AID AND INEQUALITY IN KENYA

British Development Assistance to Kenya

Gerald Holtham and Arthur Hazlewood

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in association with
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CONTENTS

LIST OF TABLES

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INTRODUCTION

Our task has been to describe and assess the implications of aid for the economic development of independent Kenya and to suggest conclusions for policy, particularly British policy. Economic development cannot be assessed without making value judgements. Even after these have been made it is necessary to remember that there is no such thing as an economy. Movements in variables commonly regarded as economic have effects that are commonly classified as political or social; these in turn will certainly affect economic developments. To take a narrowly economistic view is often to misunderstand patterns of causation. So in saying something about the influence of aid on the economic face of Kenyan society we have tried to keep the administrative and political faces in focus. Even so, we despair of taking everything properly into account.

We can think of four ways in which we might have proceeded: firstly we could have analysed economic, political, social and aid statistics and attempted to infer causation; secondly, we could have made case studies and attempted to generalise; thirdly, we could have talked to lots of people, studied statements of policy and administrative procedures, collected theories, impressions, anecdotes, opinions with supporting facts and attempted to form a coherent view—a sort of judicial approach; fourthly we could have prejudged the issue and collected selected facts to support our predetermined conclusion.

In writings on aid and development, the last is quite a popular technique. Indeed, it has been claimed to be the only respectable technique on the grounds that no one can really be disinterested and objective and an approach that claims to be so can only be sinister ideological apologetics. We are reluctant to descend into this abyss of relativism. Through the mists of conditioning and (after all—distant) self-interest it is sometimes possible to identify a spade as a spade for all practical purposes and to secure agreement in calling it such. One can then say whether one likes it or not. In any case, we had (and in some cases still have) insufficient self-confidence in the correctness of our judgements, to make this fourth a sustainable approach.

The difficulties with the first approach in studying aid to Kenya are more than the usual ones of sparse and unreliable data and the compatibility of tests of statistical significance with more than one theory of causation. In Kenya the size of aid flows in money terms has not been great relative to many other economic aggregates which are subject to other influences. It is, therefore, impossible to study the latter and infer anything, even probabilistically, about the effects of the former without a properly specified model of the whole political economy. Furthermore, statistical aggregates disguise components of considerable heterogeneity and this is particularly true of aid statistics. One senior adviser's salary may be insignificant macroeconomically but his influence conceivably could be out of all proportion to it. Parameters will therefore be unstable and hypothesis-testing likely to yield consistently negative conclusions. That probably just reflects the impossibility of making valid high-level generalisations about aid. Data, however, are certainly inadequate for more refined statistical analysis of less general propositions. Statistical analysis can in our view be no more than a check on conclusions arrived at by other means.

We have relied therefore largely on the second and third approaches. These methods are, of course, far from ideal. Case studies can be of special cases that do not generalise and anyway it may not be possible to get an impression of the characteristics of a wood from a study of single trees. Neither is the truth always anything like a correctly weighted summary of people's perceptions, even if one could weight accurately and people related their perceptions with unvarying truthfulness.

Other methodological problems confront any approach. Many of the propositions in this study must be based on 'counterfactual hypotheses' that, by their nature, cannot be tested. A lot of argument about aid is possible even if people agree in some minimal sense about what it did, because they can fall out over what would have happened without it. Often those most vociferous in accusing others of disguised value judgements are guilty here; they do not distinguish between the most probable outcome in the absence of aid and their preferred outcome. Hence aid to the same country can be said by the radical left to have reinforced dependency and postponed socialism, by a radical liberal to have pre-empted indigenous capitalism causing centralisation and pauperism, and by an aid-employed bureaucrat to have prevented economic stagnation and political chaos. We have heard all these views expressed about Kenya, the first and third more than the second,

We shall now admit a bias in our perception: we are sceptical of any cataclysmic view. Societies are organisms not usually given to violent changes of course as a result of relatively minor stimuli. Looking at aid in a 'partial equilibrium' framework, our money would be on the proposition that not one of these views correctly describes the workings of aid to Kenya although aid has had effects described, and exaggerated, in each one of them. We can only hope that this bias has not blinded us to the truth on occasions when aid was critical. The perception is, of course, partly the result of our strictly limited approach. We really have been concerned with the aid relationship and the influence of aid rather than with the whole complex of relations between Britain and Kenya. Other elements of the relationship have been considered only intermittently where they seemed to impinge directly on aid. This, we believe, is justifiable. Whatever the genesis of aid it is now administered in Britain and elsewhere by a distinct government department that in important day-to-day decisions enjoys considerable autonomy. It is possible therefore to study the effects of these decisions separately within the larger framework. Even those people, for example, who are satisfied that Britain's relationship with Kenya is one of steady exploitation may like to know whether aid is merely part of the medicine, or the sugar around the pill.

At this point we shall not define our terms—on the grounds that there is a considerable consensus about the denotation of 'aid' even if people cannot agree about a statement of its connotation. We have dealt mainly with the 'aid' programme to Kenya administered by the Ministry of Overseas Development, ignoring both non-governmental aid by voluntary agencies and some general ODM activities like financing research, and students visiting Britain, which benefit Kenya along with other less developed countries (Idcs). 'Development' is, admittedly, more difficult than 'aid' and we have sometimes used this piece of shorthand. Where serious ambiguity was possible we have tried to circumvent it by discussing positivistically the effects of aid and then saying whether we like them, rather than disputing whether aid has been conducive to 'development'.

In pursuit of the approach outlined the book has the following plan: the first two chapters provide a background to the remainder of the study. Chapter One gives a description of the main features of the Kenyan economy at the time of independence; Chapter Two relates and discusses the progress of the economy since independence and describes and interprets Kenya government policy. The next four chapters contain the bulk of the study's findings. Chapter Three gives the main facts of British capital aid and technical assistance, and brief summaries of the aid of some other donors and attempts to refine official statistics. Chapter Four is an historical discussion of British aid policy and a description of the current British policy stance and administrative arrangements, with some comparison with other donors. Chapter Five contains a detailed account and analysis of the Land Transfer Programme, quantitatively and historically the most important part of British aid, and case studies of two other aided projects. Chapter Six analyses the concept of fungibility and its implications for aid evaluation and then discusses in turn aid's effects on Kenyan public finance, development policy, the Kenyan administration and the Kenyan political scene. It concludes with judgements of aid's effects on income levels and income equality in Kenya. The last two chapters are concerned with the implications of the study's findings. Chapter Seven suggests the policy implications for donors, particularly Britain. Chapter Eight reviews some academic controversies about aid in the light of the study.

1
THE BACKGROUND[1]

Kenya is no longer *White Man's Country*[2] but its economic structure, its economic and social policies, and the form and function of the international aid it has received and is receiving are deeply affected by its history as a land of European and Asian settlement. Before Kenya achieved national independence in December 1963, a fundamental determinant of the nature of its economy and of the policies of its government was the existence of wealthy and—by tropical African standards—relatively large non-African communities.

By the time of independence, changes had been in progress for several years, and 1959 and 1960 were the last years in which the situation had not been deeply influenced by the approach of majority rule.[3] In 1960 the total population was estimated to be 8.1m. of which 7.8m. were Africans and 169,000 Asians. The European population numbered 61,000. There are no adequate data of the racial distribution of money income, but from all the evidence it is clear that, despite the overwhelming numerical preponderance of Africans, non-Africans received a high proportion of the total. Tax returns show 92 per cent of Europeans receiving incomes of over £400 p.a. while only 0.5 per cent of Africans were in this income group.[4] Eighty per cent of the value of the marketed produce of agriculture came from the European-owned farms and estates; 55 per cent of the total wage-bill accrued to non-Africans, though they amounted to only 10 per cent of the labour force; profits from manufacturing and trade were received almost entirely by non-African individuals or companies.

Pre-independence agriculture was characterised above all by the division of the land between Europeans and Africans. Asians were largely excluded from the ownership of agricultural land, and Africans were prohibited from acquiring land in the 'White Highlands', which by the Agricultural Ordinance of 1955 became officially invested with the more neutral title of the Scheduled Areas. These European-owned Scheduled Areas occupied some 7½m. acres, about half of which was suitable for arable farming, the remainder being limited to pastoral use by lack of rainfall. The African lands—the Reserves, or Native Trust Lands—totalled about 130m. acres, but only about 18m. were suitable for agriculture. Low rainfall restricted the use of the remainder of the non-scheduled areas to grazing, nine-tenths of it being classed as 'suited only to poor quality ranching or wild life exploitation'.[5]

Farming in the Scheduled Areas included estate production of permanent crops for export—coffee, tea, sisal—and livestock ranching, as well as mixed farming. European mixed farming had at one time concentrated on cereals, but by 1960 efforts made after the Second World War to develop and diversify mixed farming had achieved considerable success. Farming in the African areas was overwhelmingly for the household consumption of the farmers, not for sale, and although cash-cropping was increasing in importance, perhaps only about 15 per cent of total output was marketed. In consequence, some 80 per cent of the total marketed output of agriculture came from the European areas. Livestock and dairy produce accounted, roughly equally, for about one-quarter of total sales from the scheduled areas; coffee, tea and sisal contributed 45 per cent; cereals, mainly wheat, and to a lesser extent maize, provided another 15 per cent of the total, and the remainder of total sales was made up of a number of crops, including cotton, tobacco, pyrethrum, sugar and oilseeds.

Livestock, together with a very small value of dairy produce, also accounted for about one-quarter of sales from the non-scheduled areas, and coffee, a crop which Africans had only recently been permitted to cultivate on any scale,[6] accounted for another one-quarter; 14 per cent was produced by cereals, mainly maize, and a number of minor crops accounted for the remainder of sales, of which the most important was cotton.

The limited extent of the shift that had taken place in African agriculture towards cash-cropping by 1960 was to an important degree caused by the administrative and legal restraints on such development, notably those on the cultivation of coffee. It was also partly the result of the limited development of transport in the African areas, and of the fact that Kenya's highly developed and controlled structure of marketing and credit focused on the Scheduled Areas, as did the research and other agricultural services. Although the government agricultural service dealt with both African and European farmers, the statutory boards, committees and organisations concerned with marketing, mainly administered by the farmers themselves, were primarily concerned with the Scheduled Areas. It was natural for European settlers to establish European-type institutions to serve European settler interests. Until late in the colonial period, the possibility of radical developments in African agriculture and of African participation in the modern economy, except as employees of Europeans, cannot have seemed to most Europeans to be matters of any practical importance. A great divide between the European and African economies was an inevitable consequence of settlement by Europeans concerned to create and maintain their own particular standards and way of life.

Substantial changes in land tenure and in the occupation of land began towards the end of the colonial period. They were a response to a belief in the inability of the African reserves under existing tenure systems and agricultural practices to accommodate the expanding African population. There were two kinds of change. One was the transfer of land from European ownership and the settlement of African farmers on it. The other was the 'commercialisation' of African-occupied lands by means of consolidation and adjudication and registration of title. Both kinds of change were advocated in 1955 by the East Africa Royal Commission, the analysis and recommendations of which were described as 'Adam Smith in East Africa' and had already become government policy. The Royal Commission proposed the abandonment of the 'tribal approach' to land, including the 'racial approach to the Highlands question', and prescribed 'individualisation of land ownership and mobility in the transfer of land'.

The commercialisation of land had been a feature of the Swynnerton Plan[7] of 1954, which argued that the reform of African land tenure was a prerequisite of agricultural improvement. Consolidation, enclosure and registration of title, it was argued, would make credit obtainable for improvements and enable progressive farmers to acquire more land. The African lands would be enabled to move away from being overwhelmingly devoted to production for subsistence towards a commercial agriculture:

> able, energetic or rich Africans will be able to acquire more land and bad or poor farmers less, creating a landed and a landless class. This is a normal step in the evolution of a country.

There had already been some individualisation of land-holding in different parts of the country, even in the absence of machinery to adjudicate and register titles, and landlessness was not unknown in traditional society. The already existing pressures on the African lands in Central Province had been raised by the forced return of Kikuyu to their home areas from other parts of the country (and from elsewhere in East Africa) under the Emergency Regulations introduced in 1952 to combat the Mau Mau rebellion. In the White Highlands a class of landless Africans had become established in the form of squatters on European farms, who provided wage-labour and were allowed to cultivate some land for their own subsistence. The political circumstances were favourable for government action. Under the Emergency Regulations many African politicians who might have used the changes in tenure as a stick to beat the government were in detention; in parts of the country people who had formerly lived scattered on their holdings had been gathered together in villages, making consolidation and redistribution of the land easier; money was available to support policies which might help to defeat and to remove the causes of the rebellion; and the authorities were able, if necessary, to exert force to make people conform.

Consolidation of land and registration of title began in 1955 and by the year before independence about half the land of high potential had been consolidated and enclosed, and about half of that had been registered. Registration had, in fact, been completed in Central Province, but had not proceeded significantly elsewhere, where the pressures from the rebellion were less severe. The land tenure changes were supported by credit and extension services and by the final removal of restrictions on the growth of cash crops. It is probable that the removal of these restrictions, particularly those on the cultivation of coffee, was by far the most important cause of the increase in marketed production by small farmers. The value of produce sold from small holdings increased from £5.1m. in 1955 to £9.5m. in 1960 and to £11.6m. in 1963. The contribution of coffee to total sales increased from 6 per cent to 27 per cent,[8] as the large-scale investment in coffee in the late 1950s came into full production. However, the large farms retained their dominant position in production for the market. In 1963, the large farms still accounted for as much as 78 per cent of total sales, compared with 86 per cent in 1955. The large farms also remained the source of the bulk of agricultural exports. Nevertheless, by the end of the colonial period Kenya had made decisive progress towards the establishment of a peasant cash-crop agriculture in what had been the African Trust Lands.

In 1959 it was decided by the colonial Kenya government that the racial allocation of land should be abandoned, and this decision paved the way for African ownership of land in the White Highlands. Schemes for transferring European farms to Africans began to be devised in 1960. The new policy marked a sharp change of direction, and seems all the more radical in the light of the fact that the settlement of new European immigrants in the Highlands was among the most important projects of the first post-war development plan. The fundamental principle of the land transfer schemes was that farms were to be purchased from Europeans and sold to Africans. They were not schemes for expropriation—there is a view that farms were over-priced[9]—and were designed as much to reassure the Europeans who remained as to transfer the land of those who departed to African small holders. At the time, the vital importance of largescale farming to the economy of Kenya was accepted doctrine,[10] and the preservation of large-scale farming as a major economic sector was a fundamental consideration in the design of the Land Transfer Programme.

External aid was sought for land purchase and settlement. Funds were raised from the World Bank (IBRD) and the Commonwealth Development Corporation (CDC—Colonial Development Corporation, as it then was) for the purchase of farms and their settlement at a 'low density' to provide annual incomes, in addition to subsistence and loan charges, of £100 and more. The following year the UK government agreed to provide funds on loan terms for land purchase, and this programme was expanded at the end of 1962 into what became known as the Million Acre Scheme. 'High density' settlement was planned under this scheme with the intention that settlers should be able to obtain a net annual income of between £25 and £70. By the time of independence, 236,000 hectares had been purchased and ten thousand families settled under the Million Acre Scheme, and a further thousand or so families had been settled on low-density schemes. Small-scale African farming had been firmly established in the Highlands. The influx of Africans into large farming had begun, but remained unimportant until after independence.

The existence of the non-African population, both as producers and consumers, provided the initial stimulus for the development of manufacturing and processing in Kenya. The constraints on African monetary agriculture limited the possibility of a manufacturing industry to serve a largely African market. The earliest developments were in the processing of the products of European agriculture, but as the size of the market expanded, particularly during and after the Second World War, and with the increased use of tariff protection, the manufacturing sector of the economy became more diversified. It was not only the European and Asian communities of Kenya which provided a market for Kenya manufactures. Kenya had for long been associated in a common market with Tanganyika and Uganda, and the early impetus to the development of industry in Kenya resulting from its relatively large non-African population put it in a strong position to capture the markets of its common market partners. By the late 1950s Kenya had become the manufacturing centre for the whole of East Africa, and something like 20 per cent of the output of its manufacturing industry was sold to Tanganyika and Uganda. Whatever the origin of the market for Kenya manufactures, by the time of independence the African market was of great importance. A number of products had a widespread market among Africans—shoes, cigarettes, beer and grain-milling products, for instance.

In the middle 1950s manufacturing and construction accounted for about 20 per cent of GDP in the monetary economy (as large, in fact, as that of agriculture and livestock production), and manufacturing alone for 13 per cent. Industry was still heavily oriented towards agricultural processing. Food, beverages and tobacco industries together produced one-half of the gross production of manufacturing industry.[11] Repairing transport equipment was an important activity (11 per cent of gross production) fostered by the growth in the number of motor vehicles and by the location in Kenya of the railways and harbours and airways head-quarters for the whole of East Africa. The ownership of industry was divided between Kenyan Europeans (grain milling, dairy produce, pig products, sisal products, canning), East African Asians (sugar milling, bakery products), and what are now known as 'multinationals' (tobacco, footwear, pharmaceuticals, cement, paints, soap), but with expansion and a scarcity of capital in the locally-owned firms the participation of the multinationals was increasing.

The construction industry had received a great stimulus during the war. The stimulus continued into the post-war years with the demands of development plans, which were heavily oriented towards public works, continued military expenditure, construction arising from the Emergency, and the expansion of facilities for the East African common services. Much of the industry was in the hands of Kenyan Asian firms, but international construction companies were becoming of increasing importance by the time of independence.

Wholesale and retail trade accounted for 17 per cent of gross domestic product recorded in the monetary economy in 1960. Large-scale domestic commerce in exporting, importing and in the distribution of domestic production was divided between European firms, some of them branches of international companies, and Asians. Asians were widely engaged also in small-scale retailing, and they were to be found in the smallest and remotest centres. Africans had hardly begun to enter large-scale commerce and their trading activities were carried on in a very small way and largely in the rural areas.

The existence of the non-African communities, particularly the Europeans, was responsible for the development of technical, financial and government services to a much greater extent than might have been expected from the low average level of income in the population as a whole. European residents demanded public and private services appropriate to their own level of income. European agriculture was associated with a highly developed structure of marketing and advisory services. The position of Kenya at the centre of the common arrangements in East Africa substantially increased the activities of government. These factors account for the remarkable development of the city of Nairobi. Its attractions were cumulative. Originally a railway construction encampment, it became the seat of government for Kenya and for those activities (notably in transport and communications) administered in common for the whole of East Africa. It developed as the centre for the provision of services to agriculture and manufacturing, and as the location of most manufacturing activity, and became the natural location for the headquarters of international firms entering the East African market. By the time of independence it had long been established as a centre relevant to a level of income and way of life totally different from that of the vast majority of the population of Kenya.

The part played by Africans—except as wage-earners—in manufacturing, construction and trade was of little importance. Of course, the smallest enterprises escape the statistical net (surveys of manufacturing, for instance, were confined to firms with five or more employees) and so understate the role of African business activity. But African participation and initiative in any but the smallest manufacturing, construction and trading activities remained negligible until the end of the colonial period.

The inheritance of independent Kenya was, therefore, an economy the modern sector of which had been fashioned largely in response to the existence of a non-African population. Change had already gone some way in agriculture, although not far enough to destroy the central position of the former White Highlands. In other sectors of the economy change had hardly begun. In the few years preceding independence the economic growth of the post-war period was halted by the uncertainties of the future. There was a sharp downturn in construction; employment declined; capital flowed out; the government's finances deteriorated and Britain had to provide grants-in-aid. In the event, many of the fears proved groundless.[12]

Jomo Kenyatta had declared that:

> The Government of an independent Kenya will not be a gangster government. Those who have been panicky…can now rest assured that the future African government…will not deprive them of their property or rights of ownership. We will encourage investors…to come to Kenya…to bring prosperity to this country.[13]

When economic growth began again it was firmly within the structure established in the colonial period. The years since independence have seen many changes, but equally noteworthy has been the continuity with the past.

NOTES

1. In writing this chapter we had the advantage of seeing in advance the contribution of Michael McWilliam, 'The Kenya Economy, 1945 to 1963', to Volume 3 of the *Oxford History of East Africa,* which has subsequently been published.
   London, Chatto and Windus, 1968.
3. The European population reached its peak in 1960. It had increased from less than 30,000 in 1945, and by 1961 it had already fallen to 59,000. In valuing European farms under the Land Transfer Programme (see Chapter Five) land prices in 1959 were taken as a basis.
4. See *Development Plan 1966–1970,* Government Printer, Nairobi, 1966, p. 29.
5. *Kenya African Agricultural Sample Census, 1960/61,* Part I, pp. 1–2. In 1960 there were only 3,609 holdings in the Scheduled Areas. 278,000 Africans were employed on these holdings as wage-earners, as were 1,905 Europeans and 866 Asians. The vast majority of Kenya's nearly 8m. Africans lived in the non-scheduled areas.
6. In 1954 coffee accounted for less than 4 per cent of the value of sales of produce from small farms.
7. *A Plan to Intensify the Development of African Agriculture in Kenya,* Nairobi, Government Printer, 1955.
8. The increase in coffee production was the major reason for the growth in the value of small holders' total sales:

Coffee production in non-scheduled areas ('000 tons)

1955/56	0.8
1960/61	7.9
1963/64	15.3

9. It is said that some farmers sold out, bought another farm and sold out again, which suggests that they got a good bargain.
10. The view is still held today, though it may receive a jolt from the need to provide funds for the rehabilitation of certain large farms. A loan has been provided for this purpose by the IBRD. (See *The Standard,* 19 August 1975.)
11. *Survey of Industrial Production,* 1957. 7.
12. Though not those of the Asian population, particularly of Asians who did not acquire Kenya citizenship.
13. Reprinted in Jomo Kenyatta, *Suffering without Bitterness,* Nairobi, East African Publishing House, 1968, p. 157.

2
AIMS AND ACHIEVEMENTS SINCE INDEPENDENCE

The economic policies of independent Kenya have been essentially pragmatic, unencumbered by much in the way of overt ideology. To foster the entrepreneurial society and to increase the role of Africans within it is, perhaps, the most summary form in which the general aims of policy can be expressed. Formally, the policy is labelled African Socialism. *Sessional Paper No. 10 of 1965, On African Socialism and its Application to Planning in Kenya* defined the social and economic objectives of the Kenya government and outlined the policies through which these objectives were to be pursued. The policies set out there have been repeated and elaborated in the various Development Plans and in other documents.

African Socialism is not a programme for public ownership on ideological grounds. Nationalisation, the Sessional Paper declared,

> will be used only where the national security is threatened, higher social benefits can be obtained, or productive resources are seriously and clearly being misused, when other means of control are ineffective and financial resources permit, or where a service is vital to the people and must be provided by the Government as a part of its responsibility to the nation.[1]

It has been suggested, in fact, that Kenya is committed not to Socialism but to a capitalist mode of production, and that African Socialism is a 'verbal pretence'. The idea of African Socialism is best seen as that of softening the impact of the market economy by bringing into play the 'mutual social responsibility' which operated in traditional African society. However, there is little evidence that there has been any serious attempt to elaborate this line of thought or to give it practical application. Certainly, the policy of African Socialism has involved no revolutionary break with the past; great changes there have been, but the thread of continuity has been strong.

The Agricultural Sector

It is in agriculture that change has been the most dramatic, while continuity has, nevertheless, been marked. The changes in the ownership of land and in the nature of land tenure during the decade after independence resulted from the application and intensification of the policies adopted before independence had been achieved. Agricultural marketing arrangements and price-fixing policies betray the strong influence of the past.

The policies initiated in 1960 under which European farms were to be transferred to African farmers continued to operate. There was to be no expropriation and no free land.[2] The programme for the purchase of European mixed farms suitable for subdivision into small holdings was the subject of a series of aid agreements between the Kenya and

British governments. The transfer of land under the Million Acre Scheme and the low-density scheme, begun before independence, was completed by 1970. A minor additional programme (the so-called *Harambee* scheme) of relatively low-density settlement was carried out on land transferred under the 1965 and subsequent aid agreements. A new form of settlement was important for a time when the Kenya government recognised the need to make some provision for squatters. In the Development Plan for 1970–74 squatter settlement, renamed *Haraka,* had a substantial place. The intention to establish further *Haraka* settlements was abandoned in 1971, though it is proposed in the Development Plan for 1974–78 to put more money into the existing settlements. They had been designed to yield little more than subsistence for the settlers, who had been provided with few facilities and resources. No additional land was purchased for *Hamka* settlements as the squatters were mainly on farms which had been abandoned or from which the owners had been evicted for neglecting them.[3] The *Haraka* schemes were seen by the government as a political necessity rather than as a desirable form of economic development, though there is a view that they soon became indistinguishable from high-density settlements under the more elaborate and costly schemes.

There have been problems with the settlement schemes, particularly in obtaining loan repayments from settlers. Little more than half the amount due in loan repayments has been collected, and most settlers are in arrears. To alleviate the problem it is proposed to offer settlers the option of converting their freehold title into a leasehold title from the government.[4] During the process of settlement under the Million Acre and *Harambee* schemes there was some disruption of production, but production recovered and considerably greater outputs per acre are being obtained from the settlement areas than before settlement. There remains a need to improve credit facilities, extension services, and roads and water supplies, despite the fact that settlers are much better supplied with these services than small farmers in other areas,

In 1971, in fact, it was decided to abandon the old form of high-density settlement, undertaken by the subdivision of large farms. Its place was taken by co-operative or *Shirika* settlement in which it is hoped that the avoidance of subdivision into individual holdings will bring greater efficiency. However, it cannot be assumed that there will no further settlement on subdivided farms because the Development Plan 1974–78 declares that ‘most farm products can be produced very successfully on small-scale farms. In the long run, therefore, a considerable amount of land used for large-scale farms will be subdivided.’[5]

Not all the transfer of land from Europeans to Africans has taken place through official settlement schemes. There has been substantial direct purchase by African individuals, partnerships and companies. The funds for these purchases have come from private institutions, from the Agricultural Finance Corporation, and to a significant extent from private accumulations of wealth, often acquired outside agriculture. The purchasers have often had their primary interest elsewhere, in business, politics, and the civil service.[6] Some of these new large-scale farmers lacked both experience and capital, and a programme of rehabilitation is being embarked upon, with the aid of funds from the World Bank. The Development Plan says that ‘where appropriate the Ministry will encourage subdivision of these farms into smaller more manageable units’.[7]

The statistics confirm the success of the programmes for the transfer of land from Europeans to Africans. Some 3.5m. acres of the Scheduled Areas were under mixed farming before land transfer got under way; rather more than one-third of this area has been transferred under settlement schemes. Something over two million acres of mixed farming land remain in 1,540 large farms (1972 figures). Of these large farms, 1,234 embracing about half of the land area of the remaining large farms, are in African ownership, either individuals, partnerships or companies; a few more, where special circumstances prevailed, have been taken into state ownership.[8] More than two-thirds of the European mixed farming area had, therefore, passed into African hands by the end of the first decade of independence. There had in addition been some African purchases of estates and ranches.

There remained outside African ownership nearly 300 mixed farms, covering an area of about one million acres, large commercial ranches, and some 1,500 tea, coffee and sugar estates, mostly owned by companies. Commercial agriculture by non-African companies has not proved to be incompatible with the development of African agriculture, however, and the two have been linked by associating small holders with company estates, in particular where access to a factory is essential to producers, as in the cultivation of sugar-cane.[9] Small-holder and estate production have also been associated, though less successfully and perhaps with less concern for success, in the production of pineapples for canning.

In addition to the settlement schemes, the other leg of the land reform programme, the adjudication, consolidation, and registration of land so as to replace communal by individual tenure in the former African areas, proceeded rapidly after independence. In 1963 only 5 per cent of the registrable land had been adjudicated; at the end of 1973 adjudication and registration had been completed on 20 per cent of the land and the process was under way on a further 20 per cent. Indeed, there is a view that the procedures are being applied indiscriminately, so as to include areas where they are inappropriate, as in areas devoted to migratory pastoralism.

No simple comparison is possible between the quantitative importance of settlement on the one hand, and development of the former African Trust Lands on the other, by which the significance of settlement can be judged. In terms of population, of course, the contribution of settlement seems tiny. It has been estimated that there are about 1.7m. rural households and 1.2m. settled agricultural holdings in Kenya. About 60,000 families have been settled on former European farms. However, despite the difficulty of statistical comparisons, it is evident that development of the traditional African lands is fundamental to any progress. Indeed, by 1965 there was official disillusionment with settlement, and *Sessional Paper No. 10* declared, stating a view that had already received some consideration, that:

> We have to consider what emphasis should be given in future to settlement as against development in African areas.
>
> The same money spent on land consolidation, survey, registration and development in the African areas would increase productivity and output on four to six times as many acres and benefit four to six times as many Africans. It therefore follows that if our resources must be used to achieve maximum growth we must give priority in the future to development in the former African areas.[10]

Settlement can be a safety-valve, relieving the pressures exerted by the landless, but it is doubtful if it can take place on a sufficient scale to be more than a safety-valve, and to make a serious contribution towards solving the problem of landlessness. Nevertheless, the political necessity of further settlement as an obvious aid to the landless remains, and indeed is strengthened by the 'individualisation' of land in place of customary tenure in the former African lands.

Although the land reform in the African areas has been a major change, it would be wrong to see it as the fundamental cause of progress in smallscale agriculture. Progress has not been confined to areas where the land reform has been carried furthest. In any case, the fragmentation of holdings was not a serious problem in many areas, so that substantial benefits could not be expected from consolidation, and in areas where consolidation was carried out at an early date an informal fragmentation has subsequently taken place. Much of the benefit of the tenure changes was expected to arise from their effect on the availability of credit to the farmers. 'The need to develop and invest requires credit,' *Sessional Paper No. 10* argued, 'and a credit economy rests heavily on a system of land titles and registration. The ownership of land must, therefore, be made more definite and explicit.'[11] The political difficulty of dispossessing small farmers[12] must cast doubt on the value of title to land as a security for credit and, in fact, there has not been a large influx of capital into small-scale farming. The Agricultural Finance Corporation provides credit to virtually all large-scale farmers but to little more than one per cent of small farmers, and only about one-fifth of its total lending is to the small-farm sector.[13] The progress in small-scale agriculture has occurred through the expansion of cash crops, particularly coffee, which followed the relaxation and eventual abolition of the restrictions that had existed on their cultivation by African farmers.

That there has been greatly increased participation of Africans in monetary agriculture cannot be doubted. The output of the large-farm sector has increased and the African share has become substantial.[14] The marketed output from small farms has increased five-fold in value in the decade since independence, and the share of small farms in marketed agricultural output has risen from a quarter to a half of the total.

It would not be universally accepted that the increase in African participation and African money income in the aggregate is sufficient evidence on which to pronounce the policy towards agriculture and land tenure a success. It can be argued, as it was argued in the report of the ILO mission in 1972,[15] that the changes have perpetuated and, indeed, increased the inequalities in the distribution of income and wealth which were characteristic of colonial Kenya, merely eliminating—or at least reducing—the racial dimension in the inequality. The broad distribution of population has not been fundamentally affected by the removal of the racial barriers to land ownership and by settlement on European farms. The African population is still densely settled in what were the African reserves, and the ratio of population to land is still much higher in those areas than in the former Scheduled Areas. When the agriculture of the White Highlands was the overwhelmingly important component of monetary agriculture, it is not surprising that the arrangements for marketing, credit, price-fixing, extension services and transport were focused on its needs. It has been argued that these services are still focused on the large farms, and will continue to be agents of inequality until there is a major reorientation of their activities.

The commercialisation of land might have been expected—as it clearly was expected in the Swynnerton Plan—to lead to the accumulation of large holdings by some farmers and the loss of land by others through the operation of the market, once the original consolidation and adjudication had been made. There is no statistical evidence by which it can be determined whether or not such a process is taking place. It is reasonable to