) That the cash emoluments and expenses of Education Officers and Inspectors attached to native schools be included in the Native Betterment Fund and excluded from the general budget.

(d) That the cash emoluments and expenses of Medical Officers in charge of native hospitals and those stationed in Native Reserves be included in the Native Betterment Fund and excluded from the general budget.

(e) That expenditure on roads and bridges within the Native Reserves, which may be regarded as primarily of native benefit, be included in the Native Betterment Fund and excluded from the general budget.

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

(g) That the cost of medical and other stores issued to hospitals, schools, etc., from Government main stores be recovered from the Native Betterment Fund and brought to account as revenue in the general budget.

(h) Generally, that expenditure from the Native Betterment Fund should be confined to direct services and that all indirect expenditure should be met from general revenue towards which the native community contributes.

APPENDIX 8.

Table of Revenue and Expenditure of Local Native Councils in 1931.

Province and Council.	Revenue.			Expenditure (including expenditure on building).							Surplus balance in hand at end of 1931.
	Rates.	Land. (Rents, fees, etc.)	Other.	Education.	Medical.	Agricultural, Veterinary, and Forestry.	Roads and bridges.	Water supplies.	Famine relief.	Other.	
<i>Coast.</i>	£	£	£	£	£	£	£	£	£	£	£
Digo .. ..	620	282	631	304	190	310	313	216	100	216	2,208
Giriama .. ..	719	753	781	—	213	241	182	881	—	298	3,641
Teita .. ..	1,042	142	1,440	—	164	99	132	5	—	151	4,441
<i>Nyanza.</i>											
North Kavirondo ..	9,528	929	1,006	6,608	1,084	1,149	2,500	—	—	2,032	18,386
Central Kavirondo ..	4,245	415	739	1,605	999	487	1,331	10	1,818	1,281	13,023
S. Kavirondo (K-B)	2,656	448	240	211	115	475	623	—	—	863	7,087
S. Kavirondo (L-A)	2,090	949	224	500	357	209	524	—	—	1,061	7,298
South Lumbwa ..	—	420	101	440	—	56	347	—	214	116	2,306
<i>Nzoia.</i>											
Nandi .. ..	594	704	312	484	284	709	428	—	—	1,370	3,819
Elgeyo .. ..	—	900	283	779	175	254	3	2	62	374	4,329
Marakwet .. ..	—	283	70	190	8	78	28	—	39	33	983



<i>Rift Valley.</i>												
Baringo I. ..	..	507	249	58	—	2	86	17	—	337	324	1,713.
Baringo II. ..	..	108	70	16	—	2	—	—	—	—	386	229
<i>Kikuyu.</i>												
Kyambu ..	..	2,563	374	290	200	339	422	767	211	—	1,110	7,758
Fort Hall ..	..	2,524	903	219	10	1,657	548	917	—	—	746	7,939
South Nyeri ..	..	2,946	600	215	2,857	224	1,457	79	—	—	1,384	5,662
Embu ..	..	1,142	328	207	—	358	100	—	17	—	211	2,216
Meru ..	..	1,676	974	60	—	4	398	89	—	—	121	5,006
<i>Ukamba.</i>												
Machakos ..	..	4,771	1,013	369	910	343	1,272	799	819	—	655	9,527
Kitui ..	..	1,632	666	904	202	390	144	431	208	—	948	6,788
<i>Masai.</i>												
Narok ..	..	—	1,060	92	169	3	2	—	—	—	55	2,591
Kajiado ..	..	589	1,151	360	1,082	4	—	—	520	—	345	1,694
<i>Turkana.</i>												
West Suk ..	..	—	309	52	449	—	—	—	—	—	96	732
South Turkana ..	..	—	128	—	—	—	—	—	—	—	—	128
<i>Total</i> ..	..	£ 39,952	14,070	8,669	17,000	6,915	8,496	9,510	2,889	2,570	14,116	119,504

\* Includes £1,144, being refund to Government of rents and stand premia overpaid.

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**APPENDIX 9.****Communal Labour.**

(Extract from Minutes of Kyambu Local Native Council Meeting held on 27th and 28th January, 1931.)

MINUTE No. 66/31.

*Allocation of money for Bridges to be erected in 1931.*

Agreed that the following should be built if funds allowed in 1931:—

- (1) Rui Rwaka (Headman Koinange),
- (2) Kamiti (Headman Mimi),
- (3) Ndarugu (Headman Kiranga),
- (4) Ruiru (Headmen Rimungi and Gathingo),

and that if any money remained over that a bridge be built over the Karura river in Headman Philip's location. The Council also gave their opinion that the provisions of the Native Authority Ordinance should be followed in regard to communal work on roads. That such labour should be unpaid and that Headmen should call out labour in their locations for maintenance and repairs of existing roads under this law. Too much money had been wasted unnecessarily last year in paying gangs of labour for upkeep of roads and the resulting shortage of funds had seriously deflected money from being expended in the building of bridges and the opening of new roads which were of great value to the trade of the Reserve. It was agreed, however, that labour should be paid for when assisting "fundis" to build bridges.

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APPENDIX 10.

TABLE I.

Revenue Figures, 1926-1931.

	1926.	1927.	1928.	1929.	1930.	1931.
	£	£	£	£	£	£
Customs .. .. .	741,374	830,550	915,282	949,725	815,286	698,584
Licences, etc. .. .. .	842,587	898,166	907,639	902,566	948,774	867,714
Fees, etc. .. .. .	125,734	129,670	128,356	123,843	140,886	130,382
Posts and Telegraphs .. .. .	148,258	165,100	171,646	182,158	173,525	168,132
Earnings of Government Departments .. .. .	48,713	54,022	79,586	96,988	98,750	87,621
Revenue from Government Property .. .. .	106,908	90,044	79,081	74,657	72,241	71,347
Sale of Government Property .. .. .	26,774	35,075	22,763	60,046	33,959	14,577
Miscellaneous Receipts .. .. .	11,646	12,278	10,244	11,767	17,042	16,192
Forest Revenue .. .. .	—	39,199	37,329	39,461	38,705	30,901
<i>Total General Revenue</i> .. .. .	£2,051,994	2,254,104	2,351,926	2,441,211	2,339,168	2,085,450
Port, Harbour, and Light Dues .. .. .	21,357	598	—	—	—	—
Land Sales .. .. .	39,362	48,387	57,955	55,288	42,587	29,923
Reimbursements .. .. .	385,558	397,390	570,616	770,843	788,435	891,140*
Interest .. .. .	128,952	145,631	40,197	66,400	55,323	29,494*
Colonial Development Fund .. .. .	—	—	—	—	16,087	30,923
<i>Total Gross Revenue</i> .. .. .	£2,627,223	2,846,110	3,020,694	3,333,742	3,241,600	3,066,930

\* The items "Reimbursements" and "Interest" include recoveries from the Railways and Harbours Administration in respect of annual loan charges. In 1931 the loan charges recovered from the Railways and Harbours amounted to £753,167, and this amount is included in the "Reimbursements" total of £891,140.

APPENDIX 10—(Continued.)

TABLE 2.

Comparative Expenditure Figures (Recurrent Votes).

Department.	1926.	1927.	1928.	1929.	1930.	1931.	Budget 1932 (original).	Revised Budget 1932.	Remarks.
H.E. The Governor ..	£ 18,432	£ 18,213	£ 18,363	£ 17,465	£ 16,874	£ 15,780	£ 16,565	£ 15,950	Native Registration Dept. included up to 1927.
Administration ..	249,297	254,791	257,770	259,777	259,037	256,401	266,818	255,456	
Agriculture .. ..	106,899	113,354	128,021	147,257	160,804	144,310	143,385	136,036	
Audit .. .. .	15,446	16,771	18,803	18,836	19,158	19,398	20,792	19,812	
Coast Agency ..	—	—	7,679	5,585	5,976	6,034	5,826	5,676	
Conference of East African Governors..	2,576	1,391	1,636	1,193	1,409	1,228	1,250	1,250	
Customs .. .. .	39,449	41,948	44,032	45,328	48,123	47,438	49,747	48,637	
Education .. ..	108,074	121,139	152,030	165,088	180,734	182,224	188,632	178,465	
Forest .. .. .	29,855	32,750	36,813	38,914	38,729	36,859	37,150	35,637	
Game .. .. .	8,627	11,207	11,041	12,557	11,382	10,355	10,939	10,439	
Judicial .. .. .	22,752	26,308	26,119	30,286	33,759	33,087	34,136	33,426	
Legal .. .. .	9,621	10,627	9,813	9,924	9,566	8,809	8,755	8,755	
Local Government Contributions ..	—	—	—	85,087	103,008	91,903	90,931	87,652	
Medical .. .. .	161,043	180,206	194,814	222,185	236,934	221,201	219,357	207,498	
Military .. .. .	125,304	114,579	114,448	123,896	97,447	89,015	97,258	90,288	
Miscellaneous Services	107,301	132,141	97,680	50,659	64,371	69,459	87,783	87,633	
Pensions and Gratuities	86,804	89,133	109,001	117,285	113,669	132,637	130,700	130,700	
Police .. .. .	134,274	137,946	144,429	160,872	172,017	149,232	147,998	141,894	
Post Office .. ..	136,421	144,515	149,625	159,054	172,255	172,566	169,035	157,045	

Printing and Stationery	21,442	34,406	36,114	37,418	38,025	32,475	36,534	32,534	Amalgamation of Government and Railway Press in 1927.
Prisons	43,640	43,194	45,114	50,369	50,392	46,714	49,000	47,995	
Public Works Department	71,826	83,058	122,728	141,297	149,354	133,088	112,925	107,898	
Public Works Recurrent	196,638	178,994	190,730	173,617	182,459	154,658	145,500	137,600	
Registrar-General	3,330	4,428	5,300	5,113	5,530	5,842	6,007	5,635	
Rents and Interest, Zanzibar	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	
Secretariat and Leg. Council	19,637	20,205	18,079	19,752	21,101	19,024	20,946	19,146	
Statistical Departments	—	—	21,121	20,176	22,808	22,175	21,260	20,959	
Survey and Registration (including Land Department to 1927).	41,061	43,450	35,516	39,516	37,927	36,233	36,500	34,520	Land Department included in Administration from 1928.
Trade and Information Office.	5,000	5,000	6,013	4,955	4,895	4,837	4,800	4,800	
Treasury	22,445	25,129	24,887	26,726	26,487	26,407	25,879	25,433	
Public Debt and Interest*	484,981	503,538	591,876	781,590	814,683	891,495	1,011,500	1,010,500	
Extraordinary Expenditure	109,181	110,634	199,051	517,295	307,874	108,282	32,250	27,135	
Port and Marine	17,325	60	—	—	—	—	—	—	
Colonial Development Fund	—	—	—	—	16,087	30,923	319	319	
<i>Total Gross Expenditure £</i>	2,414,681	2,515,115	2,834,646	3,505,072	3,438,874	3,216,089	3,246,477	3,142,723	

\* The item " Public Debt and Interest " includes provision for the annual loan charges of both Colony and the Railways and Harbours Administration. The amount recoverable from the Railways and Harbours, which in 1931 amounted to £753,167, appears under " Reimbursements " on the revenue side of the Colony's budget.

APPENDIX 10—(Continued)

TABLE 3.

Allocation of Total Public Debt and Annual Charges.

Loan.	Capital Debt.			Annual Charges.						Total Annual Charges.
	Colony.	Railways and Harbours.	Total Public Debt.	Colony.			Railways and Harbours.			
				Interest.	Sinking Fund.	Total.	Interest.	Sinking Fund.	Total.	
	£	£	£	£	£	£	£	£	£	£
1921 ..	754,614	4,245,386	5,000,000	45,277	9,810	55,087	254,723	55,190	309,913	365,000
1927 ..	—	5,000,000	5,000,000	—	—	—	250,000	50,000	300,000	300,000
1928 ..	659,669	2,840,331	3,500,000	29,685	6,596	36,281	127,815	28,404	156,219	192,500
1930 ..	2,233,909	1,166,091	3,400,000	100,526	22,339*	122,865	52,474	11,661*	64,135	187,000
Total	£ 3,648,192	13,251,808	16,900,000	175,488	38,745	214,233	685,012	145,255	830,267	1,044,500

\* Contributions to the sinking fund in respect of the 1930 loan commence in July, 1934.

## APPENDIX 10.—(Continued).

TABLE 4.

## Probable Short-fall on 1932 Revenue Estimates.

Customs Revenue .. .. .	£	200,000
Licenses, Duties, Taxes, etc. :—	£	
Native Registration .. .. .	700	
Stamp Duties, Various Revenue Purposes .. .. .	9,500	
Liquor Licences .. .. .	500	
Cattle Traders' Licences .. .. .	1,700	
Non-Native Poll Tax .. .. .	4,500	
Fines and Forfeitures .. .. .	10,000	
Traders' Licences .. .. .	500	
Petrol Tax .. .. .	5,500	
Cotton Tax .. .. .	1,200	
European Education Tax .. .. .	600	
Asiatic Education Tax .. .. .	2,500	
Motor Drivers' Licences .. .. .	500	
Entertainment Tax .. .. .	1,500	
Other Licences Revenue .. .. .	3,900	
	<hr/>	43,100
Fees and Payments for Specific Services .. .. .	2,600	
Posts and Telegraphs Revenue .. .. .	8,000	
Earnings of Government Departments .. .. .	10,000	
Revenue from Government Property .. .. .	6,500	
Forest Revenue .. .. .	7,000	
Reimbursements .. .. .	4,500	
	<hr/>	
<i>Total</i> .. .. .	<hr/>	<u>£281,700</u>

The total short-fall of £281,700 may be off-set to some extent by excesses on other sub-heads, e.g., Miscellaneous Receipts, which it is impossible to estimate accurately, and by the receipt of arrears of 1931 hut-tax revenue. It is considered that a reasonable estimate of the probable total short-fall at this early stage would be £250,000 if account is taken of revenue increases that may accrue.

## APPENDIX 10.—(Continued).

TABLE 5.

## Estimate of Cash Position at 31st December, 1932.

A.— <i>Surplus Account.</i>							£
Balance on 1st January, 1932	..	..	..	..	..	..	361,543
<i>Less Deficit on 1932 Accounts :—</i>							£
Original Revenue Estimate	..	..	..	..	..	3,295,414	
Less Short-fall	..	..	..	..	..	250,000	
						<u>3,045,414</u>	
							£
Original Expenditure Estimate	..	..	..	..	..	3,246,477	
Add Special Warrants to date	..	..	..	..	..	27,373	
Add Reserve for further Special Warrants	..	..	..	..	..	20,000	
						<u>3,293,850</u>	
Less Economies	..	..	..	..	..	103,754	
						<u>3,190,096</u>	
Deficit	..	..	..	..	..	..	144,682
Surplus Account at 31st December, 1932	..	..	..	..	..	..	<u>£216,861</u>
B.— <i>Commitments against Surplus at 31st December, 1932.</i>							£
Agricultural Advances	..	..	..	..	..	..	100,000
Grain Subsidies	..	..	..	..	..	..	116,000
Loans to Local Authorities	..	..	..	..	..	..	2,500
Unallocated Stores	..	..	..	..	..	..	80,000
							<u>298,500</u>
Estimated Surplus at 31st December, 1932 (as above)	..	..	..	..	..	..	216,861
Cash Shortage	..	..	..	..	..	..	81,639
Add Cash required for current Treasury needs	..	..	..	..	..	..	100,000
							<u>£181,639</u>