

NATIONAL DOCUMENTATION
SERVICE (NDS)
ACC. NO. 2014-074
CLASS NO. K-359-25 KEN

Report
of the
**Maize Commission of
Inquiry**



HIS EXCELLENCY THE HON. MZEE JOMO KENYATTA, M.P.,
PRESIDENT AND COMMANDER-IN-CHIEF OF THE
ARMED FORCES OF THE REPUBLIC OF KENYA,

STATE HOUSE,
NAIROBI.

Your Excellency,

1. We were appointed a Commission under the Commissions of Inquiry Act (Cap. 102) "to inquire into the present maize position in Kenya and more particularly—

- (1) the purported maize shortage in Kenya and the reasons therefor;
- (2) the distribution and marketing of maize throughout Kenya and the machinery therefor;
- (3) the possible methods of effecting improvements in the maize position and the machinery for the distribution and marketing of maize;
- (4) the allegations of unfairness, inefficiency, corruption, and black-marketing in the distribution and marketing of maize throughout Kenya,

and to report the results of such inquiry, the conclusions arrived at and the reasons leading thereto, and to make any recommendations that the Commissioners may consider desirable or necessary."

2. Advertisements asking for memoranda and for names of persons who desired to give evidence were inserted in the Press at the beginning of December. The last date for the submission of memoranda was the 27th December 1965.

3. The Hon. James Nyamweya, M.P., Minister of State, one of the members of the Commission, was absent from the country at the time we were appointed but he returned by the time we started hearing evidence.

4. The first public hearing of the Commission took place at Nairobi on the 10th January 1966. During its work the Commission visited and heard evidence at Nakuru, Mombasa, Kakamega and Kisumu (twice).

5. The Commission met for the hearing of evidence for thirty-seven days. All sittings were in public, except that the evidence of one or two witnesses was, in response to applications made by them, taken *in camera*.

6. In all 144 witnesses were examined and fifteen of them had to be recalled to give additional evidence. The number of persons and organizations submitting written memoranda was eighty-three. A record and transcript of verbal evidence was maintained throughout.

7. We shall have occasion in the course of this report to refer to several terms descriptive of the types of maize flour used in this country. The older term "posho" indicates wholemeal which results from putting maize through the mill without trying to separate bran and germ from the flour. The "posho" so defined, is now produced, generally speaking, only by the small hammer mills in the countryside. The term "granulated maize meal" has recently come into more general use in the milling industry. It means the new type of flour which is nearest to the old-type posho. The new milling machinery is so designed as to produce both "granulated" and "sifted" flour in a single process, in which bran and germ are first separated from the grain and then a part of bran and germ is added back to a part of the flour to make "granulated maize meal". The balance of the flour makes "sifted" flour, either Grade I or Grade II or partly Grade I and partly Grade II. This sifted flour is more expensive because the loss of weight through the extraction of bran and germ meal is greater. It looks cleaner and many people prefer it to granulated flour and to posho. The term "posho" is commonly used these days—and it is used in this report, unless otherwise stated—to mean both the wholemeal type of maize flour and the granulated maize meal which latter is also sometimes called Grade III posho or flour.

8. Whenever relevant to the issue before us, we have given a summary of the conclusions of past commissions and committees. The object has not been to point an accusing finger at past Governments but only to reinforce our own findings. This procedure does, however, serve to show a weakness in the method of dealing with the recommendations of commissions and committees of inquiry. While we realize that it may not always be possible or politic or even proper to implement all recommendations at once we consider that a line should be drawn between those that should and those that should not be implemented. The recommendations in the first category that are not immediately implemented should be kept alive by being reviewed from time to time so that a matter that has been the subject of an accepted recommendation is not overlooked until another commission repeats the recommendation.

9. In the past, a Committee or a Commission of Inquiry has been set up to examine and to report on some aspect of food supply or agricultural production; a large number of witnesses have been called together and their views have been obtained; then, a report has been compiled and published; and the recommendations have been considered and implemented or rejected or partly implemented and partly rejected, as the circumstances required. There the matter has ended. The next committee or commission has repeated the exercise by collecting facts in an *ad hoc* manner and has come to conclusions on a similar basis. No serious effort has been made permanently to supply

(iii)

the deficiency of facts. A wealth of information relating to the former Scheduled Area is available for a long period of time. The farmers in this area are educated and can complete printed forms. And a system of planting orders has been in force and statistics have been easy to obtain. In relation to the former Non-scheduled Area, however, reliable comparable figures are available only for one year, namely 1960/61.

10. A few words will not be out of place on the subject of the time taken to submit this report. Compared to some of the past commissions, it would not appear that we have taken an unduly long time to complete our work. Whatever delay has taken place was due to two causes. First, many allegations were made by witnesses and these had to be investigated. Secondly, witnesses were slow in submitting memoranda. The last date announced for this was the 27th December, but memoranda continued to come almost to the very end of hearings. The dates on which memoranda from Cabinet Ministers and Permanent Secretaries directly concerned with matters under inquiry were received were as follows:—

The Hon. T. J. Mboya, Minister for Economic Planning and Development, 3rd January 1966.

The Hon. Ngala Mwendwa, Minister for Commerce, Industry and Co-operative Development, 17th January 1966.

The Hon. Paul J. Ngei, Minister for Co-operatives and Marketing in 1965, 17th February 1966.

The Hon. Bruce McKenzie, Minister for Agricultural and Animal Husbandry, 19th March 1966.

The Permanent Secretary, Ministry of Agriculture, 28th December 1965.

The Permanent Secretary, Ministry of Co-operatives and Marketing, 6th April 1966.

The Senior Assistant Secretary, Ministry of Co-operatives and Marketing, 20th December 1965.

11. When we commenced working, the question of procedure had to be decided. In a simple case, this would present no difficulty as the Commission itself could call and examine witnesses. The matters and transactions to be examined by us, however, were many and varied and we knew from the commencement that it would be necessary to cross-examine witnesses as to their credibility and as to their part in transactions which had unsavoury aspects. If the Commission itself took the initiative in cross-examining witnesses, it might give such witnesses an appearance of hostility. This would be most undesirable in an inquiry like the one with which we have been entrusted. It was necessary, therefore, to devise some other procedure for examining and cross-examining witnesses.

(iv)

12. The services of Mr. J. S. Rumbold, Q.C., of the Attorney-General's Chambers (hereinafter referred to as State Counsel), were placed at our disposal. When Mr. Rumbold proceeded to the United Kingdom on retirement, Mr. D. J. G. Jones, also of Attorney-General's Chambers, took his place. We also had the assistance of Superintendent H. A. Cross and other officers of the Kenya Police. Mr. Rumbold and, later, Mr. Jones with the assistance of the Police interviewed all the witnesses, who they thought might be able to give useful information to the Commission and statements were taken from them. These statements formed the basis of examination in chief. Copies of such statements were also made available to Counsel for other interested parties who might have to cross-examine such witnesses on behalf of their respective clients.

13. On the 10th January 1966 Mr. Rumbold opened the facts. Thereafter, witnesses were called and examined by him in chief on the statements which they had made. Each witness was then cross-examined by the counsel for other interested parties as well as by the witness's own counsel (if one had been instructed).

14. If any party was adversely affected by evidence given by any witness, then the Counsel representing the party so affected was given the right to call his own client and/or other witnesses to refute such evidence. When such evidence in refutation was offered, then the right to examine witnesses-in-chief was given to the Counsel of the party calling such evidence and the State Counsel and other Counsel, as might be appropriate, were given an opportunity to cross-examine them.

15. At the end of cross-examination, the State Counsel (in the case of witnesses produced by him) and other Counsel (in the case of witnesses produced by them) had an opportunity to re-examine them.

16. The Police team under Superintendent Cross recorded some seventy-five statements from persons who subsequently gave evidence before the Commission. In addition, they interviewed 500 other persons to obtain information and background knowledge of the maize industry. Throughout the inquiry, either Superintendent Cross himself or one of his assistants attended at the hearings to assist the State Counsel and to make a note of the allegations made by witnesses which required investigation.

17. Questions with regard to the relevancy and admissibility of certain evidence before the Commission were raised by Counsel. The view that we took was (i) that if the evidence in question was relevant to the matters referred to us then such evidence was admissible; or (ii) if the evidence although not relevant in itself, was inconsistent with any fact in issue or made the existence or non-existence of such fact highly probable or improbable, then also it was admissible. It was

our endeavour to observe the directions given to us in our commission and we tried as far as we could to remain within the ordinary rules of evidence. But we did not hesitate to admit evidence if we thought it would help us in answering the questions put to us in our terms of reference. One or two instances in which we departed from the aforesaid directions are explained in the body of this report where our reasons for such departure are also given.

18. We should like to thank Mr. J. S. Rumbold, Q.C., and his successor, Mr. D. J. G. Jones, for the very valuable assistance they gave to us during this inquiry in testing the evidence given by witnesses. The Maize Marketing Board was represented by Mr. J. A. Couldrey throughout the inquiry. Mr. Y. A. Shretta, represented the Hon. P. J. Ngei, M.P., and Mrs. Emma Ngei, Mr. Zool Nimji represented Messrs. M. D. Puri and Sons Ltd., and Mr. J. E. L. Bryson represented Messrs. Dubois Oil Mill and Soap Factory Ltd. Various other counsel appeared before us from time to time on behalf of other persons or firms. To all these we are greatly indebted. We are grateful to Superintendent Cross for the impartial and thorough manner in which he handled the inquiries which we referred to him from time to time and generally for his work in collecting evidence and making the numerous inquiries which we directed.

19. Finally we should like to express our appreciation of the work done by our Secretary, Mr. O. S. Knowles, his assistant, Mr. S. A. Chanzu and their staff of clerks, shorthand writers and typists. The final layout of the report owes much to Mr. Knowles and we benefited greatly from his knowledge of economic matters, especially of matters in relation to the marketing of agricultural crops.

We have the honour to be,

Your Excellency's obedient servants,

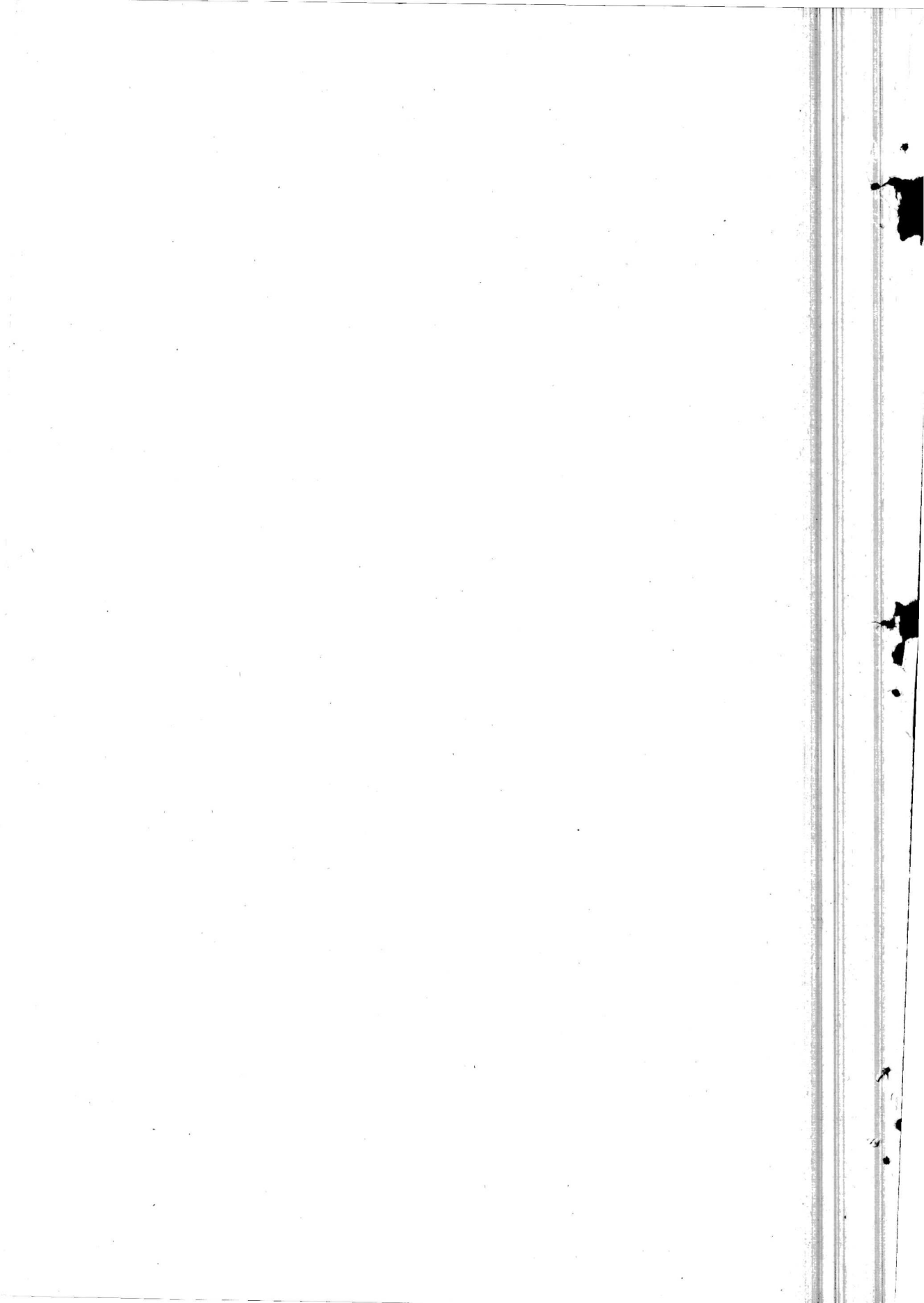
CHANAN SINGH,
Chairman.

J. NYAMWEYA,
Member.

J. K. GECAU,
Member.

O. S. KNOWLES,
Secretary.

Nairobi,
25th May 1966.



CONTENTS

INTRODUCTORY

PART I—ORGANIZATIONAL AND ECONOMIC MATTERS

	<i>Paragraphs</i>
CHAPTER 1—HISTORICAL BACKGROUND	1- 22
CHAPTER 2—THE SHORTAGE OF STATISTICS	23- 43
Suggestions for Improving Statistics	41
CHAPTER 3—THE PRESENT SUPPLY AND DEMAND POSITION	44- 75
The Value of Production	45
Present Production	49
Characteristics of Production	52
Factors Influencing Demand	56
Present Policy	61
Nutritive Values	65
Conclusions on Policy	68
Surplus Production	70
Supply to the Livestock Industry	72
CHAPTER 4—THE PRICE STRUCTURE	76-139
Fixed or Variable Prices	81
Price to the Producer	88
Relative Prices	98
Differential Prices for Improved Varieties	101
Allowance for Theft	103
Guaranteed Minimum Return to the Producer	106
Fertilizer Subsidies	107
Export Cess	108
Price to the Millers	111
Millers Charges	122
Retailers Margin	131
Traders in Small Centres in Rural Areas	134
Transport Charges	139
CHAPTER 5—THE EXTENT OF THE SHORTAGE	140-143
(a) Increased Retail Prices.	
(b) Higher Wheat Consumption.	
(c) Need to Import.	
(d) Level of Local Sales.	
(e) Rationing.	
(f) Emergency Stock.	
(g) Complaints of Shortage.	
Summary of Position	142

CONTENTS—(Contd.)

	<i>Paragraphs</i>
CHAPTER 6—REASONS FOR THE SHORTAGE	144–255
(1) Drought	145
(2) Running Down of Reserves	152
(3) Shift from Maize Production to other Crops	168
(a) Theft from Fields	171
(b) Inadequacy of Price to Growers	171
(4) Effect of Settlement Schemes	175
(5) Illegal Movement to Uganda	176
(6) Increase in Demand	178
(7) Delay in Obtaining Supplies from Overseas	179
Summary	249
CHAPTER 7—MARKETING MACHINERY	256–288
Present Organization	256
The Agency System	257
Need for Reorganization	266
One Central Board	273
Role of Agents	274
Control of Wheat	275
Composition and Organization of the Board	278
Representation of Government	285
Cabinet Committee	287
CHAPTER 8—DISTRIBUTION ARRANGEMENTS	289–344
Need for Contingency Planning	290
Need for a Rationing System	293
Importation of Supplies	294
Distribution of Supplies	296
Multiplicity of Authorities	297
The Role of the Provincial Administration	298
Eastern Province; Western Province; Rift Valley Province; Nyanza Province; Coast Province; Office of the President; Summary.	
Ad Hoc Committees	334
Basis of Allocation in Time of Shortage	338
Farm to Farm Sales	343
Functions of the Board	344
CHAPTER 9—THE MAIZE MILLING INDUSTRY	345–367
Basic Issues	346
Present Organization	352
Kenya National Mills, Ltd.	353
Conclusions	358
Effect of Introducing Sifted Flour	361
Millers Returns	364

CONTENTS—(Contd.)

	<i>Paragraphs</i>
CHAPTER 10—MISCELLANEOUS MATTERS	
(1) Reserve Stocks and Storage Policy	368-390
Continuity of Supplies	373
Cost of Reserves	379
Payment for Reserve Stocks	381
Location of Reserves and Type of Storage and Transport	383
Loss of Maize in Farm Stores	390
(2) Boards Liability for Income Tax	391-394
(3) Movement Permits	395-399
(4) Accounting Procedure	400-404
 PART II—ALLEGATIONS 	
CHAPTER 11—GENERAL ALLEGATIONS AGAINST THE BOARD AND OTHERS	
(1) Inefficiency	405-439
Ministry of Co-operatives and Marketing	406
Maize Marketing Board	408
(2) Grey Market	418
(3) Black Market	421
Urban Areas	422
Rural Areas	425
(4) Unfairness and Corruption	439
 CHAPTER 12—ALLEGATIONS AGAINST THE HON. P. J. NGEI	
(1) Wife's Employment	440-514
(2) His Position in Relation to Uhuru Millers	441
(3) Payment of Differential	444
(4) Was Emma Stores a Favoured Firm?	456
(5) Buying from Growers Direct	465
(6) Favouritism—Parjen (Africa), Ltd.	474
(7) Favouritism to Friends and Relations	479
(8) Sale of Maize for Stockfeed	488
(9) West Kenya Marketing Board	497
(10) Purchases from Ghelani Industries	501
(11) General Comments	506
 CHAPTER 13—MISCELLANEOUS ALLEGATIONS	
(1) Waiver of Charges by the Board	515-553
(2) Illegal Exports to Somalia	515
(3) Interference by Politicians	523
(4) Traders Selling Outside their Areas	524
(5) Did European Farmers Deliberately Cut Down Production?	541
(6) Did Millers Deliberately Increase Production of Sifted Flour and Reduce Posho?	546

CONTENTS—(Contd.)

SUMMARY OF CONCLUSIONS, RECOMMENDATIONS AND FINDINGS

Appendices

- A.—Maize Bibliography.
- B.—List of Witnesses.
- C.—List of Persons and Organizations Submitting Memoranda.
- D.—Memorandum by Mr. J. D. McArthur on Producer Costs and Maize Supply.
- E.—Kenya Police Paper on Enforcement of Maize Marketing Laws and Connected Problems.
- F.—Report by Police Team Attached to the Commission.
- G.—Imports of Maize into Kenya, 1927–1965.
- H.—Domestic Exports of Maize, 1914–1965.
- I.—24-Month Accumulated Rainfall Totals for Trans-Nzoia.
- J.—Kenya National Mills, Ltd.—Organization Chart.
- K.—Maize Marketing Board—Schedule of Overseas Exports 1942/43 to 1964/65.
- L.—Annual Purchases of Maize by the Maize Marketing Board.
- M.—Annual Disposals of Maize by the Maize Marketing Board.

INDEX

PART I—ORGANIZATIONAL AND ECONOMIC MATTERS

CHAPTER 1—HISTORICAL BACKGROUND

Before we discuss our terms of reference, it will be of interest briefly to describe the historical background to the present situation. It is important to note that the present Commission is not the only one appointed to consider the maize position; nor were 1964 and 1965 the only years in which a maize shortage occurred. But the previous inquiries were held in somewhat special circumstances and some of them recommended remedies that were adequate to meet only the situation that existed then. We do not pretend that any remedy we may suggest will be adequate for ever, but we have tried to take account of what has happened in the past and have tried to look ahead in the light of the experience of our predecessors.

2. Maize has been grown in Kenya for a long time. No one really knows when the cereal entered Kenya or East Africa. Scientists suggest that maize originated in America, and it must have been brought to East Africa some time after the discovery of America. We will not try to speculate on this issue. Suffice it to say that when the British authorities came to Kenya maize was grown here, although it was not a widespread crop.

3. When the Department of Agriculture was established, attempts were begun to replace the indigenous maize with better varieties. In time these attempts succeeded. The early European settlers took to maize growing because it was a relatively easy crop to grow and needed no expensive machinery. They found both the climate and the soil ideal for the growing of maize. It gave them quick returns and the price obtained was regarded by them as a good reward for their efforts.

4. Maize was exported in small quantities to German East Africa (now the mainland part of the Republic of Tanzania) in the early years of the twentieth century. It was not until 1909, however, that Europeans started thinking of exporting maize overseas. Once suggested, the idea proved infectious and quantities of maize were exported to Europe. Prices, according to the standards of those days, were good and the producers were pleased. The export trade was interrupted by the First World War.

5. Everybody in East Africa seemed enthusiastic about the prospects of Kenya as a maize-exporting country. Africans were also enthusiastic and started increasing acreage under maize. It appears that maize grown by Africans at the time was regarded more as a cash, than as a subsistence crop. In 1912/13 the local markets were glutted.

6. Maize was gradually becoming the staple food of the African people but production was increasing faster than local demand. By the end of the First World War the growers were thinking in terms of an exportable surplus of 500,000 bags. The autumn of 1918, however, brought a severe drought and a large quantity of maize had to be imported from South Africa at high prices. This suggested for the first time the necessity to have a reserve stock as a safeguard against famine.

7. The first few years after the end of the war were a difficult time for Kenya. There was a slump and in 1921 there was a drought, but these did not have the effect of suppressing the enthusiasm of the growers and of the authorities for maize as an export crop.

8. In March 1921, the Government appointed the Bowring Committee to suggest ways to cut public expenditure and to stimulate production. It unhesitatingly recommended that farmers should concentrate on the growing of maize. It was also on the recommendation of this Committee that the Railways introduced a cheap freight rate for the export of maize.

9. As a result, the acreage under maize was considerably increased, reaching a record figure in 1928/29; the depression of the 'thirties hit maize and other crops at the same time. The unwisdom of the policy of monoculture had not become apparent as yet. The Economic Development Committee of 1935 gave considerable attention to the problems of the maize industry with a view to encouraging maize exports. The concessions which governments in several other parts of the Commonwealth gave to maize growers, and which the Kenya Government did not, were discussed at great length.

10. The Pim Report (1936) noted that Kenya was an "outstanding" country "both as regards yield and cost of production on the farm"; but it added: "A large proportion of the crop has, however, to be sold outside the Colony, and, owing to the distance from markets . . . it is only when world prices are reasonably good that export is profitable."

11. Local demand had apparently not expanded sufficiently because the emphasis was still on export. Even in 1949, an attempt was made to find a market in the United Kingdom for Kenya's surplus production. The war was in its early stages and increased use for maize was not foreseen by the British authorities. Kenya was told to go slow on maize production. Prices had been discouragingly low for many years and acreage under maize had been falling. No statistics of consumption were available, but consumption was rising. In 1941, it was found that there was not enough maize for local needs.

12. In the following year, a Maize Control, for which European growers had been asking for some years, was established. Drought reduced the 1942/43 crop. The posho ration for employees was reduced from 2 lb. to 1½ lb. and thousands of Africans were given free railway tickets to go back to reserves where they could at least get some indigenous foodstuffs. The country faced a near-famine. A Commission was appointed to inquire into the food position. It was this 1943 Commission on Food Shortage which, for the first time, showed the weakness of the policy that had been followed hitherto. The Director of Agriculture expressed to the Commission the view that the correct policy would be to return at the earliest possible moment to a reduced production of cereals and an increase in leguminous and other crops, and even more important, the use of stock as an integral part of the African farming economy. But he agreed that in the circumstances then prevailing there was no alternative to giving all possible encouragement to the production of maize and other cereals. These special circumstances were the needs of the countries of the Middle East and also of the Armed Forces. Several other witnesses before this Commission opined that the system of monoculture involving the export of maize had meant "exporting the fertility of the soil". The Commission, therefore, recommended that the "exportable surplus should be kept as small as possible and that the future policy of the Colony should be not to encourage the production of maize for export".

13. The 1943 Commission's recommendation did not end the export of maize but it ended the policy that encouraged the production of maize for export. Since it is not possible so to manage rainfall and other natural factors as to allow the production of no more maize than is just sufficient for local needs, exportable surpluses were available from time to time, and since these surpluses were purchased by the Control at fixed prices, the question arose as to who should bear the difference between the price paid to growers and the price realized in the export markets, the latter being generally lower than the former. It was accepted in 1954 that the grower should bear the export losses.

14. This solved one problem and created another. The gazetted price to the grower was not guaranteed because it had to be reduced by the amount of the cess levied to cover export losses. When the price payable to the grower was declared, it was not known whether there would be any exportable surplus, and, if so, how much. To take an example. A price of Sh. 35/50 a bag was gazetted for the 1962 crop. When the time for payment came, however, it was found that a cess of Sh. 11/50 a bag would have to be levied in respect of the loss incurred on the surplus exported from the previous year's crop. This, naturally, had the effect

of reducing the payment to the grower from Sh. 35/50 (which he had expected from the Gazette announcement) to Sh. 24. The reduction did not encourage the grower to continue planting the same acreage as he had planted in the previous years.

15. The issue raised by the export cess was important but it was complicated somewhat by a discussion of the effect of the introduction of synthetic and hybrid maize which was coming into use in Kenya.

16. Mr. V. G. Mathews was appointed a Commissioner at this stage to inquire into certain aspects of the maize industry. He was asked what Kenya's policy should be in regard to the export of maize and also what the relationship was between price and production. In conducting his inquiry, he was asked to bear in mind "the large surpluses recently produced", and then to describe how the industry was likely to be affected by the introduction of hybrid and synthetic maize and settlement schemes and any other factors.

17. The surpluses over internal requirements produced during the three years immediately preceding the appointment of Mr. Mathews were as follows:—

<i>Years</i>				<i>Bags</i>
1959/60	...	...	...	179,318
1960/61	...	...	...	92,059
1961/62	...	...	...	773,163

18. Mr. Mathews in his report drew attention to the large increases in production which had resulted from the introduction of hybrid maize seed in other countries and stated that there was no reason to expect that hybrid maize would not thrive as well in Kenya, but he warned that "events and circumstances now out of human sight may well call for readjustments, even radical readjustments". On the assumption, however, that hybrid maize would succeed in Kenya he concluded that yields would be greater and costs of production lower and that Kenya would be able to compete in overseas markets. Then "at some future date it might be possible to embark upon a deliberate policy of growing maize for export". He added: "In the meantime, i.e. over the period when hybrids are being progressively established, it would be unwise deliberately to produce surpluses for export." In fact the policy for the interim period should be "to discourage surpluses".

19. As a means of achieving this object, Mr. Mathews recommended that the price to the grower should be progressively reduced until it became Sh. 24 per bag in 1968. By then the yield of hybrid maize would be at least fifteen bags per acre and the price of Sh. 24 would be adequate.

It is instructive to compare the price actually paid or to be paid to the grower (after deducting the export cess) with the price recommended by Mr. Mathews:—

Year of Planting	Actual Price Paid Per Bag			Mathews' Report Recommendation
	Sh. cts.			Per Bag Sh. cts.
1963	27 00
1964	32 50
1965	32 50
1966	37 00
1967	?
1968	?

20. There has been no occasion to implement the Mathews' recommendation in this respect. No one doubts that the increased yield which he used as the basis of his calculations will come about. But difficulties, which are not unusual in agricultural countries, have delayed the realization of dreams about hybrids. His analysis remains valid but his timing has proved optimistic. "Events and circumstances" which were "out of human sight" when he wrote have falsified the calculations. A shortage of maize occurred in 1965 and this led to the appointment of our Commission.

21. In retrospect and with the benefit of hindsight it is possible to identify points in time at which producer price trends and production levels should have been reversed in order to avoid excessive swings of the pendulum and the accumulation of unprofitable surpluses or of alarming shortages. It is clear from past history that *accurate timing of decisions concerning changes in price and production trends is vital to an efficient maize control policy*. It is equally clear that the statistics necessary to assist sound judgement have over the years been, and continue to be, deficient and they do not provide a satisfactory basis for the adequate "early warning system" which is clearly vital to accurate judgement on timing. This problem will be reviewed in the next chapter.

22. A bibliography is attached at Appendix A to this report.

CHAPTER 2—THE SHORTAGE OF STATISTICS

23. If adequate statistics had been available many of the events which gave rise to the appointment of this Commission might never have happened. In his memorandum to the Commission, Mr. A. T. Brough, Chief Statistician in the Ministry of Economic Planning and Development, states: "A full and adequate consideration of the maize problem in Kenya is impossible because of the lack of statistical data relating to

particular aspects." Again, in relation to the Maize Marketing Board, Mr. Brough says: "The Board is not so organized as to make an adequate assessment." Dealing with the decline in maize grown on small farms, he says this: "No statistics were available to provide an annual series of acreage under maize in small farming areas comparable to those which exist for the large commercial farms." On the subject of the substitution of maize for other foodstuffs, Mr. Brough says: "There are no statistics to measure the effect of drought on maize production. . . . The dry weather has undoubtedly caused failure or partial failure of other food crops throughout the country and as a result people have had to depend on purchases of such food as was available. This has probably meant an increase in the normal *per capita* consumption of maize although again there are no statistics to show this." Lastly, Mr. Brough says in relation to the increase in cost of production: "It is relevant for the Commission to inquire whether the current maize shortage has been caused by an abnormal rise in production costs. Once again, I have to say that a reliable assessment of the position is impossible owing to a lack of all the data required."

24. This discloses a sorry state of affairs. But it is not a new one. For three decades, commissions and committees have been recommending that arrangements be made to compile and maintain adequate statistics of the subsistence agricultural sector, which is responsible for the production of nearly 90 per cent of the total maize production of the country. There is no adequate system of crop forecasts, nor are the needs of the consuming population systematically produced in the country. It is not, therefore, possible to plan well in advance against either a glut or a shortage, both of which are, for Kenya, serious calamities, although naturally, a shortage is a worse calamity because it affects the health of the people whereas a glut affects only their pockets.

25. The particular importance of these statistics is underlined by section 15 (1) of the Maize Marketing Act which states that "all maize grown in Kenya vests in the Maize Marketing Board as soon as it is harvested"; but in subsection (5) of the same section exempts from this law all maize consumed by the producer or his family or employees or bartered by him to an individual in the same district. This latter provision takes out of the control of the Board 90 per cent of the total production of maize. There is nothing wrong with this provision, but it means that the Board does not see, and is not entitled to see, any part of this 90 per cent of the production which is retained or sold or bartered in the same district by the producer. The Board, naturally, knows only about the 10 per cent of the maize that comes into its hands. In normal times, no great difficulty arises. The subsistence farmers and their families and friends consume 90 per cent, and the balance over their requirements

is sold to the Board and the Board disposes of this (together with the production of the large commercial farms) largely to the urban population. Sometimes, more is offered to the Board and this excess is exported overseas.

26. But if there is a widespread drought the supplies of maize are reduced in the whole country (that is, in the urban areas as well as in the subsistence areas). If the drought kills 10 per cent, say, of the total crop, the shortage in urban areas to be covered by imports is roughly 150,000 bags, but the shortage in the subsistence areas is 1,350,000 bags in respect of the shortfall in maize production alone, and it will be greater if other crops also fail. On occasions like this the Board becomes suddenly responsible for the feeding of the whole country. It has to supply the deficiency in the urban areas, which are always fed by it, and it has also to supply the deficiency in the subsistence sector. The additional demand of the rural areas in times like this is only a little less than the total supply available to the Board in normal times. That supply in a period of drought is also reduced by 10 per cent. This creates a crisis and the Board's legal powers and tact and patience are, on occasions like this, put to a test.

27. At such times it is brought home to the Board that its knowledge and experience do not extend beyond dealing in 10 per cent of the country's production, and it may not find it easy to assess the requirements of the whole country from its limited experience. When there is a shortage in the countryside, the pull on the supplies of the urban population increases the demand on the stocks of the Board and this may serve to suggest to the Board that an abnormal situation is developing. The changing situation then requires that the Board should make a complete revaluation of its basis for assessing consumption and subsistence production. That the Board finds great difficulty in doing this is borne out by an examination of the Board's minutes from March 1964 onwards, which provide a continuous story of unrealized estimates.

28. In March 1964, the Board's estimates showed a deficit of 48,090 bags as at 31st July 1964. The figures on which this was based are shown below along with the actual figures which became known later:—

		<i>Deliveries to the Board</i>		<i>Requirements</i>	
		<i>Estimated</i>	<i>Actual</i>	<i>Estimated</i>	<i>Actual</i>
		<i>Bags</i>	<i>Bags</i>	<i>Bags</i>	<i>Bags</i>
April	...	140,076	121,755	105,750	117,609
May	...	59,283	64,896	106,000	142,455
June	...	44,157	17,948	106,933	151,703
July	...	66,714	12,591	107,107	129,818

No wonder that the estimated deficit as at 31st July 1964 almost consistently increased, as the following figures show:—

<i>Date of Estimate</i>	<i>Deficit as at 31-7-64</i>	<i>Bags</i>
20th April 1964	45,639	
21st May 1964	79,924	
22nd June 1964	228,101	
21st July 1964	297,962	
28th August 1964	294,008	

This trend continued into the new crop year. The figures of deficit as at 31st July 1965 estimated by the Board from time to time were as follows:—

<i>Date</i>	<i>Bags</i>
31st August 1964	19,508
21st September 1964	46,774
30th October 1964	235,811
27th November 1964	662,429

If the tendency to underestimate consumption and to overestimate supplies had not existed, the true position would have been disclosed earlier. Up to 27th November 1964, the Board had made twelve estimates on four different dates relating to the first three months of the crop year 1964/65. Six of these were estimates of deliveries to the Board: three proved to be overestimates and three underestimates. The other six were estimates of requirements of consumers: every one of these proved to be an underestimate.

29. Taking the year 1964/65 as a whole, the Board's earliest provisioning schedule estimated deliveries including stock on hand at 1,857,492 bags. The actual figure proved to be 1,647,255 bags. The first estimate of requirements was 1,277,000 bags. The actual sales were 1,632,577 notwithstanding more than four months of rationing.

30. The wheat industry and the wheat consumers are in a more fortunate position: the Wheat Board employs on its staff officers who study the crop situation and make forecasts from time to time. This keeps the Board informed of the changing position of the wheat crops. No such arrangements have been made by the Maize Board. It relies for its information on its agents in the field who in turn are expected to keep in touch with the local officers of the Agricultural Department. But even this exercise does not go beyond assessing the amount of crop that will in due course be delivered to the Board: no attempt is made to estimate the total crop.

31. The difficulties of the Maize Board are not new. As we said earlier, they have been noted by the various committees and commissions set up by the Government in the past. As early as 1935, the Economic Development Committee noted that there were no statistics of African production of maize.

32. In 1943, the Food Shortage Commission even tried to divide the responsibility for the production statistics. It stated (paragraph 44) that the responsibility for supplying statistics of production in the Scheduled Area was that of the Chairman of the Agricultural Production and Settlement Board and that the responsibility for the supplying of statistics of production in African areas was that of the Director of Agriculture. It expressed the opinion that full statistics of production and consumption were necessary. It made a specific recommendation to this effect: "We recommend that urgent consideration should be given as to how such statistics are to be obtained and pooled to the best advantage." The 1943 Commission went even further and suggested (paragraph 19) that the whole subject of seasonal forecasts should be investigated with a view to utilizing the best scientific methods for obtaining accurate weather forecasts and for making them available to agriculturists by the quickest possible means.

33. In 1946 was published the report of the Development Committee which had the responsibility of formulating the first ten-year plan for the country. We refer to volume two of that Committee's report. On pages 155-6, Dr. Harvey, the biochemist to the Medical Department, is quoted as saying: "There are no data for total food production." Dr. Harvey further on noted that no figures of vegetable production were available.

34. In 1952, Mr. Troup was commissioned to suggest a formula for determining a fair price to be paid to producers. He stated on page 2 (paragraph 5 of his report): "Accurate statistics for the African areas are not available."

35. In the same year, Sir William Ibbotson, who reported on the marketing of maize and other produce, also noted the deficiency of statistics. He stated on page 6 (paragraph 10) of his report: "It will be appreciated that the figures of production and distribution given in this paragraph are only rough approximations: they are given merely as an indication of the order of the quantities handled."

36. In 1953, the Troup Report on the general economy of the Highlands was issued. This contains a number of paragraphs dealing with statistics. In paragraph 220, Mr. Troup states: "In carrying out this inquiry I have found the greatest difficulty in obtaining reasonably accurate statistics. . . . A long experience of the United Kingdom has taught me some of the difficulties and problems to be encountered in

obtaining accurate information about farming. I believe that it would be found profitable to concentrate on one comprehensive annual return from every farmer, with adequate penalties to ensure completion."

37. The East Africa Royal Commission of 1953-55 had this to say on the subject of statistics (paragraph 9): "The various statistical records which are maintained are of unequal quality . . . records which relate to public finance, to the railways and to the external trade of the territories are the most reliable. But the statistics relating to agriculture are not of a high standard. The figures which appear in the annual reports are not always consistent from one year to another. Statistics of export crops are better than those for local markets and those relating to the subsistence production are necessarily calculated on an arbitrary basis." Admittedly, these remarks of the Royal Commission were made in relation to the statistics then kept by the East African Statistical Department, but what is important is that the Commission drew attention to the unsatisfactory state of the statistics of subsistence agriculture.

38. The next event of importance was the holding of a sample census in African areas in the year 1960/61. This was a pioneering effort and the figures that it produced are of great value to students of African agriculture. But the figures relate only to one year because the census has not been repeated since. Such figures lose a great deal of their value unless censuses are held at intervals and unless steps are taken to keep the figures up by calculations for the inter-censal periods. And until a few more censuses are held, reliable statistical calculations will not be possible.

39. Attention may here be drawn to Sessional Paper No. 1 of 1963 which dealt with the report of the Economic Survey Mission from the International Bank. The Sessional Paper stated this on the subject of statistics: "The Government . . . supports the Mission's recommendation for an improvement in the collection of agricultural statistics covering small-scale farmers."

40. Why therefore has earlier action not been taken to improve the supply of statistics about a crop which is of such importance that it provides the staple diet of the country? Mr. Brough in his memorandum drew attention to the problem of priorities and financial stringency but suggested a number of ways in which the situation might be improved. He also informed us that arrangements had now been made with the Director of Agriculture for the preparation of crop estimates from time to time.

Suggestions for Improving Statistics

41. We are not statistical experts and we hesitate to suggest how statistics should be compiled. We feel, however, that improved statistics are of the greatest importance and some additional financial outlay might well be reflected in savings later on. We suggest that additional cost could

be kept to a minimum by the use in the field of staff who also have other duties by co-operation with the University College and the Institute of Development Studies and the use of university staff and students in vacations, and possibly by the employment on surveys of school teachers and students in their holidays. We also suggest that more use should be made of information available with the East African Meteorological Department, on weather cycles, as well as on local variations in the weather pattern. These might greatly assist the making and checking of crop estimates. We feel that more sample surveys might take the place of an annual census of consumption and production which may not be possible on grounds of expense. We think that a full census of maize production and consumption should be taken every five or ten years. Perhaps these could be organized by the new Marketing Board with the help and guidance of the Chief Statistician. The Board might well be expected to finance such surveys and, indeed, money which the Board now spends on "Public Relations" would in our view be better employed on surveys and censuses.

42. We suggest also that more attention should be given to the regional aspects of compiling these surveys and censuses. The position in various parts of the country is a diverse one and it is important not to lose sight of local variations in the pattern when compiling the national picture.

43. *Bearing the foregoing comments and suggestions in mind, we recommend that immediate steps be taken to compile adequate statistics of maize consumption together with reasonably reliable estimates of production throughout the whole country. We also recommend that once full statistics have been compiled they should be kept up to date by periodic sample surveys and censuses.*

CHAPTER 3—THE PRESENT SUPPLY AND DEMAND POSITION

44. In addition to giving four specific terms of reference, our terms of reference require us generally "to inquire into the present maize position". This we assume means an examination of present levels of supply and demand for maize, and of factors which may cause alterations in these levels. This we do with the reservation that the value of the exercise must be limited by the deficiencies of statistics on the subsistence sector and on the consumption of foodstuffs. These deficiencies we have outlined in the previous chapter and we shall not discuss further here.

The Value of Production

45. The importance of the maize industry to Kenya is not always realized. The value of maize produced calculated at local prices cannot be less than £25 million. If Kenya did not produce any maize and had to import the quantity required for local consumption, she would have to pay at current prices a sum in the region of £40 million. This shows

how important the maize industry is to the country. Even if one looks at the value of marketed maize one comes to the conclusion that cash incomes of growers from the marketed part of the maize crop are not insignificant. Figures for 1961 are known. In that year the African farmers who sold their surplus production of maize obtained £1.1 million from it, and non-African farmers obtained another £1.8 million, making a total of £2.9 million for all producers. Gross farm revenue from maize during the last five years has varied between £1.8 million and £3.3 million. But it has taken the country many decades to reach this position.

46. As early as 1919 Mr. A. C. MacDonald, the then Director of Agriculture, giving evidence before the Economic Commission of 1919 stated that, in that year, Kenya had under maize 470,000 acres, and he calculated that at six bags of maize to the acre this should produce 2,820,000 bags. He added: "By far the greater portion of this is grown by natives for their own consumption." If the figures of Mr. MacDonald are reasonably correct, as they should be—it is clear that in 1919 Africans were growing maize, but that the quantity produced was very little. The figure of 470,000 acres is only a fraction of the present area which is believed to be under maize in normal years. That area is in the region of three million acres.

47. The 1943 Commission on Food Shortage estimated—warning that the figures should be accepted with reserve—that in 1920 the total African production of maize was about 750,000 bags. The same Commission estimated that in 1930 the total quantity of maize produced by Africans from an area of 310,000 acres was 1,387,104 bags. In a memorandum to the 1943 Commission the then Director of Agriculture expressed the opinion that "of the total crop of native maize probably at least two-thirds" was consumed by the producers within the reserves and that "it was only the excess one-third or less" which finally came on to the market. In 1952, the Ibbotson Board stated that the total production of maize from all sources in the country was of the order of 7,000,000 bags, of which approximately 5,500,000 bags were consumed by producers themselves or disposed of by them locally.

48. The first reliable estimate of total production comes to us from the Kenya African Agricultural Sample Census of 1960-61. The report of that census states that the total area covered by the census was 2,440,500 acres. That area, at five bags to the acre, produced a total of 12,224,300 bags. Adding to this the production (estimated on the same basis) of the area of 450,000 acres not covered by the census, we get the figure of 14,474,300 bags for the whole of the former Non-Scheduled Area. The estimated production of the former Scheduled Area might be a little over a million bags, making a total for the whole country of about fifteen million or perhaps sixteen million bags.

Present Production

49. The figure of fifteen million bags has been used by writers and speakers since the census of 1960/61. It should be remembered, however, that this was the production in the year covered by the census. No census has been taken since 1960-61 and the figure disclosed by that census has not been revised in any systematic manner. That figure of production should be regarded as applicable to normal crop years around 1960-61. In some years it may be more than fifteen million bags and in other years it may be less. In any case a figure like that will be totally inapplicable to an abnormal year like the one we are required to examine, namely the year 1964-65.

50. No comparable figures of total production for the entire country are available for any other year than 1960-61. But reliable figures of maize brought on to the market are available for a very long period. Reliable figures of production for the former Scheduled Area are also available for a long period. If one looks at these two sets of figures, even for a limited period of ten years, it is clear that production is liable to vary considerably from year to year. It is not unreasonable to suppose, therefore, that the total production in the country as a whole (that is, the former Scheduled and Non-Scheduled Areas) also varies significantly from year to year.

51. Figures of marketed production, based on deliveries to the Maize Marketing Board are readily available and are shown in the following table for the period 1954-65:—

MARKETED PRODUCTION OF MAIZE IN KENYA, 1954-65

(thousands of bags)

	<i>Large farms</i>	<i>Small farms</i>	<i>Total</i>
1954/55	1,299	1,001	2,300
1955/56	651	1,081	1,732
1956/57	638	896	1,534
1957/58	793	989	1,782
1958/59	893	857	1,750
1959/60	822	788	1,610
1960/61	880	706	1,586
1961/62	850	768	1,618
1962/63	1,118	1,206	2,324
1963/64	583	502	1,085
1964/65	601	522	1,123

Sources.—Government of Kenya, Statistical Abstract 1964; and figures supplied by Government of Kenya, Ministry of Economic Planning and Development, Economics and Statistics Division.

Characteristics of Production

52. This table shows clearly that total marketed production may fluctuate by over 100 per cent from year to year. The most interesting point to emerge from this table is however the apparent conclusion that there is little to choose between large and small farms in so far as stability in the level of marketed output is concerned. This is a surprising conclusion when it is borne in mind that 90 per cent of the output of large farms is marketed, whereas less than 10 per cent of the production of small farms normally finds its way to the market. It would from these percentages be logical to expect much wider fluctuations in marketed supply from small farms bearing in mind the priority which the small farmer must give to subsistence and to feeding his family. It is possible that the answer to this apparent paradox lies in regional climatic differences and the fact that the marketed production from small farms largely comes from Western Kenya and areas where the rainfall is normally less uncertain than in other parts of the country.

53. A discussion of maize production would not be complete without a reference to the plans for expanding output of improved maize varieties, which were described to us by Mr. Mirie, the Director of Agriculture. It appears that new varieties of hybrid maize have given in experiments yields as high as 50 bags to the acre, and may succeed in raising average yields to 10 or 15 bags per acre. By 1970 it is hoped that hybrid seed will be sufficient for one million acres, and will thus produce a crop of twelve to fifteen million bags. Mr. Mirie also informed us that in marginal rainfall areas a variety of synthetic maize has been evolved which will mature under four months and thus greatly stabilise production in drought and famine prone areas. 200,000 acres of such maize should be available in 1966. We were also informed of measures being taken to improve standards of cultivation, to use more fertilizers, and generally to increase yields.

54. It is clear from these accounts that there exist great possibilities for expanding output and lowering the unit cost of production, which should be continuously borne in mind by agricultural planners. We have noted however that the possible benefits from hybrid maize have been under discussion for many years and we feel that it would be unwise to take these benefits into our calculations before they actually materialize, although the situation clearly requires a very flexible approach to planning of production.

55. The main characteristics of the production and marketing pattern can thus be summarized as follows:—

- (i) The agricultural resources of Kenya are well able to meet all the requirements of the country, and indeed, given suitable price and cost levels, Kenya is able to produce a surplus for export.

- (ii) Annual levels of marketed production are however liable to vary significantly. There appears to be a pattern of drought every four or five years and, when this happens, not only is there no surplus available for export, but maize may have to be imported.
- (iii) Large farms market over 90 per cent of their total production and small farms rather less than 10 per cent. Variations in total marketed production from each category are however coincidentally remarkably similar, and there appears to be no strong argument in terms of stability of marketed production for relying excessively on one category or the other. The picture over the last decade is that about 50 per cent of total marketed production has arisen from each category.
- (iv) The introduction of new improved varieties of maize may bring about substantial changes in the pattern and volume of production in the next few years. There appears however to have been a tendency in the past to overestimate the effects of new and improved varieties, and forecasts of sharply expanded production from these varieties should be regarded with some reserve until they actually materialize. The possibility of major technical improvements both in varieties of seed, and in methods of cultivation, with consequent sharply rising production, is however a very real one, which must not be lost sight of by policy makers, particularly when reserve stocks have again been accumulated, and they must be prepared frequently to review production and price policies so long as this situation exists.

Factors Influencing Demand

56. On the demand side the dominant feature is that maize is the staple food of the greater part of the population. This situation has been coming about since the early years of the century, as more and more Africans have abandoned their traditional foodstuffs such as millet and sorghum and have turned to maize flour as their staple food. This trend is still continuing as sections of the population, such as the Masai, who previously did not eat maize, start to eat it. The demand for maize has been encouraged by developments in the production of sifted flour, which is particularly popular in urban areas. Its production has the effect of reducing the food supply by at least 10 per cent because of the discarding of bran or germ meal.

57. On the other hand further changes in the eating habits of the population are also taking place as incomes rise. These in turn will serve to lower the demand for maize. More and more Africans are for instance eating wheaten bread in substitution for, or in addition to, maize. Consumption of rice is also rising.

58. Population trends are also serving to increase consumption at a high rate. According to the 1962 census the population of Kenya is expanding at over 3 per cent per annum, and the urban population is probably increasing twice as fast. This means that the maize consuming population will increase by approximately 34 per cent, or one-third, over the next ten years, and the urban population by 80 per cent over the same period. This last figure is of particular significance for the level of marketed demand and marketed supply. Assuming the present consumption of maize to be fifteen million bags a year, the additional population will require an additional 450,000 bags next year, and this figure will rise at compound rates, so that consumption in ten years time should be not less than twenty million bags. Within this total there can be expected a disproportionately high growth in marketed supply and market demand, partly arising from the high rate of urban growth, and partly arising from the growing shift to cash crop and commercial livestock production. It seems reasonable to expect that in ten years time the level of normal market demand will be at least double the present level.

59. In a year like 1965 it is of course necessary to cater for an abnormal market demand, and the problems arising from such a situation are discussed fully later in the report. It may however be noted that in an abnormal year the level of market demand may run at twice, and for short periods even more than twice, the normal level.

60. To summarize the demand picture it can be said that—

- (i) maize is the staple food of the population, and as such, domestic demand is inelastic and not very responsive to changes in price. The price of maize is however in consequence the major item in determining the cost of living;
- (ii) total demand can be expected to rise by at least one-third during the next ten years and marketed demand by at least 100 per cent during the next ten years;
- (iii) abnormal market demand in drought and famine years may be at least double normal market demand.

Present Policy

61. In this situation the present policy of the Government as set out in paragraph 106 of the Development Plan 1966-1970 is to return to self-sufficiency in maize by early 1967 but not as a matter of deliberate policy to produce for export. With sharp annual fluctuations in the level of marketed production and an inelastic domestic demand, the administration of such a policy is like walking along a tight-rope where the slightest mistake will involve a fall. This can be cushioned only by the

holding of sufficient reserve stocks, or by exporting or importing according to the situation. How and when each of these cushions should be used is a question which should be determined, firstly by the need to assure the food supply of the population, and secondly by the cost and effect on the balance of payments of each of these courses. This second point will be discussed later.

62. It must be accepted as the basis of policy that the people of this country—or a vast majority of them—have taken to eating maize as their staple diet. If there is sufficient maize, there is contentment among the people. If there is insufficient maize, there is distress and dissatisfaction—there may even be famine. The growing of maize is a sure safeguard against famine. Maize is also required in large quantities as a means of sustenance for the staffs employed by the various industries (including agriculture itself) which contribute so much to the economic prosperity of the country, and it is essential for the defence forces and police on whom law and order depends.

63. As Kenya can produce maize economically for domestic consumption it is the duty of the Government to see that sufficient maize is produced for the needs of the people. This is not an impossible objective in Kenya which is, by and large, an agricultural country, over 90 per cent of whose people depend for their living directly or indirectly on agriculture. The fundamental principles to be borne in mind are three:—

- (1) There is need to improve the diet and to raise the standard of health of the people.
- (2) It is necessary to encourage mixed farming to avoid reversion to the harmful practice of mono-culture.
- (3) The efficiency of agriculture has to be improved keeping in view the fact that fertility of the soil is the country's main asset.

64. We have travelled too far from the time when politicians used to say that maize as an item of diet of the African people was an unnecessary innovation and that the people should be encouraged to continue to grow and to rely on indigenous foodstuffs, such as sweet-potato, yams, beans, cow-peas, bananas, sorghums, millet. We have taken this list from the memorandum submitted to us by the Hon. T. M. C. Chokwe who expressed the opinion: "I personally feel that it is a big mistake for a community to be governed by one type of food only: in other words a community should be able to carry on with a variety of foods. Kenya is not lacking in variety and if we are to escape further maize or other food catastrophes the nation needs re-education. Maize should never have been developed to be the only food with which a large section of the community could be held hostage. It is a terrible mistake in the first instance". But the "mistake" has been made. The question now is to what extent it can be rectified because we do not

see the possibility in the present circumstances of the abandonment by the people of maize as their staple diet. We agree with Mr. Chokwe that re-education is necessary. This, in our view, should have the aim of encouraging people to grow some of the indigenous foodstuffs which we have just listed and to use them to supplement maize. This will have two advantages. First, it will introduce a much desired variety in food. Secondly, it will also improve the nutritive value of the diet.

Nutritive Value

65. We invited Dr. Likimani, the Director of Medical Services, to give us his views on the nutritive value of some of the common foodstuffs. His opinion can be briefly summarized as follows—

- (a) posho (that is maize flour from which maize germ has not been extracted) is better from the health point of view than sifted flour;
- (b) yellow maize has a greater nutritive value than white maize;
- (c) American yellow maize has the same nutritive value as Kenya yellow maize;
- (d) certain other grains such as sorghum, millet, have a greater value than maize;
- (e) variety in diet is good for health.

66. It is quite obvious that the prejudice against yellow maize, to which expression has been given in recent months, has no foundation in fact. We think efforts should be made to break down this prejudice. But we realize that widespread prejudices die hard. For this reason, we think that white maize should continue to be grown in Kenya. But as the prejudice against yellow maize is overcome the quantity of yellow maize should be increased and consumers should be encouraged to eat yellow maize in preference to white maize. They may be encouraged and persuaded to eat yellow maize a few times a week. We also think that the Agricultural Department should encourage farmers to grow sorghums and millets in addition to maize especially where soil and climate conditions are suitable. We consider that Kenya should get away from the policy of using a single grain crop as the staple food of the people. Accordingly, *we recommend that persuasive steps should be taken to encourage—*

- (i) *farmers to grow other grain crops in addition to maize and*
- (ii) *consumers to eat other grains in addition to maize and to eat yellow maize as well as white maize.*

67. The programme of re-education of the consumer is the duty of the Ministry of Health. Knowing the views of Dr. Likimani which we have briefly summarized above, we hope this programme will have the enthusiastic support of the Ministry of Health. Any support that the Ministry needs from other Ministries (e.g., Agriculture, Education) will, we are convinced, be forthcoming.

Conclusions on Policy

68. Meantime, the policy in our view should be to grow in Kenya maize sufficient for all the needs of the people of this country, and *we recommend that the policy of self sufficiency in maize production should be continued and that the possibility of profitable production for export should be examined as production from improved varieties of maize is expanded.*

69. Here we must issue a warning. Since it is not possible to produce exactly the quantity that is required for internal consumption, it would in our view be better to err on the side of over-production than under-production. Both over-production and under-production are a source of loss. But the latter is, in addition, a source of embarrassment to the Government because in a democracy people protest more forcibly over a scarcity of foodstuffs than over a scarcity of anything else.

Surplus Production

70. As hybrid and synthetic seeds of maize become available in sufficient quantities, the amount of maize needed for domestic consumption may be produced from a much smaller acreage than that under maize now. If the acreage under maize is not reduced, the output will be considerably more than that required for local needs. It may, we feel, be necessary to discourage farmers in the marginal areas from growing maize and encourage them to grow crops that are considered more economic in their areas. *We recommend that the Agricultural Department should have a plan ready, which they can introduce gradually, for alternative use of marginal land which becomes surplus for maize production.*

71. Even with ordinary maize seed it will be impossible to avoid producing surpluses from time to time. Looking at the figures from 1919 to 1964, we find that in almost every year some maize has been exported. In eighteen years out of forty-five, exports exceed the figure of one million hundredweights. In seven years, more than a million pounds sterling was earned from exports. Consideration must, therefore, be given to finding alternative uses within the country for maize surpluses. This will be necessary at least until Kenya is in a position to produce maize at the export parity price, which may be achieved when hybrid or

synthetic maizes are grown throughout Kenya. This problem is not a new one. As long ago as 1935, the Economic Development Committee considered that articles like flake corn, starch, cornflour, maize-grit, glucose, could be manufactured locally and could save money spent on imports. *We recommend that the possibilities of establishing some industry or industries for the utilization of surplus maize should be kept continuously under review.*

Supply to the Livestock Industry

72. Maize has been used for feeding livestock in the past. In fact, before the recent shortage the Maize Marketing Board used to sell maize for pig feeding at a concessionary rate. Representations have been made to us for encouraging the use of surplus maize for feeding other livestock also. Here, the points for consideration are two. First, if the livestock industry is to pay only such price as can be realized in export markets, then the problem which the Maize Marketing Board has faced in connexion with the disposal of surpluses will remain unsolved. There will be a loss to be met from some source. On the other hand, the loss of the maize industry may be the gain of the livestock industry; and any encouragement that is given to the livestock industry may benefit the country as a whole. Livestock products sold overseas will bring more money into the country and will give rise to additional employment.

73. If the livestock industry can pay more than the export price under the export cess system, so much less will be the loss of the maize growers. If the livestock industry can be persuaded to pay the same price as the Maize Marketing Board pays to the producers then no serious problems will arise because arrangements can easily be made for the delivery of maize direct by the producers to the livestock industry. The Maize Marketing Board will not incur any costs and there will be no loss to be borne by anybody. We think this is a possibility that should be investigated. Even if a little cost is incurred in making arrangements for the transfer of maize direct from the producer to the livestock industry, that can be recovered as an addition to the price. There is no reason why the livestock industry should pay the price that the human consumers of maize have to pay. Nor should such price be necessary because costs other than the basic producer costs can virtually be eliminated.

74. We are of the opinion that even if the price that the livestock industry can pay is a little less than the gazetted price paid to the producer the matter should be seriously considered. So long as something more than the price realized on export markets can be obtained the matter is worth pursuing, although, as we have stated, the livestock producers may find it possible to pay the same price as the Maize Marketing Board pays to the producer.

75. Secondly, precautions have to be taken to ensure that any maize sold to the livestock industry is not transferred back into the human consumption market. That would be very unfair to the maize growers as well as to the Maize Marketing Board. It has been suggested by a witness that some colouring matter should be mixed with the maize sold for livestock feeding. We think this is a useful suggestion. *We recommend that the question of the use of maize for livestock feeding on the lines we have indicated should be considered.*

CHAPTER 4—THE PRICE STRUCTURE

76. The question of prices is undoubtedly the most important single topic that people discuss in connexion with the maize industry. Since maize provides the staple diet of the country its price plays a vital part in determining the cost of living, and hence the standard of living, of the bulk of the population. In the Nairobi Wage Earners Index of Consumer Prices maize flour has a weightage of 120/1,000ths. A rise of five cents in the Retail Price of maize flour will raise the Index by 2.0 points. The Index level in April 1966 stood at 109. By comparison it stood at 100 in December 1964.

77. The Government should therefore be initially concerned not only to see that the producer receives a fair price for his maize, but also that it is available to the consumer at a reasonable price, and that processing and distributive margins are kept to the minimum necessary. The Government must seek to strike a balance which safeguards both producer and consumer interests.

78. In fixing maize prices the Government must pay regard not only to the costs of domestic production and distribution, but also to the prices at which maize can be imported or exported. These are normally referred to as "import parity" or "export parity" prices. If the domestic costs of production exceed the import parity price, or if the cost of exporting local maize exceeds the export parity price, a net financial loss will be suffered either by consumers, producers, or the general taxpayer, even though there may be some earning of foreign exchange by domestic production.

79. The dominant feature in the price structure for maize is the wide differential between the import parity and export parity prices, which are at present in the region of Sh. 57 and Sh. 20 per bag respectively. The size of this differential arises from the fact that maize is a bulky crop with a high weight-ratio to value. It therefore has relatively high transport costs which result in a wide spread between world market buying and selling prices. Storage costs are also high.

80. These characteristics of the maize market, together with the inelastic domestic demand and the wide fluctuations in the annual supply, to which reference has been made earlier, and the present level of domestic costs of production, pose a unique problem for the Government. Domestic costs of production in Kenya lie at present in the price range between import parity and export parity. Apart from foreign exchange considerations it is therefore economic to produce maize for domestic consumption, but not to produce for export. The sharp fluctuations in the annual supply, and the inflexible total consumer demand mean however that it is virtually impossible to plan production exactly to meet domestic demand, even allowing for the holding of an unduly large and costly domestic reserve stock, without incurring the need to export or import at a loss from time to time. Details of past imports and exports are set out in Appendices G and H to this report. It is against this cost and price background that the Government has to determine the appropriate organization for handling maize, and to fix prices to the producer, the miller, the distributor and the consumer.

Fixed or Variable Prices

81. The first question to be decided by the Government is whether a structure of fixed annual prices should be followed, or whether a system of flexible prices should be adopted. In essence the present system is a fixed price system, although the arrangements for levying export cesses to cover losses on export sales means that net producer prices are variable to a limited extent.

82. It was suggested to us by Mr. K. P. Shah and also by the Institute of Development Studies at the University College that the present system should be abandoned and a system of floor and ceiling prices to producers introduced. Under such a system the Government would fix lower and upper purchasing prices from producers, between which prices, traders and others would be free to buy maize from producers, with the Maize Board supporting prices at the lower level by purchasing at this price when necessary, and selling from their reserves if the price reached the higher level. In putting forward his proposals Mr. Shah suggested a margin of Sh. 7 per bag between the lower and upper prices.

83. Such a system was strongly opposed by other witnesses, notably the Maize Marketing Board, the Chief Statistician, Mr. Brough, and the Minister for Economic Planning and Development, the Hon. T. J. Mboya. Mr. Mboya and Mr. Brough went so far as to suggest that as a result of traders operating in the market the only feasible floor and ceiling prices would be the export and import parity prices respectively.

84. The scheme has other defects also. In the first place more flexible prices between producers and millers would make price control of maize flour very difficult to operate in such a way that the benefits of more flexible prices could be passed on to consumers. It would be difficult to control the price of flour other than on the assumption that the miller was buying at the ceiling price rather than the floor price. We anticipate therefore that the main beneficiaries of a more flexible price arrangement would be the traders and the millers, with the consumer paying no less than previously and with the producer receiving less in total.

85. A further major difficulty is that the overhead costs of the Maize Marketing Board would be distributed over a much smaller turnover, and the unit cost per bag handled would almost certainly be greater. There may in turn be greater proportionate fluctuations in the annual quantities of maize handled by the Board, thus giving rise to greater storage problems and to problems of stock disposal and even more of turnover by the Board in times of plenty. It seems to us inevitable that under such an arrangement the traders and millers would take profits and the Board would carry the losses.

86. In passing we have noted that the report of the World Bank Mission in December 1962, while on page 94 mentioning a floor and ceiling price scheme, merely came to the conclusion that "some form of organized marketing is essential". This may of course be the direct opposite of such a price scheme.

87. Accordingly we find ourselves unable to support a scheme for floor and ceiling prices and *we recommend that the present fixed price system with such modifications as we shall recommend later on in this report should be continued.*

Price to the Producer

88. In fixing the price to be paid to the producer for his crop it is necessary to ensure, if he is to be offered a sufficient inducement either to maintain or to expand his production, not only that the price is adequate to provide him with a reasonable profit but that it is announced in such a form that it will inspire the necessary confidence in the producer, and that the timing of the announcement is related to the crop planting season. *We recommend that prices should be announced as far ahead as possible of the planting season to which they relate.*

89. In general it seems to be true that growers pay more attention to stable or rising prices, than to stable incomes, and that prices which fluctuate sharply from year to year, or within the year do not produce confidence in the minds of growers. *We recommend therefore that in fixing annual prices due regard should be paid to long-term price trends and every effort should be made to minimize short-term annual price fluctuations.*

90. The main problem in determining producer prices on the basis of producer costs is that individual producer costs may vary widely, and it is difficult to decide which particular series of producer costs should serve as the basis for arriving at "fair prices". Which costs are eventually selected must be a matter of judgment, bearing in mind the total value of production which it is desirable to call forward, the relationship to other prices, and other factors.

91. For the purpose of terminology the term "price to the producer" is understood to be the price which the Maize Marketing Board pays for maize delivered to its store at the nearest railhead. If all producers could themselves get their maize to the railhead store at least some of our problems would automatically be solved. But the small producers who have only a few bags of maize—some even less than a bag—for the market have no transport of their own. Only the larger producers transport their own maize and receive the full gazetted price. It has been necessary, therefore, to prescribe a lower price for maize delivered at a market near to the grower's home. This maize is bought for cash by a sub-agent and is carried by him to the railhead store. The price paid at the market is equal to the "price to the producer" less the sub-agent's costs or, rather, the amount allowed by regulations for his costs. *We recommend that the basic price should continue to be the price paid to the producer at the railhead and also that all producers who have a prescribed minimum quantity should be free to deliver it at the railhead store.*

92. The ideal might be for each producer to arrange for the delivery of his own maize at the railhead if he can do this more cheaply than the cost of the present deductions and to receive the full gazetted price. But this ideal is not easy to achieve. The nearest approach to this would be for the smaller producers to form co-operative societies which would take over the maize from their members in the producing areas and deliver it in lorry loads to the Maize Board store at the railhead. *We recommend that Government should encourage co-operative societies in maize producing areas to organize for the purpose of collecting maize from small producers and delivering it at the railhead so that small producers might take advantage of the full gazetted price.*

93. Until this is achieved, however, and in districts where this is not achieved it will be necessary to continue to prescribe a price which will be paid to the small producers at the market place. But the differential between the price at the railhead and the price at the market place needs to be examined. This differential consists of several items. The traders commission is at the rate of Sh. 1/70 per bag. We think this is reasonable in the case of maize purchased in lots smaller than a bag. *But where a full bag is sold to the trader we think the commission should be in the*

region of Sh. 1 a bag. Transport from the market place to the railhead is allowed for at 7 cents per bag per mile. This, we feel is on the generous side and we understand it makes no allowance for the possibility of a return load. From Kitui the contribution to the transport pool is Sh. 7 a bag, which includes Sh. 4/50 for direct transport from Kitui to Thika or Kibwezi and the balance of Sh. 2/50, presumably, represents the transporter's profit. We think the contribution to the transport pool needs to be reassessed on a competitive basis. The number of lorries that are always available to carry produce to the railhead is now sufficiently large, and we think arrangements should be made to hire lorries on a competitive basis. We do not suggest that the lorry owners should be exploited but a reasonable charge on a competitive basis should be fixed. *We think the charge in respect of the transport pool can be reduced.*

94. Another item is the county council's cess of Sh. 1 a bag. This, of course, does not belong to the Maize Marketing Board and has to be paid over to the county council of the area of production. It is not unusual for local government bodies to levy a cess on produce entering or leaving a district. But we think that to levy such a cess which widens the price differential between large- and small-scale producers on the basic foodstuff of the poorer inhabitants of the country is politically and economically unsound. We understand that the total proceeds of this cess are only in the region of £30,000 per year and *when an opportunity offers, we recommend that county councils should be persuaded to do away with this tax and to find an alternative source of revenue.*

95. The effective price to the producer at the railhead (that is the price actually paid as opposed to the price gazetted) in the former Scheduled Areas was Sh. 24 per bag for the 1962 planted crop. The following year, it became Sh. 27 and for the 1964 planted crop it was Sh. 32/50. The 1965 planted crop had the same price namely Sh. 32/50. For the 1966 planted crop the price is Sh. 37 a bag. During the last five years, therefore, there has been a gradual rise in the price. In regard to the current price, Mr. J. D. MacArthur, the Senior Economist Statistician in the Ministry of Economic Planning and Development (whose memorandum on the subject of prices we include at the end of this report as Appendix D), says this: "I consider that the price of Sh. 37 per bag is quite sufficient at existing cost levels to give growers a satisfactory return." The growers' representatives have consistently asked for a higher price. The demand has varied from Sh. 40 to Sh. 55 per bag. Many have pressed us to recommend the price of Sh. 47/50 which was suggested in Parliament some time ago.

96. Any recommendation that we make will be absolutely arbitrary because we have not heard evidence on costs of production. The producers or their representatives who have given evidence have generally contented themselves with just mentioning a figure. Only one grower in

the Western Province tried to support his claim with figures. He told us that 20 lb. of hybrid seed cost him Sh. 16/25. The three ploughings cost him Sh. 110 per acre. Labour for planting cost Sh. 100 and labour for two weedings cost him Sh. 200. Fertilizer cost Sh. 33 and harvesting was done on contract for Sh. 100. These items made a total of Sh. 559/25 per acre. Adding to this the transport cost at Sh. 1 per bag and making allowance for loading and unloading the cost at the market was Sh. 589/25. This was his total cost. Against this, the control price at the market (for 20 bags, which was his yield per acre) gave him Sh. 638 per acre. Even on his own figures he got a profit of Sh. 48/75, but the grower told the Commission that this was not enough. If he were to deliver his production at the nearest railhead he would receive a total sum of Sh. 740 per acre. We consider that costs given in such round figures without any supporting books of account or other documents do not necessarily prove a case. The only detailed figures that are before us have come from Mr. J. D. MacArthur and he thinks that the price of Sh. 37 a bag is quite adequate.

97. We feel, however, that Mr. MacArthur's figures may be a little too old for present-day conditions. They are, as he says, based on data collected between 1959 and 1962. Conditions have since changed because in many areas large farms have been cut up into small holdings and the basic data may today be different. It is, therefore, difficult for us to recommend any definite figure for the price to the grower in present-day conditions. *We recommend that a new survey of the costs of maize growing be carried out with a view to reviewing the basis of calculating the proper price payable to the grower in present-day conditions. We also recommend that such a survey of maize costs should be carried out without delay so that any new figures that may be arrived at can be used with other data in calculating the appropriate price for the next year's crop.*

Relative Prices

98. It has been impressed upon us that the cost of production of maize should not be regarded as merely the money cost of production but should really be the "opportunity cost" which means the loss which the grower suffers by giving up the opportunity of growing on his plot of land the most profitable crop that he could grow instead of maize. This argument we accept.

99. The 1943 Food Shortage Commission had also made a recommendation to the same effect. This recommendation we quote below:—

"We recommend that in the present policy of fixing guaranteed prices for agricultural products, such prices should be so correlated that the return from any particular product, unless there are special reasons to the contrary, should not be greatly in excess of the returns obtainable from other agricultural products." (Paragraph 126.)

100. We agree that this is the proper criterion for the determination of prices. But we feel that the returns which farmers get from such valuable crops as tea and coffee—even pyrethrum—will be entirely irrelevant to the determination of the costs of maize production. If a farmer is in a position to grow either tea or coffee, then he will grow it irrespective of the price that is offered for maize within any practicable limits. We do feel, however, the cost of maize can probably be compared with the returns from wheat production and *we recommend that the gazetted maize price should continue to be related to the gazetted wheat price.*

Differential Prices for Improved Varieties

101. Farmers who grow hybrid maize and synthetic maize are expected to reap higher rewards. Their costs will undoubtedly be higher, but the returns from each acre should be higher still. In the present circumstances, however, we consider that every encouragement should be given to farmers to grow maize that gives a better yield. The higher return that such farmers get should be regarded as compensation for the spirit of enterprise that they show. Consequently, *we recommend that the price fixed for the grower should continue to apply to open pollinated maize as well as to hybrid and synthetic and other special varieties of maize.* It is understood, however, that the annual price reviews will take note of changing conditions.

102. The point has also been put to us by the District Commissioner, Machakos, that farmers who grow hybrid maize suitable for use as seed should receive special encouragement by being guaranteed a higher price. This is to stop farmers from eating the hybrid maize so long as hybrid seed remains in short supply. We agree with this view. The price that the District Commissioner recommends is Sh. 70 a bag. We are unable to say whether or not this exact figure is the proper price in all the circumstances of the country, *but we do recommend that farmers growing hybrid maize for use as seed and selling it as such should be paid a higher price than that paid to other growers.* This concession, of course, is also to be reviewed from time to time, and when the quantity of superior varieties of maize produced by farmers is sufficient to meet all demands, there will no longer be any need for paying a special price.

Allowance for Theft

103. A farmer from the Donyo Sabuk area has told us that he employs four *askaris* specially to look after his maize field of 15 acres. He pays them at the rate of Sh. 16 a day and employs them for five weeks. He grows special seed maize and his returns (at 10 bags an acre valued at Sh. 60 a bag) are Sh. 9,000. The cost of *askaris* is thus 6.2 per cent of the value of the maize. He has assured us that the employment of *askaris* is absolutely necessary as, otherwise, there will be nothing left to harvest.

104. We also asked the Agricultural Department to make inquiries from farmers and to let us know the results. Inquiries were made from six farmers in the Njoro-Solai area. The acreage planted with maize in those cases was 927 and the farmers estimated their losses from theft at 2,420 bags of maize. This works out at 2.6 bags per acre. Taking the average expected yield at 10 bags, the stolen maize forms 26 per cent of the expected harvest.

105. It is quite clear, therefore, that it would be cheaper to employ *askaris* to guard the maize fields during the critical four or five weeks. It would be reasonable in these circumstances to encourage farmers to employ *askaris*. *We recommend that the cost of guards should be taken into consideration in calculating the costs of production.*

Guaranteed Minimum Return to the Producer

106. The importance of continuing with this arrangement was stressed in evidence. We support this suggestion and *recommend that G.M.R. on the basis introduced for 1966 should be continued.*

Fertilizer Subsidies

107. The importance of a fertilizer subsidy to ensure the adequate fertilization of hybrid maize was urged upon us. We fully endorse the importance of adequate fertilization and *recommend that a continuing fertilizer subsidy should be considered by the Government within the framework of present policy.* The possibility of meeting the cost of such a subsidy from within the overall maize price structure might merit examination.

Export Cess

108. Another related matter is that of the export cess. As exports of maize may still be necessary, and as the price obtainable in export markets in the foreseeable future is still likely to be less than the price obtaining internally in Kenya, the question of covering the difference between the two will continue to arise. In the past, the losses have been covered by means of a cess paid by growers in subsequent years, and this is, as we have stated elsewhere, one factor which has caused instability in the maize industry. We think the possibility of spreading the recoveries more evenly over a number of years should be examined. Such losses are really a responsibility of growers as a whole and growers are entitled to no more than is realized by the sale of all their produce. Exports are part of such sales and any loss arising from exports should be borne by growers. It is also true that export cesses create fluctuations in price which should, as far as possible be avoided.

We recommend that the Maize Marketing Board should when opportunity offers build up a price stabilization fund which it should use to equalize the grower's prices over a period of years and that recoveries should be spread evenly over a number of years.

109. If this recommendation is accepted it will mean that any losses arising from exports of maize will be debited against the price stabilization fund. The ideal source of a fund of this nature will be a cess on all maize produced in the country. But such a cess will be very difficult and expensive, if not impossible to collect from all growers in the subsistence sector. We observe that a special element in the current price of maize is a sum of Sh. 4/50 per bag which is intended to cover losses suffered from the importation of American maize. This is a part of the price at present being paid by consumers. While this element in the price was clearly intended to be temporary, we think advantage should be taken of the introduction of this special element in the price to build up a reserve fund. *We recommend therefore, that the special item of Sh. 4/50 now included in the price of maize should not be abolished when the losses from importations have been paid off, but should be continued until a reserve fund of say, £1,000,000, has been built up.* After that, any fortuitous surplus funds that come into the hands of the Maize Marketing Board should be put into this reserve fund. The interest earned on this reserve fund might be used to offset part at least of the costs of storage of maize reserve stocks.

110. Means will have to be found for replenishing the fund from time to time. But as and when the increased use of new varieties of maize seed reduces the cost of production we feel that it should be possible both to do this and to lower the price to the consumer within the permanent price structure.

Price to the Millers

111. The figure of Sh. 37 which we have mentioned above is the present price paid to the grower when he has delivered a bag of maize at the Board's store at the nearest railhead. Immediately a bag of maize enters the store, however, the price of it goes up to Sh. 49, so that when the miller wants to buy the same bag, for which the grower may just have been paid Sh. 37, he has to pay Sh. 49 ex store. This seems a big jump for the simple process of passing a bag of maize through the Maize Marketing Board's store.

112. The explanation of the increase is that the Board's costs and expenses amount to Sh. 4/50 per bag. Of this, Sh. 1/36 represents the payment and commissions made to the Board's agents for their services and for the storage facilities given by them. Some saving in this figure should result from the amalgamation of the three marketing

boards, but we do not think the figure can be reduced substantially. A sum of 50 cents is to cover the Maize Marketing Board's losses through handling. The cost of finance for the purchase, storage, and distribution of maize is 60 cents. The Board's own costs of general administration amount to 85 cents a bag.

113. The only way to effect a major saving in the Board's costs is to stop contact between maize and the Maize Board. This could be done by reintroducing free trade but for reasons which we have already stated in discussing the floor and ceiling price scheme, we think this would be undesirable. Even if the arrangement worked reasonably well in normal times, when a period of shortage comes—which generally comes without warning—there will be no organization to deal with the situation. An organization like the Maize Marketing Board cannot be created at short notice and we consider that a permanent central marketing organization is absolutely necessary for a commodity like maize in the circumstances of Kenya.

114. The price ex store (Sh. 49 per bag) also includes a sum of Sh. 3 for the cost of a new gunny bag. Since the producer is paid for 200 lb. of maize without a bag, an item for the cost of a bag is necessary.

115. The only other item is the figure of Sh. 4/50 to cover losses from the importation of American maize. We have already commented on this item and, if our recommendation is accepted, this item must be regarded as necessary, at least until an adequate reserve fund has been built up.

116. Thus, any miller who buys maize from the Maize Marketing Board has to pay a sum of Sh. 49 per bag at the railhead. In addition, he has to pay the railage to his own station. In fact, no miller buys maize from the grower's railhead. The Maize Marketing Board has depots. The price actually charged to the miller is the sum of the figure of Sh. 49 and railage. The figure for railage is not what is actually paid to the Railway for carriage to the miller's station. The various places in the country are grouped in zones and one figure for railage is charged for each zone. The practice previously was to total up all the railage paid on the whole maize supply and to divide it by the number of bags handled, and to charge each miller the average cost of railage incurred by the Board. This was obviously unfair to mills which were situated near the centres of maize production and it was decided that railage zones should be created and the railage charged to each miller should be roughly related to the distance of the zonal centre from the nearest centre of maize production.

117. It was represented to us by millers at the Coast that this new system of fixing the railage for each zone works unfairly to them, and they asked that the old system of averaging the railage costs should be reverted to. Their argument receives some support from the

practice adopted in connexion with the distribution of imported American maize. Obviously, Mombasa was the place where ships unloaded maize and no railage was incurred by the millers in Mombasa. Nevertheless, Coast millers have paid for the imported maize the same price as they have in the past paid for the local maize which had been brought to them from a distance of, perhaps, 550 miles. They complained that this system favours the up-country millers. The explanation given to us by the Board was that the importations of maize were not an ordinary transaction and it would have been necessary to draw up special schedules of price for this occasion. As it has happened, the importations from America were by no means one small transaction. The total importations have exceeded the supplies distributed by the Maize Board in a whole year. But this was not envisaged at the time the ruling was given. We certainly think the Mombasa millers have, in this particular matter, been unfairly treated relative to millers up-country. It would not have been inordinately troublesome to draw up new schedules for imported maize. That would have placed Mombasa millers, if only for a short time, in the same position in which the up-country millers always are. *We recommend that, so long as the present system of charging railage to millers continues, any imported supplies of maize that are distributed should be charged according to specially drawn schedules which should pay regard to the distance of a mill from the source of supply.*

118. For normal distribution of locally-grown maize, however, we think the system of zoning the mills for the purposes of ascertaining the railage figure payable by them is sound and fair to all the millers. *We recommend that it should continue.*

119. Another question arises at this stage. Should the millers and traders be allowed under permit to buy direct from producers at the price gazetted by the Ministry of Agriculture? In principle there should be no objection to this course, but the interests of unsophisticated producers have to be watched. This means that there must be some checking of the quantities of maize paid for and the quantities actually taken by buyers. There is a risk of producers being cheated.

120. The Maize Board's own interest can be safeguarded. At the time a permit to purchase is issued, the charges due to the Board and any taxes due to Government can be recovered, but a careful watch will have to be kept to prevent millers and traders from buying and taking larger quantities than those for which they have obtained permits, or from otherwise abusing the permit system.

121. There are, we feel, very serious objections to reversion to free buying and selling of such an important commodity as maize. The position will be different when all the producers are combined in co-operative societies, so that millers and traders deal not with the

individual producers but with proper organizations which are run by educated people who can look after the interests of their members. Until that stage arrives, we consider that free buying and selling between private individual without the mediation of an organization like the Maize Marketing Board should not be permitted.

Millers' Charges

122. We now come to the millers charges which have been bitterly criticized by all sort of witnesses. This criticism may have been prompted by the fact that milling, at least in the major towns of Kenya, seems to be the rich man's business. The increasing size of milling concerns may give the layman the impression that they are making a lot of money and are getting richer and richer. Very seldom did we get any constructive criticism supported by facts and figures. It is difficult to blame the critics. Mills have done everything possible to make their products known far and wide, but they have been as secretive about their profit as small retailers are. We do not, however, propose to be guided by general sentiment but intend to examine the matter as dispassionately as the information at our disposal enables us to do. We have questioned the millers at various centres at some length, and, in order to clarify our minds, we have conducted—in some cases lengthy—correspondence with several mills.

123. Some millers produce posho and some sifted flour. Some of them produce both posho and sifted flour in one process. There is no complaint with regard to the milling charge made by mills which produce posho only. Such charge varies from Sh. 2 to Sh. 3/50 a bag and this cannot, by any means, be considered excessive. The miller's function is only to put the grain through the mill, and, for this function, the charge raised is, we think, eminently reasonable.

124. The charge made by millers who produce either sifted flour alone, or both posho and sifted flour in one process has, however, been objected to by several witnesses. One African wholesaler of Nairobi told us that he buys maize from the Maize Marketing Board and takes it to a local mill for gristing and that he pays sometimes Sh. 13, sometimes Sh. 14/50, and sometimes Sh. 15 for gristing a bag. "Gristing" in a case like this means, of course, that the customer takes 200 lb. of maize to the mill and receives in exchange 200 lb. of sifted flour.

125. A Mombasa witness told us that a bag of maize cost a miller Sh. 55 but that after gristing it he would sell the bag for Sh. 69/50 or Sh. 77 or Sh. 82/20, according to the quality and packing of the flour. Thus, he argued that the miller makes between Sh. 14/50 and Sh. 27/20 per bag. Perhaps, because the Mombasa millers have long stopped producing ordinary posho, this witness overlooked the fact that the ex mill control price of posho is Sh. 58/35 allowing the miller barely

Sh. 3/35 per bag. This last figure, as we have already stated, would not appear to be unreasonable and we have not heard any criticism of it. But, so far as Mombasa at least is concerned, this last figure is irrelevant because no posho is being produced there.

126. Both these witnesses were concerned really with the exchange of 200 lb. of maize for 200 lb. of sifted flour. Here, the fact that they overlooked and that has been emphasized to us by millers is that 200 lb. of maize does not in fact give 200 lb. of sifted flour. There may be some small loss of weight in milling, and a quantity of bran is extracted which is sold for only a fraction of the price of flour.

127. It has not been possible to get generally acceptable figures of the quantities of flour and bran obtained from a bag of maize. Results vary from mill to mill. Some mills show a milling loss of 3 per cent while others give smaller percentages. There are mills which show no milling loss. There are also cases of milling "gains". All depends on the type of machinery used and the quality and dryness of the maize put into the mill. In these circumstances, we can do no more than examine the 1965 figures of a few individual mills.

EXAMPLE (A)—A MOMBASA MILL

Maize purchased	...	...	...	<i>Bags</i>	132,884
<i>Products obtained—</i>					
Sifted flour	...	...	...		114,511
Bran	...	...	...		18,373
					<hr/>
					132,884
					<hr/>

This means that the mill obtains 86.4 per cent sifted flour and 13.6 per cent bran and suffers no milling loss. Ignoring packing, the financial results are:—

Paid for a bag of maize	...			<i>Sh. cts.</i>	55 00
					<i>Sh. cts.</i>
Received for 172.8 lb. sifted flour Grade I	...	...	...		71 02
On Grade II	...	...	...		66 55
27.2 lb. bran	...	...	...		2 72
					<hr/>
					73 14 or
					<hr/>
					69 25
					<hr/>
Gross earnings	...	...	...		18 74 or
					<hr/>
					14 25
					<hr/>

This mill provides information on an alternative arrangement of products. It says that it can also obtain from a bag of maize the following products:—

				<i>Valued at</i>	
				<i>Sh.</i>	<i>cts.</i>
74 lb. sifted flour Grade I	...	...	...	30	41
57 lb. sifted flour Grade II	...	...	...	21	94
41 lb. posho	...	...	...	11	96
28 lb. bran	...	...	...	2	80
				<hr/>	
				67	11
Gross earnings ...				12	11
				<hr/>	

This firm grinded 65,735 bags of wheat and 132,884 bags of maize, during the year. Its total costs (including dividends and interest paid on capital, depreciation, stores and spares, salaries, wages, payment to holding company and other expenses) were Sh. 2,086,247 or Sh. 10/51 per bag. It produces no posho. Thus, its net gain is between Sh. 3/74 and Sh. 8/23 per bag. It paid a dividend of 13.75 per cent. The concern is controlled by a holding company.

EXAMPLE (B)—ANOTHER MOMBASA MILL

This mill dealt with 27,760 bags of paddy and 65,854 bags of maize making a total of 93,614 bags. It gave its total costs as Sh. 995,250/09 which works out at Sh. 10/63 per bag. It estimates its net profit (after paying all costs) at Sh. 2/92 per bag. The company paid a dividend in 1964 of Sh. 281,230 on a paid-up capital of Sh. 600,000—that is, 46.87 per cent. The company does not appear to be controlled by a holding company.

EXAMPLE (C)—A NAIROBI MILL

This mill grinded 121,354 bags of maize (producing both posho and sifted flour) at a total cost of Sh. 492,406/92 which works out at Sh. 4/06 per bag. Its receipts at present-day prices would be Sh. 6/10 per bag, leaving a net profit of Sh. 2/04 per bag. This company paid a dividend of 31.25 per cent in 1964.

EXAMPLE (D)—AN UP-COUNTRY MILL

This mill grinds maize for others as well as its own maize. Comparative figures of production cannot, therefore, be given. The latest dividend paid by it amounts to 41.25 per cent.

128. The variations between the rates of dividend paid by millers and profits from milling made by them are, in our opinion, more apparent than real. Two facts must be borne in mind in coming to a conclusion on this matter. First, the proportions of the various types of flour produced vary from mill to mill. Secondly, in some cases the results are camouflaged by method of accounts adopted. In others, the proprietors are simple-minded people and avoid complications in accounts.

129. This is all that we have been able to find out. The complaint of the Nairobi African wholesaler to which we referred above cannot be substantiated. If he took maize to the mill and obtained in return an equal number of bags of sifted flour, he gained and did not lose. The price of a bag of maize ex store is Sh. 52/75. The wholesale prices of maize flours (per 200 lb. unit) are:—

				<i>Sh. cts,</i>
Grade I	...	...	...	79 60
Grade III	...	...	...	67 50
Posho	...	...	...	56 10

The difference between the price of maize (Sh. 52/75) and the prices of flours are thus:—

				<i>Sh. cts.</i>
Grade I	...	...	...	26 85
Grade II	...	...	...	14 75
Posho	...	...	...	3 35

These different figures, of course, are inclusive of transport from the Board's store to the mill. Thus, even if the complainant got only second grade flour, not first grade, he cannot complain of overcharging.

130. But the question that remains unanswered is: are the miller's charges for sifted flour allowed by maize control regulations reasonable? In principle it is clear that the profit margin on sifted flour should be no greater than the margin on posho. The officer of the Price Control Department who gave evidence before us told us that control on sifted flour had to be brought in at short notice and that there was no time to look into costs. The result was that the prices then current were made statutory without examination. It is not unlikely, therefore, that the miller's charges for sifted flour are on the high side and that the misgivings instinctively expressed by witnesses may have a foundation. The figures of costs and charges and dividends that we have quoted above from the records of four mills point to the same direction. *We recommend that the control prices of sifted flour should be examined at the earliest opportunity and any adjustment that may be found necessary should be made.*

Retailer's Margin

131. We will examine the position as it obtains in Nairobi and will assume that the retailer buys posho in less than $12\frac{1}{2}$ -ton lots from the miller. The cost to the retailer is Sh. 57/50 per 200 lb. bag. He can sell this to customers at $30\frac{1}{2}$ cents a pound, making a total of Sh. 61. This leaves him a profit of Sh. 3/50 plus an empty bag, say Sh. 4/50. The gross profit is equal to about $7\frac{1}{2}$ per cent. He may have to deal with forty customers in disposing of a bag of posho. He has to pack each small order in paper and to weigh each one separately. There is bound to be some loss in handling. On the whole, we do not consider the retailer's profit is excessive.

132. The price of sifted flour was controlled for the first time in December 1965. We have described earlier in this chapter the peculiar circumstances in which the ex-mill price of sifted flour came to be fixed. This price for a baler containing 10 five-pound paper bags is Sh. 19/90. The retail price being Sh. 22/50 (that is Sh. 2/25 per 5-lb. packet) the profit of the retailer is Sh. 2/60 per baler of 50-lb. or Sh. 10/40 per 200-lb. unit. This is more than double the profit permitted on ordinary posho. The sifted flour comes to the retailer in 5-lb. packets and is much easier to handle and to store and there is no loss in handling and no costs are involved in packing it for the customers. We think there is need to reconsider the trader's margin on this type of product. The price schedule allows $7\frac{1}{2}$ per cent profit to the retailer on loose posho sold by the pound. We consider the percentage profit on sifted flour should be no higher. *And we recommend that the price schedule on sifted flour should be revised to reduce the retailer's profit to $7\frac{1}{2}$ per cent.*

133. In an illustration we have used Nairobi prices, but the conclusions we have reached apply to all big towns of the country. The position of traders in small centres and in rural areas is more complicated and needs to be examined separately.

Traders in Small Centres in Rural Areas

134. The gazetted prices of maize and maize products for sale to consumers are meant to bind only the traders and distributors in big cities. Sufficient attention has not been paid to the needs of rural areas away from towns. We have been told that a trader who obtains maize from the Board's store in Nairobi pays Sh. 55/15 per bag. He is then allowed to add to this a transport charge at the rate of 9 cents per bag per mile. Taking Tala Trading Centre as an example, we

observe that the Board allows for transport a figure of Sh. 59/20. Then, the Maize Board expects the trader to sell the maize retail at 30 cents a lb. For selling a bag of maize in small quantities the trader is expected to make a gross profit of barely 80 cents a bag. Now, if the figure allowed for transport is correct—we do not agree that this is the proper figure and we have made recommendations in this connexion elsewhere in this report—then we think the profit of 80 cents per bag is very, very, inadequate. It invites black-marketing. If the recommendation (which we make below) in regard to transport charge is not accepted, then this question of the profit allowed to the trader must be reconsidered.

135. If a trader buys maize in Nairobi and transports it by private lorry or by his own lorry the cost we understand is likely to be in the region of Sh. 3 a bag. In that event the landed cost in Tala would be Sh. 58/15 and sale of maize at Sh. 60 a bag will leave him Sh. 1/35 per bag which is not unreasonable. But the point to remember is that not all traders are in a position to buy maize in Nairobi for cash and to carry it by private transport. What happened during the recent period of shortage was that one big trader was, for many months, the sole receiver of supplies of maize, and that trader sold maize at Sh. 48/60 per bag (the old equivalent of the present Sh. 59/20). This included (at the rate in force before December 1965) an allowance for transport from Nairobi to Tala of a sum of Sh. 4/05 and the trader obtained a profit on the deal of Sh. 1/70 a bag. Now, this Sh. 1/70 profit was not unreasonable. But the difficulty was that, if other traders were to buy from this trader (as they were compelled to for many months) they had to pay to this trader a figure of Sh. 48/60 which was also the figure at which they themselves were to sell, or were expected to sell, to their own customers. These other traders obviously could not sell the maize without indulging in black-market practices unless they were working for the public good and were neglecting completely their own pockets.

136. Another instance of a similar nature was brought to our notice. A trader owning a shop on an estate bought sifted flour from Sultan Hamud and paid what was more or less the retail price of sifted flour, being Sh. 22 for a 50-lb. baler on one occasion and Sh. 22/75 on another. Now, if he was expected to sell the flour for a profit, then he could not sell it without making an illegal gain. The difficulty in a case like this is that small shopkeepers in out-of-the-way trading centres buy their supplies from Nairobi at wholesale prices. They will get the permitted profit only if they sell their purchases at the retail price. If traders from other smaller centres come to them and buy their supplies from these traders, who are themselves retailers, then the situation becomes difficult for both. The trader who bought his supplies

from Nairobi is entitled to sell at the full retail price. Then alone will he make the full permitted profit. Even if he gives away part of his profit to the other retailer, it only means that neither of them makes what the price control regulations regard as a reasonable profit.

137. This is a situation which must be remedied if black-marketing is not to be encouraged. This sort of situation leads to a black-market not only in periods of shortage but also in normal times.

138. We consider that this matter must be discussed with millers and the price control authorities. The millers must play their part by appointing in each trading centre an agent who will sell maize flour to retail traders in smaller trading centres and in rural areas at the wholesale price. Such an agent must be given some small margin of profit by the miller himself. The present position is nothing less than scandalous and must be remedied. It is not proper or fair that in normal times a retailer should be placed in a position which makes black-marketing inevitable. *We recommend that early steps should be taken so as to fix prices as to give traders in smaller centres and rural areas a reasonable rate of profit.*

Transport Charges

139. An allowance for road transport at the rate of 9 cents per bag per mile is at the moment allowed by the Maize Marketing Board to traders who have to sell their supplies at a distance from a depot of the Board. This figure is on the high side. It seems to have been calculated on the assumption that the transporter will get no return load. Under this regulation, a sum of Sh. 4/05 per bag is allowed for transport from Nairobi to Tala Market. Witnesses have given evidence to the effect that the actual distance between Nairobi and Tala is 40 miles, not 45 as allowed, and that private transporters charge anything between Sh. 2 and Sh. 4 per bag. According to evidence, Sh. 3 per bag is the charge generally made by transporters. Sometimes, they charge as low a figure as Sh. 2 per bag, perhaps because maize provides a return load; account may also be taken of the relations between the transporter and the trader. The figure of Sh. 4 was mentioned by one witness only and he had no personal experience of transporting maize. It seems to us that the figure of 9 cents per bag per mile needs reconsideration particularly as the rate allowed for transport from market place to miller is 7 cents per mile (*vide* para. 93 above). Before fixing any figure, an inquiry should, in our opinion, be made from private transporters; and, if necessary, the Maize Marketing Board can keep a list of approved transport agents and a copy of it can be given to buyers of maize. *We recommend that the present rate of 9 cents per bag per mile be reconsidered in the light of present-day conditions.*

CHAPTER 5—THE EXTENT OF THE SHORTAGE

140. We now come to the first of our four specific terms of reference. This requires us to inquire into the purported maize shortage in Kenya and the reasons therefor. The use of the word "purported" suggests that there is some doubt as to whether or not a shortage of maize existed in Kenya. It is, therefore, necessary to examine the facts which might suggest the existence of a maize shortage. These are briefly as follows.

(a) Increased Retail Prices

The controlled price of ordinary *posho* or granulated flour Grade III remained at 25 cents per lb. until December 1965, when it was raised to 30 cents. Nevertheless, the prices actually paid by many consumers must have been higher: this was the experience of the persons employed by the Government statisticians to collect information for the compilation of the wage-earners' index. The price paid by these collectors was:—

January-June	...	...	...	30 cents per lb.
July-August	...	...	...	35 cents per lb.
September	...	...	...	33 cents per lb.
October	...	...	...	34 cents per lb.
November-December	...	...	...	38 cents per lb.

It is not suggested that every consumer paid the higher price for *posho*, nor that every trader charged the higher price, but it is quite clear that the common consumer was asked to pay a higher price, and he must have paid it. This is a clear indication that maize flour was in short supply.

It is possible that the more expensive sifted flour was obtainable with less difficulty, but we are convinced that the suggestion that it remained in free supply and that the retail price of it did not go up at all is not well founded. The normal difference between the controlled price of *posho* and the market price of sifted flour was 15 cents a lb. That was 60 per cent of the pre-December price of *posho*. The rise in the price of *posho* would increase the demand for sifted flour and, if the supply of sifted flour did not rise, its price was bound to rise. It is not conceivable that in November 1964, for example, *posho* was in short supply and that, therefore, the price of it rose from 34 cents to 38 cents, whereas the sifted flour—for which many consumers have preference—remained in free supply at 40 cents a lb. The experience throughout the world is that consumers would spend the last cent on food rather than go hungry. Here "better" food was supposed to be freely available at a very small extra cost. The evidence we have received from all parts of the country shows that not *posho* alone but all types of maize flour were throughout the relevant period in short supply.

We shall examine later the complaint that the millers deliberately kept up supplies of sifted flour (which gives them higher profits) while restricting the supplies of *posho* (the profit from which is smaller).

(b) Higher Wheat Consumption

Thirty per cent more wheat was sold in Kenya in 1965 than in 1964. This was not due entirely to shortage of maize, because the eating habits of the African have been gradually changing and more and more Africans are consuming wheat products. The increase in 1964 over the previous year was 10.9 per cent. A gradual increase in the consumption of wheat has also been evident in neighbouring countries. The increase of 15 to 20 per cent was probably due to shortage of maize.

(c) Need to Import

Maize has had to be imported from U.S.A., Tanzania and Uganda. This is clearly indicative of shortage.

(d) Level of Local Sales

Another indication of the shortage is afforded by the Board's sales. The following table shows deliveries to the Board from the local crop together with local sales:—

		<i>Deliveries to Board from Local Crop</i>	<i>Local Sales by Board</i>
		<i>Bags</i>	<i>Bags</i>
1959/60	...	1,659,051	1,335,730
1960/61	...	1,586,832	2,169,006
1961/62	...	1,642,759	1,430,259
1962/63	...	2,232,974	1,107,392
1963/64	...	1,072,960	1,203,303
1964/65	...	1,170,352	1,807,026

It will be observed that the figures for 1964/65 were showing a pattern like that of 1960/61. This is made clear by the monthly figures of local sales for the year 1964/65. The figures are as follows:—

<i>1964</i>		<i>Bags</i>	<i>1965</i>		<i>Bags</i>
August	...	121,482	January	...	228,206
September	...	118,114	February	...	183,801
October	...	152,221	March	...	127,907
November	...	237,522	April	...	164,528
December	...	142,964			

It is not necessary to give figures beyond April 1965 because the figures for March onwards do not seem truly to reflect the demand of the people. Maize was not available in sufficient quantities. In fact we know that in February the Board restricted supplies to an arbitrary figure. From April 1965 the Maize Board started "rationing" supplies to the mills and

traders, so that supplies were given according to availability. It should be noted, however, that over the nine months for which figures are quoted above, in two months the figure of 200,000 bags was exceeded and in three months the figure of 150,000 bags was exceeded. Eight of the nine months were above the average for the years 1962/63 and 1963/64. In 1961/62 the average sales were 119,188 bags and the figure of 150,000 was exceeded only thrice. In 1962/63 the average monthly sales were 92,283 bags and every one of the twelve months was well below 150,000 bags. In 1963/64 the average sales were 100,275 and the figure of 150,000 was exceeded only once.

All these figures establish that there was abnormal demand for maize in the year commencing August 1964. Whatever the reason for the exceptionally high demand, the fact is that such high demand existed.

(e) Rationing

As already stated, the Board did not have sufficient supplies and had to resort to a system of restriction and later of rationing maize to mills and traders. That also shows that there was a shortage of maize.

(f) Emergency Stock

The Maize Board had been retaining an emergency stock of 70,000 bags at Mombasa and Nairobi. The whole of this stock had to be issued. This is another proof that a serious shortage existed.

(g) Complaints of Shortage

There were widespread complaints of shortage in the country. Editorials appeared in newspapers and many people wrote letters to the Press complaining of shortage. The matter was taken up in Parliament. It was as a result of these complaints that our Commission was appointed.

141. No direct evidence of the extent of the shortage is available. It is not known with certainty, for example, what acreage was planted with maize, what quantity of maize was expected, and what quantity was harvested from that acreage. No crop estimates were made for the whole country. For this reason, we can estimate the extent of the shortage only from indirect evidence.

Summary of Position

142. For a period, maize was supposed to be in free supply but it was not in fact freely available, so that many people must have gone without part of their requirement. For a period maize was strictly rationed and the quantities demanded were just not forthcoming. We think it would be proper to take account of this state of things before supplies became

freely available again. American maize started coming into Kenya in June 1965. The Maize Marketing Board's estimates show that from then to early June 1966 four lots of 50,000 tons each will have been received from America and issued to local people. That means that maize from outside Kenya actually supplied to consumers in a period of twelve months will have been two million bags. Adding to this an allowance for the pre-shortage period (that is, adding an estimated quantity which would have been purchased by consumers if it had been available or if supplies had not been held back by rationing), the total shortage in a year would be roughly two million bags. Taking the normal annual production of maize at sixteen million bags, the shortage is or was about one-eighth, that is, 12.5 per cent.

143. But the whole of it cannot be attributed to the shortage of maize alone. Due to drought there was a shortage of other foodstuffs also and many people who would have consumed other foodstuffs if they could have got them had to buy maize instead. *We consider, in view of this, that the shortage of maize alone was in the region of 10 per cent. As we have stated before, 10 per cent is equal to the entire supply controlled by the Maize Marketing Board. That explains why the pressure on the Board was so great, although the total supplies of the country fell short by only 10 per cent.*

CHAPTER 6—REASONS FOR THE SHORTAGE

144. We are now in a position to discuss the various reasons that led to the shortage of maize in Kenya. Witnesses have pointed to several factors which contributed in their opinion to the shortage. We deal with these factors below.

(1) DROUGHT

145. A cause which most certainly contributed to the shortage was lack of rainfall in the maize growing areas. This was a natural cause and could not by any foresight on the part of the Maize Marketing Board be avoided, although, if the coming of it had been foreknown, the importation of maize in time would have provided against the consequences of it. The consequences of a drought could also have been partly avoided by concentrating on the planting of drought-resisting varieties of maize seed. Progress in that direction is, we believe, now being made.

146. We invited two officers of the Meteorological Department and East African Agriculture and Forestry Research Organization to give us their views on the variation of weather conditions. They gave interesting evidence. Dr. H. T. Morth submitted average and actual figures of rainfall for certain parts of the former Scheduled Area and, in addition, he

submitted in respect of subcatchment 1 B (Trans-Nzoia) a graph of 24-month accumulated rainfall totals. This graph is included as Appendix I at the end of this report. To summarize the results shown by this graph we can do no better than to quote from the memorandum which accompanied the graph:—

“Recent investigations carried out by the East African Meteorological Department revealed a cyclic nature in the long-period rainfall variations in Kenya. A graph showing running 24-month rainfall totals for the period 1940-1965 in the Trans-Nzoia area is appended. Investigations on other areas have suggested that this cycle holds good for the whole of Kenya.

The cycle has a mean duration of five years and the past extrema since 1940 are Minima: 1940-41, 1944-1945, 1950, 1954-55, 1961. Maxima: 1942, 1947, 1952, 1957, 1963.

It is obvious that 1965 is either at or near the rainfall minimum of the cycle. Previous serious droughts in 1939, 1953, 1961 also occurred at or just before the minimum in the cycle.”

147. Dr. Morth at the request of the Commission later submitted similar rainfall figures for the former Non-scheduled Area. He stated that it was not possible to arrive at general conclusions of equal scientific validity with regard to this area because the number of recording stations in that area was very small. These figures together with figures previously furnished by Dr. Morth, are as follows:—

<i>Area or Station</i>	<i>Long-term</i>		<i>March-September</i>	
	<i>Mean</i>	<i>Inches</i>	<i>1965—Actual</i>	<i>Inches</i>
Trans-Nzoia	35.6	22.4		
Uasin-Gishu	37.8	23.6		
Sotik	43.0	34.5		
Rongai-Solai	31.8	16.2		
Nakuru-Elmentaita	27.8	16.0		
Naivasha-Kinangop	23.2	19.1		
Muhoroni-Londiani	39.0	27.8		
Kisumu-Kavirondo	37.9	31.7		
			<i>October 1964-</i>	
			<i>May 1965</i>	
Machakos	38.8	27.5		
Nyeri	37.6	28.4		
Fort-Hall-Upper Tana	48.0	43.8		
Nanyuki-E. Laikipia	23.5	18.0		

148. Dr. Morth's comments on the first six entries in this table are:—

"If about 30 inches of rain between March and September are necessary to grow a good maize crop, this could not be done in 1965 except in the Sotik area. From the figures in the table the following maize crop situation could be expected—

Sotik	...	...	...	...	...	good
Trans-Nzoia, Uasin-Gishu and Naivasha-Kinangop	...	...	...	...	...	partial failure
Rongai-Solai and Nakuru-Elmentaita	...	...	...	...	...	failure

Comparing with previous drought years on record, 1965 was by far the worst for maize growing in Trans-Nzoia, Uasin-Gishu, Rongai-Solai and Nakuru-Elmentaita."

149. His interpretation of the last six entries in the table is:—

"The tables show that rainfall during the growing season 1965 respectively 1964/65 was everywhere below average. Amounts received in Kisumu . . . and Fort Hall-Upper Tana were however sufficient for a good crop.

The tables show that in central and eastern areas of Kenya many more severe droughts have occurred before, mainly in the forties. The 1964/65 drought is for many areas the first drought since 1955."

150. Two general conclusions emerge from this evidence. First, anyone looking at the weather chart during the last few months of 1964 would come to the conclusion that 1965 was on the downgrade of weather and that the rainfall in that year might be unsatisfactory. Secondly, the drought of 1964-65 was not as severe as the droughts through which the country had gone before and that, therefore the production in 1964-65—whatever it was—was lower than in the preceding few years although not as low as it had been in some of the dry years in the past.

151. It is not possible, however, to come to a quantitative judgement on the basis of the meteorological evidence which merely suggests the supply position in 1964/65 was unsatisfactory. Exactly how much below normal the maize production was the rainfall figures do not tell us.

(2) RUNNING DOWN OF RESERVES

152. Sir Michael Blundell giving evidence before the Commission at Nakuru, on the 18th January 1966 said this: "Undoubtedly one of the over-riding reasons for the shortage was the fact that as a deliberate act of policy by the Government it was decided, as far as I know, to export the surplus which was maintained in this country as a reserve. In my

time if I may mention it, we always carried 1,000,000 bags in reserve. This is a costly business and adds a number of shillings to the cost of *posho* to the consumer. I seem to recollect at just the end of my time when I was responsible for these matters, we agreed to reduce the surplus to 500,000 bags because in view of the production and the stability of production in the country, that seemed a reasonable risk. Now I think the decision to remove the surplus altogether which was, I believe, exported to Japan, really arose from the desire to make a substantial reduction in the cost of *posho* to the public, and this was done at the expense of the reserve. Once the reserve had gone, of course, the flexibility available to the Board was removed and they were immediately depending on forward ordering for shipments with all the attendant risk which that entailed so that I think undoubtedly the first cause of the shortage is the fact that the reserve which had been carried forward and turned over many years was a deliberate act of policy to cheapen the price of maize to the consumer."

153. This is typical of the view critics take, and, like many such views, is based on a misconception. We have not been able to trace any decision to have a reserve of a million bags. In recent years, a reserve was established for the first time in 1966. This was only 250,000 bags. But views soon changed and it was announced at a meeting of representatives of the Ministries and Boards concerned held on the 27th June 1958 that "the Minister had already instructed that the strategic reserve (250,000 bags) should be abolished when opportunity offered". Some correspondence had preceded this meeting and some more followed it. Ultimately, on the 17th July 1958 a representative of the Ministry of Agriculture, Animal Husbandry and Water Resources wrote to the Maize Controller:—

"The Minister approves the abolition of the Strategic Reserve, 250,000 bags, to be sold overseas."

The "Minister" was Sir Michael (then Mr.) Blundell. This is how the first attempt at creating a reserve ended.

154. The reserve was reinstated some years later in the form of an emergency or strategic reserve of 70,000 bags but this was not affected by the exports to Japan. Thus, both edges of Sir Michael's *simi* turn out to be blunt.

155. Other witnesses also have criticized the Board's action in exporting a quantity of maize to Japan in the year 1963/64. The facts of the situation were as follows:—

- (i) In the year 1962/63 Kenya had exported over a million bags of maize.

- (ii) When the Board met on the 25th July 1963 it was told by the Chairman that there was another exportable surplus of 434,000 bags, after allowing for the strategic reserve of 70,000 bags and the necessary stock carry-over of 530,000 bags to take Kenya to the end of November 1963 and that the 1963 planted crop would be sufficient for consumption in 1963/64. It was also told that "there would be a further surplus of some 200,000 bags arising from the stock carry-over of 530,000 bags". (Minutes)
- (iii) The Board "unanimously" agreed to make up to 400,000 bags of Grade 4 maize available for export.
- (iv) It was stated by the General Manager in a meeting of the Board held on the 4th December 1963 that "the sale to Japan had been negotiated some months ago and had been made to get rid of the borderline quality maize . . . which had only just been passed fit for export as Grade 4 maize with a maximum of 40 per cent defectives. If this . . . had been kept in store for a prolonged period it would not have been fit for human consumption and the Board would have suffered a considerable financial loss if the maize had been sold for stockfeed."

156. A total of 254,062 bags was exported to Japan, the value received being £415,685. The Board meeting of the 6th November 1963 noted that the sale had been "well received in Government circles because it is valued at nearly £500,000 and will serve to reduce Kenya's adverse trade balance with Japan".

157. It should be noted that this was not the only lot exported in that year. The total exports were 622,266 bags valued at £990,525 plus £38,338 realized from the sale of empty gunny bags. The criticism that has been made applies, if true, to the total exports, not merely to the quantity exported to Japan. The 622,266 bags exported had cost the Board £1,577,610, against £1,028,863 realized. Thus a loss of £549,047 was incurred.

158. If it had been known that there would be a shortage in 1964/65, maize would not have been exported. The net result of exports has been as follows:—

	£
Cost of 622,266 bags imported from America (at Sh. 60 c.i.f. Nairobi)	1,866,797
Less the amount received from sales of 622,266 bags	1,028,863
	<hr/>
	837,934
Less estimated cost of storing 622,266 bags for a year	165,000
	<hr/>
Loss to Kenya	672,934

159. But the real question is: could the shortage have been foreseen as long ago as 25th July 1963 when the Board unanimously authorized exportation or at least as long ago as 21st September 1963 when a contract with a Japanese importer was entered into on behalf of the Board. There is no evidence that the shortage could have been foreseen even on 21st September 1963, let alone 25th July 1963.

160. If Kenya had followed a policy of keeping a reserve higher than 70,000 bags, then at least some part of the quantity of 622,266 bags would have remained in Kenya.

161. This brings us back to the question of a strategic reserve. As we have already stated, a reserve of 250,000 bags was established in 1955 and was discontinued in 1958. Events after this can now be briefly traced.

162. The year 1959-60 opened with a stock on hand of 302,226 bags. The annual report of the Maize Marketing Board for that year records that during the year the Economic Priority Committee requested the Board to maintain at all times an emergency reserve of 70,000 bags—35,000 bags to be held in Nairobi and 35,000 bags in Mombasa. This was approximately one month's supply for each centre. The Board itself recorded in another paragraph that it "had experienced considerable difficulty in maintaining adequate supplies to consumers" during the "non-delivery" months of August to November and the Board decided that the level of stock carry-over from one season to the next should be increased from 300,000 bags to 330,000 bags which, together with the 70,000 bags already mentioned, would give a total of 400,000 bags of white maize.

163. The annual report of the Board for the year 1960-61 also records the view that "in the light of past experience" the Board should keep at least four months' average supply plus the emergency reserve of 70,000 bags and also a "positional" stock of 30,000 bags to obviate uneconomical movements. This would make the total stock carry-over 600,000 bags which the Board considered "adequate pending the intake of the next crop, to meet consumer demands during the months of August to November inclusive, when very little maize is delivered to the Board. This is an increase of 200,000 bags on the previously declared level of stock carry-over and will remain in force until circumstances should make it necessary to review the position."

164. The year 1961/62 closed with a surplus of 274,843 bags of white maize after providing for the usual stock carry-over (including the emergency reserve) of 600,000 bags. There was an estimate balance of 125,000 bags of the 1961 planted crop which was still to be delivered.

165. In the year 1962-63 no change took place and the accounts of the Maize Marketing Board show that at the end of the year the stock of maize was 932,329 bags of white maize which, after providing for the 70,000 bags emergency reserve and the season-to-season stock carry-over of 530,000 bags, left a total surplus of 402,329 bags.

166. In the year 1963-64, however, the decisions which had been made in 1959-60 because the Board "had experienced considerable difficulties in maintaining adequate supplies to consumers" and in 1960-61 "in the light of past experiences" had to be departed from for the first time. The year ended with 268,085 bags (of both white and yellow maize) in stock against 600,000 bags required. This, of course, meant a deficit of 331,915. The quantity exported during the year was, as already stated, 622,266 bags. Meantime, the Board had decided to suspend any further exports until the position of the 1963 crop deliveries could be more accurately assessed. The annual report goes on to say that "in the event this decision" (that is, the decision to suspend further exports) "was more than justified because deliveries from the Nyanza and Western Regions, which were originally estimated at approximately 610,000 bags amounted actually to only approximately 210,000 bags." In addition, consumption had increased by about 100,000 bags. In other words, the Board had (in exporting maize) taken a risk which was not justified by subsequent events.

167. Thus, the year 1964/65 commenced with a deficit of 331,915 bags. Drought and one or two other adverse factors made the supply position more acute. Exports in 1963/64 were certainly, it now appears, a contributory cause in the shortage of maize which the country faced in the latter half of 1964/65.

(3) SHIFT FROM MAIZE PRODUCTION TO OTHER CROPS

168. Maize acreages have changed from time to time. The following figures of acreage relate to large farms:—

		<i>Maize</i>	<i>Wheat</i>	<i>Barley</i>	<i>Total</i>
		<i>000 Acres</i>			
1960/61	...	142.4	247.9	31.3	421.6
1961/62	...	158.3	225.8	34.6	418.7
1962/63	...	159.3	243.6	30.8	433.7
1963/64	...	111.9	278.1	27.2	417.2
1964/65	...	74.7	282.1	22.8	379.6
1965/66	...	96.0	268.2	22.1	386.3

169. These figures show that the decline in maize acreage was greater than the combined increase in the acreages of wheat and barley. It is possible that the decline in the acreage of maize has nothing to do with any increase in the acreage of wheat and barley. Then it has to be remembered that the contribution of the large farm sector to the total maize production is barely 5 per cent. Rough estimates of contribution to production are as follows:—

	<i>Per cent</i>
Large farm sector	5
Small farm sector—sold to Board	5
Eaten in district	90
	100

170. These figures would seem to show that the shift from maize to other crops in the large farm sector would not make any appreciable difference to the food position in the country as a whole, although it would definitely be a small contributory factor in the shortage of food supplies. Any appreciable shift in the small farm sector, on the other hand, may be disastrous. But no clear judgement on this issue is possible because comparable figures of acreage under various crops in the small farm sector are not available. Several witnesses have stated that many maize farmers have taken to growing crops like wheat, coffee, tea, pyrethrum, passion fruit. Now, these are individual opinions which may be right or may not be right. It is not impossible that some change-over from maize to other crops has taken place, but there is no concrete evidence to show this change or to show the extent of it, or that it is significant.

171. Witnesses have given two reasons for a shift from maize to other crops:

(a) *Theft from Fields.*—Witnesses from farming areas assess losses due to theft at one to three bags per acre. A figure as high as five bags per acre has been mentioned. The evidence that has been given leaves us in no doubt that theft has been taking place. Theft does affect the acreage under maize; but the attitude of mind created by uncertainty caused by theft makes the growing of maize even less attractive.

It is clear, therefore, that theft and the uncertainty it produced made the gazetted price for maize less attractive. This would have led to a reduction in acreage in those areas where an alternative crop, such as wheat, could have been grown.

(b) *Inadequacy of Price to Growers.*—It has also been stated that one reason for a shift from maize to other crops was the inadequacy of the price paid to the growers of maize. It is true that, in recent years, the

price to the grower was sometimes very low. The gazetted price was reduced by the amount of the export cess, so that the price actually received by the grower was smaller than expected. In one recent year, the gazetted price was Sh. 35/50 per bag, which was not unreasonable, but the grower in the Scheduled Area received only Sh. 24. This cannot have failed to act as a disincentive.

172. It is almost certain, however, that this disincentive effect was relevant only to the large farm sector. Most farmers in the subsistence sector would grow maize whatever the gazetted price. We say "most farmers" because there is a small but an increasing number of peasants who are sensitive to price changes.

173. A related matter is the increase in costs of production in recent years. Costs have gone up in Kenya, and this must have made the prices less attractive than they looked, and thus accentuated the effect of low prices.

174. The price fixed for the 1965 planted crop is considerably higher than any gazetted price within recent years and should help in reversing the trend towards a decline in acreage in the large farm sector—and also the decline (if any) in the subsistence sector. But we are immediately concerned with the decline which has already taken place due either to low producer prices or to high costs or to both.

(4) EFFECT OF SETTLEMENT SCHEMES

175. It has been suggested that the conversion of some of the large farms into small settlement farms has had the effect of reducing the quantity of maize produced for the market. The Chief Statistician states in his memorandum: "Estimates made at early stages of settlement indicated that the farms to be purchased under the 1.1 million acre scheme had approximately 25,000 acres under maize producing approximately 200,000 bags per annum, most of which was delivered for sale to the Board. No reliable estimate is yet available of the acreage now under maize in the settlement schemes but the last report of the Ministry of Settlement showed that sales of maize in 1964/65 were no more than 3,253 bags". Other witnesses have expressed the opinion that, perhaps, the quantity of maize produced in the area now covered by settlement schemes is no less than it was previously but that the number of persons living and working on these schemes is much larger so that a greater amount of maize is consumed by the farmers and their families and labour. It is also a fact that many farmers on settlement schemes sold their maize direct (that is, neither through co-operative societies nor through the Maize Marketing Board). The figure of sale mentioned by the Chief Statistician seems to be the figure sold through the co-operative societies. The amount sold by farmers direct is not known. The Department of Settlement in its Annual Report for 1964/65 suggests that many

farmers sold their maize direct at higher prices than they could obtain in the legal controlled market (page 41). In so far as the maize produced on settlement schemes has been consumed by the people, it cannot be said to have contributed in any way to the shortage from which the country suffered, although it was not actually delivered to the Board. In any case, we do not consider that settlement schemes, even if the production of maize by them was less than it was previously, were responsible for shortage to any appreciable degree.

(5) ILLEGAL MOVEMENT TO UGANDA

176. Several witnesses have stated that large quantities of maize were moved to Uganda across the border, the reason being that the price obtainable in Uganda was higher than that in Kenya. Estimates of quantities moved to Uganda have varied from 100,000 to 200,000 bags. The fact of movements is generally agreed but no definite information about quantities is available. Mr. Karani a Research Fellow and Lecturer at the University College, Nairobi gave evidence to the effect that he went to the Western Province of Kenya in October 1965 to study, among other things, the quantities of maize crossing into Uganda. He made inquiries on the spot and interviewed policemen at police stations. He also went across the border and there, he stated, found yellow *posho* and also the Kenya flour "*Jogoo*" being sold in Tororo. That, in his view, was evidence that Kenya maize and Kenya flour had moved into Uganda, because Uganda itself does not grow any yellow maize. He thought the quantity that moved to Uganda in the crop year 1964-65 was in the region of 100,000 bags. Maize was carried by bicycle and in the form of head-loads. No one really knows exactly how much maize was moved to Uganda but the quantity must have been substantial.

177. There was incentive for the transfer of maize to Uganda. We were told by witnesses that prices varying from Sh. 50 a bag to Sh. 70 a bag were obtainable in Uganda, against the figure of Sh. 27/85 per bag which was at the relevant date paid to growers by the Maize Marketing Board. The difference between the prices obtainable on the two sides of the border being substantial, it is believable that the producers, who are not moneyed people, took advantage of the opportunity to make a little more money. It was also suggested that this trade was financed by traders in Uganda who have agents across the border in Kenya. Mr. Karani stated that, according to his information, the Kenya agent received a commission of Sh. 2 a bag. There is naturally no direct evidence to support suggestions like these but it is not unlikely that a trader on this side of the border acted as an agent. There is no definite evidence, however, that any maize was actually carried by, or on behalf of, any traders. The maize was largely carried on bicycles or on heads by the growers or their friends or relations and sold or delivered across the border.

(6) INCREASE IN DEMAND

178. We have already mentioned the fact that some increase in demand would take place due to the natural increase in population. Another factor in the increase in demand is the changing habits of some of the population of Kenya due to improvement in incomes. Some sections of the people who have not in the past eaten maize but have relied on animal products as food started eating maize. This change may be connected with drought which may have reduced the size of herds in pastoral areas. These two factors increased the demand for maize and accentuated the shortage.

(7) DELAY IN OBTAINING SUPPLIES FROM OVERSEAS

179. Under section 13 (1) of the Maize Marketing Act, one of the "primary functions of the Board" is "to buy, store, sell, import, export and otherwise acquire and dispose of maize and maize products in such manner, in such quantities and on such terms as it may from time to time deem necessary in order, so far as possible, to fulfil the requirements both of consumers and producers in Kenya." Another of its primary functions is "to advise the Minister on the proper relation of maize production to the needs of Kenya and on the extent to which control over the importation and exportation of maize and maize products is necessary or desirable." Section 26 (1) of the same Act reads thus: "The Board shall import or authorize the importation of such quantities of maize or maize products as the Minister may from time to time direct."

180. These provisions of law have been taken in practice to mean that the Board must not import maize without the permission of the Minister, although section 13 (1) seems absolute in terms. But there is no need for us to put any interpretation on it because the uninterrupted practice has been to obtain the sanction of the Minister whenever any importation of maize has been necessary, and no Minister seems to question the correctness of this practice.

181. The various important events that happened in 1964 may now be listed:—

- 11-3-64 The Board held its monthly meeting and found that the quantity of maize necessary to take the country over the four months of short supplies would fall short by 48,000 bags.
- 8-4-64 At this date the deficit estimated by the Board had risen to 80,000 bags.
- 17-6-64 The estimate of the deficit was now 208,000 bags. On this date a Board meeting was held and the question of importing 300,000 to 500,000 bags was discussed. Such imports were necessary in the view of the Board by May or June 1965.

- 25-6-64 On this date the deficit in supplies was estimated by the Board at 228,000 bags. A letter was circulated to the members of the Board seeking their authority to import 20,000 tons (220,000 bags) of white maize, by September 1964 at the latest.
- 16-7-64 It was reported that monthly sales had risen. Only 217,000 bags were available for sale. The Executive Committee of the Board authorized the purchase of 20,000 tons (220,000 bags) of white maize for earliest delivery possible and asked for tentative inquiries to be made for the purchase of 10,000 tons (110,000 bags) at a later date.
- 23-7-64 The Chairman of the Board wrote to the Minister for Agriculture seeking authority to import 30,000 tons (330,000 bags) of maize. The Minister authorized the importation of 245,000 bags, saying that he intended to import 55,000 bags from America. But the 55,000 bags could not be imported because white maize is not exported from America under the scheme which the Minister had in mind.
- 28-7-64 The Board placed a firm order for 150,000 bags of white maize with the National Agricultural Products Board, Dar es Salaam—half for immediate railment and the balance for railment on or before the 15th September 1964.
- 19-9-64 The General Manager of the Board attended a meeting at the Ministry of Agriculture where a proposal to import yellow maize from America under a scheme which would generate funds for local development was discussed. It was agreed that Kenya should enter into preliminary negotiations with the United States Embassy and the A.I.D. for the importation of yellow maize after March 1965. It was also decided that a final decision should not be taken until January 1965.
- 5-10-64 A request was made to the Ministry of Agriculture for 20,000 bags to be withdrawn temporarily from the emergency reserve of 70,000 bags. This was granted.
- 28-10-64 A further request was made for the utilization of the balance of the emergency reserve. This was granted.
- 21-10-64 The Executive Committee of the Board decided to purchase a further 60,000 bags of maize from Tanganyika. This brought the total purchased from Tanganyika to 210,000 bags. In fact, 229,799 bags were supplied by Tanganyika.

- 12-11-64 The Chairman of the Board, the Hon. Paul Ngei, announced the decision of the Board to accept maize of a 14 per cent moisture content instead of the usual 13 per cent. This was obviously done to increase the quantity of maize to be delivered to the Board.
- 30-11-64 The Executive Committee met and estimated the overall shortage as at 31st July 1965 at about 662,000 bags. It was also decided to seek authority of the Ministry of Agriculture for the importation of a further 300,000 bags.
- 4-12-64 The Board wrote a letter to the Minister for Agriculture, outlining the position and giving reasons for the deficit.
- 6-12-64 A contract was entered into with a Nairobi firm for the purchase of 50,000 bags of white maize from Uganda. This contract, however, brought forth only 1,754 bags of maize.
- 8-12-64 The General Manager of the Board had discussions with the
9-12-64 Minister for Agriculture on the supply position and the Minister told him that the Government intended to enter into an agreement with the United States Government for the supply of maize under United States Government Public Law 480.
- 9-12-64 The General Manager of the Board wrote a letter to the Minister for Agriculture outlining the estimated supply position through to November 1965, and also giving details of costings.
- 22-12-64 There was a further meeting in the Office of the Minister for Agriculture.
- 28-12-64 The Board wrote a further letter to the Minister giving revised costings.
- 30-12-64 The Ministry of Agriculture transmitted to the Board a copy of a letter written by the Minister for Finance to the Ambassador of the United States requesting an agreement to import 500,000 bags of yellow maize under Public Law 480 between the 1st March and the 31st December 1965.
- 6-1-65 The period of delivery indicated by the Minister for Finance in his letter to the United States Ambassador did not suit the Board and it wrote a letter suggesting a revised programme of delivery.
- The letter from the Minister for Finance to which reference is made was dated the 9th December 1964. It referred to conversations between the United States Ambassador and the Kenya Minister for Agriculture and Animal Husbandry,

and stated that "the Government of Kenya now officially requests an agreement to the import under Public Law 480 of up to 500,000 bags of yellow maize to be delivered between the 1st March and the 31st December 1965." Meantime, on the 7th December 1964 an agreement had been entered into between the Government of Kenya and the Government of the United States for the importation of 500 metric tons of wheat flour during the year 1965. This agreement was, on the 15th February 1965, amended by consent by the addition of 50,000 metric tons of corn (the supply period being "calendar year 1965").

182. We have related developments at some length to indicate that the Maize Marketing Board was conscious of the coming shortage of maize. It knew as early as March 1964 that there might be insufficient supplies even for the last few months of 1964. As the year advanced, the estimate of deficit increased until it reached the figure of 662,000 bags (as at 31st July 1965).

183. The position at this stage can be summed up by saying that the Maize Marketing Board was fully aware of the possibility of the shortage of maize. It was keeping the position under constant review and it was informing the Minister for Agriculture from time to time giving him the estimates of deficit. The Minister for Agriculture was thus fully in the picture. He had authorized the importation of maize from Tanzania and Uganda and he had made, in conjunction with the Minister for Finance arrangements for the importation of maize from America. The Minister for Finance was also thus aware of the position. These were all the parties who, at this stage, were concerned with maize—the growing of it, the distribution of it, the importation of it in case there was a shortage, and the financing of imports.

184. About this time a change took place and this was responsible for part at least of the confusion that ensued. On the 12th December 1964 a new Ministry, the Ministry of Co-operatives and Marketing, was created, with the Hon. P. J. Ngei as the Minister. He was at the time Chairman of the Board and had previously been a member of the Board. The responsibility for the Maize Marketing Board was transferred to this new Ministry. From the same date the Ministry of Agriculture ceased to be responsible for the Board, but its responsibility for the growing of maize and generally for the production of foodstuffs remained because the new Ministry, as its name implied, was concerned only with the marketing of maize when it was ready.

185. The agreement with America for the importation of 50,000 tons of maize was, as already stated, concluded on the 15th February 1965. We are told that a period of ten days has to elapse before such agreements come into force according to American Law or constitutional

practice. This period is necessary for placing the agreement before the United States Senate. After the lapse of this period of ten days, however, the Kenya Government was free to make arrangements for the importation of maize. Developments after this are briefly described below.

The Permanent Secretary, Ministry of Co-operatives and Marketing wrote to the Permanent Secretary of External Affairs, on the 16th February 1965 telling him that the "necessary documents relating to the purchase by Kenya of a quantity of maize from the United States of America, had been signed on the previous day and adding:—

It would be appreciated if H.E. The Ambassador for Kenya, in the United States of America, may now be instructed to obtain from the U.S.A. Department of Agriculture a 'Purchase Authorization and then to pass the document to the—

C. B. Fox Company,
National Bank of Commerce Building,
New Orleans 12, L.A.,

by registered Airmail special delivery.

'As the first shipment of maize is required in Kenya early in April, I would be grateful if H.E. the Ambassador could be asked to deal with this matter as quickly as possible.' There could be nothing more explicit than this. It was not until the 26th February, however, that the Ministry of External Affairs telegraphed the Kenya Embassy in Washington: 'Refer to Agreement on purchase of maize by Kenya from U.S.A. obtain from U.S. Department of Agriculture a Purchase Authority and then pass that document to C. B. Fox Company, National Bank Commerce Building, New Orleans, Louisiana, by registered Express Airmail stop Inform New York according"'.

The reasons for the delay in the Ministry of External Affairs were several. There had been 'a reshuffle of Desk Officers'. The communication was passed by the Permanent Secretary on to one officer; he passed it on to another; that other passed it on to a fourth. The last two were relatively new to their jobs. Some time was also spent in obtaining a copy of the Agreement with the United States Government because one had not been supplied to the Ministry of External Affairs in the first instance.

The Kenya Chargé d'affaires in Washington wrote a long letter on the 2nd March asking for more information because 'the process of getting corn to Kenya . . . is much more detailed and complex than is apparently considered to be from that end'. If, instead of writing to Kenya, he had contacted C. B. Fox Company, some further delay might have been avoided. In the same letter he asked for 'a written authority'

to sign documents on behalf of Kenya and also inquired 'what arrangements' had been made with C. B. Fox Company as that company was a supplier and it would not be necessary to send it a Purchase Authorization 'unless' it was selected 'as the procuring agency'.

The authority to sign documents was telegraphed to the Chargé d'affaires on the 12th March. On the 13th the Permanent Secretary to the Ministry of Co-operatives and Marketing wrote to his counterpart at the Ministry of External Affairs giving detailed replies to all the questions that had been raised by the Chargé d'affaires in Washington "to accept the help offered by the U.S. authorities and to proceed according to instructions and with all despatch." This is the story from the side of the Ministry of External Affairs. But a lot of correspondence had meantime passed between other parties.

186. On the 18th February 1965 the Permanent Secretary to the Ministry of Co-operatives and Marketing wrote to the General Manager of the Maize Marketing Board, telling him that the necessary signatures to the agreement with the United States for the importation of 50,000 tons of maize had been exchanged on Monday, the 15th February 1965. The Permanent Secretary added: "H.E. the Ambassador for Kenya in the United States has been instructed to obtain from the U.S.A. Department of Agriculture 'purchase authorization' and to post that document by registered airmail, special delivery, to C. B. Fox Company, National Bank of Commerce Building, New Orleans 12, L.A. The way, therefore, is now open to proceed with your maize purchases."

187. On the 26th February 1965, Messrs. Mitchell Cotts and Co. (E.A.) Ltd., wrote to the General Manager of the Maize Marketing Board telling him that they had received a cable from their London Associates advising them that the purchase authorization had not yet been made and that they had contacted Mr. Cooper of the Trade and Marketing Division. The letter continued: "Mr. Cooper made various inquiries with the Ministry of External Affairs and advised us this morning that due to a mistake in that Ministry, the instructions which were contained in a telex message which should have been despatched on the 16th of February, were in fact not despatched until the 25th." Messrs. Mitchell Cotts were interested in this matter because they had been appointed, with Messrs. Dreyfus and Co., Ltd., of Mombasa, as joint agents to handle the importation of maize from the U.S.A.

188. On 1st March, the General Manager of the Maize Marketing Board wrote to the joint agents enclosing a copy of the letter of the 18th February from the Ministry of Co-operatives and Marketing to which we have already referred. The General Manager added that the Board had now been authorized to purchase an initial quantity of

200,000 bags (18,000 tons) subject to an agreement between the Government of Kenya and the Agency of International Development of the U.S.A. The General Manager added that he had heard a day or two previously "and with sincere regret that the telegraphic advice to the Kenya Ambassador in the United States was delayed in its transmission from Kenya for about ten or eleven days after the necessary signatures were exchanged on Monday, 15th February." To show his anxiety, the General Manager added this: "As you know time is a vital factor in this exercise in order to have basic food for our people and it is essential that we receive the whole of the 18,000 tons in question by the middle of May 1965 at the latest" and he asked the two joint agents "to proceed with urgency".

189. There was another letter from Messrs. Mitchell Cotts to the General Manager of the Maize Marketing Board dated the 10th March 1965. This stated that they had been advised by their agents Messrs. C. B. Fox that "according to the U.S. Department of Agriculture in Washington, the Kenya Embassy had as yet made no application for procurement authorization." They added: "As soon as the procurement authorization has been obtained by the Kenya Embassy and passed to Messrs. C. B. Fox, the necessary formalities will then be attended to by the Department of Agriculture, with the minimum of delay." They also stated: "We also understand that Fox's Washington representative, Mr. Rolf Muir is today taking Mr. Acharia to see Mr. Howard Doerr, the Chief Programme Executive of the Foreign Agricultural Service, in order to obtain the procurement authorization without delay." (Note: The officer of the Kenya Embassy whose name is variously spelt in the correspondence is Mr. P. M. Echaria, Chargé d'affaires.)

190. There was no definite news as to what was happening and on the 15th March 1965, the Honourable R. G. Ngala, who was now the Chairman of the Maize Marketing Board, addressed a letter to the Permanent Secretary, Ministry of Co-operatives and Marketing. In this letter, he referred to the 18,000 tons (200,000 bags) of yellow maize which the Board had asked its agents to obtain from America and added "We have been gravely concerned about the several delays which have occurred since this matter was first agreed upon by our Government, and the situation is further aggravated by the recent advice we have received . . . that the Kenya Chargé d'affaires in Washington (in absence of our Ambassador) has refused to sign the authorization paper despite the fact, according to the best of our information, that all the necessary formalities had been completed between our Government and American Authorities. It is not my intention to query the various factors, beyond our own control, which have created this protracted delay in getting the first of the shipments moving to our country, but as Chairman of this statutory Board I feel it my duty to state that unless the

necessary formalities are completed and the 'procurement authorization' is obtained by our Embassy in Washington and duly handed over to Messrs. C. B. Fox . . . without further delay, we shall unfortunately find ourselves in the position of running out of Kenya white maize of our 1964 planted crop without having the American maize available . . . I am sure you will appreciate that such a state of affairs would present a most serious problem . . . our local stocks will be exhausted about the end of May or early in June . . . it will take at least eight weeks from the time the maize is purchased by our agents in America until it arrives at our port . . . The matter is a most urgent one and I would requests your Ministry to ensure that there is no further delay in the finalization of the administrative arrangements with the American Authorities." This letter of Mr. Ngala was the result of a further letter dated the 13th March from Messrs. Mitchell Cotts to the General Manager which referred to the fact of Mr. Echaria's not being prepared to sign the authorization.

191. The General Manager of the Board wrote to Messrs. Mitchell Cotts on the 17th March acknowledging their letters of the 10th and the 13th March and telling them that the Board was "gravely concerned about the continuing delay" that had occurred and adding "The Kenya Embassy in Washington will be instructed to finalize the outstanding formalities with the American authorities so that we may receive from you, without further delay, offers for the purchase of the 200,000 bags of maize in question."

192. There was a surprise development at this stage. The Ministers for Finance and Agriculture were in Washington on the 19th March. The Minister for Finance, the Hon. J. Gichuru, caused the following telegram to be sent to his Permanent Secretary in Nairobi: "Request you authorize immediately Kenya Embassy Washington D.C. select qualified U.S. Agent (no additional cost Kenya Government) arrange purchase maize and book ocean freight under Public Laws 480 sales agreement stop U.S. Department of Agriculture has agreed to assist Embassy officers with purchase arrangements stop since Fox and probably Dreyfus wish bid for contract supply maize they should not be selected G.O.K. agent this transaction stop Request immediate action as purchase and shipment maize awaiting formal G.O.K. request. Also inform Haller . . . Gichuru".

193. This telegram was apparently referred to the Ministry of Cooperatives and Marketing. Both the Minister and the Permanent Secretary of that Ministry were absent from Nairobi and Mr. Cooper, the Senior Assistant Secretary, "authorized despatch of a telegram to Kenya Ambassador U.S.A. as suggested by Mr. Gichuru and informed

Messrs. Haller and Ravenscroft" (of Mitchell Cotts) "of action taken". A telegram was accordingly sent to Washington on the 20th March: "Kenya Embassy Washington authorized to select qualified U.S. Agents at no additional cost to Kenya Government and book ocean freight as outlined in your cable."

194. This was quick work but it undid everything that had been done and caused further delay. On the 29th March, Mr. P. M. Echaria, the Kenya Chargé d'affaires, wrote to the Universal Shipping Company, Inc., Washington: "you are hereby appointed exclusively chartering broker—agent for the Government of the Republic of Kenya, under U.S. Government Public Law 480, Title IV program. . . ." This appointment was immediately accepted. Sometime after this, Mr. Echaria obtained Purchase Authorization and gave it to the Universal Shipping Company.

195. Another surprise development came about the same time. The following telegram was sent by the Kenya Embassy in Washington to the Ministry of External Affairs in Nairobi: "On advice of Minister McKenzie I am naming Standard Bank and Chase Manhattan Bank to handle financial aspects refer purchase of maize under P.L. 480 stop contact Standard Bank and urgently cable back confirmation bank accepts undertake stop this necessary for issue purchase authority."

196. Neither the Ministry of Co-operatives and Marketing nor the Ministry of External Affairs was caught this time. The reply sent was that the Board's regular bank was not to be displaced. The letter dated the 25th March from the Ministry of Co-operatives and Marketing to the Ministry of External Affairs emphasized "the very serious maize supply situation in Kenya" and protested against lack of action during six weeks that had elapsed since the 16th February. The cabled reply to Washington added: "Once again you are authorized to sign the agreement immediately stop there is great shortage of maize and purchase transportation bound to take weeks."

197. The two cables from Washington caused (as will appear from the following paragraphs) unnecessary delay to shipment. The Commission referred the matter to the two Ministers for comments. The Hon. James Gichuru says that "he had been informed by our Counsellor in Washington that the agent appointed . . . was not acceptable to the United States" and that he "conveyed this information" by cable; but that when "the Ministry of Co-operatives and Marketing objected strongly to Fox being eliminated and claimed that Fox was in fact acceptable" the Ministry of Finance (by letter of 10th April 1965) supported them. In fact, the credit which Mr. Gichuru gives to that

Ministry is not wholly due because it had originally supported the suggestion in Mr. Gichuru's cable. Later, when it changed its view (perhaps as a result of pressure from the Board), it was supported by Mr. Gichuru's Ministry.

198. The Hon. Bruce McKenzie says in relation to the telegram sent regarding the Banks: "What comes back to my mind is that Mr. Echaria spoke to me about some bank or other who had originally been asked to play a part in this matter, and the bank had then changed somehow or other to Chase Manhattan and he asked me, did I know who Chase Manhattan Partners were, or who they operated with in East Africa, and I told him that from the best of my knowledge they had no direct contact other than they were, in fact participants financially in the Standard Bank."

199. In our opinion, the telegram regarding the Banks caused no delay to shipment. But the change of agents resulting from Mr. Gichuru's telegram was responsible for a lot of confusion and delay. Messrs. Mitchell Cotts were, naturally, upset.

200. With a view to placing facts on record, Messrs. Mitchell Cotts wrote on the 2nd April, a letter which extended to five foolscap pages saying inter alia: "On the 8th of March, we were advised by you that you had been informed by the U.S. Embassy in Nairobi that they had received a cable from Washington informing them that an objection had been made by the Department of Agriculture as our correspondents, Messrs. C. B. Fox, were trying to act both as 'suppliers' and 'importers', which although not illegal, did not meet with the favour of the U.S. authorities." The letter added: "On the 9th of March we were advised that Messrs. C. B. Fox had approached the Foreign Agriculture Service in Washington, who informed them that nothing which they had done was holding up the proceedings, but that no progress could be made until the Kenya representative in Washington made application for a Procurement Authorization." It went on to say that on the 12th March they had received a cable from their London Associates advising them that in spite of the fact that Mr. Echaria had visited Mr. Doerr on the 11th March, he had refused to sign the procurement authorization pending the arrival of the Minister of Agriculture and the Kenya Ambassador, who were expected in the succeeding week. Then the latter stated: "On the 20th of March, we were advised by Mr. Cooper of the Ministry of Co-operatives and Marketing, that he had received a cable from Mr. Gichuru in Washington informing him that the Foreign Agricultural Service had excluded both Messrs. Louis Dreyfus and Messrs. C. B. Fox from the negotiation on the grounds that both were trying to act as buyers and sellers and he had already authorized the Kenya Ambassador to accept an independent agent, under guidance

of the Foreign Agriculture Service, to conduct the negotiation for the grain and shipping space, on the behalf of the Kenya Government." The letter than stated that on the 22nd March Messrs. Mitchell Cotts had received a telephone call from their London Associates telling them that the procurement authorization remained unsigned, that on the 24th March they had received a cable from London advising them that the procurement authorization was still unsigned; and also that on the 26th March they had been told by Mr. Cooper that a further cable had been sent to Mr. Echaria asking him to sign the procurement authorization.

201. Messrs. Mitchell Cotts summarized their position as follows: "We feel that it should be made clear to all concerned that the negotiation for this corn under P.L. 480 has not at any time been held up by the action of Mitchell Cotts and Company (E.A.) Ltd., Messrs. Louis Dreyfus and Co. Ltd., nor that of our respective London Houses or their correspondents in the United States. The delay, to the best of our knowledge was due solely to the refusal of the officials of the Kenya Government in Washington, to attach their signature to the Procurement Authority and you will appreciate that until this was done, no progress could be made towards the purchase of corn or the arranging of ocean freight. On the 31st of March, we were informed by our London Associates that the Kenya Ambassador had appointed the Universal Shipping Company as agents to procure the corn and to fix ocean freight on behalf of the Kenya Government, and the Procurement Authorization had at last been signed. In view of the fact that this action had been taken as a result of Ministerial intervention, you advised Mr. Bastian and the writer that you wished us to take no further part in these negotiations and would advise us officially to this effect in due course."

202. On the 4th April a cable was received from the Universal Shipping Co. in Washington by the Maize Marketing Board advising the Board that they had been appointed the agents and asking for certain information. On the 6th April, the General Manager of the Maize Marketing Board telephoned the Permanent Secretary to the Ministry of Co-operatives and Marketing who was at Kapsabet in the company of his Minister asking him to confirm in writing that the Universal Shipping Co. of Washington has been appointed as agents in place of Mitchell Cotts and Louis Dreyfus. The Permanent Secretary asked him to see him on the 8th April when he would be back in Nairobi.

203. On the 8th April, the Executive Committee of the Maize Marketing Board held a meeting and noted that "A further complication had arisen by the apparent intervention of the Minister for Finance—Mr. Gichuru—and the Minister for Agriculture—Mr.

McKenzie—during their recent visit to America. It would appear that they had decided to appoint an American organization, Messrs. Universal Shipping Co. (Inc.) of Washington, D.C., to act as Government's agent for the purchase and shipping of the American yellow maize. This had been without consultation with the Board and had served to nullify the appointment of Messrs. Mitchell Cotts and Co. (E.A.) Ltd., and Messrs. Louis Dreyfus and Co. Ltd., acting jointly as the Board's agents, and could possibly result in both these firms having cause for action against the Board for breach of contract." On the same day the General Manager (Designate) of the Maize Marketing Board saw Mr. Lutta, the Permanent Secretary, Ministry of Co-operatives and Marketing, and made a note for the file which read *inter alia*: "Mr. Lutta stated that he could not confirm in writing as he had not yet received an explanation from the Minister for Finance, Mr. J. Gichuru, and the Minister for Agriculture, Mr. Bruce McKenzie, that they had appointed the Universal Shipping Co., as our agents."

204. On the 12th April the General Manager (Designate) prepared a note for the file. This read as follows: "The Permanent Secretary, Ministry of Co-operatives and Marketing, Mr. B. W. Lutta, telephoned me on Saturday, 10th April, at 9.45 a.m. stating that he had been informed by Mr. Butter, the Permanent Secretary to the Treasury—

- (i) that the Ministers for Finance and Agriculture had not cancelled the agency of Mitchell Cotts and Louis Dreyfus and Co. Ltd., for the importation of yellow maize from U.S.A.;
- (ii) that the Ministers for Finance and Agriculture have no objection to C. B. Fox of New Orleans and Louis Dreyfus being agents of the Maize Marketing Board provided the American Government have no objection;
- (iii) that it would appear that the original cable sent by Mr. Gichuru from America was "instigated" by Mr. Acharia.

"2. I then telephone Mr. Ravenscroft of Mitchell Cotts and gave him the information contained in (i) and (ii) above and told him to take immediate action by getting in touch with their London associates with a view to clearing the question of C. B. Fox and Louis Dreyfus with the American Government. . . ."

205. On the 10th April, Messrs. Mitchell Cotts wrote to the General Manager of the Maize Marketing Board saying *inter alia*: "You advised us further that Mr. Gichuru had sent his cable on the advice of Mr. Acharia in Washington and that Mr. Acharia had now been asked to provide his reasons for so advising the Ministers concerned. We confirm that we have immediately contacted our London Associates and have asked them to obtain a categorical assurance from the U.S. Government authorities to this effect and we hope that we will be able to advise you that this has been obtained, in very early course."

206. A "note for the file" was prepared by the General Manager (Designate) on the 14th April. It stated that he had spoken to the representative of the External Affairs Ministry and "told him that the Maize Marketing Board was seriously concerned with getting the maize into the country by the middle of May because the Board did not want to find themselves with no food to feed our people."

207. Another "note for the file" was prepared by the General Manager (Designate) on the 15th April. It referred to a telephone message that he had received from Mr. Ravenscroft of Mitchell Cotts telling him "that he had heard from his London associates who had told him—

- (i) that the Procurement Authorization was with the Universal Shipping Company Inc., Washington;
- (ii) that for them to proceed with the transaction of getting maize to Kenya as soon as possible as instructed . . . the Procurement Authorization should be taken from Universal Shipping Company by the Kenya Embassy and handed over to C. B. Fox of New Orleans;
- (iii) Mr. Ravenscroft then asked me to take up this question of Procurement Authorization with the Ministry of External Affairs;
- (iv) I immediately telephoned Mr. Osanya of the Ministry of External Affairs and told him that his Ministry must contact the Kenya Embassy at once so that they may issue instructions to Universal Shipping Company to hand over the document to C. B. Fox who are the agents of Mitchell Cotts in the U.S.A. I warned Mr. Osanya that Mitchell Cotts and Louis Dreyfus cannot move unless the Procurement Authorization is handed to C. B. Fox.

Mr. Osanya realized the urgency and assured me that the Ministry of External Affairs was definitely going to take immediate action in seeing that the document was handed over to C. B. Fox."

208. On the same date the General Manager (Designate) prepared another note for the file saying that he and the substantive General Manager, Mr. Haller, had briefed the Chairman of the Board on the situation and that the Chairman, the Hon. R. G. Ngala, had "then telephoned the Ministry of External Affairs telling them that they must get in touch with the Kenya Embassy in U.S.A. immediately and instruct them to get the Procurement Authorization and hand it over to C. B. Fox in New Orleans. The Chairman was told by the Ministry of External Affairs that they had contacted the Kenya Embassy and that they would be getting an answer either on the afternoon of 14th April 1965 or the morning of the 15th April 1965".

209. On the 15th, Messrs. Mitchell Cotts wrote to the General Manager saying that "to the best of our knowledge and belief" Messrs. C. B. Fox and Company were entirely acceptable to the Foreign Agricultural Service of the United States Government and that they had confirmed with the Agricultural Attaché to the United States Embassy in Nairobi. The General Manager replied on the 21st April confirming the appointment of Mitchell Cotts and Louis Dreyfus as joint agents and asking for offers for grain and shipping space for up to 18,000 tons of American yellow maize.

210. The Permanent Secretary, Ministry of External Affairs, addressed a letter on the 23rd April to the Permanent Secretary of Ministries of Co-operatives and Marketing, Finance, and Agricultural and Animal Husbandry. This letter stated, *inter alia*: "On April 7th 1965, this Ministry received from the Kenya Embassy in Washington a communication advising, among other things, that they had appointed Messrs. Universal Shipping Company, Inc., Washington, D.C., to handle the transportation of the maize from the United States to Kenya. On receipt of this communication this Ministry made inquiries . . . we discovered that the Maize Marketing Board, supported fully by your three Ministries, had already appointed an agent to handle this aspect of the transaction. This agent . . . had in turn appointed an agent (C. B. Fox Company) in the United States. As a result, a conflict ensued, in which the Board and your three Ministries have expressed no willingness to compromise. In other words, as far as your three Ministries are concerned, C. B. Fox must handle the shipment of the maize, no matter what the circumstances are. Our Embassy in Washington, which have been acting in good faith, informs us, however, that they have discovered that the United States Regulation would not permit C. B. Fox to handle both aspects of the deal, that is, the supply and shipment of the maize, and that this is why they had appointed Messrs. Universal Shipping Company to handle the shipments. In trying to resolve the conflict, this Ministry has consulted the relevant American representative bodies here in the Republic of Kenya, and has been informed that the position taken by the Kenya Embassy in Washington accurately reflects what they would generally expect in any situation of this sort. On the other hand, the Maize Marketing Board informs us that Messrs. Mitchell Cotts and Louis Dreyfus Limited have assured them that any difficulties that might be presented by United States Regulations can be resolved by them (Mitchell Cotts and Louis Dreyfus) to enable C. B. Fox to handle both aspects of the transaction. On this score, the Board has requested this Ministry to prevail upon the Kenya Embassy in Washington to withdraw the Procurement Authorization from Messrs. Universal Shipping Company and transfer it to Messrs. C. B. Fox Company, especially as our stock of maize is already dangerously depleted."

211. The letter concludes: "We have, in this light, instructed our Embassy in Washington to withdraw the Procurement Authorization from Messrs. Universal Company and transfer it to Messrs. C. B. Fox Company on one understanding, and one understanding alone: that the transfer of the Procurement Authorization is being made on the responsibility of your three Ministries. By this we mean that should the inconvenience referred to above occur—be it grave or slight—in the course of or in connexion with the movement of the maize from the United States to Kenya, as a result of the transfer of the Procurement Authorization, your three Ministries must bear the full responsibility therefor."

212. This attitude on the part of the Ministry of External Affairs was peevish, to say the least. The responsibility, in law and in long established practice, rested with the Maize Marketing Board and the Ministry which was responsible for the Board. The Board, supported by its Ministry, having decided to appoint a certain firm as its agents, there was no reason why the Ministry of External Affairs should not have co-operated by accepting that agent instead of trying to foist another agent of its own choice. The External Affairs Ministry probably knew that there was serious objection to Messrs. C. B. Fox Company's acting as agents, but its responsibility in the matter ceased once the nature of the objection had been brought to the notice of this Ministry concerned.

213. The last letter which we wish to quote in this connexion is a letter dated the 26th April 1965 addressed by Messrs. Mitchell Cotts to the General Manager of the Board. A few extracts from this may be quoted to indicate the type of difficulty that continued to crop up:—

"We confirm having advised you on the morning of Saturday the 24th of April that we had received a telephone call from our London Associates at 2.30 a.m. advising us that when the United States Foreign Agricultural Service had been approached to approve the fixture of the "Polyxene", they immediately referred to the Kenya Embassy and replied to the effect that they were unable to approve this charter as according to information available to them the only people authorized to negotiate for this maize and corn were the Universal Shipping Company. From this it was apparent that for some reason or other the Kenya Embassy had not received the cable and letter which you advised us had been despatched on the 22nd of April by the Ministry of External Affairs to the Kenya Ambassador in Washington and you therefore decided to send the attached cable to the United States Department of Agriculture clarifying the position. Due to the temporary shortage of staff in your office you requested us to despatch the cable on our behalf and we are therefore attaching to this letter six copies of the cable and will be grateful if you will kindly return one copy to us after having certified that this cable was despatched by us under your instructions."

214. But it appears these difficulties were described only to complete the record. Otherwise, a letter of the 23rd April had already communicated to the Board certain offers for 13,000 long tons of maize and shipping space which had been accepted. The penultimate paragraph of the letter of the 26th read as follows:—

“We are very pleased that we have at last been able to bring to a satisfactory conclusion the first part of the negotiation for 18,000 tons . . . and you will appreciate that as soon as the way was made clear for us to proceed with the negotiation of this contract, we immediately made the necessary arrangements without delay . . . but unfortunately the delay caused by the appointment by the Kenya Embassy of the Universal Shipping Company made it physically impossible for the negotiations to be completed at a time when it was still possible to obtain a vessel in a position to give end May arrival in Mombasa.”

215. The only criticism that can be levelled at the Maize Marketing Board in relation to the first shipment of maize is that it showed no very clear reaction to Mr. Gichuru's telegram of the 19th March. Mr. Gichuru was careful to ask that Mr. Haller (the then General Manager of the Board) be informed. Mr. Cooper tells us that, when agreeing to the proposal in Mr. Gichuru's telegram on behalf of the Ministry of Cooperatives and Marketing, he did inform Mr. Haller. This does not seem to accord with the minutes of the meeting of the Executive Committee of the Board held on the 8th April which protested against the change of agents made “without consultation with the Board”.

216. We have come to the conclusion, however, that Mr. Cooper did inform Mr. Haller about the authority given to the Kenya Embassy to change the agency. Mr. Cooper says that he informed Mr. Haller as well as Mr. Ravenscroft of Mitchell Cotts. Paragraph 16, of Mr. Ravenscroft's letter of the 2nd April 1965, addressed to the General Manager of the Maize Marketing Board reads: “On the 20th of March, we were advised by Mr. Cooper . . . that he had received a cable from Mr. Gichuru in Washington informing him that the Foreign Agricultural Service had excluded both Messrs Louis Dreyfus and Messrs C. B. Fox from the negotiation . . . and he had already authorized the Kenya Ambassador to appoint an independent agent . . .” There is no reason to believe that Mr. Haller was not informed. He was more vitally concerned with the matter and his name was specifically mentioned by Mr. Gichuru. In view of this, it is difficult to understand why the Executive Committee of the Board on the 8th April passed the resolution in the terms that it did. Mr. Haller was present at the meeting.

217. This mystery apart, the whole record of events convinces us that the Board was not at fault for the delay in procuring the first shipment which ultimately arrived on the 17th June 1965. The Board acted

responsibly and what it did showed a sense of urgency. But we are not persuaded that because the Board was not at fault nobody else was.

218. The Ministry of Co-operatives and Marketing acted diligently at first but then showed no special interest in maize imports. Its intervention in March (in authorizing a change of agents in America) was unfortunate. That caused more delay than any other factor, but we are of the opinion that it was made in good faith. If we ignore the abortive attempt to get the bank changed, the next we hear of the Ministry is on the 5th June when a letter to it was written by the Ministry of Agriculture about the failure of rains. We think the Ministry of Co-operatives and Marketing must bear part of the blame for the delay caused to the first shipment. In view of the protracted delays that were taking place, it was the duty of the Minister to obtain the co-operation of the Minister for External Affairs.

219. When we blame this Ministry for the delay, we do not necessarily blame every member of it. A note written by Mr. Cooper to his Permanent Secretary on the 25th March 1965 has been brought to our notice. This stated:—

“I have advised, in discussion, of several and lengthy delays in the part of the Ministry of External Affairs and the Kenya Embassy in Washington in finalizing the documentation relating to the purchase of maize in the U.S.A.

2. At risk of being a bore, I must again emphasize the very grave risk, due to these delays, of there being a period of time some two to three months hence when there will be *no maize in Kenya to feed the people*. I have stated this quite clearly to several officers of M/EA several times by telephone and in my letters but it appears to have no effect . . .

3. In view of the grave danger of famine, I have now recorded all the facts in a report . . . and suggest M/CM be appraised of the facts and asked if he will urge upon the Minister for External Affairs the desirability of him sending a personal telex to the Kenya Ambassador in America directing him to finalize this matter without further delay.”

On the following day, Mr. Cooper suggested the wording for a telex message to Washington. On the 31st March he wrote to the Permanent Secretary, Ministry of External Affairs, asking that a telex message be sent to Washington requiring a progress report. On the 6th April, he proceeded on leave.

220. These efforts were praiseworthy but they could not have effect until the change of agents authorized earlier had been reversed. This was to take a little time. In any case, no approach appears to have been made to the Minister for External Affairs as suggested by Mr. Cooper.

221. The main blame for the delay to the first shipment attaches, in our opinion, to the Ministry of External Affairs. Its officers in Washington instigated changes which were unnecessary—at any rate, at that stage—and caused confusion and delay. They would have served the country best by carrying out instructions given. We are not, of course, criticizing them for transmitting information relating to agents. That is what they are expected to do in any case. But having done this (e.g. in the letter dated 2nd March 1965) they should have carried out instructions. We must add that the Permanent Secretary of that Ministry (Mr. Ramtu) was a victim of circumstances. His senior officers appear to have let him down. We found him a thoroughly reliable witness. He made no attempt to shirk the truth. We have no hesitation in saying that he is one of those rare witnesses without whose co-operation no commission can discover the truth.

222. To come now to the second shipment of maize. The arrangements for the first shipment were finalized, as we have stated above, on the 23rd April 1965. The position of supplies as known to the Board in the beginning of May was as follows:—

- (i) It estimated on the 6th May 1965 that the stock on hand as at 31st July 1965 would be 82,066 bags against the estimated requirement of 500,000 bags to tide Kenya over the “short supply” period of 1965. The emergency reserve of 70,000 bags had already been used. The 148,000 bags expected from America in the middle of June would not help very much.
- (ii) The Board’s experience with the first shipment had not been pleasant by any means but had been instructive. The Board had been pressing the Ministries concerned to realize the urgency of the situation and to help in importing maize in time.
- (iii) It knew what formalities required to be complied with and also how much time would be required before maize arrived in Kenya. It also knew that difficulties had arisen with regard to the American agents appointed by Mitchell Cotts. Even if no objection was to be raised ultimately by the United States Government to the continuance of Messrs. C. B. Fox, the matter might require a little time to be cleared up. The External Affairs Ministry at least seemed to feel there might be objection to the continuance of C. D. Fox.
- (iv) It is worth mentioning that the Maize Marketing Board had first decided on the 20th January 1965 to place an immediate firm order for 200,000 bags of yellow maize from America. In fact, it had not been possible for the Maize Board to place a firm order until the 23rd April 1965. The first order therefore had taken three months to be placed.

(v) On the 6th January 1965 the Board had protested against the provision in the agreement with America that the supply period for maize should be from 31st March 1965 to 31st December 1965 and it had itself suggested the phasing of supplies as follows:—

- 100,000 bags by mid-April 1965.
- 100,000 bags by 30th April 1965.
- 100,000 bags in May 1965.
- 100,000 bags in June 1965.
- 100,000 bags in July 1965.

This shows that the Board had expected that before the end of July the whole of 500,000 bags would be required and would be received. No maize had so far been received. The only quantity that was expected was 148,000 bags and this was not to arrive until the middle of June.

223. When asked why the Board did not show more urgency in obtaining the second shipment of maize than it did, the General Manager laid considerable emphasis on the fact that the Board had expected deliveries of 160,000 bags through its agents, the Kenya Agricultural Produce Marketing Board, and that in fact the expectations from that source had not been realized. We do not think there is much substance in that because in their letter of the 6th January 1965 to which we have referred, the Board itself stated that in its view the whole of 500,000 bags should arrive in Kenya before the end of July. If any estimate of deliveries from one of its agents was later in the year falsified, that would only show that there was greater need, not less, to have the whole of 500,000 bags before the end of July. In any case, by the beginning of May the estimate of 160,000 bags (for the calendar year 1965) had come down to 113,956 bags and the actual receipts (January-April) were hardly 3,056 bags.

224. Some confusion was also caused by the creation of the new Ministry of Co-operatives and Marketing. The letter of the 6th January was addressed to the Ministry of Agriculture. The new Ministry did not seem to know anything about it because on the 14th April 1965 its Permanent Secretary wrote to the General Manager of the Maize Marketing Board asking "whether we will need the full 500,000 bags of maize, or whether we would require a lesser amount". The General Manager's reply was contained in the last line of a long letter dated the 20th April 1965. He just said: "I wish to advise that we will need the full 500,000 bags of maize." The Permanent Secretary's attention was not drawn to the fuller information given in the letter of the 6th January to the Ministry of Agriculture.

225. The Board itself appears to have forgotten its earlier letter, for by Minute No. SUB 11/65 of the meeting of the Executive Committee held on the 15th May 1965 it decided that "the authorization for maize imports should be increased from 200,000 to 300,000 bags and that the

purchase of a further cargo should be negotiated as soon as possible". On the 10th June 1965 the Board passed the following resolution: "*It was agreed* that the supply position was such that the full quantity of approximately 500,000 bags, as arranged between the Kenya and American Governments would now be required and the Executive were authorized to proceed with the arrangements for a further cargo. *It was agreed* to review the position at the next meeting of the Executive Committee to be held on or about the 15th July 1965."

226. With this introduction, let us try to see what the Maize Marketing Board did to get a second shipment. On the 1st June 1965 the General Manager wrote a letter to the Permanent Secretary, Ministry of External Affairs, through the Ministry of Co-operatives and Marketing, saying, *inter alia*: "With regard to the importation of the second cargo, the Maize Marketing Board cannot now work through C. B. Fox of New Orleans because, as we understand, it has already been indicted by the United States of America Judiciary, we therefore request our Embassy in the United States to advise us of a suitable American company with whom this Board can open negotiation through the Embassy for the immediate importation of maize." The use of the adjective "immediate" is noteworthy. The Board had sat on the question of the second shipment from the 23rd April to the 1st June. It should be remembered, however, that Mr. E. A. Andere who had been the General Manager (Designate) became substantive General Manager from the 1st June and, from that date, his predecessor, Mr. A. A. Haller, retired from the service of the Board. We do not, however, agree with the critics who say that the delay in the importation of maize from America was caused by the changing of horses in mid-stream. Mr. Andere had been with the Board for about six months and he had previously held other senior executive posts elsewhere. In any case, Mr. A. A. Haller, who had been with the Board for very many years, was still there and did not retire until the 1st June.

227. Mr. Andere added in the course of the same letter: "As the stocks of maize which we are now importing will be exhausted after a period of one month, arrangements have to be made as soon as possible so that the second cargo can arrive in Mombasa towards the end of July." This is a little surprising in view of the Board's earlier proposal (contained in its letter of the 6th January 1965, referred to above) that the whole quantity of 500,000 bags should be in Kenya before the end of July. Looking back, we do not think anyone can disagree with the proposals in that letter, and in fact it seems clear that if the proposals of that letter had been insisted upon and had been carried out, the difficulties that were experienced would not have arisen and a lot of hardship to the people and the bitterness of the criticism in the Press and in Parliament would have been avoided. But, for some reason, the Board did not press its own proposals.

228. The Board's letter of the 1st June appears to have been received by the Permanent Secretary to the Ministry of External Affairs some time before the 9th June 1965 because on that date he sent a copy of it to Mr. P. M. Echaria, Chargé d'Affaires, Embassy of Kenya, Washington. The covering letter stated: "In keeping with the spirit with which we assisted the Board in the transportation of the first load, to the extent that the changes and the consequences thereof are their responsibility, we see no cause to deny them the assistance they need. After all, the maize is badly needed by the Republic of Kenya, and we must do all we can to get it here in time. Could you, therefore, please, make arrangements with a new agent to handle the shipment of the second load of the maize for the Board, and advise them through us at your earliest convenience. It is the wish of the Ministry of Co-operatives and Marketing, under which the Board comes, that this matter be disposed of without reference to the American Ambassador in Nairobi. You might, therefore, wish to take this into account when making the arrangements." The effect of "the spirit" is in our view neutralized by the quite unnecessary references to "the consequences" and to the existence of "no cause to deny the assistance they need". After all, the Board is a Government of Kenya agency and the External Affairs Ministry is part of the Government of Kenya. The Board was trying to carry out an agreement between the Government of the United States, and it was the duty of the Ministry of External Affairs to help in this. It seems from the wording of his letter that the Permanent Secretary thought he was doing a favour to the Maize Marketing Board in helping to implement an inter-governmental agreement.

229. There appears to have been some delay and therefore reason for anxiety, because on the 12th June the Ministry of External Affairs sent an urgent cable to Mr. P. M. Echaria asking him to reply by cable to the letter of the 9th June and adding: "Situation desperate and wants to order second load of American maize immediately."

230. The next development was an "immediate" letter dated the 16th June 1965 from the Permanent Secretary, Ministry of External Affairs, to the General Manager of the Maize Marketing Board. The letter read thus: "Please find herewith our Washington Embassy's reply to the cable we sent them yesterday at your request. I must confess that the promptness with which the Embassy has attended to the message has far surpassed my expectations." The Permanent Secretary seems here to take delay for granted! But the letter added: "The Embassy is awaiting your advice as to whether or not Universal Shipping Company is acceptable to you. Naturally, we shall give no instructions to the Embassy until we hear from you."

231. A sense of urgency now appears. On the 17th June, the Maize Marketing Board wrote to the Universal Shipping Company of Washington accepting them as their agents, and adding: "It is imperative that we negotiate a maximum cargo of 10,000 tons for immediate shipment to arrive Mombasa not later than the end of July 1965, sooner if at all possible. Therefore the next cargo should be shipped mid-July 1965, and, depending on the size of the first two shipments, if there is a third cargo, it should be shipped early August 1965. The maximum moisture content should not exceed 13 per cent."

232. What happened after this can be described best in the words of the General Manager of the Board from a five-page letter of the 20th July addressed to the Ministry of Co-operatives and Marketing: "With regard to the importation of the balance of 500,000 bags originally authorized, a letter dated 1st June 1965 was directed from the Board through the Ministry of Co-operatives and Marketing to the Ministry of External Affairs (red copy attached) asking that the Kenya Embassy in the United States of America be requested to advise a suitable agent in America with whom the Board could negotiate, as it was understood that the former agent of Mitchell Cotts and Louis Dreyfus, namely C. B. Fox of New Orleans, had been indicted by the U.S. Judiciary for contravening the requirements of Public Law 480. No immediate action transpired from this inquiry and therefore on the 19th June 1965, the Board having instituted initial negotiations with the Universal Shipping Co. Inc., in Washington, the General Manager and the Chief Accountant proceeded to the United States of America and concluded an agreement for the purchase and supply of approximately 350,000 bags, being the balance of the original quantity."

233. At this stage, another contestant enters the field. The Permanent Secretary, Ministry of Agriculture and Animal Husbandry, states in his memorandum: "The Maize Board took steps to ration maize sales to 100,000 bags in April (*Note.*—Despite this, actual sales were 159,774). They were, therefore, aware that stocks were lower than required to meet the demand. Yet on April 23rd only one shipment was ordered. In May it was apparent that there was insufficient maize in the shops and people began hoarding and maize went 'under the counter'. The situation was brought to the attention of the Cabinet by the Minister for Agriculture and the Cabinet formed an Inter-Ministerial Committee to investigate the food shortage. . . . The first meeting of this committee was held at officer level on 15th June 1965. At this meeting the General Manager of the Maize Marketing Board indicated his fear of being left with a large unsaleable tonnage of yellow maize on his hands. He was quite satisfied that the situation was under control and the Board had been pessimistic with its assessment of requirements. At this time only 148,000 bags had been purchased. The General Manager, Maize Marketing

Board, gave out figures at this meeting which indicated there would be a reserve of 62,000 bags of local maize when the American maize became available in July. The General Manager indicated that the second ship would be ordered that week. It was not in fact ordered until after further pressure had been brought to bear by the Inter-Ministerial Committee, which led to the flight of the General Manager and the Chief Accountant of the Board to the United States on June 19th."

234. The General Manager of the Board denies that it was as a result of any "pressure" that he and his Chief Accountant flew to the United States. He says that the flight took place as a result of the initiative of his Board and the Ministry to which the Board was responsible. We have perused the minutes of the meeting and they do not show that "pressure" was brought to bear on the General Manager at this meeting. The version of the General Manager is contained in his report dated the 16th July 1965 to the Permanent Secretary to the Ministry of Co-operatives and Marketing, on the visit of himself and the Chief Accountant to the United States to purchase the balance of the 500,000 bags. He says that there were indications from the new agent in the United States (namely the Universal Shipping Co.) that there might be difficulties and delays both as regards the purchase of the corn and the shipping of it to Kenya. And this report proceeds: "We advised Messrs. Universal Shipping Co. Inc. that if it would assist negotiations an officer of the Board could proceed to Washington to be on the spot when the tenders were being negotiated. Co-incidentally the Permanent Secretary, Ministry of Co-operatives and marketing, telephoned me at Mombasa on the 18th June 1965 stating that I should proceed to Washington to assist in the negotiations. I advised that it would be better if I was accompanied by Mr. P. G. King, the Secretary/Chief Accountant. . . . On the afternoon of the 18th June 1965 I was instructed by the Ministry of Co-operatives and Marketing to travel back to Nairobi, by air, in order to depart for the United States on Saturday, 19th June 1965, together with the Secretary/Chief Accountant to negotiate the purchase and shipment of yellow maize."

235. The two officers of the Board accordingly left Nairobi by air on the 19th June 1965 and negotiated the purchase of maize in the United States. While there is no definite evidence that any actual "pressure" was exerted on the Maize Board to act as quickly as it did, it is obvious that something did happen between the 15th and the 18th June 1965 to make it necessary for the Permanent Secretary of the Ministry of Co-operatives and Marketing to summon the General Manager by telephone. The General Manager had as recently as the 15th June expressed fears of being left with a large unsaleable tonnage of yellow maize on his hands. We believe that the meeting of the Inter-Ministerial Committee held on the 16th June created in the mind of the Minister of Co-operatives and

Marketing a sense of urgency and that this led to the giving of instructions to officers of the Board to proceed to the United States. The General Manager was at Mombasa and did not himself show any sense of urgency.

236. One other fact may be mentioned here. The Permanent Secretary, Ministry of Agriculture, wrote on the 5th June 1965 to the Permanent Secretary, Ministry of Co-operatives and Marketing, telling him that rains had "failed in quite a number of places" which meant there would "be very little, if any, surplus for sale". He also stated: "Have you taken steps to order a second shipload of maize? If there is delay in this I fear we may be faced with a shortage which could have been avoided at this time." Two days later, the Permanent Secretary, Ministry of Agriculture, wrote again warning that Kenya was "in fact" going to be faced with an "emergency" situation and suggesting a "fairly lengthy exercise" in "planning and importation" if a "crisis" was to be avoided.

237. The second point made by the memorandum of the Permanent Secretary, Ministry of Agriculture and Animal Husbandry, is that the General Manager made a statement to the effect that the second ship "was due to be ordered that week". The expression "that week" would seem to mean before the 19th June 1965 which was a Saturday. This complaint in our view has no substance. We have already quoted (paragraph 231) from a letter which the Secretary/Chief Accountant of the Board wrote to the Universal Shipping Company on the 17th June. That letter constituted an order for 10,000 tons.

238. There is, however, another allegation requiring an answer. The second meeting of the Inter-Ministerial Committee was held on the 16th June. This was attended by Ministers alone and the Hon. P. J. Ngei, the Minister for Co-operatives and Marketing, was present. The allegation is that Mr. Ngei told this meeting that a second shipment had been ordered. This allegation was put to Mr. Ngei and he replied that he must have made the statement on the basis of information received from the Maize Board.

It is quite obvious that the statement of Mr. Ngei was unfounded. The Board had not yet ordered the second shipment. Mr. Ngei may have misunderstood what somebody told him as a result of the statement made by Mr. Andere at the meeting the previous day. As we have shown, however, Mr. Andere carried out his own undertaking by ordering the second shipment "that week".

239. The third point which arises from the memorandum of the Ministry of Agriculture is that although the General Manager had given the Inter-Ministerial Committee to understand that there would be a reserve of 62,000 bags of local maize when the American maize became

available in July there were, in fact, less than 7,000 bags left when the first shipment of the American maize arrived on the 17th June. We shall deal with this matter later in connexion with the Board's methods of estimating the maize position.

240. The quantities ordered by the General Manager and the Secretary/Chief Accountant on their visit to the United States arrived as follows:—

<i>Quantity</i>				<i>Date of Arrival</i>
<i>Tons</i>		<i>Bags</i>		
22,335	...	250,152	...	3-8-65
13,600	...	152,320	...	26-8-65
3,155				Part of a later shipment

241. We cannot help feeling that the delay in ordering the second shipment was the fault of the Maize Marketing Board, and the Ministry responsible for it, namely the Ministry of Co-operatives and Marketing. Both of them knew the seriousness of the situation and both of them failed to take sufficient steps to get supplies here in time. Even if we ignore the period up to the 23rd April 1965 when the first shipment was finalized, we see no reason why immediately afterwards steps were not taken to order a second shipment. That would have avoided a further two months' delay. As it is, the second shipment was not ordered until after the 19th June 1965. We cannot blame the Ministry of External Affairs on this occasion. The reason is that the speed at which their officers in Washington move in commercial matters was already known to the Maize Marketing Board, and to the Ministry of Co-operatives and Marketing. If they failed to make the Embassy in Washington move fast enough, it was the duty of the Minister for Co-operatives and Marketing to bring the matter to the notice of the Minister for External Affairs and we are sure that, if this had been done, all causes for delay would have been removed. If this approach also failed, the matter could have been brought to the notice of the Cabinet. Maize is a national issue because lack of maize means famine and famine means political unrest which the Government would do everything to avoid.

242. That is one aspect of the matter. Another aspect is the spacing of future shipments. The second shipment arrived on the 3rd August 1965. Could the following shipments not have arrived earlier than they did? We now turn to an examination of this question.

243. The provisioning schedule dated the 7th June 1965, prepared by the Maize Marketing Board, showed an estimated stock on hand of 66,432 bags as at the end of July. The minimum requirements for the August-November period being 500,000 bags and the emergency reserve to be replenished 70,000 bags, this balance showed a deficit of 503,568

bags. From the American order of 500,000 bags, an amount of 148,000 bags was arriving in ten days' time. After that supply had been received the balance still to be received from the United States under the agreement signed on the 7th December 1964, as amended on the 15th February 1965, was about 350,000 bags. This would obviously not carry Kenya to the end of 1965. This position was known—or should have been known—to the General Manager of the Board when he, in company with Chief Accountant of the Board, left for America on the 19th June. While there, they arranged for the balance of the original agreement to be shipped to Kenya. No thought was given at that stage to making up the whole deficiency in supply.

244. On the 20th July 1965, however, the General Manager of the Board wrote a letter to the Permanent Secretary, Ministry of Co-operatives and Marketing, on page 4 of which occurred this sentence: "In view of the advice received during the past month of crop failures in certain areas throughout the country, the supply position is being kept under constant review and if required it may prove necessary for further importations to be arranged."

245. When the Executive Committee of the Board met on the 11th August 1965 it considered the position and the minutes record the following decision: "*It was agreed* that in order to safeguard the position and to ensure a continuity of adequate supplies a further 250,000 bags should be imported for arrival in the second half of September or first half of October 1965. It was noted that even if the early local crop deliveries were sufficient to maintain a continuity of supplies it was likely that the 1965 crops would be insufficient to meet total demands; therefore, coupled with the need to reinstate a strategic reserve, this importation should not cause exportable surplus during the next season." The Board was still suffering from the nightmare of "exportable surplus". That was probably the reason why it decided to import only 250,000 bags.

246. On the following day a letter marked "Immediate—By Hand" was sent to the Permanent Secretary, Ministry of Co-operatives and Marketing, requesting authority to import a further 250,000 bags as soon as possible. Numerous telephone calls were made asking for a reply, but the requisite authority was not received until the 9th September 1965. The authority, however, was for the importation of not only 250,000 bags but of a total of 500,000 bags (500,000). We are told by Mr. Lutta (who was at the relevant time Permanent Secretary to the Ministry of Co-operatives and Marketing) that his Ministry had for some time past been thinking of purchasing 500,000 bags; that it had asked the Board for its views; and that, in fact, the Board's letter of the 12th August was a somewhat belated reply to the Ministry's own inquiry.

247. Meantime, the Maize Marketing Board had been worrying about the delay. On the 8th September 1965 at a full meeting of the Board the following resolution was recorded: "*It was agreed* to request the Minister for Co-operatives and Marketing for authority to now import up to 500,000 bags of maize under the recent agreement signed between the Kenya and United States Government under title IV of P.L. 480." To show resentment against inexcusable delays on the part of the Ministry for Co-operatives and Marketing the resolution of the Board went on to say: "It was noted that there was a general lack of response to proposals put forward to Government and *it was agreed* to advise Government that the Board cannot continue to operate effectively unless Government deals promptly with the Board's requests and shows confidence in the decisions made by the Board."

248. On the 15th September 1965 a very unfortunate occurrence took place. According to a cable received from America, the *Hurricane Betsy* on the Mississippi River had hit a large number of ships. A quantity of cargo had been destroyed and a number of ships had been sunk. This created in the minds of the Board a fear lest further shipments of maize to Kenya be delayed. The Board, therefore, decided to send its General Manager and the Chief Accountant again to America to do whatever they could do to expedite shipments. Accordingly, the two officers left Kenya for America on the 18th September 1965. On arrival in America they found, according to a report submitted by them on return: "that the effects of *Hurricane Betsy* were far more disastrous than had been originally estimated. In fact whilst we were in Washington it was reported that certain quarters of New Orleans were still under three feet of water and public utility services were virtually non-existent . . . 100 grain barges had been sunk in the Mississippi which prevented further grain barges getting through to New Orleans and, by the same token, prevented ocean going vessels from reaching Baton Rouge which is the farthest point that ocean going vessels can reach up river for the loading of grain." While there the two officers of the Board managed to purchase 605,000 bags of maize.

Summary

249. The Ministry of Co-operatives and Marketing were disturbed in their sleep by two events. First on the 5th June the Ministry of Agriculture wrote to them saying that rains had "failed in quite a number of places" and inquiring if they had taken steps "to order a second shipload of maize". This was followed up by another letter two days later saying *inter alia*: "We in fact are going to be faced by an emergency in the food shortage in the country". It suggested "a fairly lengthy exercise" in "the planning and importation of food" to avoid a "crisis". These two letters constituted a serious warning which ought to have been

headed. Nevertheless, nothing definite appears to have been done until the Minister of Agriculture moved the Cabinet to appoint an Inter-Ministerial Committee. This met on the 15th June at Officer level and on the 16th at the Ministerial level.

250. It was only now that the Ministry of Co-operatives and Marketing realized the urgency of the situation and arranged for a delegation of the Maize Marketing Board to visit America.

251. The Maize Marketing Board itself appears to have remained complacent even longer. In suggesting to the meeting of the 15th June that it might be left with a large unsold stock of yellow maize it showed that it did not know how serious the situation was. Again, although the General Manager of the Board had told the Inter-Ministerial Committee's meeting on 15th June that "a further shipment of 150,000 bags was due to be ordered this week" he had taken no steps to place an order. He was on a visit to the Coast when he was called back by the Permanent Secretary, Ministry of Co-operatives and Marketing, and ordered to proceed to the United States with the Secretary/Chief Accountant. The balance of the first Agreement was ordered on this visit.

252. It was becoming apparent that the 500,000 bags agreed to be imported from the United States would not be sufficient. The Ministry of Co-operatives and Marketing now took the initiative to start negotiations for a further importation of 500,000 bags. The Board was asked for its views but it was not until much later that it was able to ask for 250,000 bags. The Ministry on its own arranged for 500,000 bags to be imported.

253. We find that the Board and the Ministry of Co-operatives and Marketing were both responsible for the delay in obtaining the second and further shipments. The Ministry did come to realize the urgency of the situation around the middle of June but the Board took longer to appreciate the troubles that were ahead.

254. We consider that a substantial quantity of maize was smuggled into Uganda. The balance of the shortage must be due to drought which affected practically all parts of the country, although some areas suffered more than the others. The activities of the farmers who withheld supplies from the market or of the traders who concealed their stocks in the hope of ultimately selling them surreptitiously at a higher price did not have the effect of reducing the supplies permanently. Any reduction in supplies due to this was only for a temporary period because stocks did ultimately come on to the market and were sold to consumers. Admittedly, the consumers in these case paid more than the controlled price. The effect of the delay in importing supplies which the Government had authorized was also to prolong the suffering of the people. It did not have the effect of increasing the shortage because the shortage already

existed. The Government had, however, made arrangements to import maize and the quantity to be imported was increased from time to time as the need arose. If supplies had been bought from America in time, then more would have been available to consumers and the suffering which the consumers underwent and the criticism to which the Government and its functionaries were subjected would not have been necessary.

255. The black marketeers are always difficult to get at but in many cases, as we have indicated elsewhere, the offenders were prosecuted and punished—and not only black marketeers but also people who helped the black marketeers in their activities by illegally moving stocks of maize from one area to another. The activities of black marketeers in a period of food shortage cannot be too strongly condemned and the delay in importing maize did have the effect of encouraging the black market.

CHAPTER 7—MARKETING MACHINERY

Present Organization

256. The functions of the Maize Marketing Board as set out in the Maize Marketing Act (Cap. 338) cover the regulation, control and improvement of collection, storage, marketing, distribution and supply of maize and maize products; the purchase, storage, sale, import, export, acquisition and disposal of maize and maize products; and advice to the Minister on maize production needs, and the control of imports and exports. The Board does not fix producer prices, which are fixed by the Minister, after consultation with the Board and other interested bodies. The Board consists of twelve members appointed by the Minister of whom one is appointed to represent the Government, six are selected by the Minister from panels of names submitted by producers, and four are selected by the Minister for their ability in commerce and finance.

The Agency System

257. It appears also that the Board is required to operate through agents. Section 14 (1) of the Maize Marketing Act empowers the Board to “appoint at such remuneration as it thinks fit any persons or bodies of persons, corporate or unincorporate, to be its agents for the purposes of this Act, and every agent shall, subject to such limitations as the Board may in each case impose, exercise on behalf of the Board all the powers conferred by this Act or by any regulation made thereunder on the Board”. This is only an enabling section but subsection 3 of section 13 says this: “The Board shall appoint agents under subsection 1 of section 14 of this Act for the buying, storing and disposal of maize and the handling of maize for export.” This is obviously a mandatory provision. But the same subsection gives the Minister power

to direct "otherwise" in respect of "a particular area, transaction or class of transactions". The Minister's power to direct otherwise is, it seems intended to be exercised only in exceptional cases because he can authorize the Board to act without an agent only in respect of "a particular area, transaction or class of transaction".

258. It does not appear that the Minister has exercised his power to authorize the Board to transact its business without an agent, because the Board has appointed agents in all areas of the country. The agents are the following:—

- (a) The West Kenya Marketing Board in respect of the Nyanza and Western Provinces.
- (b) The Kenya Farmers' Association (Co-op.) Ltd., in respect of the Rift Valley Province.
- (c) The Kenya Agricultural Produce Marketing Board in respect of the Central, Eastern and Coast Provinces.
- (d) The Kenya Farmers Association (Co-op.) Ltd., Mombasa branch, in respect of the Board's functions in relation to the export and import of maize.

259. In addition, there are three stockist agents, namely:—

- (e) M. D. Puri and Sons, Ltd., at Konza.
- (f) Shah Vershi Devshi and Co., at Thika.
- (g) D. H. Patel, at Elburgon.

260. The three first-named agents have power to appoint such number of sub-agents as they may deem necessary to act on their behalf. The sub-agents act more particularly in purchasing maize from producers at the numerous markets within the respective provinces of the appointing agents.

261. Each agent is on appointment given a certificate of appointment signed by the Chairman of the Maize Marketing Board. This certificate defines the area within which the agent is to act and lays down that the agent is to be remunerated in such a manner as may be agreed between the Board and the agent. The agent is also required by the certificate to comply at all times with the orders and directions of the Board. The certificate also states that the appointment may be terminated by either party's giving to the other twelve months' notice in writing.

262. A certificate of appointment is also issued by the Board, or on its behalf by the agent concerned to each sub-agent appointed. This certificate is on a printed form and defines the duties of the sub-agent. The certificate also defines the area within which or the place at which

the sub-agent is to act. When maize is ready for delivery, the agents in the present producing areas (that is, the areas covered by the West Kenya Marketing Board and the Kenya Agricultural Produce Marketing Board) open the markets for buying and issue price lists to their respective sub-agents. They also arrange for the supply of new bags on an exchange system and sell insecticides for admixture with the grain. The sub-agent buys in the market from producers, usually in small quantities, and packs and stores the maize until he has a lorry-load for delivery to the agent's store. The agents employ field officers who supervise the buying activities of the sub-agents in the market and also issue movement permits.

263. The Kenya Farmers' Association (Co-op.), Ltd., as agents for the Board, work on a different basis from the other two agents because they deal in the main with large-scale farmers who have the capital and facilities to transport their own maize to the agents' store direct and do not require any preliminary assistance. The agents, in this case, issue allotment orders to the large-scale farmers for delivery to be made on prescribed dates or during prescribed periods. If there is a large crop, the deliveries are staggered so as to preserve equity for all farmers. If the crop is not so large, allotment orders are issued to farmers authorizing them to deliver their maize as and when available.

264. The Kenya Farmers' Association (Co-op.) Ltd., work on a credit system and the Maize Marketing Board pays its account strictly on a monthly basis so that the large-scale farmers can be paid promptly after deduction of any credit facilities, minimum financial return advances and cereals advances extended to them. The other agents of the Board receive finance from the Board for the purpose of paying the producers as soon as maize is delivered.

265. A system of daily stock reports is operated by the agents. This report shows receipts and disposals of maize in and out of every store and is submitted regularly to the Maize Marketing Board. At the end of each month, the agents prepare and submit a financial return showing all their trading activities on behalf of the Board. The financial returns incorporate purchases and sales of maize, transport pools recovery, actual transport paid, county council cess recoveries, payments made for admixture of insecticides, details of new bag exchanges and miscellaneous items. The Board itself maintains a centralized accounting system for all maize transactions throughout the country.

Need for Reorganization

266. It is clear from the evidence which we have heard that changes are necessary in the machinery laid down in the Maize Marketing Act. In considering the direction which such changes would take it is essential to keep in mind the basic objective of any marketing organization

of this kind. This is to market a basic foodstuff as economically and efficiently as possible, and to maintain a regular supply of it to all parts of the country where it may be needed.

267. The possible forms of organization are limited by the attitude adopted towards the price mechanism and the functions which have to be carried out. We have already made it clear when discussing the price structure that in our view a fixed price structure should be the basis of the system and this in turn necessitates a marketing organization which is competent to buy from the producer at fixed prices to hold and turn-over reserve stocks, to import and export when necessary, and to sell on the domestic market. Free trade in maize can therefore be ruled out.

268. We have heard no serious argument against the proposition that the marketing and distribution, as well as the import and export, of maize should be centrally controlled, and from the evidence that we have heard we incline strongly to the view that an organization like the Maize Marketing Board is essential. There are however at least two other proposals which were put to us which we should consider before we put forward views on marketing machinery.

269. The first proposal was that the Maize Marketing Board should become a small Board advisory to the Minister for Agriculture which would deal with policy matters only, vesting direct executive powers in managing agents who could be a countrywide co-operative such as the K.F.A. The suggestion for a small policy making Board—which should also control wheat—was also put forward by the Kenya National Farmers Union.

270. The Kenya Farmers Association (Co-operative) Ltd., has been connected with the maize industry (in the former Scheduled Area and also to an extent in the former Non-scheduled Area) from almost the beginning of the industry as we now know it. It is a co-operative society whose membership was once restricted to European farmers only but which is now open to farmers of all races and has a fair number of African farmer members. The K.F.A. (as it is popularly known) is of the view that marketing should, ideally, be controlled by a countrywide co-operative. It stresses that it is such a countrywide co-operative and that there is no other society which has members throughout the country. For this reason, the K.F.A. thinks it should be recognized as the body to which the functions of the Maize Marketing Board should be handed over. While we agree that the K.F.A. is now open to all races and that it has the oldest links with the maize industry, we do not think it is an organization to which the sole control of marketing and distribution of maize should be handed over. We believe that, when the co-operative

movement is more developed, a central co-operative organization which may emerge could be the organization to which control of marketing might be handed over, provided that there is adequate protection for consumers.

271. The second proposal was put forward by Mr. F. N. Macharia, the first Vice-President of the Kenya National Chamber of Commerce, who gave strong support to the present Maize Marketing Board in his memorandum but, in his oral evidence suggested that the newly-formed Kenya National Trading Corporation Limited be given the sole control over the distribution of maize in place of the present Maize Marketing Board. We regret we find ourselves unable to recommend that this proposal be accepted. The Corporation is a new trading organization with limited experience so far. It does not have the physical facilities, the stores, or trained staff to justify placing in its hands the sole control over such an essential commodity as maize. It may be that in due time the claims of the corporation for consideration on the distribution side will be stronger. In the meantime however we suggest that the feasibility be examined of using the services of the Kenya National Trading Corporation in respect of imports and exports of maize, in which fields we believe that their trading experience may be more relevant.

272. We are now in a position to put forward our views on organization. These cover the creation of one Board, the use of agents, control of wheat, the composition of the new Board and the need for a Cabinet Committee.

One Central Board

273. Government has already taken a decision to amalgamate the three Boards concerned with the marketing of maize and certain other agricultural produce. We support that decision. In fact we had already come to this conclusion and an interim report had been drafted recommending the amalgamation of the three Boards; but, before the report could be transmitted to His Excellency the President, a decision by the Government of Kenya was announced. In our view two further steps are now necessary.

Role of Agents

274. First, *the provision in the Maize Marketing Act which compels the Board to act only through agents, unless otherwise authorized by the Minister in appropriate cases, should be repealed. It should be possible for the reconstituted Board to act on its own behalf. Of course, the power that the Board has to appoint agents, if it considers this necessary, should remain.* That will enable the Board to carry out its functions itself and also to appoint agents where it considers this advisable or necessary.

Control of Wheat

275. The second matter to which we wish to draw attention is the question of bringing the wheat industry within the jurisdiction of the new Board. The views of the Kenya National Farmers Union have already been mentioned above. The World Bank report gave this opinion: "The mission feels there would be many advantages in having one strong, well-organized corporation with appropriate operational departments to handle both maize and wheat. The Wheat and Maize Marketing Board should therefore be amalgamated."

276. As recently as 1963, Mr. V. G. Mathews, who had been appointed specially to look into the maize industry made this recommendation "Although I am aware of the opposition opinion expressed by the MacGillivray Inquiry in 1960, I would suggest that this proposal merits serious consideration. Indeed, . . . it would be logical to go further and bring the marketing of all cereals under one overall Cereals Marketing Board."

277. We are of the same opinion. We have also heard evidence objecting to the amalgamation of the Wheat Board with the Maize Board but we are convinced that amalgamation will be in the overall interest of the farming industry and the consuming public. *We recommend that a new marketing board be set up for the control and marketing of wheat, maize and other agricultural produce which now come within the jurisdiction of the Wheat Board, the Maize Marketing Board, the Kenya Agricultural Produce Marketing Board and the West Kenya Marketing Board.* There should of course be separate sections under such a Board dealing with each important crop. This will have all the advantage of separate Boards but will have the additional advantage of giving to each cereal industry the benefit of experience and knowledge of sister industries.

Composition and Organization of the Board

278. The new Board should be a compact body, composed of producing, trading, and consuming interests. Producing interests should be represented by persons with a specialized knowledge of the wheat industry, the maize industry, and other grain crops.

279. With regard to the headship of such a new organization we think a clear distinction should be drawn between the executive head and the chairman of the organization. If the executive head is a high-powered personality, then we think it is not necessary to have a whole-time chairman. We think it will be necessary to have a whole-time energetic and knowledgeable General Manager for the new Marketing organization. *We recommend that in selecting the General Manager full account should be taken of the experience and knowledge that is now available within all the Boards that are to be amalgamated into one.*

280. Weighing all the evidence that has come to us, we are of the opinion that the marketing organization should be kept free from the interference of politicians. *We recommend, therefore, that if at all possible a politician should not be appointed as the chairman of the marketing board. We also recommend that politicians should not be appointed members of the board.*

281. In our view, the function of politicians is to serve the interest of the people in Kenya through political institutions. Their approach to problems is likely to be political. If they receive any complaints from their constituents or from other sources, they should make representations to the appropriate authorities or to Ministers. Politicians, in our view, should not be placed in a position to give direct orders to officers of the Board. From among politicians only the Minister, in whose hands the law places responsibility for the functioning of the Board, should be entitled to give directions to the Board in accordance with the Act.

282. We realize that the Government of Kenya having already taken certain decisions may not be in a position to implement this recommendation immediately. We are firmly of the opinion however that implementation should be made as soon as opportunity offers.

283. It may also be necessary to have sub-committees of the Board to give special consideration to the special problems and needs of the wheat industry, the maize industry, and one or two other major crops. *We recommend, that arrangements for the appointment of sub-committees be made from amongst the members of the newly-constituted Board and that power should be given to sub-committees to invite other persons to attend meetings.* Such special members should not, in our view, have voting powers but should be there to give the sub-committee concerned the advantage of their specialized knowledge and experience of the industry concerned.

284. The rates of remuneration of officers and members of the Maize Marketing Board have been commented on in strong terms by several witnesses. Action has already been taken by the Minister for Agriculture in the direction of adjusting the salaries and allowances of the chairman and members of Boards. In view of the recommendation that we have made with regard to the status of the chairman of the Board, it is not necessary to pay him a high salary. *We recommend a figure of the order of £600 per annum.* We make this recommendation in view of the fact that the responsibility for the day-to-day running of the Board will lie with the General Manager and other senior staff of the Board. As regards other members of the Board we think their allowances should be the same as those of Members of Parliament while serving on committees and boards appointed by government.

Representation of Government

285. At the present time the Board is subject to the jurisdiction of a Minister of Government, but the link between the Ministry concerned and the Board is rather weak so that when consultation is necessary it has to be done on an *ad hoc* basis. The Permanent Secretary who has sat on the Board in the past has been a busy officer and has not been able to attend a reasonable number of meetings. We consider that there should be a continuing liaison between the Board and the Ministry under which it functions. It is not, in our view, absolutely necessary to nominate to the Board the Permanent Secretary of the Ministry of Agriculture who is a very busy officer. We think the Minister should appoint to the Board an officer who has the time to attend a substantial proportion of, if not all, the meetings. This officer will then become an expert on Board affairs and will be able to keep the Ministry fully informed. *We recommend, therefore, that an officer who is relatively free to attend meetings of the Board should be nominated by the Minister for Agriculture as his representative on the Board.*

286. Another weakness in the present composition of the Maize Marketing Board is that it is out of touch with the Ministries which play a vital role in the financing of imports and in planning. This is a defect which we think might be remedied by nominating on it senior officers from the Treasury and the Ministry of Economic Planning and Development. Then, the three Ministries concerned, namely Finance, Agriculture, and Economic Planning and Development will all be represented on the Maize Marketing Board, and if our recommendation with regard to the appointment of only such officers as have the time to attend meetings is accepted, the Board will have a permanent liaison with the Ministries responsible for the production of food, planning and financing of imports of food in case of need. *We therefore recommend that the Board should include among its members a senior officer nominated by the Minister for Finance and another senior officer nominated by the Minister for Economic Planning and Development.*

Cabinet Committee

287. The Minister for Economic Planning and Development, the Hon. T. J. Mboya, has made another suggestion which we regard as worthy of consideration. He has suggested that, in view of the importance of the subject of food, there should be a standing Committee of the Cabinet on Food. Such a committee will be able to direct any necessary action in good time. It will, of course, be necessary to keep this Cabinet Committee informed of developments by circulating to them all essential facts and figures and relevant reports from time to time. Only the Marketing Board can do this by supplying copies of their cyclostyled reports. Of course, the other sources of information available

to Ministers will also be available to this committee. Mr. Mboya has also suggested that the standing Committee should "have its mirror" at Permanent Secretary, Ministry of Agriculture.

288. *We agree with these suggestions and recommend that a Standing Cabinet Committee on Food be appointed consisting of the Ministers for Agriculture, Finance, Commerce and Industry, and Economic Planning and Development, and any other Ministers whom the President may think fit to appoint. We also recommend that another Committee be set up consisting of the Permanent Secretaries and/or other officers of the Ministries represented on the Standing Cabinet on Food to help the Standing Cabinet Committee on Food in carrying out its functions.*

CHAPTER 8—DISTRIBUTION ARRANGEMENTS

289. The problems of maize distribution are in times of shortage considerably greater than in times when maize is in free supply. When maize is in free supply the only problems are to ensure that controlled prices to consumers are observed, and that maize is not marketed through black market channels which evade the payment of cesses and Maize Board charges. In times of shortage these problems are augmented by the need to secure a fair and equitable distribution of available supplies throughout the country, bearing in mind also the needs of the defence services and other special requirements. There are also the problems created by the need to distribute free Famine Relief maize in addition to commercial maize.

Need for Contingency Planning

290. In normal times the task of distribution is left to the Maize Marketing Board, together with its agents, and others traders, both wholesale and retail. In times of shortage the availability of maize becomes of vital interest to security and the maintenance of law and order. The Provincial Administration and the Office of the President are therefore very much concerned to ensure that the arrangements are such that available supplies, both of commercial maize, as well as free Famine Relief maize, are distributed fairly, efficiently and regularly throughout the country wherever they may be needed. They can not stand on the sidelines and remain as observers while supplies deteriorate and law and order follows suit.

291. Years of maize shortage are a regular feature of the pattern of Kenya agriculture and seem to occur every four or five years. It might therefore have been thought that regular standing arrangements would exist for dealing with this situation. This does not appear to be the case and, as far as we can ascertain, every time there has been a shortage, *ad hoc* arrangements have been made. The year 1965 was no exception.

The considerable confusion and dissatisfaction which resulted was, we feel, something which could have been avoided if proper plans had been prepared in advance—

- (a) to streamline the responsibilities for importation;
- (b) to demarcate clearly the various responsibilities for distribution and issuing of maize.

We therefore recommend that contingency plans should be prepared which can immediately be put into effect in times of shortage to deal with the responsibility and machinery for the import and distribution of maize, locally grown as well as imported.

292. The determining of when contingency plans should be brought into force is a matter for decision by the Government, but on which advice from the Board can be of assistance in giving an adequate "early warning" of need.

Need for a Rationing System

293. As an aspect of contingency planning in order to secure equitable distribution and automatic availability of supplies as far as possible, we feel that the question of introducing a system of rationing should be examined. It may not be practicable—and perhaps not even necessary—to have rationing in the rural areas, but we certainly think the question of rationing the limited supplies of maize in urban areas should be seriously considered. The population can be registered for rationing once and can be asked to keep their ration books or cards with them for use when the need arises. If the principle is accepted, ration books or cards should be issued well in advance when the need for rationing arises next time. We do not think a just and fair alternative to rationing exists. *We recommend, therefore, that consideration should be given to the issuing of ration books or cards to people residing in main towns when the need for rationing supplies arises next time.*

Importation of Supplies

294. Arrangements for the importation of maize to meet shortfalls in production must be streamlined on a permanent basis. There was during the recent shortage a lack of liaison between the Maize Marketing Board and the only Ministry that could help, namely the Ministry of Foreign Affairs. Since the agreement for importation was made on a government-to-government basis, only the diplomatic representative of Kenya in Washington could make a formal request to the U.S. Government to allow imports. Delay was caused partly by red tape and partly by inexcusable misunderstandings. We are firmly of the opinion that the Ministry of Foreign Affairs should in a matter like this place its services completely and unreservedly at the disposal of the Marketing Board—of course, for the importation of supplies authorized by the Government. Permanent instructions must be issued to our embassies overseas that

they must pay attention to any request for help received from the Marketing Board. If there is any information which our embassy thinks will be of help to the Board in connexion with importation of supplies, such information must be communicated to the Board at the earliest opportunity. With the initial permission of the Ministry of Agriculture and also the Ministry of Foreign Affairs, it should be possible for the Maize Marketing Board in these matters to communicate direct with the embassy concerned.

295. As soon as an agreement with a foreign government for the importation of food has been entered into, it should be the duty of the Ministry concerned to send a copy to the Minister for Foreign Affairs requesting him to forward it to the embassy concerned at the earliest opportunity so that the embassy will be ready to give all assistance necessary without delay. *We recommend that arrangements on these lines should be made and standing instructions issued for importing maize.*

Distribution of Supplies

296. We think the experience of 1965 shows clearly that the normal channels of distribution need considerable modification during periods of shortage. *Special arrangements must, therefore, be made for the distribution of maize when shortage has occurred.* These arrangements should apply to the distribution of both imported maize and locally grown maize. Immediately a shortage occurs, the right of the millers to distribute supplies as they think fit should be withdrawn. No person should be entitled to receive a supply from a miller without a permit issued by a person authorized in that behalf. Similar arrangements should be made for the issue of whole maize by the Marketing Board's stores.

Multiplicity of Authorities

297. During the recent shortage considerable confusion and dissatisfaction was caused by the fact that many people did not know who was responsible for issuing supplies. Two illustrations may be given:—

- (1) An old-established sisal farm approached the district commissioner of the area for a supply of maize for its labour. The district commissioner authorized the farm to get a supply from the Maize Marketing Board. The manager accordingly sent an order and a cheque to the Board. After numerous telephone calls, the farm was told that it must get its supplies from the district commissioner, who was again approached, but he told the farm this time that it must get maize from the Board's stockist. The stockist agent refused to supply, saying that it took orders only from the Board. The district commissioner was approached again and supplied sixty bags. This naturally wasted much time and a number of lorry trips.

- (2) The principal of a school in the Western Province found it difficult to get maize for pupils. They changed over to rice-eating but this cost three times more money. The principal saw officers at Kisumu and Kakamega but did not succeed. The Kisumu officer told her that the school was in the Kakamega District and could not be issued maize from Kisumu. The Administrative Officer at Kakamega tried to get a special allocation for the school from the Maize Marketing Board but the Board did not agree.

We think it is most important and *we recommend that there must be one known authority in each area responsible for allocation of maize in times of shortage* and it should not be necessary for consumers to go from pillar to post.

The Role of the Provincial Administration

298. In this situation the role of the Provincial Administration is of the greatest importance. In 1965 it was felt that perhaps the Provincial Administration would be able to give valuable help because of their knowledge of local persons and of local trade. The Provincial Administration came, or was brought, into the picture, and *ad hoc* committees comprising politicians and officials were set up in most districts to advise the district commissioners in regard to the distribution of maize. Credit for this innovation is claimed by both the Maize Marketing Board and the Provincial Administration. It does not matter to us, however, who originated the idea of the participation of the Provincial Administration through *ad hoc* committees, which had already existed in some areas to advise on the distribution of Famine Relief. We are concerned only with their functioning in relation to commercial maize. The success of these committees varied from province to province. In some areas they worked very well. In others, administrative officers felt frustrated because their advice was not always accepted by the Board. This was, as now appears, due to a misunderstanding on the function of the Administration in relation to the distribution of maize. The administrative officers had taken to the work of distribution with enthusiasm and from a sense of duty. The Board, which was at this time overwhelmed by the problem raised by the shortage of maize, had never intended to part with any of its legal powers. It placed some maize at the disposal of the Administration and distributed the balance through the usual channels. It did not explain the reason for this two-channel distribution. No wonder the administrative officers (who had taken it for granted that they alone had the duty and the responsibility of seeing to the distribution of scarce supplies of maize) interpreted this attitude as silent stubbornness.

Eastern Province

299. The first Provincial Commissioner to discuss before the Commission the role of the Administration in the distribution of maize during the period of shortage was Mr. E. M. Mahihu of the Eastern Province.

He stated that when the maize shortage became acute during 1965 the Provincial Administration was placed in charge of the distribution of maize "at the express direction of the President". He then explained the steps which he in his own province took. He said this: "The first step was to assess the situation of the shortage of maize and food generally in the province, and to find out who are the people mostly starving and also to find out the traders who were able to buy the maize from the Maize Marketing Board, and to sell to registered centres in the locations." The district commissioners then nominated the traders who were to undertake distribution and gave them letters of authority or allotment which they could hand to the Maize Marketing Board. It was the Administration's intention and "It was accepted in principle that those were the only people who could distribute maize in their respective areas". The Maize Marketing Board was aware of this arrangement but did not seem to accept it. Mr. Mahihu explained: "I say this because they did give authority to other people who were not known to us, although we were responsible for distribution of maize." After this the Provincial Commissioner gave the district commissioners in the hard-hit areas permission to communicate direct with the Maize Marketing Board but to keep the provincial office well informed. The district commissioners made requests to, or indents on, the Maize Marketing Board for maize to be supplied in bulk for their respective areas, asking the Board to tell them where the available supplies of maize should be picked up. The Maize Marketing Board then issued instructions indicating the place from where the maize was to be collected. The instructions were given to the district commissioner and were sometimes repeated to the person in charge of the Maize Marketing Board store or depot. The district commissioner then told the traders concerned where they were to collect the maize. This was done by the district commissioner's going round the district issuing permits to the traders concerned.

300. Mr. Mahihu added that the system introduced by the Administration did not work because "half the time the Maize Marketing Board authorized, or rather gave a figure which did not exist in the store, and the traders went only to find that half of the traders got some maize, and the others went back to the reserves with empty lorries, or rather to the D.C.'s office".

301. On other occasions it happened that the Maize Marketing Board gave an allocation of maize to persons not authorized by the Administration to receive it. Mr. Mahihu quoted this instance: "On one occasion, driving from Kitui, I found a lorry stuck on the road. It was raining heavily. I was driving in a Land-Rover and I stopped to help the lorry owner, only to find that he was carrying seventy-five bags of maize from Nairobi, and he was heading to interior. . . . When I asked him where he got the maize from, he said he got it from the Maize Marketing Board.

He had a permit all right from the Maize Marketing Board, which I made note of, and later wrote to the Maize Marketing Board authorities, who agreed that they did give that man a permit because he was ignorant of the procedure as to where he could get maize from in the Kitui District. But apparently the same person was given a permit by the D.C. previously. He knew what was the procedure and where he could get a permit from." But the district commissioner knew nothing about this lot of seventy-five bags of maize. Mr. Mahihu continued: "When the trouble started, we had to get our own system of getting information as to where the people were getting maize from; and in other cases, particularly in the Machakos area, people receive maize, and when we investigated we found that this maize was received from the Maize Marketing Board but never got to the location to which it was intended to go . . . the Maize Marketing Board at one stage did agree to keep us informed . . . or give us a list of how many people they had given permits to without reference to us; but these letters were given to us after the maize had been given to the district."

302. At this stage Mr. Mahihu read to the Commission a letter No. MB. 20/11/VOL./IV/26 dated 25th November 1965 from the General Manager of the Maize Marketing Board to the District Commissioner, Machakos. This letter stated that certain "traders were sent here by our Minister, Mr. Ngei, with lorries, and chits asking us to supply him with maize and as we did not have enough maize at Konza at that time we decided to give them maize and inform you about it so that you can see to the distribution of it to the people in your district". The list given in the letter is as follows:—

<i>Lorry No.</i>		<i>Bags</i>		<i>Name of Driver</i>
KGG 638	...	65	...	Mutangili Muema
KHB 236	...	65	...	Ndete Wambua
KGG 638	...	65	...	Mutangili Muema
KHB 236	...	65	...	Ndete Wambua
KAJ 966	...	60	...	Francis Mutiso
KGG 638	...	65	...	Mutangili Muema
HHB 236	...	60	...	Ndete Wambua
HHJ 966	...	30	...	Francis Mutiso

303. Mr. Mahihu stated that maize had been given to the traders named in the letter "some time before that letter was actually written" and that he had received information about this maize from another source. As a result "The district commissioner informed the police who went to the area where these people were expected to take maize, and waited for the arrival of the maize, and they did wait for three days, but this maize never arrived". The markets to which these traders belong were known to the Administration and the police were told to wait at

those particular markets. On the question of whether it was important that the Administration knew about the issue of the maize by the Maize Marketing Board, Mr. Mahihu stated: "It is very important, and, in fact, I must know . . . because we can never control black-marketing . . . unless we know who is bringing maize in the district. We can't be able to assure the hungry people that they will get the maize unless we know who gets maize in the district."

304. The police had always been looking for the above-mentioned 500 bags of maize and up to the date when Mr. Mahihu gave evidence before the Commission (12th January 1966) they had not been able to discover where the maize went, and there was no evidence that the maize in question ever reached Machakos.

305. Describing the difficulties experienced by the District Commissioner, Kitui, Mr. Mahihu said "particularly when he was told to bring traders into Thika to collect maize and the disposal instructions were given by the Maize Marketing Board, the D.C. came, found there was no maize and people were frustrated". In reply to the question whether the Maize Marketing Board had agreed to try to put the matter right, Mr. Mahihu replied: "Well, they didn't really agree, but we agreed to disagree on certain things . . . points of disagreement were, for example, if the people were to be brought, they had to get a permit to enter the province as I consider I was the authority, charged with the responsibility of feeding people and they have to let me or the D.C. of the area know, but despite that we still saw people coming with maize without our knowledge. . . . There must be one channel to which the members of the public would look for assistance and guidance. At the moment during this time of crisis we have so many people interfering, and although the Government has delegated the powers to the Provincial Administration to distribute maize, I could easily say that we have experienced quite a lot of confusion at our D.C.'s office because of traders driving back empty."

306. The position of the Maize Marketing Board was put to Mr. Mahihu by the Board's counsel, Mr. J. A. Couldrey, in the form of questions thus: "Did you know that once the Maize Marketing Board has issued a disposal instruction to its agent, it has no control whatsoever over the traders to whom the maize or *posho* ultimately goes? Did you know that?" The answer was: "No, I didn't."

307. When Mr. Couldrey asked Mr. Mahihu to quote a specific instance in which the Board had given disposal instructions and the necessary quantity of maize was not found in the store, Mr. Mahihu quoted a telegram from the Maize Marketing Board to the District Commissioner, Kitui, instructing him to collect 2,000 bags of maize from Thika. Mr. Mahihu added that, when the traders called at the depot at

Thika, they were told that there were only 1,455 bags to be collected and that the Maize Marketing Board had issued instructions for more maize than was actually available. Mr. Mahihu also quoted another case in which a certain number of bags were to be collected from a store whereas the number of bags offered was more than the number advised. He stated that the district commissioner naturally received the higher number and there was no occasion for making a complaint and he added "I was very pleased".

308. After this, Mr. Couldrey questioned Mr. Mahihu with regard to his experience in the distribution of maize. Mr. Mahihu stated in reply that he had been with the Administration for fourteen years and had during that period had occasion to distribute Famine Relief maize. Mr. Couldrey then questioned him further, stating that what puzzled him was that Mr. Mahihu was saying that the Government had given instructions that all maize was to go through the Administration whereas in fact it was the Maize Marketing Board itself which had arranged for the provincial commissioners to set up *ad hoc* committees to supervise the distribution of maize. Mr. Mahihu answered "not to my knowledge": the instructions to set up *ad hoc* committees had come from the National Famine Relief Committee. Mr. Couldrey drew Mr. Mahihu's attention to a circular letter dated the 24th June 1965 from the General Manager of the Maize Marketing Board which stated that "the Maize Marketing Board a few weeks ago found it both necessary and appropriate to direct the maize available for the distribution to consumers be so distributed under the supervision of the District Maize Distribution *Ad Hoc* Committee set up in the various districts. This step has been taken by the Board so as to ensure fair and equitable distribution throughout the country". Mr. Mahihu confirmed that he had set up such *ad hoc* committees for the distribution of maize in every district, location and village but added that such committees had been set up as a result of orders from the National Famine Relief Committee.

309. Mr. Couldrey then asked Mr. Mahihu if, when his district commissioner at Kitui had been promised 2,000 bags and only 1,400 bags had been issued, he had made inquiries as to what had happened to the other 600 bags. Mr. Mahihu stated that he made inquiries but had got nowhere with those inquiries. His district commissioner had been asking for more maize and he was told "people don't feed in arrears". Mr. Mahihu added: "In fact I was told I would be getting 3,000 bags a week, and we never got that."

310. As to the source of the proposition that the Administration should control all the distribution, Mr. Mahihu replied: "It was a public announcement that from now on maize distribution would be in the hands of the Provincial Administration . . . this is straightforward. The

Maize Marketing Board understands it, that it is our function to distribute maize. . . . I do not think that was a misunderstanding because this has been going on for some time, and if it was a misunderstanding it would have been cleared up long before."

Western Province

311. We now come to another complaint of the same type. The Hon. J. D. Otiende, Minister for Health, represents the Vihiga Constituency of the Kakamega area in Parliament. He gave evidence complaining that there was a shortage of maize in his area and that he had approached Mr. E. A. Andere, the General Manager, with a request for the issue of 1,000 bags of maize. Mr. Andere promised to send the maize: "He told me it would be delivered within two days at Butere railway station." On this Mr. Otiende told the district commissioner to be ready to distribute the maize. Then Mr. Otiende told the Commission: "In the end I do not know whether the maize ever reached Kakamega . . . I don't know about Butere, it never reached the people . . . I don't know whether it was distributed prior to reaching Kakamega or what happened to it."

312. Mr. Couldrey, for the Maize Marketing Board, showed Mr. Otiende a copy of a disposal instruction to the West Kenya Marketing Board to issue 1,000 bags of maize to the West Kenya Marketing Board in Kakamega and Mr. Otiende replied: "As far as I know from this end it was issued. I had the assurance of Mr. Andere, and the D.C. was confident it was issued." Then Mr. Couldrey asked him "and, of course, after it had left the stores of the Maize Marketing Board or its agent, its distribution was up to the district commissioner?" Mr. Otiende answered: "He never distributes the maize as far as I know."

313. Mr. Couldrey: "You accept that it was no longer the responsibility of the Maize Marketing Board, once it has disposed of the maize from its own stores?" Mr. Otiende: "But I don't quite agree. If the D.C. had the authority to distribute the maize, yes, but I don't know whether at that time he had the authority."

314. Mr. Otiende quoted another instance. He stated that the District Commissioner, Kakamega, told him to "forget about the first lot of maize because there was some misunderstanding". He then applied for a permit for 100 bags of maize for distribution in the village and the permit was given to him by the district commissioner who told him to collect the maize from the Butere railway station. He was returning to Nairobi and he gave the permit to a transporter and a registered maize buyer at the Mbale market. When he returned home at the week-end he was told that an application had been made for maize at Butere but that the people

who had the permit had come back without maize. When he went back the following week-end, he was again told that another attempt had been made to collect maize but that it was not given to them. When he went home the third week-end he was told for the third time that no maize had been issued.

315. Mr. Otiende was asked by Mr. Couldrey if he was a maize trader himself. He replied: "No, actually I got it, and in front of the D.C., I gave it to Mr. Habil Genani." He added in reply to other questions: "I didn't understand the cause of the failure at all. The first time I was told the D.C. didn't have authority to distribute. The second time I was told the D.C. would have the power to distribute, therefore, maize would be distributed fairly. I didn't get the maize in either case and I was wondering where the fault lay."

316. Mr. Couldrey explained the Board's point of view thus to Mr. Otiende: "Perhaps I can help you. On the first occasion, I don't think the district commissioners had any power. On the second occasion, the district commissioners had formed committees and allocations were going through them. But I would now like you to turn from that. Incidentally, when you asked for that 100 bags of maize, I take it you were acting in your capacity as an M.P. for the district and not in your capacity as a Minister?" Mr. Otiende replied to say that he was acting as the M.P. for the Vihiga Constituency.

Rift Valley Province

317. Similar difficulties arose in the Rift Valley Province. Mr. Nyachae, the Provincial Commissioner, giving evidence before the Commission on the 18th January 1966 at Nakuru told us that whereas in the beginning there was good co-operation between the Maize Marketing Board and the Provincial Administration in his area that co-operation did not last. He stated later: "Our requirement at any time, up to this moment, has never been met, despite the fact that there have been verbal and written promises. Now, this I must emphasize does not mean that the Maize Marketing Board were not giving us maize, they have been giving us maize, they have been trying to give us maize, but not meeting our requirement. The situation now necessitated us supervising the maize and directing to areas where it was most needed. This had to come about because we realized that the trader and miller had started selling maize from their shops instead of going out to sell it to some remote areas, and therefore the only people who were fortunate in getting maize were those people living around the towns or trading centres. With the agreement of the Office of the President and the Maize Marketing Board it was arranged that we should now direct the traders where to sell their maize, and in doing so the Maize Marketing Board had to inform us in advance

how much maize was going to each of the traders . . . we had considerable difficulty because the Maize Marketing Board were not giving us the information in time. In most cases, Sir, we were getting information a week or two after the trader had drawn the maize, and when we started following up we found already the maize had been sold to the consumers and this therefore meant that we were really selling maize to people who were not faced with the serious shortage of food. . . . I had a considerable exchange of correspondence between my office and the Maize Marketing Board urging them that I must be informed before the maize is disposed of from the stores of Kenya Farmers Association and any other distributing agent of the Maize Marketing Board. I never succeeded until two weeks ago when the General Manager agreed that now the maize would not be disposed of by traders before we were aware. . . . Now we are in a position to supervise and direct the maize to the areas where it is needed."

318. Explaining his position further, Mr. Nyachae stated: "First, the reason why we need this information is that we have a responsibility as a department to the people in the sense that the Provincial Administration as a principal Government department is concerned mainly with the well-being of the people and good government. This being our responsibility we had of necessity to ensure that those areas which needed maize had maize directed to those areas. Now, these areas I am referring to, Mr. Chairman, are the areas which in the past or in normal circumstances do not need maize; these are the pastoral areas, such as Masailand, Samburu and Turkana. In addition, we had of necessity to direct some maize to large-scale farming areas, the European areas, where in the past farmers themselves have grown the maize and kept it in store for the consumption of their labour, but this time, unfortunately, they had not grown enough. Traders, not being used to selling maize to such areas, it was our duty now to direct them or draw their attention that maize must be sent to such areas because although they were not the established markets of those traders the maize was needed there."

319. Mr. Nyachae complained in a written note that the Maize Marketing Board had issued disposal instructions when there was no maize in the store to issue. He quoted two instances. Disposal Instruction No. NRO 246 for 5,300 bags was issued on 5th October 1965, when maize was not available until 10th October 1965. Again, Disposal Instruction No. 249 for 2,780 bags was issued on 10th October 1965 whereas maize was not received until 19th October 1965. He drew attention to the fact that the traders had already paid for the maize and they took it for granted that when the disposal instruction was issued the maize would be there to collect.

320. The memorandum submitted by Mr. Nyachae quotes a telegram dated the 7th October 1965 from the District Commissioner, Kapenguria, complaining that the Kenya Farmers Association were invariably short of maize in their store. The memorandum also quotes an extract from a letter dated 8th December 1965 which the Provincial Commissioner had written to the Maize Marketing Board. This extract reads: "As regards Disposal Instructions that were received a month ago without the maize being available, I do not think that very much will be achieved by quoting all these Disposal Instruction numbers in order you may investigate how the delay came about. You will recall that it was as a result of the several Disposal Instructions that you had issued to this province without maize being available to meet them, that you found it necessary to arrange for the movement of maize from various centres into this province as well as to other centres in other provinces." The Provincial Commissioner was very critical of happenings like this because "With the experience the Maize Marketing Board has in dealing with maize distribution it should be able to know approximately how much maize is needed in different stores all over the country. The Board should therefore endeavour to keep enough stocks in those different stores so that a necessity for railing or moving stocks from one store to another at the last moment does not arise."

321. Another complaint of the Provincial Commissioner was that, out of a total monthly allocation of 40,600 bags to his province, 26,340 bags were supplied by direct allocation by the Maize Marketing Board. This figure of 26,340 bags included 17,645 bags which were supposed to be a direct allocation to Unga Ltd., Eldoret. Now, the Provincial Commissioner said that this was very unfair because of the total output of Unga Ltd., only 25 per cent was used in the province and the balance of 75 per cent was sent out of the province. He thought it was not fair that the whole of 17,645 bags be included in the allocation of the Rift Valley Province.

322. In cross-examination, Mr. Couldrey, for the Maize Marketing Board, suggested to Mr. Nyachae that there had been "a misunderstanding between you and the Maize Marketing Board of your respective roles in the recent maize shortage". He asked Mr. Nyachae: "Who said that you were supposed to be in overall charge?" Mr. Nyachae's reply was: "We were in overall charge of the distribution of maize because this had been agreed between the Maize Marketing Board and ourselves and the Office of the President."

Nyanza Province

323. The problems that were brought to our notice when we visited Nyanza Province were somewhat similar to those disclosed by the evidence which we have just analysed. We will not, therefore, deal with

the evidence that was placed before us in this province. Nyanza together with Western Province constitutes the biggest maize-producing area in the country. For that reason, the difficulties there were less serious than those experienced in other areas; but the respective attitudes of the Maize Marketing Board and the Administration there were the same as elsewhere: the Administration thought that, in times of shortage of food, it was not only their function but also their duty to control, not merely to lend a helping hand to the Maize Marketing Board. This contention was again not accepted by the Maize Marketing Board.

Coast Province

324. We now come to the Coast Province. There, again, the problems were more or less the same but the difficulties were fewer. The Administration there appears to have been more successful in handling matters with the Maize Marketing Board but we wish to refer to the evidence given to us at the Coast because it raised an entirely new issue. In his memorandum dated the 24th January 1966 the Provincial Commissioner told us that he called a meeting in his office of the various millers and made an allocation to each mill and also indicated the areas which each mill should serve. This compulsory allocation of markets naturally interfered with the spheres which each mill had won for itself through free competition, but after some explanation and persuasion the millers agreed to the Administration's suggestion.

325. This arrangement seems to have worked satisfactorily on the whole, but there was one complaint which came to us from Atta Ltd. of Mombasa. They told us in their memorandum that their share in the supplies of maize to Mombasa millers had been 64.21 per cent in 1962, 69.78 per cent in 1963, and 69.34 per cent in 1964. As against this, when supplies began to be rationed their percentage was cut to 34.1 per cent in January 1965, 54.03 per cent in February, 46.26 per cent in March, and 66.18 per cent in April. Thereafter the monthly percentages vary between 30.54 per cent and 58.91 per cent. The accuracy of these figures has not been challenged by either the Maize Marketing Board or the Administration.

326. The firm draws attention to the principle of past performance which the Board seems to have accepted as the basis for the distribution of supplies of maize during the period of shortage. We are aware that this principle was with good reason departed from in the case of newly established African millers and traders; but in this case all the applicants for supplies were well-established Asian milling firms. Atta Limited quoted in its support promises and decisions by the Board. The Board, on the other hand, contends that supplies were allocated by the Administration.

327. The explanation that has been given to us by the Administration is that the areas of distribution were varied by the Provincial Commissioner in the beginning of the shortage and as these areas were different from the areas served by the mills before the shortage the supplies necessarily had to be adjusted to the requirements of the new areas. For this reason, the relative share of this mill in the supplies allocated to Mombasa was smaller than it had been in the past. For administrative reasons it was necessary to restrict the millers to certain areas only and we were told this was necessary in the interests of equitable distribution. If the markets of the different millers had been allowed to remain as in the past, then several millers would be sending their products to each area and the Administration would find it difficult to keep check on supplies. While this was necessary in the exceptional circumstances that prevailed during 1965, it is to be hoped that the usual methods of distribution will prevail as soon as supplies become abundant. Indeed, we do not see how that can be prevented from happening and it is possible that before this report is made public the freedom of choice will have been restored to consumers and retailers.

328. When the Hon. Ronald Ngala, M.P., Chairman of the Maize Marketing Board, gave evidence, he was asked his views about the role of the Administration in the distribution of maize, during a period of shortage. He stated that distribution was not an exclusive function of the Administration. Nor did the idea of the participation of the Administration in the distribution of maize, according to him, come from the President's Office. In effect, he was of the opinion that the Administrative officers were intended to help the Maize Marketing Board in distribution: they were not to be in sole charge of distribution in their respective areas.

Office of the President

329. Mr. Duncan Ndegwa, Permanent Secretary to the Office of the President, who by virtue of his office is also head of the Civil Service of the country, also gave evidence on this subject. He stated that the distribution of Famine Relief maize was certainly the duty of the Administration. So far as the distribution of commercial maize was concerned, the Administration was brought in to detect and to report to the Maize Marketing Board any irregularities by traders. There was no Presidential directive to the effect that the Provincial Administration should take over the distribution of maize. The Provincial Administration was intended only to help the Maize Marketing Board in seeing to it that the distribution was fair and equitable. The arrangement was that the Board should tell the Provincial Commissioner of all maize sent to his area, and then the Administration was to keep a watch on possible uses and irregularities.

Summary

330. The position of the Provincial Administration in relation to the distribution of maize can now be summarized. Of course, the Provincial Administration came into this matter only for the duration of, and due to the shortage through which the country was passing in 1965. Their role was intended to be supplementary to the role of the Maize Marketing Board which was to be ultimately responsible for such distribution.

331. We are here speaking of the "intention" of higher authorities. Otherwise we have all praise for the work that the Administration did during the period of shortage and for the manner in which this work was done. We can see nothing for which the Provincial Commissioners and their officers can be blamed. They helped in this matter in good faith, believing that during the shortage they were to be in overall control of distribution in their areas. But it appeared that while they, on the advice of *ad hoc* committees, were making allocations to all who needed maize, the Maize Marketing Board continued to make allocations to traders and millers direct. This did have the effect of causing confusion. It upset the Provincial Administration because they thought they knew who needed maize and they made allocations with that knowledge. They did not know that other people, or even the same people, in their areas were getting maize direct from the Maize Marketing Board. Later on, arrangements were made—and they worked in some provinces satisfactorily and in others not so satisfactorily—whereby the Maize Marketing Board was to send an advice to the Provincial Administration whenever any maize was issued by it direct. The intention was to tell the district commissioners who were receiving maize, so that they could see to it that the available maize was not sold in the black market. There were justified complaints that in many cases the advice from the Maize Marketing Board was sent too late to serve any useful purpose.

332. We admire the enthusiasm with which the administrative officers throughout the country accepted the onerous duty of distributing maize. The essential foodstuff of the people was in short supply and it would not have been easy for anyone to satisfy everyone. There was a feeling expressed by many witnesses that in a situation like that it would be better if the Administration were formally given the fullest control over distribution. Some people even suggested that it should be made a rule that a law should be passed to this effect—that in a time of shortage only the Provincial Administration should be responsible for the distribution of maize. We also cannot help feeling that the work of distribution would have gone on better in many ways had the distribution been left entirely in the hands of the Provincial Administration. We agree, however, that this was not the intention either of the Maize Marketing Board or of the Government. But, somehow, it was taken for granted by the

administrative officers that they alone were responsible for the distribution of maize in their respective areas. The conflicts and occasional bitterness resulted from a misunderstanding of the fact that the Maize Marketing Board had never intended to, and did not, give up their right to issue maize to whomsoever they thought it fit to issue. It would have been better if the limitation on the responsibility of the Provincial Administration had been explained earlier to the various officers in the field. Much ill-feeling and criticism would then have been avoided.

333. We feel that in a period of shortage the services of the Provincial Administration should be more fully used. Only the Provincial Administration has an officer in each area from the biggest town to the smallest sublocation. As we have already said, we found a great enthusiasm amongst administrative officers for this work which they thought was necessary on the grounds of good government and humanitarianism. We think all distribution of maize and maize flour should during a period of shortage be done if not by, at least with the advice of, the Provincial Administration. The Marketing Board should be prevented from allocating supplies to other people than those nominated by the Provincial Administration. *We recommend, therefore, that during a period of shortage supplies of maize and maize meal should be given to such persons and concerns only as are approved by the Provincial Administration.*

334. The *ad hoc* committees which were set up in almost all districts of the country to secure equitable distribution of supplies on the whole worked satisfactory and did useful work. These committees nominated the traders who should receive supplies. An innovation by one of the *ad hoc* committees may here be mentioned. The Board's regulations require payment in cash before maize is actually delivered. This would have meant that only the richer traders would have taken advantage of the facilities of the Board. The *ad hoc* committee in Homa Bay, for that reason, appointed co-operative societies in their district as the sub-agents. These societies could buy maize in large quantities by paying cash. They were, according to the view expressed by the district commissioner, more amenable to discipline and could be relied upon not to indulge in black market practices.

335. Complaints against the *ad hoc* committees were few and far between. The Maize Marketing Board says in its memorandum that in some cases the *ad hoc* committees appointed non-traders as the persons to receive allocations of maize and that there was pressure exerted on them by influential persons in some areas. We heard only one real complaint and that was in Kisumu. A local witness, not himself a trader, told us that there was anxiety to help the African traders, some of whom did

not have cash to take delivery of maize, and they sold their permits to Asian millers for a commission. This is not unlikely but we do not believe the practice was widespread even in the area from which it came.

336. Again, one Asian miller in Kakamega complained that he was not given any allocations. The explanation that was given to us by the authorities responsible for allocations was that this gentleman approached the Maize Marketing Board over their heads for a direct allocation and that he was left to his own devices. If he did not succeed in getting a direct allocation, that was not the *ad hoc* committee's fault.

337. Another complaint came to us from the same area when one or two witnesses told us that, while African traders did not have maize, an Asian miller had a big supply on hand. We could not solve this mystery for some time. Then, a respectable Member of Parliament gave evidence stating that he had approached the district commissioner for an allocation of maize for the people he represented. He was told that the distributor in that area was an Asian miller and it was not usual to issue permits then to Asians. For that reason, this witness took a permit for 600 bags in his own name and handed the permit to the Asian miller who took the delivery of the supply. He assured us that he was satisfied that the maize did reach the people for whom it was intended.

Basis of Allocation in Time of Shortage

338. In normal times, anyone can buy any quantity of maize because enough of it is available. But, in times of shortage, the question arises: how are the limited quantities on hand to be distributed? It is not unusual to resort to the formula of "past performance". This is how the distribution of maize started in 1965, but it was felt very soon that this would not help the emerging African wholesalers and millers who did not have any past performance to their credit. For this reason, it was decided by the Maize Marketing Board to ignore the question of past performance in so far as supplies to African traders and millers were concerned. We think such an arrangement was very necessary in the circumstances in Kenya.

339. A further departure from the principle of past performance was made when the redrawing of the boundaries of the areas of activity of the various millers at the Coast necessitated the re-assessment of millers' quotas. The withdrawal of the authority to issue movement permits could be, and was to some extent, used for the same purpose elsewhere.

340. There is a tendency for non-traders to obtain supplies of maize during a period of shortage. This is a practice that should not be encouraged even though the proportion of total supplies that may be so allocated through such interference is probably small. Sometimes, a Member of

Parliament succeeds in obtaining a supply for his constituents. This starts a race. Other Members of Parliament try to get maize for their respective areas. Not all succeed and there is criticism and discontent. We consider that politicians should not be given an opportunity to enter into competition with one another.

341. *We recommend that no maize product should be issued to a person, whether a Minister of Government or a Member of Parliament or other public worker, who is not a genuine dealer in such commodities.*

342. In fact, we are convinced and we recommend that no politician should be placed in a position to issue orders for the supply of scarce foodstuffs to individuals, whether traders or consumers. We also recommend that even the Minister who is responsible for the functioning of the Board should (in so far as the distribution of maize and maize meal is concerned) confine himself to the issuing of general policy directives and should not issue directives with the object of favouring individuals.

Farm-to-Farm Sales

343. The Minister for Agriculture has already decided to discontinue the practice under which one farmer can buy maize from another at a concessionary rate. We support that step and recommend that if it be necessary to amend the existing regulations to make the decision permanent, then this should be done. *We see no reason why farmers should be in a different position from that of other employers of labour who have to pay the full market price for any maize that they buy for their labour.*

Functions of the Board

344. To conclude this chapter we would stress that it is the duty of the Board to keep under review the position as regards the supply and consumption of maize and to advise the Minister for Agriculture on the action to be taken from time to time and to ask for his intervention immediately the expected co-operation from another Ministry is not forthcoming. *When a shortage of maize is anticipated the special functions of the Board should be—*

- (i) *to make arrangements for the importation of maize;*
- (ii) *to allocate quotas for provinces in consultation with the Provincial Commissioners;*
- (iii) *to distribute maize and maize products in accordance with the advice of the Provincial Administration.*

We recommend that instructions on these lines be issued to the Board.

CHAPTER 9—THE MAIZE MILLING INDUSTRY

345. We have discussed the question of millers' charges in the earlier chapter on the Price Structure where we have recommended that the controlled prices of sifted flour should be examined at the earliest opportunity.

Basic Issues

346. This is however only one aspect of a broader problem which we feel requires study. This is the tendency for the milling industry to organize itself to an increasing extent through holding companies, so that it is becoming more and more difficult to say who owns a mill, and so that the emergence of large near-monopoly combines is facilitated. Indeed even while the Commission was sitting a share offer was announced which appears to make a complex situation even more complex.

347. Many witnesses urged us to recommend the nationalization of the milling industry. Nationalization is more a matter of politics than economics. So far as we are concerned we are satisfied that we are not called upon to decide the issue of nationalization. We are also satisfied that the power given to authorities by laws governing marketing and price control are, if properly used, sufficient to curb any anti-social tendencies that the proprietors of the mills may show at any time.

348. We are however concerned that the milling industry should be efficient, and that its future organization should be such that it can remain efficient and keep milling margins to the absolute minimum necessary. In this connexion overhead costs play an important role and working to full capacity makes a significant difference to milling economics.

349. The basic questions in planning the industry seem to be firstly, what size of mill is most efficient, both in terms of costs and quality of product, and secondly, where should mills most advantageously be located.

350. On the first of these questions we have found the greatest difficulty in getting a clear picture, and in the interest of consumers we do feel that it is necessary for a more thorough examination to be carried out into the accounts of mills, especially the bigger mills. All the illustrations which we have given previously when discussing the Price Structure have been taken from the relatively smaller establishments—some of which stated that they could not compete in terms of costs with the larger mills. We have found it extremely difficult to get simple information for the two biggest mills in the country. They gave

us the figures worked out by themselves but did not give us sufficient basic data from which we could either verify their results or arrive at our own results. One of them says that it makes a loss of 67 cents on each bag of maize milled. The other also tells us that it makes a "net loss". We had heard before that political empires were built to help the subject peoples. This is the first time we have heard that industrial empires are built for charity. Our difficulty in aiming at a clear picture was not assisted by the complex of holding companies and the fact that the two millers also mill wheat and take the view that, while accounting information exclusively applicable to operations in maize was impossible to keep, their wheat milling activities were outside the Commission's terms of reference.

351. The location of mills should be such that transport and handling costs can be kept to a minimum. In practice this will favour location either in producing areas, or in large consumer centres, or at a major seaport where maize is imported. The present distribution of mills throughout the country in the light of these criteria does not seem unreasonable.

Present Organization

352. There are at the time of writing this report seventy-nine registered millers. The pattern of the industry is that the two largest milling companies, Unga Ltd. and Maida Ltd., which purchase over half the maize sold by the Maize Marketing Board are controlled by a single holding company, Kenya National Mills Ltd., which controls over half the maize milling capacity of the country. We believe that the same holding company controls about 90 per cent of the wheat milling capacity of the country. Of the remaining seventy-seven millers, another ten account for between 30 per cent and 40 per cent of the total maize purchased from the Maize Marketing Board, leaving the remaining sixty-seven to purchase between them in the region of 5 per cent to 15 per cent of the sales from the Board to millers and traders. Among the ten are Atta Ltd., Coronation Mills, and Dubois Oil Mills, all of Mombasa, and Nairobi Flour Mills, all of whom gave evidence to the Commission.

Kenya National Mills Ltd.

353. In view of its dominant position in the industry it is relevant to look more closely at the organization and associates of Kenya National Mills Ltd. and this is set out in a chart at *Appendix J*. The position is that Unga Ltd., and Maida Ltd., are wholly owned subsidiaries of Kenya National Mills Ltd. This company is owned as to 50 per cent, and thus for practical purposes virtually controlled, by

Unga Millers Ltd. The remaining shares are owned as to 17½ per cent by Maida (Holdings) Ltd., 15 per cent by the Development Finance Company of Kenya, and 17½ per cent by other Kenya shareholders. Unga Millers Ltd., is in turn owned as to about 70 per cent by Holdings Ltd., which holds 79 per cent of the voting shares and 38 per cent of the non-voting shares, thus controlling the company. The remaining shares are held as to 10 per cent by the Commonwealth Development Corporation, which holds 21 per cent of the voting shares, and the rest by individuals. Holdings Ltd., is a Kenya company with some 3,600 shareholders, none of whom individually own more than 4 per cent of the total issued share capital and with the fourteen largest shareholders holding about 18 per cent of the total issued capital.

354. The recent offer by Riziki Ltd., which in the past would appear to have been a subsidiary company of Unga Millers Ltd., to acquire the ordinary shares of Holdings Ltd. in exchange for a combined cash and Preference share offer in Riziki Ltd., has the effect of transferring the control of Holdings Ltd., and hence of Unga Millers Ltd., to Riziki Ltd., which in turn appears to be partly owned, either directly or indirectly, by Unga Millers Ltd. This somewhat complex arrangement is, we understand, designed to facilitate national control of milling in the three East African republics and to facilitate African participation in essential industries. We are unable to comment on this point, but we have noted that the offer places a market valuation on the shares of Holdings Ltd. of double their market quotation at the end of 1965. Since Maida (Holdings) Ltd. owns merely 17½ per cent of the ordinary shares of Kenya National Mills Ltd., it would appear that for practical purposes, the effective control of the combine will be exercised by Unga Millers Ltd., whether or not the recent offer is implemented.

355. It will be noted that the Development Finance Company of Kenya is a minority shareholder and a participant in Kenya National Mills Ltd. We must observe that participation by a Government-sponsored corporation even in a minor role, might be interpreted to mean Government support of such a combine. This we believe is not the Government's intention and we would draw attention to the possible dangers of minority Government participation, without effective control or influence, in a combine which is in a position to dominate, if not to monopolize, the production of a staple foodstuff like maize flour.

356. Having made these observations we should be less than fair if we did not state that all the evidence given to us paid tribute to the high quality of the products turned out by Unga Ltd., and Maida Ltd., as well as to their service in supplying agents. Our concern is however now with the economics of the milling industry in so far as consumers are concerned.

357. We were told that, although the two biggest mills are now owned by one company, they will continue to compete with each other to the benefit of the consumer. We were unable to establish that such competition included price competition, and we do not think this is likely. It is seldom that a merger of this kind is effected in order to reduce the price to the consumer.

Conclusions

358. We make no specific recommendation on the question of mergers because it is not closely related to our task. If the Government feels that it needs additional powers to control the emergence of private monopolies, it will no doubt take steps to obtain them. We ought however perhaps to comment that nationalization can only be a panacea for this kind of situation if the national monopoly thus created is more efficient than its private predecessor, and if the compensation which has to be paid to acquire the necessary assets is not excessive. There can be no certainty that a national monopoly will necessarily be more efficient than a controlled private monopoly, or for that matter that a monopoly of any kind is preferable to the use of Government powers to break up monopolies.

359. Irrespective of the form of organization adopted we are however certain that in the interests of the consumer a closer look at the economics of the milling industry is necessary. We have not been able to do this, partly because of the hesitation—to put it mildly—of the bigger millers to disclose information on costing, and partly because of lack of time. Information in order to be of value must relate to all the grains, not only of maize, which the miller grists. *We recommend therefore, that a commissioner with knowledge of commercial accountancy, should be appointed to examine the costs and profits of the milling industry. He should be given specific powers to compel millers to provide information and to produce their books and papers relating to past and present accounts and relating to all their milling activities.* Information thus acquired might be used to review controlled prices for maize flour.

360. One or two other matters in relation to milling were brought to our notice, notably the effect of introducing sifted flour, and the inadequacies of the forms of millers returns. These are discussed below.

Effect of Introducing Sifted Flour

361. The production of sifted flour involves a loss of weight in that some bran and germ are extracted from the flour. The loss of weight varies from mill to mill. If, therefore, ordinary posho is produced instead of sifted flour, the quantity of food obtained can be increased by an appreciable amount. It is for consideration whether in periods

of shortage Government should intervene and stop the mills from producing sifted flour and make them produce only whole meal, that is posho. We are satisfied that such an action would have no adverse effect on health. On the contrary, as we have stated in Chapter 3, we are told by nutrition experts that ordinary posho is a more nutritive food than sifted flour. But we must make it clear that the evidence heard by us indicates that consumers seem to have a preference for sifted flour. They think it is better, and if anybody does not eat sifted flour but eats posho the reason given is that he cannot afford to buy sifted flour. One or two witnesses to whom we put the question told us that consumers would not like the Government to stop production of sifted flour even during a period of shortage.

362. The material extracted from the grain in producing sifted flour consists of two things. It is largely husk of the grain which is of no nutritional value. But maize germ which is very valuable for health is also extracted—or a large part of it is extracted—with the husk. We have already summarized the views of Dr. Likimani on the relative nutritive value of posho (containing both husk and germ) and sifted flour (from which both have been largely extracted). He is clearly of the opinion that posho is better than sifted flour.

363. We make no definite recommendation on this matter and leave it to the Government to decide as a matter of policy whether or not to compel millers, during a period of shortage of food, to concentrate on the production of posho and to stop making sifted flour, thus increasing the supply of food by 10 to 15 per cent. In normal times, there is plenty of maize available for the production of sifted flour, and the matter extracted from the flour is largely fed to livestock though considerable quantities are also exported.

Miller's Returns

364. Under the Board's rules a registered miller is required to submit to the Board a monthly return showing the quantities of maize he has received and also the quantities he has disposed of. The return serves two purposes. First it keeps the Board informed of the quantities of maize that are on hand at the end of each month. Secondly, it serves as some check on the activities of millers in so far as they have to disclose the quantities of maize that they buy and sell.

365. The official form of return that was in force until sometime in 1965 required the miller to show the date of each purchase, the name of the seller, railway wagon or lorry number, invoice or disposal instruction number, and similar information with regard to sales. Then, all of a sudden and for some unknown reason the form was simplified with the result that the miller is now required to give only the quantities of maize products received and disposed of. This has reduced the value of the return.

366. In normal times a return on the revised form might be adequate and the Board's staff can, from their own records find out how much maize a miller has purchased from other sources and a debit can be raised against him for the "differential". We think, however, a return on the original form should be required from each miller in times of shortage if the black-market is to be discouraged.

367. *We recommend that the Board should reintroduce the original form of monthly return if not for use during periods of free supply at least for use during periods of shortage.*

CHAPTER 10—MISCELLANEOUS MATTERS

(1) RESERVE STOCKS AND STORAGE POLICY

368. We briefly referred to the need for a reserve of maize in discussing the reasons for shortage. It is interesting to look at the history of the question. The 1943 Food Shortage Commission suggested that a supply of three to four months in normal times should be kept. The reason given by the Commission was this: "In mentioning such a period we cannot dismiss from our minds that in normal times food-stuffs can be imported to tide over any protracted shortage. It may be necessary to increase the amount of the reserve during the present abnormal times, and this should be done if the production is sufficient to provide a large enough surplus over internal requirements." (Paragraph 109). The Commission also suggested that this reserve stock need not be kept wholly in maize but that it might be kept partly in the form of wimbi.

369. Sir William Ibbotson, in his report of 1952, suggested that stocks might vary between 250,000 bags and 500,000 bags but he suggested that emergency reserves were necessary.

370. The World Bank Survey of December 1962 said this: "To ensure sufficient supplies at reasonable prices is a national responsibility. It calls for an efficient system of distribution, including the holding of reserves to cover bad seasons" (p. 74). The World Bank Mission also discussed the question of whether there should be floor and ceiling prices for maize. One reason that the Mission gave against such a suggestion was that a central marketing organization could "store surpluses against seasonal variations, distribute to deficiency regions as required." If there was a free trade, with floor and ceiling prices only fixed, the Board could not carry out this duty as well as it should.

371. In discussing the subject of reserves and storage policy the questions which have to be settled are, not only how large the reserve stocks should be; but also where they should be located, what are the linked transportation problems, what kind of storage accommodation is most appropriate, what will be the cost of holding reserve stocks, and who should meet that cost.

372. The arguments which should determine the size of the reserve stocks held are firstly, the amount needed to assure continuity of supplies; secondly, the comparative cost of holding reserves as against importing; thirdly, the saving of foreign exchange and the balance of payments position; and fourthly, the value of reserve stock in generating local employment and income.

Continuity of Supplies

373. It is quite obvious that, in the case of a staple food like maize, an adequate supply must be available throughout the year. Indeed, the Board itself had been keeping an emergency reserve of 70,000 bags, a season-to-season carry-over of 500,000 bags, and a special reserve of 30,000 bags, making a total of 600,000 bags.

374. Due to a combination of circumstances, however, the actual stock on hand on 31st July 1964 came to be only 294,008 bags, which was less than 60 per cent of the amount required to take the country over the short supply period of August-November. It was just before this that the Board sensed danger.

375. Within the last fourteen years maize imports into Kenya have been as follows:—

			<i>Bags</i>	<i>Bags</i>
1952/53	...	...	56,715	
1953/54	...	...	143,651	200,366
1960/61	...	...	188,149	
1961/62	...	...	715,742	903,891
1964/65	...	...	149,576	
1965/66	...	...	1,850,424	2,000,000

376. It appears that imports have had to be spread over two years on each of the three occasions on which maize in Kenya was in short supply. The size of importation has been increasing, but the interval between two importations was about six years in the case of the second importation and about four years in the case of the third importation. These figures of imports suggest that a reserve to be of real use in preventing imports must be of the order of one million bags. We are told by the Maize Marketing Board (in a memorandum dated 1st March 1966) that the Board has "decided to re-establish a strategic reserve of 250,000 bags (additional to the 70,000 bags) as soon as stocks are available". The Minister of Agriculture and Animal Husbandry also tells us (in a memorandum dated 18th March 1966): "Now factors other than climatic have become involved and this has led to a necessity for a reappraisal of storage policy. This my Ministry is undertaking."

377. The reserve of 250,000 bags now proposed by the Board is about two months' supply in a normal year. However, the reserve will not be used in a normal year. When there is a shortage of maize, 250,000 bags may well be taken in a month. The additional 70,000 bags will carry the country another ten days. The time lag on imports from the U.S.A. is about two months. The proposed reserve is, therefore, hardly adequate. We think that a conservative figure can be accepted for present day needs to ensure continuity of supplies and *we recommend that an emergency reserve of 500,000 bags be kept*. We hope that the production of maize in Kenya will increase appreciably as more and more hybrid and synthetic seed becomes available. But there is nothing fixed about a decision on a matter like this. The size of the reserve can be varied as may be necessary from time to time.

378. The value of reserve stocks in saving foreign exchange and also in creating local employment and incomes are supporting arguments for maintaining adequate reserve stocks.

Cost of Reserves

379. The costs of storage have to be balanced against the cost of importing maize from overseas. Every bag that is imported at the current prices costs about Sh. 16 more than local maize. If annual storage costs are Sh. 5/60 a bag—this is the figure given to us by the Maize Marketing Board on the basis of the cheapest kind of storage—it will pay the country to keep a bag for about three years rather than import one from overseas.

380. But it is easier to make calculations after the event than before it. A reserve is a money-saver if it can be utilized within three years but no one can say for certain that the interval between any two periods of shortage will be less than three years. The average length of the rainfall cycle in Kenya is such that it is reasonable to expect that a reserve will be used once every four to five years. As paragraphs 375 and 376 show, it seems unlikely that the holding of reserve stocks will save money—as opposed to foreign exchange—by comparison with importing. The additional cost of holding reserves will of course be increased in so far as storage costs may rise and import prices fall, or reduced when the reverse process takes place. The cost of importing will be reduced to the country—though not to the individual consumer—in so far as imports are obtained from the U.S.A. under U.S. Public Law 480 on cheap terms which incorporate the equivalent of a 25 per cent grant element.

Payment for Reserve Stocks

381. It was argued by Mr. Brough, the Chief Statistician, that maize transferred to Reserve Stocks should be "costed into store at export parity" price, which means that the producer would meet the cost of

the lower price in the form of a lower net producer price. The basis for this argument is that the maize would otherwise have to be exported, in which case the producer would still receive the lower net producer price, and he is therefore no worse off than he would otherwise be.

382. We do not accept this approach. It is clear that the benefits of holding reserve stocks are enjoyed by consumers in the form of an assured supply. It is also clear that if reserves are not held, maize may have to be imported and the consumer will then have to pay the higher import parity price. *We therefore recommend that the cost of storage be recovered from consumers by making it an element in the final price, always providing that the amount so recovered does not raise the consumer price above the import parity price. Should the addition of storage costs have the effect of raising the consumer price above import parity we recommend that the price should be controlled at import parity by downward adjustment of the net producer price or by the use of a Price Stabilization Fund which we have recommended elsewhere.*

Location of Reserves and Type of Storage and Transport

383. We questioned a number of witnesses as to where reserve stocks should most appropriately be located—whether in producer areas, in main consuming areas, or near a port of importation and exportation. Differing opinions were expressed on this subject. The greater weight of opinion however appeared to favour location near to centres of production, though it was suggested that some stocks might with advantage be held in Nairobi.

384. With regard to storage, the economics on the one hand of using existing storage (such as the Lanet hangars) and on the other hand of silo type storage and of "Air-warehouses" were urged upon us.

385. We do not think that the type of storage can be decided without regard also to the most economical and advantageous form of transport and handling. As far as we can ascertain from limited evidence, except for small quantities when moved over relatively short distances, maize can be moved more economically by rail than by road, irrespective of whether it is moved in bags or not. This is particularly so where godowns with rail-served sidings are available.

386. At present all rail movement of maize takes place in bags, and all grain has to be bagged either by the farmer, or at the docks, before it is moved by rail. Whether it would be more economical to move maize in bulk instead of in bags, and to use silo storage is a question which we feel needs further study. It is however certain that the introduction of bulk storage and bulk transport are inter-linked, and that the case for introducing this method of storage and transportation will

be greatly strengthened if it is expected that large quantities of maize may be either imported or exported in future. If bulk handling and transportation facilities had been available recently the importation of American maize might have been both speedier and cheaper.

387. On the other hand bulk handling and transportation will involve considerable capital outlay in terms of equipment and storage. In this connexion we draw attention to paragraph 110 of the report of the 1943 Food Shortage Commission. That Commission thought that expensive grain silos may not be necessary in this country in view of the altitude of some of our railway stations where grain may be stored without damage. *We recommend that the question of concentrating storage at railway stations like Mau Summit and Timboroa should be examined with a view to ascertaining if costs of storage can thereby be appreciably reduced.*

388. Unless the reduction in costs of storage is sufficient to offset the additional expense caused by double handling, *we recommend that the policy should be to store grain at the station nearest to each centre of production.*

389. *We recommend that the practicability and economics of transport and storage of grain in bulk should be examined.*

Loss of Maize in Farm Stores

390. Mr. J. D. MacArthur, Senior Economist Statistician in the Ministry of Economic Planning and Development, has brought to our notice "one serious aspect of the maize supply position" which, he suggests, "could be of considerable importance". That is the question of wastage of maize in stores on the farms where it was grown. As we have stated elsewhere, of the total production of maize (which may be in the region of fifteen or sixteen million bags) 10 per cent only comes on to the market in a normal year. Mr. MacArthur states: "I think that it could very easily be the case that just as much is lost or rendered unfit for human consumption in stores by insects, fungi, bacteria, etc. There are no estimates of losses of this nature that occur in farmers' stores but a knowledge of the type of storage facilities available on many farms makes it obvious that considerable waste in this respect may be taking place." Mr. MacArthur suggests two possible remedies for consideration. One is the building of "large communal stores where a farmer can dispose of his maize having dried and possibly ground for him at a reasonable charge". Another method which Mr. MacArthur suggests is this: "Containers could be produced for use on the farm which could be anything from small sealed plastic bags to large bins."

This is a matter in which no concrete steps can be suggested by a Commission like ours. We are convinced, however, that a substantial amount of maize produced is lost in stores on the farms. *We recommend that this matter be investigated and studied by officers of the Agricultural Department and suitable remedies should be devised and introduced without delay if they appear to be economic propositions.*

(2) BOARD'S LIABILITY FOR INCOME TAX

391. The Maize Marketing Board feels it should be exempt from income tax. The reasons advanced are these. It buys maize at the price fixed by Government and sells it at a price which is intended to cover no more than its costs. The consumers of maize on whom the burden of tax ultimately falls are generally poor people who are themselves not liable to income tax. Since it is almost impossible to fix the sale price so as to be exactly equal to the costs of a large organization, the Board is at the end of a year always left with either a debit or a credit balance. A debit is caused when maize is exported because the export price is lower than the internal price.

392. The Board does not intend to make either a profit or a loss but both profits and losses fortuitously occur from time to time. By section 30 of the Maize Marketing Act the Board is required to make provision for the renewal of wasting assets, for payments of interest and sinking fund charges, and for contributions to such reserve and stabilization funds as it is asked to maintain. Any surplus revenue has to be disposed of in accordance with directions of the Minister who must give such directions having "regard to producer and consumer interests". It is well known that the balances arising from the operation of the war-time maize and produce control were used for the building of stores throughout the country.

393. The Board points out that Governments of neighbouring countries have granted complete exemption from income tax liability to the statutory boards they have created to market agricultural commodities.

394. We think the Board's request is a reasonable one and *we recommend that so long as the present policy of not making any profit continues the Board should be exempt from income tax.* There will be no actual loss to revenue because we understand that tax (although demanded) has never been paid in the past.

(3) MOVEMENT PERMITS

395. A matter to which special attention should be drawn in view of its importance in times of shortage is the Movement Permit. Section 24 (1) of the Maize Marketing Act lays down: "The Board may from time to time by order prohibit or direct the movement of maize or

maize products within Kenya or within any part thereof, or from any place or area in Kenya to any other place or area, and any such order may be applied in respect of maize and maize products either generally or in specified circumstances." An order made under this section provides: "No person shall move any maize or maize products by head load, pack animal, vehicle, train or vessel, and no owner of any maize or maize products shall cause or permit the same to be moved, except under and in accordance with a permit issued by the Board or by some person authorized by the Board in writing (whether named or specified by reference to his office or to his duties or functions in a particular place) for the purpose." This order, however, allows without permit the movement of two bags of maize within a district. And the Board is given the power to declare that "two or more contiguous districts shall be treated as one". An amending order made in 1964 laid down that the concession with regard to the movement of two bags of maize "shall not apply to the Trans Nzoia District of the Rift Valley Province during the months of January, February, March and December in each year".

396. Under the provisions of this order the General Manager of the Maize Marketing Board from time to time issues Certificates of Authority to Issue Movement Permits to suitable persons or organizations or firms.

397. The movement permit is a powerful instrument of policy. It enables the Board to control the movement of maize and maize products throughout the country. Anyone can in normal times buy maize and maize flour but no one is permitted to move it to another area without a movement permit. In one of its memoranda submitted to the Commission, the Board states: "In normal seasons once the maize has been sold to a miller or trader this Board exercises no further control on the distribution of maize or maize products other than to issue or authorize the issue of movement permits. Delegated powers are issued to millers to enable them to dispose of maize products. The Board does not have the 'machinery' to regulate the onward disposal of maize meal as this is not necessary in normal seasons and this system works satisfactorily."

398. This is correct, but the Board itself authorizes the millers to issue movement permits at their discretion. During the recent shortage such powers were withdrawn and the control of the Board over the movement of maize products was restored. Such action could, if the Board so wished, have been taken earlier. It has to be remembered that when millers or traders are issued maize they pay for it so that the maize becomes their property. If the Board considers it necessary to continue to exercise control over the disposal of maize or maize flour then it must continue its ownership of such maize or maize products. This will mean that the Board will invest a large sum of money in maize

in the hands of millers and traders. Apart from this, maize or maize meal has to be sold outright at some stage to the trader or to the consumer. And there will always be a limit to the exercise by the Board of any control on maize or maize flour once it has been sold. But the right of the Board to withdraw from the trading interests (the millers or the traders) the authority to issue movement permits does give the board some power over the disposal of maize meal.

399. The real weakness in the position of the Board arises from the fact which we have raised in an earlier chapter that it must always act through agents and sub-agents. That limits its power in a significant direction to a significant extent. The withdrawal of the authority to issue movement permits enabled the Maize Marketing Board in effect to divide the market between the various millers. But in one case (in the Coast Province, as we have described earlier) the market was as a matter of deliberate policy divided between the various millers serving the Province.

(4) ACCOUNTING PROCEDURE

400. A defect in the accounting procedure of the Board has been shown by evidence. Whenever movement permits are issued either by the Board or by its agents or sub-agents in respect of maize purchased from growers direct, a "differential" becomes payable. This represents the amount of the county council cess and any cess payable to the Board and the costs of the Board which the buyer would have paid if he had bought the maize direct from the Board. Permits are issued and the collection of the differential is left to the persons who issue them. Copies of the permits do not come into the hands of the Board until much later. We are not sure if copies of all permits do ultimately come to the Board.

401. As stated elsewhere in this report, two permits were issued by the Assistant Executive Officer of the Board at the request of the Hon. Paul Ngei, M.P., Chairman of the Board. The contention of the Board seems to be that the maize was the property of the Uhuru Millers and that the differential should be paid by them. Mr. Ngei, who has conducted transactions with the Board on behalf of the Uhuru Millers, contends, on the other hand, that the maize did not belong to Uhuru Millers but to a Mr. Masila. He says that Mr. Masila came to him as one of his constituents and that he introduced him to Mr. Thendu, the Assistant Executive Officer of the Board, and asked him to listen to him and to do whatever should be done. Mr. Thendu issued two permits for 2,000 bags of maize and handed them to Mr. Masila. No one thought of collecting the differential which, according to rules, amounted to a sum of Sh. 33,000 and to our knowledge this sum is still outstanding. In a commercial house, payment would be collected before the issue

of permits or the transaction would immediately go on to the books and a bill would be sent to the person who was to pay. In this case, if payment had been demanded immediately from Mr. Ngei, he would either have told the Board that the responsibility for payment was Mr. Masila's or would have paid. In any case, the matter would have been settled quickly one way or the other.

402. Even if payment were not demanded immediately in view of the position which Mr. Ngei occupied, an account should have been presented to him and the transaction entered in books.

403. Differential was also due on a large number of movement permits issued by Uhuru Millers. The total amount due in respect of those permits comes to Sh. 102,748/80. This debt was completely ignored until Mr. McGovern made a report, and drew attention to it. This debt has not, to our knowledge, been settled.

404. *We make four recommendations in this connexion:—*

- (i) *Blank books of movement permits should be treated as valuable documents and should be kept under lock and key and should not be issued except under strict precautions.*
- (ii) *The whole differential due on a movement permit should be collected before the permit is handed over to the applicant.*
- (iii) *As soon as a movement permit is issued, a copy of it must be sent to the Accounts Office of the Board.*
- (iv) *The Chief Accountant of the Board must issue instructions to the effect that the differential due on a permit should be debited immediately to the agent or other person issuing the permit.*

PART II—ALLEGATIONS

CHAPTER 11—ALLEGATIONS AGAINST THE BOARD AND OTHERS

405. Our fourth term of reference requires us to inquire into “the allegations of unfairness, inefficiency, corruption and black marketeering in the distribution and marketing of maize throughout Kenya”. This is the most difficult of all our four terms of reference. No direct evidence of corruption or black marketeering—that is, evidence implicating individuals or firms or companies—is available. Had such evidence been there, the guilty parties would have been taken to court. But a large number of facts of a general character have come to us from witnesses from which unfairness, inefficiency, corruption and black marketeering may be reasonably inferred. “Inefficiency” and “black marketeering” are capable of separate treatment and we shall discuss them separately. It is very difficult to separate the evidence on unfairness from that on corruption and we shall, for this reason, discuss all evidence under these two heads together.

(1) INEFFICIENCY

Ministry of Co-operatives and Marketing

406. This Ministry was created at the end of 1964 and disappeared a year later. It had to face difficult problems in the early days of its existence and some inefficiency was inevitable. We are of the opinion that the importance of maize to the well-being of the people of Kenya should be apparent to anyone who knows Kenya. We should expect therefore that anyone appointed to a senior political or public service office would appreciate the importance of maize from the moment of his appointment. This is not a matter that needs any special education or training. *We feel that, although this was a new Ministry, it should have dealt with the question of maize with greater speed and efficiency.* Both these were lacking until the beginning of June when the Ministry of Agriculture drew pointed attention to the partial failure of maize crops.

407. While we are satisfied that this Ministry did not do as much as it should have done to expedite the delivery of maize and was certainly guilty of inefficiency in its organization, we realize that it was facing internal troubles. There is evidence to suggest that the Permanent Secretary of the Ministry, Mr. B. W. Lutta, and the Minister, the Hon. P. J. Ngei, M.P., did not see eye to eye on many matters. In the end, Mr. Lutta felt compelled to take the unusual course of making a direct approach to the Permanent Secretary to the President's Office. Both Mr. Lutta and Mr. Cooper, his assistant, have given evidence

before us and we were impressed by their ability and their desire to help. We think they were the victims of circumstances. They were in a new Ministry, which naturally required some time to find its feet. The conflict between the Minister and the Permanent Secretary must have obstructed efficiency. Although this Ministry was not directly responsible for the distribution of maize, it had the responsibility for the Maize Marketing Board, and the lack of efficiency in its working reduced its own capacity to guide and help the Board.

Maize Marketing Board

408. We have found no internal conflicts within the Board. It does appear that the executive head of the Board, that is the General Manager, had the full understanding and co-operation of his staff. Although the General Manager was appointed to his post on the 1st June 1965 the other members of the staff of the Board were employees who had served it for very many years with great efficiency and devotion. Any inefficiency on the part of the Board must therefore be attributed to other factors.

409. As we have explained in Chapter 8 above, the Provincial Administration was constantly complaining of the Board's inefficiency. They received an advice that a certain quantity of maize was available for collection at a named depot and many times they found that such maize was not available. The representatives of the Board have explained that they knew from the start that maize was not available at the depot to which the disposal instruction had been issued but that they had made arrangements for the transfer of it from another depot and that transport had taken a little time. If that is so, the Board cannot escape the blame for inefficiency because they could easily have endorsed the disposal instructions to the effect that maize was being transported from a named depot and would be available in a stated number of days. In any case, this does not explain the cases in which a disposal instruction was sent but no maize was available then or later.

410. Mr. Munuve of Kitui interviewed the Commission on the 23rd April 1966 and requested that consideration be given to paying compensation to traders who had made journeys as a result of permits issued by the district commissioners, and who had found no maize available. As these permits were based on disposal instructions issued by the Maize Marketing Board, we regard this request as reasonable. *We recommend that compensation be paid by the Board to traders who can show that they took a lorry to collect maize allocated to them in writing by the district commissioner of their area but who found no maize available.*

411. This failure to make an appropriate endorsement on disposal instructions resulted in a lot of criticism and misunderstanding in a case to which we have referred above (paragraphs 311 to 313). Mr. Otiende complained that 1,000 bags had been promised but had not been given to his area. We are now told that the 1,000 bags in question were in fact sent to the area but that they were disposed of to other buyers by the marketing officer in charge at the destination. On questioning the marketing officer, we were told that he received 1,000 bags of maize but that there was nothing to indicate that this maize was intended for any particular person or for any particular area, the disposal instructions merely advised the arrival of 1,000 bags. For this reason, he sold the maize in the ordinary way to other people who wanted it. This also could have been easily avoided by endorsing the disposal instructions to the effect that the maize was being sent at the request of Mr. Otiende and was to be made available to the district commissioner of the area.

412. We have also explained in Chapter 8 the difficulties that arose between the Board and the Provincial Administration. The Provincial Administration thought all along that it was, during shortage to be the sole authority responsible for distributing maize in their respective areas. The Maize Board claims that it never gave up its powers of making allocations direct. We do appreciate that the Board had and still has the power given to it by law to make direct allocations of maize, but there is no reason why the position was not clearly explained to the provincial commissioners. Much ill-will and some wasteful distribution could have been avoided by stating clearly that the Board intended no more than to place a certain quantity of maize at the disposal of the Provincial Administration in addition to the quantity to be issued by the Board direct.

413. In February 1965 the Board restricted its allocation to a total of 136,000 bags a month. In April 1965 strict rationing was imposed and the quantity made available to the country was reduced to 80,000 bags a month. It does not appear that the Board made any arrangements for obtaining the co-operation of its own agents outside Nairobi. We were told by a miller in Kisumu, that he was issued 6,880 bags in January 1965 and that his quota was fixed at 1,306 bags in February. In March he was given his fixed quota but in April, when maize was supposed to be strictly rationed he was issued 4,000 bags. He also told us that he was not alone to benefit by the generosity in allocation but that other millers in Kisumu were also given increased allocations. It is quite clear that the Board did not take sufficient steps to make its important agents conform to its policies. We appreciate the difficulties that the Board had in controlling an agent like the West Kenya Marketing Board but the Board did nothing to impose its policy on one of its agents.

414. Instances of wasteful expenditure on transport also appear to have occurred. Mr. E. A. Andere himself told us on the 22nd February 1966 answering a question on the maize supply position: "The position is very good . . . And for your information first to show that we have got sufficient quantities, I sent 3,000 bags to Bungoma and the D.C. Bungoma . . . says he doesn't want 3,000 bags, so I am moving that 3,000 bags to Nakuru." It would appear maize was sent to Bungoma although it had not been asked. The result was that unnecessary expenses were incurred on transport.

415. In another case which also come to our notice we found that maize for stock-feed had been imported from Tanganyika and sent to Thomson's Falls. Later, it was brought back to Nairobi and sold to a consumer at a price which included additional transport.

416. Authority to issue movement permits was, it appears, lightly used. As a result, movement permits were issued, at least during the early months of 1965, by a large number of people and there was no check on such movement permits and no steps were taken to collect the differential due. A large number of movement permits was issued by Uhuru Millers of Tala Market. Permits were also issued in the Western Province where the district marketing officer simply ignored orders from his superiors. We shall give more details of this elsewhere. Here, it is our purpose only to point out the factors which led to inefficiency in the working of the Board.

417. These are defects which are likely to arise in the running of any large-scale organization. We are mentioning them only because we feel they need to be looked into and remedied. Since the Government has already decided to amalgamate the three Marketing Boards and since a working party recently appointed by Government is looking into the organization of Marketing Boards, we do not consider it necessary to deal with the question of inefficiency at any greater length. *The reorganization which is bound to result from the setting up of one central Board and from the recommendations of the working party will, we hope, have the effect of removing the factors which make for inefficiency at the moment.*

(2) "GREY" MARKET

418. Before we deal with the black market, we wish to give a few examples of the "grey market". This type of transaction is more insidious in its effect because the businessman concerned makes higher profits by exploiting the situation to his own advantage but remains well within the law. He only stretches the law to the farthest limits. He is enabled to do this by the prevailing shortage.

(i) A Mombasa trader (Mr. Abdul R. Munshi of Alibhai Essa and Co. Ltd.) stated to us that he had a contract with a Government Department to supply maize meal. The contract price was 30 cts. a lb. or Sh. 60 a bag of 200 lb. He used to buy his requirements partly from the depot of an upcountry miller and partly from a Mombasa mill (Coronation Mills Limited) at Sh. 58 per bag. He, thus, used to make a profit of Sh. 2 per bag. When maize was in short supply, his upcountry supplier was stopped from sending flour to the Coast and he had to take his supply from Atta Ltd. This last mill stopped producing maize meal in 200 lb. bags and insisted on supplying it in 5 lb. packets. The price was thus increased to Sh. 67 a bag. The trader himself made representations to the Government Department which agreed to take 5 lb. packets at the retail price of Sh. 76 a bag. Thus, whereas previously he was making Sh. 2 on each bag he was now getting a profit of Sh. 9 per bag. This increase was due only to the shortage that prevailed. In normal times the trader would have been able to get his supplies from another source. Although the trader complained that the miller was being unfair to him in so far as he was refusing to supply maize meal in 200 lb. bags, he overloaded his own higher profits and it does not appear that any Government auditor argued that while the trader was entitled to increase his supply price, he was not entitled to increase his rate of profit because he was doing no more work in supplying the maize meal than he had been doing before.

(ii) The same trader told us that he had approached two mills (Coronation Mills Limited and Atta Limited) for flour in 200 lb. bags and that both had refused to supply. The Manager of Atta Limited was asked by us: "Mr. Chandaria, you say that you had been supplying 200 lb. bags in May and June. Why did you suddenly stop?" His answer was: "Because, Sir, the quota of milling and the market that was given to us was to the Mombasa traders and the Mombasa traders only preferred in 5 lb. bags and not in 200 lb. bags". Later, he was asked specifically if his mill had received a request to supply flour in 200 lb. bags. He replied: "I don't think so". When pressed for a definite answer, he said: "I don't remember having a request". Pressed still further, he said: "I will look up the records for that". This was on the 25th January. On the 20th April or thereabouts we received an affidavit sworn by Mr. Manilal P. Chandaria containing *inter alia* the following paragraph: "That I have ascertained that there were a very few requests for maize meal to be delivered in sacks instead of paper bags, and these could not be met at the time without disturbing the pattern of distribution, and in any case were not followed up". Of course, this is no less evasive than the previous answers. The complaint was definite and remains in our view unanswered.

Mr. Chandaria agreed that he would have supplied "if it would have been a sizeable order", that is if "large supplies were necessary".

The requirements of the traders who had complained may be judged from the fact that he had purchased during the first six months of 1965, 1,502 bags from Unga Limited and 315 bags from Coronation Mills. This gives an average of 500 bags a month.

Another fact that is relevant is that whereas the trader had been buying flour at Sh. 58 a bag and even now would have paid no more than Sh. 60 for a 200 lb. bag, he was made to pay Sh. 67 for the same quantity of flour packed in 5 lb. packets.

The net result of this was that the miller made an additional Sh. 7 and the trader an additional Sh. 9 on each 200 lb. of flour.

(iii) Our next illustration also comes from Mombasa. A Mombasa mill (Dubois Oil Mill and Soap Factory Ltd.) had been asked by the Hon. Ronald Ngala, M.P., Chairman of the Maize Marketing Board, to supply, as a special case, maize meal in small quantities to consumers. The mill did this and as a recompense it was given an additional allocation of 500 bags of maize. When, asked at what price he sold the maize flour to the "hungry" individuals, the representative of the mill replied that he charged them the controlled price, by which of course he meant the retail price. In effect, he took his own profit as a miller and in addition took the retailer's profit. The miller was, therefore, within the law and was, in spite of it, able to make a profit which it was never the intention of the law that he should make.

(iv) The fourth illustration relates to the activities of a miller in the Eastern Province. This miller (M. D. Puri and Sons Ltd.) was the agent of the Maize Marketing Board and used to receive and store maize on behalf of the Board. A quantity of maize was brought to its store which the officials of the Board refused to accept. Messrs. M. D. Puri and Sons, Ltd., bought this maize "to help out the traders" who had brought the maize to the store and would have to transport it back to their respective places of business if it had not been bought and it had to be bought because "there were a lot of pressures about it".

The representative of the Company (Mr. Kabirudeen) was delightfully vague about figures. He was asked the price which his company had paid for this so-called "reject" maize. He said: "The only thing I can mention is an average of between Sh. 18 and Sh. 20 a bag". He said the gazetted price for ordinary maize then was "Sh. 26, something". In fact, it was Sh. 27 a bag during 1963/64. Mr. Kabirudeen had told an investigator in March 1964 that the maize had been bought "at the end of buying season last September".

This means that the company had paid the trader or the grower Sh. 7 to Sh. 9 less for each bag. One or two questions and answers may be quoted:—

Q. "When you milled this reject (maize), at what price did you sell the posho, at the control price?"

A. "Yes."

Q. "And you did not buy it at the control price, did you?"

A. "No."

Q. "And this is the way you are helping the producers?"

A. "Well, if I may say so, it involved us in a lot of time and some expense to sort out this reject maize. We had to place it for drying and other things."

The question arose: What was the quantity of "reject" maize bought by Puri's. The State Counsel suggested to Mr. Kabirudeen twice that the quantity was 15,000 bags. He neither affirmed nor denied this. Later, he returned with his advocate Mr. Zool Nimji, and asked for an opportunity to clarify some of this statements. He now told us: "I am afraid unfortunately we could not work out the exact quantity of the rejected maize purchases . . . at that time we were buying a lot of produce, all the rejected maize was bought, together with this produce in an account 'Produce Purchase Account'. 7,200 bags of total produce". Of that figure of 7,200 bags of produce, the reject maize, "according to the records, according to our knowledge, it would come to about 30 per cent to 40 per cent . . . between two and three thousand bags".

Here is an old business concern. It has been an agent of the Board for very many years and it knows all the rules. It buys maize and does not know how much it has bought. We do not believe this.

We think Messrs. M. D. Puri and Sons, Ltd., purchased a substantial quantity of maize and made profits which it should not have made. But it obtained for the purchase of maize the oral authority of two officers of the Board and thus managed to create the impression that it acted in accordance with the law.

419. *We consider that the price control regulations are not stringent enough and recommend that the price structure should be reviewed with a view to making it an offence:—*

A. *for millers—*

- (i) *to increase the cost of their products to the consumer by changing the type of packing or by some such device;*
- (ii) *to buy maize direct without the prior authority of the Board and without paying the differential;*
- (iii) *to charge to anybody any price higher than the ex-mill price;*
and

B. *for traders to increase the price payable to them under a contract by more than the increase in the cost to them due to a change in the control price.*

420. *We also recommend that it should be made a condition of the registration of a mill that it will always be prepared to supply all its products in all types of packing authorized by price control regulations.*

(3) BLACK MARKET

421. Thousands of people during the recent maize shortage must have paid black market prices, but an offence like this is very difficult to detect. The records of the police are based on a very broad classification. Superintendent Cross has produced two memoranda, extracts from which are given at the end of this report in *Appendices E and F*. The number of offences connected with maize (apart from theft and offences in relation to the illegal movements of maize) has increased steadily during the last three years, being 126 in 1963, 157 in 1964, and 335 in 1965. This is the number of cases reported to the Police. It is not possible to say how many of these cases were of real black marketing; but a considerable proportion must have been.

Urban Areas

422. It is common experience that whenever essential food is in short supply a black market is liable to arise. Consumers in Kenya cannot do without maize and rather than go without it they would pay a higher price. Most people do not report to the police in case traders should refuse to sell them flour in future. We believe, therefore, that many retailers must have indulged in black market practices and must have made a profit higher than that allowed by price control regulations.

423. But it would be wrong to assume that only the retailer makes a higher profit. The retailer buys from somebody else and may have had to pay a higher price himself, but the opportunities for making an illegal profit at the bottom rung of the ladder are greater. So of course are the risks, because the retailer deals with a large number of people, some of whom may be the agents of the C.I.D., or agents of voluntary organizations interested in the detection of crime. It is difficult to say much more about black marketing by traders because no really reliable information is available. If a trader is caught selling maize or maize meal at an illegal price he is taken to the court and is dealt with in accordance with the law.

424. Some pertinent comments on this are obtainable in the second memorandum of Superintendent Cross. A paragraph in the memorandum dated the 23rd December 1965 submitted to us by the Federation of Kenya Employers is also relevant: "Workers were required to purchase

maize at prices of cents 40 to cents 50 per pound but experience over the past four months shows that many workers had to call every night on their way home, many times being informed that there was no maize available and ending up at the end of the month with insufficient supplies."

Rural Areas

425. More evidence has been forthcoming with regard to the illegal activity of small-scale farmers and maize-sellers at small markets. A Member of Parliament, giving evidence before us at Kakamega, stated that, during the 1964/65 season, farmers kept maize back until the price rose and then sold it direct at about Sh. 90 a bag. Farmers thus made more money and saved all costs of marketing. Another witness gave Sh. 60 as the price at which farmers sold maize which had been kept back.

426. A Minister told us this: "In Western Province, and in Nyanza, the local market price is higher than what Government has offered. We normally have to pay Sh. 50 for a bag of maize from our neighbours, yet the Government was offering only a short while ago, Sh. 29." He also stated that farmers withheld maize because they were not satisfied with the price offered by the Board.

427. The Chairman of the Western Provincial Council told us this in his memorandum: "The Black Market price during the harvesting time within the province is always at Sh. 45 per bag of 200 lb. and after three months of harvesting the price is always between Sh. 60 and Sh. 75 depending of course, on the demand at the time." Giving oral evidence on the 9th February at Nairobi, he stated that the price of a debie was then Sh. 8 which equalled Sh. 48 a bag. The Chairman of the Provincial Agricultural Board of the Rift Valley Province said this in his memorandum: "Small-scale farmers find it very difficult to resist a cash offer of Sh. 40 when the control price in their area is probably Sh. 27."

428. The Provincial Agricultural Officer of the Nyanza Province said this in his memorandum: "During May/June 1965 the price of maize rose to over Sh. 70 per 200 lb. bag in Central Nyanza while it remained at about Sh. 40 per bag in Kisii District as compared to the Western Kenya Marketing Board's selling price of Sh. 41.65 per 200 lb. bag." The reason he gave us was the restriction of movement from district to district.

429. The black market price around Kisumu was given by witnesses at figures varying between Sh. 55 and Sh. 65 per bag. The black market price at a place about thirty miles from Kakamega was quoted by one

witness as Sh. 75 a bag. Another witness from Western Province stated that the price sometimes went up as high as Sh. 100. A witness from the rural areas of Kisumu District stated that maize was being sold from farm to farm at Sh. 80 to Sh. 90 a bag.

430. The Central Agricultural Board in its memorandum dated the 24th December 1965 stated this: "The Board . . . are convinced that black market was carried out on a wide scale and in some districts—such as Baringo, maize was changing hands at Sh. 200 a bag."

431. The Kenya National Farmers' Union said this in its memorandum: "In Nyeri, the current price being paid at present for maize is Sh. 12 to Sh. 14 per debie, and posho is selling at between 50 cents and 75 cents a pound and sometimes higher in famine areas." A farmer witness from the Nyeri area said this: "Only small amounts of whole maize and maize cobs are obtainable in markets at double the usual price. To obtain these small amounts many miles have to be travelled several times a week."

432. In conclusion a quotation from the annual report for 1964/65 of the Department of Settlement may be given: "Very little maize was sold through the Co-operatives as the country was short of maize. Most producers sold in the black market. The total maize marketed through the societies was £6,198 and this total represents just over 1 per cent of the gross sales of all societies."

433. This last extract relates to all the settlement schemes in the country. It is quite clear that the black market was widespread and the difficulties of the poorer classes were many and severe. It is not easy, however, to suggest remedies. The only effective remedy is to increase production so that there will be no shortage. A black market flourishes when there is a shortage—especially so when the commodity in short supply is a commodity in general use. Perhaps 90 per cent of the population of the country eats maize and this means that there is great competition to get a share of the limited supplies of maize available. Again, a large proportion of retail traders deal in maize. The problem of detecting offences is, therefore, an enormous one.

434. As we have suggested in another part of this report, the population of the urban areas can be protected against a black market by introducing rationing. Each consumer will then be registered with one particular trader, who will be given necessary supplies by the distributing authorities and there will be no question of the trader concerned being able to say that he has no posho. Rationing will certainly protect a very important, although a small, section of Kenya's population.

435. Rationing may not be practicable in rural areas. The only remedy which may have some effect there is for the police to be more vigilant, so that it can make examples of law breakers. The police may

also consider the possibility of requesting courts, in cases of convictions, to award more severe punishment. In fact we have no sympathy whatever with those people who charge black market prices for a commodity of everyday use. And we think it would not be improper for prosecutors to request courts to award imprisonment in proved cases of black marketing.

436. The recommendations that we make elsewhere with regard to the removing of political influences from the distribution of maize and also with regard to making the Provincial Administration responsible for deciding who should receive maize for sale to consumers will be of help in reducing the black market. In each area there should be one authority to which people can turn for assistance and guidance. Arbitrary decisions can be avoided if the area authority is advised by a small committee. It will be necessary, however, to see that the committee does not contain members who themselves are interested in the maize trade.

437. Strict control on the movement of maize is also necessary during a period of shortage. We have no doubt that the Board should be the ultimate authority for the control of movement but it must be recognized that every person who wants permission to move maize cannot be expected to come to Nairobi for a permit. There must be some person in each area who has power to issue permits. The power will be less liable to abuse if it is vested in some person who is not himself interested in milling or maize trading or in transport of maize. We think this power must be given to officers of the Board and to officers of the Administration and to nobody else.

438. *We recommend that during period of shortage of maize—*

- (i) *the Police should arrange more frequent visits to markets in rural areas;*
- (ii) *the prosecutors should consider the advisability of requesting courts to award more severe punishment when a case of black marketing has been proved;*
- (iii) *the Provincial Administration in each area should be advised by a committee of disinterested persons when selecting dealers for the distribution of maize;*
- (iv) *movement permits should be issued only by officers of the Board and by officers of the Administration.*

(4) UNFAIRNESS AND CORRUPTION

439. *There is no evidence before us showing "corruption" in the legal sense. In most instances discussed by us below, "unfairness" would be an appropriate description of what took place. People took unfair advantage of their positions as businessmen or politicians. In some cases, abuse of public office was involved.*

**CHAPTER 12—ALLEGATIONS AGAINST THE
HON. P. J. NGEI**

440. The Hon. Paul J. Ngei, M.P., is a leading public figure. He was appointed a member of the Maize Marketing Board during the crop year 1961/62. In October 1965 he became the Chairman. Fourteen months later he was made the Minister of Co-operatives and Marketing with jurisdiction over all marketing boards including the Maize Marketing Board. The allegations made against him by various people are discussed below.

(1) WIFE'S EMPLOYMENT

441. Mr. Ngei was asked by the Counsel for the Board whether his wife was appointed as Secretary to the Chairman during his own time as Chairman. Mr. Ngei refused to answer this question and we did not think it was necessary to compel him to answer but we warned him that other evidence on this point would, if offered, be admissible and that he had the opportunity now to refute the suggestion.

442. There is evidence which shows that Mr. Ngei's second wife was appointed "Personal Secretary to Chairman" on the 23rd October 1963 on an annual salary of £660. Mr. Ngei himself was then Chairman. There is no law against the employment of the wife of the chairman of a statutory board, but it does not seem desirable nor wise that she should be given employment in the office of her own husband. We think it would be a good rule to follow that if the wives of influential politicians and highly placed civil servants seek employment they must not do so in the offices of their husbands and must seek it elsewhere in competition with other candidates.

443. *We think Mr. Ngei acted unwisely in accepting his wife as his own full-time secretary, paid by the Maize Marketing Board.*

(2) HIS POSITION IN RELATION TO UHURU MILLERS

444. A firm called Uhuru Millers was functioning for some time at Tala Market in Machakos District. Mrs. Emma Ngei ran the business but there was a strong suggestion that Mr. Ngei himself had an interest in it. The extent of the interest was not clear.

445. When Mr. Ngei appeared to give evidence on the 18th February, it was put to him that he had bought the milling machinery and that the mill belonged to him. The facts were these. In May 1962 a firm called "Paul Ngei and Partners" bought from Machinery Services Ltd. a Lister engine with a *posho* mill for Sh. 10,500-odd. The firm paid a deposit of Sh. 2,000 and agreed to pay the balance by twelve instalments of Sh. 668 a month. Four instalments and part of the fifth instalment were paid and

then the firm defaulted. The company wrote several letters to Mr. Paul Ngei who called several times and explained the difficulty of getting money. Ultimately, in April 1963, Mr. Ngei entered into a new hire-purchase agreement on his own behalf. He was to pay the balance of the original purchase price by instalments, the first instalment being Sh. 1,000.

446. This was the story put to Mr. Ngei by Mr. Rumbold. Then, Mr. Ngei was asked: "Did your partners get anything back in respect of what they had paid?" The answer was "No" because the second purchase was a new transaction; the machinery had been "repossessed" by the company after default by partners.

447. Mr. Ngei denied that he was a partner in the first milling firm: "Mr. H. . . . or whoever made the statement we could not tell him what was our arrangements . . . what the Machinery Services were concerned with is somebody who could guarantee that this machine was not going to be thrown somewhere and that's how it came in."

448. If we accept Mr. Ngei's word on this matter, the result is that the original partners (of whom Mr. Ngei was not one) had paid Sh. 2,000 and a little more than four instalments of Sh. 668 each and Mr. Ngei was given credit for the money paid by them. We are not saying that this was not in accordance with law. The law on hire-purchase is out of date and one-sided and Mr. Ngei was entitled to take advantage of it.

449. But the question then arises: Did not this make Mr. Ngei the owner of the mill? Mr. Ngei's position on this aspect of the matter was not clear. He said that his wife had given him the money. He also argued: "My wife sometimes pays a thing for me and sometimes I pay for her. It is a mutual understanding."

450. In any case, the mill had been installed. On the 25th June 1963 when Mr. Paul Ngei was a member of the Maize Marketing Board he applied for the registration of the firm of "Uhuru Millers" as a miller under section 27 of the Maize Marketing Act. He gave his own name as "Applicant" and he signed the application as "P. J. Ngei" but did not indicate the capacity in which he made or signed the application. The name "(Mrs.) Emma P. Ngei" was shown against the entry "Names of Directors".

451. Mr. Ngei probably intended to make the application on behalf of his wife Mrs. Emma Ngei. There is no doubt, however, that the General Manager of the Board took his application as a request by Mr. Ngei to get himself registered as a miller because the "Millers' Registration Certificate", No. 169, dated the 15th July 1965, reads: "Mr. Paul Ngei, Tala Market, Machakos, P.O. Kangundo, is hereby

registered as a miller of maize under section 27 of the Maize Marketing Ordinance, 1959, in respect of his mill situated at Tala Market—Machakos District. . . .” This certificate is an extreme example of inefficiency and a blind desire to help persons in authority.

452. On the following day, one certificate of Authority to Issue Movement Permits was granted to “Mr. Paul Ngei (Designation), Partner” and another to Mrs. Emma Ngei whose designation was also shown as “Partner”. These authorized the issue of permits for the movement of maize/maize products “from Uhuru Millers restricted to movement by road only (1) within a thirty-mile radius of Tala Market, (2) to Nairobi, Thika and Kiambu Districts, (3) to Taveta, Kibwezi and Voi”.

453. This power was freely used. A statement produced to us shows that in spite of the restriction, two permits for movement by rail were issued—both signed by “P. Ngei (M.P.)”.

454. Again, in spite of the restriction imposed that permits were to be issued only for maize or maize products “from Uhuru Millers” they were issued in favour of a large number of persons and from many places other than Tala. Eleven of the permits on the list were signed by Mr. Paul Ngei and the others by Mrs. Emma Ngei.

455. *We find that Mr. Ngei had by his own conduct as described above shown himself to be closely connected with the business of Uhuru Millers and that he cannot now escape criticism for whatever resulted from that close connexion.*

(3) PAYMENT OF DIFFERENTIAL

456. Mr. Ngei told us in evidence that he knew that “a differential had to be paid on maize purchased from growers direct”. He maintained, however, that none of this maize had been purchased by Uhuru Millers and he challenged the Board “to bring the F.B.I. in for investigation to prove that we have ever bought maize”.

457. In twenty-seven cases, “Uhuru Millers” were described as the “Bearer” of the permit. When asked whether in those cases at least the maize or *posho* belonged to his wife’s firm, Mr. Ngei explained that that was not so but that his wife did not then understand the true significance of this entry. The maize or *posho* in each case belonged to somebody else, some sub-agent of the Board, and that Mrs. Ngei was only issuing the permit to facilitate movement. That explanation is not convincing because Uhuru Millers were shown as the “Bearer” on permits issued in the beginning of the period in question (19th July 1963) as well as about the end of it (e.g., 12th November 1963).

458. Of the twenty-seven permits showing Uhuru Millers as the Bearer, twenty-five covered *posho* and two maize. It is not likely that *posho* belonged to Uhuru Millers and was sent to Nairobi for sale. The question arises: was the maize which was used to produce *posho* purchased through the Marketing Board?

459. In two cases, maize was sent to Nairobi: this could hardly have been purchased from the Board. There is, of course, nothing to show that it was sent to Nairobi for delivery to the Board.

460. A total of 4,547 bags were moved on permits issued by the Uhuru Millers. On the assumption that differential was due on all of them, the Board has lost a sum of Sh. 102,748/80. The information before us does not enable us to say how many bags were, in fact, subject to the differential. But we cannot regard the attitude of Mr. Ngei as other than irresponsible. He was a member of the Board and, for part of the period, the Chairman of the Board, but he took no steps to make sure that any differential due—at least on the permits issued by him—was collected. He seems to suggest that it is now for the Board to prove that differential was due, not for him as the issuer to prove that it was not due. *We find that Mr. Ngei allowed his interest in his wife's business to come into conflict with his duty to a statutory Board to the certain detriment of the latter.*

461. Another case involving the payment of differential may be mentioned here. Mr. Ngei introduced a Mr. James Masila to Mr. A. J. Thendu, the Assistant Executive Officer of the Board, and Mr. Thendu issued or handed to Mr. Masila two movement permits, one for 1,000 bags of maize to be railed from Kibwezi to Mombasa, and another for 1,000 bags to be railed from Kibwezi to Nairobi. Permits were issued without the collection of the differential which, if the maize was locally purchased, would amount to Sh. 33,000. On the 27th January 1964, Mr. Thendu submitted a note to the General Manager of the Board saying, *inter alia*: "On 9th January 1964, at 1.45 p.m., I was called upstairs by the Hon. Paul Ngei, Chairman of the Board, and asked to make out two permits, each one being for 1,000 bags of maize. I advised the Chairman that in the event of the maize having come from sources other than the Maize Marketing Board a price differential was payable to the Board. The Chairman then advised me that the price differential would be paid after the maize was railed. The instructions having come from the Chairman of the Board, who in my opinion is a man of very high integrity and esteem, I did not see any reason to prevent me from issuing the permits in quite good faith, and it did not seem to me that any regulations would be violated in so doing."

462. Mr. Ngei contests this version of the events and says that Mr. Masila called on him and that he himself did no more than introduce him to Mr. Thendu, asking Mr. Thendu to listen to Mr. Masila and to

see what could be done for him. The maize, he says, belonged to Mr. Masila. Mr. Ngei seems, however, to be contradicted by two facts. First, both permits (No. 81999 and No. 82000) show Uhuru Millers as the "Bearer". This name must have been given to Mr. Thendu. Secondly, one of the permits (No. 81999 for 1,000 bags from Kibwezi to Nairobi) was produced at the hearing by Mr. Ngei who stated it had not been used.

463. The attitude of Mr. Ngei is that the maize belonged to Mr. Masila and that the Uhuru Millers had nothing to do with it. He told us that he had challenged the General Manager "to go to a lawyer and bring the matter to court". Mr. Masila supports Mr. Ngei.

464. *We find that there is insufficient evidence to prove that the maize intended to be covered by permits No. 81999 and No. 82000 was the property of Uhuru Millers. We also find that officers of the Board were unduly lax and negligent in dealing with Mr. Ngei. We see no reason whatever why the payment of differential was not demanded before the permits were issued or why a bill was not presented immediately to Mr. Ngei.*

(4) WAS EMMA STORES A FAVOURED FIRM?

465. The Hon. W. M. K. Malu told us that he had received complaints that the sub-agents were not getting maize from Messrs. Emma Stores who were the Board's agents in the Northern Division of Machakos. (*Note.*—The firm of Emma Stores is owned by Mrs. Emma Ngei who is also the proprietress of Uhuru Millers. Both are carrying on business at Tala Market on premises close together.) Mr. Malu approached the district commissioner who "expressed his difficulty in dealing with a store which is the property of a Minister . . . although he has been controlling the other agents, that one has been very difficult to do anything with". Mr. Malu later attended a meeting under the chairmanship of the provincial commissioner and he raised the matter there. The result, in Mr. Malu's words, was this: "The P.C., although he said he was going to try something, but he also expressed the same feeling that it isn't very easy for a P.C. to deal with a store belonging to a Minister, but he also asked me to use my influence at the top level whereby I may be assisted by another authority, above him." Thereafter, Mr. Malu stated: "We tried in Parliament to talk to other members, who in the end shared it and brought it up in the Parliament."

466. The District Commissioner, Machakos (Mr. Isiah K. A. Cheluget) gave evidence on the 15th March and stated: "For the Northern Division we normally would have received our supplies from the Maize Marketing Board, but in fact we were receiving them from Emma Stores." He had no control at all on the supplies received by Emma Stores. The Board did not advise him the amount Emma Stores

were receiving. He complained to the Board and to Mr. Ngei. The success achieved was "very little if any". He wrote to Mr. Andere on 8th September 1965 but received no reply in spite of reminders, nor had the Board taken any action on his letter.

467. The traders in the Kangundo area had complained to him that "they were not allowed to get their maize direct from Nairobi . . . but instead they were expected to get their requirements from Emma Stores" who "were selling the maize to them at retail price".

468. On 13th September 1965, Mr. Cheluget called a meeting which was attended by various traders, Mrs. Emma Ngei and the district officer. It was agreed at this meeting that the weekly supply of Emma Stores which "at that time" was 2,000 bags should be divided into two parts. Messrs. Emma Stores were to get 1,000 bags and the balance of 1,000 bags was to go to other agents. According to Mr. Cheluget, Mrs. Ngei did not carry out the undertaking she had given but continued to receive 2,000 bags. He informed Mr. Andere, but "Mr. Andere told me point blank he was unable to do anything about it". He tried to arrange a meeting between the traders and Mr. Andere but did not succeed because Mr. Andere "went on a visit to Machakos in a hurry" and then returned to Nairobi and because the traders except one (the miller at Tala) seemed no longer interested.

469. The answers which Emma Stores give to the various criticisms may now be summarized:—

(i) *Price.*—Emma Stores were authorized by the Maize Marketing Board to charge Sh. 4/05 (Nairobi-Tala forty-five miles at 9 cents per bag per mile) for transport. The cost to Emma Stores was thus Sh. 46/90 (Sh. 42/85 plus Sh. 4/05). To this they added Sh. 1/70 profit and sold the maize at Sh. 48/60 per bag. Witnesses produced confirmed this final price which we do not regard as excessive. Other traders could not compete with Emma Stores by buying from them at Sh. 48/60. But this was hardly the fault of Emma Stores. The fault lay with the Board if it refused to supply maize to other traders. Our recommendations on price and transport charges are given in Chapter 4.

(ii) *Supplies to Other Traders.*—Emma Stores state that they bought maize for cash in the usual way and did not stop anyone from buying maize from the Board. After the meeting with the district commissioner, the traders argued that Emma Stores should advance money for 1,000 bags allocated to them. This Emma Stores refused to do.

470. One of the traders, Mr. A. K. Kitusa of Kangundo, gave evidence to the effect that he had a miller's licence like that held by Mrs. Emma Ngei but that he found it impossible to get maize from the Board. He said that he was always in a position to pay cash for maize. In fact, he

had bought for cash 420 bags in January 1965 and 380 bags in February. After that he failed to get any maize in spite of making applications. Then he instructed his advocates to write to the Board. The reply from the Board was dated 31st December 1965 and read as follows: "We acknowledge receipt of your letter ref. 16/46/59 of the 18th October 1965 delay in replying to which has been caused by the pressure of work of the last few weeks, when the maize supply position was critical. We, however, wish to advise you that since the date of your writing the letter and due to the improvement of the position it has been found possible to allocate a supply of 140 bags weekly to your client. We believe that the foregoing clarifies the situation and that there is no need to follow this matter further."

471. The phrase "a lame excuse" seems to have been invented for a situation like this. Messrs. Emma Stores were getting maize but Mr. Kitusa had to wait for an "improvement" in the supply position. The Board apparently thought it could not any longer continue the discrimination it had practised against Mr. Kitusa.

472. *We find that the Maize Marketing Board showed undue preference towards the firm of Emma Stores.*

473. In fairness to Messrs. Emma Stores, we give below a list of their purchases from the Maize Marketing Board:—

1964						<i>Bags</i>
September	...	...	...	...	...	113
October	...	...	...	...	...	235
November	...	...	...	...	...	2,149
December	...	...	...	...	...	1,170
1965						
January	...	...	...	...	...	168
February	...	...	...	...	...	—
March	...	...	...	...	...	112
April	...	...	...	...	...	—
May	...	...	...	...	...	352
June	...	...	...	...	...	1,080
August	...	...	...	...	...	1,682
September	...	...	...	...	...	4,280
October	...	...	...	...	...	780
November	...	...	...	...	...	2,902
December	...	...	...	...	...	999
1966						
January	...	...	...	...	...	20
Total						19,542

(5) BUYING FROM GROWERS DIRECT

474. Mr. Rafael Samson Kisika Mbondo, a farmer and trader of Mutheni Market, gave evidence on the 15th March. Mr. Couldrey (for the Maize Marketing Board) asked him if Messrs. Emma Stores bought white maize locally. His reply was:—

“Yes, Sir. I know they did buy some white maize locally in 1964. But it was not at Tala Market, Sir. They had bought it from Kikumulyu Location and a friend of theirs, James Kimile, James Masila, was at Kikumulyu, near Kibwezi, and normally they had to bring some maize, white maize, here in Nairobi. They had a permit.”

In amplification of his answer, Mr. Mbondo added:—

“They bought that locally. And I did—because Masila cannot fill his form—I filled his form to be registered as somebody Masila Mill and his young brother and myself as a third partner, and by then they asked me not even to worry because they had about Sh. 10,000 from Mr. Ngei and they bought about 700 bags from Kikumulyu, which part of it, about thirty-four bags, were intercepted by the police and it was confiscated, and the rest were already railed to Mombasa and they were sold in Mombasa, but not officially. The other, about 300 bags, were brought into Nairobi. They were sold in Nairobi at Kamukunji Market. And these two fellows always used to sleep in my house.”

This allegation, if true, meant that Mr. Ngei had, contrary to the rules made under the Maize Marketing Act, bought maize through an agent without permission from the Board and without paying the “differential”.

475. When the Commission assembled on the following day (16th March 1966), Mr. Shretta (for Mr. and Mrs. Ngei) made an application for the striking off of this portion of evidence on the grounds that it was “hearsay” and concerned a “civil liability”. We ruled that the evidence was admissible as it was relevant to the matters we were inquiring into; it had been given in the presence of Mr. Shretta; and although it was hearsay and adversely affected Mr. Shretta’s client, it was essential for ascertaining the truth of the matters into which we were inquiring.

476. Mr. James Masila (whose real name was given by him as William Masila Kimeu) told us on the 17th March that he never received Sh. 10,000 from Mr. Ngei to buy maize and that Mr. Mbondo was lying.

477. He admitted, however (i) that he was carrying thirty-two bags which were seized by the police and later confiscated by the court; (ii) that he actually carried 110 bags of maize to Nairobi on a permit issued in Mr. Ngei’s office; and (iii) that he railed 346 bags to Mombasa. All this maize, he stated, belonged to him or to his friends, but not to Mr. Ngei.

478. We would have to enter realms of speculation to come to a conclusion on the basis of this evidence that Mr. Masila was buying, carrying and selling maize on behalf of Mr. Ngei or partly on behalf of Mr. Ngei and partly on his own behalf. This we are not entitled to do. In the result, *we find that there is insufficient evidence in support of the allegation that Mr. Ngei had advanced to Mr. Masila a sum of Sh. 10,000 to buy maize on his own behalf.*

(6) FAVOURITISM—PARJEN (AFRICA) LIMITED

479. One of the allegations against Mr. Ngei was that he was instrumental in the appointment of Parjen (Africa) Limited as the sole broker of the Kenya Agricultural Produce Marketing Board because his brother, Mr. William Kasyoki, was one of the directors of the company. The promoter of the company, Mr. J. A. R. Jenkinson, had several years' experience of the type of work which the company was to undertake but the company itself had been on the register for only a few weeks.

480. The Kenya Agricultural Produce Marketing Board was the agent of the Maize Marketing Board in the Central, Eastern and Coast Provinces and the suggestion was that Mr. Ngei used his position as the Minister in charge of marketing boards for the benefit of his brother. Mr. Ngei, when asked to explain, told us that he did not know that his brother was a director but that he had received representations from another Minister of the Government (the Hon. D. Mwanyumba) to the effect that Parjen (Africa) Limited should be supported because it had been started with African participation.

481. When evidence on this issue was to be taken from witnesses on the 1st April, Counsel for the various witnesses concerned (namely Mr. J. T. Inamdar for Mr. J. A. R. Jenkinson, Mr. Satish Gautama for Mr. Abubakar Mohamed, and Mr. M. Z. A. Malik for Mrs. Clera Khasakhala) raised a preliminary objection that the *evidence* about to be taken had nothing to do with the maize industry. They were supported in this by Mr. Y. A. Shretta (for Mr. P. J. Ngei). We ruled: "Certain statements have been made before this Commission which are relevant to the matters into which we are inquiring. If the witnesses can give evidence which assists us in coming to a conclusion on those matters, their evidence will be admissible. The witnesses should proceed to give evidence. The advocates concerned will, of course, be free to object to any particular piece of evidence when it is tendered."

482. The evidence showed that three of the directors of the company were (i) the brother of the Hon. Paul J. Ngei, Minister of Co-operatives and Marketing, (ii) the brother of the Hon. D. Mwanyumba, the Minister of Works, Communications and Power, and (iii) the wife of the Hon.

E. Khasakhala, the then Chairman of the Kenya Agricultural Produce Marketing Board. Mr. Abubakar Mohamed, a businessman of Mombasa, was also a director. Shares of the nominal value of £500 had been issued to each of the directors named but share certificates were kept with Mr. Jenkinson. African participation, thus, meant the issue of shares to the close relations of three politicians and to Mr. Abubakar Mohamed.

483. The evidence which is relevant to the issue before the Commission was this. Mr. Abubakar told us that he discussed the matter with Mr. Mwanyumba and Mr. Jenkinson and later with Mr. Ngei. It was decided to form a company with African participation to handle capsicums and cashew nuts with a view to obtaining increased prices for growers in the coastal area. Mr. Jenkinson agreed that, of the £10,000 nominal share capital, £5,000 should be paid up, 60 per cent being allotted to Messrs. Jenkinson and Parekh and 40 per cent to Africans. Mr. Mohamed saw Mr. Mwanyumba to obtain from him the names of "reliable, respectable Africans who could be directors". Mr. Mwanyumba gave him the names of Mr. William Kasyoki, Mr. Dishon Mzee Mwakio, and Mrs. Nyangweso (i.e. Mrs. Khasakhala).

489. Mr. Castelino (of the Registrar-General's Office, who produced a copy of the statement of particulars of directors and secretaries filed by the company) gave the names of the directors as follows:—

William Kasyoki.
 Dishon Mzee Mwakio.
 Clera Josephine Nyangweso.
 Abubakar Mohamed.
 John Alexander Richard Jenkinson.

485. Evidence was also given by Mr. J. A. R. Jenkinson who stated Mr. William Kasyoki, Mr. Dishon Mzee Mwakio and Mrs. Clera Josephine Nyangweso (Khasakhala) were among the directors appointed. He did not know any of them; their names had been brought to him by Mr. Mohamed; he had never communicated with them except that the company had written to them "a few weeks back" calling a meeting of the directors "as a result of this Commission of Inquiry"; that they had never taken part in running of the company; and that they had made no payment for shares. When his attention was drawn to a statement he had made to Superintendent Cross which seemed to mean that the shares had been issued to African directors free of charge, he said that was a matter of interpretation of words: "I meant that at the time we were issuing these shares free to these nominated Africans. The question of how we intended doing it was never discussed."

486. The other evidence may be given in the exact words used by witnesses:—

Mr. Ngei: “I remember being told that Parjen (Africa) was taking African participation inside it.”

Q. “I think that one of the directors of Parjen (Africa) Ltd. is your brother, is it not?”

A. “It is not.”

Q. “Mr. William Kasyoki?”

A. “It is not. And he does not know anything about it.”

Mr. William Kasyoki:

Q. “Have you ever heard of a company called Parjen (Africa) Ltd.?”

A. “No, I have never heard of it.”

Q. “According to the company’s register you are director of this company.”

A. “I know nothing of being a director of such a company.”

Mr. Mwanyumba:

Q. “Do you know who the African directors of Parjen (Africa) are?”

A. “I didn’t know until Mr. Cross kept telling me in my office about two weeks ago, but I didn’t know any of the people who are the present directors.”

Q. “. . . Mr. Abubakar Mohamed this morning told the Commission on oath that you produced to him three names of people who subsequently became directors of Parjen (Africa) Ltd.”

A. “I did not.”

Q. “Do you know . . . Dishon Mzee Mwakio was one of the three African directors . . .?”

A. “I was surprised to hear. . . .”

Q. “This gentleman is your brother?”

A. “He is my brother, yes. He is here with me.”

Mr. Dishon Mzee Mwakio:

Q. “. . . are you brother to Mr. Dawson Mwanyumba . . .?”

A. “Yes.”

Q. “Do you know a firm called Parjen (Africa) Ltd.?”

A. “No.”

Q. “Do you know your name appears on the register as a director of that company?”

A. “I am not aware.”

Mrs. Clara Khasakhala:

Q. "Do you know a firm called Parjen (Africa) Ltd.?"

A. "I don't know."

Q. "... your name does appear as a director of Parjen (Africa) Ltd."

A. "Yes, I am surprised."

487. This looks like "Alice in Wonderland". *We believe the three directors when they say that they did not know about their directorships. But we do not believe Mr. Ngei and Mr. Mwanyumba on this point. Mr. Ngei must, when appointing Parjen (Africa) Ltd. as the sole brokers to an agent of the Maize Marketing Board, have known, and have been influenced by, the fact that his brother, the brother of Mr. Mwanyumba, and the wife of Mr. Khasakhala were directors of the company, and we so find.*

(7) FAVOURITISM TO FRIENDS AND RELATIONS

488. We will not repeat here what we state elsewhere in paragraphs 524 to 540 ("Interference by Politicians") and 298 to 333 ("The Role of Provincial Administration"). There are one or two other cases which were brought to our notice and which we now describe.

489. Mr. Musau Mwanja, of Tawa Market, told us that he was given by the Maize Marketing Board 150 bags of maize on the instructions of Mr. Ngei. He was also told by Mr. Ngei that he should give to Mr. Jackson Kaliku at Mwanthia ten out of his 150 bags because "there was very acute shortage of food" in that area.

490. Mr. Mwanja did deliver ten bags to Mr. Kaliku and received payment for them.

491. Another witness, Mr. D. L. Mutiso, of Kikima District, told us that he had received 300 bags from the Board on the instructions of Mr. Ngei who had asked him to give thirty bags out of this supply to Mr. Kaliku at Mwanthia. He took maize from the Board and made a report to the district officer and to the chief of the area. Both of them told him, however, that no maize was to be delivered to Mr. Kaliku and he did not deliver any.

492. Mr. Kaliku stated in evidence that he was "the overseer of distribution of maize in Mbooni", having been appointed as such "by the general public". He denied that the ten bags of maize were given to him on the instructions of Mr. Ngei.

493. There were suggestions that Mr. Kaliku was not a trader but a politician with sympathies for Mr. Ngei and that Mr. Ngei (who denied these suggestions) wanted to help him.

494. *We find that the evidence before us is insufficient to show that ten bags were given, and thirty bags were intended to be given, to Mr. Kaliku as a favour by Mr. Ngei.*

495. It has also been contended by some witnesses that Mr. Ngei's brother, Mr. William Kasyoki, is not a maize trader but that he was being given ten to fifteen bags of maize every day by Emma Stores. Both Mrs. Ngei and Mr. William Kasyoki have told us that allocations of maize were made to groups in each area; that Mr. William Kasyoki received his requirements of maize along with other members of his group; that no special allocation was ever made to him; and that in any case he never received anything like ten bags a day. When maize was available—and it was not available every day—Mr. William Kasyoki and another person from his area might receive ten bags between them.

496. Mr. Ngei's brother did obviously get maize but we do not know whether this was more than his proper share. *We find that this allegation has not been proved.*

(8) SALE OF MAIZE FOR STOCKFEED

497. The Hon. Mbiyu Koinange, M.P., saw Mr. Ngei one day outside the Cabinet Office and asked him if it was possible to buy one hundred bags of maize for his poultry. Mr. Ngei promised to do something and Mr. Koinange paid him Sh. 2,500. Later, Mr. Ngei told him that he could get sixty bags.

498. Mr. Koinange telephoned Mr. Andere, the General Manager, and by arrangement with him called at the Board's offices. He saw Mr. A. J. Thendu and told him that he had paid Sh. 2,500 for maize to Mr. Ngei. Mr. Thendu telephoned Mr. Ngei who confirmed payment and promised to send the money to Mr. Thendu. Sixty bags of maize were delivered to Mr. Koinange but Mr. Ngei did not send the money.

499. The position at present is that Mr. Koinange is shown in the books of the Board as a debtor for Sh. 1,800 although he has paid Sh. 2,500. Mr. Ngei's advocate admitted the receipt of money by his client but contended that certain maize had been allocated to Mr. Ngei and that he had sold part of his allocation to Mr. Koinange. In effect, this was, he argued, a private transaction between his client and Mr. Koinange.

500. *Our view is that Mr. Ngei was, at the date he received the sum of Sh. 2,500 from Mr. Koinange, the Minister in charge of the Maize Marketing Board and Mr. Koinange parted with money with the intention that it should be passed on to the Board. We do not pretend to decide this as an issue of law. That can be done only by a court of law. If Mr. Ngei's contention is correct, then we think he allowed his private*

interest to conflict with his public duty. If his contention is not correct, then the money he received belongs to the Maize Marketing Board and Mr. Koinange is entitled to have it paid over to the Board and to get a refund of the overpayment of Sh. 700.

(9) WEST KENYA MARKETING BOARD

501. Mr. B. W. Lutta (who was Permanent Secretary to the Ministry of Co-operatives and Marketing at the relevant time) has told us that during the early months of 1965 allegations were made that the West Kenya Marketing Board had failed to render accurate returns of the maize it handled and also to carry out instructions given to it. The general feeling was that "all was not well with the administration of that Board". He recommended to the Minister, Mr. Ngei, that an auditor be appointed under the Exchequer and Audit Act to investigate the affairs of the Board, particularly in relation to its accounts. Mr. Ngei at first said "yes" but later changed his mind and ordered that an officer of the Ministry should be sent to Kisumu to make inquiries and to submit a report. According to Mr. Lutta, the reason given by Mr. Ngei for this change was that "he did not wish to see the General Manager of the West Kenya Marketing Board to go to prison". An officer of the Ministry was accordingly sent. He submitted a brief report. Mr. Lutta says that he "was unable to persuade Mr. Ngei to take or permit me to take any firm action". Nevertheless, in consultation with the Chairman of the West Kenya Marketing Board, Mr. Sifuma, he arranged for a meeting of the Board to be called. The meeting was called for Friday, the 17th December 1965. On the 16th December, however, the General Manager of the West Kenya Marketing Board wrote to the Chairman (Mr. Sifuma) saying that he had been "directed by the Minister for Co-operatives and Marketing, the Hon. Paul J. Ngei, M.P., to ask him (Mr. Sifuma) to go to Nairobi and see the Minister 'personally' at 10 a.m. on the 17th December". In view of the urgency and importance attached to this appointment the Minister had "further directed" that the meeting called for the same day at Kisumu "be cancelled". The letter added that the Minister was "personally studying the controversial issues now threatening the existence of the Board" and that he would, after the interview, "approve the holding of *the next meeting*" which he would himself attend and address.

502. Soon thereafter the responsibility for marketing boards was transferred to the Ministry of Agriculture and the action that that Ministry took is public knowledge.

503. Mr. Ngei stated that he knew that his Permanent Secretary, Mr. Lutta, was not happy about the working of the West Kenya Marketing Board and that he "did give him the green light to look into this". When asked whether it was true that "no drastic action" had been taken until

after another Minister had assumed responsibility, he replied: "This is lies, because when you suspect something you do not take drastic actions, you get information first and you see, if I can say this, the Board was rather turbulent because different political groups wanted their own people, people of their own tribal origin, to be employed with the Board. It was a hot bed . . . I did give a green light to my Permanent Secretary . . . and the firm of Alexander, McLellan was appointed while I was still Minister." Their report had been asked for but had not been received when the change of Ministries took place.

504. This is a summary of Mr. Ngei's evidence given on a previous day. Mr. Lutta was cross-examined by Mr. Ngei's Counsel but was not shaken, the only point emerging was that Mr. Lutta had not thought it fit to give evidence before the Commission until after certain evidence had been given at Kisumu in the criminal case against Mr. J. P. Oyende, which suggested that Mr. Ngei had been conspiring with others to get Mr. Lutta transferred from the Ministry.

505. We ourselves regret that Mr. Lutta kept back this evidence until about the end of our public hearings. *But we have no doubt that Mr. Lutta has told us the truth. We find that Mr. Ngei, for some unknown reason, had a soft corner for the General Manager of the West Kenya Marketing Board and was hesitating to take action which would lead to an impartial examination of the affairs of that Board.*

(10) PURCHASES FROM GHELANI INDUSTRIES

506. It has been suggested that Mr. Ngei used his influence in obtaining supplies of maize for Uhuru Millers from Messrs. Ghelani Industries of Kisumu. Mrs. Emma Ngei denied that she had received from them three lots of maize—300 bags, 80 bags and 140 bags. She stated that she had received by rail only 300 bags in one lot but had not received any more either by rail or by road.

507. She said that she had ordered the maize herself when on a visit to Kisumu in the company of her husband, that she knew Mr. Ghelani, and that Mr. Ghelani collected the full price of the maize in cash (Sh. 12,000) from her in Nairobi later.

508. Mr. Ghelani's evidence is that he did not know either Mr. Ngei or Mrs. Ngei before this transaction but that he had been asked by Mr. Oyende, the then General Manager of the West Kenya Marketing Board, if he would agree to the Board's sending maize to Mr. Ngei in his name. Mr. Ghelani told us that he agreed to this; that the West Kenya Marketing Board sent 300 bags to Mrs. Emma Ngei, Athi River; and that he

went to Nairobi and collected the sum of Sh. 12,000 from Mrs. Ngei on or about the 13th January 1965. On the 7th February 1965 Mr. Ghelani railed another 150 bags to Mrs. Ngei but he had not yet been paid for that lot.

509. Mr. Oyende's version differs from this in certain details; but there are facts which are common to both versions:—

- (i) The West Kenya Marketing Board facilitated the supply of 300 bags.
- (ii) The railage on this quantity was debited to the Maize Marketing Board. There was no reason for this because the maize had first been sold to Mr. Ghelani and it was his property when railed. Mr. Ghelani says that he made his usual profit on it. He or the purchaser should have paid the railage.
- (iii) Mrs. Emma Ngei had by the date of the hearing paid for part only of the maize supplied to her.
- (iv) According to the Board's rules, all maize purchased has to be paid for in advance. In the case of 300 bags, although Mr. Ghelani had received payment in full from Mr. Ngei, he did not pay the Board until 27th January 1965.

510. *We find those facts proved. We also find that the second lot of 150 bags was railed to Mrs. Emma Ngei at Athi River under Railway Pro. No. 228 of 5th February 1965, railage Sh. 485, to be paid at destination. Why Mrs. Ngei denied receipt is not known.*

(11) GENERAL COMMENTS

511. We have dealt with all the complaints against Mr. Ngei turning on what we regard as matters of importance and we have given our findings at the end of each section. Mr. Ngei and/or his Counsel knew of each allegation and one of them was present when the allegation was made and had the fullest opportunity to cross-examine witnesses and to tender evidence in refutation. At the conclusion of public hearings an opportunity was available to Counsel to make a final address.

512. We now wish to make a few general comments. The rules of conduct applicable to Ministers of Government are well established. *We have particularly in mind the rule which says that where there is a conflict between a Minister's public duty and his private interest, the demands of public duty should prevail. There is, in our opinion, need to apply this particular rule more stringently. Ministers must be made to declare not only their own business interests but also the business interests of their wives, children and close relations. It is desirable that*

His Excellency the President should have this information in his possession before appointments to Ministerial Offices are made. We realize that this may not always be practicable. For this reason, we think it is the duty of the person concerned, before accepting a Ministerial Office, to consider the implications of all business interests of the type mentioned. If the business interests in question are likely to embarrass him in any way in the carrying out of his public duties, he should ask for a transfer to another office or at least explain his position to His Excellency in clear terms.

513. *Politicians are not expected to throw their properties or business as on appointment to public office, but they should, in our opinion, be required to stop taking personal interest in managing them.*

514. There is one other point that arises from the evidence placed before us. *Persons holding public office (such as that of a Minister or non-executive Chairman of a marketing board) should confine themselves to issues of broad policy and should not interfere in the day-to-day running of statutory boards except in matters that come to them on appeal by aggrieved parties.*

CHAPTER 13—MISCELLANEOUS ALLEGATIONS

(1) WAIVER OF CHARGES BY THE BOARD

515. The part played by the Maize Marketing Board in the transactions referred to in illustration (iv) under the heading "Grey Market" in Chapter 11 has still to be described. This we now propose to do.

516. The milling company took over the maize. It knew or should have known that no one could buy maize without the written authority of the Board. It sold to a firm 448 bags of maize it had bought without authority. After this sale, it mentioned the matter to an officer of the Board at Machakos who in turn consulted another officer of the Board at the headquarters. These two officers agreed to the purchase of maize. But neither of these officers demanded the payment of "differential" and the company made no effort to pay. The company is a registered mill but it did not show this reject maize in its monthly return.

517. This matter might never have come to light if a lorry carrying 75 bags of maize meal had not been detained by Nairobi Police because the movement permit in the possession of the driver appeared to have been altered by somebody after issue. Inquiries led to the discovery of the fact that Messrs. M. D. Puri and Sons, Ltd. had disposed of larger quantities of maize than they had bought through the Board. Mr.

Kabirudeen, the Senior Executive Director of the company was interviewed by Mr. H. McGovern, Senior Investigating Officer of the Maize Marketing Board, on the 6th March 1964. A report made by Mr. McGovern on the same day paraphrases Mr. Kabirudeen's explanation as follows:—

“He then proceeded to explain that at the end of the buying season last September a great deal of ‘surplus’ maize remained in the markets after they had been closed and that many traders kept bringing this maize to him despite the fact that the ‘surplus’ maize was of ‘reject’ quality, that he bought this maize with the permission of Mr. McBride, Agricultural Marketing Officer, Machakos, that he reported this to Mr. King, Secretary and Chief Accountant of the Maize Marketing Board, and to Mr. Coulson, Executive Officer of the Maize Marketing Board, that he sought the permission of the latter two officers to sell the maize as stockfeed outside the Machakos area, that they refused such permission and told him he would have to sell it within Machakos, that this is what he did as and when demand arose, that he thought there was no need to include this maize, which amounted to about 2,500 bags in his monthly milling returns or to take it on charge for the Maize Marketing Board since he had the permission of the officers referred to above to deal in it and dispose of it.”

518. After the interview, Messrs. M. D. Puri and Sons Ltd. wrote to Mr. McBride, the Marketing Officer, Machakos, referring to “several lorry loads of maize, which was rejected by your Inspector, in our various stores” and asking him to confirm this and also certain other facts which were stated thus: “We informed you of the situation and asked for your advice . . . you informed us, after speaking with the Maize Marketing Board, that we could buy such maize for the purpose of selling it as stock feed or reject maize.” Mr. McBride replied: “I verify what you state therein is correct. I was aware that you bought that maize . . . I have no record of the amount.”

519. Mr. King, the Secretary/Chief Accountant of the Board, denies that he was ever consulted about, or agreed to, Puri's buying this so-called “reject” maize. Mr. McBride and Mr. Coulson are no longer available to give evidence. A letter dated the 7th July 1964 written by the then General Manager of the Board to Messrs. M. D. Puri and Sons, Ltd., has been produced to us. This states *inter alia*: “it has been confirmed to me that the Executive Officer of this Board did, in fact, give you verbal authority to dispose of the maize in question for your own account and outside the control of the Board”. The General Manager accepted the explanation of Mr. Kabirudeen that the maize was “too high in its moisture content” and that “it was impossible in view of ‘pressures’ from producers, traders and others . . . to persuade the owners

of the maize to take it back": gave the company "the benefit of any doubt": and decided that "it would be unreasonable" to call upon it to pay the differential which then stood at Sh. 24 a bag.

520. In regard to the 896 bags sold to Messrs. Dwa Plantations, the General Manager decided that the differential on 448 bags sold after the Executive Officer had given his authority should be waived but that a differential at the reduced rate of Sh. 11/15 be paid on 448 bags sold during January and March 1963 before the Board's authority had been obtained. Thus the company was debited with the sum of Sh. 4,995/20.

521. As we have shown elsewhere in this report, the *posho* obtained from this "reject" maize was sold at the controlled price. One of the sales to Dwa Plantations was invoiced at Sh. 42/85 a bag. We are not satisfied that the discretion to waive the differential was exercised in the full knowledge of all the facts. The company purchased, as it says itself, 2,000 to 3,000 bags at Sh. 18 to Sh. 20 a bag. It is not clear why a differential of at least Sh. 11/15 was not charged on the whole quantity. To argue that because all 5,000 bags (with the exception of 448) were purchased with the authority of the Board they did not vest in the Board to justify the levying of the differential is to give an "agent" the benefit of a mere technicality. In any case, if the argument from vesting has any meaning then there was no case for waiving part of the differential on 448 bags: if the company had the benefit of a technicality it must also suffer the detriment.

522. *We recommend that the power of the General Manager to waive charges properly incurred should be taken away and should be vested in the Board.*

(2) ILLEGAL EXPORTS TO SOMALIA

523. One or two witnesses have complained that maize was illegally exported to Somalia by certain traders. *This complaint was based on a misunderstanding.* The true position is disclosed in Minute 23/65 (d) of the Maize Marketing Board which reads:—

"It was reported that the Ministry of Co-operatives and Marketing had at the request of the President, asked the Board to supply 90 bags of maize for export to Somalia on behalf of the Ghana High Commissioner for famine relief purposes. The 90 bags had been supplied at the Board's normal internal selling price. This was noted and ratified."

(3) INTERFERENCE BY POLITICIANS

524. The Provincial Commissioner of the Coast Province told us in his memorandum that he had called the Mombasa millers together and had allocated to them certain quantities of maize which each one of them was to mill and sell to traders in certain specified areas.

525. The new issue that was raised by the evidence we heard at Mombasa arose out of the sale by a mill, or mills, of maize meal direct to consumers at the retail price. The Provincial Commissioner says in his memorandum "After the meeting in my office, the distribution was carried out as planned but occasionally some millers, presumably driven by a greedy desire for huge profits, violated the arrangements and sold posho to the consumers at exorbitant prices. Complaints were received by the district commissioners and the millers involved were persuaded to stop that kind of undesirable practice." But the worries of the Administration did not end there. The memorandum continued: "On other occasions there was political interference in the distribution of maize and maize meal in that certain high-ranking politicians allegedly issued verbal instructions, and sometimes written chits to the millers requesting them to supply maize or maize meal to their nominees or supporters. This was contrary to the agreement reached at my office between the millers and the Provincial Administration. The agreement at my office was that the district commissioners were to appoint distributors and only traders with written recommendations from the district commissioners were to be allowed to buy maize and maize meal from the *posho* millers. The millers were requested to maintain accurate records of their distribution so that the district commissioners could see them whenever they wanted to do so."

526. The Hon. Sammie T. Omar, M.P., of Mombasa reported to us that the Dubois Oil Mill and Soap Factory Ltd. had maize meal on its premises and refused to sell it to buyers who were authorized to buy. The representatives of the Rabai Co-operative Society called on Mr. Omar and complained of this mill's refusal to supply maize meal. He took them to the Hon. Ronald Ngala, M.P., the Chairman of the Maize Marketing Board, and Mr. Ngala gave them a chit on Dubois. When Mr. Omar arrived at the mill in the company of the representatives of Rabai Co-operative Society, he handed Mr. Ngala's letter to Mr. Sadrudin Damji who again refused to supply maize and maize meal without giving any reasons. Mr. Omar then came back and wrote a letter to the mill.

527. Later Mr. Omar received complaints from certain traders of Kwa Jomvu who had been refused maize flour by the Dubois Mill, whereas the mill was at the same time issuing maize meal to individual consumers. He reported the matter this time to the sub-chief who accompanied him to the mill and saw that there was a queue of consumers receiving maize meal while traders (who were also there) were being refused. Mr. Omar and the sub-chief spoke to the manager who replied that he was helping poor people but that he would stop.

528. Mr. Awachi, the sub-chief, stated in evidence that he went to the Dubois Mill in the company of Mr. Omar and found there "many people", some being traders and some consumers. The consumers were

being given 20 to 30 lb. of maize each. When they spoke to the manager of the mill, they were told that the mill was authorized to sell maize to the people of Kilifi, not to others: but that they were "selling *posho* to the consumers at retail" because they "had been asked by Mr. Ngala to sell it to them as they were in hardship".

529. The matter was put to the representative of Dubois Mill (Mr. Sadrudin Damji) when he gave evidence before us. He stated that he was perfectly entitled to issue maize flour to consumers direct because this was in accordance with the instructions that were given to him at a meeting held at the Kenya Farmers' Association office sometime in the middle of June 1965 when it was decided that the hungry consumers must be supplied maize flour even though it meant cutting out the middlemen. Later, another meeting was held at the Office of the Provincial Commissioner and, here, the previous arrangement was cancelled and mills were allocated areas which they were to serve. Maize meal was to be supplied to persons who carried a written authority from the district commissioner concerned.

530. Mr. Damji told us that, even after this arrangement, his mill sold maize meal to consumers in his area because Mr. Ngala who used to pass by the mill had seen crowds outside and had told the mill's staff: "these people are hungry and there is American maize coming in and there is no reason why they should starve. You had better give them small quantities of flour". Mr. Ngala promised to replace the maize thus issued to individual consumers. He, in fact, caused an additional 500 bags to be supplied to the Dubois Mill.

531. The amount sold to each consumer was stated by one director to be between 20 and 30 lb. and by another between 30 and 50 lb.

532. In regard to the supply of maize meal to the Rabai Co-operative Society, Mr. Sadrudin confirmed that he had refused to supply them because they were not on the list of the district commissioner and also because there were others who were waiting for their supplies.

533. In reply to further questions, Mr. Sadrudin stated that, after the arrangement made in the Provincial Commissioner's Office, he supplied flour to people who carried "chits and also letters" from Mr. Ngala: these were "mainly co-operative societies". When the conflict between the Provincial Commissioner's arrangement and the Dubois Mill's practice was pointed out to Mr. Sadrudin his comment was: "yes. One set of instructions from the Provincial Administration and another set of instructions from Mr. Ngala".

534. Mr. Sadrudin also told us that on receipt of a letter from Mr. Omar threatening him with "political" action he had seen the Provincial Commissioner who had promised to "protect" him if the need arose.

535. The Hon. Ronald Ngala, M.P., Chairman of the Maize Marketing Board, gave evidence many days later. His attention was drawn to the statements made by the Dubois Mill to the effect that they had sold flour to individual consumers on his instructions and that a special allocation of 500 bags of maize was made to them to replace the flour so issued. He did not contradict this but added: "I sent one or two chits to Atta Limited as well."

536. Another complaint made to us by Mr. Sammie Omar was that a second mill, Atta Limited of Mombasa, was also not honouring its agreement and was selling directly to individuals. He told us that he went to this mill and saw that individual consumers were buying flour. He continued his story: "and I quarrelled with the manager there to the extent that we almost fought and they had to ring up for the police. The police came there with the lorries and I explained to them that I was quarrelling because they were not honouring the agreement which had been reached at the meeting of the district commissioners". According to Mr. Omar the mill stopped selling to consumers when the police arrived. He also told us that, on a previous occasion, a district officer had tried to stop this mill from selling to consumers but that he had been "chased" away.

537. When the District Commissioner, Mr. Kirui, gave evidence, he was asked about the complaint that one of the district officers had been "chased" away by the manager of Atta Limited. He replied: "I am aware of that, when I spoke to the miller he said that he did not know it was a gentleman from my office. . . . I remember there was a misunderstanding between the district officer and one of the officers of the mill, and I intervened in that and settled it."

538. Another instance of interference by high ranking politicians has been described above (paragraph 302) in summarizing the evidence of the Provincial Commissioner, Eastern Province. In that instance, the Hon. Paul Ngei (who was then the Minister for Co-operatives and Marketing) sent chits to the Maize Board asking them to issue maize to certain individuals in the Machakos area. The Maize Board issued maize in accordance with those chits.

539. One thing that is clear from these instances is this. Each politician was helping the people of his own area. Mr. Ngala was the Chairman of the Maize Marketing Board and he could order things to be done. It would appear to be due to Mr. Ngala's position that a special allocation of 500 bags of maize was made to the Dubois Mill. Another Member of Parliament or any other public worker occupying no official position on the Maize Board might not have been able to do this. Similarly, Mr. Paul Ngei was the Minister in charge of the Maize Marketing Board and his orders would naturally

be complied with. On the other hand, Mr. Sammie Omar had no official position, being only a Member of Parliament. He could not order things to be done and, therefore, he did not succeed in getting things done in the way that he wanted.

540. And it has to be remembered that the Coast area and the Machakos area were not the only ones which suffered from shortage: all areas of the country suffered to some extent. Because the representatives of other areas had no official position in relation to the Maize Board, they did not always succeed in getting special allocations for their areas. We have quoted the complaint of Mr. Otiende (paragraph 311 above). He did succeed in getting an allocation for his constituency but more powerful forces were at work and these took away the allocation. Even in the initial stage Mr. Otiende would appear to have succeeded only because he was a Minister. It is this fact which gives substance to the complaint of Mr. Mathenge, the Provincial Commissioner for the Coast Province. *We find that political interference did take place during the period of shortage and we recommend that arrangements should be made so that distribution of maize during shortage is not influenced by political affinities.*

(4) TRADERS SELLING OUTSIDE THEIR AREAS

541. The Provincial Commissioner, Rift Valley, reported to us that Mr. D. H. Patel of Elburgon was selling maize to a firm in Naivasha whereas there were more needy people in Molo, nearer to his place of business. The Provincial Commissioner thought the trader was earning a higher rate of profit and the maize was liable to be transferred from Naivasha to the Central Province and to Narok District.

542. The Manager of D. H. Patel told us that he had been supplying maize to the same firm in Naivasha for 30 years and that he was buying the maize from the Maize Marketing Board. The sale price was Sh. 44/15 a bag which included Sh. 1/55 railage, the net receipts of D. H. Patel thus being Sh. 42/60, against Sh. 43/15, the controlled price in Elburgon. No additional profit was made and we were told that the only reason for selling to the Naivasha firm was to keep old customers who are useful in time of free supply.

543. The manager also told us that when the Provincial Commissioner objected he stopped sending maize to Naivasha. He had already purchased some maize from the Board but he returned the Disposal Instruction to the Board and did not send the maize.

544. The Provincial Commissioner had also complained that he had himself seen maize in D. H. Patel's store but that the manager was refusing to sell it to customers. In reply to this, the manager stated that his firm was the stockist agent of the Board in that area and that the maize which the Provincial Commissioner saw belonged to the Board and that the firm was not free to sell it.

543. *We are satisfied that the firm reasonably met the Provincial Commissioner's view in regard to sales to the Naivasha firm. The refusal to sell maize to customers in Elburgon was justified by the fact that the maize in store was the property of the Board and could not be sold without the Board's authority. It is possible that the representative of D. H. Patel was not able to explain the position clearly to the Provincial Commissioner. We ourselves had considerable difficulty in understanding the evidence given by the manager.*

(5) DID EUROPEAN FARMERS DELIBERATELY CUT DOWN PRODUCTION?

546. Two witnesses have made allegations that European farmers deliberately reduced the production of maize on their farms. One of them complained that they were demanding a higher price and because they did not get the higher price, they were he stated, "known to have publicly stated that they were not prepared to grow maize because of the low price that was being offered by the Maize Marketing Board". He complained that the European farmers "stopped planting the maize without warning the Government about their price difficulties". He went on to draw a conclusion from this simple fact: "I would like to submit that the European farmers deliberately organized to sabotage the activities of Maize Marketing Board which is of no use to them now. They had hoped that by so doing, they would force the Government to accept the failure of the Board in the distribution of maize with the intention of reverting the maize business into the hands of the Kenya Farmers' Association or their Kenya National Farmers' Union". We must say at once that neither this particular witness nor any other witness offered any evidence in support of the contention that any European farmer deliberately stopped producing maize to do harm to the interest of the country. There was no evidence of any kind that would even suggest that the production on European farms had fallen to a greater extent than the production on African farms producing for the market. The following figures are taken from the memorandum of the Chief Statistician:—

Deliveries to the Maize Marketing Board

<i>Crop Year</i>			<i>Large Farmers</i>	<i>Small Farmers</i>
			<i>'000 Bags</i>	<i>'000 Bags</i>
1960/61	...	...	880.3	705.8
1961/62	...	...	850.3	768.1
1962/63	...	...	1,117.9	1,205.9
1963/64	...	...	582.6	502.4
1964/65	...	...	600.6	522.4
1965/66	...	...	(500.0)	(400.0)

(Note.—The figures in brackets are the Chief Statistician's estimates).

547. We have referred to this witness's evidence at some length because he was a most outspoken witness whose evidence received considerable prominence in the daily Press.

548. We now come to an important witness who also expressed similar views. That witness was the Hon. Paul J. Ngei, who in his written memorandum gave several reasons for the farmers' reluctance to grow maize. Two of the reasons read as follows:—

"3. *Political*.—For political reasons the farming community had decided not to grow maize.

"4. As a result of 3. the prices in the adjoining territories were more attractive than the price in Kenya. In view of the fact that there was no organized marketing in Tanzania (Tanganyika by then) prices soared up and were much higher than Kenya maize prices. In Uganda prices also soared and therefore trafficking in black market was an attractive adventure and with a territorial boundary as is the case in Bungoma this facilitated easy access to each side." When asked (1) whether in view of the fact that European farmers were responsible for barely 5 per cent of the total maize produced in the country he seriously suggested they could starve the country even if they completely stopped producing maize and (2) whether he seriously believed the proposition that they had decided not to produce maize with a view to starving the population, his answer was: "Personally, I could not believe it and I could not disbelieve it. You see you take these things and keep them for future reference. . . . It is not a serious suggestion but it is not a suggestion that can be ignored." Suffice it to say that *there is no evidence worth considering to the effect that European farmers are to blame for the maize shortage in this country*. Neither of the two witnesses who have argued this way has brought forward any fact in support of his allegation. Nor have we found any other evidence in support of such an allegation.

(6) DID MILLERS DELIBERATELY INCREASE PRODUCTION OF SIFTED MAIZE AND REDUCE POSHO?

549. One of the memoranda submitted to us states this: "It is . . . perhaps significant that although the actual retail price of Grade III *posho* in Nairobi has risen during 1965 from an average of 30 cents per lb. to 38 cents per lb. . . . the price of Grade I sifted maize flour was unchanged throughout the year at 40 cents per lb. until the maximum price moved up to this level. . . . This does suggest that whereas there has been a shortage of *posho*, sifted flour was in sufficient supply for the price to remain at an even level. Since the millers' margin of sifted flour is higher (and uncontrolled) than is the case with basic maize flour, it would appear that the millers have deliberately increased the supply of sifted flour at the expense of *posho*".

550. As a result of this complaint, we called for figures of production from various mills. These are as follows:—

PRODUCT	1963 Bags	%	1964 Bags	%	1965 Bags	%
UNGA LTD., ELDORET						
Posho or granulated meal	(not available)		207,809	68.8	125,591	59.0
Sifted Flour			94,075	31.2	87,202	41.0
			<u>301,884</u>	<u>100.0</u>	<u>212,793</u>	<u>100.0</u>
MAIDA LTD., NAIROBI						
Posho or granulated meal	32,052	13.8	61,903	21.8	61,504	25.6
Sifted flour	200,239	86.2	222,503	78.2	178,425	74.4
	<u>232,291</u>	<u>100.0</u>	<u>284,406</u>	<u>100.0</u>	<u>239,929</u>	<u>100.0</u>
NAIROBI FLOUR MILLS, LTD.						
Posho	8,900	21.2	18,217	22.2	20,150	21.2
Sifted flour	32,997	78.8	63,784	77.8	74,769	78.8
	<u>41,897</u>	<u>100.0</u>	<u>82,001</u>	<u>100.0</u>	<u>94,919</u>	<u>100.0</u>
CORONATION MILLS, LTD., MOMBASA						
Posho	92	0.2	—	—	50	0.1
Sifted flour	37,817	99.8	46,645	100.0	55,782	99.9
	<u>37,909</u>	<u>100.0</u>	<u>46,645</u>	<u>100.0</u>	<u>55,832</u>	<u>100.0</u>
ATTA, LTD., MOMBASA						
Posho	3,428	2.6	409	0.3	—	—
Sifted flour	129,841	97.4	123,897	99.7	114,511	100.0
	<u>133,269</u>	<u>100.0</u>	<u>124,306</u>	<u>100.0</u>	<u>114,511</u>	<u>100.0</u>

Except in the case of Unga Ltd. these figures do not show that the quantity of sifted flour produced by mills has increased relatively to the quantity of *posho*.

551. When we heard evidence in Mombasa, we learnt to our surprise that the Mombasa mills were producing only sifted flour, having given up producing *posho* some time previously. When the present shortage came, they were not producing *posho* except in very small quantities. And we asked witnesses there as to what they thought of this shortage. They seemed to be satisfied with what they were getting. It is probable that the level of earnings in Mombasa is higher than elsewhere in Kenya and the people have adjusted their budgets and have now formed the habit of eating sifted flour instead of ordinary *posho*.

552. In Nairobi also we questioned a number of witnesses. Practically all of them stated that they would prefer to eat sifted flour, and also that only those who eat *posho* or granulated meal who cannot afford to buy sifted flour.

553. *We find that there has been no deliberate reduction in the supply of posho and no deliberate increase in the supply of sifted flour during the recent period of shortage. We say this knowing the fact that millers make more profit from sifted flour than from granulated maize meal or ordinary posho.*

SUMMARY OF CONCLUSIONS, RECOMMENDATIONS AND FINDINGS

Chapter 1—Historical Background

(1) Accurate timing of decisions concerning changes in price and production trends is vital to an efficient maize control policy. (Para. 21.)

Chapter 2—The Shortage of Statistics

(2) Bearing the foregoing comments and suggestions in mind, *we recommend* that immediate steps be taken to compile adequate statistics of maize consumption together with reasonably reliable estimates of production throughout the whole country. *We also recommend* that once full statistics have been compiled they should be kept up to date by periodic sample surveys and censuses. (Para. 43.)

Chapter 3—The Present Supply and Demand Position

(3) *We recommend* that persuasive steps should be taken to encourage—

- (i) farmers to grow other grain crops in addition to maize; and
- (ii) consumers to eat other grains in addition to maize and to eat yellow maize as well as white maize. (Para. 66.)

(4) The policy in our view should be to grow in Kenya maize sufficient for all the needs of the people of this country, and *we recommend* that the policy of self-sufficiency in maize production should be continued and that the possibility of profitable production for export should be examined as production from improved varieties of maize is expanded. (Para. 68.)

(5) It may, we feel, be necessary to discourage farmers in the marginal areas from growing maize and encourage them to grow crops that are considered more economic in their areas. *We recommend* that the Agricultural Department should have a plan ready, which they can introduce gradually, for alternative use of marginal land which becomes surplus for maize production. (Para. 70.)

(6) *We recommend* that the possibilities of establishing some industry or industries for the utilization of surplus maize should be kept continuously under review. (Para. 71.)

(7) It has been suggested by a witness that some colouring matter should be mixed with the maize sold for livestock feeding. We think this is a useful suggestion. *We recommend* that the question of the use of maize for livestock feeding on the lines we have indicated should be considered. (Para. 75.)

Chapter 4—The Price Structure

(8) *We find* ourselves unable to support a scheme for floor and ceiling prices and *we recommend* that the present fixed price system with such modifications as we shall recommend later on in this report should be continued. (Para. 87.)

(9) In fixing the price to be paid to the producer for his crop it is necessary to ensure, if he is to be offered a sufficient inducement either to maintain or to expand his production, not only that the price is adequate to provide him with a reasonable profit but that it is announced in such a form that it will inspire the necessary confidence in the producer, and that the timing of the announcement is related to the crop-planting season. *We recommend* that prices should be announced as far ahead as possible of the planting season to which they relate. (Para. 88.)

(10) *We recommend*, therefore, that in fixing annual prices, due regard should be paid to long-term trends and every effort should be made to minimize short-term annual price fluctuations. (Para. 89.)

(11) *We recommend* that the basic price should continue to be the price paid to the producer at the railhead and also that all producers who have a prescribed minimum quantity should be free to deliver it at the railhead store. (Para. 91.)

(12) *We recommend* that Government should encourage co-operative societies in maize-producing areas to organize for the purpose of collecting maize from small producers and delivering it at the railhead so that small producers might take advantage of the full gazetted price. (Para. 92.)

(13) The trader's commission is at the rate of Sh. 1/70 per bag. We think this is reasonable in the case of maize purchased in lots smaller than a bag. But where a full bag is sold to the trader we think the commission should be in the region of Sh. 1 a bag. (Para. 93.)

(14) The number of lorries that are always available to carry produce to the railhead is now sufficiently large, and we think arrangements should be made to hire lorries on a competitive basis. We do not suggest that the lorry owners should be exploited but a reasonable charge on a competitive basis should be fixed. We think the charge in respect of the transport pool can be reduced. (Para. 93.)

(15) *We recommend* that county councils should be persuaded to do away with this tax and find an alternative source of revenue. (Para. 94.)

(16) *We recommend* that a new survey of the costs of maize growing be carried out with a view to reviewing the basis of calculating the proper price payable to the growers in present-day conditions. *We also recommend* that such a survey of maize costs should be carried out without

delay so that any new figures that may be arrived at can be used with other data in calculating the appropriate price for the next year's crop. (Para. 97.)

(17) We do feel, however, the cost of maize can probably be compared with the returns from wheat production and *we recommend* that the gazetted maize price should continue to be related to the gazetted wheat price. (Para. 100.)

(18) Consequently, *we recommend* that the price fixed for the grower should continue to apply to open pollinated maize as well as to hybrid and synthetic and other special varieties of maize. (Para. 101.)

(19) *We do recommend* that farmers growing hybrid maize for use as seed and selling it as such should be paid a higher price than that paid to other growers. (Para. 102.)

(20) *We recommend* that the cost of guards should be taken into consideration in calculating the costs of production. (Para. 105.)

(21) We support this suggestion and *recommend* that G.M.R. on the basis introduced for 1966 should be continued. (Para. 106.)

(22) We fully endorse the importance of adequate fertilization and *recommend* that a continuing fertilizer subsidy should be considered by the Government within the framework of present policy. (Para. 107.)

(23) *We recommend* that the Maize Marketing Board should when opportunity offers build up a price stabilization fund which it should use to equalize the grower's prices over a period of years and that recoveries should be spread evenly over a number of years. (Para. 108.)

(24) *We recommend*, therefore, that the special item of Sh. 4/50 now included in the price of maize should not be abolished when the losses from importations have been paid off but should be continued until a reserve fund of, say, £1,000,000 has been built up. (Para. 109.)

(25) *We recommend* that, so long as the present system of charging railage to millers continues, any imported supplies of maize that are distributed should be charged according to specially drawn schedules which should pay regard to the distance of a mill from the source of supply. (Para. 117.)

(26) For normal distribution of locally grown maize, however, we think the system of zoning the mills for the purposes of ascertaining the railage figure payable by them is sound and fair to all the millers. *We recommend* that it should continue. (Para. 118.)

(27) Until that stage arrives, we consider that free buying and selling between private individuals without the mediation of an organization like the Maize Marketing Board should not be permitted. (Para. 121.)

(28) *We recommend* that the control prices of sifted flour should be examined at the earliest opportunity and any adjustment that may be found necessary should be made. (Para. 130.)

(29) We consider the percentage profit on sifted flour should be no higher, and *we recommend* that the price schedule on sifted flour should be revised to reduce the retailer's profit to $7\frac{1}{2}$ per cent. (Para. 132.)

(30) *We recommend* that early steps should be taken so as to fix prices as to give traders in smaller centres and rural areas a reasonable rate of profit. (Para. 138.)

(31) *We recommend* that the present rate of 9 cents per bag per mile be reconsidered in the light of present-day conditions. (Para. 139.)

Chapter 5—The Extent of the Shortage

(32) We consider, in view of this, that the shortage of maize alone was in the region of 10 per cent. As we have stated before, 10 per cent is equal to the entire supply controlled by the Maize Marketing Board. That explains why the pressure on the Board was so great, although the total supplies of the country fell short by only 10 per cent. (Para. 143.)

Chapter 6—Reasons for the Shortage

(33) *We find* that the Board and the Ministry of Co-operatives and Marketing were both responsible for the delay in obtaining the second and further shipments. The Ministry did come to realize the urgency of the situation around the middle of June but the Board took longer to appreciate the troubles that were ahead. (Para. 253.)

(34) We consider that a substantial quantity of maize was smuggled into Uganda. The balance of the shortage must be due to drought which affected practically all parts of the country, although some areas suffered more than the others. (Para. 254.)

Chapter 7—Marketing Machinery

(35) First, the provision in the Maize Marketing Act which compels the Board to act only through agents, unless otherwise authorized by the Minister in appropriate cases, should be repealed. It should be possible for the reconstituted Board to act on its own behalf. Of course, the power that the Board has to appoint agents, if it considers this necessary, should remain. (Para. 274.)

(36) *We recommend* that a new marketing board be set up for the control and marketing of wheat, maize and other agricultural produce which now come within the jurisdiction of the Wheat Board, the Maize Marketing Board, the Kenya Agricultural Produce Marketing Board and the West Kenya Marketing Board. (Para. 277.)

(37) *We recommend* that in selecting the General Manager full account should be taken of the experience and knowledge that is now available within all the boards that are to be amalgamated into one. (Para. 279.)

(38) *We recommend*, therefore, that if at all possible, a politician should not be appointed as the Chairman of the Marketing Board. *We also recommend* that politicians should not be appointed members of the Board. (Para. 280.)

(39) *We recommend* that arrangements for the appointment of subcommittees be made amongst the members of the newly constituted Board and that power should be given to subcommittees to invite other persons to attend meetings. (Para. 283.)

(40) In view of the recommendation that we have made with regard to the status of the Chairman of the Board, it is not necessary to pay him a high salary. *We recommend* a figure of the order of £600 per annum. (Para. 284.)

(41) *We recommend*, therefore, that an officer who is relatively free to attend meetings of the Board should be nominated by the Minister for Agriculture as his representative on the Board. (Para. 285.)

(42) *We therefore recommend* that the Board should include among its members a senior officer nominated by the Minister for Finance and another senior officer nominated by the Minister for Economic Planning and Development. (Para. 286.)

(43) We agree with these suggestions and *recommend* that a Standing Cabinet Committee on Food be appointed consisting of the Ministers for Agriculture, Finance, Commerce and Industry, and Economic Planning and Development, and any other Ministries whom the President may think fit to appoint. (Para. 288.)

(44) *We also recommend* that another committee be set up consisting of the Permanent Secretaries and/or other officers of the Ministries represented on the Standing Cabinet Committee on Food to help the Standing Cabinet Committee on Food carry out its function. (Para. 288.)

Chapter 8—Distribution Arrangements

(45) *We therefore recommend* that contingency plans should be prepared which can immediately be put into effect in times of shortage to deal with the responsibility and machinery for the import and distribution of maize, locally grown as well as imported. (Para. 291.)

(46) *We recommend*, therefore, that consideration should be given to the issuing of ration books or cards to people residing in main towns when the need for rationing supplies arises next time. (Para. 293.)

(47) *We recommend* that arrangements on these lines should be made and standing instructions issued for importing maize. (Para. 295.)

(48) Special arrangements must, therefore, be made for the distribution of maize when shortage has occurred. (Para. 296.)

(49) We think it most important and *we recommend* that there must be one known authority in each area responsible for allocation of maize in times of shortage and it should not be necessary for consumers to go from pillar to post. (Para. 297.)

(50) *We recommend*, therefore, that during a period of shortage, supplies of maize and maize meal should be given to such persons and concerns only as are approved by the Provincial Administration. (Para. 333.)

(51) *We recommend* that no maize product should be issued to a person, whether a Minister of Government or a Member of Parliament or other public worker, who is not a genuine dealer in such commodities. (Para. 341.)

(52) In fact, we are convinced and *we recommend* that no politician should be placed in a position to issue orders for the supply of scarce foodstuffs to individuals, whether traders or consumers. *We recommend* that even the Minister who is responsible for the functioning of the Board should (in so far as the distribution of maize and maize meal is concerned) confine himself to the issuing of general policy directives and should not issue directives with the object of favouring individuals. (Para. 342.)

(53) We see no reason why farmers should be in a different position from that of other employers of labour who have to pay the full market price for any maize that they buy for their labour. (Para. 343.)

(54) When a shortage of maize is anticipated, the special functions of the Board should be—

- (i) to make arrangements for the importation of maize;
- (ii) to allocate quotas for provinces in consultation with the Provincial Commissioners;
- (iii) to distribute maize and maize products in accordance with the advice of the Provincial Administration.

We recommend that instructions on these lines be issued to the Board. (Para. 344.)

Chapter 9—The Maize Milling Industry

(55) *We recommend*, therefore, that a commissioner with knowledge of commercial accountancy should be appointed to examine the costs and profits of the milling industry. He should be given specific powers

to compel millers to provide information and to produce their books and papers relating to past and present accounts and relating to all their milling activities. Information thus acquired might be used to review controlled prices for maize flour. (Para. 359.)

(56) *We recommend* that the Board should re-introduce the original form of monthly return, if not for use during periods of free supply at least for use during period of shortage. (Para. 367.)

Chapter 10—Miscellaneous Matters

(i) Reserve Stocks and Storage Policy

(57) *We recommend* that an emergency reserve of 500,000 bags be kept. (Para. 377.)

(58) *We therefore recommend* that the cost of storage be recovered from consumers by making it an element in the final price, always providing that the amount so recovered does not raise the consumer price above the import parity price. Should the addition of storage costs have the effect of raising the consumer price above import parity, *we recommend* that the price should be controlled at import parity by downward adjustment of the net producer price or by the use of a Price Stabilization Fund which we have recommended elsewhere. (Para. 382.)

(59) *We recommend* that the question of concentrating storage at railway stations like Mau Summit and Timboroa should be examined with a view to ascertaining if costs of storage can thereby be appreciably reduced. (Para. 387.)

(60) *We recommend* that the policy should be to store grain at the station nearest to each centre of production. (Para. 388.)

(61) *We recommend* that the practicability and economics of transport and storage of grain in bulk should be examined. (Para. 389.)

(62) *We recommend* that this matter be investigated and studied by officers of the Agricultural Department and suitable remedies should be devised and introduced without delay if they appear to be economic propositions. (Para. 390.)

(ii) Board's Liability for Income Tax

(63) We think the Board's request is a reasonable one and *we recommend* that so long as the present policy of not making any profit continues, the Board should be exempt from income tax. (Para. 394.)

(iii) *Accounting Procedure*

(64) *We make four recommendations* in this connexion:—

- (i) Blank books of movement permits should be treated as valuable documents and should be kept under lock and key and should not be issued except under strict precautions.
- (ii) The whole differential due on a movement permit should be collected before the permit is handed over to the applicant.
- (iii) As soon as a movement permit is issued, a copy of it must be sent to the Accounts Office of the Board.
- (iv) The Chief Accountant of the Board must issue instructions to the effect that the differential due on a permit should be debited immediately to the agent or other person issuing the permit. (Para. 404.)

Part II—Allegations**Chapter 11—General Allegations Against the Board and Others**

(65) *We feel that, although this was a new Ministry, it should have dealt with the question of maize with greater speed and efficiency.* (Para. 406.)

(66) *We recommend* that compensation be paid by the Board to traders who can show that they took a lorry to collect maize allocated to them in writing by the district commissioner of their area but found no maize available. (Para. 410.)

(67) The organization which is bound to result from the setting up of one central Board and from the recommendations of the working party will, we hope, have the effect of removing the factors which make for inefficiency at the moment. (Para. 417.)

(68) *We consider* that the price control regulations are not stringent enough and recommend that the price structure should be reviewed with a view to making it an offence:—

A. for millers—

- (i) to increase the cost of their products to the consumer by changing the type of packing or by some such device;
- (ii) to buy maize direct without the prior authority of the Board and without paying the differential;
- (iii) to charge to anybody any price higher than the ex-mill price; and

B. for traders to increase the price payable to them under a contract by more than the increase in the cost to them due to a change in the control price. (Para. 419.)

(69) *We also recommend* that it should be made a condition of the registration of a mill that it will always be prepared to supply all its products in all types of packing authorized by price control regulations. (Para. 420.)

(70) *We recommend* that during periods of shortage of maize—

- (i) the police should arrange more frequent visits to markets in rural areas;
- (ii) prosecutors should consider the advisability of requesting courts to award more severe punishment when a case of black marketing has been proved;
- (iii) the Provincial Administration in each area should be advised by a committee of disinterested persons when selecting dealers for the distribution of maize;
- (iv) movement permits should be issued only by officers of the Board and by officers of the Administration. (Para. 438.)

(71) There is no evidence before us showing “corruption” in the legal sense. In most instances discussed by us below, “unfairness” would be an appropriate description of what took place. People took unfair advantage of their positions as businessmen or politicians. In some cases, abuse of public office was involved. (Para. 439.)

Chapter 12—Allegations Against the Hon. P. J. Ngei

(72) We think Mr. Ngei acted unwisely in accepting his wife as his own full-time secretary, paid by the Maize Marketing Board. (Para. 443.)

(73) *We find* that Mr. Ngei had by his own conduct as described above shown himself to be closely connected with the business of Uhuru Millers and that he cannot now escape criticism for whatever resulted from that close connexion. (Para. 455.)

(74) *We find* that Mr. Ngei allowed his interest in his wife’s business to come into conflict with his duty to a statutory Board to the certain detriment of the latter. (Para. 460.)

(75) *We find* that there is insufficient evidence to prove that the maize intended to be covered by permits No. 81999 and No. 82000 was the property of Uhuru Millers. *We also find* that officers of the Board were unduly lax and negligent in dealing with Mr. Ngei. We see no reason whatever why the payment of differential was not demanded before the permits were issued or why a bill was not presented immediately to Mr. Ngei. (Para. 464.)

(76) *We find* that the Maize Marketing Board showed undue preference towards the firm of Emma Stores. (Para. 472.)

(77) *We find* that there is insufficient evidence in support of the allegation that Mr. Ngei had advanced to Mr. Masila a sum of Sh. 10,000 to buy maize on his own behalf. (Para. 478.)

(78) We believe the three directors when they say that they did not know about their directorships. But we do not believe Mr. Ngei and Mr. Mwanyumba on this point. Mr. Ngei must, when appointing Parjen (Africa) Ltd. as the sole brokers to an agent of the Maize Marketing Board, have known, and have been influenced by, the fact that his brother, the brother of Mr. Mwanyumba, and the wife of Mr. Khasakhala were directors of the company, and *we so find*. (Para. 487.)

(79) *We find* that the evidence before us is insufficient to show that ten bags were given, and thirty bags were intended to be given, to Mr. Kaliku as a favour by Mr. Ngei. (Para. 494.)

We find that this allegation has not been proved. (Para. 496.)

(80) Our view is that Mr. Ngei was, at the date he received the sum of Sh. 2,500 from Mr. Koinange, the Minister in charge of the Maize Marketing Board, and Mr. Koinange parted with money with the intention that it should be passed on to the Board. We do not pretend to decide this as an issue of law. That can be done only by a court of law. If Mr. Ngei's contention is correct, then we think he allowed his private interest to conflict with his public duty. If his contention is not correct, then the money he received belongs to the Maize Marketing Board and Mr. Koinange is entitled to have it paid over to the Board and to get a refund of the over-payment of Sh. 700. (Para. 500.)

(81) We ourselves regret that Mr. Lutta kept back this evidence until about the end of our public hearings. But we have no doubt that Mr. Lutta has told us the truth. *We find* that Mr. Ngei, for some unknown reason, had a soft corner for the General Manager of the West Kenya Marketing Board and was hesitating to take action which would lead to an impartial examination of the affairs of that Board. (Para. 505.)

(82) *We find* those facts proved. *We also find* that the second lot of 150 bags was railed to Mrs. Emma Ngei at Athi River under Railway Pro. No. 228 of 5th February 1965, railage Sh. 485 to be paid at destination. Why Mrs. Ngei denied receipt is not known. (Para. 510.)

(83) We have particularly in mind the rule which says that where there is a conflict between a Minister's public duty and his private interest, the demands of public duty should prevail. There is, in our opinion, need to apply this particular rule more stringently. Ministers must be made to declare not only their own business interests but also

the business interests of their wives, children and close relatives. It is desirable that His Excellency the President should have this information in his possession before appointments to Ministerial Offices are made. (Para. 512.)

(84) Politicians are not expected to throw their properties or business away on appointment to public office, but they should, in our opinion, be required to stop taking personal interest in managing them. (Para. 513.)

(85) Persons holding public office (such as that of a Minister or non-executive Chairman of a marketing board) should confine themselves to issues of broad policy and should not interfere in the day-to-day running of statutory boards except in matters that come to them on appeal by aggrieved parties. (Para. 514.)

Chapter 13—Miscellaneous Allegations

(86) *We recommend* that the power of the General Manager to waive charges properly incurred should be taken away and should be vested in the Board. (Para. 522.)

(87) *We find* that political interference did take place during the period of shortage and *we recommend* that arrangements should be made so that distribution of maize during shortage is not influenced by political affinities. (Para. 540.)

(88) We are satisfied that the firm reasonably met the Provincial Commissioner's view in regard to sales to the Naivasha firm. The refusal to sell maize to customers in Elburgon was justified by the fact that the maize in store was the property of the Board and could not be sold without the Board's authority. (Para. 545.)

(89) Suffice it to say that there is no evidence worth considering to the effect that European farmers are to blame for the maize shortage in this country. (Para. 548.)

(90) *We find* that there has been no deliberate reduction in the supply of *posho* and no deliberate increase in the supply of sifted flour during the recent period of shortage. (Para. 553.)

MAIZE BIBLIOGRAPHY

I. KENYA GOVERNMENT

- (1) *Economic and Financial Committee, First Interim Report, 1922.*
Economic and Financial Committee, Second Interim Report, 1922.
Economic and Financial Committee, Report of Proceedings during 1922, 1923 (better known as the Bowring Committee, after its Chairman).
- (2) *Report of the Proceedings of the Fourth Maize Conference held at Nairobi in 1926, 1927.*
- (3) *Grading of Maize Rules, 1925 and Maize Conditioning Plant: Kilindini, 1927.*
- (4) *Report of the Proceedings of the Fifth Maize Conference and First Wheat Conference, 1928.*
- (5) *Report of the Maize Conference, 1930.*
- (6) *Report of the Economic Development Committee, 1936.*
- (7) *Food Shortage Commission of Inquiry Report, 1943.*
- (8) R. H. Basset, *Report and Recommendations on the Development of Agricultural Marketing in Kenya, 1946.*
- (9) *Report of the Board under the Chairmanship of Sir W. Ibbotson on the Marketing of Maize and Other Produce, 1952.*
- (10) L. G. Troup, *Inquiry into the 1951 Maize and Wheat Prices, 1952.*
- (11) *Sessional Paper No. 6, 1957/58—The Maize Industry, 1958.*
- (12) *Report of the Committee on the Organization of Agriculture, 1960.* (Better known as the MacGillivray Report.)
- (13) Maize Marketing Board—*Report of the Working Party of the Maize Marketing Board* (unpublished).
- (14) V. G. Mathews, *Report on the Kenya Maize Industry, 1963.*
- (15) Ministry of Agriculture, *Maize Husbandry Review, 1964* (unpublished).
- (16) *Annual Reports, Maize Marketing Board.*
- (17) *The Agriculture Act and its amendments.*
- (18) *The Annual Review of Agriculture, 1962, 1963 and 1964.*
- (19) *Minutes of the Inter-Ministerial Committee of Officials on Cereals Prices, Oct.-Nov., 1965.*

II. OTHER PUBLICATIONS

- (1) *Report of the Commission Appointed to Inquire Into and Report on the Financial Position and System of Taxation in Kenya, Col. No. 116, 1936.* (HMSO). (Better known as the Pim Report.)
- (2) M. F. Hill. *Permanent Way, 1949.*
- (3) *Report of the East African Royal Commission, 1953-55. Cmd. 9475, 1956* (HMSO).
- (4) O. S. Knowles. *The Development of Agricultural Marketing in Kenya, East African Economics Review, Vol. 3, No. 1, July 1956.*
- (5) E. S. Clayton. *Some Factors Affecting European Agricultural Policy in Kenya, East African Economics Review, Vol. 3, No. 2, January 1957.*
- (6) E. Huxley. *No Easy Way, 1957.*
- (7) M. P. Miracle. *An Economic Appraisal of Kenya's Maize Control, East African Economics Review, Vol. 6, No. 2, December 1959.*
- (8) A. A. Haller. *Kenya's Maize Control—A Rejoinder* (as in (7) above).
- (9) J. Berger. *Maize Production and Manuring, Geneva, 1962.*
- (10) *The Economic Development of Kenya, IBRD, 1962.*
- (11) H. Karani. *Kenya's Maize Muddle, East Africa Journal, Vol. 2, No. 10, March 1966.*

LIST OF WITNESSES

1. Mr. A. T. Brough, Chief Government Statistician, Ministry of Economic Planning and Development.
2. Sir Colin M. Campbell, Bart. M.C., President, Federation of Kenya Employers, P.O. Box 8311, Nairobi.
3. Mr. G. K. Kariithi, Permanent Secretary, Ministry of Agriculture and Animal Husbandry.
4. Mr. R. H. Daubeney, Secretary, Kenya Sisal Growers' Association, P.O. Box 7523, Nairobi.
5. Mr. C. M. A. Dudeney, General Manager, Unga Ltd., P.O. Box 30386, Nairobi.
6. Mr. E. A. Andere, General Manager, Maize Marketing Board, P.O. Box 921, Nairobi.
7. Mr. F. B. Patel, Manager, Kenya Grain Mills Ltd., P.O. Box 440, Nairobi.
8. Mr. E. M. Mahihu, Provincial Commissioner, Eastern Province, Embu.
9. Mr. J. S. Boumphrey, Rates Assistant to the Chief Commercial Superintendent, E.A.R. & H., Nairobi.
10. Mr. R. O'B. Wilson, Chairman, Central Agricultural Board, P.O. Box 30028, Nairobi.
11. Mr. G. R. Slaughter, Chairman, Rift Valley Provincial Agricultural Board, P.O. Box 28, Nakuru.
12. Mr. P. N. McAndry, General Manager, Uplands Bacon Factory (Kenya) Ltd., P.O. Box 1, Uplands.
13. Mr. N. Obure, P.O. Box 30266, Nairobi.
14. The Hon. J. D. Otiende, M.P. for Vihiga Constituency, P.O. Box 70, Maragoli.
15. Mr. F. N. Macharia, P.O. Box 12118, Nairobi.
16. Mr. D. A. Grafton, P.O. Box 30131, Nairobi.
17. Mr. W. Mafunga, c/o East African Industries Ltd., P.O. Box 30062, Nairobi.
18. Mr. J. Block, Deputy President, Kenya National Farmers' Union, P.O. Box 3148, Nairobi.
19. Mr. R. A. Ward, Executive Officer, K.N.F.U., P.O. Box 3148, Nairobi.
20. Mr. K. P. Shah, P.O. Box 2565, Nairobi.
21. Mr. E. Opembe, General Manager, Kenya Agricultural Produce Marketing Board, P.O. Box 30586, Nairobi.
22. Sir Michael Blundell, K.B.E., P.O. Box 100, Nakuru.
23. Mr. Simeon Nyachae, Provincial Commissioner, Rift Valley Province, Nakuru.
24. Mr. M. H. Patel, General Merchant, P.O. Box 1, Elburgon.
25. Mr. Sumanbhai Patel, General Merchant, P.O. Box 1, Elburgon.
26. Mr. E. Lewis, Managing Director, Kenya Farmers' Association (Co-op.) Ltd., P.O. Box 35, Nakuru.
27. The Hon. T. J. Mboya, M.P., Minister for Economic Planning and Development.
28. Dr. B. F. Massell, Director of the Social Science Division, Institute for Development Studies, University College, Nairobi.
29. Mr. J. W. Maina, Director of Settlement, Ministry of Lands and Settlement.

30. Capt. H. J. Haynes, R.N., P.O. Box 11, Kiganjo.
31. Mr. I. A. Mitchell, Benvar Estate, Karimani Ltd., P.O. Box 113, Thika.
32. Mr. H. Karani, Research Fellow and Lecturer, University College, Nairobi.
33. Mr. P. R. A. Davey, Hon. Secretary, Donyo Sabuk District Association, P.O. Box 24, Thika.
34. Mr. P. K. Boit, Provincial Commissioner, Central Province, Nyeri.
35. The Hon. Sammy T. Omar, M.P. for Mombasa Island South Constituency, P.O. Box 8233, Mombasa.
36. Sub-Chief Ombajo Awachi for Changamwe Ward, Mombasa.
37. Mr. Z. K. Kirui, District Commissioner, Mombasa.
38. Mr. T. Walker, Branch Manager, K.F.A., Mombasa.
39. Mr. Sadrudin Damji, Director, Dubois Oil Mills and Soap Factory Ltd., Mombasa.
40. Mr. Abdul Damji, Director, Dubois Oil Mills and Soap Factory Ltd., Mombasa.
41. Mr. Amirali Damji, Director, Dubois Oil Mills and Soap Factory Ltd., Mombasa.
42. Mr. G. Shah, Director, Coronation Mills Ltd., Mombasa.
43. Mr. M. P. Chandaria, Manager, Atta Ltd., Mombasa.
44. Mr. A. R. Munshi, Director, Messrs. Alibhai Essa and Co. Ltd., Mombasa.
45. Mr. J. J. Lee, Secretary, Coast Province General Hospital, Mombasa.
46. The Hon. J. C. N. Osogo, M.P. for Samia-Bunyalla Constituency, P.O. Box 789, Kisumu.
47. The Hon. E. N. Mwendwa, M.P., Minister for Commerce, Industry and Co-operative Development.
48. Sen. J. W. Machio, Senator for Busia District.
49. Dr. H. T. Morth, Regional Representative, East African Meteorological Department.
50. Dr. T. Woodhead, East African Agricultural and Forestry Research Organization, Muguga.
51. Mr. J. H. Feingold, President, Kenya National Farmers' Union, P.O. Box 3148, Nairobi.
52. Mr. Kabir-U-Din Ghulamhusein, Manager, Messrs. M. D. Puri and Sons Ltd., Machakos.
53. Mr. W. K. Ngure, Trader, P.O. Box 8687, Nairobi.
54. Mr. J. N. Michuki, Permanent Secretary, Ministry of Finance.
55. Mr. E. Seargent, Lugari Sisal Estate, P.O. Box 4852, Nairobi.
56. The Hon. S. Godia, M.P. for Hamisi Constituency, Tiriki.
57. Mr. A. Machayo, Provincial Agricultural Officer, Western Province, Kakamega.
58. The Hon. J. Masinde, M.P. for Lurambi Constituency, Kakamega.
59. Mr. Prabhat Singh M. Mahida, Kakamega Flour Mill Ltd., Kakamega.
60. Mr. F. Andagwa, Idakho Location, Kakamega.
61. Mr. P. N. Sifuma, Chairman, Provincial Agricultural Board, Western Province, Kakamega.
62. Mr. L. K. Isigi, Chairman, Kakamega District Agricultural Committee, Kakamega.
63. Mr. Edward Ambwaya, Kamkuywa Settlement Scheme, Bungoma District.

64. Mr. S. Onyango Josiah, Provincial Commissioner, Western Province, Kakamega.
65. Mr. Z. Owiro, Provincial Agricultural Officer, Nyanza Province, Kisumu.
66. Mr. D. Owino, Provincial Commissioner, Nyanza Province, Kisumu.
67. Mr. A. C. Kangethe, District Commissioner, Kisii.
68. Mr. S. M'mugambi, District Commissioner, Homa Bay.
69. Mr. Samson Odoyo, P.O. Box 694, Kisumu.
70. Mr. Eliud Njenga, Acting District Commissioner, Central Nyanza, Kisumu.
71. Mr. Phillip Gitonga, District Commissioner, Bungoma.
72. Mr. George Abwenge, Kakamega District.
73. Mr. Joseph Wanyama, Bukhaya Location, Busia.
74. Mr. Seth Lugonzo, Headmaster, Musingu Secondary School, Kakamega.
75. Mr. Habil Omwolo, Kakamega District.
76. Mr. C. N. Chomba, Acting District Commissioner, Kakamega.
77. Mr. Vasanji R. Jivani, Assistant Price Controller, Nairobi.
78. Mr. Dawood S. Mawani, Price Control Office, Nairobi.
79. Mr. J. McArthur, Senior Economic Statistician, Ministry of Economic Planning and Development.
80. Mr. J. P. Albert Okanga, Inspector, Kenya Police.
81. Mr. James Onguso, Store Keeper, C.I.D., Headquarters.
82. The Hon. Ronald Ngala, Chairman, Maize Marketing Board and M.P. for Kilifi South Constituency.
83. Mr. Jasper Opio, Porter, E.A.R. & H., Nairobi.
84. Mr. Padamshi M. Shah, Manager, Nairobi Flour Mills Ltd., Nairobi.
85. Mr. Duncan N. Ndegwa, Permanent Secretary, Office of the President.
86. Mr. N. N. Shah, Manager, United Flour Mills, Nairobi.
87. Mr. Velji K. Maru, Swastik Food Products, P.O. Box 3243, Nairobi.
88. Mr. C. Jethabhai Patel, Managing Director, Maida Ltd., P.O. Box 1788, Nairobi.
89. Mr. Mutio Mule, Assistant Secretary, Ministry of Economic Planning and Development.
90. Mr. Stephen B. Rotich, District Commissioner, Central Nyanza, Kisumu.
91. Mr. Michael C. S. Philip, Assistant Secretary, Ministry of Agriculture and Animal Husbandry.
92. Sen. Timothy M. C. Chokwe, Senator for Mombasa District.
93. Mr. J. Cooper, formerly Senior Assistant Secretary, Ministry of Co-operatives and Marketing.
94. The Hon. Edward Khasakhala, M.P. and Chairman, Kenya Agricultural Produce Marketing Board, P.O. Box 30586, Nairobi.
95. Mr. F. T. Holden, Managing Director, Unga Millers Ltd., P.O. Box 39096, Nairobi.
96. Mr. Wafula Wabuge, Chairman, Western Provincial Advisory Council, Kakamega.
97. Dr. J. C. Likimani, Director of Medical Services, Ministry of Health.
98. Mr. Hugh McGovern (former Investigations and Prosecutions Officer, Maize Marketing Board).
99. Mr. A. J. Thendu, Chief Executive Officer, Maize Marketing Board, P.O. Box 921, Nairobi.

100. Mr. Paul G. King, Secretary/Chief Accountant, Maize Marketing Board, P.O. Box 921, Nairobi.
101. Mr. George Githii, Editor, Daily Nation, Nairobi.
102. The Hon. Masinde Muliro, M.P. for Trans Nzoia Constituency.
103. Mr. Paul S. T. Mirie, Director of Agriculture, Ministry of Agriculture and Animal Husbandry.
104. The Hon. Paul J. Ngei, M.P. (formerly Minister for Co-operatives and Marketing).
105. Mr. D. Manuel Castelino, Registrar-General's Office, Nairobi.
106. Mr. Musili Kiema, Marwa Estate, Machakos.
107. Mr. Nzioka Ngumi, Marwa Estate, Machakos.
108. Mr. John Kimile, Trader, Marwa Estate, Machakos.
109. The Hon. William M. K. Malu, M.P. for Machakos West.
110. Mr. David L. Mutiso, Trader, Kikima Market, Machakos.
111. Mr. Jackson Kaliku, Kanu Branch Chairman, Mbooni Location, Machakos.
112. Mr. Musau Mwanja, Trader, Tawa Market, Machakos.
113. Mr. Charles M. Onyango, District Officer for Eastern Division, Machakos District.
114. Mr. Isiah K. Cheluget, District Commissioner, Machakos.
115. Mr. David Sure, District Officer for Northern Division, Machakos District.
116. Mr. Raphael S. K. Mbondo, Trader, Muthenini Market, P.O. Kangundo.
117. Mr. P. Sumuni Muasa, Trader, Kakuyuni Market, Machakos.
118. Mr. Aaron K. Kitusa, Proprietor, Kamba Posho Mill, Tala Market, P.O. Box 1081, Kangundo.
119. Mr. Philip N. Munguti, Trader, Makutano Market, Machakos.
120. Mr. Philip M. Waki, Senior Investigating Officer, Maize Marketing Board, P.O. Box 921, Nairobi.
121. Mr. David Mukare, Accounts Clerk, Maize Marketing Board, P.O. Box 921, Nairobi.
122. Mr. William K. Ngei, Trader, Mbilini Market, Machakos.
123. Mr. P. J. Nzuki Mangusa, P.O. Kangundo, Machakos.
124. Mr. Tilas Kiio, c/o Emma Stores, Tala Market, Machakos.
125. Mr. William M. Kimeu, Trader, Kikumbulyu Market, Machakos.
126. Mrs. Emma Ngei, Emma Stores and Uhuru Millers, Tala Market, Machakos.
127. Mr. T. C. J. Ramtu, Permanent Secretary, Ministry of Foreign Affairs.
128. Mr. H. A. Cross, Superintendent of Police, Forces Headquarters, Kenya Police.
129. The Hon. B. R. McKenzie, M.P., Minister for Agriculture and Animal Husbandry.
130. Mr. Abubakar Mohamed, Director, Parjen (Africa) Ltd., Nairobi.
131. Mr. John A. R. Jenkinson, Director, Parjen (Africa) Ltd., Nairobi.
132. The Hon. Dawson Mwanyumba, M.P., Minister for Works, Communications and Power.
133. Mr. Gautam V. Shah, Manager, Parjen (Africa) Ltd., Nairobi.
134. Mrs. Clera Khasakhala, c/o Kenya Agricultural Produce Marketing Board, P.O. Box 30586, Nairobi.
135. Mr. Dishon Mzee Mwakio, Trader, Kungu Market, Taita.

136. Chief Savano Mabeke, Matungulu Location, Machakos.
137. Assistant Chief John Mutiso, Matungulu Location, Machakos.
138. Mr. B. C. W. Lutta, Permanent Secretary, Ministry of Housing and Social Services (formerly Permanent Secretary to the Ministry of Co-operatives and Marketing).
139. Mr. John P. Oyende, former General Manager, West Kenya Marketing Board, Kisumu.
140. Mr. N. N. Ghelani, Director, Ghelani Industries Ltd., Kisumu.
141. Mr. Amir I. Shamji, Assistant Accountant, West Kenya Marketing Board, Kisumu.
142. Mr. Maganbhai C. Patel, c/o Ghelani Industries Ltd., Kisumu.
143. Mr. J. Laban Adero, West Kenya Marketing Board, Kisumu.
144. The Hon. M. Koinange, M.P., Minister for Education.

**LIST OF PERSONS AND ORGANIZATIONS
SUBMITTING MEMORANDA**

1. Mr. A. T. Brough, Chief Government Statistician, Ministry of Economic Planning and Development.
2. Sir Colin M. Campbell, Bart. M.C., President, Federation of Kenya Employers, P.O. Box 8311, Nairobi.
3. Mr. G. K. Kariithi, Permanent Secretary, Ministry of Agriculture and Animal Husbandry.
4. Mr. R. H. Daubeney, Secretary, Kenya Sisal Growers' Association, P.O. Box 7523, Nairobi.
5. Mr. C. M. A. Dudeney, General Manager, Unga Ltd., P.O. Box 30386, Nairobi.
6. Mr. E. A. Andere, General Manager, Maize Marketing Board, P.O. Box 921, Nairobi.
7. Mr. F. B. Patel, Manager, Kenya Grain Mills Ltd., P.O. Box 440, Nakuru.
8. Mr. E. M. Mahihu, Provincial Commissioner, Eastern Province, Embu.
9. Mr. J. S. Boumphrey, Rates Assistant to the Chief Commercial Superintendent, E.A.R. & H., Nairobi.
10. Mr. R. O'B. Wilson, Chairman, Central Agricultural Board, P.O. Box 30028, Nairobi.
11. Mr. G. R. Slaughter, Chairman, Rift Valley Provincial Agricultural Board, P.O. Box 28, Nakuru.
12. Mr. P. N. McAndry, General Manager, Uplands Bacon Factory (Kenya) Ltd., P.O. Box 1, Uplands.
13. Mr. N. Obure, P.O. Box 30266, Nairobi.
14. The Hon. J. D. Otiende, M.P. for Vihiga Constituency, P.O. Box 70, Maragoli.
15. Mr. F. N. Macharia, P.O. Box 12118, Nairobi.
16. Mr. W. Mafunga, c/o East African Industries Ltd., P.O. Box 30062, Nairobi.
17. Mr. J. Block, Deputy President, Kenya National Farmers' Union, P.O. Box 3148, Nairobi.
18. Mr. K. P. Shah, P.O. Box 2565, Nairobi.
19. Mr. E. Opembe, General Manager, Kenya Agricultural Produce Marketing Board, P.O. Box 30586, Nairobi.
20. Sir Michael Blundell, K.B.E., P.O. Box 100, Nakuru.
21. Mr. Simeon Nyachae, Provincial Commissioner, Rift Valley Province, Nakuru.
22. Mr. E. Lewis, Managing Director, Kenya Farmers' Association (Co-op.) Ltd., P.O. Box 35, Nakuru.
23. The Hon. T. J. Mboya, M.P., Minister for Economic Planning and Development.
24. Dr. B. F. Massell, Director of the Social Science Division, Institute for Development Studies, University College, Nairobi.
25. Capt. H. J. Haynes, R.N., P.O. Box 11, Kiganjo.
26. Mr. I. A. Mitchell, Benvar Estate, Karimani Ltd., P.O. Box 113, Thika.
27. Mr. P. R. A. Davey, Hon. Secretary, Donyo Sabuk District Association, P.O. Box 24, Thika.

28. Mr. Z. K. Kirui, District Commissioner, Mombasa.
29. Mr. G. Shah, Director, Coronation Mills Ltd., Mombasa.
30. Mr. M. P. Chandaria, Manager, Atta Ltd., Mombasa.
31. The Hon. J. C. N. Osogo, M.P. for Somia-Bunyalla Constituency, P.O. Box 789, Kisumu.
32. The Hon. E. N. Mwendwa, M.P., Minister for Commerce, Industry and Co-operative Development.
33. Sen. J. W. Machio, Senator for Busia District.
34. Dr. H. T. Morth, Regional Representative, East African Meteorological Department.
35. Dr. T. Woodhead, The East African Agricultural and Forestry Research Organization, Muguga.
36. Mr. Kabir-U-Din Ghulamhusein, Manager, Messrs. M. D. Puri and Sons Ltd., Machakos.
37. Mr. W. K. Ngure, P.O. Box 8687, Nairobi.
38. Mr. J. N. Michuki, Permanent Secretary, Ministry of Finance.
39. Mr. A. Machayo, Provincial Agricultural Officer, Western Province, Kakamega.
40. Mr. Prabhat Singh M. Mahida, Kakamega Flour Mill Ltd., Kakamega.
41. Mr. S. Onyango Josiah, Provincial Commissioner, Western Province, Kakamega.
42. Mr. D. Owino, Provincial Commissioner, Nyanza Province, Kisumu.
43. Mr. Z. Owiro, Provincial Agricultural Officer, Nyanza Province, Kisumu.
44. Mr. A. C. Kangethe, District Commissioner, Kisii.
45. Mr. S. M'mugambi, District Commissioner, Homa Bay.
46. Mr. Samson Odoyo, P.O. Box 694, Kisumu.
47. Mr. Eliud Njenga, Acting District Commissioner, Central Nyanza.
48. Mr. Phillip Gitonga, District Commissioner, Bungoma.
49. Mr. C. N. Chomba, Acting District Commissioner, Kakamega.
50. Mr. Vasanji R. Jivani, Assistant Price Controller, the Price Control Office, Nairobi.
51. Mr. J. McArthur, Senior Economic Statistician, Ministry of Economic Planning and Development.
52. The Hon. Ronald Ngala, Chairman, Maize Marketing Board and M.P. for Kilifi South Constituency.
53. Mr. C. Jethabhai Patel, Managing Director, Maida Ltd., P.O. Box 1788, Nairobi.
54. Mr. Mutio Mule, Assistant Secretary, Ministry of Economic Planning and Development.
55. Mr. Michael C. S. Philip, Assistant Secretary, Ministry of Agriculture and Animal Husbandry.
56. Sen. Timothy M. C. Chokwe, Senator for Mombasa District.
57. Mr. James Cooper, Senior Assistant Secretary, Ministry of Co-operatives and Marketing.
58. The Hon. Edward E. Khasakhala, M.P. and Chairman, Kenya Agricultural Produce Marketing Board, P.O. Box 30586, Nairobi.
59. Mr. F. T. Holden, Managing Director, Unga Millers Ltd., P.O. Box 30096, Nairobi.

60. Mr. Wafula Wabuge, Chairman, Western Provincial Advisory Council, Kakamega.
61. The Hon. Masinde Muliro, M.P. for Trans Nzoia Constituency.
62. The Hon. Paul J. Ngei, M.P. (formerly Minister for Co-operatives and Marketing).
63. Mr. Isiah K. Cheluget, District Commissioner, Machakos.
64. Mr. Raphael S. K. Mbondo, Trader, Muthenini Market, P.O. Kangundo.
65. Mr. T. C. J. Ramtu, Permanent Secretary, Ministry of Foreign Affairs.
66. Mr. H. A. Cross, Superintendent of Police, Force Headquarters, Kenya Police.
67. The Hon. B. R. McKenzie, M.P., Minister for Agriculture and Animal Husbandry.
68. Mr. B. C. W. Lutta, Permanent Secretary, Ministry of Housing and Social Services (formerly Permanent Secretary to the Ministry of Co-operatives and Marketing).
69. Mr. J. Mwangi Njoroge, c/o Plot No. 2801, Pumwani, P.O. Box 6445, Nairobi.
70. Messrs. Tanga Trading Company, P.O. Box 1006, Mombasa.
71. Mr. L. H. Brown, P.O. Box 24916, Karen.
72. Mr. Thomas Fraser, Belingwe Estate, P.O. Box 15, Makuyu.
73. Mr. Michael Sijenyi, c/o Mutumbu School, P.O. Box 58, Yala.
74. Mr. Ndumbi Muhia, Kandara Division, P.O. Box 264, Thika.
75. Mr. J. K. Maingi Mathiu, P.O. Box 262, Meru.
76. Mr. A. R. Munshi, Director, Messrs. Alibhai Essa and Co. Ltd., Mombasa.
77. The Hon. Sammy T. Omar, M.P. for Mombasa Island South Constituency, Mombasa.
78. Mr. Masao Yoshida, Research Assistant, Faculty of Agriculture, Makerere University.
79. Mr. John A. R. Jenkinson, Director, Parjen (Africa) Ltd., Nairobi.
80. Mr. R. H. Bennison, Assistant Director of Agriculture, Eastern Province, Embu.
81. Mr. I. M. Mathenge, Provincial Commissioner, Coast Province, Mombasa.
82. Mr. Daniel G. Kimani, District Commissioner, Kakamega District, Kakamega.
83. Mr. P. N. Sifuma, Chairman, Western Provincial Agricultural Board, Western Province, Kakamega.

**MEMORANDUM TO THE MAIZE COMMISSION FROM
J. D. MacARTHUR, SENIOR ECONOMIST/STATISTICIAN, MINISTRY OF
ECONOMIC PLANNING AND DEVELOPMENT**

In my capacity as a Production Agricultural Economist, I want in this paper to make a few remarks about two things:—

- (1) Estimates of the cost of production of cereals in 1966 season.
- (2) Some impressions on the reasons for the low level of maize supply to the Board in 1965.

1. Costs of Production

Attached to this note is a table entitled "Estimated Production Costs of Wheat and Maize at Different Yield Levels—1966 Planting". The basis for preparing this table is surveys of large-scale farmers carried out in the areas concerned between 1959 and 1962. In these surveys, records of the physical level of most inputs were obtained and in preparing the figures it has perforce been assumed that the same farm input levels will obtain, and they have simply been up-dated to 1966 input costs. Figures for hybrid maize have been calculated on the basis of our surveys and extended discussion of input levels with the Chief Maize Agronomist from Kitale. The costs cover three major types of expense, namely—

- (1) depreciation of equipment directly concerned in growing and harvesting these cereals;
- (2) the recurrent costs of preparing the land, establishing the crops and bringing them up to the point of harvest;
- (3) the recurrent costs of harvesting the crop.

In combining them to make costs of various yield levels, the first two of these items have been taken as fixed irrespective of the level of yield, but the recurrent cost of harvesting naturally varies according to yield and the difference in cost at the different levels of yield can be attributed to this fact. It is important to pay regard to the fact that this part of the cost structure does vary according to yield, since in other papers on costs prepared for the Commission the influence of yield levels on cost has been ignored. It should further be noted that in calculating the three elements on the cost structure, each has been raised by a generous percentage to cover the overhead element. The sale values are those recently announced which will apply to the coming year's crop and consequently the figures shown in the column headed "Margin" are the balance available to the farmer after meeting all production and operating costs. It should be noted, however, that these costs include no element for rent or interest payments. In the past, Commissioners investigating the maize industry have accepted that a net margin of Sh. 50 per acre is the level that producers have a right to expect. To cover rent and financial costs, one may generously allow another Sh. 50 and consequently the level of yield at which a farmer can be said to be receiving a reasonable return is that at which the margin is more than Sh. 100. These levels have been marked in the

table. In my opinion it can fairly be said that the level of maize yield required to reach this point is in fact very reasonable and well within the scope of producers of reasonable technical competence to obtain.

A certain amount has been heard recently about the increase in costs that have affected the mixed farming sector, particularly the maize producer, and a price to the grower of Sh. 40 per bag has frequently been suggested. I consider that the price of Sh. 37 per bag is quite sufficient at existing cost levels to give growers a satisfactory return. The cost figure shown in the table for the average yield levels found during the period of the original surveys allow for a calculated increase in costs of 28 per cent since 1959-62 for the open pollinated maize grower in both the Uasin Gishu and the Trans Nzoia. If anything, I feel that this exaggerates the increase in cost that has in fact occurred, but at all stages in the preparation of this table the tendency has been to exaggerate costs rather than underrate them. At the same time it is true that costs will vary from one grower to another but it is worth noting that production costs per acre for the major crops were the least variable factor between farms of all the items calculated when the original economic surveys were undertaken.

2. The Supply of Maize

In this part of my paper it is relevant to distinguish between the supply from the large farm sector and that deriving from the small farm sector. In discussing this topic I would first like to indicate my general support for the views and explanations given by Mr. Brough in his memorandum to the Commission. My object here is to carry a little further some of the points that he has made and underline certain aspects of them with my own impressions.

A. THE LARGE FARMS

(1) *The Price Level.*—It is my considered opinion that in all recent years except 1962 the level of prices paid to maize farmers has been sufficiently high to give those of reasonable competence an adequate level of return. However, that there was a move out of maize, particularly after 1962, is undisputable. This I believe can be basically attributed not to a low level of producer prices announced before planting but because of the trauma of the export cess in 1962, which completely shattered the confidence in many producers' minds that they would in fact obtain the gazetted price. This lack of confidence in the pricing system is I think one of the major keys to the whole pattern of maize supply from the large farms and I feel that the Commission should take note of this and seek to make recommendations in the accounting procedure of the Maize Marketing Board so that cesses of the enormity felt necessary in 1962 need never be deducted again in a single season. Not only must a reasonable producer price be announced in good time but the farmer must have confidence that he will receive something like the price that has been announced. At present he can only have this confidence in years when the prospects of surplus for export are very remote.

(2) *The Substitution of Wheat for Maize.*—The reduction in the maize acreage may be due either to an absolute reduction in the area planted to cereals or substitution of other crops for maize in those parts of the country where this is a realistic technical possibility. The scope for such substitution would seem to be

greatest in the two principal growing areas of the Trans Nzoia and Uasin Gishu. The figures for the acreage planted to these crops individually and together in the last seven years are as follows:—

Year	Maize	Wheat	Total	Maize	Wheat	Total
1959 ..	49.5	12.0	61.5	37.3	101.5	138.8
1960 ..	52.0	10.1	62.1	42.7	93.4	136.1
1961 ..	56.6	11.0	67.6	48.0	92.3	140.3
1962 ..	66.3	10.0	76.3	39.5	101.1	140.6
1963 ..	49.7	15.2	64.9	22.8	118.9	141.7
1964 ..	36.9	22.1	59.0	15.0	123.7	138.7
1965 ..	50.0	16.4	66.4	17.4	129.2	146.6

The consistency of the acreage planted to one or other of these crops is quite remarkable and these figures suggest that after 1962 there was a very real tendency on the part of cereal producers in these areas to move from maize to wheat. The reasons for this may be attributable to the relative profitability of the two crops but I personally do not think that the difference in prospects between them would be sufficient to account for the change that has taken place. The consistency in the wheat price as opposed to that for maize is I think a more important factor.

As concerns the relative economics of growing these crops, the figures shown in the table referred to for wheat and open pollinated maize in the Uasin Gishu suggest that the balance at present lies with the maize. To obtain a margin of Sh. 100 per acre would require a yield of six and a half bags of wheat or nine bags of maize. It is my opinion that the prospects of getting a nine-bag crop of maize are greater than those of harvesting six and a half bags of wheat in this part of the country, and on the straight production economic grounds there is no reason to suppose that any further substitution of wheat for maize will take place. The series of figures for these two districts shown above indicate that in 1965 the trend of substitution was reversed and I would reasonably anticipate that this will continue in 1966.

(3) *Production Incentives.*—It is, I think, clear from the production cost table that at the level of price announced for the 1966 crop, farmers of reasonable technical competence should be able to make a perfectly satisfactory profit from maize growing, particularly hybrid producers. Thus, I would share Mr. Brough's view that the mere profit of maize is not today, and probably was not in past years, a major factor in influencing farmers' production programmes. Much more important are such things as the lack of confidence in the maize price and the theft position. These elements, combined with a poor maize-growing season, have, in my view, been the principal factors leading to the low level of maize production in the large farming areas. Dry seasons we have all seen several times before and we have become accustomed not only to the maize shortages that they bring but to

the attention on the maize industry and the call for inquiry that generally accompanies such shortages. I feel that the difference between the current shortage and those in the past are these two factors of confidence in the maize price and the prevalence of theft.

B. THE SMALL FARMS

Roughly half of the maize delivered to the Maize Marketing Board is derived from the small farms sector. In recent years deliveries from those farms have fallen as much or more as from the large farms.

As Mr. Brough clearly points out in his memorandum, the statistical information on the acreage planted to maize and the yield obtained is insufficient to allow any proper assessment of the performance and behaviour of this sector to be made. It is my belief that were the necessary statistical series available, they would be very valuable, but they might not contribute very much to our understanding of the level of deliveries. I feel that this is very largely fortuitous, certainly in most districts.

One might expect any rational pattern of increase and decrease in sales from this sector to be related to changes in either climatic effects, which would influence yield, or prices in the preceding season, which would affect the acreage planted. Some relevant figures are as follows:—

YEAR	Large Farms "Yield"	Small Farms Price North Nyanza	Small Farms Deliveries (000 Bags)
		<i>Sh. cts.</i>	
1960	6.2	31 20	705.8
1961	5.4	27 80	768.1
1962	7.0	21 05	1,205.9
1963	5.2	27 55	502.4
1964	8.0	27 50	522.4

The "yield" of the large farms is arrived at by dividing the number of bags delivered from that sector by the acreage planted. As such it is not a true yield but nevertheless gives a fair indication of the climatic effects of each season. The small farmer price for North Nyanza has been taken as being typical of the movements in the small farmer price everywhere over the years. Inspection of these figures shows that there is no consistent relationship between deliveries from the small farms and either the yield level of a particular year or the price for the preceding maize crop. It appears that there is no clear overall rationale behind the behaviour of small producers. This is not surprising. There are very few who plant what can be regarded as a substantial acreage of maize and the vast number of growers involved must cover a whole host of different motivations. In my opinion the small maize grower is not very price conscious in that his planting

decisions are mainly determined by other considerations like the availability of labour and draught on the farm, short-term finance, estimated food requirements of the family, etc. In most areas, plantings are made which can be relied on to produce the minimum volume of production even in a poor year, and consequently there is normally a small surplus for sale on a large number of small farms. It should be remembered that the level of maize from these areas reflects not only the success of the maize crop but of all the food crops grown in these areas. Bearing in mind this fact and the increased population that the maize-growing areas, like all others, have been forced to accommodate, it is remarkable that deliveries from this sector have not been much more variable. It is my feeling that they will in the main continue to be quite unpredictable in future and that those responsible for drafting a long-term maize policy would be wise to rely mainly on the large farm producer for the greater part of estimated requirements. Effective agricultural and credit services designed to encourage commercial maize production on an expanded scale in Western Province would probably result in an increased regular supply from that quarter but this should be preceded by a full study of the conditions of production in that area to see how enlarged services could be best employed.

C. THE POSSIBILITY OF MAIZE SURPLUSES AND THE NEED FOR BALANCED CEREALS PRODUCTION

Currently, Kenya appears to be short of both wheat and maize. This suggests that an increased area under cereals may be necessary and the greatest scope for achieving this lies in expanded maize production from the small farm areas. If the small-scale producer is at all price-responsive, we may well find that such an increase will take place in 1966 for, according to Appendix Table 8 of Mr. Brough's paper, the price to be paid to these growers this year will be between 15 and 20 per cent more than they have generally been able to look forward to since 1961.

An increase in deliveries from the large farms may also be expected, due not only to the 14 per cent increase in price that growers can look forward to but also because of the vast quantity of hybrid seed that will be available for planting in the next few months. This could mean surpluses arising in twelve months' time, with imbalance developing at the expense of wheat. Although any deliveries over and above sales will be needed in the first instance to replenish stocks, the possibility of exports in a fairly short period may well arise. In the aura of emergency and hysteria which is partly manifest in the very existence of the Commission, it should not be forgotten that surpluses for export were thought to exist only a short while ago, when the sale to Japan took place. Furthermore, it is wise to remember that *only four years ago* deliveries to the Maize Marketing Board were around twice as much as was required for local sale, and very large exports were necessary. The conditions that led to this circumstance may not be repeated, but it is in the interests of all parties concerned with maize, including both growers and consumers, that great attention should be paid each year to price policy, with a view to considering the need for a small downward adjustment in the producer price, fairly soon. We cannot say whether this will be necessary, but it is a real possibility which must not be forgotten. In the present circumstances, costs of production were indeed a factor meriting consideration in deciding for an increase in the producer price, but, unless there is a further rapid rise in costs, they would be of very little relevance in a situation where excess quantities were being produced.

ESTIMATED PRODUCTION COSTS OF WHEAT AND MAIZE AT DIFFERENT YIELD LEVELS—1966 PLANTING

Sh.

Yield in Bags Per Acre	WHEAT					MAIZE								
	Sale Value at Sh. 53 per Bag	MOLO		UASIN GISHU		Sale Value at Sh. 37 per Bag	UASIN GISHU				TRANS NZOIA			
		Costs	Margin	Costs	Margin		Open Pollinated		Hybrid		Open Pollinated		Hybrid	
							Costs	Margin	Costs	Margin	Costs	Margin	Costs	Margin
5	265	258	7	222	43	185	195	-10	261	-76	235	-50	308	-123
6	318	269	49	231	87	222	204	18	270	-48	245	-23	318	-96
7	371	281	90	240	131	259	213	46	279	-20	255	4	328	-69
8	424	292	132	249	175	296	222	74	288	8	265	31	338	-42
9	477	303	174	258	219	333	231	102	297	36	275	58	348	-15
10	530	315	215	267	263	370	240	130	306	64	285	85	358	12
11	583	327	256	276	307	407	249	158	315	92	295	112	368	39
12	636	338	298	285	351	444	258	186	324	120	305	139	378	66
13	689	350	339	294	395	481	267	214	333	148	315	166	388	93
14	742	361	381	303	439	518	276	242	342	176	325	193	398	120
15	795	373	422	312	483	555	285	270	351	204	335	220	408	147
16						592	294	298	360	232	345	247	418	174
17						629	303	326	369	260	355	274	428	201
18						666	312	354	378	288	365	301	438	228
						703	321	382	387	316	375	328	448	255

A PAPER FOR SUBMISSION TO THE MAIZE COMMISSION OF INQUIRY BY THE KENYA POLICE CONCERNING THE ENFORCEMENT OF THE LAW RELATING TO OFFENCES UNDER THE MAIZE MARKETING ACT (Cap. 338) AND PROBLEMS CONNECTED THEREWITH, TOGETHER WITH COMMENTS ON PROBLEMS FACING THE KENYA POLICE IN THEIR DUTIES IN CONNEXION WITH THE MAIZE INDUSTRY.

The police have, over the years, received frequent requests from the Maize Marketing Board and its predecessors to assist in the prevention of offences under the Maize Marketing Act, Cap. 338, Laws of Kenya. More instructions have been sent from police headquarters to officers in the field concerning offences under this Act than in connexion with any other type of crime. . . .

. . . In addition, from time to time, specimen charge sheets and details of the evidence required to prove offences detected under the laws relating to maize have been distributed to police station level. These instructions have called for greater vigilance by the police in the prevention and detection of offences under the Act; that they have had some success is witnessed by the figures shown in the next paragraph.

2. The following abstract shows the number of cases investigated by the Kenya Police in relation to maize during the years 1963-1965:—

Year	Theft of Maize	Illegal Movement	Other Offences	Totals
1963	250	894	126	1,270
1964	313	939	157	1,409
1965	487	2,050	335	2,872
TOTALS ..	1,050	3,883	618	5,551

The figures show a steady increase of offences over the years and reflect the measures taken by the police in 1965 to stop thefts, illegal movement and black-marketing of maize . . . the preponderance of offences take place in the maize-growing areas. This is natural where the theft is concerned, but illegal movement outside the maize-growing areas is not as great as might be expected, particularly in times of shortage when non-maize-eating people took to this food in the absence of their normal diet. It does not seem that illegal movement takes place in the established maize areas to avoid selling surpluses to the M.M.B. as producers make a greater profit by selling direct to consumers in areas of local shortage.

(a) *Movement to Uganda.*—The pressure upon the police to stop the illegal movement of maize to Uganda fluctuates with the maize position as a whole in Kenya. In times of plenty, the M.M.B. do not seem unduly concerned, perhaps because vast surpluses might be an embarrassment to them, but in times of shortage the police are requested to do all they can to stop this traffic. Naturally, offences of this nature are not condoned, and at any time police on duty will prosecute offenders when found, but it must be emphasized that as checks and

road blocks on routes to Uganda are not of a permanent nature, some undetected illegal movement does occur. However, active consideration is being given to set up permanent control posts on the borders of Kenya which should have some effect on this illegal movement. Even when road blocks and check-points are established, however, some of the larger operators send "pilot" cars to see if a block is in position; if so, the lorries transporting the maize are held back until the block is removed. A point which is not sufficiently considered when dealing with this vexed question is that the Kenya/Uganda border is not clearly defined—some tribes live astride the border and it can happen a man has his house in Kenya and his land in Uganda. The border—even high up on Mt. Elgon—can be crossed by innumerable footpaths which would take a disproportionate number of police to patrol. Along these footpaths, maize is moved by bicycle and head-load daily. The quantity moved in this way may be many thousands of bags in a good season, the encouragement being the price which can be obtained in Uganda, as this is generally up to Sh. 20 per bag more than in Kenya. The peasant-farmers in these areas have a great aversion to selling maize to the M.M.B.—who resell it at a higher price—when they can get that price, or better, from their neighbours across the border. Police action has, to some extent, been successful in controlling this movement, but complete control is impossible since the authorities in Uganda are not particularly interested.

(b) *Thefts.* (i) Although farmers complain that maize thefts are so numerous as to deter them from planting maize, such thefts are not always reported unless the farmer or his employees catch the thief red-handed. It is, therefore, difficult to judge from police records just how prevalent and widespread these thefts are. The farmer has some justification for not reporting thefts because maize cannot be identified and, unless a thief is caught in the act, a successful prosecution is doubtful. However, if reports were made, it would assist the local station commander to decide upon the deployment of his forces as a preventive measure.

(ii) Theft must increase in times of famine due to shortage of the people's staple diet. There are, however, other aspects—

(a) on many farms there is a squatter problem; these people are unemployed and poverty-stricken and must, in many instances, steal to live. They steal not only the farmer's maize but his stock also, and until the squatter problem is resolved, this source of crime will remain;

(b) the farmer's own labour are not above suspicion; it is found that the better the farm is run and supervised, the fewer cases of theft of maize or stock are reported;

(c) unemployment also is responsible for thefts of maize and produce and is a problem which has no immediate solution.

(iii) It is understood that complaints have been made of the inadequate sentences imposed by courts for offences concerned with maize. This is a matter for comment by the department concerned, but from a police point of view the value of the article stolen and the manner of the theft must influence police prosecutors when giving the facts to a magistrate. Cases have occurred where persons have been charged with the theft of three maize cobs, value 25 cents; on a plea of mitigation in such cases that the person is unemployed and hungry, or is a juvenile, a deterrent sentence cannot be expected.

(iv) From the foregoing, it will be seen that to detect maize thefts from the fields, the police must be on the spot, which is an impossible task, and, therefore, farmers must continue to employ guards. The only sure way to eradicate widespread thefts will be to remove the incentives to steal which obtain at present.

(c) *Black Market*.—The great problem in detecting offences of overcharging for maize or maize products is that generally this type of offence is not brought to the notice of the police until some participating party has cause to complain against his associates. Information is normally sketchy or unreliable, and police are obliged to resort to the practice of using an *agent provocateur*, which method of investigation is not liked by the courts or the police. This type of offence is also more suitable for investigation by the Price Control inspectorate and M.M.B. investigators.

3. *Investigations*.—For many years the Kenya Police, in conjunction with the investigating officers of the M.M.B. and their agents, have investigated cases in connexion with breaches of the law concerning the illegal movement and transactions of maize or maize products. The police have also in the course of their normal duties detected and prosecuted offences committed under the Maize Marketing Act (Cap. 338). This is an onerous duty because, in addition to the Maize Marketing legislation, a number of statutory boards, i.e. K.M.C., K.C.C., Coffee Board, V.O.K., etc., and some public utilities, also have had legislation enacted whereby policemen are given the powers of inspectors or authorized officers under the particular Act. There is, therefore, because of the inexperience or non-availability of inspectors or authorized officers of the Boards and utilities, a constant pressure upon the Kenya Police to detect offences and carry out prosecutions under the various Acts.

These Acts in the main require specialist knowledge, as they are complicated and subject to frequent revision or amendment and, in many cases, require technical knowledge which the average policeman does not possess. Further, they allow for the inspection of premises or of produce which again requires detailed knowledge of regulations. The Kenya Police generally do not enter upon private lands or premises except in the investigation of serious crimes and are not trained or fitted to act as inspectors or authorized officers which, at the most, can be termed as quasi-police duties.

Most of the statutory boards and public utilities are profit-making organizations and should be prepared to employ, as a charge against their overheads, *sufficient* officers or inspectors to enforce the regulations of their undertaking. In some cases this is done and the Attorney-General, under the powers contained in section 85 of the Criminal Procedure Code, has appointed employees of various boards to act as public prosecutors. The police must, of course, take action to prevent a breach of the peace if any authorized officer or inspector is obstructed or prevented from carrying out his lawful duty. Some offences do call for police action and the dividing line police *vis-à-vis* authorized officers is sometimes narrow. In the cases of maize, illegal movement upon the roads and railways is dealt with by the police, but offences by millers and traders in connexion with the unlawful buying from producers, use of permits many times over or offences against the price control regulations is properly the province of the preventive officers of the undertaking concerned.

It is understood that various recommendations and views have been placed before the Commission relating to the investigation of offences under the maize laws, such as:—

- (a) The Kenya Police should take over the investigation of all offences under the Act generally.
- (b) That officers should be seconded from the Kenya Police to the M.M.B. for investigation duties.
- (c) That the M.M.B. should increase their investigation staff commensurate with the enforcement required.

Regarding (a) above, such a move would create a dangerous precedent, as this would mean that every policemen would have to be *au fait* with the law relating to maize and the station commander in every station area of the country would be responsible for enforcing laws which are not framed by the State for the prevention and detection of crime, the protection of life and property or the preservation of law and order, but rather the enforcement of the regulations of a statutory body. Another great danger would be that other boards and utilities would want to follow this precedent and policemen in addition to checking receipts and sales of millers, enforcing the price control regulations and testing the moisture content of maize, would be inspecting milk churns for cleanliness, testing milk for water content, inspecting animal carcasses to assess suitability for human consumption, checking radio and television licences and the like. The Boards would, by this means, save a considerable amount in overheads and would seize upon any omission or error that might occur as an excuse for diminishing returns or inefficiency in conducting their business. This suggestion, therefore, cannot be supported.

Regarding (b) above, this has been tried before, albeit on a limited scale, but again is most unsatisfactory. There are, at present, due to the expansion and consolidation of the police force, no officers which could be spared for duties of this nature and, further, officers of the ranks required would be most unwilling to accept secondment in detriment to their promotion prospects in their police careers. The chain of command of the Kenya Police does not allow for any person other than the Commissioner to direct policemen in their duties. This would not be acceptable to a statutory board, who would wish to dictate how and where and when their officers performed their functions. The question of discipline and control also raises problems which would be difficult to surmount. No doubt the Commission of Inquiry has already found that in the maize industry there is a narrow division where sharp practice ends and infringement of the law begins and this is a further reason why investigations should be carried out by officers with specialist knowledge.

Regarding (c) above, this is, of course, a matter for the M.M.B.—but it would seem that this course is desirable as failure by producers, millers and traders to comply with the regulations means a substantial loss of revenue to the Board.

4. To be constructive, a suggestion which may have merit is for the Ministry of Agriculture, as the controlling authority of the several boards concerned, to have an Investigation Branch, whose duty it would be to *detect and prosecute* offences under the Acts relevant to the various statutory boards. It would still be necessary for investigating officers to specialize in one particular commodity, but command and control could be exercised by a central office and, with experience, some overlapping could be possible. To an extent the basis of this suggestion is already in existence. The Ministry of Agriculture has inspectors, so has the K.M.C. and K.C.C., the M.M.B., the K.A.P.M.B. has field officers, etc. If these could be welded into a proper organization, more success must be achieved in the primary object of ensuring that persons connected with production, processing and distribution in the various undertakings comply with the regulations controlling that undertaking. At present, there is an aspect which is, perhaps, not considered in sufficient detail in that inspectors or authorized officers are quite junior in the organization and, therefore, when it is suspected that offences are being committed by the middle and senior strata of the organization, they are precluded from or reticent of taking action, as this may jeopardize their careers.

5. It will be seen from the foregoing that the police have long been aware of offences concerning maize and maize meal and over the years have taken ever-increasing steps to prevent and detect offences against the relevant legislation.

Whilst thefts and illegal movement of such produce are readily dealt with by the police, they are not in a position to deal with those offences requiring specialist knowledge and, therefore, recommend that the M.M.B. and similar organizations employ their own staff of investigators. Unemployment and squatters play their part in undermining the economy of the maize industry, primarily by theft, and the sooner these problems are eliminated, the better. So long as growers can obtain better prices for the produce than those offered by the M.M.B., the illegal movement and export of maize is bound to continue, and particularly so where international boundaries are more conducive to smuggling than law enforcement.

FORCE HEADQUARTERS,
THE KENYA POLICE,
P.O. Box 30083, NAIROBI.

19th March 1966.

REPORT BY POLICE TEAM ATTACHED TO MAIZE COMMISSION OF INQUIRY

On 3rd January 1966 a Superintendent, Cadet Assistant Superintendent and a Chief Inspector of the Kenya Police were attached to the Maize Commission of Inquiry to inquire into and investigate those aspects relating to the production, marketing and distribution of maize involving breaches of the criminal law and practices where a strong suspicion existed that offences against the law had been committed by unscrupulous persons. . . . First, all the memoranda and information submitted to the Commission by officials and the public were studied and extracts made of information of value and where allegations of offences were made. This information was followed up and an inquiry file completed. The evidence was then led before the Commission. In addition contact was made with various officials and members of the public and information regarding sharp practices and alleged infringements of the law obtained, which were investigated and where necessary evidence was given before the Commission.

Although there had been, in 1965, a great outcry in the country concerning the maize shortage it was difficult to get witnesses to come forward to give evidence before the Commission. The reason for this appeared to be that many of the people interviewed had something to hide. During the shortage of maize in the country many persons who had never before dealt in this commodity, because a reasonable (or unreasonable) profit could confidently be expected, bought maize where and when they could and sold it either as whole maize or *posho*. Most of these people have now, because of the plentiful supply of maize, withdrawn from dealing in maize. Others who had done nothing more than buy maize at black market prices were again reticent to give evidence probably because they feared that should a similar situation arise again in future their supplies would be cut off. Intimidation of witnesses cannot be ruled out. After certain evidence had been given people did come forward with evidence relating to matters already before the Commission, which raises the presumption they now felt safe in adopting this course.

It was thought that the investigating staff of the Maize Marketing Board would have been eager to help especially as offences under the maize marketing regulations had been committed and as some of their agents were suspected of irregular conduct. Except for one officer who has been of great assistance no help was forthcoming and on occasions information could only be obtained from this source by interrogation. It was also difficult to get investigation files, held by these officers for perusal, delays of some days being experienced. However, copies of investigation reports supplied by the Maize Marketing Board were of assistance.

Relations between the Police team and officials and the public were excellent.

Black Market

This exists as far as the ordinary man is concerned only in times of shortage. He indulges (a) to obtain food for himself and his family, (b) to make money. The black market is operated in the following ways:—

- (i) Unscrupulous persons buy maize from producers at a barter price, which can be below or above that offered by the Maize Marketing Board, which they have milled, or retain as whole maize and sell in areas where food is in short supply. They not only profit from the shortage but avoid paying any "differential" to the Maize Marketing Board. Much of the maize bought in this way is not properly weighed when bought or sold—always to the benefit of the dealer.

- (ii) It has been found that in certain places where grocers received sifted flour from millers in 5 lb. packets a queue formed and the grocer sold a packet to each person, but persons first served were going to the end of the queue and selling their allotment at 50 per cent profit by saying the supply was very short and those at the rear of the queue would be unable to get any of the allocation.
- (iii) Another practice which has occurred in urban areas is for persons who normally have nothing to do with the sale of maize to approach shopkeepers who are known to have stocks and offer them a black market price for a sack of maize or *posho*. They then sell this maize by the pound from a back door at black market prices and often with faulty scales. This can happen in relatively small areas of a township and profits made are extremely high.
- (iv) Persons who do not normally deal in maize go to the Maize Marketing Board or their agents and by dint of cajolery obtain maize which they sell as in (iii) above, or to traders who have not received their full quota, at high prices.
- (v) There is also the quite open practice in maize-growing areas for producers in times of shortage to sell maize to their neighbours at the highest price obtainable.
- (vi) In some areas women bought bags of maize and sold it in markets by the tin at exorbitant prices. Sometimes the tins were the size of boot-polish tins and cost 30 cents. This practice was more or less stopped by the District Administration and market masters.
- (vii) To avoid market dues and market officials enforcing prices, women carrying head loads of maize set up shop on the paths or roads leading to markets and sold their maize at high prices.

Distribution

During the maize shortage of 1965 inquiries and evidence before the Commission show at least four lines of supply to the people:—

- (a) Distribution of Famine Relief Maize by the Administration.
- (b) Sale by traders of maize bought by them from the Maize Marketing Board or its agents on the authority of the District Administration.
- (c) Sale of maize meal by traders bought by them from millers (excluding Unga and Maida) which was not generally controlled by the District Administration.
- (d) Sale of sifted flour in 5-lb. packets from Unga and Maida mills which seldom was under administrative control. Some control was obtained by Maize Marketing Board permits but Unga and Maida agents did receive allocations from time to time.

There was also another avenue of supply in Nyanza early in 1965 where traders on payment of a cess were allowed to buy maize from producers. Details of this system will be mentioned later in this report.

Although these various methods of distribution did much to feed the people, an equitable distribution could not be ensured and sharp practice resulted with its attendant black market. . . . The following are the results of investigation into various allegations made to the Commission.

Mr. Otiende's Maize

About the time Mr. Otiende asked Mr. Andere to send maize to the Vihiga area, 1,000 bags of maize were made available to the District Marketing Officer, Kakamega, ex Maize Marketing Board stores of Broderick Falls and Bungoma. However, as far as can be ascertained no instructions were given to the D.M.O. as to how this maize was to be distributed and therefore, little of it ever reached the Vihiga area. A comparison of the names of persons shown on the D.M.O.'s receipts and the official list of traders produced by the D.C., Kakamega, shows that this maize was not issued to more than two of these traders, but seems to have been sold to all and sundry in the Kakamega area. Various millers received up to 120 bags, many Africans received 10 bags and many people were given 1 bag. It is of interest to note that the one trader from Maragoli/Vihiga area received 112, 68 and 65 bags of this allocation and within two weeks was given permission by the West Kenya Marketing Board to buy maize from producers in Nyanza upon payment of a differential which is much less than the figure quoted to the Commission. It would therefore seem that he was moving and dealing in maize over a wide area and not supplying his local people.

West Kenya Marketing Board Internal Movement

Investigation shows that the practice mentioned above of demanding a small differential was introduced into the old Nyanza Province Marketing Board as far back as 1962.

This was done to save transport costs especially to schools and institutions in Nyanza to enable them to buy maize locally without having to travel to a Maize Marketing Board store. However, it seems to have degenerated into a practice whereby traders "buy a permit" from the West Kenya Marketing Board at Sh. 7/80 per bag and travel far afield to buy maize from producers, instead of obtaining maize from the local Maize Marketing Board store—when available. It would therefore appear that at a time when maize was scarce producers were selling to those traders who had obtained movement permits by paying the cess and there is no record of where this maize went or how it was sold. There must have been overcharging and this would be for white maize as opposed to the imported yellow maize. The Maize Marketing Board state they are unaware of this practice and it does not have their sanction. This practice was stopped by the West Kenya Marketing Board in June 1965 but many bags of maize were disposed of by this doubtful procedure before that date and there is evidence that some D.M.O.'s continued to grant permits without authority up to October 1965 for the internal movement of maize and in some cases authorized maize to be moved from Western Province into Rift Valley and Central Provinces.

Maize Buying

There is evidence that sub-agents of agents of the Maize Marketing Board indulge in sharp practice when buying from producers. This is generally when maize is brought to a market by head load and sold to a nearby sub-agent. In the main the complaints relate to under-weighing the maize, giving a low price alleging the moisture content is too high or that the maize contains foreign matter. Some sub-agents travel from place to place and purport to weigh maize on the back of their collecting lorry—to their advantage.

Sale by Producers

There does seem to be a view held by producers over a wide area that the controlled price of maize applies only to maize bought from or sold to the Maize Marketing Board. In the barter markets and small trading centres the price is

controlled by the amount of maize available and it is only when there is such a surplus that it cannot be disposed of in this way that maize is sold to the Maize Marketing Board. There is also evidence of people too poor to buy maize working in the fields of producers and being paid in maize. This happened in Eastern Province.

Famine Relief Maize

There has been no substantial allegations that the distribution of Famine Relief maize was being mismanaged. Such allegations as there have been point to dissatisfaction on the part of unentitled persons who tried to get free maize and failed.

Movements to Tanzania

There is a small movement of maize to Tanzania mostly by head load from the border areas, where it is sold in the barter markets. It is alleged that this occurs because of corrupt and sharp practices at markets and by sub-agents in the area. The people feel they are being short-weighed and given a poor price.

Sale of Maize

One outstanding fact which has been revealed during investigations is the cupidity at all levels of persons who sell maize and maize meal. It would be naive not to expect persons in a commercial undertaking to try to obtain the best returns possible, but there is a line between business acumen and sharp practice which at times is indistinguishable from criminal intent.

When maize is in short supply the seller generally disposes of his stock to the nearest customers and as a result distant and isolated areas stand little chance of obtaining supplies, unless a distributive organization such as the District Administration exists, which ensures supplies to all areas of the country.

General

Police investigations on behalf of the Commission of Inquiry have shown that in times of plenty maize and maize meal is readily available to the people, but in times of famine or shortage, loopholes in the law, the system of supply, the methods of distribution and the overall control of this staple food exist and that a more streamlined organization from top to bottom with rigid controls at all levels is required.

H. A. CROSS,
Superintendent, Kenya Police,
Assisting Maize Commission of Inquiry.

IMPORTS OF MAIZE INTO KENYA, 1927-1965*

YEARS	Bags of 200 lb.	Value (£)	Sh. per bag
1927	1,016	650	12.80
1928	6,804	3,604	10.59
1929	11,583	9,604	16.58
1930	35	26	14.86
1931	23,213	8,992	7.75
1932	23,079	9,521	8.25
1933	4,795	1,162	4.84
1934	25,464	7,824	6.15
1935	11,065	2,182	3.94
1936	7,978	1,396	3.50
1937	11,823	4,820	8.15
1938	573	172	6.00
1939	16,034	5,395	6.72
1940	23,360	8,068	6.91
1941	2,288	707	9.61
1942	1,472	543	7.38
1943	99	79	15.96
1944	10,925	15,989	29.27
1945	228	239	20.96
1946	—	—	—
1947	10,156	9,397	18.51
1948	7	12	34.28
1949	—	—	—
1950	—	—	—
1951	—	—	—
1952	—	—	—
1953	336,544	928,061	55.15
1954	870	2,420	55.63
1955	—	—	—
1956	30	160	106.67
1957	606	1,118	36.96
1958	1,018	6,647	119.98
1959	644	3,585	111.34
1960	294	1,363	92.56
1961	1,125,884	2,303,734	40.92
1962	282,100	527,696	37.41
1963	—	—	—
1964	2,910	11,690	80.34
1965	894,109	2,289,413	51.20

*Figures for 1927-1948 include imports into both Kenya and Uganda.

Although no separate figures for Kenya are available for this period, it would be reasonable to assume that very little of the maize imported during this period went to Uganda. Figures from 1949 onwards show net imports into Kenya only.

DOMESTIC EXPORTS OF MAIZE, 1914-1965

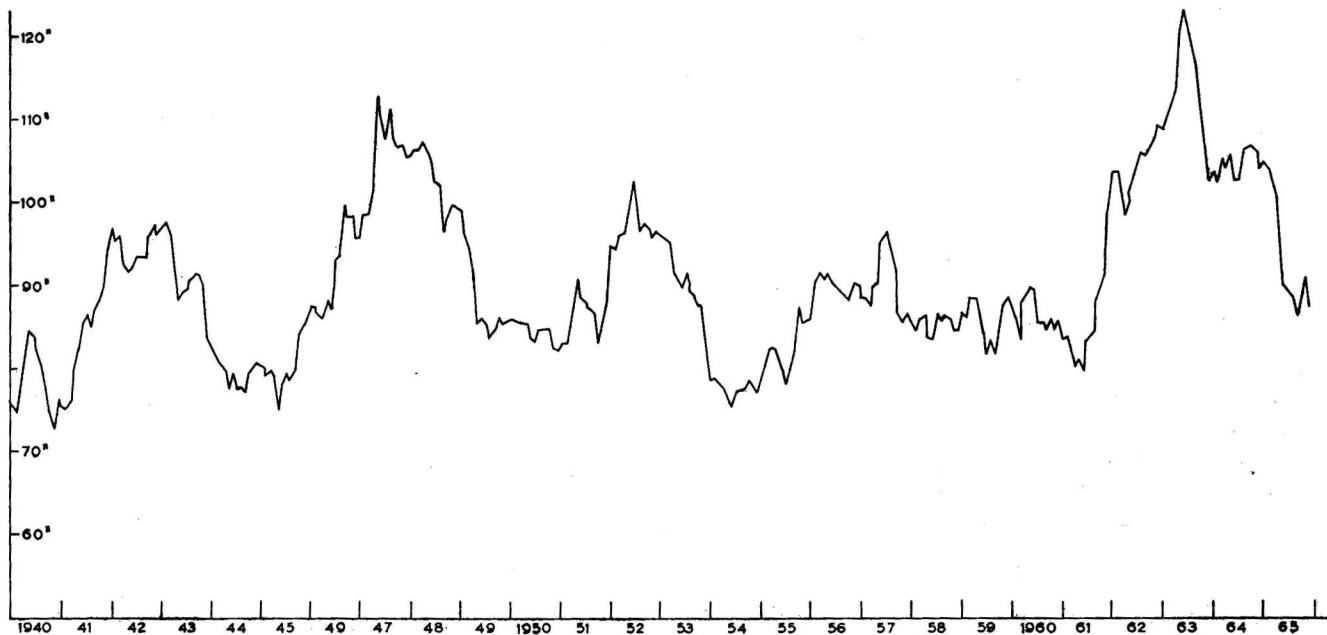
YEAR	Bags of 200 lb.	Value £	Sh. per bag
1914	18,163	6,880	7.53
1915-18 ..	—	—	—
1919	31,234	21,437	13.73
1920	187,828	113,973	12.14
1921	29,323	14,762	10.07
1922	217,122	146,106	13.46
1923	487,592	249,545	10.23
1924	640,668	381,144	11.90
1925	656,634	406,276	12.37
1926	520,340	280,596	10.78
1927	1,001,092	505,893	10.11
1928	499,890	306,078	12.26
1929	428,271	295,134*	13.78
1930	1,244,627	568,955*	9.14
1931	1,041,330	419,599	8.06
1932	288,354	117,677	8.16
1933	633,667	212,699	6.71
1934	246,376	104,754	8.50
1935	671,219	184,965	5.51
1936	813,333	233,371	5.74
1937	407,889	198,882	9.75
1938	658,557	258,876	7.86
1939	563,990	222,037	7.87
1940	—	—	—
1941	283,941	133,118	9.38
1942	155,698	69,742	8.96
1943	46,893	28,655	12.22
1944	24,106	15,178	12.59
1945	603,253	458,294	15.19
1946	195,017	155,796	15.98
1947	685,889	617,730	18.01
1948	152,405	176,780	23.20
1949	35,364	46,467	26.28
1950	345,568	720,235	41.68
1951	227,624	666,850	58.59
1952	764,668	2,385,264	62.40
1953	120,424	306,017	50.82
1954	514,266	1,013,192	39.40
1955	864,098	1,665,442	38.55
1956	47,435	89,403	37.70
1957	253,219	466,062	36.81
1958	1,095,721	1,867,061	34.08
1959	608,328	1,092,144	35.91
1960	103,055	178,418	34.62
1961	2,019	3,553	35.20
1962	663,242	1,011,967	30.52
1963	963,379	1,573,953	32.68
1964	9,868	16,616	33.68
1965	1,893	3,358	35.48

*Partly estimated.

Sources: Annual Report of the Department of Agriculture and Trade Reports.

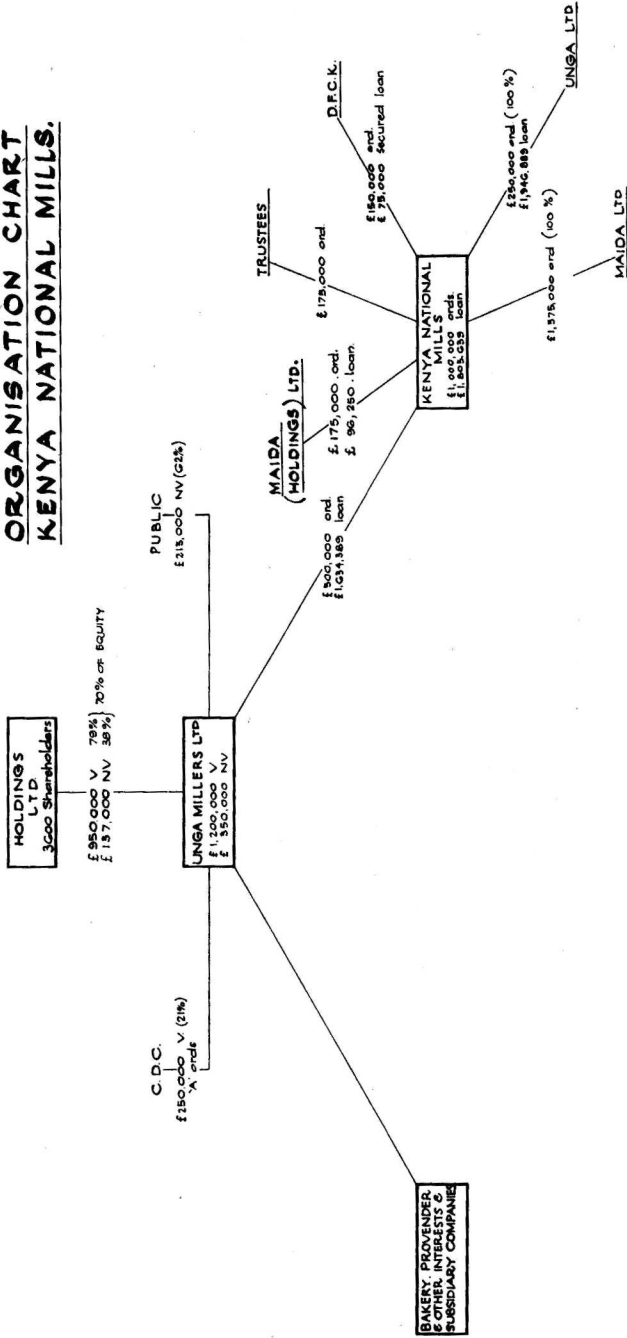
24 - MONTH ACCUMULATED RAINFALL TOTALS

SUB CATCHMENT IB (TRANS - NZOIA)



APPENDIX 'J'

**ORGANISATION CHART
KENYA NATIONAL MILLS.**



V = voting ordinary shares
NV = non-voting ordinary shares

MAIZE MARKETING BOARD
SCHEDULE OF OVERSEAS EXPORTS—1942/43 TO 1964/65

YEAR	QUANTITY EXPORTED	AVERAGE PRICE F.O.B.	AVERAGE COSTS F.O.B. TO F.O.R.					AVERAGE PRICE F.O.R. PRODUCERS STATION	GUARANTEED PRICE F.O.R. PRODUCERS STATION
			Railage and Transport	Port Expenses	Administration Expenses	Cost of Gunny Bag	Total		
	<i>Bags</i>	<i>Sh.</i>	<i>Sh.</i>	<i>Sh.</i>	<i>Sh.</i>	<i>Sh.</i>	<i>Sh.</i>	<i>Sh.</i>	<i>Sh.</i>
1942/43 ..	—	—	—	—	—	—	—	—	10·80
1943/44 ..	—	—	—	—	—	—	—	—	11·40
1944/45 ..	374,390	17·57	1·21	·89	·77	1·60	4·47	13·10	13·00
1945/46 ..	6,052	17·40	1·26	·78	·25	1·60	3·89	13·89	13·00
1946/47 ..	256,818	31·27	2·38	·90	1·16	1·60	6·04	25·23	16·75
1947/48 ..	340,223	35·29	3·00	·55	1·55	2·40	7·50	27·79	22·40
1948/49 ..	11,012	30·36	3·87	·65	1·08	2·75	8·35	22·01	22·75
1949/50 ..	—	—	—	—	—	—	—	—	—
1950/51 ..	344,912	41·61	2·60	1·30	1·58	3·20	8·41	33·20	28·00
1951/52 ..	813,138	61·90	4·50	1·00	2·45	5·00	12·95	48·95	35·30
1952/53 ..	242,343	48·20	5·04	·82	3·71	4·00	13·57	34·63	42·25
1953/54 ..	—	—	—	—	—	—	—	—	—
1954/55 ..	1,096,137	40·09	5·01	1·96	2·71	2·20	11·88	28·21	40·35
1955/56 ..	140,168	36·98	4·63	2·39	5·29	2·20	14·51	22·47	40·35
1956/57 ..	257,242	37·57	5·44	2·46	4·86	2·50	15·26	22·31	42·48
1957/58 ..	787,253	32·79	5·95	2·21	4·34	2·50	15·00	17·79	42·48
1958/59 ..	921,702	38·09	6·03	2·24	3·69	2·30	14·26	23·83	39·30
1959/60 ..	100,450	35·69	6·23	2·27	4·24	2·30	15·04	20·65	37·90
1960/61 ..	100,843	31·27	5·39	2·83	3·91	3·00	15·13	16·14	38·50
1961/62 ..	—	—	—	—	—	—	—	—	—
1962/63 ..	957,786	30·72	5·27	3·15	3·91	2·65	14·98	15·74	38·15
1963/64 ..	574,544	32·08	5·18	4·37	4·04	2·65	16·24	15·84	35·15
1964/65 ..	—	—	—	—	—	—	—	—	—

APPENDIX L

ANNUAL PURCHASES OF MAIZE BY THE BOARD

In bags of 200 lb.

FINANCIAL YEAR	LOCAL CROP			IMPORTS FROM			TOTAL PURCHASES
	White	Yellow	Total	Uganda	Tanzania	Overseas	
1960/61 ..	1,548,446	38,386	1,596,832	2,833	11,298	188,149	1,789,112
1961/62 ..	1,576,873	65,886	1,642,759	—	—	724,743	2,367,502
1962/63 ..	2,147,909	85,065	2,232,974	—	—	—	2,232,974
1963/64 ..	1,046,456	26,506	1,072,960	—	—	—	1,072,960
1964/65 ..	1,150,159	30,193	1,170,352	1,754	253,553	149,576	1,575,235
1965/66 ..	(1,139,401)	(14,834)	(1,154,235)	—	—	(1,000,069)	(2,154,304)

Source: Ministry of Economic Planning and Development from Maize Marketing Board Records.

APPENDIX M

ANNUAL DISPOSALS OF MAIZE BY THE MAIZE MARKETING BOARD

Bags of 200 lb.

FINANCIAL YEAR	LOCAL SALES			EXPORTS TO			LOSSES (STORAGE SHRINKAGE, ETC.)	TOTAL
	White	Yellow	Total	Uganda	Tanzania	Overseas		
1960/61 ..	2,019,102	149,904	2,169,006	—	—	2,811	6,406	2,177,923
1961/62 ..	1,396,315	33,944	1,430,259	—	—	112,462	18,000	1,560,721
1962/63 ..	939,128	168,264	1,107,392	—	75,040	986,559	23,964	2,192,955
1963/64 ..	1,146,829	56,474	1,203,303	—	—	608,457	29,613	1,841,373
1964/65 ..	1,623,128	183,898	1,807,026	—	23,692	10,009	2,752	1,843,479
1965/66 (Fore- cast) ..	(974,598)	(1,011,831)	(1,986,429)	—	—	—	(6,202)	(1,992,631)

Source: Ministry of Economic Planning and Development from Maize Marketing Board Records.

INDEX

	<i>Paragraphs</i>
Agency for International Development	179, 181, 188
Agricultural Attaché, U.S. Embassy, Nairobi	209
Agricultural Production Settlement Board, Chairman ..	32
American Maize	115, 117, 142, 203, 209, 229, 233-234, 239, 530
Andere, E. A.	155, 181, 186-189, 203-209, 212, 216, 223-224 226-227, 230, 232-235, 237-240, 243-244, 251, 396, 414, 451, 461, 463, 466, 468, 498.
Atta, Ltd.	352, 418
Baringo	440
Blundell, Sir Michael	152-154.
Bowring Committee	8
Brough, A. T.	23, 40, 83, 381
Bungoma	414
Bungoma, D. C.	414
Butter, J. H.	204
Cabinet, Kenya Government	233, 241, 249
Castelino, D. M.	484
Central Agricultural Board	430
Chairman, Rift Valley Agricultural Board	427
Chairman, Western Provincial Advisory Council	427
Chandaria, M. P.	418
Chase Manhattan Bank	195, 198
Cheluget, I.	466, 468
Chief Accountant, Maize Marketing Board	233-234, 237, 240, 243, 251
Chokwe, Sen. T. M.	64
Commonwealth Development Corporation	353
Cooper, J.	187, 193, 200, 215-216, 219, 220, 407
Co-operative Societies	94, 120
Coronation Mills	352, 418
Cotts, <i>see</i> Mitchel Cotts & Co.	
Couldrey, J. A.	306-309, 312-313, 315, 322, 474
Department of Settlement	432
Development Committee	33
Development Finance Company of Kenya	353, 355
Development Plan (1966-70)	61
Devshi, S. V., & Co.	259
Differential	79, 93, 456, 460-461, 464, 474, 516
Differential Prices for Improved Varieties	101-102
Doerr, Howard, Chief of Programme Execution Foreign Agricultural Services, U.S.A.	189, 200
Dreyfus, Messrs., & Co., Ltd.	187, 192, 200-203, 209, 232
Dubois Oil Mills	352, 418, 526, 529, 530
Dwa Plantations, Messrs.	520-521
East African Agricultural and Forestry Research Organiza- tion	146

INDEX—(Contd.)

	<i>Paragraphs</i>
East African Meteorological Department	41
East African Royal Commission (1953-55)	37
East African Statistical Department	37
Echaria, P. M., Charge d'Affaires, Kenya Embassy, U.S.A.	185, 189, 190, 194, 200, 204-205, 228-229
Economic Commission (1919)	46
Economic Priority Committee	162
Economic Survey Mission, International Bank	39
Emma Stores, <i>see also</i> Uhuru Millers, Ngei, Mrs. Emma	465-469, 471, 473-474, 496
Exchequer and Audit Act	501
Export Cess	108-110, 171
Famine Relief	298
Federation of Kenya Employers	424
Foreign Agricultural Services, U.S.A. <i>see also</i> Doerr, Howard	200, 209, 212, 216
Fox, C. B., Co.	185-186, 189-190, 192, 197, 200, 207-210, 212, 215, 222, 232
General Manager, Maize Marketing Board, <i>see</i> Andere, E. A.	
General Manager, West Kenya Marketing Board, <i>see</i> Oyende, J. P.	
Gichuru, Hon. J.	192-193, 197, 199-200, 202-205, 215-216
Guaranteed Minimum Return	106
Haller, A. A.	192-193, 208, 215-216, 226
Harvey, Dr.	33
Holdings, Ltd.	353-354
Hurricane "Betsy"	248
Hybrid Maize Seed	18, 53-54, 70-71, 97, 101-102, 107
Ibbotson Report	35, 47
Import Parity Price	78-80, 84
Index of Consumer Prices	76
Institute of Development Studies, University College	82
Inter-Ministerial Committee	233, 235, 238-239, 249, 251
Japan	152-157
Jenkinson, J. A. R., <i>see also</i> Parjen [*] (Africa), Ltd.	479, 482-485
Kakamega	336, 425, 429
Kaliku, Jackson	489-494
Kamukunji Market	474
Kangundo	467
Kapsabet	202
Karani, H.	176-177
Kasyoki, William	479, 483-486, 495
Kenya African Agricultural Sample Census (1960-61)	48
Kenya Agricultural Produce Marketing Board	223, 258, 262, 479-480
Kenya Embassy, Washington, U.S.A.	117, 181, 185, 188-190, 192-193, 195, 200-201, 207-208, 210, 212, 214, 216, 219, 232

INDEX—(Contd.)

	<i>Paragraphs</i>
Kenya Farmers' Association (Co-op.), Ltd.	258, 263-264, 269-270
Kenya National Chamber of Commerce	271
Kenya National Farmers' Union	269, 275, 431
Kenya National Mills, Ltd.	352-355
Kenya National Trading Corporation, Ltd.	271
Khasakhala, Mrs. Clera	483, 484-486
Khasakhala, Hon. E.	482, 487
King, P. G., <i>see</i> Chief Accountant, Maize Marketing Board.	
Kisumu	335, 413, 429
Kitusa, A. K.	470-471
Koinange, Hon. M.	497-500
Likimani, Dr. J. C.	65, 67, 362
Livestock Industry	72-75
Lutta, B. W., <i>see</i> Permanent Secretary Ministry of Co-operatives and Marketing.	
MacDonald, A. C.	46
Macharia, F. N.	271
Machinery Services, Ltd.	445, 447
Mahinu, E.	299-301, 303-305, 308-309
Maida (Holdings), Ltd.	353-354
Maida, Ltd.	352-356
Maize Controller	153
Maize Control, Establishment of	12
Maize Marketing Act	25, 179, 256-257, 266, 279, 391, 395, 450, 474
Maize Marketing Board	23-31, 51, 72-75, 82-85, 91-94, 108-113, 116, 120-121, 124, 134, 140, 142, 162-166, 175, 177, 179-184, 202-206, 210, 212, 214, 222-223, 225-226, 228, 231, 238, 241, 243, 247, 250-251, 256-258, 261-265, 268, 270-272, 277, 284, 287, 290, 294, 296-301, 303-305, 308, 312, 337, 352, 376, 379, 391-392, 395-401, 407, 410, 412-413, 418, 437, 440, 450, 460, 472-473, 480, 487, 489, 515, 518, 523
Malu, Hon. W. K.	465
Masila, K.	401, 461-462, 474, 476, 478
Mathews Report	16, 18-19
Mathews, V. G.	276
Mbondo, R. S. K.	474, 476
Mboya, Hon. T. J.	83, 287
McArthur, J. V.	95-96, 390
McBride	518
McGovern, H.	403, 517
McGillivray Inquiry	276
McKenzie, Hon. B.	198, 203
Meteorological Department, E.A.	146
Ministry of Agriculture	119, 153, 179, 181, 183-184, 192, 210, 218, 224-233, 239, 249, 286, 288, 294, 376, 406
Ministry of Commerce and Industry	288

INDEX—(Contd.)

	<i>Paragraphs</i>
Ministry of Co-operatives and Marketing ..	184, 188, 193, 196-197, 218, 224, 226, 228, 232, 234, 241, 244, 247, 249-250, 252
Ministry of External Affairs	187, 195-196, 207, 212, 219-221, 228-230, 232, 241, 294
Ministry of Finance	181, 183, 192, 197, 210, 286, 288, 294
Ministry of Health	67
Ministry of Lands and Settlement	175
Mitchell Cotts & Co. (E.A.), Ltd.	187, 189-191, 199-205, 208-210, 212, 215, 222, 232
Mohamed, Abubakar	482, 483-484, 486
Mombasa	117, 125-126, 140, 162, 214, 227, 231, 234, 418, 477
Morth, Dr. H. T.	146-148
Muir, R.	189
Munuve, G. M.	410
Munshi, A. R.	418
Mutiso, D. L.	491
Mwania, Musau	489-490
Mwanyumba, Hon. D.	480, 482-483, 486
Mzee, Mwakio	483-486
Nairobi	127, 130, 135-136, 139-140, 162, 181
Nairobi Flour Mills	352
Nakuru	414
National Agricultural Products Board, Dar es Salaam ..	181
Ngala, Hon. R.	190, 208, 418, 526, 530, 533, 535, 539
Ngei, Hon. P. J.	179, 181, 184, 238, 401-402, 407, 440-441, 444-452, 454-456, 460-464, 466, 474, 477-480, 482-483, 487, 491-494, 497-501, 530, 538 444, 451-452, 454, 457, 465, 486, 470, 495
Ngei, Mrs. E.	444, 451-452, 454, 457, 465, 486, 470, 495
Nyachae, S.	317-320
Nimji, Z.	418
Nyeri	431
Nutritive Values	64-66
Omar, Hon. S.	526-528, 534, 536
Osanya, N.	207
Otiende, Hon. J. D.	311-315, 411, 540
Oyende, J. P.	501, 504, 509
Patel, D. M.	258
Parjen (Africa), Ltd.	479-480, 486
"Paul Ngei & Partners"	445
Permanent Secretary, Ministry of Agriculture	233, 236-237, 285
Permanent Secretary, Ministry of Co-operatives and Marketing	185-186, 190, 202-204, 210, 234-236, 246, 251, 407, 501
Permanent Secretary, Ministry of External Affairs ..	185, 210, 219, 211, 226, 228
Permanent Secretary, Ministry of Finance	192
Pim Report (1936)	10
Police	435, 437, 467
"Polyxene"	213
Price Control Department	130
Price Stabilization Fund	382

INDEX—(Contd.)

	<i>Paragraphs</i>
Provincial Administration	298, 409, 412, 436-438
Provincial Agricultural Officer, Nyanza	428
Procurement Authorization	190, 200-201, 207-208, 210-211
Puri & Sons, M. D.	258, 418, 517-519
Purchase Authorization	194
Rabai Co-operative Society	526, 532
Ramtu, T. J., <i>see</i> Permanent Secretary, Ministry of External Affairs.	
Ravenscroft	193, 204, 207, 216
Relative Prices	98-100
Riziki, Ltd.	354
Rumbold, J. S.	446
Sessional Paper No. 1 (1963)	39
Shah, K. P.	82
Shretta, Y. A.	475, 481
Standard Bank	195, 198
Standing Cabinet Committee on Food	288
Strategic Reserve	152-154, 161-162
Sultan Hamud	136
Tala Market	134, 135, 139, 444, 451, 474
Tanganyika	181, 445
Tanzania	140, 183
Thendu, A. J.	401, 461-462, 498
Thomson's Falls	415
Tororo	176
Transport Pool	93
Trans Nzoia	146
Troup Report (1952)	34, 36
Uganda	140, 176-177, 179, 181, 183
Uhuru Millers	401, 403, 416, 444, 450, 455-457, 460, 462-464
Unga, Ltd.	321, 352-353, 356, 418
Unga Millers, Ltd.	352-354
University College, Institute of Development Studies	41
United States Ambassador, Nairobi	181, 200, 228
United States of America	117, 140, 181, 185-187, 203-204, 210, 225-226, 232, 234, 243, 251, 254, 377
United States Department of Agriculture	185-186, 189, 192, 213
United States Embassy, Nairobi <i>see</i> United States Ambassador.	
United States Government	181, 185, 205, 222, 228, 240, 247, 294
United States Government P.L. 480	181, 192, 194-195, 201, 232, 247, 380
United States Judiciary	232
Universal Shipping Co. Inc., Washington	194, 201-203, 207, 210, 213-214, 230, 234
Washington	192-193, 196-197, 200, 219, 221, 241
Wheat Board	30, 276-277
West Kenya Marketing Board	258, 262, 277, 413, 428, 501
World Bank	275
World Bank Mission	86, 370
Yellow Maize	65-67, 222