

the suggestions of the Committee would not make matters any better throughout this period. If there were no shillings available it meant they had got to go on with a 2s. coin. He further maintained that for the redemption of existing obligations to revert to a free rupee as a temporary measure would not only grant immediate alleviation to the present labour troubles but it would act as a sort of stepping stone and pave the way for a 1s. coin when sufficient were available to be issued. He noticed in the Report of the Currency Committee that they deprecated the free rupee. It was the same old wail that the settlers were always trying to cheat the native. The Committee said on page 2 para 4 (a), "The Committee is convinced that circulation of the rupee in East Africa at a value other than that of a Florin would result in wholesale cheating of natives." Possibly this meant circulation of the rupee with the Florin note at the same time and he could not see that there was any opportunity of cheating unless they had the free rupee note and the Florin note circulating at the same time. They were always hearing a lot about the cheating of the natives but he maintained that for the last 15 months the native had been profiteering out of the employer. They had also heard a lot about the cost of living and that it was going down. In nine cases out of ten the employer had to bear the cost of living of the native.

With regard to clause 2 of his amendment that existing commitments in rupees incurred subsequent to the date of stabilisation be redeemed at 2s. by one month's notice, he considered that no pledge existed before the rupee had been stabilised there for there was no pledge to keep prior to that date. The pledge had come into force on the 31st March last and from that date people who trusted to the pledge should have their commitments redeemed to the uttermost farthing. He considered that obligations incurred before that date should be redeemed at the current rate of exchange the rupee was at the time the commitments had been made and he considered that that was what the reparation Committee would recommend if one had been formed and he hoped one would be formed. He quite agreed with the report of the Committee when they said that one month's notice would not be enough for the natives in the Reserve, and he agreed that they should be given a longer time for redemption.

He admitted it was rather startling to find that the Committee did not seem to have discussed his solution at all. It did not seem to have occurred to anybody as a way out of the difficulty and he did think that when the Committee found there were not enough shillings they might have thought of another way out than saddling the country with a 2s. piece for 9 months or so.

He since-ly hoped he would get strong support for his amendment. He assured Honourable Members that the matter had received consideration from many parts of the farming and planting community already. They had not had much time to study the report, but he could again assure Hon. Members that his motion had the full support of the Nyanza and Farmers Associations. The Nyanza Farmers and Planters Association included large producing districts such as Koru, Muhironi and Songhor. The previous day the representatives of the Coffee Planters Union had also passed a resolution agreeing entirely with the principles of the motion. The Associations at Ruiru and Thika were also entirely in agreement with his motion. He thought he had said enough to show Hon. Members that his amendment was backed by a large percentage of the producers of the country. He could not see that it would be an injustice to anybody and he asked Hon. Members to vote for

it because it afforded early alleviation to the producers and caused no injustice to other members of the community. It might cause a temporary amount of trouble and worry to those who had to adjust their prices to suit the conditions but he was quite sure nobody would grudge a little trouble like that for what was in the best interests of the country. Another point in its favour was that instead of a sudden dislocation, the demonetised rupee would act as a stepping stone and pave the way to a shilling currency. There was no fear of being saddled with the rupee for ever because his proposal was only to be looked upon as a purely temporary measure to tide over the present difficulties.

HIS EXCELLENCY said he did not wish to interrupt the Hon. Member during his speech but the motion as proposed was an entirely new motion and not an amendment. If the Hon. Member added the following words it would make the amendment in order. After the words 'This Hon. Council' add 'does not approve of the Report of the Currency Committee but is in favour,' etc.

He reminded Hon. Members that at the Session held in the Railway Institute this currency matter had been thoroughly discussed and the Council had come to some definite conclusions which had been cabled Home and that, however, well Hon. Members might agree with the amendment now put forward to pass it would practically be changing their minds again. Perhaps it would assist Hon. Members if he gave an explanation in answer to some of the points brought forward by the Hon. and Gallant Member. He again reminded Hon. Members that the motion put up on the morning of Council held in the Railway Institute had been very carefully considered in Executive Council previously. The object of the Executive Council had been to put up a clear cut motion. The Government had been ready, if that motion had been passed, with another typewritten motion to follow it which referred to the question of compensation, but they had thought that in order to get a clear cut issue as to whether they should return to the 2s. or go back to the rupee the course adopted had been the best and he recollects that in the typewritten motion this question which the Hon. and Gallant Member brought up had been embodied almost in the same wording in that motion. Perhaps that had not been understood at the time and he was very sorry if that had been the case as he had meant it to be perfectly clear.

THE HON. LT.-COL. S. H. CHARRINGTON replying said that at the period referred to by His Excellency they had not been aware that they would have to wait six or nine months for the Shilling.

THE HON. THE ACTING COLONIAL SECRETARY suggested that the amendment as put forward by the Honourable and Gallant Member was exactly the same as had already been debated by the House at the Meeting held in the Railway Institute. It came to exactly the same thing as had been put before the House by the Honourable Treasurer and he suggested that to bring forward a Motion at this stage was not in order.

THE HON. R. B. COLE pointed out that the Honourable and Gallant Member had already said that if there had been any compensation mentioned in the Government Motion he would have voted for it but there had not been any mention.

THE HON. E. A. PHELPS seconded the amendment.

THE HON. W. J. MOYNAGH referred to the meeting held at Government House on the 23rd January. He associated himself with the remarks made about that meeting. His views entirely agreed with the views expressed by other Members

at that Meeting that it was essential for the benefit of the country that they should get back to a 1s. 4d. piece. The Banks had control of the situation and had brought the people to see their view and any change from the Report would still make them further the laughing stock not only of the country but of the whole world. Although he did not agree with all the findings of the Committee he was quite ready to agree to them if Council considered it best.

THE HON. THE COMMISSIONER OF CUSTOMS referred to a remark made by the Honourable and Gallant Member regarding the free circulation of the Rupee. He thought the Secretary of State himself had suggested that the rupee should, after demonetisation, be eventually introduced again and be accepted by Government in payment of taxes, etc. They had heard a great deal about the Pledge. He submitted that as soon as the rupee was re-circulated in this country and was accepted under that pledge it could only be accepted at 2s. The Secretary of State had stabilised the rupee at 2s. and had further given a pledge that that was fixed and permanent and the moment a rupee was accepted in this country it was to be at 2s. and nothing else.

THE HON. THE ACTING TREASURER asked the Honourable and Gallant Member what medium of redemption or exchange would he propose to adopt. Assuming he had got Rs. 1,000 he took it the Currency Board would change them. What exchange would they give him. There would be two coins of different value circulating at the same time. The Honourable and Gallant Member had said he would have voted for the Government Motion. He submitted the proper time for him to have moved an amendment was at the Meeting in the Railway Institute.

HIS EXCELLENCY asked the Honourable and Gallant Member if he meant that the rupee should be the current coin and reduced to 1s. 4d.

THE HON. LT.-COL. S. H. CHARRINGTON replying to His Excellency said he took it the rupees could be redeemed by Government at four free rupees for three stabilised rupees.

THE HON. THE ACTING COLONIAL SECRETARY asked the Honourable and Gallant Member if he meant that on the first day on which his proposals came into force anyone could go with his rupees and get them paid out in similar rupees at a different value. One could go on doing this for the whole month.

THE HON. LT.-COL. S. H. CHARRINGTON replying said that his idea had been that up to a certain date rupees would be redeemed at their stabilised value of 2s. and after that date would be free at 1s. 4d.

THE HON. THE ACTING CHIEF NATIVE COMMISSIONER said he would still like to ask the Honourable and Gallant Member how he proposed to get over the objection raised by the Honourable Acting Colonial Secretary. Supposing he paid his Office Boys Rs. 9 and the change suggested by the Hon. Member took place each boy would get Rs. 12 for his Rs. 9. He could then go to the end of the queue and get Rs. 16 for his Rs. 12 and so on *ad infinitum*.

THE HON. T. A. WOOD thought he could see the point of view of the Honourable and Gallant Member which was that he proposed the rupees should be taken in once only. It seemed clear that his intention was that they should come in once only but he was not supporting the amendment in any way. The Hon. the Commissioner of Customs had already told them the further they went into the question the deeper they would get into the mire and another point which had struck him was the demonetisation of the Indian rupee note. The

Indian rupee note was only worth 60 cents. He could not see the point in demonetising the rupee note or rupee coin. Following out the proposal of the Hon. Colonel Charrington when that coin went back into the market its purchasing power would have gone down to the same value as the rupee note. One would only be able to buy 60 cents value with it. It seemed to him they would be in exactly the same position as before. Until the shilling was available he did not see how they were going to get out of the difficulty by adopting Colonel Charrington's suggestion. They could only hope to get the shilling quickly and get rid of the rupee. The natives would also give trouble. If the native was dissatisfied with the shilling they could say 'there are one hundred cents instead, take them.'

He was speaking to the Majority Report of the Committee because it had been thoroughly thrashed out. That Committee had been representative of all the interests concerned and he believed they discussed the point he mentioned. The Honourable Member for Nairobi North had made a statement which he could not let go unchallenged without criticism. He had said the Bankers controlled the situation. They did not as far as he was concerned. When he arrived at the Meeting held in the Railway Institute he had quite a number of letters in his pocket from considerable sufferers under the proposal to demonetise or revert to the 1s. 4d. rupee, without compensation. The Bankers had no doubt influenced the majority of the elected Members but he did not think it was fair to them to say they controlled the situation.

THE HON. THE ACTING TREASURER asked the Honourable and Gallant Member what means of exchange he would employ in redeeming the rupees.

THE HON. LT.-COL. S. H. CHARRINGTON informed the Hon. the Acting Treasurer he would reply to him at the end of the debate.

THE HON. W. J. MOYNAGH said he did not mean anything against the Bankers. It had been the attitude taken by the Bankers that made unofficial Members change their minds.

THE HON. THE ACTING COLONIAL SECRETARY said he found himself definitely opposed to the amendment before the House. In his opinion the Council in its Resolution which had been passed on the 10th February definitely left the matter in the hands of a Committee and to go back on that now seemed to be entirely incorrect.

THE HON. THE DIRECTOR OF PUBLIC WORKS moved a further amendment in the following terms:—

"That this Honourable Council does not approve of the Report of the Currency Committee but considers that the coinage of the Colony should comprise Pounds, half pounds, florins, shillings, ten cent, five cent, one cent and one half cent pieces, the cent being one one thousandth part of the Pound sterling, as being the closest approximation to existing coinage in Uganda and Tanganyika Territory and it recognises the futility of expecting that mere changes of coinage can have any lasting effect upon wages or upon costs of production."

There being no seconder the amendment was thrown out.

THE HON. R. B. COLE said he was in agreement with what the Honourable and Gallant Member had said. He had only seen the amendment that morning but he thought it was what he had said all along and what everyone in the country had said to him. He supported the Honourable and Gallant Member's Motion.

THE HON. E. A. PHELPS asked the Honourable and Gallant Member if he would give a reply to the manner in which he proposed to redeem rupees.

THE HON. LT.-COL. S. H. CHARRINGTON said he quite saw there was a difficulty in redeeming the rupees but he really did not see why they should not use the florin notes surcharged of which there were a lot in the country.

HIS EXCELLENCY thought the question asked required the following answer. The Honourable and Gallant Member proposed not to use Florins or florin notes as such and still he proposed to call in to redeem after a certain period the Indian Rupee. They wanted to know how he proposed to do that.

THE HON. LT.-COL. S. H. CHARRINGTON said the florin notes should never be used as florin notes.

HIS EXCELLENCY asked the Honourable and Gallant Member if they were to be used as 1s. 4d. pieces or what.

THE HON. LT.-COL. S. H. CHARRINGTON said they would have to be used at a 1s. 4d. value.

THE HON. E. A. PHELPS said he had seconded the Motion but the position had since been altered by the fact that shillings were not available. If it were possible to redeem notes in any way so that the pledge could be kept well and good. He would like to ask the Honourable and Gallant Member if there were enough florin notes to do this even if they were surcharged. It had been said there were not sufficient.

THE HON. LT.-COL. S. H. CHARRINGTON said he did not see why the florin notes should not be surcharged at the value of 1s. 4d. When a man handed in a rupee he got a surcharged florin note and the remainder made up in silver.

THE HON. THE ACTING TREASURER said that if an example was wanted of a case of listlessness of expression and lack of knowledge of the subject he thought the Honourable and Gallant Member had evidence in his own Motion. The Committee who had dealt with this matter were Bankers and accountants and producers, etc. If there was a body in this country qualified to deal with this question he submitted the composition of the Committee was the proper body to deal with it.

THE HON. R. B. COLE said he now supported the principle of the Honourable and Gallant Member's Motion.

THE HON. THE ACTING COLONIAL SECRETARY referred to the question of the scarcity of shillings. He pointed out that in the speech of the Hon. the Treasurer at the Railway Institute the words 'if shillings were available immediately which they are not' occurred. He submitted that when Members voted at the Railway Institute they were aware of the fact that shillings were not available.

THE HON. LT.-COL. S. H. CHARRINGTON in conclusion said he had nothing much to add but with regard to the remark just made by the Hon. the Acting Colonial Secretary he quite realised shillings were not available at that time but he did not think anyone had been aware that they would have to wait six to nine months for them. With regard to the difficulty of redeeming the rupees, he thought with a little thought it could be got over. One suggestion he made was by surcharging florin notes at 1s. 4d. and making up the remainder with cents or silver. Apparently his Motion did not receive much support but he assured the Council it was wanted by a very large producing element in the country. He foresaw that many farmers and planters would go

under during the waiting period. They had been trying to avoid going back to a 2s. coin but he could not see how they were going to attain that object by adopting the Report.

The Hon. Lt.-Col. S. H. Charrington's amendment was then put to the vote and lost.

THE HON. THE GENERAL MANAGER, UGANDA RAILWAY referred to the size of the shilling piece. He noticed the Committee recommended that the size should be half way between the present 50 cents and the rupee. No reason had been given for this and it appeared to him that they might follow the size of the shilling piece at home so that when they got universal coinage the shilling here would be the same size and would require no other alteration.

THE HON. THE ACTING TREASURER said the proposal of the Committee had been that the size should be midway between the size of the half rupee and the rupee. The shilling would have a value of 12d. and it was desirable to have it midway between the two. The new shilling was to have a value of 100 cents and the present one was 50 cents.

THE HON. R. B. COLE referred to Page 7 paragraph 8 of the Committee's report which read "They suggest that redemption during one month for all Europeans and Indians would be necessary, the Banks giving a declaration of their holdings on the last day and calling for redemption as soon thereafter as possible. District Officers should, however, have discretion to redeem for a longer period from natives in cases in which they are satisfied that the rupees to be redeemed are the property of the native, and that he could not reasonably be expected to apply for redemption earlier; six months is suggested." He asked what was to prevent Europeans passing off more rupees through the natives. He did not see why one month should be allowed for Europeans and Indians and six months for natives.

THE HON. THE ACTING TREASURER replying said there appeared to be no reason why Europeans and Indians should not comply with the order in one month. One idea was that natives who were on contract could not get away to make a declaration of the number of rupees they had.

THE HON. R. B. COLE said the Hon. the Treasurer had missed his point.

THE HON. W. J. MOYNAGH said he had spoken to other people about the same thing. The thought appeared to be to demonetise at once so that each man had to prove his claim to the rupees he had. In the country Districts they had got to be proved before they were taken in at their stabilised value.

THE HON. THE COMMISSIONER OF CUSTOMS moved the following amendment:—

"That this Honourable Council adopts the Minority Report."

THE HON. R. B. COLE seconded.

THE HON. THE COMMISSIONER OF CUSTOMS said that what he had heard had given him the impression that they were getting deeper into the mire and the only course was to revert to rupee currency as he did not see any other way out of the difficulty.

THE HON. K. H. RODWELL referred to the words 'the only solution is to break the Pledge' which occurred in the Minority Report. He pointed out that at the Railway Institute the Hon. the Commissioner of Customs repeatedly said to him that there had been no pledge. He wished to ask how the Honourable Member had changed his views.

THE HON. THE COMMISSIONER OF CUSTOMS said he had read the Gazette again. With regard to the Pledge he maintained that Pledge had not been made by this country. He had never before heard of another country setting out to stabilise a florin coin at one particular rate and then to go off and make a pledge that it was fixed and permanent. He pointed out that if they were going to accept the rupee in this country it would have to be accepted at 2s.

THE HON. THE ATTORNEY GENERAL said that at the Committee Meeting he had been asked for his view of the Pledge and his recollection was that he said at the time that that Pledge had been redeemed by the Order in Council which substituted florins for rupees and the pledge in his view would be sufficiently kept if the florin was retained, as the coin at 2s. and all debts which had been contracted in rupees be conceived as being contracted in florins, but that was nothing whatever to do with the rupee coin.

THE HON. THE DIRECTOR OF AGRICULTURE submitted that Council had already voted on the question. The Minority Report referred to in the amendment was contained in the last words "We are forced to the view that the only course is to break the Pledge and revert to a rupee currency."

HIS EXCELLENCY said he saw no harm in the putting of the amendment. It would mean that they had changed their minds a fortnight afterwards.

THE HON. R. B. COLE in seconding the proposal of the Honourable Commissioner of Customs said he could only say what he said previously that he believed that the breaking of the Pledge and reverting to the rupee currency was what every farmer or nearly every farmer wanted. Many of them wanted to get on to shillings later on. He thought the Pledge must certainly be broken as he could not see any other way out of the question.

The amendment of the Hon. the Commissioner of Customs was then put and lost.

THE HON. THE DIRECTOR OF PUBLIC WORKS asked if the Hon. the Treasurer would inform them whether the Currency Committee had had any correspondence with Tanganyika Territory or the Uganda Protectorate.

THE HON. K. H. RODWELL queried whether the Council was the correct place to answer criticisms made in public speeches.

HIS EXCELLENCY informed the Honourable Member he could refer to them if they referred to the Report of the Currency Committee.

THE HON. K. H. RODWELL said he wished to refer to the "We are unanimous" Meeting with His Excellency.

HIS EXCELLENCY asked the Honourable Member to explain what he meant by the "We are unanimous" Meeting.

THE HON. K. H. RODWELL said he referred to the Meeting at which the elected Members promised to support His Excellency for the conversion to a 1s. 4d. rupee. The Hon. Mr. Wood had said he had not been there and the Hon. the Commissioner of Customs had said he had left before the Meeting was over.

HIS EXCELLENCY pointed out to the Honourable Member that the elected Members asked to see him.

THE HON. K. H. RODWELL apologised to His Excellency and explained that he had attended the Meeting and had listened with the greatest interest to the remarks made by His Excellency and he refuted the charges made against himself. While several people were talking he left. The only

remark he had made at that Meeting was "There is only one solution to the whole thing and that is to go in for Pounds, Shillings and Cents. It will save the country."

As regards the remarks made by the Honourable Member for Nairobi South, he wished that gentleman would read his morning paper very carefully. He took upon himself the whole of the charge he had made. He had referred to himself as the unofficial Member on the Executive Council. What he (Mr. Rodwell) had said was he blamed him and the other gentlemen called in to advise His Excellency and those friends in Downing Street at Home. He only wished the Honourable Member for Nairobi South had stood up and accepted the blame as the Hon. the Commissioner of Customs had done. There was a question he would like to ask the Hon. the Treasurer and that was with regard to the Currency Report. He understood them to say that the English Shilling and the South African Shilling would be legal tender in East Africa with their shilling the only difference being that the East African shilling was not legal tender in the countries mentioned.

There were plenty of Florins in the country and he could not see why they should not use the Florins at once and get rid of the rupee once and for all. He would like to know why the Florins should not be issued to redeem the rupees and then recalled when the shilling arrived in the country.

HIS EXCELLENCY referred to the remark made by the Honourable Member regarding the "We are Unanimous" Meeting. He had already stated in Council that the "We are Unanimous" meeting had nothing whatever to do with the elected Members but referred to the two Governors and their Executive Councils.

THE HON. THE ACTING TREASURER said the Hon. the Commissioner of Customs had accused him of having called him a 'turncoat.' He had been pressed by the Hon. the Commissioner of Lands with that statement who could not understand how a Minority Report should be presented. He had assured the Hon. the Commissioner of Lands that such a Report could be presented. He then referred to page 3 of the Report. Resolution No. 4 read as follows:—

"That the Indian rupee coin be removed from the country so soon after redemption as the Currency Board can arrange."

He was afraid he could offer no explanation. With regard to the query by the Hon. the Director of Public Works as regards communication with Tanganyika Territory and Uganda—the Currency Committee had been asked to deal with Kenya only. They were aware that the Secretary of State was dealing direct with the Governor of Uganda and Tanganyika Territory separately. He presumed that the Secretary of State would consider the Report together with the Tanganyika Territory and Uganda reports and would give his decision later on. The Currency Committee's duty was to render a Report to the Secretary of State only. If it was desired by the country they could no doubt be made legal tender. With regard to the issue of Florins or florin coins he saw no difficulty. It had been to meet the point of view of producers who wished the natives' minds divorced from the size of the florin.

THE HON. THE COMMISSIONER OF CUSTOMS rising on a point of explanation said he would recall the memory of the Hon. the Treasurer to the fact that at the end of the discussion by the Committee he had said he very much regretted that although they had passed certain Resolutions

he did not find himself, after very full consideration, in accord with them as a satisfactory solution and he intended to send in a Minority Report.

HIS EXCELLENCY said an apology was due to the Honourable Member for Mombasa as he had been led to believe that the Hon. Mr. Hoey represented all elected Members.

THE HON. K. H. RODWELL asked the Hon. the Treasurer if the florin note as well as the florin should be issued to redeem the rupee.

THE HON. THE ACTING TREASURER asked the Honourable Member to accept the position as it was.

THE HON. K. H. RODWELL pointed out that several people now did not pay their boys in rupees but in florin notes. He paid his boys entirely in florin notes.

THE HON. THE ACTING TREASURER said he saw no reason why in such a case it might be permissible to issue the florins.

HIS EXCELLENCY pointed out the Report of the Committee was only the recommendations of this Government. The decision would be made by the Secretary of State on the advice of the Currency Board at Home. The points at issue were dealt with in the cables between the Government and Home so that the Currency Board at Home fully understood the arguments.

The Motion as in the order of the day was then put and carried by 12 votes to 6. His Excellency the Governor did not vote.

THE HON. T. A. WOOD moved that the Standing Orders be suspended under Section 18 (7) in order that he might put the following motions to Council:—

(1) That in view of the existing financial depression this Honourable Council urges Government to introduce emergency legislation within the next 14 days with the object of waiving the collection of income tax for the year 1920.

(2) That Sub-section 7 of Section 28 of the original Ordinance re inserted.

(3) That Section 10 of the accompanying schedule in the amending Ordinance of 1920 be deleted.

THE HON. W. J. MOYNAGH seconded the motion.

HIS EXCELLENCY said the question for Hon. Members to decide was whether the matter were of sufficient importance to suspend the Standing Orders to allow the motions to be put.

THE HON. THE ACTING COLONIAL SECRETARY rose to oppose the motion very strongly. It seemed to him perfectly impossible to carry on the business of the country if they were going to pass legislation one minute and then repeal it the next. The motion if passed would admit of introducing a motion which would not only affect the Income Tax Ordinance which had been passed recently but it would also affect the Appropriation Bill. If they were going to carry on the Government of the country they required taxes and if a few short days after passing legislation they were going to hear that it was a matter of urgency to repeal such legislation, an impossible situation would arise.

THE HON. W. J. MOYNAGH said the Council should look upon the matter from a far different aspect from that constructed by the Hon. the Acting Colonial Secretary. He knew the country was dissatisfied and would refuse to pay the tax and it was their right to come to Council and ask the indulgence of Council to listen to their appeals.

THE HON. THE ACTING TREASURER said he did not propose to oppose the motion although he would

have to strongly oppose two of the motions which were to be put up. With regard to the first motion he thought there was information which the Council should have and therefore he did not propose to object to the Standing Orders being suspended.

The motion that the Standing Orders be suspended was put and carried by 14 votes to 4.

HIS EXCELLENCY thought it would be advisable if the Hon. Member for Nairobi South put each motion up separately.

THE HON. T. A. WOOD then put the following motion:—

“That in view of the existing financial depression. This Honourable Council urges Government to introduce emergency legislation within the next 14 days with the object of waiving the collection of Income Tax for the year 1920.”

In support of this motion he said with all respect to the view put up by the Hon. the Acting Colonial Secretary, with which he entirely agreed, it did make them look rather foolish in passing legislation one week and perhaps to amend it the next, but a situation had arisen which he did not think anyone foresaw. He did not think any Members of Council contemplated that when they reached the collection stage there would be an attempt to collect two years tax in one. He had never heard of such a position in his life and it seemed to him to be an impossible position and was a strong argument in asking Government to take the steps requested as he held the view very strongly that if they did not do it they would relegate a system of collecting taxes to a permanent system of paying in arrears and they would never get out of it and he suggested they might as well forego the 1920 tax. If the proposal was not agreed to they would probably succeed in collecting the 1920 tax in 1921, but they would not succeed in collecting the two years tax in one, and further, there was not one per cent. of the population in the position to pay it. The one tax was a sufficient burden in one period and owing to the fact that it had got into arrears he suggested the most equitable system was to waive the collection of the previous tax. He submitted the exchequer would not be in a worse position than it was at the present moment. The year 1920 would be finished in a few days time. The other point of view was that in a few days time they would know how they stood. They would not improve it as far as revenue for 1920 was concerned. The 1920 year would finish in arrears and they would collect in 1921 and they would again finish in arrears as they would not have succeeded in collecting the 1921 tax. That was his reason for saying they would not be in a worse position. By following the existing law they would be in arrears and in his opinion no worse off than if they had waited. By waiving the collection they would probably assist people to tide over one of the most dangerous periods in the history of the country. He was quite aware this financial depression was not peculiar to the Colony of Kenya only. It had arisen out of the war and had been prophesied by a good many people. He had been one of those prophets on that occasion but he had been laughed at and called a pessimist as usual. He thought the present day position justified anything he said on the subject four years previously. He wished to impress upon the Government his view that they ought to help the country at this stage. It seemed analogous to an attempt to kill the goose that laid the golden egg if they attempted to extricate the money from the pockets of the struggling community of this country. They knew that numerous farmers were just on the edge of the Bankruptcy Court. He could tell them that there were numerous Merchants also just on the

verge of bankruptcy and the merchant was in a peculiar position with regard to his profits. His profits were not realised profits; they were far from real. He had always got a lot of obligations on the other side. The immense amount of stock; the immense amount of outstandings; these outstandings had been enormously increased owing to the financial depression and he urged Hon. Members to support the motion as being the best way out of the difficulty.

THE HON. W. J. MOYNAGH seconded the motion and said he would advance other reasons for asking them if possible to waive the 1919-20 tax. He thought everyone knew he was a great supporter of the Income Tax as a means of raising revenue, but he had seen the difficulty in collection, and it occurred to him that the Bill made it impossible to collect the tax in that year. When the Bill had been first brought forward, it was during a prosperous period, and the Banks had been more liberal. Unfortunately, however, the people of Kenya as a whole were not provident. Those who were against the motion would say that a man ought to make provision for a tax. The fact remained that that had not been done. He reminded the Council that the Banks at present were not granting extra facilities at the present time, and were reducing their overdrafts to a minimum. Had the tax been collected in February 1920, there would have been every possibility of collecting it, but it would be difficult now, when the Government were forcing two taxes in one year.

It was proposed to collect the 1920 tax in March, the 1921 tax in September next, and the next tax in February or March next year. A man must make provision for all this but he could not do it. There were many obligations which could not be evaded, and this would mean a great deal, when a man could not go to the Bank for assistance. Capital was also being kept out of the country, and people could not meet their obligations. He urged the Council to accept the motion, and then in 1922 and 1923 when the people had been educated up to paying an Income Tax they would be on the Government's side. The people were in favour of a tax on incomes, but it was the wrong way to collect it.

THE HON. THE ACTING TREASURER said that delays had occurred, but the Commissioner of Income Tax had informed him that it would be possible to collect the two taxes. Since then, however, he had been informed that there would be nothing to be collected for the current year, on account of the delay in printing forms, etc. The Income Tax contained in the current year's estimates would, therefore, be lost. How the money was to be found he could not say, but he understood prices at Home were falling, and this would mean a saving in Departmental expenditure, or they might capitalise their losses until next year, so as to set the country on its feet. There was also the refund of the Protectorate's war expenditure, and this amount might meet the deficit. For this reason he would not oppose the motion, but he would have to oppose the other two motions to be proposed.

THE HON. THE COMMISSIONER OF CUSTOMS said he did not know whether it would help the Hon. the Acting Treasurer in any way but as far as the Customs revenue was concerned he hoped he would be able to hand in this year £50,000 more than was shown in the revised estimates.

HIS EXCELLENCY said that that was understood and the amount only went a little way to cover the deficit of the Railway revenue.

THE HON. THE ACTING COLONIAL SECRETARY said he could not help feeling they were being asked to vote in the dark on this subject. It had been sprung upon the Council without any notice and he

had not had an opportunity of going into figures. The Hon. the Acting Treasurer appeared to him to be gambling on the future. As far as he understood the position the finances of the Colony were in a bad state and they were faced at the moment with the possibility of a deficit. Before the Council was asked to vote he would ask the Hon. the Acting Treasurer if he could give them definite figures regarding (1) the amount of Income Tax to be obtained during the current year; (2) balance either credit or debit on the year 1920-21; (3) also if there was to be a deficit whether he could give them any more explicit statement as to how that deficit was to be met in the future.

Considerable stress had been made by speakers on collecting two taxes in one year. It seemed to him that they must remember that they proposed to collect two taxes in one year from other portions of the community than those affected by the Income Tax. Presumably if one section of the community was to be relieved the other section should also be relieved and if that was so he could not see how it was possible for them to balance their expenditure for the year ending 1921.

HIS EXCELLENCY explained that the two taxes being levied in one year was largely due to the fact that they were altering the financial year.

THE HON. THE ACTING TREASURER further added that it was due to the fact that they had not had time to bring the machinery into action.

THE HON. THE DIRECTOR OF PUBLIC WORKS considered the proposals before the House exceptionally bad business. They had been told to what extent certain sections of the population were merely marking time and trying to stave off disaster but even so the tax which it had been suggested to recover was a small proportion to what the population would have to pay if they were resident in England. They knew that public services of every description were being held up and they were now asked to forego payment of such a small tax. Personally he was surprised the Hon. the Acting Treasurer was so optimistic as to forego a considerable sum which would be of marked benefit to the country. The reason given as to why it had not been collected before was that the machinery had not been ready. He personally thought that they should proceed as soon as it was ready.

THE HON. THE COMMISSIONER OF CUSTOMS asked if there was any precedent for collecting two income or any other taxes in one year. It seemed to him that it was going to be a great hardship to many people in the country and he thought it was going to affect another section of the community, the salaried employee. There would be a large number of people who would find it very difficult to pay two taxes in one year and he did not know another instance or precedent for such an action.

THE HON. E. A. PHELPS said he would like to support the motion. Taxation was not really popular at any time and on the institution of the Income Tax it would be a great mistake to collect two taxes in the one year. With a very large portion of the community it would be a tax on an income which had already been spent and it was also to some extent a retrospective tax. He thought there was a great deal in what the Hon. Mr. Wood had said that the collecting of the tax would be in arrears. He thought it would be better to start collecting this year and keep the collection up to date.

THE HON. K. H. RODWELL supported the motion and endorsed what other speakers had said.

THE HON. THE POSTMASTER GENERAL said he was inclined to oppose the Motion because he thought it was premature. As things stood at present it appeared that two taxes fell on one another and that it was a great hardship upon a good many people but he thought they should wait until three or four months in the meantime

collecting the first tax and then reconsider the situation again. The Secretary of State had consented to increased native taxation conditional upon a further tax on non-natives in the form of Income Tax. He had been present at the Meeting held at the Theatre Royal the previous afternoon at which a unanimous vote had been passed against the collection of income tax. He had been struck by the fact that a large number of people who attended and who said they could not pay the tax had arrived and departed from the meeting in automobiles. He submitted that they should not gamble in futures and he again repeated that he thought the Motion premature and would be much better considered in three or four months time.

THE HON. THE DIRECTOR OF AGRICULTURE thought in his opinion the Hon. the Treasurer had given rather unsound advice to the Council. Apart from the question whether he would be able to balance the Budget he thought it was evident that if there was a balance over and above the country's expenditure of the financial year it ought to be passed to the Government for expenditure along sound lines. He agreed with the view expressed by the Hon. the Postmaster General so would not repeat it. He wished to emphasise one point and that was that the tax was not imposed on persons not enjoying an income. People expected to pay the tax for the year 1919-20 and should have made provision accordingly. He would like to have further information on the point raised that one reason why the matter had been brought up was due to the fact that delay had been caused in sending out the forms for the first years income tax. They had had a warning that the tax was coming for years and the Ordinance they had recently passed should have given ample time to allow the forms to be printed, etc., in time. The delay had brought about very serious consequences if on account of that delay they were called upon to surrender revenue derived by income tax. He did not think the Honourable Member for Nairobi South was quite correct in saying that the Council had not been aware that the tax for two years would be collected during the period 1921. He remembered that the Treasurer mentioned in the discussion on the Income Tax Ordinance during the month of December or January that it had been proposed to collect one tax before the end of March and that for the following year in November of this year. A new point had arisen in connection with the higher rate of tax which had been imposed under the new schedule of the Ordinance lately passed by Council. He did not think the people of the country contemplated that if the higher rate of income tax was passed that the surcharge on the railways would still continue. The surcharge had not been removed and would not be removed for some time to come. On present information he was not prepared to support the Motion.

THE HON. T. A. WOOD replying to some of the remarks made said it had never come within his experience that one bankrupt succeeded in getting out by appealing to another bankrupt. They had the assurance of the Hon. the Treasurer that he could manage. That statement merely supported his contention that they were as they were. The point had been raised by the Hon. the Colonial Secretary on the question of two taxes in one year and if they agreed to the Motion they would have to apply it to other sections of the community. He presumed the Colonial Secretary referred to the collection of native taxes. He submitted there was nothing much between the two. The native tax was a fixed amount of Rs. 8 per annum. The proportion was not the same. They were dealing in cash transactions and worked for a monthly wage paid at the end of the month. He had noticed latterly the demand at Home to raise the free

limit to £250. The Hon. the Director of Agriculture had given another reason for opposition. He suggested that there was no personality suggested in what he said. The Hon. the Director of Agriculture was one of the Heads of Departments and as such was looking eagerly and anxiously for an increase in staff. He believed his Department was the Department which was going to make the country but he suggested that possibly that interest was at the back of his mind and induced him to oppose the Motion. The Hon. the Postmaster General had also told them that at the Meeting held the previous afternoon that most of the people came in motor cars. He did not think that was a fair suggestion that the people could pay the tax, and he thought it was the other way about. He quoted the words of a learned judge who had been trying a case of debt. Judgment had been given and the Judge had asked the Debtor how much he could pay per week. The Debtor replied that he could pay 10s. The Judge then turned to the Creditor and asked if that amount would suit him. The Creditor said it would not suit him at all as the Debtor lived in a house worth £150 a year. The Judge in reply said that perhaps that was the reason why he could not meet the debt. He next criticised the Hon. the Director of Public Works remarks. It seemed to him that a man with £1,000 per annum under the existing system would be called upon to pay £78 or £80. This was not a small sum and that total income had already got its existing commitments against it. Children in this country had to be educated and many people found it necessary to send their children to England or elsewhere to be educated. Also one had to look at the question from the point of view of health. He had nothing further to add but he sincerely hoped they would get a majority to agree to the Motion and he trusted that they would find the financial condition of the country would not be materially impaired by this Motion.

HIS EXCELLENCY referred to the Honourable Member's remark that the Hon. the Treasurer had given an assurance that he could manage. He asked Honourable Members to consider that and the effect it would have on the Loan in general.

The Motion was then put and carried by 10 votes to 9.

THE HON. T. A. WOOD proposed the following Motion:—

“That sub-section 7 of Section 28 of the original Ordinance be re-inserted.”

The Honourable Member explained that the sub-section referred to the provision for wives and children's allowances which he then read to the Council. He added that he had already heard that the Motion was going to be strongly opposed and to be quite candid although he was proposing the Motion he was doing it solely because he gathered at the public meeting that this was the public desire. He mentioned this fact because he himself did his best to point out to the public the disabilities which caused the Government to adopt the deletion of the section referred to in the first place. He sympathised entirely. Apparently there was the difficulty of the living wage of the two different sections of the community being totally dissimilar and he asked the majority of Members to consider whether they should support this view. At the same time as far as the European section of the community was concerned he sympathised entirely with their request for the reinsertion of the section. The allowance of £100 only was ridiculous. This amount was less than the free allowance at Home.

THE HON. W. J. MOYNAGH seconded the Motion. His reason for doing so was that he had always supported the measure with regard to the tax itself and he had always tried his best to make the

free allowance for the married man as high as possible. It had been urged that there were different conditions prevailing locally and that the Indian was able on a much less salary to live more comfortably than the European. He, however, did not hold that opinion at all. Although the Indian might live on less his expenses were practically the same and there was a large portion of the Indians who got a small salary ranging from 80 to 125 rupees and if they were called upon to pay a non-native poll tax they would pay a larger proportion than the Europeans. He asked the Hon. the Treasurer to appreciate what it meant to the man with a wife and five children drawing something like Rs. 125 a month.

THE HON. THE ACTING TREASURER opposed the Motion very strongly. He pointed out the conditions in this country were vastly different as far as England was concerned. He further pointed out that the Indian Government did not allow any rebate for children. He disagreed that the Indian could not live in comfort on a much smaller salary than the European. It was a question of taxing a man according to his ability to pay. Indians in receipt of £500 to £600 per annum with five children, if the section was reinserted, would pay nothing at all. An Indian married young and was prolific and there would be very little tax to come in. There were, he believed, 20,000 non-natives in the country of which 5,000 were Europeans, the remainder being Indians. It seemed that the share of the 15,000 Indians, if the clause were reinserted, would be added to the Europeans.

The Motion was then put to the vote and lost.

THE HON. T. A. WOOD proposed the following Motion:—

"That Section 10 of the accompanying Schedule in the amending Ordinance of 1920 be deleted."

In support the speaker said that the objection raised against this point was that the Schedule was too high and that they ought to run over a year or two before enforcing the new schedule. That attitude had his entire sympathy but it seemed to him to be sounder in principle. They should not have attempted to raise the Schedule until the other one had given them an opportunity to see how it worked. He submitted that they were overburdening the people before they saw how the original schedule would work and he asked Honourable Members who were inclined to agree with his Motion to bear in mind that it did not mean the original schedule would remain for all time as it could be reconsidered at a later date. It seemed perfectly clear that if the financial programme was carried through bearing a big loan for development they would have to raise money from somewhere to pay the interest and sinking fund charges, but at the moment they had not got that burden but they had to reckon with the shortages on the Budget. They could be relieved from that predicament at any time if the Secretary of State would agree to the proposal to let them have the unexpended balance and other monies which had been spent on the war. That course would get over the trouble right away and he urged upon Honourable Members to support his Motion. It seemed to him perfectly sound that they should revert to the old schedule for a time so as to obtain experience of the working of the tax and to let people understand what they had got to pay. He thought there were many people who had no idea whatever what they had to pay on incomes. He again urged on Members to support the proposal by a majority.

THE HON. W. J. MOYNAGH seconded the Motion. He thought that a higher Income Tax had to be faced later on but he did not think the time was opportune as they did not know how much money

would be raised by this schedule. So far as he could gather the Commissioner of Income Tax intended to tax farmers on the basis that he rented his own land from himself the time had come when they could turn round and say they were overtaxed. When the Loan eventuated they would certainly have to tax more because they would have to meet it but they would have the money circulating in the country to help people to tide over. The Europeans and Indians formed a very small proportion of the population of the country and if they were overtaxed they would not get the money necessary for the country's development.

THE HON. THE ACTING TREASURER opposed the Motion. He thought the remarks made by the Hon. the Colonial Secretary and others could be fully applied to this Motion. The Appropriation Bill had been passed only a few days previously and it looked as if after a few days they were going to change their minds about it. He had gone as far as he possibly could in the hope of helping the Producers and Farmers by voting in favour of the first Motion. The position in regard to the Budget for the next year was very different as he considered the prospects were much better. They heard of the fall in prices and rise in trade which would allow reasonable opportunity of paying the tax as contained in the present schedule. He pointed out that neither the Mover of the Motion nor the Seconder suggested how the Budget was to be balanced next year. The Railway revenue was not to be used to balance the Budget which left a deficit of £300,000 to be made up in a lump sum.

THE HON. THE COMMISSIONER OF CUSTOMS said he was in sympathy with the remarks made by the Honourable Member for Nairobi South. The Hon. the Treasurer had said neither the mover nor the seconder of the Motion had made any suggestion to press for the return of the £600,000 spent by the Colony during the War. Proceeding, he said he hoped the Treaties would shortly be abrogated and the time was shortly approaching when they would have a decision from the Secretary of State. He could give the Council an assurance that there would be no difficulty in making up the deficit of £300,000 from Customs Duties if the Treaties were abrogated and they could increase the Import Duties.

HIS EXCELLENCY intimated that the Government was doing all it could to push matters forward with regard to the abrogation of the Treaties.

THE HON. THE ACTING COLONIAL SECRETARY asked Honourable Members to oppose the Motion and pause and think what the result would be. The result would be that the Appropriation Bill would have to be withdrawn and they would have to sit again and make a new Budget. The Secretary of State demanded that the Budget should balance; a right and correct demand. He could not see how the country was going to get on with a bad balance. They had spent many days in Council working through the Budget and at that stage to go back and say they proposed to cut off the sum of £160,000 which had been budgeted for seemed to him an impossible position and moreover he did not think the new scale could be considered to be harsh. If they studied the scale in force in other countries they would find that the scale here was very much lower than that in force in England.

THE HON. R. B. COLE said that he had previously voted for this scale and the reason he had given then was that it would keep capital from coming into the country.

THE HON. THE ATTORNEY GENERAL opposed the Motion. He saw the force of the arguments used by the supporters but he did not think anyone could say the Bill was unjust. The Bill had been introduced when the Treasurer had said he would require more money to balance his Budget. The

Bill had come before Council and had been passed only a few weeks before and it would be ridiculous to withdraw the schedule and substitute the original one in its place in so short a time. It would amount to this that the Council changed its mind every fortnight.

HIS EXCELLENCY opposed the Motion and supported the remarks made by the Hon. the Colonial Secretary, the Attorney General and the Treasurer.

THE HON. T. A. WOOD closing the debate said the Hon. the Treasurer referred to the advantages to be gained by the fall in prices and the increase in trade, but in his opinion this was more or less a myth. He believed the depression in trade at home was due to the horrible burden of taxation and his information led him to believe that the people at Home were on the rocks and were selling out at any price they could get for their goods. If a person booked an order and compared the cost of that order with the price the shop people were selling at he would find his booked order priced much higher than the selling prices prevailing.

THE HON. THE COLONIAL SECRETARY had suggested that if the Motion was passed they would have to get to work again and recast the Budget but he could not see that point. Under instructions from the Secretary of State the Budget had to balance but he asked if the Budget ever balanced in actual practice. If they did put down a certain amount as accruing from Income Tax what guarantee had they of getting that money. He did not like the suggestion of the Hon. the Colonial Secretary at all.

He had been charged with not having produced any suggestions to meet the deficit. He believed they were entitled to get and he hoped they would get the money spent on the war. He was unable to offer any other suggestion for any form of tax to make up the existing budget. He was simply voicing the view of a considerable section of the community that the present scale of tax was too high.

With regard to Income Tax in other countries. That argument had been raised time and again but he could not agree to it. They were dealing with a new country centuries behind others and in fact most of the new businesses in the town required more capital put into them. He had never heard of a new business which was expected to pay at once and he knew of one business in Nairobi which for the last ten years had not paid out as much as would be paid to an Indian Carpenter. He supported the view put forward by the Honourable Member for West Kenya that it was their duty to entice capital into the country and not drive it away. The Hon. the Attorney General had said that it would be wrong for the Council to pass the Motion as it would mean that they were altering their minds after a fortnight which was quite correct, but he would point out that a majority of Council passed the measure some weeks before and the Bill in point of fact had been rushed through quickly. He knew they were opposed to rushing legislation through but probably conditions at the time necessitated it, but because they had rushed that legislation through they found afterwards objections placed in the way of anyone who wished to point out something which was to be placed in order. He would not like that impression to gain in the minds of Honourable Members that having agreed to a certain thing there must be no opportunity of altering what had been agreed to previously.

The Motion was then put and lost.

THE HON. THE ACTING COLONIAL SECRETARY moved that Council stand adjourned to a date to be proclaimed later by His Excellency. In moving this Motion he said it appeared from a telegram received from the Secretary of State that it might be necessary for Council to reassemble to consider the Railway Estimates in Legislative Council.

THE HON. THE ATTORNEY GENERAL seconded the Motion.

The question was put and carried.

Council then adjourned

TWENTY FIRST DAY.

Held at Nairobi on the 29th day of March, 1921.

The Council assembled on the 29th day of March at 11 a.m., HIS EXCELLENCY THE GOVERNOR (MAJOR-GENERAL SIR EDWARD NORTHEY, K.C.M.G., C.B.), presiding.

Absent:—

THE HON. THE DIRECTOR OF AGRICULTURE (A. HOLME).
 THE HON. THE DIRECTOR OF PUBLIC WORKS (W. MCGREGOR ROSS).
 THE HON. THE ACTING SOLICITOR GENERAL (K. J. MUIR MACKENZIE).
 THE HON. LT.-COL. S. H. CHARRINGTON, C.M.G., D.S.O.
 THE HON. H. C. KIRK.
 THE HON. A. C. HOEY.
 THE HON. K. H. RODWELL.
 THE HON. R. B. COLE.
 THE HON. W. J. MOYNAGH.
 THE HON. L. COLLINGS WELLS.

CERTIFICATES OF EMERGENCY.

THE HON. THE ACTING COLONIAL SECRETARY said that in view of the necessity of putting the two Bills as printed in the Order of the Day through their three readings at this Session two Certificates of Emergency had been prepared and signed by His Excellency and laid on the Table of the House.

SUSPENSION OF STANDING ORDERS.

THE HON. THE ACTING TREASURER moved that the Standing Orders be suspended in order that the two Bills as printed in the Order of the Day might be passed through their three readings of this Session.

THE HON. THE ATTORNEY GENERAL seconded the Motion.

The question was put and carried.

THE SUPPLEMENTARY APPROPRIATION ORDINANCE, 1921.

THE HON. THE ACTING TREASURER in pursuance of notice given, introduced and moved the first reading of a Bill intitled "An Ordinance to supply a further sum of money for the service of a period from 1st April, 1921 to 31st December, 1921."

He said it would be remembered by Honourable Members that the original intention had been that the estimates of the Railway were to be passed by the Railway Council. It had since been found that the Railway Council had no legal power to do so and that it would be necessary for the Legislative Council to consider and pass them.

THE HON. THE ATTORNEY GENERAL seconded.

The question was put and carried.

The Bill was read a first time.

THE HON. THE ACTING TREASURER gave notice that he would move the second reading of the Bill at a later stage of the Session.

THE SUPPLEMENTARY APPROPRIATION ORDINANCE, 1921.

THE HON. THE ACTING TREASURER moved that a Bill intitled "An Ordinance to supply a further sum of money for the service of a period from 1st April, 1921 to 31st December, 1921, be read a second time.

THE HON. THE ATTORNEY GENERAL seconded.

HIS EXCELLENCY said that before proceeding further he would read a paraphrase of telegrams which had passed between himself and the Colonial Office. Referring to previous correspondence he telegraphed as follows to the Colonial Office:—

"No. 115. My telegram 106 of the 23rd—
 Railway. Following resolution passed unanimously by Legislative Council begins:—'Subject to agreement that after 31st March, 1921, no further surplus Railway revenue shall be absorbed into Colonial revenue this Honourable Council's of opinion that the proposal to divest the local Government of control over the Railways and Harbours of the Colony and Protectorate should be deferred until opportunity has been given to study the Report shortly to be presented to the Right Honourable the Secretary of State by Col. Hammond, Railway Commissioner.' Ends.

NORTHEY."

In answer to the above telegram His Excellency received the following telegram, dated 4th March and received on 7th March, 1921:—

"I presume that under proposal of Executive Council (1) Uganda would be relieved of loss on its Railway and Busoga Marine service from 1st April. Also (2) that Railway Council would meet as an Advisory Body during the period of postponement and that if on any point Uganda representative considered Uganda interests prejudiced they would be able to require postponement of decision pending reference to Uganda Government and if necessary to me. On this understanding I shall be prepared to agree to postponement to admit of time for preparation of legal instruments and consideration of Hamonds' Report change to take effect as soon as legislative measures can be taken and in any case not later than July 1st. Telegraph reply and send by next mail copy of papers on the subject and Attorney General's detailed views and recommendations on legal position.

SECRETARY OF STATE."

The following telegram was sent in reply to the above by His Excellency to the Colonial Office:—

"No. 137, dated 10th March 1921. Your telegram of 4th March. Uganda Railway. My proposals include relief to Uganda of loss on its Railways and Busoga Marine service from 1st April. Use of Railway Council as Advisory Body and appeal as outlined in your telegram. In order to legalise Railway expenditure I will pass its 1921 Estimates in Legislative Council before 1st April. Budget will show about £43,000 surplus on Kenya Railways which will more than cover Uganda losses.

NORTHEY."

The Secretary of State sent the following telegram in reply:—

"March 17th. With reference to your telegram of 10th March, No. 137, Uganda Railway, proposal approved.

SECRETARY OF STATE."

THE HON. THE COMMISSIONER OF CUSTOMS said it appeared to him somewhat strange that the Kenya Colony should be compelled to pay the loss of a Railway being run in Uganda. Uganda Government had been demanding for very many years a proper proportion with regard to the revenue derived from the Railway. They claimed they had never received a proper proportion at all. Now the Kenya Government was called upon to go further and pay the loss on the Railway which had taken place in the past in another Protectorate altogether and it seemed to him rather hard for this country that they should have to pay up the amount required and also at the same time Kenya would have to contribute largely in the future to the Uganda Government. It appeared to him that the traffic belonging to Uganda did not justify it.

THE HON. E. A. PHELPS asked if the new proposals definitely came into force on July 1st next.

HIS EXCELLENCY referred to the remarks made by the Hon. the Commissioner of Customs who, he said, was hardly correct in saying that Kenya Colony was going to pay, the whole matter being that no matter what resolutions the Council might pass it had been definitely decided by the Secretary of State the previous year that no further surplus revenue from the Railway in the future was to be used by the Kenya Colony or the Uganda Protectorate so they could hardly say that Kenya Colony was paying. It was the Railway running the whole of the Railway system which, if there was a deficit on one portion of that Railway, would have to make it up. With regard to the question asked by the Hon. Mr. Phelps he again read that portion of the telegram from the Secretary of State, dated March 4th which read:—

"I presume that under proposal of Executive Council (1) Uganda would be relieved of loss on its Railways and Busoga Marine services from 1st April. Also (2) that Railway Council would meet as an Advisory Body during the period of postponement and that if on any point Uganda representative considered Uganda interests prejudiced they would be able to require postponement of decision pending reference to Uganda Government and if necessary to me. On this understanding I shall be prepared to agree to postponement to admit of time for preparation of legal instruments and consideration of Hammond's Report change to take effect as soon as legislative measures can be taken and in any case not later than July 1st."

From the above, he said, it would appear that the reply to the Hon. Member's query was in the affirmative.

THE HON. E. A. PHELPS said he understood that the Motion proposed by the Hon. Member for Nairobi South was passed with the intention that the Report of the Special Commissioner was to be discussed by the Legislative Council first and he wished to move a further Motion supporting the Motion already passed as he would not like to see the control of the Railways and Harbours go out of their hands without doing something to prevent it.

THE HON. THE COMMISSIONER OF LANDS said that he understood from the Secretary of State's telegram that they were at liberty to criticise the Railway Council.

THE HON. THE ACTING COLONIAL SECRETARY said that they were not likely to get Colonel Hammond's Report before the 30th June. As he understood the position Colonel Hammond was out in this country to report. The question was would Colonel Hammond's Report be available for discussion by the date laid down in the telegram.

THE HON. THE GENERAL MANAGER, UGANDA RAILWAY said he was afraid he could hardly answer the Hon. the Acting Colonial Secretary's query. He understood that Colonel Hammond had got to report before October in England. It would probably take time to do so as he had got to go to Uganda and Tanganyika Territory. It was very unlikely that it would be ready before the 1st July.

THE HON. E. A. PHELPS then intimated that he wished to move a Motion.

THE HON. THE ATTORNEY GENERAL pointed out that the Hon. Mr. Phelps was out of order.

HIS EXCELLENCY again referred to the Secretary of State's telegram of the 4th March from which he presumed the Secretary of State expected a Report from Colonel Hammond before the 1st July. His Excellency understood that Colonel Hammond would have a preliminary report quite soon.

THE HON. THE ACTING COLONIAL SECRETARY rising on a point of order suggested that if the Hon. Mr. Phelps considered his proposed Motion of sufficient urgency the correct procedure would be to move the Suspension of Standing Orders under Section 18 (7).

THE HON. THE ATTORNEY GENERAL rising on a point of order suggested that they were discussing a necessary Bill which was introduced on the assumption that Kenya Colony was to provide a Budget for the Railway. There was nothing in the Hon. Member's remarks to contradict that statement in any way.

HIS EXCELLENCY entirely endorsed the suggestion of the Hon. the Attorney General that to put such a Motion was out of order though Hon. Members were at liberty to speak then to the second reading of the Bill but it did not mean that at a later stage such an emergency Motion could not be put.

THE HON. T. A. WOOD asked if Hon. Members would have an opportunity of commenting on any detail of the Railway Budget whilst in Committee.

HIS EXCELLENCY replied in the affirmative.

THE HON. THE ACTING TREASURER moved that Council resolve itself into a Committee to consider the provisions of the Bills.

THE HON. THE ATTORNEY GENERAL seconded.

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

In Committee.

The Bill was read clause by clause and the Estimates duly considered, no amendment being made.

The Council resumed its sitting.

THE HON. THE ACTING TREASURER moved that the Bill be reported to Council.

THE HON. THE ATTORNEY GENERAL seconded.

The question was put and carried.

THE HON. THE ACTING TREASURER gave notice that he would move the third reading of the Bill at a later stage of the Session.

THE SUPPLEMENTARY APPROPRIATION ORDINANCE, 1921.

THE HON. THE ACTING TREASURER moved that a Bill intitled "An Ordinance to supply a further sum of money for the service of a period from 1st April, 1921 to 31st December, 1921," be read a third time and passed.

THE HON. THE ATTORNEY GENERAL seconded.

The question was put and carried.

The Bill was read a third time and passed.

HIS EXCELLENCY intimated that before proceeding with the next Bill in the Order of the Day he understood that the Hon. Member for Nyanza had a Motion which he wished to put under Rule 18 (7) of the Standing Orders.

THE HON. E. A. PHELPS gave notice of the following Motion:—

"That this Honourable Council reiterates the opinions expressed in the resolution of the Hon. Member for Nairobi South which was passed unanmously on February 25th, 1921, and emphatically protests against the proposal to divorce the Railway from the control of the Government and this Council until full opportunity has been given this Honourable House to consider in detail a Report which it is understood is being prepared by Colonel Hammond."

THE HON. THE ATTORNEY GENERAL referred to Standing Order No. 21 and pointed out that the Motion as worded by the Hon. Member for Nyanza was a question which had been debated and disposed of and which could not be brought up again within six months.

THE HON. E. A. PHELPS modifying his Motion, proposed the following:—

"With reference to the telegram received from the Colonial Office, dated March 4th, this Honourable Council emphatically protests against the proposal to divorce the Railway from the control of the Government and this Council, until full opportunity has been given this Honourable House to consider in detail Colonel Hammond's Report."

HIS EXCELLENCY then put the question as to whether the Motion was of sufficient urgency to admit of it being put to the House.

The question was put and carried.

THE HON. E. A. PHELPS speaking to his Motion that under the proposed new regime a very definite change of policy was contemplated for which they all considered the fullest reasons should be given. The Railways, which included the Ports, were probably the most important service in the Colony. It was only the previous year that the Colony obtained the measure of representation and control of finance and the new proposal before them largely removed control over a certain amount of the Colony's finances. It also differed very materially from the arrangements come to by the Secretary of State in consultation with His Excellency and the Governor of Uganda. It appeared that Colonel Hammond prepared his scheme of the control of the Railway by an Inter-Colonial Railway Council before the report, which he understood he had come out to the country to make, had been published and

before any chance had been given to criticise it. The report should have been taken first and they should have been given full power to criticise before any definite steps were taken. He did not think it would serve any useful purpose to reiterate all the arguments brought up before but the object of his Motion was to endeavour to prevent any definite action being taken until they had the report in their hands and were able to criticise the statements made in it.

THE HON. T. A. WOOD seconded the Motion. To him the dangerous point appeared to be the time limit of July 1st. They did not wish to have any time limit at all but they wanted to have an opportunity of discussing the report. They had passed the finances of the Railway for the ensuing nine months and had agreed not to take any revenue from the Railway and looking at it from the point of view of Uganda he considered that Uganda should be content and give them an opportunity of considering the matter. At the present moment their attitude towards the scheme was that it was an unworthy one and he personally would regret very much to see the Home Government insist on the innovation of the scheme which proved in practice unworkable and necessitated cancellation at a later date. It would be much better if they could have reasonable opportunity to study the proposal and offer advice to the Home Government before they came to any definite decision on the subject. In conclusion he wished to inform the Council that he had received a letter that morning from the Hon. Member for Mombasa who supported the remarks he had made.

THE HON. THE COMMISSIONER OF LANDS asked the mover of the Motion if he would be prepared to accept an amendment which came closer to the real point made in the Secretary of State's telegram. His amendment was as follows:—

"That this Honourable Council urges in the strongest possible terms that no action should be taken on the report yet to be presented by Col. Hammond on the Railway Administration of East Africa until this Honourable Council shall have had at least three months to consider the same subsequent to its presentation notwithstanding the arbitrary date of July 1st fixed by the Secretary of State in his telegram of March 4th."

He thought his amendment met the point brought up by the seconder. The resolution protested against the principle of handing over the Railway to another authority without asking for a definite period for the Council to consider the report and he did not think his amendment was quite so strong a resolution as one which said they wanted so many months for the presentation of the report to consider it.

HIS EXCELLENCY pointed out that the expression used in the Motion was "full opportunity."

THE HON. THE COMMISSIONER OF LANDS said his point was that they had not yet received the report. They should ask for a definite time in which to consider it.

THE HON. SIR NORTHRUP McMILLAN seconded the amendment.

THE HON. E. A. PHELPS agreed to the amendment and said he had used the expression 'full opportunity' but he thought the wording of the Hon. the Commissioner of Lands was much better.

THE HON. T. A. WOOD as the seconder of the Motion said he also preferred the amendment proposed. It made it much clearer. The Secretary of State had in fact agreed with their previous resolution but he had put a time limit on it.

THE HON. THE COMMISSIONER OF LANDS in explanation suggested that his amendment was an entire substitution of the original Motion.

HIS EXCELLENCY suggested that the Honourable Members concerned with the Motion and the amendment would like to consider the matter together and in the meantime he would proceed with the next Bill in the Order of the Day.

THE INCOME TAX AMENDMENT (No. 2)
ORDINANCE, 1921.

THE HON. THE ACTING TREASURER in pursuance of notice given, introduced and moved the first reading of a Bill intituled "An Ordinance to further amend the Income Tax Ordinance, 1920."

THE HON. THE ATTORNEY GENERAL seconded.

The question was put and carried.

The Bill was read a first time.

THE HON. THE ACTING TREASURER gave notice that he would move the second reading of the Bill at a later stage of the Session.

THE INCOME TAX AMENDMENT (No. 2)
ORDINANCE, 1921.

THE HON. THE ACTING TREASURER moved that a Bill intituled "An Ordinance to further amend the Income Tax Ordinance, 1920," be read a second time.

THE HON. THE ATTORNEY GENERAL seconded.

HIS EXCELLENCY explained that the Bill before the Council was merely to carry out and put into effect the resolution previously passed that the Income Tax for the year ending 1920 should not be collected.

The question was put and carried.

THE HON. THE ACTING TREASURER moved that Council resolve itself into a Committee to consider the provisions of the Bill.

THE HON. THE ATTORNEY GENERAL seconded.

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

In Committee.

The Bill was read clause by clause, no amendments being made.

The Council resumed its sitting.

THE HON. THE ACTING TREASURER moved that the Bill be reported to Council.

THE HON. THE ATTORNEY GENERAL seconded.

The question was put and carried.

THE HON. THE ACTING TREASURER gave notice that he would move the third reading of the Bill at a later stage of the Session.

HIS EXCELLENCY then referred to the Motion before the House. The amendment proposed and seconded read as follows:—

"That this Honourable Council urges in the strongest possible terms that no action should be taken on the report yet to be presented by Col. Hammond on the Railway Administration of East Africa until this Council has had at least three months to consider same subsequent to its presentation, notwithstanding the definite date of July 1st fixed by the Secretary of State in his telegram of March 4th."

HIS EXCELLENCY asked the Hon. Member if the last words of the Motion were necessary. It was a matter of politeness.

THE HON. THE ATTORNEY GENERAL suggested to the mover of the Motion that the following words might meet the case:—

"And that no date be fixed in the meantime for any change in status of the Railway."

THE HON. THE ACTING TREASURER seconded the Hon. the Attorney General's amendment.

THE HON. THE COMMISSIONER OF LANDS replying said it would be necessary to alter the beginning of the resolution in that case.

THE HON. E. A. PHELPS agreed that the date should be fixed.

THE HON. SIR NORTHRUP McMILLAN signified his agreement with the proposals.

THE HON. T. A. WOOD thought that if the latest amendment was the one that was going through it would be necessary to alter the wording of it so as to bring in a definite reference in commencing the resolution to the date fixed by the telegram. Then possibly the amending wording would meet the case and be more diplomatic.

THE HON. THE COMMISSIONER OF LANDS said it was suggested that no date should be given but they had suggested an interval of three months. It would be necessary to recast the whole amendment.

THE HON. THE COMMISSIONER OF CUSTOMS trusted that the amendment proposed by the Hon. the Commissioner of Lands would go through. He did not think there was anything disrespectful in the Motion. He pointed out it was their right to protest against a thing if they liked.

THE HON. THE COMMISSIONER OF LANDS asked the Hon. the Attorney General if he would agree to withdraw his amendment.

THE HON. THE ATTORNEY GENERAL agreed and withdrew his amendment.

THE HON. THE ACTING TREASURER supported the Hon. the Commissioner of Land's Motion. Since Government had agreed that no Railway Revenue should be applied to other purposes he saw no reason whatever why the House should hurry in deciding such an important matter. The present suggestions of Colonel Hammond appeared to him to be impracticable and not in the interests of the Colony.

THE HON. W. J. DAWSON also supported the Hon. the Commissioner of Land's Motion. A great number of arguments had been used but he thought the principal one was that the Secretary of State's telegram of March 4th seemed to be a direct challenge to the House. It said that whether or not Colonel Hammond's Report would be presented by the 1st July the change in the Railway Administration would take place then.

THE HON. THE POSTMASTER GENERAL also supported the Motion. On the financial side he sympathised with Uganda. As regards control of the Railway, Kenya Colony had more domestic interests at stake than Uganda. The whole question needed thoroughly going into before any such measure as contemplated was adopted.

THE HON. THE COMMISSIONER OF LANDS closing the debate said he did think that Colonel Hammond's proposition was a new system of Colonial Government, a system of dividing a certain number of public offices under a control body outside the control of Government, and such a

The Motion was then put and carried unani- policy he did not believe existed anywhere else in the British Empire. It was a policy of divorcing control from the Government. It was a new departure and one of a most dangerous and unpromising sort, and it was undesirable that this Colony should be made the 'corpus vile' of such an experiment.

The motion was then put and carried unani- mously.

THE INCOME TAX AMENDMENT (No. 2.)
ORDINANCE 1921.

THE HON. THE ACTING TREASURER moved that a Bill intituled "An Ordinance to further amend the Income Tax Ordinance 1921," be read a third time and passed.

THE HON. THE ATTORNEY GENERAL seconded.

The question was put and carried.

The Bill was read a third time and passed.

THE HON. THE ACTING COLONIAL SECRETARY moved that Council stand adjourned until such time and date as His Excellency might proclaim by proclamation.

THE HON. THE ATTORNEY GENERAL seconded.

HIS EXCELLENCY before putting the question thanked Honourable Members for the long hours and very careful attention they had given to the business of the House.

The question was then put and carried.

Council then adjourned until such time and date as His Excellency should by proclamation appoint.