



pc 1/1/7/28/2

MR. KERSHAW- (Bank of England)

HOFMEYR Minister of Finance Sept 1939-June 1948 8 years, 3 months.

Budget 1940-41 Started Industrial Development Corporation (warning to local industry against unsound expansion).

War Expenses Account 1st year (80 p.c. from revenue)
Change in Mining taxation.

Additional Budget;

August 1940 Reference to S.A.'s industrial advance.
"South Africa has found herself."

Defence Expenditure 1st nineteen months of War, £51mm.
Found out of Revenue - £30mm

Budget 1941-42

Defence £72mm ^{£36mm}
Out of Revenue, or 50p.c.

Repayment of Union Debt in London ("Vesting")
1941 £37mm (substantially re-borrowed in Union)
Warned against the "false and illusory nature of war prosperity"

Budget 1942-3

Defence £80 mn (50 p.c. out of Revenue)
P.9 N.B. "It is essential that some improvement should be effected in the provision for native education". (+£230,000)

Death duties rationalised and increased (though still very low)
"Fixed Property Profits Tax"

Total expenditure (current and loan) £140mm of which £96.5mm out of current income, and balance or 30 p.c. out of new loans.

1943-44 Budget

Continued Repatriation of Overseas Debt - now reduced to £17mm.

X Native education - further £230,000 handed over.

War Expenditure £96mm of which £48mm or 50 p.c. out of Revenue.

X Social Security introduced general system of meals for school children.

Total expenditure (current and loan) £164mn., from Revenue £108.5 or 33½% from loans.

"In a time like the present a nation does not expect to be let down lightly and to be led through green pastures - it prefers to be led through dangers and privations and over rough courses until its aim is achieved". (24/2/43)

1944-45 Budget

...."one of the primary objects of our policy of war finance - the keeping as low as possible of the burden to be passed on to posterity." (24/2/44)

"It is of little avail to double the expenditure on social services if during the same period the value of the pound is halved".

"We can only achieve social security if we are prepared to pay for it....."

*(Observations on Social Security, pp 5-7)

Defence £102mn (50 p.c. out of Revenue)

Increase of £423,000 on Native Affairs vote (£275,000 for education)

X Natives brought within old age Pensions & Invalidity scheme (on same basis as previous grants to blind natives) (cost £700,000)

Total Expenditure £180 mn of which under ½ out of loans.

Revised Income Tax on farmers

Budget 1945-6

(28/2/45 War Expenditure £82.5mn (55% from Revenue)

Native Affairs (+£900,000)

Revised financial relations with Provinces, especially on account of education.

Total Expenditure £188mn, of which £65mn or ⅓ out of loan

1946-47 Budget

28/2/46 Defence £18mn (all out of Revenue)

Total estimate £120mn expenditure

Tax concessions of several kinds (income, goldmines, petrol, etc., excess profits

(Gold mining concessions designed to favour new mines and ultra deep mining)

1947-48 Budget

28/2/47

(Gold sales agreement with U.K. £80mn p.a.)

Increased salaries for Native Teachers (£476,000)

Total Expenditure £120mn

Considerable Tax concessions (income tax, gold mines
customs, etc.)

"there is the hope of the expectation that the necessary increase will take place on our national income which will make it possible to make provision on a more liberal scale for social services for all sections of the community than has hitherto been possible."

General Impression

Steadfast, earnest, and competent, No frills; little (and pawky) humour.

Sound grip of realities e.g. dangers of inflation, over-expansion, etc.

Continuing evidence of a strong social conscience, towards natives as well as others (cf. Social Security passages)

- a thoroughly competent Finance Minister, working in a "tough" context and doing what he could to "infiltrate" help for natives, etc.