

Review

Partial institutionalization and its relationship to Kenya's poor economic development since independence: The case of the agricultural sector

Luke O.

Department of Psychology at the University of Nairobi in Kenya.

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This review paper presents the concept of partial institutionalization as the process prevents countries that ought to have achieved higher levels of socio-economic development from realizing their potential. The author has reconceptualised de-industrialization away from the mainstream understanding of this notion, that is, the movement away from manufacturing to service industry in the developed countries (cf. Rowthorn and Ramaswamy, 1997). Instead it is seen as the process of partial institutionalization/partial industrialization of previously industrialized socio-economic activities that manifest in the phenomenon of deindustrialization. It is hypothesized that de-industrialization in its above reconceptualised sense is the main cause of economic underperformance in most developing countries. It is applied at explaining the cause of Kenya's economic underperformance since independence in 1963. He argues that the deindustrialization of Kenya's main economic sector, agriculture, is the cause of Kenya's economic underperformance because it is partial institutionalization that permits other anti-development ills such as corruption to get established in the system. Finally, it is recommended that in order for Kenya to regain and even surpass its lost economic performance record, it must avoid the current partial institutionalization/ partial industrialization approach to economic development and embrace the full institutionalization/industrialization approach.

Key words: Partial-institutionalization, partial-industrialization, underdevelopment, development, liberalization, deindustrialization.

INTRODUCTION

Statistics have shown that post-colonial Kenya's economic growth and development as measured by the indicator of economic growth generally slowed down drastically. There is evidence that the economic growth was higher in the colonial times and first decade after compared to today (Legovini, 2002). In comparison to other countries especially the South East Asian countries,

it has been observed that in the 1960s, Kenya's economy was bigger and was growing faster than that of South Korea and Malaysia, but today, the two countries have out-paced Kenya (Kirkpatrick et al., 2001). Even where economic growth is realised, like the rest of Africa, this economic growth does not translate into economic development. For example, the unemployment rates are

E-mail: lukke7@gmail.com

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ever growing (United Nations Economic Report on Africa, 2010). Yet unlike other African countries that experienced civil strife culminating in a near failure of the state such as Uganda and Democratic Republic of Congo, Kenya has been relatively peaceful (Kirkpatrick et al., 2001). This observation has baffled a number of stakeholders.

To find an explanation for this phenomenon, a number of experts have blamed it mainly on the fact that between independence in 1963 to 1980, the government applied the policy of stringent government control on agricultural activities. From 1980 onwards, the government started liberalising agricultural sector, but not fully. According to Nyagito and Okello (1998), "the bipolar division of policies between full government controls and free markets has created problems in agricultural development".

As observed by Legovini (2002), it is during the period of stringent government control that Kenya's economic growth was at its best until it started declining during the period of liberalisation. He noted that Kenya's economic growth was strong in the first two decades after independence and weak or negative thereafter. Between 1963 and 1970, the economy grew at an average real growth rate of 5 percent and from 1970 to 1980 at 8 percent. Economic growth delivered a real per capita GDP that was two-thirds higher in 1980 than in 1963. In contrast, the following two decades are characterized by a stagnating economy with average growth rates of 4 and 2 percent in the 1990/80 and 2000/90 periods. By the year 2000, real per capita GDP had slightly declined relative to 1980.

This period of agricultural decline saw a decline in almost all the other sectors of the economy and subsequently a deterioration of the living standards of Kenyans because during the post-independence period up to 1980, the economic growth contributed meaningfully to the national GDP of Kenya peaking at 8% in 1980. However, the decline was experienced in 1980-1990 decade when the GDP was only 4% before dipping further to 2% in the 1990-2000 decade (Legovini, 2002). During the period of decline, Legovini (2002) noted that Kenya experienced "slow or negative economic growth, mounting macroeconomic imbalances and significant losses in social welfare, notably rising poverty and falling life expectancy". This transition basically affected all the other sectors of the economy. For example, the industrial output dropped from the 11% in 1970 to a mere 4% in the 1980s and 2% in the 1990s. Similarly growth in the industrial sector continuously declined from 8% in the 1970s to 5% in the 1980s and 3% in the 1990 (Legovini, 2002).

The cause for this economic underperformance, according to Legovini (2002), just like Nyagito and Okello (1998), seemed to be the manner of policy design and implementation that allowed political intermeddling. That is, Legovini (2002) argued that it was due to the failure to reform the agricultural policy and intermeddling of politics

in policy development and implementation that this decline was experienced.

Although Legovini's (2002) explanation is partly valid, the author would like to differ with him regarding the argument that there was failure to reform agricultural policy to suit the changing socio-economic environment. Going by the number of sessional papers, such as Republic of Kenya's (1965) *Sessional paper No.10* and Republic of Kenya's (1986) *Sessional paper No. 1* to name a few policy statements generated by various governments since independence it can be seen that there have been a number of attempts to reform the economy. However, it can be argued that the reforms that have been undertaken so far have actually reversed the gains in economic development that independent Kenya inherited from the colonial government. That is, the author will argue that by the time of independence, Kenya was more industrialised than it is today; and in fact, the subsequent post-colonial government policies have systematically facilitated the reversal of the gains that had already been achieved in terms of industrialisation. Therefore, in order to understand the decline in the rate of Kenya's economic development, the author will explain the process by which an economic policy fuels economic development in any society and relate this to situation in Kenyan agricultural sector as a show case of how post-colonial Kenya was underdeveloped by its leaders.

Kenya's agricultural policy since independence

From the time of independence, agriculture has been the mainstay of Kenya's economy. At the time of independence in 1963, this sector used to contribute to 35% of the economy. However, the contribution has declined to about 25% in 1996. Yet, agriculture still employs 75% of the workforce in Kenya (Nyagito and Okello, 1998).

Despite this importance, the performance of agricultural sector in Kenya and sub-Saharan Africa as a whole has remained dismal. This has largely been blamed on poor agricultural policies (Mosley and Smith, 1989). This is why the World Bank prevailed upon the government of Kenya in the 1990s to institute Structural Adjustment Plans (SAPs) with an aim that agricultural policies could also be adjusted so as to drive growth (World Bank, 1994).

Prior to the SAPs, between 1963 and 1981, the government policies on agriculture emphasized government intervention in production and marketing. This period saw strict control by the government of all the institutions that handled agricultural services. During the government's domination of production and marketing, development of the private sector was greatly stifled. The government was to continuously support these activities financially and technically. As a result, there was a decline in agricultural growth and development as a whole (Nyagito

and Okello, 1998). However, this approach to agriculture shifted around 1981 when liberal markets were introduced and government control waned.

In as much as these activities were offloaded to the private sector, the implementation process did not have harmony and co-ordination leading to retardation in growth of the agricultural sector. For example, due to poor agricultural services in the production and marketing, a number of coffee farmers in central Kenya ended up uprooting their crop and committing land to other non-agricultural activities (Nyagito and Okello, 1998).

How does an economic policy propel economic development?

A policy is basically a deliberate plan of action aimed at guiding decisions in order to achieve certain intended outcome(s) by an individual or a group. Unlike rules and laws that aim to prohibit or encourage certain types of behaviour from an individual by the state or organisation, the policy simply provides a guide for people to choose a variety of behaviours with the possibility of achieving the same result (Torjman, 2005). Consequently, an economic policy is aimed at providing such a template with regard to how people should carry out their economic activities so as to facilitate the achievement of the intended goal of economic development. The term economic development here refers to the change or revolution in the manner in which people in a given society undertake their wealth generation activities in order to enhance their material and social well-being in response to changes in their environment and habits (for a detailed definition of the term “economic development” see Odiemo, 2008).

Odiemo (2008) has argued that economic development can happen in an implicit and evolutionary manner as people adapt to changes in their environment due to variation in climatic patterns or a sudden or gradual influx of a new community that forced the natives to modify their way of life. This evolutionary economic development has the advantage of being slow in comparison to the socio-economic demands of the society resulting from such changes. To avoid this, in the modern society economic development is actually artificially initiated by way of social policy adopted by a given government to engineer rapid adaptation to social and environmental changes. For example, such policy would influence the manner in which education and training is practiced or the manner in which the economic activities are undertaken.

Odiemo (2008) further argued that in order for a given social policy to achieve its intended goal of promoting economic development, it ought to be serving two main goals: The first goal is facilitation of institutionalisation, that is, the process of subjecting a people’s socio-economic practices that might have confined to certain

individuals or section of the nation to the governments regulatory activities (that is, licensing and inspecting the manner in which people undertake their trade to ensure that they meet certain standards) so that such socio-economic practices become a way of life for everybody in a given nation. As Odiemo (2008) noted “...it is the process of publicising or nationalising a given activity or activities in a particular society through policies” p. 90.

The second goal and the one that is more directly related to economic policy is the facilitation of industrialisation. As defined and elaborated by Odiemo (2008):

Industrialization refers to the process by which various industries in the society gets institutionalised to enable those who are engaged in those economic activities become accountable for their actions to their clients (i.e. the public). Through institutionalisation, an economic activity that might have been innovated by a handful of individuals is likely to transform itself at the structural, procedural level thereby entrenching itself as an integral aspect of a given society’s culture thereby providing a basis for industrialisation. Industrialisation is characterized by enhanced division of labour, specialisation of knowledge and skills behind those activity (i.e. professionalisation) right up to the establishment of the nation-state under one leadership politically and economically (see the implications of this in the next section). The process of industrialisation here should not be confused with surface development such as setting up structures in the name of factories. Rather, industrialisation involves the institutionalisation of all socio-economic activities in a nation (Odiemo, 2008, p.92).

As argued elsewhere (Odiemo, 2008), in order to facilitate economic development, it is important that a government chooses an all or none approach with regard to these two processes. That is, either a government should fully institutionalize and therefore industrialise or not. Otherwise a *partial institutionalisation/ partial industrialisation* approach to economic development (that is, a situation where a socio-economic activity as practiced by some people in the nation institutionalised/ industrialised while at the same time another section of the population carry on the same activity in an unregulated and subsistent manner) can lead to a situation the desired socio-economic development is not actually realised. If *partial institutionalisation/ partial industrialisation* is introduced where economic activities were already industrialised, then the phenomenon of *deindustrialisation* is bound to follow.

Reconceptualisation of “deindustrialisation”, an economic phenomenon

The term de-industrialisation, a phenomenon that has

mainly been associated with developed economies characterises the situation where these economies saw a reduction of employment opportunities in the manufacturing sector and in some cases, the replacement of the manufacturing sector with the service industry. It has been argued that deindustrialisation is an indicator of successful economic development and therefore it is a good thing to happen to an economy (Rowthorn and Ramaswamy, 1997).

Although Rowthorn and Ramaswamy's conception of deindustrialisation might be relevant to the developmental process of industrialised nations, their definition fails to capture industrialisation as a process, but as an event. That is, they are conceptualising industrialisation in terms of establishment of factories and machinery to produce goods. This conception fails to capture the underlying processes such as institutionalisation and industrialization as explained by Odiemo (2008) whereby when a country undertakes these processes in a partial manner, such that a given economic activity is partly regulated by the government while it partly remains unregulated then economic decline is bound to follow. When this happens, instead of the country sustaining its current level of institutionalisation and industrialisation with regard to socio-economic activities or even increasing it, it records a decline in the level of industrialization. As explained above, it is the partial institutionalisation and subsequently partial industrialisation that actually is what deindustrialisation is about (cf. Odiemo, 2008). The hypothesis here is that if deindustrialisation happens in a primary economic sector that is, a sector on whose basis other secondary industries are dependent, in any country, be it agricultural, mineral, oil or tourism, then this entity is bound to experience an economic underdevelopment and consequently a drop in economic performance as gauged by indicators such as economic growth, industrial output and expansion among others.

In the following discussion, the reconceptualised notion of de-industrialisation will be used to explain Kenya's economic underperformance since it gained independence from Britain in 1963 with special reference to the agricultural sector. As already explained above agricultural sector is largely the backbone of Kenya's economy. For example, in terms of employment, agricultural sector accounts for 70% of the labor force and contributes to 24% of Kenya's GDP (cf. Legovini, 2002). At the same time, Legovini (2002) noted that the agricultural sector in Kenya has a positive correlation with all the other economic sectors in terms of performance. Most of Kenya's agricultural products are primary in nature, for example, coffee beans, tea leaves, milk etc (Encyclopedia of Nations, 2010). This means that land is a key economic resource in Kenya (Kieya and Nyaga, 2009; Encyclopedia of Nations, 2010). Therefore in order to understand Kenya's economic performance since land management and utilization policies in the colonial

and post colonial period and its relationship to the institutionalisation and industrialisation of the agricultural sectors is mandatory as a basis for the reader to visualize the manner in which deindustrialization has manifested itself.

Colonial land policy and its effect on the agricultural sector in Kenya

At the onset of the colonial rule, the colonialists simply expropriated fertile native land and pushed the natives in the African reserves that were less fertile. Livestock just like land were also confiscated (Forstater, 2008). The colonialists also introduced direct taxes to be paid in monetary terms such as hut and poll tax, wife tax etc. The aim was to ensure that natives were provided direly needed cheap labour in the colonial plantations by denying them their means of livelihood which they would have traded into get money to pay taxes and therefore force them to seek for work on the colonial settlers' farms for wages (Forstater, 2008).

However, during the world war two, it became clear the few colonial farmers who monopolised the agricultural sector through discriminative policies were unable to sustain the economy on their own. Most able bodied natives used to provide cheap food having been conscripted in the British Armed Forces. Food was especially insufficient due to low productivity both on the European owned plantations as well as in the native reserves. This made the colonial government to realise that the native contribution to agriculture was vital for the economy (Kieyah and Nyaga, 2009; Okoth-Ogendo, 1976; 1986).

They therefore started the land consolidation and land consolidation program in the native reserves. On the 24th of September, 1953, the Assistant Director of Agriculture in the colonial government, R.J.M. Swynnerton, drew a five year plan to accelerate agricultural development in African areas. A 5000000 pounds loan was advanced to the colonial government by the imperial government in London to facilitate this plan (Colony and Protectorate of Kenya, 1953).

The main focus of the Swynnerton plan was the reformation of land tenure in native areas. Swynnerton argued that African customary land tenure system was not suited for the intended agricultural development. He said that this system encouraged land fragmentation and was therefore a hindrance to modern agricultural practices suited for plantation farming such as crop rotation (Colony and Protectorate of Kenya, 1953). Swynnerton's plan argued for land consolidation and certification as the means of stimulating agricultural productivity, creation of wealth and a subsequent creation of an African middle class (Swynnerton, 1954; Throup, 1987). This land consolidation and certification was not meant to be an end in

itself, but was to serve as a means of modernising agriculture in Kenya. For this reason, the colonial government set up agricultural research stations to facilitate this goal (Colony and Protectorate of Kenya, 1962). Indeed as reported in the North Nyanza Annual Report of 1955, land consolidation created a class of African elite farmers who regarded themselves as “aristocrats” among Africans. Such farmers had a habit of forming farming clubs as a means of sharing ideas about new methods of farming. An example of such clubs was Yalusi Farmers Club in Kimilili South region of the Greater Bungoma District, which consisted of 11 farmers who occupied an area of 600 acres of land (Kenya National Archives, 1955). Another government report noted that such clubs were very instrumental at spreading the news about the modern farming skills to other natives (Kenya National Archives, 1954). This plan was also seen to bear its fruits as it was reported by the government that a modern African farmer was now developed and even farm productivity had drastically increased (Colony and Protectorate of Kenya, 1954). In another report by the colonial government released in 1959, it was noted that land consolidation and proper farm planning had improved farming practices so much that there was now a high demand for research and advisory services by the native farmers than ever before (Colony and Protectorate of Kenya, 1959).

As a result of the Swynnerton plan land reform, the colonial government noted Kenya was undergoing agricultural revolution not witnessed anywhere else in Africa (Colony and Protectorate of Kenya, 1956). To provide an explanation to this development, Makana (2009) says that Africans began to realise economic growth as a result of the adoption of modern farming methods such as the application of fertiliser and manure, soil conservation and farm planning among others.

Even though this argument might have some validity on the surface, the author of this paper holds that it does not address the root-cause of the economic growth that was realised when the Swynnerton's plan was adopted. Today, the number of Kenyan farmers who are applying modern farming techniques has increased tremendously in comparison to the 1950s. In addition to that a lot more acreage of land has been surveyed and certificated in comparison to the time when the Swynnerton plan was being implemented. Yet at the same time, there is only marginal economic growth being recorded by farmers. Therefore the adoption of new farming techniques might be a necessary explanation, but not sufficient enough to explain this development mainly because it does not address the relevance of Swynnerton's colonial land reforms. Thus, this explanation portrays the view that new farming techniques without land reforms might have achieved a similar effect yet this could not have been the case.

A closer inspection of the aspects of the Swynnerton's

plan reveals two important processes characterising economic development taking place, namely, institutionalization and industrialization of the agricultural sector in Kenya. By discouraging land fragmentation and embracing consolidation; also by adopting land certification instead of the traditional communal and customary land ownership so that land ownership is regulated by law, the ownership and the related procedures for acquiring land were acquiring an institutional character. Similarly, by setting up research and advisory centres to facilitate the dissemination of modern agricultural methods, farming now acquired an industrial character and was no longer just an activity simply practiced by an individual. Thus, the standard of what counted as a viable agricultural practice was being set. That is industrialisation was taking place in that modern agricultural practices were now going to be practices en mass (see Odiemo, 2008 for details).

With institutionalisation and industrialisation of agriculture, came several other developments that characterise the process of economic development in any society. There was division of labour in the agricultural sector. That is, there developed a category of farmers—those who owned the land. Another category was that of experts who research about agriculture and developed knowledge. There was a category of institutions and people in charge of agricultural education who disseminated this knowledge to farmers. There was a group of people who administered the farms on behalf of the farmers such as farm managers and clerks and lastly, there was a category of institutions and people who were in charge of processing and marketing of the farm produce such as the Kenya Farmers Association (KFA) and the Kenya Co-operative Creameries (KCC) and their administrative staffs. In addition to this, the demand for knowledge about modern agricultural methods ensured that the curriculum content addressed the needs of the clients instead of today when the client is educated on largely foreign content only to be left to find where to apply in the economic system. But most of all, the division of labour ensured that was a ready market for the agricultural produce. That is the people who were working indirectly in agricultural sector such as those in the various research and advisory stations, administrators and workers in processing factories used their wages to buy agricultural products from the farmers (for details see Odiemo, 2008).

The Swynnerton's plan actually set in place economic development that was otherwise not there in Kenya. This development is what reorganised the manner in which the most basic socio-economic activity, that is, agriculture was being undertaken by natives. That is, agriculture becomes industrialized contrary to the traditionally subsistence organization which R.J.M. Swynnerton himself blamed for the poor economic performance that was prevalent prior to the implementation of plan. With

industrialisation of agriculture came sudden upsurge in economic growth and improvement in the native standards of living.

Kenya's post-independence land policy and its effect on the agricultural sector

As a country, Kenya is one of the few African countries that have had an uninterrupted history of ongoing land reforms, that is, it has over half a century of this exercise (Kieya and Nyaga, 2009). Bearing in mind that the struggle for independence was largely caused by the widespread discontent among the natives regarding the colonial occupation on their land, land re-distribution was going to be top on the independence government's agenda. The natives who had originally lost their land in the colonial land acquisition and consolidation program were resettled. The commercially viable European plantations were repossessed and redistributed to the natives (Kieya and Nyaga, 2009). At independence, the Kenyan Government adopted market based land distribution strategy to address landlessness with an aim that this would stimulate agricultural production (Republic of Kenya, 2004). The commercially viable European plantations were repossessed and redistributed to the natives on the basis of willing buyer-willing seller approach (Kieya and Nyaga, 2009).

On the grounds of willing buyer-willing seller policy, those who managed to access adequate funds, especially those who were in power and their friends and relatives, simply paid off the European owners and acquired and retained plantations as they had been set up. Unfortunately, not very many natives had this privilege (Makana, 2009). Most of the natives had been impoverished by the colonial laws that prohibited them from engaging in any economic activity that would enable them earn incomes that could enable them pay taxes without working for the Europeans on their plantations (Forstater, 2008). Therefore colonial government implementation of the Swynnerton's plan attempted to remedy this situation, but it took an elitist approach. Its main interest was the creation of an African middle class through land and agricultural policy reform. But this alienated the poor and less influential natives who could neither purchase nor customarily lay claim to large pieces of land since the Swynnerton's plan recommended land consolidations. It also recommended the replacement of African customary land ownership system that established communal lands with the individual person's ownership where land was registered and a certificate of ownership awarded to an individual (Makana, 2009).

For this poor lot of the natives, the independence government adopted the settlement scheme policy. This policy was comparable to the Swynnerton's Plan in that it retained the aspect of individual land ownership instead

of communal land ownership. In contrast to that plan, instead of fostering land consolidation, the government embarked on land fragmentation. Here several natives could come together and form a co-operative society for buying land through which they could contribute money to facilitate the buying of a consolidated land (that is, a plantation or ranch) from the European owner as if the whole piece of land was going to be managed in the same manner new owner, that is, a native owned co-operative society. On the contrary, after acquiring the land, the respective plantation or ranch was subdivide into smaller units and subsequently certificated with title deeds from the government for the purposes of enabling each co-operative member to own a titled piece (cf. Kieya and Nyanga, 2009). This meant that the originally industrialized agricultural sector that relied on land consolidation policy was basically dismantled only to be replaced with smaller units of land mainly managed on a subsistence basis by the farmer.

Just as recommended in the Swynnerton's plan, the government retained the research and advisory centers. For research purposes, institutes such as Kenya Agricultural Research Institute (KARI) and Kenya Forestry Research Institute (KEFRI) among others were established. At national level, Agricultural Development Corporation (ADC) farms (that is, large scale farmers to research on development of new farming techniques and breeding of new animal and crop types) were set up, while Farmers Training Centers (FTC) were established at the district level to disseminate the knowledge discovered by KARI and KEFRI by hosting workshops and seminars to advise farmers about new farming techniques (Legovini, 2002). To facilitate this, Agricultural and Veterinary Faculty was set up at the University of Nairobi to train researchers at degree level and while agricultural training colleges such as Bukura and Sang'alo in Western Kenya were established to training personnel at higher diploma and certificate level to serve in the FTC and provide outreach services to individual farmers. In addition to this, the native farmers also acquired better machinery supplied by the colonialists such as the ox-ploughs and motorized tractors which largely revolutionized farming techniques (Makana, 2009). This arrangement was definitely better than what the natives had prior to colonialism. Farming became less manual, more scientific and technologically advanced thereby becoming more efficient. Thus people produced more per unit of land using much less human labor. Subsequently, food security was improved; and with improved methods, farming became a less risky investment (Makana, 2009).

For the purposes of supplying farm inputs, processing and marketing of the output in the agricultural sector, the government took over this role. It established the institutions such as the Kenya Farmers Association (KFA) for supplying farmers with farm inputs and buying some of

the unprocessed farm outputs such as grains. It also set up bank-like institutions such as the Agricultural Finance Corporation (AFC) to provide mainly small scale farmers with loans to run their farms. It also acquired shares in the processing sector; for example, flour milling and packaging factories such as Unga limited and tea processing firms such as Kenya Tea Packers Limited (KETEPA). For the purposes of marketing, the government retained the monopoly of this service- it set up the Kenya National Trading Corporation to market all the processed crop produce such as flour, sugar, tea among others. Kenya Co-operative Creameries (KCC which is today known as the New KCC) was established to process and market the dairy products while the Kenya Meat Commission (KMC) was set up to process and market the meat products (Makana, 2009).

Basically, it can be argued that although land was fragmented, the manner in which agricultural sector was organized nationally left the Swynnerton's plan largely intact after independence save for one major aspect of the policy- the land tenure where the government deviated from consolidation to fragmentation. The deviation from the land consolidation adversely affected the development of the large scale farming. It actually interfered with farm management structure in that the newly established small scale farmer simply did all the managerial and administrative work by himself with the assistance of a few unskilled laborers. In effect, the institutionalized management structure of an industrialized agricultural sector described in the preceding section above was largely eradicated and replaced by the structure of effective subsistent land tenure. Yet the large scale land tenure was the basis for all the other proposed institutionalization programs that were meant to address the farmers' needs for knowledge and awareness, financial and input supply needs, and finally marketing needs as explained in the preceding section.

In other words, the Government of Kenya was attempting to retain the industrialized agricultural structure, by retaining the control over strategic aspects such as land, marketing and financial policies while retaining the land owner, whether small scale or large scale as its servant on the ground whose duty was to ensure that basic agricultural productivity was going on. Otherwise all the other institutional organization of this sector as original envisioned by R.J.M. Swynnerton remained intact. As observed by Nyagito and Okello (1998) between independence in 1963 to 1980, the government applied the policy of stringent government control on agricultural activities (Nyagito and Okello, 1998). In the Republic of Kenya's (1965) *Sessional Paper No. 10*, African Socialism was adopted as the philosophy of governance. This implicated policy making in a number of ways. For example, policies have to ensure political equality and humanity at all times. To facilitate this, the government drew upon the former Soviet Union's model of social

economic management where the government held a strong control over the lives of the citizens. With success of the Marshal Plan and Social Welfare States in Europe, the Kenyan Government was even more emboldened to implement this system of governance (World Bank, 1997). However, in the 1980s, the government began adopting the liberalisation policy. Also Legovini (2002) observed that:

Kenya's economic growth was strong in the first two decades after independence and weak or negative thereafter. Between 1963 and 1970, the economy grew at an average real growth rate of 5 percent and from 1970 to 1980 at 8 percent. Economic growth delivered a real per capita GDP that was two-thirds higher in 1980 than in 1963. In contrast, the following two decades are characterized by a stagnating economy with average growth rates of 4 and 2 percent in the 1990/80 and 2000/90 periods. By the year 2000, real per capita GDP had slightly declined relative to 1980.

Nyagito and Okello (1998) and Legovini (2002) have therefore attributed the decline in agricultural productivity after 1980 to the fact that the government liberalized the agricultural sector and so relinquished its tight control on the sector. Although this argument has validity, it does not provide an explanation that can help the stakeholders understand why liberalization had this negative effect yet it is the same policy that facilitated the rapid development of South Korea and other South East Asian countries.

Conceptualisation of Kenya's dismal economic performance record using the notion of de-industrialisation

Examining how agricultural development and subsequent growth was initiated by the colonial government and the manner in which the independence government handled this sector, the following can be deduced. The main reason why liberalisation of the agricultural sector brought negative results was that the government had initially organised the whole country into one large farm with small scale farmers serving in the position similar to that of labor on a plantation. That is, to do menial jobs that facilitated productivity. The government was in charge of ensuring the supply of affordable inputs, the processing and marketing of the produce once they were harvested by the small scale farmer. With this type of arrangement, the industrialised agriculture that the Swynnerton's plan had initiated was largely intact, with the government only having subdivided land and apportioned each person an area to work and facilitate productivity with government as the overall "farm manager." Unfortunately, the manner in which this role was played by the government misled the farmers into believing that they had had their economy

under control. This is mainly because prior to liberalisation in the mid-1980s, the government took the approach of subsidising the farmers for the losses incurred in the market. Therefore, the government owned agricultural institutions such as the KFA, the National Cereal and Produce Board, the Tea Board etc used to supply the farm inputs to the farmers at the prices below the market price and bought their produce at a price higher than the market price and yet ended up disposing them off at the market price as explained by Legovini (2002) that:

Marketing parastatals, among which the National Cereal and Produce Board, and the Tea and Coffee Boards, controlled interregional movements of coffee, tea, cotton, milk, wheat, rice, and sugar, and kept producer prices above market pricing. These parastatals became one important source of fiscal imbalance and of rents for public officials in charge of licensing grain movements. By 1987, the National Cereal and Produce Board, for example, had accumulated debt equivalent to 5 percent of GDP, later written off by the central government.

With this kind of scenario, the government's role in the agricultural sector was not going to be long lived since the donors who used to subsidise it with the money to shore the farmers from the adverse effects of the market were later withheld and so "big brother" had more resources to waste (Legovini, 2002). However, with the adoption of liberalisation policy in the 1980s, this meant the government had to abdicate its duty of playing the role of "the sole entrepreneur" in the agricultural sector without creating institutions to cover the void that was being left by its withdrawal. From then, the small scale farmer whose job had mainly been to labor and directly produce from the land was now required to take over the duty of sourcing for farm inputs and seeking markets of the produce all by himself. Yet the farmers left hardly had the finances, knowledge and skills to uphold the practice of industrialised agriculture, which is super intensive in terms of labor and resources. As a result of the structural organisation of the industrialised agricultural sector described in the preceding section, these efforts were largely dismantled by the withdrawal of active participation of the government in this sector. Basically, the division of labor was almost abolished. Instead the farmer did everything for himself on his small piece of land, similar to what is done in any subsistence economy. He undertook all the administrative roles previously played by the government while at the same time laboring to produce.

To cover up the void left by the government, private investors took up the challenge. Unfortunately, unlike the government whose main aim was to subsidize the farmers (cf. Legovini, 2002), the private investors' sole goal to maximize their profits no matter how much this disadvantaged the farmers. Therefore they simply supplied input and bought farm products at the market

price. Having been isolated after the main unifying force—the government had abandoned them, the individual farmer limited bargaining power against the traders. As a result the farmers started getting less than they had invested due to over-exploitation by greedy traders. At the end, most of the farmers went out of business and a lot of agricultural land lay fallow (ibid).

Indeed, a recent government report has acknowledged that viable land remains not fully exploited for agricultural purposes. Only of the 144 million acres available, only 7.25 million acres are actively being exploited for crop production. Even with under-utilization, the mode of utilization is inefficient leading to lower than average productivity per unit (Republic of Kenya, 2007). To make matters worse, the small scale farmers tend to use only 60% of the viable land for crop and livestock production while the remaining 40% is put to non-agricultural usage. This has ensured that the country makes an annual loss of over \$1.1 billion when one calculates the difference between what is being produced in the face of this under utilization and what would have been produced had all the land been utilized effectively (Republic of Kenya, 2007).

In summary, these poor results are not solely a result of liberalization policy adopted by the government; instead, liberalisation brought about de-industrialization of the previously industrialized agricultural sector. That is, liberalisation in itself might not have been a bad idea. Rather, the problem is that the government liberalised without ensuring that the organisational structure of industrialised agriculture it had sustained prior to liberalisation remains intact for the farmer to continue playing the role of the primary produce without worrying about secondary agricultural activities such as processing and sourcing for the inputs and markets.

Consequently, since most of the other sectors of the economy revolved around the agricultural sector (Legovini, 2002), when the agricultural sector became de-industrialised thereby recorded diminished growth, so did the rest of the sectors of the economy.

In fact Kenya's unemployment record has steadily been growing since liberalization policy was adapted to an extent that today more and more school leavers are finding it difficult to find formal employment (United Nations Economic Report on Africa, 2010). For that matter, the reason why Kenya has been outpaced by countries that were behind in economic development such as South Korea is due to the fact that Kenya's agricultural sector became de-industrialised. With de-industrialisation went the previously abundant job opportunities in the direct administration of the agricultural production units and the related sectors such as processing and marketing. With loss of employment also went the market that farmers used to rely because now the buyers had no wages to buy products (see Odiemo, 2008 for the details on the notion of economic development).

Basically de-industrialisation actually destroyed the internal market for agricultural products.

There are two major solutions to this calamity. The first solution is for the government to reclaim its pre-liberalisation era role as owner of the agricultural enterprise with the farmers regaining their place as “workers” in the government. However, this option, if approached in the manner the government did since independence, by investing without consideration of the market forces it is bound to be unfeasible again.

The second solution is for the government to re-adopt parts of the Swynnerton’s plan by re-embarking land consolidation policy thereby creating large self-sustaining agricultural units complete with supply, processing, marketing, research and advisory units and thereby simply re-industrialise the agricultural sector. But unlike Swynnerton’s plan that seemed to accommodate elements of partial institutionalisation/partial industrialisation, the government must adopt full institutionalization/industrialisation of this sector to realize meaningful economic development and growth.

Conclusion

The author of this paper argued the phenomenon of Kenya’s dismal economic performance since its independence can be explained by the concept *deindustrialisation* whose main manifestation is the process of *partial institutionalization*. Although there is validity in laying the blame on the liberalization policy that was adopted by the government in the mid-1980s, the author argues that this explanation only captures the problem on the surface and largely fails to wholesomely capture the mechanism by which this policy lead to the economic decline. Having argued that the liberalisation policies of the government amounted to de-industrialisation of the country’s main economic sector, it has further been argued that instead of the process of development taking place, underdevelopment is being encouraged even where it could have been avoided such as in the previously institutionalised/industrialised agricultural sector. Therefore, if Kenya has a dream of becoming an industrialized nation, it ought to adopt a new strategy towards development that embraces full scale institutionalisation/industrialisation targeting all national social economic activities. That is, it ought to move away from the current approach of partial institutionalisation/partial industrialisation of its socio-economic activities whose main outcome is de-industrialisation.

Conflict of Interests

The authors have not declared any conflict of interests.

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