

COLONY AND PROTECTORATE OF KENYA.

Minutes of the Proceedings
of the Legislative Council
of the Colony of Kenya.

Naroh. Lad

(Extraordinary Session)
1922.

Held at Nairobi on the 25th May and 6th June, 1922.

Nairobi,

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Kenya Colony.

Minutes of the Proceedings of the Extraordinary Session of the Legislative Council, 1922.

25TH MAY, 1922.

Held at Nairobi on the 25th day of May, 1922.

The Council assembled on the 25th May, 1922, at 10 a.m., HIS EXCELLENCY THE GOVERNOR (MAJOR-GENERAL SIR EDWARD NORTHEY, K.C.M.G., C.B.), presiding.

Present:—

THE HON. THE ATTORNEY GENERAL (R. W. LYALL-GRANT).
THE HON. THE TREASURER (J. T. GOSLING).
THE HON. THE PRINCIPAL MEDICAL OFFICER (DR. J. L. GILKS).
THE HON. THE GENERAL MANAGER, UGANDA RAILWAY (S. COUPER).
THE HON. THE COMMISSIONER OF LANDS (H. T. MARTIN).
THE HON. THE DIRECTOR OF PUBLIC WORKS (W. MCGREGOR ROSS).
THE HON. THE COMMISSIONER OF CUSTOMS (F. W. MAJOR, C.M.G., I.S.O.).
THE HON. THE SOLICITOR GENERAL (I. L. O. GOWER).
THE HON. THE DIRECTOR OF EDUCATION (J. R. ORR).
THE HON. THE OFFICER COMMANDING TROOPS (COLONEL G. F. PHILLIPS, C.B.E., D.S.O.).
THE HON. THE ACTING POSTMASTER GENERAL (T. FITZGERALD).
THE HON. THE SENIOR COMMISSIONER, UKAMBA (C. R. W. LANE).
THE HON. R. B. COLE.
THE HON. L. COLLINGS WELLS.
THE HON. E. POWYS COBB.
THE RIGHT HON. LORD DELAMERE.
THE HON. MAJOR E. S. GOGAN, D.S.O.
THE HON. CONWAY HARVEY.
THE HON. SIR NORTHROP McMILLAN.
THE HON. CAPT. J. E. CONEY.
THE HON. CAPT. H. F. WARD.
THE HON. H. E. SCHWARTZE.
THE HON. B. S. VARMA.
THE HON. SHAMS-UD-DEEN.

Absent:—

THE HON. THE COLONIAL SECRETARY (SIR C. C. BOWRING, K.B.E., C.M.G.).
THE HON. THE CHIEF NATIVE COMMISSIONER (G. V. MAXWELL).
THE HON. THE ACTING DIRECTOR OF AGRICULTURE (E. HARRISON).
THE HON. SHEIKH ALI BIN SALIM, C.M.G., C.B.E.
THE HON. A. A. VISRAM, M.B.E.

OATH OF ALLEGIANCE.

THE PRESIDENT administered the Oath of Allegiance to the following gentleman as temporary Elected Member for Nairobi South.

HELMUTH ERIC SCHWARTZE.

PRESIDENT'S ADDRESS.

HIS EXCELLENCY:—"I have found it necessary to summon Hon. Members to a Special Session of this Hon. Council for the following reasons:—

For many months it has seemed doubtful whether the Income Tax is proving a suitable form of raising revenue in a Colony like Kenya during the early days

of its development, but willing though Government might be to let it go, it was obviously necessary first to find some means of counter-balancing the loss of revenue which would accrue if the tax were not collected. I had hoped that by now the Government, with the help of the Economical and Financial Committee, now sitting under the Chairmanship of Sir Charles Bowring, would have been able to fore-shadow sufficient reduction in this year's expenditure to make up the sum required; this would have been the case had not there been a considerable falling off in estimated revenue especially for Customs.

The Bowring Committee put up to me a strong recommendation for the abolition of the Income Tax, but without showing how it was proposed to make up

the loss of revenue. I told them that unless they could show me where to find the revenue, or preferably save the equivalent in expenditure, I could not agree.

The Bills on the Order of the Day are the result of further deliberation. The Secretary of State has agreed that I may repeal the Income Tax provided that I can find the equivalent revenue by increased import duties, especially on wines and luxuries.

With regard to the first Bill on the Order of the Day, the recommendations of the Bowring Committee for the protection of the local wheat industry have already been published and I will not now add anything to the weight of their arguments in favour of this measure. This question of local protection by very high tariffs is a very debatable one; the matter will be thrashed out in open Council on an open vote.

The second Bill provides the necessary machinery to collect the revenue equivalent to the loss on the Income Tax. It is obvious that unless this Bill is passed in principle, and with a schedule shewing in detail a sufficient estimated sum, Government cannot allow the third Bill, repealing the Income Tax, to pass: that is why they are taken in the order named.

I regret that Sir Charles Bowring, the Chairman of the Committee on whose recommendation these Bills have been brought forward, is ill in bed, but I feel sure that the Committee's reasons and arguments where required by this Hon. Council will, in Sir Charles's absence, be ably put forward by the Right Hon. Lord Delamere or other members of the Committee.

Though Government is in agreement with the Committee and has promoted these Bills in the full belief that such legislation will be for the eventual good of the Colony, there is no intention of forcing them through Council either in principle or in detail by the use of the official majority.

The necessity for passing legislation immediately affecting Customs Duties as emergency measures and in one day is obvious.

SUSPENSION OF STANDING ORDERS.

THE HON. THE ATTORNEY GENERAL:—Your Excellency, I move the Suspension of Standing Orders in order that

(1) A Bill intituled "An Ordinance to amend the Customs Tariff Ordinance, 1909, and certain amendments thereof."

(2) A Bill intituled "An Ordinance to further amend the Customs Tariff Ordinance, 1909, and certain amendments thereof."

(3) A Bill intituled "An Ordinance to amend the Income Tax Ordinance, 1920."

may be introduced.

Your Excellency has given a Certificate of Emergency which I will now read. (Reads Certificate of Emergency). As Your Excellency has already explained the reasons for which this Council has been summoned it is unnecessary for me to dwell upon the point.

THE HON. C. R. W. LANE seconded the Motion.

The question was put and carried.

THE CUSTOMS TARIFF (AMENDMENT) ORDINANCE, 1922.

THE HON. THE TREASURER:—In pursuance of notice given, I beg to introduce and move the first reading of a Bill intituled "An Ordinance to amend the Customs Tariff Ordinance, 1919," and certain amendments thereof.

The Bill is intended to provide for the obtaining of revenue to cover the deficit which would otherwise result in the event of the Income Tax Ordinance being repealed.

THE HON. C. R. W. LANE:—I beg to second the Motion.

The Bill was read a first time.

THE HON. THE TREASURER:—I beg to give notice that I will move the second reading of this Bill at a later stage of the Session.

THE CUSTOMS TARIFF (AMENDMENT) (No. 2) ORDINANCE, 1922.

THE HON. THE TREASURER:—In pursuance of notice given, I beg to introduce and move the first reading of a Bill intituled "An Ordinance to further amend the Customs Tariff Ordinance, 1909," and certain amendments thereof.

The object of the Bill is to provide for a measure of protection for the local industries of wheat growing and milling.

THE HON. C. R. W. LANE:—I beg to second the Motion.

The Bill was read a first time.

THE HON. THE TREASURER:—I beg to give notice that I will move the second reading of this Bill at a later stage of the Session.

THE INCOME TAX (AMENDMENT) ORDINANCE, 1922.

THE HON. THE ATTORNEY GENERAL:—In pursuance of notice given, I beg leave to introduce and move the first reading of a Bill intituled "An Ordinance to amend the Income Tax Ordinance, 1920."

The object of this Bill is to provide that no Income Tax shall be raised in respect of the present year or of any subsequent year. I understand, Your Excellency, that this Ordinance will only be proceeded with in the event of the Customs Ordinance which has just been introduced being passed.

THE HON. C. R. W. LANE:—I beg to second the Motion.

THE HON. THE ATTORNEY GENERAL:—I give notice that I will move the second reading of this Bill at a later stage of the Session.

THE CUSTOMS TARIFF (AMENDMENT) ORDINANCE, 1922.

THE HON. THE TREASURER:—I beg to move that a Bill intituled "An Ordinance to amend the Customs Tariff Ordinance, 1909," and certain amendments thereof, be read a second time.

In speaking of the general principles of this Bill I should like to refer briefly to what I would regard as the fiscal basis of this country. The fiscal basis of this country is not that of free trade. Before the country was inhabited by European settlers the Berlin and Brussels Acts laid it down that for revenue purposes a 10% Customs duty should be imposed irrespective of the country of origin. For many years this country was worked on that 10% basis but as colonization grew, leading to an increase in those administrative requirements peculiar to a civilised country so it became necessary to increase the revenue and the 10% basis was increased by consent of the Powers to a scale of charges varying from 10% to 30%.

We have now got to a stage in which that 10% to 30% is again inadequate for the carrying on of the administration of this country unless supplemented by an Income Tax, which is to be withdrawn. If we go beyond the 10% to 30% the question of taxing luxuries arises and in connection with that the question also arises as to what is a luxury.

I venture to think that after 25 years of colonization any ordinary food importations might safely be regarded as a luxury. If after a quarter of a century of occupation the country is not producing essential foodstuffs then our colonising has not amounted to much.

In that connection a further point arises with regard to the incidence of this tax which is in substitution of Income Tax. In connection with the Indians there is the question of the increased import duty on rice which is one of the main items of this schedule in that there is little or nothing else in the schedule which will draw from the Indian community a *quid pro quo* for the abatement of the Income Tax.

The Europeans are being taxed a minimum of 30% for every article of imported food. The Indians claim to be here long before the Europeans. If the European on the basis of his shorter term of colonization is called upon to submit to a 30% tax on an article of imported food it seems to me in common fairness the Asiatic should be asked to submit to similar measure.

THE HON. C. R. W. LANE:—I beg to second the Motion.

THE HON. THE DIRECTOR OF PUBLIC WORKS:—Would this apply to imports overland as well as overseas? I refer to Muanza rice.

THE HON. THE TREASURER:—Muanza rice comes from a country which is not allied to Kenya as Uganda is. Muanza rice would pay an equivalent tax to what Bombay rice would pay.

THE HON. THE COMMISSIONER OF CUSTOMS:—That is correct.

THE HON. THE ATTORNEY GENERAL:—I think perhaps the answer to the Hon. the Director of Public Works is that as the Bill is drafted rice imported from any country except Uganda would pay the additional duty but an amendment has been drafted which places Uganda in the same position as other external countries in regard to all the duties proposed by this schedule.

THE HON. THE DIRECTOR OF PUBLIC WORKS:—What this Hon. Council is now invited to consider is the substitution of considerable sources of revenue by alternative methods of raising revenue as to the collection of which the certainty does not exist. The point I would like to make is that the community in this Colony is rather unlike other colonial communities. I suggest for consideration that we are to some extent a 'swank' community, living more or less on a 'swank' plane over the bare cost of living. If now we are proposing to put a tax on luxuries a very possible result may be that people will begin to do without the luxuries. Therefore I wish to point out to Government that there is a possibility that the revenue estimated to accrue from these higher tariffs may not materialize. I believe that in assessing the probable income from these Customs duties this has been taken into account to the extent that imports might diminish by about 10%; I consider that this is an inadequate allowance, and unless a very considerably further possible degree of reduction of imports than 10% will yield us what we require, I do not think that revenue collected from these duties will balance the loss caused by the abolition of the Income Tax.

I feel that if Government, with the experience it has already had of high tariffs in this country expects to gain additional revenue by increasing these duties, it will find at the end of the financial year that it has been relying on revenue that is not there. We are down this year to the extent of £150,000 on Customs revenue. We have every reason to suppose the collection of the Income Tax would give us £100,000. We have no reason to be confident that the substitution of these high tariffs will yield this amount. I shall vote against the Bill.

THE HON. CAPT. J. E. CONEY:—The Hon. Director of Public Works has really been speaking on the subject of the Income Tax and he is going to oppose the second reading of this Bill because he thinks the Income Tax should remain. He says the revenue from the Income Tax may be £100,000. I am going to admit that I have made a mistake in the past in supporting the Income Tax. I sat on a Committee which was supposed to amend the Income Tax Ordinance and I candidly confess my faith was shaken then. Facts have since come to my knowledge that the collection of Income Tax in this country is most unjust and unsound. Firms are paying Income Tax who have themselves made no profit at all. In many cases Chinese clerks in many firms have gone to their employers and said they cannot pay the Income Tax and the employers have had to pay. It has been proved to the satisfaction of the Committee that the Income Tax is unsound and unjust in this country.

HIS EXCELLENCY:—I must keep the Hon. Member to the point and ask him to keep his arguments for the Income Tax till the Bill comes up.

THE HON. CAPT. J. E. CONEY:—The Hon. the Director of Public Works refers to the 'swank' community of this country. I would like to ask him if during his visit to the Trans-Nzoia he saw any such swank there.

The only provision in this Ordinance which is not taxing an absolute luxury is the suggested tax on rice and it is admitted that rice is consumed greatly by Asiatic population of this country. We have taken quite fair means to see that the European is taxed in accordance with the relief he is going to receive in proportion to the Income Tax he will not pay. It is only fair to tax the Indian community in the same way. Many of us would like to substitute some other articles for the increased Customs duties than those mentioned in this schedule but we cannot find other suitable articles.

To-day the country is more or less bankrupt and we have got to do something to pull the country round.

THE HON. THE DIRECTOR OF PUBLIC WORKS in explanation:—I have been asked whether I saw any 'swank' during my recent visit to the Trans-Nzoia. The answer is 'I did not.'

THE HON. CONWAY HARVEY:—The Hon. the Director of Public Works said no less than five times that we were dropping a certain sum of £100,000 likely to be collected for Income Tax for the money likely to accrue from the import duties. I do not think we shall get that £100,000 from Income Tax in any case.

The question that the Bill be read a second time was put and carried by 23 votes to 2, the Hon. the Director of Public Works and the Hon. B. S. Varma voting against the motion.

THE HON. THE TREASURER:—I beg to move that Council resolve itself into a Committee of the whole Council to consider the provisions of the Bill.

THE HON. C. R. W. LANE:—I beg to second the Motion.

The Council resolved itself into a Committee of the whole Council, HIS EXCELLENCY THE GOVERNOR, presiding.

In Committee.

The Council resumed its sitting.

THE HON. THE TREASURER:—I beg to move that the Bill as amended be reported to Council.

THE HON. C. R. W. LANE:—I beg to second the Motion.

The question was put and carried.

THE HON. THE TREASURER:—I beg to move that a Bill intituled "An Ordinance to amend the Customs Tariff Ordinance, 1909, and certain amendments thereof" be read a third time and passed.

THE HON. C. R. W. LANE:—I beg to second the Motion.

The question was put and carried.

The Bill was read a third time and passed, the Hon. the Director of Public Works being the only dissident.

**THE INCOME TAX (AMENDMENT)
ORDINANCE, 1922.**

THE HON. THE ATTORNEY GENERAL:—I beg to move that a Bill intituled "An Ordinance to amend the Income Tax Ordinance, 1920," be read a second time.

The intention of this Ordinance is to abolish the Income Tax and the form which it might be expected to take is an Ordinance repealing the Income Tax Ordinance, but there are certain difficulties in the way. The machinery which is set up by the Income Tax Ordinance is required to be kept in use for the purpose of collecting arrears of Income Tax still due in respect of the year 1921, and until the Commissioner of Income Tax has finished his duties it is felt that it will be rather dangerous to repeal the Ordinance as a whole which will cut away his grounds for charging any Income Tax for that year. The result of this Bill is that no Income Tax will be collected for this year or any subsequent year and that any tax paid for this year will be refunded.

THE HON. C. R. W. LANE:—I beg to second the Motion.

THE HON. THE DIRECTOR OF PUBLIC WORKS:—After the reception that has been accorded to the previous Bill, I realise that any discussion at this stage would be academic yet I will restate the view I have always held. The Income Tax only hits people in receipt of incomes and does not operate on people who are living on capital. It does not frighten away capital any more than some of the other forms of taxation do.

THE RT. HON. LORD DELAMERE:—The evidence given before the Committee did not agree with the Hon. the Director of Public Works' statement that no one was paying Income Tax who had not an income. With regard to other points, I am very glad to hear that the incidence of taxation will be lower on the duties we passed this morning.

THE HON. CAPT. J. E. CONEY:—I hope everyone who has to pay Income Tax for the year 1921 will do so without any opposition now that Income Tax is being repealed.

The question that the Bill be read a second time was put and carried, the Hon. the Director of Public Works dissenting.

THE HON. THE ATTORNEY GENERAL:—I beg to move that Council resolves itself into a Committee of the whole Council to consider the provisions of this Bill.

THE HON. C. R. W. LANE:—I beg to second the Motion.

The Council resolved itself into a Committee of the whole Council, HIS EXCELLENCY THE GOVERNOR, presiding.

In Committee.

The Council resumed its sitting.

THE HON. THE ATTORNEY GENERAL:—I beg to move that the Bill be reported to Council.

THE HON. C. R. W. LANE:—I beg to second the Motion.

The question was put and carried.

THE HON. THE ATTORNEY GENERAL:—I beg to give notice that I will move the third reading of this Bill at a later stage of the Session.

**THE INCOME TAX (AMENDMENT)
ORDINANCE, 1922.**

THE HON. THE ATTORNEY GENERAL:—I beg to move that a Bill intituled "An Ordinance to amend the Income Tax Ordinance, 1920," be read a third time and passed.

THE HON. C. R. W. LANE:—I beg to second the Motion.

The question was put and carried.

The Bill was read a third time and passed, the Hon. the Director of Public Works dissenting.

**THE CUSTOMS TARIFF (AMENDMENT)
(No. 2) ORDINANCE, 1922.**

THE HON. THE TREASURER:—I beg to move that a Bill intituled "An Ordinance to further amend the Customs Tariff Ordinance, 1909, and certain amendments thereof," be read a second time.

THE HON. C. R. W. LANE:—I beg to second the Motion.

HIS EXCELLENCY:—Before I put the question that this Bill be read a second time I would point out that under the administration of a Crown Colony such a measure cannot be passed and assented to without the sanction of the Secretary of State. I think it will help Hon. Members if the Clerk to Council will read out certain telegrams which have passed between myself and the Secretary of State.

The Clerk to Council then read:—

Governor's telegram to the Secretary of State, dated 11th May, 1922.

Secretary of State's telegram to Governor, dated 15th May, 1922.

Governor's telegram to the Secretary of State, dated 18th May, 1922.

Secretary of State's telegram to Governor, dated 24th May, 1922.

THE RT. HON. LORD DELAMERE:—Hon. Unofficial Members have decided that they should ask Your Excellency to allow the following amendment to be put forward to meet objections on the part of certain Members on the unofficial side of the House. For the 50% duty on wheat it is proposed to insert the following:—

“Provided that Government shall be empowered to issue licences to millers to import wheat up to the amount of the estimated difference between consumption and production in any one year at the rate of 25%.”

It was agreed that Members on this side of the House should not oppose Government taking powers to control the price of wheat if necessary.

THE HON. THE DIRECTOR OF PUBLIC WORKS:—There is just one point and that is that the Coast consumers including a big portion of the native population there will be rather more heavily victimised by the proposed legislation than the rest of the country. They will have to pay up-country prices on wheat plus railway freightage down and there is a disparity of the incidence of this measure in that particular direction. Needless to say I think this a bad example for the country to have before it: if by a little legislative manipulation the wheat industry can get assured markets and good prices there is nothing at all to prevent other industries trying to secure the same conditions.

The ordinary 4 lb. loaf at Home is costing only 8d. yet four 1 lb. loaves out here are costing Sh. 1/10d. If the local industry cannot produce at a proper price enquiries should be made as to why such an industry cannot be carried on in a proper manner without protection? We have had controlled prices in times of war and know the general unsatisfactory developments which accrue from such a course. The fact remains that a limited number of farmers of the country are being favoured at the expense of the general community. It is a very bad principle and one that is quite inequitable.

THE HON. H. F. WARD:—As representing the Town I should have thought the greatest objection would come from the townspeople. When the proposals were first published I took exception to them on two grounds which have since been removed. As this Bill now stands I do not think anything could be fairer to the community.

There are very large areas of valuable land which cannot be brought under use at the present moment unless protection is given to the farmer. As regards the cost I submit that that objection has been met by the proposed amendment mentioned by the Rt. Hon. Lord Delamere. A mill to deal with flour of that type would cost something in the neighbourhood of £100 and wheat at the Coast put through that mill would cost less than the millers would have to pay up-country. The essential part of the proposals for imported wheat are to overcome that difficulty. What is wanted is to encourage milling facilities. At the present moment Bakers are compelled to blend the local product with the imported product. If inferior grain due perhaps to slight affliction from rust has got to be issued it can be issued by the tradesmen with similar quantities of good grain. The millers will mill and sell one, two, or three standards of flour.

There is the matter of local prejudices. I submit there is a very foolish objection against the local product to establish the industry, then that prejudice must be brought into cultivation, if the money which goes overseas is to be kept in the country, if you are to establish the industry, then that prejudice must be broken down. I submit that it is the duty of everyone who has the real interests of this country at heart, to

see that we do what we can to bring these very large acreages into use and keep the money circulating in the country.

THE HON. L. COLLINGS WELLS:—I would like to associate myself with the remarks which have been made by the Hon. Member for Nairobi North. I have been and am in exactly the same position as he. I have seen and have raised objections similar to those raised by the Hon. the Director of Public Works and I find these objections met and to put it bluntly, the ground entirely cut away from under my feet, and I need not say more than has been said by the Hon. Member for Nairobi North, but I would say that it is with the very greatest satisfaction and relief that I find myself able to support very heartily a measure which I know is bound to give relief to a large and important section of the farmers in this country and save them and pull them out of the rut and help them to keep their farms and make a success of them and at the same time I believe in no way to prejudice the interests of the consumer as a whole.

THE HON. MAJOR E. S. GREGAN:—As one of the Members of the Committee which was primarily responsible for recommending this I would like to point out that this proposal was part of the reconstructive side of our work. It was quite obvious to us that the country and consequently the budget was in a state of rapid decomposition. I do not think it is worth labouring the question underlying this principle because it has been more than obvious in to-days debate the whole of this house is in favour of the underlying principle of this Bill. Every effort should be made to stimulate the proper industries of this country. The only person against this measure is the Hon. the Director of Public Works who so far has had to show against it only a tabulation of the old free trade thesis not conspicuous in any detail except perhaps in the manner of his presentation of it. I believed that the school to which he belonged was long since defunct. The whole of their arguments revolve round a person called a consumer. There are in England a large number of highly specialised consumers. They are Tramps, people kept by the state, and others who have crawled into Whitehall. These can be regarded as parasites.

I do not believe personally that there is any very large proportion or any important section of the community of this country which can be described as parasitic. The Hon. the Director of Public Works may be aware of a few, and it is possible that he is putting up a special plea on their behalf.

THE HON. THE DIRECTOR OF EDUCATION:—It seems to me that these arguments might be advanced in an old established country like England where you have had families of farmers for generations living in the same place: but you find a very different state of affairs in this country. My opinion of this country is that it is still in an experimental stage as far as wheat goes. There must be a certain amount of amateur work done in farming and I ask whether it is right that the whole community should place itself in the hands of an industry which is in its infancy.

There is a strong local objection against local flour. I feel that the proper procedure is to produce such a flour in this country that we can live down any prejudice against it.

The second argument is that I do not think that the climate is too stable. I have only recently returned from leave but it appears to me that in countries which have droughts such as we have that there may be a great danger of the shortage of flour.

The third argument is that I am not aware that it has been shown to the community whether mills are working at the economic costs. A Committee has sat upon Government expenditure and we should have a Committee to sit on the cost of mills in order to assure us that they are being worked at the lowest cost.

If we develop this country so that we export in vast bulk from the farms of European farmers and from the Native Reserves there is always the possibility that other countries which are affected by our protective tariff may retaliate.

THE HON. H. E. SCHWARTZ:—I rise to support the Bill but I should like as temporarily representing a section of Nairobi to associate myself most wholeheartedly with the Hon. Member for Nairobi North's remarks and also to attempt briefly to answer some of the arguments which have been put forward by the Hon. the Director of Public Works and the Hon. the Director of Education. The first thing we have to realize is that this Bill is not a revenue producing Bill. It is brought forward as a protective measure and to prevent large sums of money leaving the country. It goes without saying that in the present state of finances the only possible salvation for the country is to prevent money going out of the country and to encourage the importation of money into the country. The Hon. the Director of Public Works has said that a quarter loaf at home costs 8d. and the same loaf out here costs 1/10d. That is a position which he and all of us are anxious to see altered but is it not possible that this Bill will eventually have that effect? If this Bill is thrown out the price will remain at 1/10d. but if this experiment succeeds and the Bill is passed I submit that the only result must eventually be that competition will reduce the price of the loaf. I do not think there are any other means of reducing the price of the loaf except by the introduction of this Bill.

A clause has been introduced in this Bill to give His Excellency power to control the price of wheat and wheat products. We agreed to that though we all think there was really no need for it as we think competition among millers should reduce the price far below what it is to-day.

The Director of Education has said that he fears there is a grave danger of a shortage of supply. I submit that that is covered by the amendment which will later be put up by the Hon. Member for the Rift Valley that the Governor can by licence allow the importation of wheat at a reduced duty to make up for that deficiency.

The Hon. the Director of Education has also said that he is frightened of the high prices charged by millers. Competition must reduce prices. I would urge Hon. Members to remember that the milling industry is such that the overhead charges do not go up with the increase in the output. The result will be that money will stay in the country, employment will be given to people and financially the price to the consumer will be considerably lowered.

THE HON. THE COMMISSIONER OF LANDS:—We have already passed a Bill in the third reading which includes protection of timber. It was definitely stated that the idea of the passing of that item was protection. This house has already passed that principle and I cannot see why there should be any debate on the question as we have already agreed definitely to it in the debate already carried out.

THE HON. THE COMMISSIONER OF CUSTOMS:—I shall support the Bill because the time has come when we ought to have protection for this industry. Certain remarks have been made by the Hon. the Director of Education regarding fear of retaliation. He refers to the time when we will be putting out large quantities of wheat. I cannot help saying there will be no retaliation except perhaps from India but there are other markets which will be open to us besides India. The fact is that we want to protect our industry and you will find the time will come when we can do away with the heavy duty on the importations and there will be no question of retaliation.

THE HON. SHAMS-UD-DEEN:—This Bill, if it does affect anyone adversely, is bound to affect the Indian community very badly indeed. I have heard the telegram from the Secretary of State read and the reasons set out therein are very sound ones. I look upon it from a different point of view. This country is the country of our adoption and at the present moment we are in a financial crisis. We cannot export our local produce to the different parts of the world on account of certain factors but it is our duty to try and use as much local produce as we can in this country. It has been said that no protection need be given to the wheat producers because they have already the protection in the heavy freight on the railways and the Customs duties on flour but it is wrong to say that they cannot produce. At present the price of local flour is lower than that of imported flour. There are many local objections but I hope we shall be able to overcome such prejudices.

I think it is time this Colony was made self-supporting and self-dependent. I am aware of the fact that, in the event of there being any difficulty, the Indian community will be hit but I think the benefits which will accrue from the encouragement of this product will outweigh the disadvantages we may have to put up with. I think it is my duty to express myself entirely in favour of this Bill.

THE HON. E. POWYS COBB:—I should like to deal with some of the technical points of the Hon. the Director of Public Works and the Hon. the Director of Education. Obviously both these Hon. Members being unacquainted with the technical detail of agriculture have fallen into serious error and I am very sorry that the Hon. the Director of Agriculture is not here to explain the errors more fully than I can do.

I think perhaps the biggest error of the Hon. the Director of Public Works is that he thinks that the Bill now before the house will only favour a small section of the community. He seems to have forgotten that the bulk of the population of this country will also benefit by it as well as the European farmer. There is no greater weakness in the naive system of agriculture than the fact that they are largely dependent on one kind of crop—Maize. If we could get natives to grow wheat they would find it is a self fertilizing plant. As the natives are beginning to spread up into the colder and wetter districts of the Colony they cannot grow maize there because the climate there is unsuitable to maize. Wheat, however, will grow there and could thus become a valuable native crop. Wheat requires less rainfall than maize and can be carried into lower and higher climates than maize can grow in.

The fact that wheat can stand greater varieties of climate than maize makes it a more suitable crop than maize. The Hon. the Director of Public Works is afraid that the methods of production in this country are inefficient and that if they were efficient the Colony could now compete with foreign competition. You cannot experiment and compete at the same time. The bulk of the wheat grown to-day is grown on newly broken ground. The cost therefore greatly exceeds that grown on old land, e.g., a steam plough is able to look after only 500 acres of new ground whereas that same plough has no difficulty in looking after over 1,500 acres of old land. The cost therefore is a difference of one-third in the preparation of old land.

As to the possibility of producing wheat in a reasonable time. If you take the last yield which the Agricultural Census shows us you need 26,000 acres to supply the needs of this country. If, on the other hand, you take more favourable districts which

are still undeveloped you only need 13,000 acres to supply the needs of this Colony. Taking the average you only need 19,000 acres. There is no doubt that the agricultural farmers will respond to the requirements of the country and grow practically all the wheat that is required.

The Hon. the Director of Education was also nervous about the quality of local flour. The Hon. the Director of Agriculture and some of his staff have been at pains to carry out baking tests of local flour and these tests have given good results. Further, samples of local wheat have been sent to London and reports show that that wheat is second to none in the world.

I think there is every reason to suppose that from now forward the quality of East African wheat will be good and uniform. There is another point and that is that not only will this wheat industry affect the European wheat farmers but will affect other farmers. A big wheat industry means wheat offals and bran. By selling this to other farmers it will help the Dairy industry. The bye-products will all find a market. Once get this industry on its feet and instead of affecting one small section it will affect the prosperity of most sections of the community in this country.

THE HON. B. S. VARMA:—I think I am clear about one point and that is that this measure is not for revenue but is only for protecting the wheat industry. I, on behalf of the Indian community oppose this measure on the same grounds as I opposed the higher duty on rice in the morning. This is the staple food not only of Indians but of Europeans also. We should be very cautious when we tax the food of the people. It has been said that if we put a 50% tax on imported wheat then the wheat industry will be able to stand on its own legs. As it is there is a 15% duty on imported wheat and also there is the question of freight and other things which are added to the imported wheat when it comes to this country and the result is that with all these protective duties the wheat industry is not standing on its own legs. Now it is a question of 15% to 50% and before long it will be a question of 50% to 100%. I do not think any industry should be spoon fed.

If we are going to protect the wheat industry there will be other industries crying for similar protection. I submit on behalf of the Indian community that it will be resented.

THE HON. CAPT. J. E. CONEY:—The price of the local loaf in Nairobi to-day is lower than the imported loaf. There is a great prejudice against local flour. The General Manager of the Uganda Railway is using nothing else but local flour and there have been no complaints. Whatever the result of this debate may be I am very glad Your Excellency has seen your way to publish the telegrams of the Secretary of State; everybody in the country must realise you have done all you can to help this industry. If this measure is thrown out it is going to be a very serious thing for the farmers who have already planted large areas of wheat. I appeal to this Council to pass this measure and I hope they will pass the measure as it stands with the amendment which the Rt. Hon. Member for the Rift Valley is going to put.

THE HON. THE TREASURER:—Winding up the debate I have very little to say because the various points have been fully discussed but I may say that when this question was first broached I was very much opposed to it. As the Bill now stands it embodies what I call the principle of the three "P's," protection for the producer, protection for the consumer and production for the good of everybody in the country.

I was sorry to hear the Hon. Member for the Plateau South refer to the consumer in the way he did. I do hope that when this measure is carried through it will have the whole country behind it. In any case there is no doubt that some measure of this sort is necessary at the present time. In the long run it is not a measure which in my opinion will stand. I regard the true function of this country as the production of such tropical produce as it can grow to advantage for export to foreign countries. For the time being, however, the country has another problem before it which is embodied in the Bill. I listened carefully to the remarks of the Hon. Mr. Varma for some recognition of the fact that this country must stand or fall by agriculture, and that the fortunes and livelihood of the Indian community are as much bound up in the problem of successful agricultural production as that of the rest of the community.

HIS EXCELLENCY:—I would point out to the Hon. the Director of Education with regard to his remarks that it is in the experimental stage that protection is most required for an industry.

The question was then put that the Bill be read a second time and carried by 23 votes to 2, the Hon. the Director of Public Works and the Hon. Mr. Varma dissenting.

THE HON. THE TREASURER:—I beg to move that Council resolves itself into a Committee of the whole Council to consider the provisions of this Bill.

THE HON. C. R. W. LANE:—I beg to second the Motion.

The Council resolved itself into a Committee of the whole Council, HIS EXCELLENCY THE GOVERNOR, presiding.

In Committee.

SUSPENSION OF STANDING ORDERS.

THE HON. C. R. W. LANE:—I beg to move the suspension of the Standing Orders in order that the Council may continue the sitting after 4 p.m.

THE HON. THE ATTORNEY GENERAL:—I beg to second the Motion.

The question was put and carried.

The Council resumed its sitting.

THE HON. THE TREASURER:—I beg to move that the Bill as amended be reported to Council.

THE HON. C. R. W. LANE:—I beg to second the Motion.

The question was put and carried.

THE CUSTOMS TARIFF (AMENDMENT)
(No. 2) ORDINANCE, 1922.

THE HON. THE TREASURER:—I beg to move that a Bill intitled "An Ordinance to further amend the Customs Tariff Ordinance, 1909, and certain amendments thereof," be read a third time and passed.

THE HON. C. R. W. LANE:—I beg to second the Motion.

HIS EXCELLENCY:—With regard to the rules of procedure it is a fact that a Bill even after it has passed the third reading can be recommitted, but only by the Chairman himself.

The question was put and carried, the Hon. the Director of Public Works, the Hon. Mr. Varma and the Hon. Shams-ud-Deen dissenting.

HIS EXCELLENCY:—I must thank Honourable Members for the attention they have given. It was very necessary to summon Members as the matter was so important.

Before this Council adjourns I should like to refer with very sad feelings to the fact that the Honourable the Commissioner of Customs is shortly going home on leave pending retirement. I can assure Honourable Members that it is with the very greatest regret that I have accepted his resignation, and I should like to take this opportunity of thanking him on behalf of the Government for his very long and loyal and good services. I can only say that the three years I have been here as Governor I have never had the slightest difficulty with regard to his Department, and I have had nothing except the highest possible support and good advice. Both as a Member of Council and a personal friend it is with the greatest regret that I shall say good-bye to him.

THE RT. HON. LORD DELAMERE:—As the leader of the Unofficial Members of this House, I would like to support all that has been said by Your Excellency.

HIS EXCELLENCY:—I know that if Sir Charles Bowring were here he would add similar words on behalf of the Official Members of the Council.

THE HON. THE COMMISSIONER OF CUSTOMS:—I was told when I got the C.M.G. that it was not usual to respond. I should like to be able to express my sincere thanks. I am leaving this Colony with the very greatest regret. It is the Colony in which I have made my home for fourteen years, and I have to thank Your Excellency for the very kind words said and the overwhelming remarks you have made about my career here. I can only say that if my Department has not given Your Excellency trouble it is only through the very loyal and faithful service I have had on the part of my staff, and I owe a very great debt to them for the manner in which I have been able to carry out my duties in this Colony. My thanks are due to the support Your Excellency has always given to my Department, and as far as my work on the Council is concerned, I fear that it has not been such as to justify any remarks of very great praise. I can only thank Honourable Members for the patience with which they have heard me on the various occasions I have spoken. I am very grateful to Your Excellency and Lord Delamere for the manner in which you have referred to my services. It is with the very greatest and deep regret that I say good-bye.

Council then adjourned.

6TH JUNE, 1922.

Held at Nairobi on the 6th day of June, 1922.

The Council assembled on the 6th June, 1922, at 10 a.m., HIS EXCELLENCY
THE GOVERNOR (MAJOR-GENERAL SIR EDWARD NORTHEY, K.C.M.G., C.B.), presiding

Present:—

THE HON. THE COLONIAL SECRETARY (SIR CHARLES BOWRING, K.B.E., C.M.G.).
THE HON. THE TREASURER (J. T. GOSLING).
THE HON. THE CHIEF NATIVE COMMISSIONER (G. V. MAXWELL).
THE HON. THE PRINCIPAL MEDICAL OFFICER (DR. J. L. GILKS).
THE HON. THE COMMISSIONER OF LANDS (H. T. MARTIN).
THE HON. THE DIRECTOR OF PUBLIC WORKS (W. MCGREGOR ROSS).
THE HON. THE SOLICITOR GENERAL (I. L. O. GOWER).
THE HON. THE SHEIKH ALI BIN SALIM, C.M.G., C.B.E.
THE HON. THE DIRECTOR OF EDUCATION (J. R. ORR).
THE HON. THE OFFICER COMMANDING TROOPS (COL. G. F. PHILLIPS, C.B.E.,
D.S.O.).
THE HON. THE POSTMASTER GENERAL (T. FITZGERALD).
THE HON. THE SENIOR COMMISSIONER (C. R. W. LANE).
THE HON. THE ACTING DIRECTOR OF AGRICULTURE (E. HARRISON).
THE HON. R. B. COLE.
THE HON. L. COLLINGS WELLS.
THE HON. E. POWYS COBB.
THE RIGHT HON. LORD DELAMERE.
THE HON. MAJOR E. S. GROGAN, D.S.O.
THE HON. CONWAY HARVEY.
THE HON. SIR NORTHRUP McMILLAN.
THE HON. CAPT. J. E. CONEY.
THE HON. CAPT. H. F. WARD.
THE HON. B. S. VARMA.
THE HON. SHAMS-UD-DEEN.
THE HON. ABDUL RASUL ALLIDINA VISRAM.
THE HON. JATASHANKER BHIMJI JOSHI.

Absent:—

THE HON. THE ATTORNEY GENERAL (R. W. LYALL-GRANT).
THE HON. THE GENERAL MANAGER, UGANDA RAILWAY (S. COUPER).
THE HON. THE COMMISSIONER OF CUSTOMS (F. W. MAJOR, C.M.G., I.S.O.).
THE HON. H. E. SCHWARTZ.

OATH OF ALLEGIANCE.

THE PRESIDENT administered the Oath to the following as Nominated Indian Unofficial Members—

JATASHANKER BHIMJI JOSHI.

ABDUL RASUL ALLIDINA VISRAM.

HIS EXCELLENCY said that Hon. Members would remember that this Bill had been passed at the last Special Session of the Council, but owing to certain instructions which he had received previously from the Secretary of State that he was not prepared to agree to the high Import Duties he had not assented to the Bill but he had cabled to the Secretary of State informing him that it had been passed, giving the reasons why, and pointing out how great were the safeguards of the two provisions which had been put into the Bill and he had asked the Secretary of

State to allow him to assent to it as quickly as possible. The same telegram also referred to the other two Bills.

(His Excellency then read the Secretary of State's answer).

Continuing, he said the position therefore was that he was not allowed to assent to the Wheat Bill as passed and that he felt bound under the instructions received to re-commit the Bill and to put forward an amendment that in the schedule instead of 100% and 50% the duties should read 80%.

He reminded Hon. Members that he had the power to re-commit the Bill under the Standing Rules and Orders No. 48. The position would be that he would ask Council to go into Committee to consider amendments put forward to bring in 80% duties.

He also mentioned in the first place, as the original proposals for the Bill had been put up on the recommendation of the Bowring Committee he had referred it back to them with the Secretary of State's telegram for any further recommendation to Government they might like to make. On the following day they sent to him a resolution advising that the Bill be returned to Council for reconsideration of the proviso to Clause 2 and 30% substituted for the present duties.

On receipt of that recommendation from the Committee he had considered the matter with his Executive Council and had decided to re-commit the Bill in the manner that he had outlined. He would like to make it clear to Hon. Members what the procedure would be. The Bill would be re-committed and the amendment put forward. In consideration of the arguments brought forward from both sides of the House and the strong opinions of many of the Official Members of Council he did not feel that he was in a position to use the Government majority in forcing the 30% through as the Secretary of State required.

On re-commitment the Bill might be amended to read 30%. If so he would assent to it at once. If the Council did not pass that amendment the Bill would stand in its present form and the course which he would adopt would be to send the Bill home with a very full despatch informing the Secretary of State that the Council wished it to go through unamended.

**THE CUSTOMS TARIFF (AMENDMENT)
(No. 2) ORDINANCE, 1922.**

THE HON. THE TREASURER: Moved that Council resolve itself into a Committee to consider the amendments proposed.

THE HON. THE COLONIAL SECRETARY seconded.
The Council resolved itself into a Committee of the whole Council, **HIS EXCELLENCY THE GOVERNOR**, presiding.

In Committee.

The schedule to the Bill was altered from 100% to 30% and the proviso to Clause 2 was deleted.

The Council resumed its sitting.

THE HON. THE TREASURER: Moved that the Bill as amended be reported to Council and re-submitted to His Excellency.

THE HON. THE COLONIAL SECRETARY seconded.
The question was put and carried.

THE HON. THE COLONIAL SECRETARY: Moved that the Council stand adjourned until such time and date as His Excellency may by proclamation appoint.

THE HON. THE TREASURER seconded.
The question was put and carried.

Council then adjourned.