SOME PROBLEMS OF INCOME DISTRIBUTION IN KENYA: REPORT OF A WORKSHOP HELD AT THE INSTITUTE FOR DEVELOPMENT STUDIES, UNIVERSITY OF NAIROBI

by

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Introduction.

The issue of income distribution in Kenya is one of the research priority areas of the Institute for Development Studies. However, since the I.D.S. vision in 1972, little work has been done on this particular topic though there was supposed to be a series of studies as a follow-up to the I.L.O. report. This, of course, does not mean that no related research has been done. On the contrary, most of the research conducted at the Institute has many income distribution implications. This is certainly true of research on technology, industrialisation and farm improvement, just to mention a few areas.

This fact, not with standing some have argued that in addition to conducting research that has obvious income distribution implications there ought to be a few others conducting research specifically on Income Distribution, per se. Perhaps the difference is not conceptual though one cannot rule this out. It might simply be a question of availability of manpower.

Conceptual differences are, however, to be expected, though they need not be determinative of whether to conduct research or not. They can still determine the kinds of research conducted, and the latter, in turn can help in formulating new concepts which can later be incorporated into any conceptual framework that a research might decide to employ. In other words, concept formation as a process of creating a conceptual framework need not be done in the abstract. It can be part and parcel of empirical research, though one of course, cannot engage in empirical research without a conceptual framework, no matter how rudimentary the latter might be. The framework, however, need not be a full-fledged theory though this would greatly enhance data interpretation.

It is with these kinds of issues in mind that the I.D.S. Workshop was organised on March 18, and 19, 1977. The workshop was organised and based on a paper entitled "Some Problems of Income Distribution in Kenya." by Michael Cowen, Department of Economics, University of Nairobi and Kabiru Kinyanjui, Institute for Development Studies, University of Nairobi. The author of this report was the Rafportent and the Session's Chairman. The workshop paper was prepared for the Division for Socio-economic Analysis, Sector of Social Sciences.
According to the authors of the paper, the intention was "to move beyond the simple formulations of inequality and class formation in Kenya, (Without Proposing) to formulate a general theory, or a comprehensive analysis of the social formation, in the manner of studies such as the I.L.O. Report (1972) or Colin Ley's Underdevelopment in Kenya (1975)."

The authors, nevertheless wished to raise some critical issues related to income distribution and class formation. Further still the issues raised in the paper "encourage some of the problems which we feel need further research and analysis". The workshop was organised in the best spirit of a collective exercise in concept formation and generation of research issues, both for the academic staff who participated and any other outside but interested parties.

The seminar was conducted in three sessions, two on Friday and one on Saturday morning. Each session dealt with one specific problem of income distribution in Kenya. The problems discussed were 1. The salariat 2. The Labour Aristocracy and 3. Income Distribution in the countryside.

For each session, there was an attendance of about 30 individuals whose professional backgrounds included trade union leaders, university academics, civil servants from various ministries etc.


Mr. Iyer pointed out Unesco's ongoing concern with social and economic research. He observed that in the past there has been a tendency to utilise economic variables alone as indicators for development. Recently, however, it has been concluded that economic indicators alone are not enough since they cannot fully indicate overall development. Hence, Unesco's concern with socio-economic indicators which would integrate demographic and economic variables in social-economic analysis with a view to applying the analysis to development planning. Unesco's concern is therefore, not only methodological, in the sense that the organisation would like to see an evaluation at the validity of the indicators of social-economic development, but also policy-oriented in the sense that the ultimate aim would be to apply research findings to development planning.

In introducing the discussion on the salariat in Kenya, Kabiru Kinyanjui pointed out the importance of the phenomenon of straddling in trying to analyse the salariat in Kenya. The phenomenon of straddling involves holding permanent employment (both within the state and the private sector) as a basis for private accumulation. This phenomenon is not new, though in the colonial times the African straddlers operated at a lower level than they do today viz. at the level of clerks and teachers. The white colonial administration operated at a much higher level than the Africans, despite the colonial codes of regulation. Today, the level of accumulation is much higher since the African Straddlers are senior administrators as opposed to clerks and teachers in the colonial days. The importance of the process of straddling for the accumulation of domestic capital within the formation of an indigenous capitalist class is very obvious.

Discussant: Michael Chege - Dept. of Government, University of Nairobi

Commenting on the presentation, Dr. Chege pointed out that in approaching the issue of income distribution, it might not be enough to look at just aggregate income figures. There is a need to look also at the material foundations of class formation in Kenya. More specifically, Chege raised the following issues:

1. What is the relationship of the salariat to the state apparatus? Can the salariat, for example, be dissociated from the state as an instrument of coercion? Although Dr. Chege did not explicitly say so, the implication was quite clear. He was in effect suggesting that the phenomenon of straddling cannot be fully explicated without a notion of the functions at the state, and especially the coercive functions in the interest of particular classes or segments of classes.

2. Is straddling to be identified entirely with the higher civil service and if so, what percentage of higher civil service does what and to whom? It seems that this question was a plea for more analysis on class oriented action by the higher civil service. If indeed it is a class, then we can expect class conflict to develop with certain segments of the rest of the society.

3. How did the salariat evolve? More specifically what is the dialectical connection between the 1920's and the present? Are these
the same people who were clerks in the 1920's? The suggestion was that there might be quite an overlap between the clerks of the 1920's and present day high ranking straddler.

4. What type of ideologies have evolved with the changing modes of production or are we to assume a static ideology? If the ideologies have been changing how are they interconnected? The suggestion was that different ideologies must have evolved with the changing modes of production but they are dialectically interconnected.

**Floor Interventions**

The interventions from the floor were somewhat similar to the issues raised by Dr. Chege. In summary form the issues raised included the following

1. To what extent is sheer pirating a source of accumulation? The suggestion was that pirating, as opposed to utilisation of legal access to the state, does play a part in accumulation.

2. If the issue in Kenya is one of classes, then is it enough to analyse class formation without at the same time analysing class consciousness and the impact of these classes on the whole society?

3. Is Kenya undergoing a specific stage in development and if so, how can we categorise this stage? Furthermore, what are the functions of the State in this stage? Should we assume that the present state of affairs is inevitable?

4. Is straddling peculiar to Kenya? (It was suggested that straddling is a universal phenomenon and that Kenya needs to be compared with other societies to see to what extent straddling can explain private accumulation by the salariat.) Even if straddling were peculiar to Kenya to what extent does the concept explain accumulation in industry, commerce and land? How about informal access to the state machinery?

5. Is the salariat really a class or is it composed of fractions of classes e.g. the petit Bourgeoisie and the Bourgeoisie? Which straddle between classes? If it is not a class, what then are the class determinants of accumulation?
6. What are the roles of both International and domestic capitals in facilitating accumulation?

Summary:
On the whole the discussion focussed on the role of the state in accumulation, the role of the various types of capitals, the problem of demarcating classes and their respective roles in social change, and finally the problems inherent in the concept of straddling. It was felt that all these issues need further clarification and research if we are to understand the Kenyan system in class terms.

3. The Labour Aristocracy: Kabiru Kinyanjui.

By way of introducing the discussion on the labour aristocracy, Kabiru Kinyanjui pointed out that an important issue in discussing the Labour Aristocracy in Kenya is the devaluation of specific positions and Labour powers. The latter is the phenomenon of the devaluation of the average value of labour power and privileges as a result of state intervention resulting from historical changes in the process of production. Thus, for example, the positions of Bank Workers and Agricultural Workers have been constantly devalued. In general, state intervention via the Industrial Court has resulted in relatively lower increases in wages for skilled workers and more benefits for the less skilled workers.

Discussants:
Bill House, Department of Economics, University of Nairobi,
Mr. Muhia, Ministry of Labour, Kenya.

Dr. House raised a number of issues, most of which are related to research. They can be summarised as follows:

1. Does Kenya have indigenous capitalists who are capable of dictating income policies? If Kenya does indeed have these capitalists in the economic sense, do they have the necessary political power?

2. What is the effect on income distribution of the devaluation of positions? Is the effect not distributive?

3. If attention is focussed on the rulings of the Industrial Court, what effect have these rulings had on income distribution?
Do the changing terms of trade between farm and non-farm sectors have an effect on income distribution? He suggested that the changes have been more in favour of the farm sector, and this would call for an analysis of the differences in income distribution between urban and rural sectors.

5. Does international capital play any role in devaluation of positions, especially of skilled workers and the debilitation of self-employment?

Mr. Muhia defended international capital and argued that there is no good reason to suggest that the Kenyan economy would be better off without international capital. He further pointed out that Kenya needs highly qualified skills which are scarce. Therefore, premium wages must be paid to get these skills. There is, therefore, no conspiracy by international capital to give high wages in order to encourage consumption of goods supplied by international capital. Rather, it is a question of supply and demand. Finally he suggested that there is a need to look at real wages, instead of utilising what he called "circumstantial evidence."

Floor Interventions:

Interventions from the floor dealt with issues, some of which had been discussed in the session on the salariat. These included:

1. Where does accumulated capital go? It was suggested that little of this capital goes into the manufacturing sectors.

2. If there has been a decline in the labour aristocracy, how has international capital responded to this? Has it for example responded by deliberately creating a stratum of supervisory personnel?

3. If a Labour Aristocracy exists, what is the relationship between it and the working class, the bourgeoisie and the petit bourgeois? In other words, there is a need to locate and demarcate classes. Only after this would it be possible to know who belongs where with a view to assessing the balance of class forces.
4. Are wage guidelines of any utility? This needs to be analysed. It was suggested that wage guidelines are of little use. Indeed, if the issue is one of class conflicts, then institutional adjustments and legal guidelines are likely to be of little use since the rules would always be broken. This led to a discussion of political aspects of distribution. It was pointed out that there is a need to analyse ideological issues with a view to assessing how much and what type of change we can expect in any one system with given characteristics.

5. What is the relationship between the Salariat, the Labour Aristocracy, and Income distribution? This issue sought to bridge this session with the session on the salariat. It was suggested that this question is difficult to answer in the absence of a clear demarcation of classes which would facilitate a categorisation of the "salariat" and the Labour Aristocracy into classes proper. Only after locating these groups into their classes can we then hazard a suggestion as to their relationship vis-a-vis each other and the likely effect on overall income distribution.

Summary
The discussion focused on class issues and particularly the need to clarify the effect of devaluation of positions on class formation and the roles the various types of capitals, and institutional regulations have played in influencing the balance of class forces.

4. Problems of Income Distribution in the Countryside: Michael Cowen,

Michael Cowen introduced the discussion by pointing out that there is a real problem in trying to design measurements for concentration of production at the household level. Despite this problem, however, a number of observations can be made especially with reference to tea, milk and coffee in Central Province. First, there has been a reduction in formal inequalities, with the middle peasantry now preponderant with the size distributions of land and outputs. Second, a clear antagonism is noticeable between domestic and international capital. Third, one of the limits to expanded peasant production is contemporary finance capital operating through government instigated organisations. Fourth, since 1971 pauperization has occurred within groups of small producers dependent upon milk production for the domestic market.
Discussant:

Peter Wyeth, Department of Economics, University of Nairobi

Dr. Wyeth raised the following issues.

1. There is a need to clearly distinguish between introduction of local capital and international capital.

2. If international capital indeed supports the middle peasants then the mechanics of how this is done need to be spelled out. For example, how does a farmer become a middle peasant? How does he get out of being middle peasantry a static state as opposed to a process in the system of production?

3. If it is true that there are constraints to increased productivity by the middle peasantry, just how strong are the constraints? In other words, it is possible to argue that the middle peasantry is doing better than the rest of the farmers and that at the same time it is getting pauperised since it cannot accumulate capital?

4. How does the support of the middle peasantry by international capital fit in with government policy? More specifically just what are the interests of the government in this arrangement?

5. In terms of implications for the future, what are we to expect as a result of the limits on growth of production by the middle peasantry?

Floor Interventions

The participants raised the following issues, either by way of suggestions or questions:

1. What precisely is the role played by international capital in determining production? Someone suggested that in the case of tea and coffee, production could easily be determined by the co-operatives. However, it is still legitimate to analyse the roles played by such factors as access to loans either from government sponsored organisations or private banks.

2. If classes are evolving in the rural areas, that are the historical dimensions of the evolution? It was suggested that it is necessary to examine the evolution, taking into account the important factor...
of political mechanisms and interventions such as the phenomenon of "royalists" in the colonial days.

3. Even if it is possible to demarcate classes in the rural areas, what can be said about class alliances? Can we for example, assume a direct class alliance between the middle peasantry and international bourgeoisie or do we assume an alliance between the middle peasantry and the local bourgeoisie? In this connection, it was suggested that Michael Cowen had a theory of capital, as opposed to a theory of class alliances and conflicts.

4. Just how do we define the middle peasantry? Should we define it simply in terms of acreage (6-9 Acres) or should we use another criterion such as type of crop mix which might be determinant in trying to decide on whether to hire or not to hire labour? It was suggested that availability of family labour is an important criterion.

5. What exactly is the relationship between changing terms of trade and peasant production? It was suggested that it might be necessary to tackle this issue especially since 1973 with a view to assessing the effect of increases in price of petrol on peasant production.

6. Is there a relationship between peasant production and availability of technology? It was suggested that technology should have been analysed, as a possible constraint to production.

7. What are the policy implications of rural proletarianisation in Central Province and more broadly what are the policy implications in terms of rural development? Here, it was suggested that a number of issues need further clarification before policy implications can be drawn out. First, it would be necessary to attempt to measure the proportion of proletariats in Central Province. Second, it would be necessary to attempt an assessment of class action and class consciousness by the proletariat with a view to ascertaining whether the class action applies to some crops, some of the time/ all of the time or to all crops some of the time/all of the time.
Third, it would be necessary to try and locate the place at "Ahols" (rural-landless in Central Province who, nevertheless, have been given a small piece to cultivate for the duration of good behaviour) within the rural proletariat. Do they constitute an old proletariat in antagonism with the new proletariat? Finally, it would be necessary to assess the bargaining power of the proletariat. Here, it had been suggested that the proletariat has a much better bargaining power than the small-holders, despite the lack of a formal bargaining mechanism.

The question, however, remained: how can the proletariat be better off than the smallholders when the farmers work pattern is unregulated or at best regulated by forces they cannot control. The Trade Unions view was that it would be desirable - in fact it has been attempted - to get permanent rates for the rural proletariat but the employers are not cooperative. The solution, therefore would lie in more equitable distribution of land in order to reduce rural unemployment. In other words, the solution does not lie in reduction of small-holders and increased proletarianisation (with improved rates) but in self-employment.

Summary

The discussion revolved around the concepts of the middle peasantry and the rural proletariat, and the interaction between these two rural categories with the various forms of capitals.

5. Research Issues: Session Chairman: Kabiru Kinyanjui

As we have pointed out, one of the aims of the workshop was to generate research questions that could be followed up later, either by individual or groups of individuals from the Institute for Development Studies or any other interested research organisations.

The Rapporteur, therefore, made an effort to rephrase issues raised during the discussion in terms of possible research areas. In this sense, this short report is actually a research agenda. However, the last session of the Workshop was devoted to a discussion of research issues, most of which had been raised in the course of the Workshop.

The issues raised were methodological, theoretical and empirical in nature. They can be summarised as follows.
1. Need for evaluating the validity of data utilised in any study on income distribution. The participants felt that there was a need for comparative studies of the categories discussed in the Workshop viz. the Salariat, the Labour Aristocracy and the peasantry.

2. Need for a historical approach to the study of income groups with a view to ascertaining whether and in what sense the groups have evolved into classes or become members of classes and what has been the cause of the evolution. This would facilitate a further analysis of class consciousness and class alliances, taking into account political, ideological and economic factors.

3. Need to clarify some concepts such as straddling. This can be done either theoretically or empirically. For example it would be necessary to know who is straddling, what sectors they are straddling into, whether informal access to the state apparatus also constitutes straddling, and whether such institutions as the Banking system play any role in sustaining straddling.

4. Need to analyse in more detail the role of the state in income distribution or maldistribution. In a sense. This issue encompassed most of the other issues raised. However, specific items such as terms of trade, general economic ideologies, credit institutions, and the relationship between domestic and international capitals were singled out.

5. Finally and at a broader level, it was argued that one cannot analyse social-economic development by analysing income categories since social-economic classes are not the same thing as income categories. While the latter can be analysed synchronically, the former calls for a diachronic analysis with a view to explaining both underdevelopment and possible directions of social-economic change.
Comments and Conclusions.

The Workshop highlighted among other things, the problems and prospects of applying a class analysis to the Kenyan situation. However, the good spirit of the Workshop made it possible to exchange views freely. This made the sessions very productive. Though the politics of distribution did not feature prominently in the discussions, it was nonetheless always in the immediate background.

The main issue in the politics of distribution can be stated quite simply; (Why should a ruling class or if one wishes, a ruling elite that controls or directly owns the principal means of production suddenly or even gradually become interested in distribution? If we start by making the rather axiomatic assumption that it is in the interest of the ruling elite to control or directly own the principal means of production then the answer to the question ceases to be a straightforward one. Where it is straightforward it involves a prior demonstration that the question is the wrong one.

According to the latter position, such a ruling elite would never be interested in distribution. Rather it is likely to be more interested in consolidating its position so that it can eventually emerge as a ruling class proper to defend its economic and political position by using the state machinery at its disposal. The question therefore, is not how to get the ruling elite interested in distribution, but rather how to organise the workers and the peasants to take control of the principal means of production. In other words, distribution cannot be predicated on the very owners of the means of production to be distributed but rather on the non-owning majority, be they the urban proletariat, the rural proletariat or the rural poor small-holders.

The other view is that a ruling elite will become interested in distribution out of what has sometimes been referred to as "enlightened self-interest." According to this view, the propertied ruling elite may fear

rightly or wrongly that unless the burden of the poor is somehow eased, the latter's revolutionary potential may be realised, in which case the former would lose all in a total revolution. In order, therefore, to avoid the "grim" prospects of losing everything or nearly everything the propertied may be prepared to give up something, sometimes to the extent of investing heavily in certain areas such as education and health. The long-term pay-off would be better educated and healthier labour to operate the capital.\(^1\) of the propertied elites.

A variation of the "enlightened self-interest" view is that cleavages within a ruling elite may be serious enough for some groups to seek support from other groups in the polity thereby increasing the effective representation of the hitherto outside groups. Thus "in some circumstances a rising industrial bourgeoisie and the dominant rural groups (be they feudal lords or rich peasants) will eventually fall out over the setting of the prices of agricultural products relative to those of industrial goods." As all urban groups have an interest in cheap food this may lead to an alliance between the urban workers and urban capitalists against the landed interests. "With the same end in mind they may also side with peasant's demands for distributist land reform if the resulting small-holder system promises a better economic and political accommodation.\(^2\)

The major problem with the "enlightened self-interest" argument and its variation is that they are both premised on the disposition of the ruling groups and as such they put the destiny of the majority poor at the mercy of variables they cannot control. At best the argument is patronising to the poor. At worst, the argument assumes "trickle down" benefits to the poor from a position of helplessness even if we assume increasing better representation. The reason is simple. No ruling group would be "enlightened" enough to work itself out of control.

A more likely situation is that the so-called "enlightened self-interest" would be an exercise in mystification aimed at blurring the societal contradictions by putting the emphasis on the less vital aspects of the economy, while all along ignoring the principal questions of ownership.

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of the principal means of production. Thus one would expect the question of incomes to be discussed primarily in terms of wage employment and taxation policies, and reforms would be instituted in these areas. This would be a "safe" approach in a capitalist country, for then "good" economic arguments could be adduced to show why things are the way they are, or should be.

Thus it can for example be argued that the industrial sector is not growing as fast as the labour supply and thus there is increasing unemployment. For the employed, it can be shown that the wage guidelines have largely benefited the poor. At the same time it can be shown that taxes are not too heavy on the poor and the rich cannot be taxed anymore without endangering investment potential. Conversely it can be shown that tax relief on the poor increases consumption and dissipates investments.

With reference to the supply of labour the question of the kind of training available and to whom, is likely to be discussed superficially and if discussed seriously, the obvious inference that even perfect training without access to means of production would be ineffective distribution wise, is unlikely to be taken seriously. By the same token, taxation is likely to be presented as a distributive mechanism while it is obvious that taxing the rich even when the taxes are heavy - does not mean automatic benefits to the poor. The real issue is where the tax revenues goes.

The Planning/Administrative equivalent of the "enlightened self interest" view is decentralisation of decision-making from, in the case of Kenya, the national level to the district level, so that the smaller unit is able to take local conditions into account and thus facilitate better allocation and utilisation of scarce resources. This argument, like its political equivalent has many shortcomings.

First, decentralisation or devolution of decision-making is meaningful only if the poor are allowed to play an active role in determining how resources are allocated. Secondly, decentralisation though a necessary condition for reducing inequality need not involve the poor at all, unless the latter are already organised to take advantage of the opportunities offered by decentralised decision-making. In other words, real decentralisation - which must include financial decentralisation must be complemented by local mobilisation otherwise the former might make the situation worse than before by allowing local dominant
groups to capture the decentralised institutions and lines of access to the state to the, detriment of the poor.\(^1\) Thus, in the absence of a "poor-oriented mobilisation", decentralisation could easily become the best form of mystification.\(^2\)

It should be evident that the politics of distribution was a central issue of the workshop though the issue was never posed in the terms outlined above. Part of the problem seemed to be that it was difficult to locate the various categories discussed at the workshop in relation to the control of the state machinery. The problem, not withstanding, the participants were quite aware of the political implications of income distribution, whether one approaches the issue from the perspective of income categories, or from the perspective of social-economic classes.

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